

# **TUALATIN HILLS PARK AND RECREATION DISTRICT BEAVERTON, OREGON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2011**



**TUALATIN HILLS PARK  
AND RECREATION DISTRICT  
BEAVERTON, OREGON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2011**



**PREPARED BY THE  
BUSINESS AND FACILITIES DIVISION  
FINANCE DEPARTMENT**

# TUALATIN HILLS PARK AND RECREATION DISTRICT COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2011

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# **INTRODUCTORY SECTION**



Administration Office  
503/645-6433  
Fax 503/629-6301

November 28, 2011

Honorable Members of the Board of Directors  
and the Citizens of the  
Tualatin Hills Park and Recreation District,  
Beaverton, Oregon

Members of the Board:

In accordance with state statutes, the Comprehensive Annual Financial Report (CAFR) of the Tualatin Hills Park and Recreation District (District) for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activities have been included.

In developing and evaluating the District's accounting system, consideration is given to the adequacy of the internal accounting controls. Because the cost of internal controls should not outweigh their benefits, the District's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. Within this framework, management believes that the District's transactions are properly recorded, and the financial report is complete and reliable in all material respects.

As required by Oregon Revised Statutes Chapter 297, "the Municipal Audit Law", an independent audit must be conducted annually. Accordingly, the Board of Directors appointed the firm of Talbot, Korvola and Warwick, LLP to complete the audit of the District's records.

Talbot, Korvola and Warwick, LLP has issued an unqualified opinion on the District's financial statements for the year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report. Immediately following, the reader will find Management's Discussion and Analysis (MD&A) that provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **PROFILE OF THE GOVERNMENT**

The Tualatin Hills Park and Recreation District is a special service district formed in 1955, operating under Oregon Revised Statutes Chapter 266 as a separate municipal corporation. The District is governed by a five member Board of Directors, elected to four-year terms of office, with daily operations administered by a General Manager. The District provides year-round park and recreation services to a diverse population of over 226,000 residents within 50 square miles of east Washington County, Oregon, including the City of Beaverton.

- District facilities include: five indoor and two outdoor swim centers; a combined recreation/aquatic center; two recreation centers; an athletic center with six indoor multi-purpose athletic courts; a senior center; historic sites (Jenkins Estate, Fanno Farmhouse and John Quincy Adams Young House); a 220-acre Nature Park and Interpretive Center; the Cooper Mountain Nature Park and Interpretive Center; a tennis center with six indoor and eight outdoor courts (covered by two air structures for fall and winter season usage); and a camp for developmentally disabled youth.
- The District maintains, either through direct ownership or joint use agreement (including school sites): 53 outdoor basketball pads; 93 outdoor tennis courts; 151 soccer/football/lacrosse fields; 107 softball/baseball fields; two skate parks; three bocce courts; five volleyball courts; and an outdoor hockey rink.
- The District has 283 park and recreation facility sites totaling almost 2,200 acres, consisting of 1,110 acres of wetland/natural areas, and 1,090 acres of developed sites, including neighborhood, community and regional parks. THPRD sites include three lakes, 27 miles of stream corridor, and 42 miles of off-street pathways.
- District programs include: aquatics instruction, leagues and drop-in programs; youth and adult sports leagues and fitness programs; youth and adult general and specialized recreation programs; youth after-school and day camps; senior fitness and recreation programs; developmentally disabled and special needs recreation programs; and natural resource education programs.

Certain services for the patrons of the District are provided by the legally separate Tualatin Hills Park Foundation, which is reported in a separate column in the government-wide financial statements. The District is considered to be financially accountable for the Foundation, according to criteria developed by accounting principles generally accepted in the United States (GAAP), due to the nature of the relationship. The District has no other potential component units. Further information on the Tualatin Hills Park Foundation can be found in the notes to the financial statements (see Note I.A).

The District is required to adopt a final budget by no later than the close of the preceding fiscal year. The annual budget is intended to serve as a financial plan, operational plan and operations guide for the District's activities. The budget is prepared and adopted by fund and organizational unit, or division. Most budget changes after adoption require either a resolution by the Board of Directors, or a supplemental budget process.

#### **FACTORS AFFECTING FINANCIAL CONDITIONS**

Because of the unique focus of a special district, the information presented in the financial statements may be best understood when considered from the broader perspective of the specific environment within which the District operates.

*Local economy* – the District has been able to maintain a relatively stable revenue base despite the economic downturn. Both the City of Beaverton and Washington County had experienced a higher rate of growth than the state as a whole for several years,

resulting in a strong property tax base that had previously increased at a rate of approximately four to five percent annually. Because the District's 2011 assessed value is only 70.5% of market value, there is an inherent cushion in property tax collections. The District's tax collections will remain steady in the near future, should further declines in property value continue to occur. During the 2011 year, property taxes increased by 3.4% within the general fund, and a 3.25% increase is anticipated for the current year.

Washington County, the second most populous county in Oregon, has experienced declines in most job sectors since July 2008, however, the educational and health services, along with government sectors have continued to show slight gains. Furthermore, the County's unemployment rate as of September, 2011 sits at 7.8%, a lower rate than either the state (9.6%) or national rate (9.1%). Within the District, the significant revenues received from the assessment of system development charges (SDC's) have trended down in previous years, due to the decline in the construction industry. SDC revenues are statutorily restricted to use for purchase or construction of new, or expansion of existing, facilities, improvements and land within the District.

Due to Ballot Measure 50, passed by voters in May 1997, the District has a permanent tax rate of \$1.3073 per \$1,000 of assessed value. An annual 3% increase is allowed on maximum assessed valuation, along with increases due to new construction, land partitions, zoning changes, etc.

### **Long-term financial planning**

To address the ongoing implications of funding constraints, the District developed a long-term financial plan five years ago, along with finalizing an updated Comprehensive Plan and Trails Plan. The Comprehensive Plan must be reviewed and updated every five years, which will be completed within 2012. Eight implementation goals are included in the Comprehensive Plan, which currently comprise the foundation of our annual budget process.

As directed in the Comprehensive Plan, the District adopted and implemented a program fee study in June 2007, with a four-year phase in process. The final year of increases began in January 2011, and was applied to all registered classes not yet recovering at full costs. However, because of the current economy and patron needs, the Board of Directors delayed the final year of fee increases for drop-in and pass activity until January 1, 2012. Ongoing, all fees will be reviewed and updated annually to reflect inflationary increases.

An SDC methodology update was completed and implemented in January 2008, with inflationary adjustments scheduled annually. Subsequently, a review of applicable cost indexes resulted in a downward adjustment to the actual fees for the past two years. Even though SDC revenue has decreased significantly, certain areas of the District have seen growth, and there are some significant developments under construction.

The District is actively monitoring deferred and projected maintenance replacements. Major replacement items (those specifically identified and critical to District operations) have been effectively addressed; however, funding for routine replacements (all non-major items) has not kept up with replacement needs (other than safety related items).



The five-year funding projection, prepared during the annual budget process, illustrates the importance of addressing this long-term need, to avoid a decline in District assets.

As part of the previously mentioned long-term financial plan, the District established viable financial strategies to ensure stable management during all economic conditions. Some of the issues addressed, either this year or into the next, ensure the adherence to these policies and exhibit a proactive approach to our economic targets.

- All District programs are reviewed regularly to ensure cost recovery and comparability to the market.
- Non-general obligation debt was issued during the year, but debt service will be offset by energy savings and efficiencies.
- The District retirement program was amended with a Tier II addition for employees hired after June 30, 2010; this will contain the cost of funding of required contributions, while providing a stable retirement plan to all eligible staff.
- Completed District-wide implementation of energy savings performance contract improvements, vehicle trip reduction/consolidation and development of satellite maintenance facilities.

## **MAJOR INITIATIVES**

### **Bond measure**

To facilitate the long-term vision of the District, a bond measure was developed for the November 2008 ballot, in the amount of \$100 million, payable by a dedicated property tax increase over the next 20 years. The measure provided funding for natural areas, trail expansions, athletic field additions, park additions and upgrades, building expansions and facility replacements and upgrades. Voters approved the measure, and subsequently, the District sold the first series of bonds in the amount of \$58.5 million in April 2009. As of June 30, 2011, \$20.8 million of bond funds have been expended.

On September 1, 2011, the District issued the balance of authorized general obligation debt to take advantage of the historically low interest rates. Further information on this financing is contained in Note V.E., Page 43 of the Notes to the Basic Financial Statements.

### **Future goals**

With the 2011/12 budget process, the Board developed goal outcome measures, based on the Comprehensive Plan goals, to provide quantifiable performance measure targets. Business plans were developed based on these measures, and those that met the required return on investment were incorporated into the adopted budget. Along with these targeted business plans, the District will also be focusing on:

- Continued efforts to reach under-served populations, including funding of the Family Assistance program, to ensure all District residents have an opportunity to access available services.

- o Completion of the renovation of the centralized maintenance facility by early 2012, and absorbing initial costs of relocating the Maintenance, Natural Resources and Planning departments to the new facility.
- o Continued commitment to sustainability through adjustments within maintenance, adoption of new technology practices and tracking of greenhouse gas inventories from park district activities.
- o Management of the Bond Capital Project program, including dedicated funding for personnel necessary to complete the voter approved list of projects.

#### AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This was the sixth year of submission, and subsequent receipt, of this prestigious award. In order to be awarded the Certificate of Achievement, the District had to publish an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements.

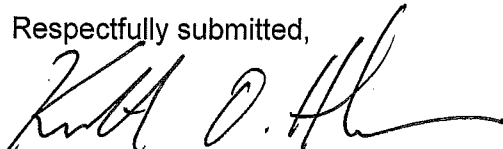
A Certificate of Achievement is valid for a period of one year only. Staff believes that our current CAFR continues to meet the Certificate of Achievement Program's requirements and will be submitting it to the GFOA to determine its eligibility for another certificate.

The District's Adopted Budget Document for the 2010/11 Fiscal Year received the *Distinguished Budget Presentation* award from GFOA. This is the seventh year that the District has received such an award. In order to qualify, the budget document must be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

Finally, I would like to express my sincere gratitude to the personnel in the Finance Department who contributed in the preparation of this report, specifically Catherine Brucker, Finance Manager. Without the efficient and dedicated services of the entire finance staff, completion of this report, on a timely basis, could not have been accomplished.

In closing, the dedication, commitment and professional contribution to the financial stability of the District made by the Board of Directors and General Manager must be acknowledged. Their guidance and leadership are of invaluable assistance to the financial management of the District.

Respectfully submitted,



Keith D. Hobson  
Director of Business and Facilities

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tualatin Hills  
Park and Recreation District  
Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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



*Linda C. Davison*

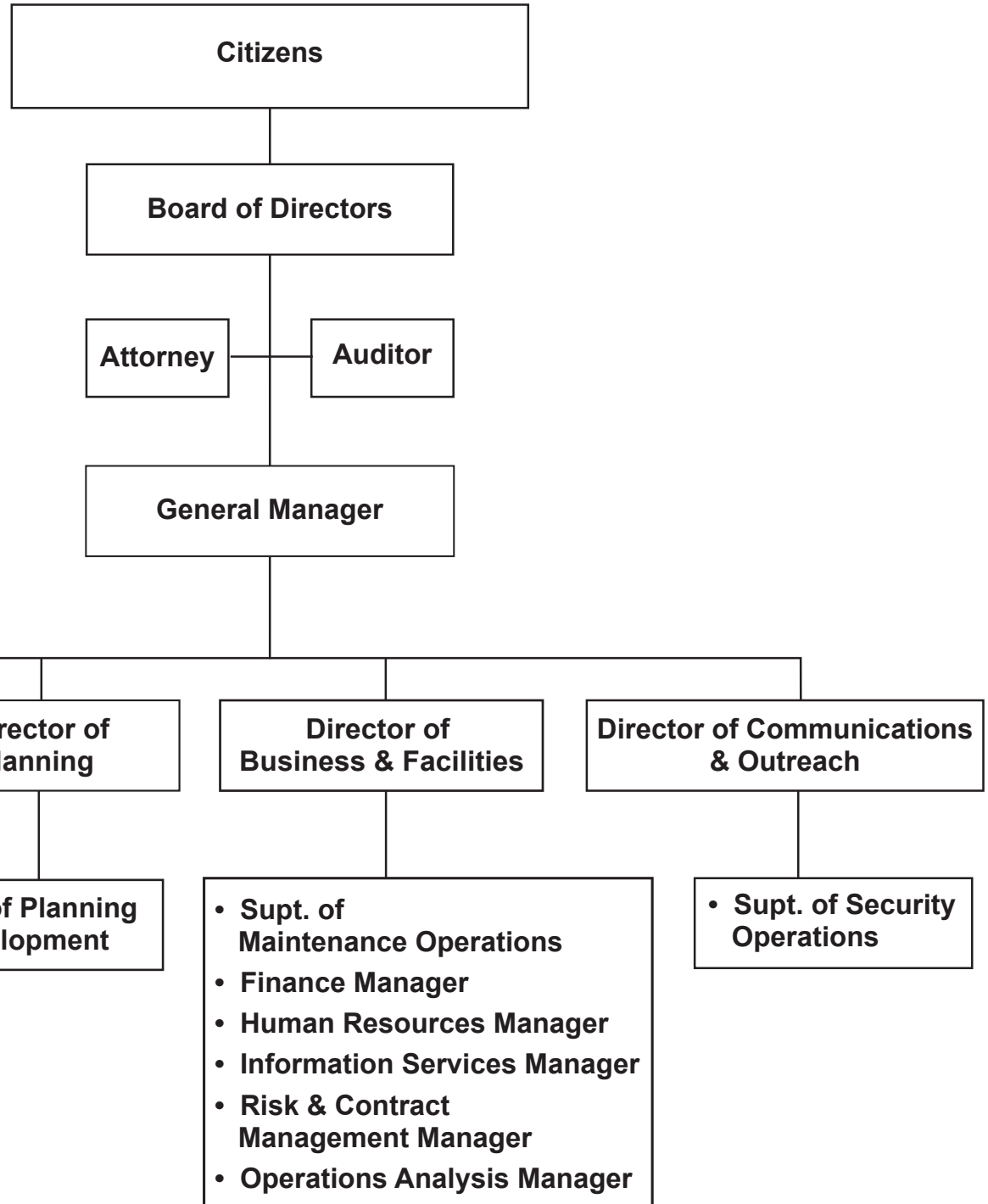
President

*Jeffrey R. Emer*

Executive Director



**THPRD ORGANIZATIONAL CHART  
June 30, 2011**



**TUALATIN HILLS PARK AND RECREATION DISTRICT  
DIRECTORY OF OFFICIALS**

Administrative Office  
15707 SW Walker Road  
Beaverton, Oregon 97006

Board of Directors  
as of June 30, 2011

<b><u>Name</u></b>	<b><u>Term Expires</u></b>
Bill Kanable, President 8130 SW Sorrento Rd. Beaverton, Oregon 97008	June 30, 2013
Bob Scott, Secretary 21302 NW Cannes Dr. Portland, Oregon 97229	June 30, 2013
Joe Blowers, Secretary Pro-tempore 2050 SW 78 <sup>th</sup> Ave. Portland, Oregon 97225	June 30, 2011
Larry Pelatt 7655 SW 140 <sup>th</sup> Ave. Beaverton, Oregon 97008	June 30, 2013
John Griffiths 10245 SW 153 <sup>rd</sup> Ave. Beaverton, Oregon 97007	June 30, 2011

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Register Agent and Office

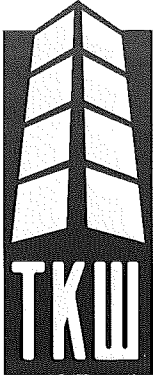
Doug Menke  
15707 SW Walker Road  
Beaverton, Oregon 97006

---

General Manager  
Doug Menke

Director of Business and Facilities  
Keith D. Hobson

# **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

November 28, 2011

Board of Directors  
Tualatin Hills Park and Recreation District  
Beaverton, Oregon

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Tualatin Hills Park and Recreation District (District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2011, and the respective changes in financial position thereof and the budgetary comparison information of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the Schedules of Funding Progress as listed in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Talbot, Korvola & Warwick, LLP**  
Certified Public Accountants & Consultants

4800 SW Macadam Ave, Suite 400  
Portland, Oregon 97239-3973

P 503.274.2849  
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**INDEPENDENT AUDITOR'S REPORT (Continued)**

Board of Directors  
Tualatin Hills Park and Recreation District  
November 28, 2011  
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Supplemental Information consisting of individual fund financial statements and other schedules, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying Introductory and Statistical sections, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

**TALBOT, KORVOLA & WARWICK, LLP**  
Certified Public Accountants

By   
\_\_\_\_\_  
Angelique Whitlow, Partner



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion and analysis of the financial activities of the Tualatin Hills Park and Recreation District (District), has been prepared to provide a narrative review for the reader. The focus is based on current year activities and resulting changes, and should be read in conjunction with the basic financial statements, and notes to the basic financial statements that follow.

### **Financial Highlights**

- The assets of the District exceeded its liabilities at June 30, 2011 by \$113,711,076.
- Capital assets (net of accumulated depreciation and related debt) account for most of this amount, with a value of \$102,325,244.
- Of the remaining net assets, \$6,419,121 may be used to meet the District's ongoing obligations to patrons and creditors, without legal restriction.
- The District's total net assets increased by \$7,942,163, or 7.5 percent over the previous year. Acquisitions of park property and improvements contributed mainly to this increase.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$50,523,709, a decrease of \$13,562,977, or 21.2 percent, due largely to expending of capital funds related to general obligation bonds issued in April, 2009.
- As of June 30, 2011, fund balance for the General Fund was \$6,654,619 or 16.1 percent of total General Fund expenditures.

### **Overview of the Financial Statements**

This discussion and analysis provides an introduction and overview to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements.

#### **Government-wide financial statements**

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

The **statement of net assets** presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as one indicator of whether the financial position of the District is improving or deteriorating. Other indicators include the condition of the District's assets, changes in the property tax base, and general economic conditions within the area.

The **statement of activities** presents information showing how the District's net assets changed during the current fiscal year. On this statement, program revenue (revenue generated by specific programs through charges for services, grants and contributions) is shown separately from general revenue (revenue provided by taxes and other sources not tied to a particular program). This shows the extent each program relies on taxes for funding. All changes in net assets are reported using the accrual basis of accounting, which requires that revenues be

reported when they are earned and expenses be reported when goods and services are received. Items such as uncollected taxes, unpaid vendor invoices for items received by June 30, 2011, and earned but unused vacation leave are included in the statement of activities as revenue and expense. However, the cash associated with these items was not received or distributed until after June 30, 2011.

The government-wide financial statements include not only the District itself (known as the Primary Government), but also a legally separate foundation, Tualatin Hills Park Foundation, for which the District is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the District itself.

## **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting for compliance with finance-related legal requirements. All of the funds of the District fall into the governmental fund category, which accounts for most, if not all, of a government's tax-supported activities.

### **Governmental funds**

The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances present separate columns of financial data for the General Fund, the Bonded Debt Fund, the Bond Capital Projects Fund, the System Development Charges Fund and the Metro Natural Areas Bond Fund, all of which are considered major funds. Data from the other governmental fund, the Maintenance Mitigation Fund, is shown as a single presentation.

A comparison of budget to actual is also presented for the General Fund within the basic financial statements. A detailed comparison of budget to actual for General Fund expenditures and other funds are presented in the supplemental information portion of this report.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term, or current year, inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

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

### **Budgetary highlights**

The District maintains budgetary controls over its operating funds. Budgetary controls ensure compliance with legal provisions embodied in the annual budget appropriations. Governmental fund budgets are established in accordance with state law, and are adopted on a fund level except the General Fund. The General Fund budget is adopted on an organizational unit level.

## Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided, and are an integral part of the government-wide and fund financial statements.

## Government-wide Financial Analysis

### Statement of Net Assets

As noted earlier, net assets may serve over time as an indicator of the District's financial position. As of June 30, 2011, the District's assets exceeded liabilities by \$113,711,076.

The following is a condensed version of the government-wide Statement of Net Assets.

### Tualatin Hills Park and Recreation District Net Assets

	Governmental Activities	
	June 30, 2011	June 30, 2010
Cash and investments	\$ 51,548,311	\$ 65,467,199
Other assets	3,365,968	2,965,811
Capital assets	135,542,662	110,198,548
Total assets	<u>190,456,941</u>	<u>178,631,558</u>
Other liabilities	4,290,855	4,257,142
Long-term liabilities	72,455,010	68,605,503
Total liabilities	<u>76,745,865</u>	<u>72,862,645</u>
Net assets:		
Invested in capital assets, net of debt	102,325,244	97,699,300
Restricted	4,966,711	5,388,324
Unrestricted	6,419,121	2,681,289
Total net assets	<u>\$ 113,711,076</u>	<u>\$ 105,768,913</u>

The largest portion of the District's net assets, \$102,325,244 or 90.0 percent, reflects its investment in capital assets, less any related debt used to acquire these assets still outstanding. The District's assets (recorded at cost) are used to provide services to patrons. Consequently, these assets are not available for future spending, and debt repayment must be provided from other sources.

An additional portion of the District's net assets, \$4,966,711 or 4.4 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,419,121, or 5.6 percent, is unrestricted and may be used to meet the District's ongoing obligations.

For the year ended June 30, 2011, the District had positive balances in all three categories of net assets.

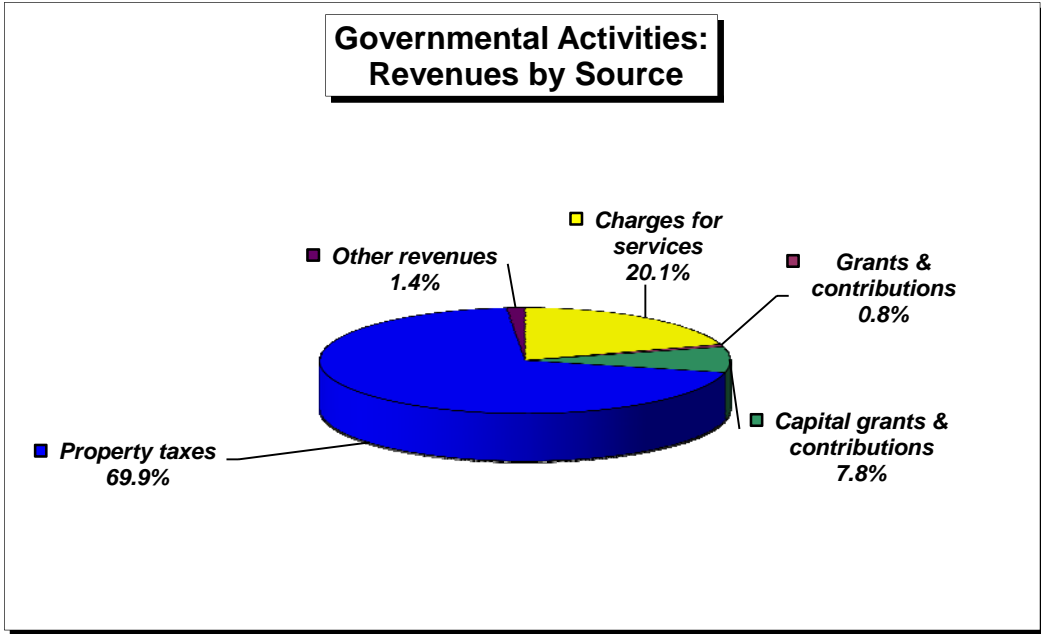
**Statement of Activities**

Governmental activities increased the District's net assets by \$7,942,163 in this fiscal year. Key elements of this increase are as follows:

**Tualatin Hills Park and Recreation District  
Changes in Net Assets**

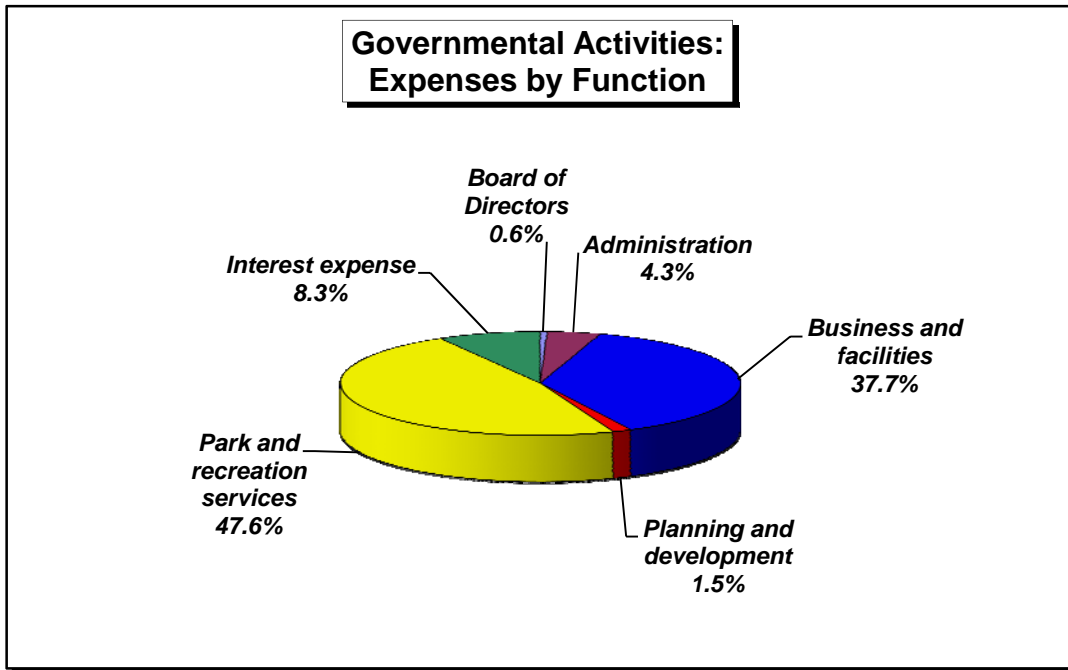
	<b>Governmental Activities</b>	
	<b>Fiscal Year Ended June 30,</b>	
	<b>2011</b>	<b>2010</b>
Revenues:		
Program revenues:		
Charges for services	\$ 9,087,924	\$ 8,673,796
Operating grants and contributions	155,727	143,768
Capital grants and contributions	3,522,996	4,560,810
General revenues:		
Property taxes	31,633,996	30,576,672
Grants and contributions not restricted to specific programs	197,632	215,450
Other	649,911	1,487,962
Total revenues	<u>45,248,186</u>	<u>45,658,458</u>
Expenses:		
Board of Directors	212,527	158,614
Administration	1,603,306	1,510,804
Business and facilities	14,061,469	14,022,988
Planning and development	571,594	724,568
Park and recreation services	17,750,967	17,769,469
Interest on long-term debt	3,106,160	3,032,756
Total expenses	<u>37,306,023</u>	<u>37,219,199</u>
Change in net assets	7,942,163	8,439,259
Net assets - beginning balance	<u>105,768,913</u>	<u>97,329,654</u>
Net assets - ending	<u>\$ 113,711,076</u>	<u>\$ 105,768,913</u>

Property taxes increased by \$1,057,324 over the prior year, or 3.5 percent due to the statutorily allowable increases in assessed value on existing property and some new construction within the District boundaries. Charges for services increased by \$414,128, or 4.8 percent due to the final year of implementation of a four-year program fee increase, as applied to class registrations. Capital grants and contributions reflect a 22.8 percent decrease, or \$1,037,814 due to less funding received during the year. Other revenues have decreased by \$838,051, or 56.3 percent, but reflect standard levels previous to 2010 when a large interagency contribution was received.



Expenses for the District reflect a small increase of .2 percent over last year, due to several factors:

- Tight control on personnel and supply costs associated with programs and services,
- Reduced professional services costs in planning and development, and
- Slight increase in debt interest expense from the 2009 General Obligation bond issue and other new Full Faith and Credit Obligations.



## Financial Analysis of the District's Funds

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

## **Governmental funds analysis**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The District has five major funds, reported as the General Fund, a debt service fund, and three capital project funds.

During Fiscal Year 2010/11, the District's governmental funds reported a decrease in combined ending fund balances of \$13,562,977, attributable to the expending of bond related capital costs recorded in the Bond Capital Project Fund. All other funds reported an increase in ending fund balance for the fiscal year. The previous fiscal year had a decrease of \$3,330,836, again attributable to the expending of bond related capital costs within the Bond Capital Project Fund. The General Obligation Bonds, Series 2009 had been issued in April, 2009, in the amount of \$58.5 million.

The **General Fund** is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$6,560,977. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 16.1 percent of total General Fund expenditures, exceeding the District's financial policy guideline of 10 percent.

Program revenues increased by 5.3 percent, or \$465,009, with the final year implementation of the phased four-year fee increase. Due to current economic conditions, the Board of Directors elected to limit the fourth year increase, as of January, 2011, to only classes not yet recovering at full costs, and delayed the implementation of fee increases for drop-in programs and passes until January 1, 2012.

General Fund fund balance increased by \$2,805,719. Operating expenditures (excluding capital outlay and debt service) were held to a slight decrease of \$51,971 over the previous year due to tight control on personnel and supply costs associated with programs and services. The increase to fund balance largely results from unspent funds for capital outlay carried over to the following year, but also reflects tighter control over operating expenditures.

The **Bonded Debt Fund** has a total fund balance of \$303,177, an increase of \$114,025 versus the previous year, and is restricted for the payment of debt service on existing general obligation debt.

The **Bond Capital Projects Fund** accounts for the proceeds received from the sale of the Series 2009 general obligation bonds, in the amount of \$58,505,000. In November 2008, District voters authorized a total levy of \$100 million, with the second sale occurring within the next year. Funds are targeted to a specific list of projects and land acquisitions throughout the District and a total of \$16,968,511 was expended during the current fiscal year. As of the end of the year, total fund balance in this fund restricted for park development is \$38,719,559.

The **System Development Charges Fund** accounts for development impact fees assessed on new construction within the District boundaries. Revenues decreased by \$434,580, or 18.1 percent over last year; however, fund balance increased by \$228,639 due to an decrease in construction spending for park improvements and land acquisition. This fund balance of \$4,663,534 is entirely restricted for parks acquisition and development and improvements related to capacity expansion, and is fully available for appropriation.

The **Metro Natural Areas Bond Fund** accounts for funds received from the 2006 Metro Natural Areas Bond Measure, based on a local share allocation, for use for various park and natural area related projects that protect and improve natural areas, water quality and access to nature. The original allocation was in the amount on \$4.2 million, and has been drawn on a reimbursement

basis as the projects are completed. Because of this funding structure, there is no fund balance reported for the year. To date, a total of \$3,337,465 has been drawn on these funds.

### General Fund Budgetary Highlights

The District prepares and adopts its budget on an annual basis. General Fund revenues were slightly less than budgeted by 2.9 percent, largely due to anticipated grants not awarded or received, reduced interest earnings, and program fee revenues not quite meeting expectations. Expenditures stayed well under budget by 16.4 percent, primarily due to non-expenditure of contingency funds and capital expenditures at less than budgeted amounts. The difference between the original budget and final amended budget consisted of the following adjustments related to the acquisition, renovation and financing of a new maintenance facility:

Classification	Category	Amount
Resource	Sale of bonds	\$ 535,000
Resource	Grants and sponsorships	98,853
Appropriation	Business and facilities	239,393
Appropriation	Capital outlay	394,460

### Capital Asset and Debt Administration

#### Capital assets

The District's investment in capital assets as of June 30, 2011, amounts to \$135,542,662 (net of accumulated depreciation). This investment in capital assets includes land, park sites and development, buildings and improvements, plus machinery, equipment and furnishings. The net increase in the District's capital assets for the current fiscal year was \$25,344,114 or 23.0 percent.

#### Tualatin Hills Park and Recreation District Capital Assets (net of depreciation)

	June 30	
	2011	2010
Land	\$ 66,956,670	\$ 51,669,784
Parks sites and planning development	28,702,888	27,721,203
Buildings and improvements	32,056,123	25,501,277
Equipment and furnishings	1,392,074	1,272,013
Construction in progress	6,434,907	4,034,271
Total	<u>\$ 135,542,662</u>	<u>\$ 110,198,548</u>

Increases were generated in land (\$15,286,886) due to new acquisitions of park and natural area parcels and in parks sites and planning development (\$981,685) from project completion, as required by the bond capital projects program. The increase to construction in progress (\$2,400,636) is also mainly related to the bond capital projects. The building and improvements increase (\$6,554,846) is attributable to the acquisition of the new maintenance facility. Deferred maintenance was funded for both buildings and parks improvements, to the extent of available funds.

Additional information on the District's capital assets can be found in Note IV.B on page 35 of this report.

## Long-term debt and other long-term obligations

At June 30, 2011 the District had \$72.5 million in debt and other long-term obligations outstanding compared to \$68.6 million last year. Approximately \$4.4 million of the debt outstanding at June 30, 2011 is due within one year. Debt increased by a net of \$3.8 million, due to issuance of full faith and credit obligations to finance energy conservation improvements (Series 2010A) and the acquisition and renovation of the maintenance facility (Series 2010B&C).

### Tualatin Hills Park and Recreation District Outstanding Debt and Obligations

	June 30	
	2011	2010
General obligation bonds	\$ 60,095,000	\$ 65,155,000
Premiums	543,347	608,688
Full faith and credit obligations	10,695,000	1,780,000
Loans	100,000	140,000
Compensated absences	1,021,663	921,815
Total	<u>\$ 72,455,010</u>	<u>\$ 68,605,503</u>

The District's most recent credit ratings, received in September 2011 were "AA" from Standard & Poor's and "Aa1" from Moody's for general obligation debt, and "AA" from Standard & Poor's and "Aa2" from Moody's for full faith and credit obligations.

The general obligation bonds, series 1998, have bond insurance provided by Financial Guaranty Insurance Company, which equates to a rating of "AAA" from Standard & Poor's and "Aaa" from Moody's. Due to the District's strong credit rating, additional insurance was not financially advantageous, nor necessary, for the series 2009 issue or the series 2010 full faith and credit issues.

Due to the national economic situation, the bond ratings on several of our issuers of insurance have been downgraded over the past two years. Material event notices have been filed, as necessary for compliance with our continuing disclosure requirements.

Additional information on the District's long-term obligations can be found in Note IV.D on pages 36 – 38.

## Economic Factors and Next Year's Budget and Rates

Some of the factors considered during the preparation of the 2011/12 budget were:

- Assessed value on property was estimated to increase by approximately 3.25 percent over the previous year.
- Review and adjustment of user fees to accurately reflect changes in current participation levels.
- Absorbing a slight overall increase of Personnel Service costs of .1 percent, with a cost of living increase of 1.25 percent for full and regular part-time staff.
- An overall decrease to Materials and Services of 1.0 percent that reflects service level decreases in a few specific program areas. There was a 1.0 percent inflationary factor used for the 2011/12 year to ensure adequate funding for maintenance responsibilities of natural areas, facilities and parks.



- A continued reduction in interest earnings in some funds, due to current low rates and decreased available cash in most funds.
- Continued funding of necessary personnel to complete the Bond Capital project program.
- A slight decrease in system development charges revenue over the previous year, due to lower actual collections than budget in 2010/11. SDC rates were decreased on January 1, 2010 and 2011 to adjust for the deflation in the construction and land cost indices at that time.

Deferred maintenance is being funded at the maximum level available, and will continue to be a critical component of future budgetary plans. The District continues to actively research alternative revenue sources, and has seen an increase in grants, sponsorships and various rental incomes.

Overall, the General Fund shows an increase of \$2,805,719, or 15.8% over the anticipated beginning fund balance in the 2011/12 budget. This increase is largely due to factors such as:

- Stable patron participation in programs,
- Steady property tax collections,
- Strong budgetary controls, and
- Capital funding carryforwards into the following year.

In order to remain stable and sustainable in this volatile economic environment, the District has carefully scrutinized revenues, expenditures, and all other facets affecting daily and long term operations. Property tax collections have remained consistent, and while patron participation has shown a slight decline, it is relatively steady compared to previous years. Local parks and recreation programs offer an affordable alternative for families of all sizes and economic backgrounds, as reflected by our residents' involvement.

## **Requests for Information**

These financial statements are designed to provide a general overview of the District's finances for all those with an interest, and to demonstrate the District's accountability. Questions concerning any of the information provided within this report, or requests for further financial information, should be addressed to Office of Business Services, 15707 SW Walker Road, Beaverton, Oregon 97006.



**Tualatin Hills Park and Recreation District**  
**Statement of Net Assets**  
**June 30, 2011**

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Tualatin Hills Park Foundation</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 27,386,297	\$ 735,369
Investments	22,842,767	-
Due from other governments	907,121	-
Receivables	1,577,448	56,475
Inventories	93,642	-
Deferred charges	757,951	-
Cash - temporarily restricted	1,319,247	-
Net pension benefit	29,806	-
Capital assets (net of accumulated depreciation):		
Land	66,956,670	-
Park sites and planning development	28,702,888	-
Buildings and improvements	32,056,123	-
Equipment and furnishings	1,392,074	-
Construction in progress	6,434,907	-
Total assets	<u>190,456,941</u>	<u>791,844</u>
<b>Liabilities:</b>		
Accounts payable and other current liabilities	2,612,497	11,527
Accrued interest payable	385,006	-
Unearned revenue	1,293,352	2,587
Noncurrent liabilities:		
Due within one year	4,440,279	-
Due in more than one year	68,014,731	-
Total liabilities	<u>76,745,865</u>	<u>14,114</u>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	102,325,244	-
Restricted for:		
Debt service	303,177	-
Parks development	4,663,534	108,628
Unrestricted	6,419,121	669,102
Total net assets	<u>\$ 113,711,076</u>	<u>\$ 777,730</u>

The notes to the basic financial statements are an integral part of this statement

**Tualatin Hills Park and Recreation District**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government Governmental Activities</b>	<b>Component Unit Tualatin Hills Park Foundation</b>
<b>Primary government:</b>						
Governmental activities:						
Board of Directors	\$ 212,527	\$ -	\$ -	\$ -	\$ (212,527)	\$ -
Administration	1,603,306	-	-	-	(1,603,306)	-
Business and facilities	14,061,469	-	-	-	(14,061,469)	-
Planning	571,594	-	-	-	(571,594)	-
Park and recreation services	17,750,967	9,087,924	155,727	3,522,996	(4,984,320)	-
Interest on long-term debt	3,106,160	-	-	-	(3,106,160)	-
<b>Total Primary government</b>	<b>\$ 37,306,023</b>	<b>\$ 9,087,924</b>	<b>\$ 155,727</b>	<b>\$ 3,522,996</b>	<b>(24,539,376)</b>	<b>-</b>
<b>Component unit:</b>						
Park foundation	<b>\$ 215,791</b>	<b>\$ 206,389</b>	<b>\$ 78,028</b>	<b>\$ -</b>		<b>68,626</b>
<b>General revenues:</b>						
Property taxes levied for general purposes					23,728,193	-
Property taxes levied for debt service					7,905,803	-
Grants and contributions not restricted to specific programs					197,632	248,503
Unrestricted investment earnings					445,603	2,207
Miscellaneous					204,308	-
<b>Total general revenues</b>					<b>32,481,539</b>	<b>250,710</b>
Change in net assets					7,942,163	319,336
Net assets - beginning balance					105,768,913	458,394
<b>Net assets - ending</b>					<b>\$ 113,711,076</b>	<b>\$ 777,730</b>

The notes to the basic financial statements are an integral part of this statement

**Tualatin Hills Park and Recreation District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	General Fund	Bonded Debt Fund	Bond Capital Projects Fund	System Development Charges Fund	Metro Natural Areas Bond Fund	Other Governmental Fund	Total Governmental Funds
<b>Assets</b>							
Assets:							
Cash and cash equivalents	\$ 7,363,078	\$ 202,341	\$ 16,248,007	\$ 3,390,051	\$ -	\$ 182,820	\$ 27,386,297
Investments	-	-	22,842,767	-	-	-	22,842,767
Receivables:							
Interest	293	209	159,492	176	-	-	160,170
Property taxes	993,787	287,875	-	-	-	-	1,281,662
Accounts receivable	135,616	-	-	-	-	-	135,616
Intergovernmental	274,813	27,497	-	174,015	430,796	-	907,121
Due from other funds	430,796	-	-	-	-	-	430,796
Cash - restricted	-	-	193,584	1,125,663	-	-	1,319,247
Inventories	93,642	-	-	-	-	-	93,642
<b>Total assets</b>	<b>\$ 9,292,025</b>	<b>\$ 517,922</b>	<b>\$ 39,443,850</b>	<b>\$ 4,689,905</b>	<b>\$ 430,796</b>	<b>\$ 182,820</b>	<b>\$ 54,557,318</b>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ 1,128,573	\$ -	\$ 238,873	\$ 26,371	\$ -	\$ -	\$ 1,393,817
Salaries payable	420,932	-	-	-	-	-	420,932
Contracts payable	-	-	485,418	-	-	-	485,418
Retainages payable	82,924	-	-	-	-	-	82,924
Due to other funds	-	-	-	-	430,796	-	430,796
Other current liabilities payable	229,406	-	-	-	-	-	229,406
Deferred revenue	775,571	214,745	-	-	-	-	990,316
<b>Total liabilities</b>	<b>2,637,406</b>	<b>214,745</b>	<b>724,291</b>	<b>26,371</b>	<b>430,796</b>	<b>-</b>	<b>4,033,609</b>
Fund balances:							
Nonspendable	93,642	-	-	-	-	-	93,642
Restricted - debt service	-	303,177	-	-	-	-	303,177
Restricted - parks development	-	-	38,719,559	4,663,534	-	-	43,383,093
Committed - mitigation maintenance	-	-	-	-	-	182,820	182,820
Unassigned	6,560,977	-	-	-	-	-	6,560,977
<b>Total fund balances</b>	<b>6,654,619</b>	<b>303,177</b>	<b>38,719,559</b>	<b>4,663,534</b>	<b>-</b>	<b>182,820</b>	<b>50,523,709</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,292,025</b>	<b>\$ 517,922</b>	<b>\$ 39,443,850</b>	<b>\$ 4,689,905</b>	<b>\$ 430,796</b>	<b>\$ 182,820</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	135,542,662
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(72,052,259)
Reduction of deferred revenues for those amounts that were not available to pay current period expenditures.	(303,036)
<b>Net assets of governmental activities</b>	<b>\$ 113,711,076</b>

The notes to the basic financial statements are an integral part of this statement

**Tualatin Hills Park and Recreation District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the fiscal year ended June 30, 2011**

	<b>General Fund</b>	<b>Bonded Debt Fund</b>	<b>Bond Capital Projects Fund</b>	<b>System Development Charges Fund</b>	<b>Metro Natural Areas Bond Fund</b>	<b>Other Governmental Fund</b>	<b>Total Governmental Funds</b>
Revenues:							
Property taxes	\$ 23,778,174	\$ 7,878,474	\$ -	\$ -	\$ -	\$ -	\$ 31,656,648
Aquatic programs	2,542,840	-	-	-	-	-	2,542,840
Tennis center	869,498	-	-	-	-	-	869,498
Sports programs	1,233,700	-	-	-	-	-	1,233,700
Recreation programs	4,555,062	-	-	-	-	-	4,555,062
Grants and sponsorships	639,756	-	-	-	801,564	-	1,441,320
System development charges	-	-	-	1,939,855	-	-	1,939,855
Interest earned	134,954	30,328	256,341	23,170	-	810	445,603
Charges for services	712,478	-	-	-	-	-	712,478
Miscellaneous revenues	192,203	-	-	-	-	-	192,203
<b>Total revenues</b>	<b>34,658,665</b>	<b>7,908,802</b>	<b>256,341</b>	<b>1,963,025</b>	<b>801,564</b>	<b>810</b>	<b>45,589,207</b>
Expenditures:							
Current:							
Board of Directors	212,527	-	-	-	-	-	212,527
Administration	1,590,784	-	-	-	-	-	1,590,784
Business and facilities	13,796,771	-	-	-	-	-	13,796,771
Planning	1,282,382	-	-	-	-	-	1,282,382
Park and recreation services	14,201,551	-	-	-	-	-	14,201,551
Capital outlay	9,102,753	-	16,968,511	1,734,386	801,564	-	28,607,214
Debt service	1,198,344	7,794,777	-	-	-	-	8,993,121
<b>Total expenditures</b>	<b>41,385,112</b>	<b>7,794,777</b>	<b>16,968,511</b>	<b>1,734,386</b>	<b>801,564</b>	<b>-</b>	<b>68,684,350</b>
Excess (deficiency) of revenues over (under) expenditures	(6,726,447)	114,025	(16,712,170)	228,639	-	810	(23,095,143)
Other financing sources:							
Sale of bonds	9,510,000	-	-	-	-	-	9,510,000
Premiums on bonds sold	22,166	-	-	-	-	-	22,166
<b>Total other financing sources</b>	<b>9,532,166</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,532,166</b>
Net change in fund balance	2,805,719	114,025	(16,712,170)	228,639	-	810	(13,562,977)
Fund balances at beginning of year	3,848,900	189,152	55,431,729	4,434,895	-	182,010	64,086,686
Fund balances at end of year	<b>\$ 6,654,619</b>	<b>\$ 303,177</b>	<b>\$ 38,719,559</b>	<b>\$ 4,663,534</b>	<b>\$ -</b>	<b>\$ 182,820</b>	<b>\$ 50,523,709</b>

The notes to the basic financial statements are an integral part of this statement

**Tualatin Hills Park and Recreation District**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balance of Governmental Funds**  
**To the Statement of Activities**  
**For the fiscal year ended June 30, 2011**

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

Net changes in fund balances - total governmental funds	\$ (13,562,977)
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	24,848,935
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	495,180
Governmental funds defer revenues that do not provide current financial resources. However, the statement of activities recognizes such revenues at their net realizable value when earned, regardless of when received.	(123,726)
The issuance of long-term debt (e.g., bond, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(3,674,905)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(40,344)
Change in net assets of governmental activities	<u>\$ 7,942,163</u>

The notes to the basic financial statements are an integral part of this statement

**Tualatin Hills Park and Recreation District**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the fiscal year ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 23,628,094	\$ 23,628,094	\$ 23,778,174	\$ 150,080
Aquatic programs	2,676,715	2,676,715	2,542,840	(133,875)
Tennis center	911,366	911,366	869,498	(41,868)
Sports programs	1,235,833	1,235,833	1,233,700	(2,133)
Recreation programs	5,236,986	5,236,986	4,555,062	(681,924)
Grants and sponsorships	988,150	1,087,003	639,756	(447,247)
Interest earned	175,000	175,000	134,954	(40,046)
Charges for services	495,381	495,381	712,478	217,097
Miscellaneous revenues	255,000	255,000	192,203	(62,797)
Total revenues	35,602,525	35,701,378	34,658,665	(1,042,713)
Expenditures:				
Board of directors	1,947,553	1,947,553	212,527	1,735,026
Administration	1,715,562	1,715,562	1,590,784	124,778
Business and facilities	15,789,456	16,028,849	15,564,676	464,173
Planning	1,332,371	1,332,371	1,282,382	49,989
Park and recreation services	15,265,750	15,265,750	14,201,551	1,064,199
Capital outlay	12,827,074	13,221,534	8,533,192	4,688,342
Total expenditures	48,877,766	49,511,619	41,385,112	8,126,507
Excess (deficiency) of revenues over (under) expenditures	(13,275,241)	(13,810,241)	(6,726,447)	7,083,794
Other financing sources:				
Sale of bonds	8,975,000	9,510,000	9,510,000	-
Premiums on bonds sold	-	-	22,166	22,166
Total other financing sources	8,975,000	9,510,000	9,532,166	22,166
Net change in fund balance	(4,300,241)	(4,300,241)	2,805,719	7,105,960
Fund balances at beginning of year	4,300,241	4,300,241	3,848,900	(451,341)
Fund balances at end of year	\$ -	\$ -	\$ 6,654,619	\$ 6,654,619

The notes to the basic financial statements are an integral part of this statement



# Tualatin Hills Park and Recreation District

## **NOTES TO THE BASIC FINANCIAL STATEMENTS** **JUNE 30, 2011**

### **I. Summary of significant accounting policies**

#### **A. Reporting entity**

Tualatin Hills Park and Recreation District is a special service district governed by an elected five member Board of Directors, and operates as a separate municipal corporation. The accompanying financial statements present the District and its component unit, an entity for which the District is considered financially responsible. The District is a primary government. A primary government is a financial reporting entity, which has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As required by accounting principles generally accepted in the United States, these financial statements present the financial status and activities of the District and its component unit. The discretely presented component unit, Tualatin Hills Park Foundation, is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the District. The District is considered to be financially accountable for the Foundation. The District has no other potential component units.

*Discretely Presented Component Unit.* Tualatin Hills Park Foundation, formed in 1958, is a publicly supported non-profit, tax-exempt organization dedicated to enhance the recreational opportunities within the community. The District Board of Directors appoints the members of the Foundation Board of Trustees. In addition, the nature and significance of the relationship is such that the exclusion of the Foundation statement would cause the District's financial statements to be misleading or incomplete. The Foundation has a June 30 year-end. The complete financial statements of the Tualatin Hills Park Foundation may be obtained at the District's administrative office.

#### **B. Government-wide and fund financial statements**

The government wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the District and its component unit.

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

Separate financial statements are provided for governmental, proprietary and fiduciary funds. Each fund is considered to be a separate accounting entity. Currently, the District has only governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### **C. Measurement focus, basis of accounting and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash

flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the year. Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Property taxes, received within 60 days, impact fees and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the year. All other revenue items are considered to be measurable and available only when cash is received by the District.

Activities between funds, which are similar to lending/borrowing arrangements, are reported as "due to/due from other funds", when outstanding at the end of the fiscal year. Such balances are eliminated in the government-wide financial statements.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. The major sources of revenue are property taxes and user fees.

The *Bonded Debt Fund* accounts for the accumulation of resources to pay principal and interest on certain general obligation long-term bonded debt. The primary source of revenue is property taxes.

The *Bond Capital Projects Fund* accounts for the financial resources received from the voter approved general obligation bond passed in April, 2009. This fund details the acquisition and construction of the approved capital projects, utilizing the bond proceeds.

The *System Development Charges Fund* accounts for financial resources used for the acquisition of fixed assets or construction of major capital projects. This fund accounts for fees charged developers to provide for expanding capacity of the District's facilities.

The *Metro Natural Areas Bond Fund* accounts for the funds received from a local bond measure for the acquisition and improvement of natural areas and water quality.

#### Other governmental fund

Other governmental fund includes the nonmajor fund of the District. The following details the Mitigation Maintenance Fund, a special revenue fund.

The *Mitigation Maintenance Fund* accounts for mitigation funds received from development impacting park property. These funds are accumulated for and committed to use on natural area restoration projects.

When both restricted and unrestricted resources are available for use, normally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed. However, this flow assumption is determined annually through the budget process, and reflected in the approved appropriations.

## **D. Assets, liabilities and net assets or equity**

### *1. Cash, cash equivalents and investments*

The cash and cash equivalents of both the District and Foundation are cash on hand, demand deposits and funds invested with the Oregon State Treasury's Local Government Investment Pool, with interest accruing to the benefit of each individual fund. The District considers cash on hand, demand deposits and short-term highly liquid investments with a maturity of three months or less, when purchased, to be cash and cash equivalents.

State statutes, and the District's Investment Policy, authorize the District to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements, bankers' acceptances, municipal bonds, mutual funds and the State Treasurer's investment pool. The Foundation follows the same policy. Investments are reported at fair value, based on quoted prices for identical investments.

The State Treasurer's Investment Pool (the Pool) operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. The reported value of the Pool is equal to cash value. Investments are regulated by the Oregon Short-Term Fund Board (OSTF) and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The Pool is not registered with the SEC as an investment company. While the Pool is not currently rated by an independent rating agency, the Pool's holdings provide very strong protection against losses from credit defaults.

### *2. Receivables and payables*

Recorded property taxes receivable that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue in the fund financial statements. The remaining balance is recorded as deferred revenue because it is not deemed available to finance operations of the current period in the fund financial statements. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property and are substantially collected through foreclosure. 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.

### *3. Inventory*

The costs of the General Fund inventory are recorded as expenditures when purchased in the fund financial statements, to reflect the most conservative budgetary approach. At year-end, the items still on hand and unused are valued at cost, which approximates market value, using the first-in, first-out method. For the government-wide financial statements, inventory is expensed as used.

### *4. Capital assets*

Capital assets, which include property, equipment, furnishings and improvements, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized in the government-wide statements as projects are constructed. All capital outlay is recorded as expenditures in the fund financial statements.

Property, improvements and equipment are depreciated using the straight line method in the government-wide financial statements over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Facilities improvements	20–50
Equipment and furnishings	5

#### 5. *Compensated Absences*

District policy permits employees to accumulate earned but unused vacation, compensatory and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts to employees upon separation of service. All vacation and compensatory pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### 6. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, funds 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. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### 7. *Fund equity*

In the fund financial statements, fund balance classifications comprise a hierarchy based on the constraints imposed on the use of resources as reported in governmental funds. The five fund balance classifications are described below:

- Nonspendable fund balance represents amounts that are not in a spendable form because they are either legally or contractually required to be maintained intact. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant or donor requirements, other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The Board may set, modify or rescind commitments by resolution.
- Assigned fund balance represents amounts that are constrained by expressed intent to use resources for specific purpose that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the Board or by an official to whom that authority has been given by the Board.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The Board of Directors has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources

are spent, the order of spending is committed (if applicable), assigned (if applicable) and lastly, unassigned fund balance.

To ensure financial stability, the Board of Directors has adopted a policy stating that the minimum level of ending fund balance will be at least 10 percent of operating expenses in the year. In any year in which the District is not at the targeted fund level, the budgeted contingency will be increased by 1 percent of property tax revenues, or \$150,000.

## II. Reconciliation of government-wide and fund financial statements

### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$72,052,259 difference are as follows:

Net pension benefit	\$ (29,806)
Bonds payable	60,095,000
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(757,951)
Plus: Issuance premium (to be amortized over life of debt)	543,347
Full faith and credit obligations	10,695,000
Loans payable	100,000
Accrued interest payable	385,006
Compensated absences	<u>1,021,663</u>
Net adjustment to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 72,052,259</u>

### B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$24,848,935 difference are as follows:

Capital outlay (for capitalized assets)	\$ 28,449,064
Depreciation expense	<u>(3,600,129)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 24,848,935</u>

Another element of that reconciliation states “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets.” The details of this \$495,180 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>\$ 495,180</u>
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Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 495,180</u>
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Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(3,674,905) difference are as follows:

Debt issued or incurred:	
Full faith & credit obligations	\$ (9,510,000)
Premium	(22,166)
Deferred charges	162,261
Principal repayments:	
General obligation debt	5,060,000
Other long-term debt	<u>635,000</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (3,674,905)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(40,344) difference are as follows:

Compensated absences	\$ (99,848)
Net pension benefit	29,806
Accrued interest	(4,870)
Amortization of interest costs (premiums)	87,507
Amortization of deferred charges (issuance costs)	<u>(52,939)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (40,344)</u>

### III. Stewardship, compliance and accountability

#### A. Budgetary information

Annual budgets are prepared for each fund in accordance with the modified accrual basis of accounting and with the legal requirements set forth in the Oregon Local Budget Law. The District budgets each governmental fund type on a modified accrual (GAAP) basis. The resolution authorizing appropriations for each fund set the level by which expenditures cannot legally exceed appropriations. All annual appropriations lapse at year-end. On or before the third week of February, departmental budgets are submitted to management for compilation of the proposed budget document. Initial budget review meetings begin in April, with the final public hearing and adoption completed on June 21, 2010.

Organization units are the levels of control for all funds established by the resolution. The detail budget document, however, is required to contain more specific information for the above mentioned appropriation levels. Unexpected additional resources may be added to the budget

through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the Board of Directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the Board of Directors. The Board approved one resolution to adjust a budget appropriation within the year, increasing the general fund by \$633,853 for the acquisition, renovation and financing of the new maintenance facility.

#### IV. Detailed notes on all funds

##### A. Cash, cash equivalents and investments

Deposits with financial institutions include bank demand deposits and deposits in the local government investment pool, as authorized by Oregon statutes.

At June 30, 2011 the District had the following cash, cash equivalents and investments:

	District Fair Value	Foundation Fair Value
Demand accounts	\$ 1,062,766	\$ 608,769
Certificates of deposit	171,919	126,600
Commercial paper	971,700	-
Bankers acceptance	2,015,947	-
Investments in the State Treasurer's Local Government Investment Pool	26,463,318	-
Government and agency obligations	<u>20,862,661</u>	<u>-</u>
Total cash equivalents and investments	<u>\$ 51,548,311</u>	<u>\$ 735,369</u>

Cash and investments are reflected in the financial statements as follows:

Cash and cash equivalents	\$ 27,386,297	\$ 735,369
Investments	22,842,767	-
Cash – restricted	<u>1,319,247</u>	<u>-</u>
Total cash equivalents and investments	<u>\$ 51,548,311</u>	<u>\$ 735,369</u>

Generally accepted accounting principles require investments with a remaining maturity of more than one year at the time of purchase to be stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale.

Investments in the Oregon Local Government Investment Pool (LGIP) are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn. The LGIP does not report all investments at fair value in accordance with the provisions of GASB Statement No. 31. The LGIP is required by Oregon Revised Statutes (ORS) to compute the fair value of all investments maturing more than 270 days from the date the computation is made. If the fair value totals more than one percent of the balance of the LGIP in terms of unrealized gain or loss, the amount is required to be distributed to the pool participants. Fifty percent of the LGIP portfolio must mature within 93 days. Up to 25% of the LGIP portfolio may mature in over one year and no investment may mature in over three years. At June 30, 2011, the District's share of the amount of unrealized loss reported by the LGIP was considered immaterial.

Current investments ratings are:

	N/A	Moody's Aaa	Total	Weighted Average Maturity (years)
Government and agency obligations	\$ 1,997,092	\$ 18,865,569	\$20,862,661	.39
Bankers acceptance	-	2,015,947	2,015,947	.61

The LGIP is unrated.

*A. Interest rate risk*

In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity to ensure securities mature to meet cash requirements for ongoing operations, and investing operating funds primarily in shorter-term securities or short-term investment pools.

*B. Credit risk*

As incorporated into the District's investment policy, State statute allows the District to invest in general obligations of the U.S. Government and its agencies, bank repurchase agreements, bankers' acceptances, municipal bonds, commercial paper of at least an A1/A+ rating, and the State Treasurer's Oregon Local Government Investment Pool, (LGIP) among others. The District's investments in US government securities are not required to be rated.

*C. Concentration of credit risk*

The District's investment policy stipulates diversification of investments by limiting over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities), limiting investment in high credit risk securities, investing with varying maturities, and maintaining a portion of the portfolio in readily available funds.

In accordance with GASB 40, the District is required to report all individual non-federal investments, which exceed 5% of total invested funds. As of June 30, 2011 the District did not hold any non-federal investments exceeding 5% of invested funds.

*D. Custodial credit risk – deposits*

Deposits with financial institutions are comprised of bank demand deposits. The combined total bank balance is \$1,469,469. Of these deposits, \$310,601 is covered by federal depository insurance. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer.

*E. Custodial credit risk – investments*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy minimizes this risk by investing in the safest securities, pre-qualifying the financial institutions and broker/dealers, diversifying the portfolio and actively monitoring the holdings for ratings changes and market conditions.



## B. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 51,669,784	\$ 15,286,886	\$ -	\$ 66,956,670
Construction in progress	4,034,271	3,562,517	(1,161,881)	6,434,907
Total capital assets, not being depreciated	<u>55,704,055</u>	<u>18,849,403</u>	<u>(1,161,881)</u>	<u>73,391,577</u>
Capital assets, being depreciated:				
Parks sites and planning development	42,618,639	2,979,036	-	45,597,675
Buildings and improvements	43,190,650	7,679,314	-	50,869,964
Equipment and furnishings	5,292,699	598,371	(29,991)	5,861,079
Total capital assets being depreciated	<u>91,101,988</u>	<u>11,256,721</u>	<u>(29,991)</u>	<u>102,328,718</u>
Less accumulated depreciation for:				
Park sites and planning development	(14,897,436)	(1,997,351)	-	(16,894,787)
Buildings and improvements	(17,689,373)	(1,124,468)	-	(18,813,841)
Equipment and furnishings	(4,020,686)	(478,310)	29,991	(4,469,005)
	<u>(36,607,495)</u>	<u>(3,600,129)</u>	<u>29,991</u>	<u>(40,177,633)</u>
Total capital assets, being depreciated, net	<u>54,494,493</u>	<u>7,656,592</u>	<u>-</u>	<u>62,151,085</u>
Governmental activities capital assets, net	<u>\$ 110,198,548</u>	<u>\$ 26,505,995</u>	<u>\$ (1,161,881)</u>	<u>\$ 135,542,662</u>

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

Business and facilities	\$ 89,221
Parks and recreation services	<u>3,510,908</u>
Total depreciation expense – governmental activities	<u>\$ 3,600,129</u>

Construction commitments as of June 30, 2011 were as follows:

<u>Project</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
District-wide energy savings improvements	\$1,535,834	\$ 139,949
Fanno Creek Trail project	-	1,014,435
Elsie Stuhr Center expansion	36,945	1,468,759
Conestoga Rec/Aquatic expansion	<u>82,892</u>	<u>3,545,508</u>
Total	<u>\$1,655,671</u>	<u>\$6,168,651</u>

## C. Due to/due from other funds

The composition of the due to/due from balances as of June 30, 2011 are:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Metro Natural Areas Bond Fund	\$430,796

The balance resulted from reimbursable grant costs incurred with the Metro Natural Areas Bond Fund, and advanced by the General Fund, until application could be made to the funding agency.

## D. Long-term debt

The table below presents current year changes in long-term debt, and the current portions due for each issue.

	Beginning Balance	Increase	Amortization/ Repayments	Ending Balance	Due Within One Year
General Obligation Bonds:					
Series 1998	\$ 9,400,000	\$ -	\$ (1,665,000)	\$ 7,735,000	\$ 1,755,000
plus refunding premium	105,037	-	(33,646)	71,391	27,686
Series 2009	55,755,000	-	(3,395,000)	52,360,000	1,100,000
plus premium	450,887	-	(39,385)	411,502	36,987
Full Faith and Credit Obligations:					
Series 2006	1,780,000	-	(435,000)	1,345,000	450,000
plus refunding premium	52,764	-	(12,761)	40,003	9,642
Series 2010A	-	1,695,000	(10,000)	1,685,000	215,000
plus premium	-	22,166	(1,715)	20,451	1,705
Series 2010B	-	995,000	(150,000)	845,000	20,000
Series 2010C	-	6,820,000	-	6,820,000	-
Loans:					
Stadium turf #2 project	140,000	-	(40,000)	100,000	40,000
Compensated Absences	921,815	1,037,820	(937,972)	1,021,663	784,259
	<u>\$ 68,605,503</u>	<u>\$10,569,986</u>	<u>\$ (6,720,479)</u>	<u>\$ 72,455,010</u>	<u>\$ 4,440,279</u>

### General Obligations Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and improvements. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

General obligation bonds, Series 1995, were issued on March 1, 1995 in the amount of \$25,900,000 to finance building construction, land acquisition and park improvements. Stated interest rates for specific maturities ranged from 4.75 to 5.75%, in accordance with the terms agreed at issuance. The general obligation advance refunding bonds, Series 1998 were issued to refund \$15,350,000 principal of these bonds. The outstanding balance of Series 1995 obligation has been paid in full.

The \$15,670,000 general obligation refunding bonds, Series 1998 were issued, dated September 1, 1998, as is described above to refund \$15,350,000 principal of the general obligation bonds, series 1995. Stated interest rates for specific maturities ranged from 3.6 to 5.75%, in accordance with the terms agreed at issuance. Payment of principal and interest on Series 1998 Obligations, when due, is insured by a policy issued by FGIC. Due to a rating downgrade of FGIC insurance by both Moody's and Standard & Poor's Ratings Service, a material event notice was filed in compliance with continuing disclosure requirements.

General obligations bonds, Series 2009 were issued on April 2, 2009, in the amount of \$58,505,000 to finance land acquisition, improvements and development of parks and facilities, along with rehabilitation and acquisition of natural areas throughout the District. Stated interest rates for specific maturities ranged from 3.00% to 4.75%, in accordance with the terms agreed at issuance. The bonds will be paid annually, with interest payments semi-annually, over a term of twenty years. See additional information in Note V.E.

### Full Faith and Credit Obligations

On December 21, 2006 the District issued \$2,430,000 in Full Faith and Credit Obligations, Series 2006. Proceeds were used to advance refund the Certificates of Participation, Series 1997, and the Full Faith and Credit Obligations, Series 1997 and Series 2000. The coupon rates on Series 2006 ranged from 4.0 to 5.0% for specific maturities, in accordance with the terms agreed at issuance. These obligations are subject to optional and mandatory redemption prior to the stated maturity dates. Payment of the principal and interest, when due, is insured by a policy issued by Ambac Assurance Corporation. Due to a rating downgrade of Ambac Assurance Corporation by Standard & Poor's Rating Service, a material event notice was filed in compliance with continuing disclosure requirements.

On July 20, 2010 the District issued \$1,695,000 in Full Faith and Credit Obligations, Series 2010A. Proceeds were used to provide funding for the purchase and implementation of various energy conservation measures. Stated coupon rates for specific maturities ranged from 2.0 to 4.2%, in accordance with the terms agreed at issuance. The bonds will be paid annually, with interest payments semi-annually, over a term of 21 years. Subsequent utility savings will offset future debt service costs over the life of the issue.

On November 30, 2011 the District issued \$7,815,000 in Full Faith and Credit Obligations, to finance the acquisition, construction and renovation of a new maintenance facility and related capital projects, centrally located within District boundaries. The bonds were issued as Series 2010B and 2010C, for \$995,000 and \$6,820,000, respectively. Because a portion of the new warehouse may be leased to a for-profit enterprise, Series 2010B was issued on a taxable basis with stated coupon rates on specific maturities ranging from 1.064 to 4.972%, in accordance with the terms agreed at issuance. Series 2010B bonds will be paid annually, with interest payments semi-annually, over a term of 11 years. Series 2010C was issued on a tax-exempt basis, with a Recovery Zone Economic Development Bond subsidy associated with the issue. The stated coupon rates on specific maturities range from 5.25 to 6.741%, with a subsidy rate of 45% on the total interest cost, for the term of the bonds. Series 2010C bonds will be paid annually, with principal payments commencing after ten years in 2021, for a thirty year term. Interest payments will be semi-annually, commencing in 2011, over a term of 30 years.

### Loan Payable

On May 4, 2005 the District borrowed \$340,000, for construction of an additional Synthetic Turf Project on District property. \$140,000 of the proceeds was used to prepay the previous Synthetic Turf Loan, and the balance of \$200,000 was used to fund a portion of the construction costs. This loan bears an interest rate of 4.5%, and is payable over ten years. This loan is not collateralized.

Annual principal requirements for all issues are as follows:

Year ending June 30,	General Obligation Series		Full Faith & Credit Series				Loan	Total
	1998	2009	2006	2010A	2010B	2010C		
Principal								
2012	\$ 1,755,000	\$ 1,100,000	\$ 450,000	\$ 215,000	\$ 20,000	\$ -	\$ 40,000	\$ 3,580,000
2013	1,870,000	1,385,000	95,000	20,000	85,000	-	20,000	3,475,000
2014	1,990,000	1,520,000	100,000	25,000	85,000	-	20,000	3,740,000
2015	2,120,000	1,665,000	105,000	30,000	85,000	-	20,000	4,025,000
2016	-	1,825,000	110,000	40,000	90,000	-	-	2,065,000
2017-2021	-	11,905,000	485,000	280,000	480,000	165,000	-	13,315,000
2022-2026	-	18,130,000	-	440,000	-	1,360,000	-	19,930,000
2027-2031	-	14,830,000	-	635,000	-	1,595,000	-	17,060,000
2032-2036	-	-	-	-	-	1,905,000	-	1,905,000
2037-2041	-	-	-	-	-	1,795,000	-	1,795,000
	<u>\$7,735,000</u>	<u>\$52,360,000</u>	<u>\$1,345,000</u>	<u>\$1,685,000</u>	<u>\$845,000</u>	<u>\$6,820,000</u>	<u>\$100,000</u>	<u>\$70,890,000</u>

Annual interest requirements for all issues are as follows:

Year ending June 30,	General Obligation Series		Full Faith & Credit Series				Loan	Total
	1998	2009	2006	2010A	2010B	2010C		
Interest								
2012	\$ 444,762	\$ 2,111,575	\$ 58,650	\$ 59,070	\$ 30,608	\$ 436,918	\$ 4,500	\$ 3,146,083
2013	343,850	2,089,575	40,650	56,720	30,276	436,918	2,700	3,000,689
2014	236,325	2,058,413	36,850	56,270	28,528	436,918	1,800	2,855,104
2015	121,900	2,058,413	32,850	55,720	26,389	436,918	900	2,733,090
2016	-	1,974,625	28,650	54,620	23,953	436,918	-	2,518,766
2017-2021	-	8,857,950	62,250	247,525	65,018	2,184,590	-	11,417,333
2022-2026	-	5,941,531	-	180,350	-	2,000,430	-	8,122,311
2027-2031	-	1,420,950	-	68,355	-	1,564,276	-	3,053,581
2032-2036	-	-	-	-	-	999,692	-	999,692
2037-2041	-	-	-	-	-	308,066	-	308,066
	<u>\$ 1,146,837</u>	<u>\$ 26,513,032</u>	<u>\$ 259,900</u>	<u>\$ 778,630</u>	<u>\$ 204,772</u>	<u>\$ 9,241,644</u>	<u>\$ 9,900</u>	<u>\$ 38,154,715</u>

### Compensated Absences and Net Pension Benefits

The District's compensated absences and net pension obligations are liquidated by the general fund. As of June 30, 2011 the District had a net pension benefit resulting from an overpayment of the annual recommended contribution by \$29,806, which will be applied to the subsequent year contributions.

### Short-term Debt

The District issued Tax and Revenue Anticipation Notes, Series 2010, in the amount of \$6,000,000 on July 12, 2010 to continue operations of the general government prior to receipt of annual tax revenue. These notes matured on June 30, 2011, with optional pre-payment, with an interest rate equal to 64% of the LIBOR six-month rate plus 0.50%. At the time of closing, the all-in rate was 0.97%. The six-month LIBOR rate expired on January 12, 2011, and the issue was paid in full as of January 13, 2011.

## **V. Other information**

### **A. Defined Benefit Pension Plan**

#### Plan Description

The District maintains a single-employer, defined benefit pension plan ("Plan") trusted by Standard Insurance Company. The plan provides retirement, disability and death benefits to plan members and beneficiaries. The Plan does not issue a publicly available financial statement. Within the plan, Tier I, a defined benefit plan, applies to all full-time employees hired before July 1, 2010. Tier II, a hybrid plan consisting of two components, applies to all full-time employees hired on or after July 1, 2010 and all regular part-time (RPT) employees per the schedule noted on page 39. The two components are the employer paid pension fund and an Individual Account Program (IAP).

Membership in the Plan as of July 1, 2011 was:

<u>Group</u>	<u>Number of Participants</u>
Active participants	175
Terminated	15
Retired receiving medical premium benefits	<u>19</u>
Total	<u>209</u>

Employees who have completed six months of full-time employment are participants in the Plan.

Tier I Plan (all full-time employees hired prior to July 1, 2010)

The normal retirement benefit, as authorized by the Board of Directors, is equal to 1.9% of the participant's basic monthly earnings multiplied by the years and months of employment with the District. An employee may retire at age 58, or elect early retirement at a reduced benefit after age 55 with ten years of service.

As of May 1, 2004, a change in plan provisions allows participants that have reached normal retirement age (58) and accrued 20 years of benefit service to elect to receive an "in-service" distribution of the benefits accrued to the date of distribution.

Tier I Funding Policy

Participants are required to contribute 6% of salary to the retirement plan. Employee contributions are withheld on a pre-tax basis. Per Board direction, the District is required to contribute at an actuarially determined rate, which was 23.6% (blended rate for both plans) of annual covered payroll for 10/11. A participant may make voluntary contributions up to a maximum of 10% of monthly salary. Benefits derived from such contributions are in addition to other Plan benefits. Both mandatory and voluntary contributions are fully vested at all times.

Tier II Plan (all full-time employees hired on or after July 1, 2011 and all regular part-time employees)

The normal retirement benefit under the Tier II Plan is equal to 1.5% of the participant's basic monthly earnings multiplied by the years and months of employment with the District. An employee may retire at 65, or elect early retirement at a reduced benefit after age 55 with ten years of service. There is no "in-service" distribution allowed within the Tier II plan.

Tier II Funding Policy

Per Board direction, the District will contribute at the actuarially determined rate, which was 23.6% (blended for both plans) as computed at the close of each year. Participants are required to contribute 6% of salary to a separate individual account (IAP) which is treated as a defined contribution account. The IAP fund will be pooled and invested by the District fund manager. A participant may make voluntary contributions up to a maximum of 25% of their earnings. Benefits derived from such contributions are in addition to other Plan benefits. Both mandatory and voluntary contributions are fully vested at all times.

All regular part-time employees will begin receiving pension benefits under the Tier II plan phased in as follows:

- During July 1, 2010 – June 30, 2011: no pension benefits will be earned by RPT employees. However, RPT employees will begin satisfying vesting requirements as of the latter of July 1, 2010 or his/her hire date.
- During July 1, 2011 – June 30, 2012: RPT employees will begin making mandatory 6% contributions to the IAP account, if possible.
- During July 1, 2012 – June 30, 2013: RPT employees shall receive full Tier II pension benefits (IAP + employer contribution) and will begin earning years of service credits.

Annual Pension Cost and Net Pension Benefit

The District's annual pension cost and net pension benefit to the Plan for the year ended June 30, 2011 were as follows:

Annual required contribution	\$2,411,109
Interest on net pension benefit	-
Adjustment to annual required contribution	-
Annual pension cost	2,411,109
Contributions made	<u>(2,440,915)</u>
(Increase) decrease in net pension benefit	(29,806)
Net pension benefit beginning of year	-
Net pension benefit end of year	<u>\$ (29,806)</u>

For 2011, the District's annual pension cost was equal to the required contribution. However, the contributions made slightly exceeded the annual pension cost, resulting in an increase to the net pension benefit. The annual required contribution was determined as of the July 1, 2010 actuarial valuation using the aggregate actuarial cost method.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Benefit
06/30/11	\$ 2,411,109	101.2%	\$ (29,806)
06/30/10	2,132,920	100.0%	-
06/30/09	1,663,456	100.0%	-

#### Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 78.7 percent funded. The actuarial accrued liability for benefits was \$22.1 million, and the actuarial value of assets was \$17.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$8.7 million, and the ratio of the UAAL to the covered payroll was 53.9 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### Actuarial Assumptions

The actuarial assumptions included (a) an investment rate of return (net of expenses) of 7.75% pre-retirement and 6% post-retirement, and (b) projected salary based on a graded salary scale (S-4, set back 8 years, plus 3%) and post-retirement cost of living adjustments (or assumed inflation rate) of 2% a year. The valuation of assets is based on market value as of the first day of the plan year, increased by the amount of any accrued contributions and decreased by the amount of any accrued expenses. The amortization method is level percentage of payroll on a closed basis. The remaining amortization period as of June 30, 2011 is approximately nine years.

The Aggregate Cost Method is the method used to determine actuarial cost of the plan. Because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to approximate the funding progress of the plan.

## **B. Other Post-Employment Benefits (OPEB)**

#### Plan Description

The District administers a single-employer defined benefit healthcare plan per the requirements of collective bargaining agreement. The plan provides the opportunity for postretirement healthcare insurance for eligible retirees from the Tier I plan, and their spouses, through the District's group health care insurance plan, which covers both active and retired participants.

The plan, as authorized by the Board of Directors, provides a Tier I participant who terminates employment the monthly benefit of \$10 per year of benefit service, with a minimum monthly benefit of \$60, and a maximum monthly benefit of \$200. This benefit is payable from retirement to age 65, at which point the monthly benefit will be reduced to one-half the original benefit, with a

minimum of \$60. In no event will the monthly medical premium benefit be greater than the actual medical premium. This medical premium benefit is payable for life, and is extended to retirees selecting the lump sum benefit retirement payment option. The benefits may be amended by the Board of Directors.

Funding Policy

The District does not pay any portion of the health insurance premium for retirees; however the retirees do receive benefits, as described below, through the District's retirement plan. Also, retirees receive an implicit benefit of a tiered healthcare premium at the same rate provided to active employees. Retirees may not convert either benefit into an in-lieu payment to secure coverage under independent plans. At June 30, 2011 19 retirees were receiving post-employment healthcare benefits.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability or excess over a period not to exceed 30 years. For 2011, the District's annual OPEB cost was equal to the required contribution, as authorized by the Board of Directors.

The District's annual OPEB cost and net OPEB obligation to the Plan for the year ended June 30, 2011 were as follows:

Annual required contribution	\$ 123,358
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	123,358
Contributions made	<u>(123,358)</u>
Increase (decrease) in net OPEB obligation	-
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ -</u>

The District's annual OPEB cost, the percentage contributed to the plan and the net OPEB obligation as of June 30, 2011 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
06/30/11	\$ 123,358	100.0%	\$ -
06/30/10	128,123	100.0%	-
06/30/09	126,332	100.0%	-

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 69.1 percent funded. The actuarial accrued liability for benefits was \$1.6 million, and the actuarial value of assets was \$1.1 million, resulting in an unfunded actuarial liability of \$490,000. The covered payroll (annual payroll of active employees covered by the plan) was \$8.4 million, and the ratio of the unfunded actuarial liability to the covered payroll was 5.8 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial liability for benefits.

## Actuarial Assumptions

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

In the July 1, 2010 actuarial valuation the aggregate actuarial cost method was used to determine the ARC. The actuarial assumptions included (a) an investment rate of return (net of expenses) of 7.75% pre-retirement and 6% post-retirement, and (b) post-retirement cost of living adjustments (or assumed inflation rate) of 2% a year. The valuation of assets is based on market value as of the first day of the plan year, increased by the amount of any accrued contributions and decreased by the amount of any accrued expenses.

Because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to approximate the funding progress of the plan. In consideration of healthcare cost trends, the plan assumes that each newly retired participant will purchase medical insurance with premiums of at least the benefit provided by the plan. The amortization period was considered closed, meaning all active participants, inactive participants with vested benefits and retired participants receiving medical insurance premium benefits were included in the valuation period. The valuation of assets is based on market value as of the first day of the plan year, increased by the amount of any accrued contributions and decreased by the amount of any accrued expenses.

## **C. Risk Management**

The District is a member of the Special Districts Insurance Services (SDIS). The Special Districts Association of Oregon created SDIS in 1984 for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. SDIS has over 800 members, and is governed by a five member Board of Directors who are elected to three-year terms. In-house services of SDIS include risk management consultation, claims and litigation administration, investigation and loss analyses. SDIS contracts for specialists in land use problems and lobbyist services.

SDIS is fully funded by its members, who pay annual assessments on an experience rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. New members initially contract for a one-year term, and thereafter automatically renew on an annual basis. Termination does not relieve a former member from its unresolved loss history incurred during membership. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

## **D. Commitments and Contingencies**

The District has no pending litigation, nor has it been made aware of any legal concerns, that may have a material adverse effect on the financial condition of the District.

The District has a contract with an employee union defining compensation and other considerations that expires at June 30, 2013.

On January 21, 2011 the District entered into an operating lease agreement with Peregrine Sports, LLC, doing business as the Portland Timbers, a professional soccer team, to lease a portion of the new maintenance facility for an initial term beginning July 1, 2011 and ending June 30, 2021. The Timbers will occupy 6,000 square feet of the facility for a locker room, training area and office space, along with land underlying the Timbers practice field. The Timbers will be responsible for all construction costs associated with the leased space and field, and will have



exclusive use of said improvements. Furthermore, the Timbers will participate in construction of an adjacent artificial turf field for public use.

During the initial term, the Timbers will pay \$42,620 per year to the District no later than December 31<sup>st</sup> of each year. As the maintenance facility is still under construction as of statement date, the full carrying cost of the asset and accumulated depreciation have not been finalized. At June 30, 2011, lease payments for the initial term are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$42,620
2013	42,620
2014	42,620
2015	42,620
2016	42,620
2017-2021	<u>213,100</u>
	<u>\$426,200</u>

### E. Subsequent Events

The District issued Tax and Revenue Anticipation Notes, Series 2011, in the amount of \$6,000,000 on July 6, 2011. These notes mature on December 15, 2011 and bear interest at a rate of .96%.

On September 1, 2011 the District issued general obligation bonds, Series 2011, in the amount of \$40,060,000, as the second series of the \$100,000,000 authorization as approved by voters in November, 2008. The term is 18 years, and stated interest rates for specific maturities range from 2.0 to 4.0%, in accordance with the terms agreed at issuance.

### F. Implementation of GASB 54

As a result of the implementation of GASB Statement No. 54, the District reclassified its July 1, 2010 balances to reflect the retrospective classification of fund balances to the categories introduced by the Statement.

Furthermore, GASB Statement No. 54 required Board approved action to authorize commitments of fund balance. The commitment, as shown in the table on the following page, was approved by the Board of Directors on December 6, 2004 with establishment of the Maintenance Mitigation Fund, and then formalized by passage of Resolution 2009-10 on June 8, 2009.

The following tables illustrate the reclassification of fund balances as of the beginning of the fiscal year:

	<u>General Fund</u>	<u>Bonded Debt Fund</u>	<u>Bond Capital Projects Fund</u>	<u>System Development Charges Fund</u>	<u>Maintenance Mitigation Fund</u>	<u>Total</u>
Fund Balances as of July 1, 2010, as previously reported:						
Reserved for inventory	\$ 131,319	\$ -	\$ -	\$ -	\$ -	\$ 131,319
Reserved for parks development	-	-	55,431,729	4,434,895	-	59,866,624
Reserved for debt service	-	189,152	-	-	-	189,152
Unreserved, reported in:						
General fund	3,717,581	-	-	-	-	3,717,581
Special revenue fund	-	-	-	-	182,010	182,010
<b>Total Fund Balances</b>	<u>\$3,848,900</u>	<u>\$189,152</u>	<u>\$ 55,431,729</u>	<u>\$ 4,434,895</u>	<u>\$ 182,010</u>	<u>\$64,086,686</u>

The following tables illustrate the reclassification of fund balances as of the beginning of the fiscal year (continued):

	<u>General Fund</u>	<u>Bonded Debt Fund</u>	<u>Bond Capital Projects Fund</u>	<u>System Development Charges Fund</u>	<u>Maintenance Mitigation Fund</u>	<u>Total</u>
Fund Balances as of July 1, 2010, as reclassified:						
<b>Nonspendable</b>						
Supplies Inventory	\$ 131,319	\$ -	\$ -	\$ -	\$ -	\$ 131,319
<b>Restricted</b>						
Debt service	-	189,152	-	-	-	189,152
Parks development	-	-	55,431,729	4,434,895	-	59,866,624
	-	189,152	55,431,729	4,434,895	-	60,055,776
<b>Committed</b>						
Mitigation costs	-	-	-	-	182,010	182,010
<b>Unassigned</b>	3,717,581	-	-	-	-	3,717,581
<b>Total Fund Balances</b>	<u>\$3,848,900</u>	<u>\$189,152</u>	<u>\$ 55,431,729</u>	<u>\$ 4,434,895</u>	<u>\$ 182,010</u>	<u>\$64,086,686</u>

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**Tualatin Hills Park and Recreation District**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**Pension**  
**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Present Value of Accrued Pension Benefits (b)</b>	<b>Difference (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>Difference as a Percentage of Covered Payroll ((b-a)/c)</b>
6/30/2009	\$ 17,211,867	\$ 22,070,889	\$ 4,859,022	78.0%	\$ 8,540,118	56.9%
6/30/2010	13,416,746	19,599,514	6,182,768	68.5%	8,633,383	71.6%
6/30/2011	17,357,823	22,060,730	4,702,907	78.7%	8,723,566	53.9%

**Other Post Employment Benefits**  
**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Present Value of Future Benefits (b)</b>	<b>Difference (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>Difference as a Percentage of Covered Payroll ((b-a)/c)</b>
6/30/2009	\$ 700,365	\$ 1,646,139	\$ 945,774	42.5%	\$ 8,540,118	11.1%
6/30/2010	860,504	1,774,338	913,834	48.5%	8,633,383	10.6%
6/30/2011	1,097,645	1,587,685	490,040	69.1%	8,426,083	5.8%



# **SUPPLEMENTAL INFORMATION**

**Tualatin Hills Park and Recreation District**  
**General Fund**  
**Schedule of Expenditures - Budget to Actual**  
**For the fiscal year ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>BOARD OF DIRECTORS:</b>				
Part time salaries	\$ 3,000	\$ 3,000	\$ 3,019	\$ (19)
Payroll taxes	260	260	267	(7)
<b>Personal services</b>	<b>3,260</b>	<b>3,260</b>	<b>3,286</b>	<b>(26)</b>
Professional services	187,293	187,293	183,792	3,501
Office supplies	6,000	6,000	4,292	1,708
Dues and memberships	2,000	2,000	2,525	(525)
Conferences	17,000	17,000	18,632	(1,632)
<b>Materials and services</b>	<b>212,293</b>	<b>212,293</b>	<b>209,241</b>	<b>3,052</b>
Contingency	1,700,000	1,700,000	-	1,700,000
Elections	32,000	32,000	-	32,000
<b>Total Board of Directors</b>	<b>1,947,553</b>	<b>1,947,553</b>	<b>212,527</b>	<b>1,735,026</b>
<b>ADMINISTRATION:</b>				
<b>General Manager</b>				
Full time salaries	209,098	209,098	216,237	(7,139)
Part time salaries	-	-	130	(130)
Employee benefits	73,246	73,246	78,005	(4,759)
Payroll taxes	16,336	16,336	17,130	(794)
<b>Personal services</b>	<b>298,680</b>	<b>298,680</b>	<b>311,502</b>	<b>(12,822)</b>
Telecommunications	2,800	2,800	4,815	(2,015)
Office supplies	5,500	3,500	3,512	(12)
Dues and memberships	22,850	22,850	12,229	10,621
Conferences	20,000	20,000	14,611	5,389
Technical training	17,200	17,200	245	16,955
Staff transportation	8,000	8,000	7,800	200
Small furniture and equipment	-	2,000	2,214	(214)
<b>Materials and services</b>	<b>76,350</b>	<b>76,350</b>	<b>45,426</b>	<b>30,924</b>
<b>Total General Manager</b>	<b>375,030</b>	<b>375,030</b>	<b>356,928</b>	<b>18,102</b>
<b>Communications and Development</b>				
Full time salaries	333,463	333,463	337,024	(3,561)
Part time salaries	28,109	29,038	23,326	5,712
Employee benefits	131,127	131,127	141,528	(10,401)
Payroll taxes	32,018	32,089	33,207	(1,118)
<b>Personal services</b>	<b>524,717</b>	<b>525,717</b>	<b>535,085</b>	<b>(9,368)</b>
Professional services	141,785	141,785	109,548	32,237
Technical services	2,600	2,600	2,690	(90)
Printing and publications	179,800	179,800	150,935	28,865
Postage	94,950	94,950	74,046	20,904
Advertising	62,192	62,192	45,136	17,056
Telecommunications	900	900	58	842
Office supplies	4,637	4,637	6,432	(1,795)
Program supplies	13,476	12,476	9,858	2,618
Dues and memberships	4,225	4,225	3,367	858
Conferences	3,400	3,400	433	2,967
Technical training	2,000	2,000	2,104	(104)
Staff transportation	3,860	3,860	3,897	(37)
Small furniture and equipment	1,000	1,000	386	614
<b>Materials and services</b>	<b>514,825</b>	<b>513,825</b>	<b>408,890</b>	<b>104,935</b>
<b>Total Communications and Development</b>	<b>1,039,542</b>	<b>1,039,542</b>	<b>943,975</b>	<b>95,567</b>

**Tualatin Hills Park and Recreation District**  
**General Fund**  
**Schedule of Expenditures - Budget to Actual**  
**For the fiscal year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>ADMINISTRATION (continued)</b>				
<b>Security Operations</b>				
Full time salaries	\$ 76,499	\$ 76,499	\$ 77,232	\$ (733)
Part time salaries	90,201	90,201	94,509	(4,308)
Employee benefits	32,469	32,469	34,375	(1,906)
Payroll taxes	16,838	16,838	18,241	(1,403)
<b>Personal services</b>	<u>216,007</u>	<u>216,007</u>	<u>224,357</u>	<u>(8,350)</u>
Technical services	68,881	68,881	58,412	10,469
Maintenance services	7,482	7,482	2,901	4,581
Printing and publications	350	350	-	350
Telecommunications	2,400	2,400	1,177	1,223
Office supplies	375	375	105	270
Program supplies	3,945	3,945	2,759	1,186
Dues and memberships	100	100	-	100
Conferences	300	300	-	300
Technical training	400	400	80	320
Staff transportation	500	500	-	500
Small furniture and equipment	250	250	90	160
<b>Materials and services</b>	<u>84,983</u>	<u>84,983</u>	<u>65,524</u>	<u>19,459</u>
<b>Total Security Operations</b>	<u>300,990</u>	<u>300,990</u>	<u>289,881</u>	<u>11,109</u>
<b>Total Administration</b>	<u>1,715,562</u>	<u>1,715,562</u>	<u>1,590,784</u>	<u>124,778</u>
<b>BUSINESS AND FACILITIES:</b>				
<b>Director of Business and Facilities</b>				
Full time salaries	317,692	317,692	322,257	(4,565)
Employee benefits	121,298	121,298	134,022	(12,724)
Payroll taxes	26,755	26,755	27,224	(469)
<b>Personal services</b>	<u>465,745</u>	<u>465,745</u>	<u>483,503</u>	<u>(17,758)</u>
Professional services	5,500	5,500	15,581	(10,081)
Technical services	35,000	35,000	30,602	4,398
Rental equipment	48,000	48,000	34,627	13,373
Bank charges and fees	3,650	3,650	450	3,200
Printing and publications	4,000	4,000	3,391	609
Postage	62,400	62,400	56,817	5,583
Advertising	1,620	1,620	579	1,041
Telecommunications	1,800	1,800	1,941	(141)
Office supplies	69,600	69,600	48,347	21,253
Dues and memberships	3,275	3,275	2,355	920
Conferences	8,800	8,800	2,670	6,130
Technical training	3,470	3,470	40	3,430
Staff transportation	5,280	5,280	4,863	417
Small furniture and equipment	-	-	2,789	(2,789)
<b>Materials and services</b>	<u>252,395</u>	<u>252,395</u>	<u>205,052</u>	<u>47,343</u>
Debt principal	519,847	619,847	635,000	(15,153)
Debt interest	510,992	534,669	401,083	133,586
Other financing use - fees	-	115,716	162,261	(46,545)
<b>Debt service</b>	<u>1,030,839</u>	<u>1,270,232</u>	<u>1,198,344</u>	<u>71,888</u>
<b>Total Director of Business and Facilities</b>	<u>1,748,979</u>	<u>1,988,372</u>	<u>1,886,899</u>	<u>101,473</u>



**Tualatin Hills Park and Recreation District**  
**General Fund**  
**Schedule of Expenditures - Budget to Actual**  
**For the fiscal year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>BUSINESS AND FACILITIES (continued)</b>				
<b>Finance</b>				
Full time salaries	\$ 353,028	\$ 353,028	\$ 342,528	\$ 10,500
Part time salaries	18,200	18,200	18,231	(31)
Employee benefits	150,725	150,725	152,389	(1,664)
Payroll taxes	33,103	33,103	31,884	1,219
<b>Personal services</b>	<u>555,056</u>	<u>555,056</u>	<u>545,032</u>	<u>10,024</u>
Professional services	12,000	12,000	11,161	839
Technical services	46,417	46,417	47,669	(1,252)
Bank charges and fees	14,600	14,600	17,033	(2,433)
Printing and publications	3,550	3,550	2,217	1,333
Advertising	-	-	95	(95)
Office supplies	945	945	471	474
Dues and memberships	520	520	520	-
Conferences	3,450	3,450	3,698	(248)
Technical training	2,170	2,170	222	1,948
Staff transportation	300	300	124	176
Small furniture and equipment	350	350	3,233	(2,883)
<b>Materials and services</b>	<u>84,302</u>	<u>84,302</u>	<u>86,443</u>	<u>(2,141)</u>
<b>Total Finance</b>	<u>639,358</u>	<u>639,358</u>	<u>631,475</u>	<u>7,883</u>
<b>Human Resources</b>				
Full time salaries	197,223	197,223	198,139	(916)
Employee benefits	80,998	80,998	85,683	(4,685)
Payroll taxes	17,466	17,466	17,209	257
<b>Personal services</b>	<u>295,687</u>	<u>295,687</u>	<u>301,031</u>	<u>(5,344)</u>
Professional services	17,800	17,800	14,276	3,524
Technical services	10,200	10,200	9,416	784
Rental equipment	400	400	98	302
Advertising	-	-	915	(915)
Office supplies	430	430	127	303
Program supplies	850	850	727	123
Dues and memberships	400	400	315	85
Conferences	2,800	2,800	1,393	1,407
Technical training	39,000	39,000	25,328	13,672
Staff transportation	450	450	129	321
<b>Materials and services</b>	<u>72,330</u>	<u>72,330</u>	<u>52,724</u>	<u>19,606</u>
<b>Total Human Resources</b>	<u>368,017</u>	<u>368,017</u>	<u>353,755</u>	<u>14,262</u>
<b>Information Services</b>				
Full time salaries	355,241	355,241	354,795	446
Employee benefits	144,329	144,329	138,195	6,134
Payroll taxes	31,460	31,460	31,850	(390)
<b>Personal services</b>	<u>531,030</u>	<u>531,030</u>	<u>524,840</u>	<u>6,190</u>
Professional services	70,000	70,000	40,740	29,260
Technical services	100,800	100,800	77,694	23,106
Telecommunications	73,000	73,000	68,750	4,250
Program supplies	39,000	39,000	27,077	11,923
Maintenance supplies	8,800	8,800	8,287	513
Technical training	15,000	15,000	2,371	12,629
Staff transportation	1,500	1,500	46	1,454
Small furniture and equipment	800	800	114	686
<b>Materials and services</b>	<u>308,900</u>	<u>308,900</u>	<u>225,079</u>	<u>83,821</u>

**Tualatin Hills Park and Recreation District**  
**General Fund**  
**Schedule of Expenditures - Budget to Actual**  
**For the fiscal year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>BUSINESS AND FACILITIES (continued)</b>				
<b>Information Services (continued)</b>				
Computer technology replacement	\$ 128,897	\$ 128,897	\$ 118,846	\$ 10,051
Computer technology improvement	129,700	129,700	103,411	26,289
<b>Capital outlay</b>	<u>258,597</u>	<u>258,597</u>	<u>222,257</u>	<u>36,340</u>
<b>Total Information Services</b>	<u>1,098,527</u>	<u>1,098,527</u>	<u>972,176</u>	<u>126,351</u>
<b>Risk and Contract Management</b>				
Full time salaries	159,148	159,148	158,712	436
Part time salaries	-	-	844	(844)
Employee benefits	66,249	66,249	69,647	(3,398)
Payroll taxes	14,096	14,096	13,942	154
<b>Personal services</b>	<u>239,493</u>	<u>239,493</u>	<u>243,145</u>	<u>(3,652)</u>
Professional services	2,500	2,500	579	1,921
Technical services	11,820	11,820	7,544	4,276
Miscellaneous other services	24,262	24,262	23,809	453
Insurance	288,591	288,591	282,938	5,653
Printing and publications	2,400	2,400	116	2,284
Advertising	300	300	154	146
Telecommunications	1,020	1,020	1,147	(127)
Office supplies	500	500	545	(45)
Program supplies	6,100	6,100	6,609	(509)
Dues and memberships	1,675	1,675	423	1,252
Conferences	1,500	1,500	570	930
Technical training	5,900	5,900	2,429	3,471
Staff transportation	1,300	1,300	956	344
Small furniture and equipment	-	-	556	(556)
<b>Materials and services</b>	<u>347,868</u>	<u>347,868</u>	<u>328,375</u>	<u>19,493</u>
<b>Total Risk and Contract Management</b>	<u>587,361</u>	<u>587,361</u>	<u>571,520</u>	<u>15,841</u>
<b>Maintenance Operations</b>				
Full time salaries	3,474,080	3,474,080	3,403,350	70,730
Part time salaries	1,617,231	1,617,231	1,635,309	(18,078)
Employee benefits	1,549,446	1,549,446	1,575,485	(26,039)
Payroll taxes	512,435	512,435	524,759	(12,324)
<b>Personal services</b>	<u>7,153,192</u>	<u>7,153,192</u>	<u>7,138,903</u>	<u>14,289</u>
Instructional services	2,455	2,455	239	2,216
Professional services	14,000	14,000	8,552	5,448
Technical services	85,403	85,403	82,842	2,561
Heat	548,518	548,518	538,351	10,167
Electricity	696,899	696,899	706,196	(9,297)
Water and sewer	562,929	562,929	466,112	96,817
Refuse services	95,764	95,764	84,723	11,041
Rental facility	96,500	96,500	98,688	(2,188)
Rental equipment	19,558	19,558	12,595	6,963
Maintenance services	404,416	404,416	391,112	13,304
Vehicle and equipment services	24,650	24,650	14,576	10,074
Advertising	-	-	125	(125)
Telecommunications	84,996	84,996	83,348	1,648
Office supplies	4,173	4,173	2,099	2,074
Program supplies	16,800	16,800	13,310	3,490
Maintenance supplies	955,922	955,922	945,557	10,365

**Tualatin Hills Park and Recreation District**  
**General Fund**  
**Schedule of Expenditures - Budget to Actual**  
**For the fiscal year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>BUSINESS AND FACILITIES (continued)</b>				
<b>Maintenance Operations (continued)</b>				
Gas & oil (vehicles)	\$ 185,491	\$ 185,491	\$ 180,580	\$ 4,911
Dues and memberships	2,285	2,285	1,617	668
Conferences	4,900	4,900	2,904	1,996
Technical training	15,305	15,305	13,927	1,378
Staff transportation	16,908	16,908	14,466	2,442
Small furniture and equipment	1,450	1,450	725	725
<b>Materials and services</b>	<b>3,839,322</b>	<b>3,839,322</b>	<b>3,662,644</b>	<b>176,678</b>
Fleet capital replacement	344,700	344,700	337,305	7,395
Building replacement	10,000	10,000	9,999	1
<b>Capital outlay</b>	<b>354,700</b>	<b>354,700</b>	<b>347,304</b>	<b>7,396</b>
<b>Total Maintenance Operations</b>	<b>11,347,214</b>	<b>11,347,214</b>	<b>11,148,851</b>	<b>198,363</b>
<b>Total Business and Facilities</b>	<b>15,789,456</b>	<b>16,028,849</b>	<b>15,564,676</b>	<b>464,173</b>
<b>PLANNING:</b>				
<b>Director of Planning</b>				
Full time salaries	103,933	103,933	104,436	(503)
Part time salaries	124,092	124,092	118,590	5,502
Employee benefits	33,179	33,179	34,733	(1,554)
Payroll taxes	21,617	21,617	22,240	(623)
<b>Personal services</b>	<b>282,821</b>	<b>282,821</b>	<b>279,999</b>	<b>2,822</b>
Telecommunications	2,500	2,500	2,416	84
Office supplies	200	200	209	(9)
Program supplies	500	500	12	488
Staff transportation	3,500	3,500	3,240	260
<b>Materials and services</b>	<b>6,700</b>	<b>6,700</b>	<b>5,877</b>	<b>823</b>
<b>Total Director of Planning</b>	<b>289,521</b>	<b>289,521</b>	<b>285,876</b>	<b>3,645</b>
<b>Planning and Development</b>				
Full time salaries	627,593	627,593	623,001	4,592
Employee benefits	242,553	242,553	264,248	(21,695)
Payroll taxes	55,704	55,704	54,979	725
<b>Personal services</b>	<b>925,850</b>	<b>925,850</b>	<b>942,228</b>	<b>(16,378)</b>
Professional services	95,000	95,000	34,314	60,686
Advertising	-	-	45	(45)
Telecommunications	1,000	1,000	928	72
Office supplies	5,000	5,000	5,294	(294)
Program supplies	1,500	1,500	1,416	84
Dues and memberships	3,250	3,250	2,857	393
Conferences	5,000	5,000	3,124	1,876
Technical training	2,250	2,250	1,309	941
Staff transportation	4,000	4,000	4,991	(991)
<b>Materials and services</b>	<b>117,000</b>	<b>117,000</b>	<b>54,278</b>	<b>62,722</b>
<b>Total Planning and Development</b>	<b>1,042,850</b>	<b>1,042,850</b>	<b>996,506</b>	<b>46,344</b>
<b>Total Planning</b>	<b>1,332,371</b>	<b>1,332,371</b>	<b>1,282,382</b>	<b>49,989</b>

**Tualatin Hills Park and Recreation District**  
**General Fund**  
**Schedule of Expenditures - Budget to Actual**  
**For the fiscal year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>PARK AND RECREATION SERVICES:</b>				
<b>Director of Park and Recreation</b>				
Full time salaries	\$ 168,606	\$ 168,606	\$ 168,609	\$ (3)
Employee benefits	68,429	68,429	66,288	2,141
Part time salaries	14,300	14,300	14,520	(220)
Payroll taxes	15,232	15,232	15,493	(261)
<b>Personal services</b>	<b>266,567</b>	<b>266,567</b>	<b>264,910</b>	<b>1,657</b>
Professional services	30,500	30,500	1,244	29,256
Fee reductions-family assistance	375,000	375,000	487,140	(112,140)
Printing and publications	4,000	4,000	-	4,000
Telecommunications	3,000	3,000	1,278	1,722
Office supplies	7,639	7,639	537	7,102
Dues and memberships	-	-	-	-
Conferences	11,000	11,000	6,838	4,162
Technical training	1,000	1,000	-	1,000
Staff transportation	3,000	3,000	4,641	(1,641)
<b>Materials and services</b>	<b>435,139</b>	<b>435,139</b>	<b>501,678</b>	<b>(66,539)</b>
<b>Total Director of Park and Recreation</b>	<b>701,706</b>	<b>701,706</b>	<b>766,588</b>	<b>(64,882)</b>
<b>Aquatics</b>				
Full time salaries	1,218,855	1,218,855	1,199,425	19,430
Part time salaries	1,466,593	1,466,593	1,301,704	164,889
Employee benefits	548,796	548,796	585,281	(36,485)
Payroll taxes	267,981	267,981	261,114	6,867
<b>Personal services</b>	<b>3,502,225</b>	<b>3,502,225</b>	<b>3,347,524</b>	<b>154,701</b>
Miscellaneous other services	-	-	2,000	(2,000)
Telecommunications	2,400	2,400	2,059	341
Office supplies	1,421	1,421	948	473
Program supplies	59,923	59,923	34,283	25,640
Dues and memberships	1,335	1,335	817	518
Conferences	9,600	9,600	696	8,904
Technical training	5,077	5,077	3,590	1,487
Staff transportation	3,600	3,600	1,926	1,674
Small furniture and equipment	-	-	949	(949)
<b>Materials and services</b>	<b>83,356</b>	<b>83,356</b>	<b>47,268</b>	<b>36,088</b>
<b>Total Aquatics</b>	<b>3,585,581</b>	<b>3,585,581</b>	<b>3,394,792</b>	<b>190,789</b>
<b>Sports</b>				
Full time salaries	478,199	478,199	481,696	(3,497)
Part time salaries	620,827	620,827	555,264	65,563
Employee benefits	212,888	212,888	228,226	(15,338)
Payroll taxes	107,350	107,350	105,090	2,260
<b>Personal services</b>	<b>1,419,264</b>	<b>1,419,264</b>	<b>1,370,276</b>	<b>48,988</b>
Instructional services	140,602	140,602	130,609	9,993
Rental facility	42,750	42,750	40,310	2,440
Printing and publications	3,600	3,600	-	3,600
Advertising	960	960	-	960
Telecommunications	1,400	1,400	2,095	(695)
Office supplies	8,050	8,050	5,583	2,467
Program supplies	95,083	95,083	95,323	(240)

**Tualatin Hills Park and Recreation District**  
**General Fund**  
**Schedule of Expenditures - Budget to Actual**  
**For the fiscal year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>PARK AND RECREATION SERVICES (continued)</b>				
<b>Sports (continued)</b>				
Dues and memberships	\$ 525	\$ 525	\$ 720	\$ (195)
Conferences	5,400	5,400	469	4,931
Technical training	500	500	40	460
Staff transportation	2,950	2,950	1,195	1,755
Small furniture and equipment	200	200	2,752	(2,552)
<b>Materials and services</b>	<u>302,020</u>	<u>302,020</u>	<u>279,096</u>	<u>22,924</u>
<b>Total Sports</b>	<u>1,721,284</u>	<u>1,721,284</u>	<u>1,649,372</u>	<u>71,912</u>
<b>Recreation</b>				
Full time salaries	1,126,004	1,126,004	1,071,561	54,443
Part time salaries	2,388,683	2,388,683	2,106,210	282,473
Employee benefits	533,697	533,697	537,584	(3,887)
Payroll taxes	345,704	345,704	327,301	18,403
<b>Personal services</b>	<u>4,394,088</u>	<u>4,394,088</u>	<u>4,042,656</u>	<u>351,432</u>
Instructional services	139,004	139,004	80,319	58,685
Rental facility	11,425	11,425	4,474	6,951
Rental equipment	35,730	35,730	11,755	23,975
Maintenance services	3,851	3,851	2,881	970
Miscellaneous other services	-	-	1,000	(1,000)
Printing and publications	2,965	2,965	336	2,629
Postage	3,250	3,250	1,528	1,722
Advertising	1,000	1,000	643	357
Telecommunications	3,500	3,500	2,933	567
Office supplies	28,814	28,814	12,274	16,540
Program supplies	394,153	394,153	284,615	109,538
Dues and memberships	1,260	1,260	1,182	78
Conferences	8,000	8,000	2,938	5,062
Technical training	3,692	3,692	1,254	2,438
Staff transportation	5,995	5,995	3,558	2,437
Small furniture and equipment	10,225	10,225	11,134	(909)
<b>Materials and services</b>	<u>652,864</u>	<u>652,864</u>	<u>422,824</u>	<u>230,040</u>
<b>Total Recreation</b>	<u>5,046,952</u>	<u>5,046,952</u>	<u>4,465,480</u>	<u>581,472</u>
<b>Programs and Special Activities</b>				
Full time salaries	925,100	925,100	917,681	7,419
Part time salaries	852,036	852,036	782,340	69,696
Employee benefits	426,991	426,991	445,197	(18,206)
Payroll taxes	172,276	172,276	170,673	1,603
<b>Personal services</b>	<u>2,376,403</u>	<u>2,376,403</u>	<u>2,315,891</u>	<u>60,512</u>
Instructional services	1,090	1,090	-	1,090
Technical services	100,114	100,114	108,451	(8,337)
Rental facility	2,400	2,400	2,400	-
Rental equipment	5,441	5,441	9,611	(4,170)
Maintenance services	5,768	5,768	2,554	3,214
Postage	3,632	3,632	2,948	684
Advertising	5,036	5,036	5,434	(398)
Telecommunications	6,120	6,120	3,917	2,203
Office supplies	19,012	19,012	9,433	9,579
Program supplies	175,152	175,152	137,999	37,153

**Tualatin Hills Park and Recreation District**  
**General Fund**  
**Schedule of Expenditures - Budget to Actual**  
**For the fiscal year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>PARK AND RECREATION SERVICES (continued)</b>				
<b>Programs and Special Activities (continued)</b>				
Maintenance supplies	\$ 5,127	\$ 5,127	\$ 1,315	\$ 3,812
Dues and memberships	3,108	3,108	2,665	443
Conferences	8,140	8,140	7,812	328
Technical training	3,140	3,140	2,018	1,122
Staff transportation	14,157	14,157	5,907	8,250
Small furniture and equipment	-	-	72	(72)
Foundation Support (Gas)	-	-	157	(157)
<b>Materials and services</b>	<b>357,437</b>	<b>357,437</b>	<b>302,693</b>	<b>54,744</b>
<b>Total Programs and Special Activities</b>	<b>2,733,840</b>	<b>2,733,840</b>	<b>2,618,584</b>	<b>115,256</b>
<b>Natural Resources and Trails</b>				
Full time salaries	616,240	616,240	587,994	28,246
Part time salaries	367,952	367,952	289,152	78,800
Employee benefits	229,208	229,208	220,505	8,703
Payroll taxes	98,605	98,605	89,464	9,141
<b>Personal services</b>	<b>1,312,005</b>	<b>1,312,005</b>	<b>1,187,115</b>	<b>124,890</b>
Instructional services	4,291	4,291	5,059	(768)
Professional services	-	-	1,340	(1,340)
Technical services	18,885	18,885	22,435	(3,550)
Rental equipment	8,550	8,550	6,243	2,307
Maintenance services	5,600	5,600	1,463	4,137
Printing and publications	700	700	190	510
Advertising	250	250	156	94
Telecommunications	2,725	2,725	3,278	(553)
Office supplies	10,231	10,231	10,184	47
Program supplies	82,760	82,760	40,037	42,723
Maintenance supplies	17,998	17,998	12,654	5,344
Dues and memberships	1,030	1,030	902	128
Conferences	3,825	3,825	2,268	1,557
Technical training	2,787	2,787	1,863	924
Staff transportation	3,200	3,200	1,944	1,256
Small furniture and equipment	1,550	1,550	9,604	(8,054)
<b>Materials and services</b>	<b>164,382</b>	<b>164,382</b>	<b>119,620</b>	<b>44,762</b>
<b>Total Natural Resources and Trails</b>	<b>1,476,387</b>	<b>1,476,387</b>	<b>1,306,735</b>	<b>169,652</b>
<b>Total Park and Recreation Services</b>	<b>15,265,750</b>	<b>15,265,750</b>	<b>14,201,551</b>	<b>1,064,199</b>
<b>CAPITAL OUTLAY</b>				
Carryforward projects	871,758	871,758	253,179	618,579
Athletic facility replacement	71,100	71,100	68,957	2,143
Athletic facility improvements	32,500	32,500	42,191	(9,691)
Park and trail replacement	1,271,394	1,271,394	808,888	462,506
Park and trail improvements	501,500	501,500	18,989	482,511
Building replacement	507,750	507,750	332,062	175,688
Building improvements	7,684,900	8,079,360	5,624,789	2,454,571
ADA projects	85,400	85,400	34,576	50,824
Program facility challenge grants	97,500	97,500	33,906	63,594
Energy savings performance contract	1,675,000	1,675,000	1,285,631	389,369
Equipment and furnishings	28,272	28,272	30,024	(1,752)
<b>Total Capital Outlay</b>	<b>12,827,074</b>	<b>13,221,534</b>	<b>8,533,192</b>	<b>4,688,342</b>
<b>Total General Fund Expenditures</b>	<b>\$ 48,877,766</b>	<b>\$ 49,511,619</b>	<b>\$ 41,385,112</b>	<b>\$ 8,126,507</b>

**Tualatin Hills Park and Recreation District**  
**Bonded Debt Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the fiscal year ended June 30, 2011**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Property taxes	\$ 7,785,573	\$ 7,878,474	\$ 92,901
Interest earned	28,000	30,328	2,328
Total revenues	<u>7,813,573</u>	<u>7,908,802</u>	<u>95,229</u>
Expenditures:			
Debt service	<u>7,794,777</u>	<u>7,794,777</u>	-
Total expenditures	<u>7,794,777</u>	<u>7,794,777</u>	-
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	<u>18,796</u>	<u>114,025</u>	<u>95,229</u>
Fund balance at beginning of year	<u>203,585</u>	<u>189,152</u>	<u>(14,433)</u>
Fund balance at end of year	<u>\$ 222,381</u>	<u>\$ 303,177</u>	<u>\$ 80,796</u>

**Tualatin Hills Park and Recreation District**  
**Bond Capital Projects Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget to Actual**  
**For the fiscal year ended June 30, 2011**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Interest earned	\$ 275,000	\$ 256,341	\$ (18,659)
Total revenues	<u>275,000</u>	<u>256,341</u>	<u>(18,659)</u>
Expenditures:			
Capital outlay	53,181,913	16,968,511	36,213,402
Total expenditures	<u>53,181,913</u>	<u>16,968,511</u>	<u>36,213,402</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(52,906,913)	(16,712,170)	36,194,743
Fund balances at beginning of year	52,906,913	55,431,729	2,524,816
Fund balances at end of year	<u>\$ -</u>	<u>\$ 38,719,559</u>	<u>\$ 38,719,559</u>



**Tualatin Hills Park and Recreation District**  
**System Development Charges Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget to Actual**  
**For the fiscal year ended June 30, 2011**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
System development charges	\$ 3,166,719	\$ 1,939,855	\$ (1,226,864)
Interest earned	30,400	23,170	(7,230)
Total revenues	<u>3,197,119</u>	<u>1,963,025</u>	<u>(1,234,094)</u>
Expenditures:			
Capital outlay	<u>7,571,613</u>	<u>1,734,386</u>	<u>5,837,227</u>
Total expenditures	<u>7,571,613</u>	<u>1,734,386</u>	<u>5,837,227</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(4,374,494)	228,639	4,603,133
Fund balances at beginning of year	<u>4,374,494</u>	<u>4,434,895</u>	<u>60,401</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 4,663,534</u>	<u>\$ 4,663,534</u>

**Tualatin Hills Park and Recreation District**  
**Metro Natural Areas Bond Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget to Actual**  
**For the fiscal year ended June 30, 2011**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Metro natural areas bond	\$ 1,730,944	\$ 801,564	\$ (929,380)
Total revenues	<u>1,730,944</u>	<u>801,564</u>	<u>(929,380)</u>
Expenditures:			
Capital outlay	1,730,944	801,564	929,380
Total expenditures	<u>1,730,944</u>	<u>801,564</u>	<u>929,380</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Tualatin Hills Park and Recreation District**  
**Mitigation Maintenance Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the fiscal year ended June 30, 2011**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Interest earned	\$ 1,300	\$ 810	\$ (490)
Miscellaneous income	-	-	-
Total revenues	<u>1,300</u>	<u>810</u>	<u>(490)</u>
Expenditures:			
Materials and services	5,000	-	5,000
Contingency	177,525	-	177,525
Total expenditures	<u>182,525</u>	<u>-</u>	<u>182,525</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	<u>(181,225)</u>	<u>810</u>	<u>182,035</u>
Fund balance at beginning of year	<u>181,225</u>	<u>182,010</u>	<u>785</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 182,820</u>	<u>\$ 182,820</u>



**OTHER  
FINANCIAL  
SCHEDULES**

**Tualatin Hills Park and Recreation District**  
 Schedule of Property Tax Transactions and Outstanding Balances  
 For the fiscal year ended June 30, 2011

	Taxes Uncollected June 30, 2010	Add Levy as Extended by Assessor	Add (Deduct) Discounts Allowed	Add Interest Received	Add (Deduct) Cancellations and Adjustments	Deduct Interest and Tax Collected	Taxes Uncollected June 30, 2011
2010-2011	\$ -	\$ 32,641,290	(831,117)	\$ 11,355	\$ (148,242)	\$ (30,901,476)	771,810
2009-2010	878,585	-	178	37,439	(17,163)	(580,379)	318,660
2008-2009	276,437	-	173	25,498	(12,768)	(157,763)	131,577
2007-2008	98,722	-	29	18,579	(4,154)	(79,420)	33,756
2006-2007	25,178	-	-	5,761	(1,066)	(20,684)	9,189
2005-2006	5,786	-	-	790	(2,440)	-	4,136
Prior Years	15,374	-	2	1,776	(2,806)	(1,812)	12,534
	<u>\$ 1,300,082</u>	<u>\$ 32,641,290</u>	<u>\$(830,735)</u>	<u>\$ 101,198</u>	<u>\$ (188,639)</u>	<u>\$ (31,741,534)</u>	<u>\$ 1,281,662</u>

General Fund	\$ 1,047,095	\$ 993,787
Debt Service Fund	252,987	287,875
	<u>\$ 1,300,082</u>	<u>\$ 1,281,662</u>



# STATISTICAL SECTION

This part of the Tualatin Hills Park and Recreation District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the District's overall financial health.

<b>CONTENTS</b>	<b>PAGE</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	63
Revenue Capacity <i>These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</i>	67
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</i>	72
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the readers understand the environment within which the District's financial activities take place.</i>	76
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</i>	78

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

Ten years of data is presented on required tables unless related to government-wide statements that have only been prepared from the year ended June 30, 2003, or is not available from existing sources.



**Tualatin Hills Park and Recreation District**  
**NET ASSETS BY COMPONENT**  
**Last Eight Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year							
	2004	2005	2006	2007	2008 (as restated)	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	\$ 56,189,179	\$ 62,890,110	\$ 65,083,859	\$ 81,461,139	\$ 86,885,092	\$ 89,588,161	\$ 97,699,300	\$ 102,325,244
Restricted	9,346,441	10,406,433	13,392,572	5,233,264	4,089,447	4,914,904	5,388,324	4,966,711
Unrestricted	2,884,929	3,008,933	3,380,183	3,965,498	3,577,389	2,826,589	2,681,289	6,419,121
Total primary government net assets	<u>\$ 68,420,549</u>	<u>\$ 76,305,476</u>	<u>\$ 81,856,614</u>	<u>\$ 90,659,901</u>	<u>\$ 94,551,928</u>	<u>\$ 97,329,654</u>	<u>\$ 105,768,913</u>	<u>\$ 113,711,076</u>

**Tualatin Hills Park and Recreation District**  
**CHANGES IN NET ASSETS**  
**Last Eight Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year							
	2004	2005	2006	2007	2008 (as restated)	2009	2010	2011
<b>Expenses</b>								
Governmental activities:								
Board of Directors	\$ 105,476	\$ 136,597	\$ 170,390	\$ 187,210	\$ 151,139	\$ 252,707	\$ 158,614	\$ 212,527
Administration	1,082,661	1,339,707	1,189,415	1,148,393	1,620,813	1,435,073	1,510,804	1,603,306
Business and facilities	1,822,421	1,924,598	3,047,589	2,942,845	2,963,834	13,414,199 <sup>1)</sup>	14,022,988	14,061,469
Planning and development	-	-	-	-	-	925,029 <sup>2)</sup>	724,568	571,594
Park and recreation services	20,508,872	21,787,823	21,658,035	22,854,097	25,260,805	16,749,941	17,769,469	17,750,967
Interest on long-term debt	1,199,130	1,111,955	1,130,474	1,063,732	935,564	1,117,606	3,032,756	3,106,160
Total governmental activities expenses	<u>\$ 24,718,560</u>	<u>\$ 26,300,680</u>	<u>\$ 27,195,903</u>	<u>\$ 28,196,277</u>	<u>\$ 30,932,155</u>	<u>\$ 33,894,555</u>	<u>\$ 37,219,199</u>	<u>\$ 37,306,023</u>
<b>Program Revenues</b>								
Governmental activities:								
Park and recreation services:								
Charges for services	\$ 5,611,020	\$ 6,040,307	\$ 6,381,080	\$ 6,720,311	\$ 7,379,076	\$ 8,158,928	\$ 8,673,796	\$ 9,087,924
Operating grants and contributions	47,723	26,653	19,078	35,185	27,599	42,756	143,768	155,727
Capital grants and contributions	3,154,087	3,914,526	3,868,580	2,283,436	2,372,111	2,958,270	4,560,810	3,522,996
Total governmental program revenues	<u>\$ 8,812,830</u>	<u>\$ 9,981,486</u>	<u>\$ 10,268,738</u>	<u>\$ 9,038,932</u>	<u>\$ 9,778,786</u>	<u>\$ 11,159,954</u>	<u>\$ 13,378,374</u>	<u>\$ 12,766,647</u>
Net(expense)/revenue								
Governmental activities	<u>\$(15,905,730)</u>	<u>\$(16,319,194)</u>	<u>\$(16,927,165)</u>	<u>\$(19,157,345)</u>	<u>\$(21,153,369)</u>	<u>\$(22,734,601)</u>	<u>\$(23,840,825)</u>	<u>\$(24,539,376)</u>
Total primary government net expense	<u><u>\$(15,905,730)</u></u>	<u><u>\$(16,319,194)</u></u>	<u><u>\$(16,927,165)</u></u>	<u><u>\$(19,157,345)</u></u>	<u><u>\$(21,153,369)</u></u>	<u><u>\$(22,734,601)</u></u>	<u><u>\$(23,840,825)</u></u>	<u><u>\$(24,539,376)</u></u>
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes								
Property taxes	\$ 19,373,497	\$ 20,182,058	\$ 21,097,305	\$ 22,162,377	\$ 23,201,119	\$ 24,440,625	\$ 30,576,672	\$ 31,633,996
Unrestricted grants and contributions	126,878	181,035	161,784	186,127	232,743	234,137	215,450	197,632
Investment earnings	294,270	447,771	935,335	1,059,117	637,812	488,973	793,970	445,603
Gain on sale of capital assets	-	5,988	-	-	-	-	-	-
Miscellaneous	674,976	3,387,269	283,879	4,553,011	1,879,872	348,592	693,992	204,308
Total governmental activities	<u>\$ 20,469,621</u>	<u>\$ 24,204,121</u>	<u>\$ 22,478,303</u>	<u>\$ 27,960,632</u>	<u>\$ 25,951,546</u>	<u>\$ 25,512,327</u>	<u>\$ 32,280,084</u>	<u>\$ 32,481,539</u>
<b>Change in Net Assets</b>								
Governmental activities	<u>\$ 4,563,891</u>	<u>\$ 7,884,927</u>	<u>\$ 5,551,138</u>	<u>\$ 8,803,287</u>	<u>\$ 4,798,177</u>	<u>\$ 2,777,726</u>	<u>\$ 8,439,259</u>	<u>\$ 7,942,163</u>
Total primary government	<u><u>\$ 4,563,891</u></u>	<u><u>\$ 7,884,927</u></u>	<u><u>\$ 5,551,138</u></u>	<u><u>\$ 8,803,287</u></u>	<u><u>\$ 4,798,177</u></u>	<u><u>\$ 2,777,726</u></u>	<u><u>\$ 8,439,259</u></u>	<u><u>\$ 7,942,163</u></u>

<sup>1)</sup> The Maintenance department was moved from Park and recreation services to Business and facilities.

<sup>2)</sup> The Planning department was moved from Business and facilities to its own division of Planning and development.

**Tualatin Hills Park and Recreation District**  
**FUND BALANCE OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010 (as restated)	2011
General fund										
Reserved	\$ 97,385	\$ 79,403	\$ 79,403	\$ 103,878	\$ 120,398	\$ 75,840	\$ 112,826	\$ 116,712	\$ -	\$ -
Unreserved	1,886,055	2,898,542	2,607,151	2,908,752	3,818,904	4,261,281	4,548,093	4,185,875	-	-
Nonspendable	-	-	-	-	-	-	-	-	131,319	93,642
Unassigned	-	-	-	-	-	-	-	-	3,717,581	6,560,977
<b>Total general fund</b>	<b>\$ 1,983,440</b>	<b>\$ 2,977,945</b>	<b>\$ 2,686,554</b>	<b>\$ 3,012,630</b>	<b>\$ 3,939,302</b>	<b>\$ 4,337,121</b>	<b>\$ 4,660,919</b>	<b>\$ 4,302,587</b>	<b>\$ 3,848,900</b>	<b>\$ 6,654,619</b>
All other governmental funds										
Reserved, reported in:										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ 66,963	\$ 83,943	\$ 161,686	\$ 175,925	\$ -	\$ -
Debt service fund	716,921	593,822	540,896	484,716	460,511	418,913	338,212	255,341	-	-
Capital project funds	5,907,466	6,961,228	9,346,441	10,406,433	12,932,061	4,814,351	3,751,235	62,683,669	-	-
Restricted, reported in:										
Debt service fund	-	-	-	-	-	-	-	-	189,152	303,177
Capital project funds	-	-	-	-	-	-	-	-	59,866,624	43,383,093
Committed, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	182,010	182,820
<b>Total all other governmental funds</b>	<b>\$ 6,624,387</b>	<b>\$ 7,555,050</b>	<b>\$ 9,887,337</b>	<b>\$ 10,891,149</b>	<b>\$ 13,459,535</b>	<b>\$ 5,317,207</b>	<b>\$ 4,251,133</b>	<b>\$ 63,114,935</b>	<b>\$ 60,237,786</b>	<b>\$ 43,869,090</b>

**Tualatin Hills Park and Recreation District**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Property taxes	\$ 18,132,823	\$ 18,764,080	\$ 19,387,604	\$ 20,297,846	\$ 21,124,084	\$ 22,095,939	\$ 23,064,951	\$ 24,227,511	\$ 30,429,777	\$ 31,656,648
Aquatic programs	2,199,690	2,466,690	2,446,928	2,679,791	2,787,489	2,820,884	2,070,276	2,236,943	2,438,104	2,542,840
Tennis center	491,865	520,341	543,968	582,343	594,451	630,856	779,947	798,424	867,529	869,498
Sports programs	685,015	667,529	696,659	644,289	648,302	676,849	756,520	991,443	1,123,287	1,233,700
Recreation programs	1,732,083	1,828,324	1,881,185	2,102,083	2,321,238	2,571,571	3,824,758	4,192,324	4,307,171	4,555,062
Grants and sponsorships	449,316	200,536	485,538	354,688	892,183	221,312	857,212	950,096	1,906,063	1,441,320
System development charges	2,344,257	2,140,110	2,843,150	3,767,526	3,165,261	2,283,436	1,775,241	1,406,672	2,370,160	1,939,855
Interest earned	385,934	306,427	294,270	442,698	924,540	1,074,988	632,735	488,973	793,970	445,603
Charges for services	-	-	-	-	-	-	-	-	553,515	712,478
Miscellaneous	127,366	108,984	204,176	181,759	210,989	267,646	342,161	378,292	710,592	192,203
<b>Total revenues</b>	<b>26,548,349</b>	<b>27,003,021</b>	<b>28,783,478</b>	<b>31,053,023</b>	<b>32,668,537</b>	<b>32,643,481</b>	<b>34,103,801</b>	<b>35,670,678</b>	<b>45,500,168</b>	<b>45,589,207</b>
<b>Expenditures</b>										
Board of Directors	\$ 83,586	\$ 92,333	\$ 105,476	\$ 136,597	\$ 170,390	\$ 187,210	\$ 151,139	\$ 252,707	\$ 158,614	\$ 212,527
Administration	863,456	1,001,986	924,767	1,143,146	1,236,566	1,141,833	1,599,223	1,449,070	1,547,895	1,590,784
Business and facilities	1,592,870	1,676,553	1,822,992	1,929,548	2,612,192	2,529,507	2,643,563	12,970,222 <sup>1)</sup>	13,836,899	13,796,771
Planning and development	-	-	-	-	-	-	-	907,994 <sup>2)</sup>	1,250,838	1,282,382
Park and recreation services	16,576,381	17,621,854	18,408,515	19,300,473	19,368,313	20,710,852	22,205,573	13,199,722	14,341,740	14,201,551
Capital outlay	3,514,136	3,139,365	3,318,043	4,943,286	2,823,615	12,772,256	5,334,604	4,471,549	9,619,570	28,607,214
Debt service										
Principal	1,426,102	1,512,856	1,493,910	1,672,785	1,782,000	1,880,000	1,958,000	2,061,000	4,790,000	5,695,000
Interest	1,450,442	1,332,050	1,268,879	1,180,270	1,196,923	1,127,798	990,961	1,345,100	3,285,448	3,298,121
<b>Total expenditures</b>	<b>25,506,973</b>	<b>26,376,997</b>	<b>27,342,582</b>	<b>30,306,105</b>	<b>29,189,999</b>	<b>40,349,456</b>	<b>34,883,063</b>	<b>36,657,364</b>	<b>48,831,004</b>	<b>68,684,350</b>
Excess of revenues over (under) expenditures	1,041,376	626,024	1,440,896	746,918	3,478,538	(7,705,975)	(779,262)	(986,686)	(3,330,836)	(23,095,143)
<b>Other financing sources (uses)</b>										
Debt issuance	-	200,000	600,000	340,000	-	2,515,383	-	58,505,000	-	9,510,000
Premiums on bonds issued	-	-	-	-	-	-	-	492,215	-	22,166
Sale of capital assets	-	1,117,126	-	358,495	-	-	-	494,941	-	-
Payment of refunded debt	-	-	-	(140,000)	-	(2,509,360)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>1,317,126</b>	<b>600,000</b>	<b>558,495</b>	<b>-</b>	<b>6,023</b>	<b>-</b>	<b>59,492,156</b>	<b>-</b>	<b>9,532,166</b>
<b>Net change in fund balances</b>	<b>\$ 1,041,376</b>	<b>\$ 1,943,150</b>	<b>\$ 2,040,896</b>	<b>\$ 1,305,413</b>	<b>\$ 3,478,538</b>	<b>\$ (7,699,952)</b>	<b>\$ (779,262)</b>	<b>\$ 58,505,470</b>	<b>\$ (3,330,836)</b>	<b>\$ (13,562,977)</b>
Debt service as a percentage of noncapital expenditures	15.0%	13.7%	12.8%	12.3%	12.5%	12.1%	9.9%	10.4%	20.5%	22.4%

<sup>1)</sup> The Maintenance department was moved from Park and recreation services to Business and facilities.

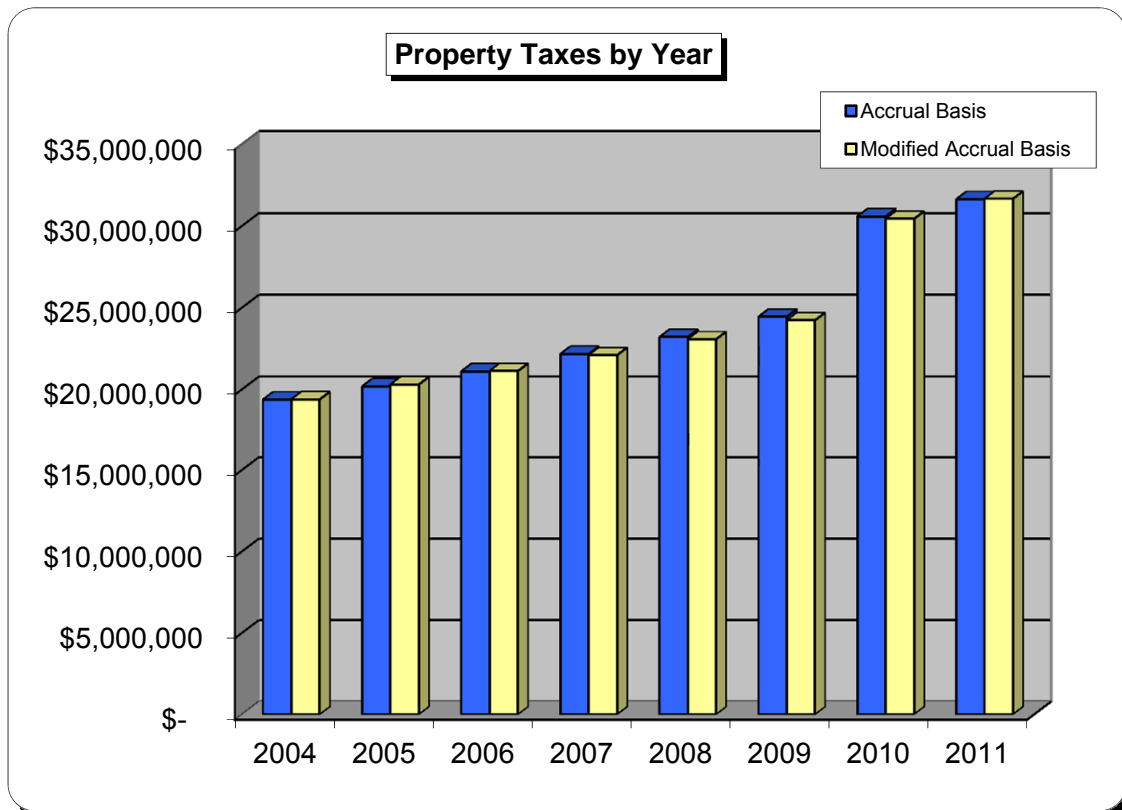
<sup>2)</sup> The Planning department was moved from Business and facilities to its own division of Planning and development.

**Tualatin Hills Park and Recreation District**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**Last Eight Fiscal Years**  
**(accrual basis of accounting)**

<u>Fiscal Year</u>	<u>Property Tax</u>
2004	\$ 19,373,497
2005	20,182,058
2006	21,097,305
2007	22,162,377
2008	23,201,119
2009	24,440,625
2010	30,576,672
2011	31,633,996

**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**Last Eight Fiscal Years**  
**(modified accrual basis of accounting)**

<u>Fiscal Year</u>	<u>Property Tax</u>
2004	\$ 19,387,604
2005	20,297,846
2006	21,124,084
2007	22,095,939
2008	23,064,951
2009	24,227,511
2010	30,429,777
2011	31,656,648



**Tualatin Hills Park and Recreation District  
 ASSESSED VALUES AND ESTIMATED ACTUAL VALUE  
 OF TAXABLE PROPERTY  
 Last Eight Fiscal Years**

Fiscal Year Ended June 30	Real Property		Personal Property		Public Utilities		Total		Assessed Value as a Percentage of Market Value	Direct Tax Rate per \$1,000
	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value		
2004	\$ 17,331,674,917	\$ 12,643,746,560	\$ 623,322,326	\$ 621,958,774	\$ 401,969,062	\$ 401,855,424	\$ 18,356,966,305	\$ 13,667,560,758	74.45%	1.4636
2005	18,295,984,830	13,278,625,970	599,475,083	597,803,883	402,148,468	401,939,489	19,297,608,381	14,278,369,342	73.99%	1.4551
2006	20,177,301,764	13,987,126,670	571,487,358	569,723,772	397,350,279	396,980,470	21,146,139,401	14,953,830,912	70.72%	1.4505
2007	25,189,449,597	14,767,708,060	571,413,816	569,749,216	401,502,509	399,247,240	26,162,365,922	15,736,704,516	60.15%	1.4425
2008	27,801,627,008	15,557,016,280	607,128,846	605,124,136	409,574,071	404,696,250	28,818,329,925	16,566,836,666	57.49%	1.4341
2009	28,690,818,930	16,428,933,960	646,678,370	644,613,810	488,253,163	487,065,660	29,825,750,463	17,560,613,430	58.88%	1.4291
2010	26,842,700,370	17,044,511,490	584,058,386	580,800,516	542,678,941	542,600,920	27,969,437,697	18,167,912,926	64.96%	1.7343
2011	25,415,795,100	17,588,772,400	576,119,940	568,963,800	562,879,594	560,660,160	26,554,794,634	18,718,396,360	70.49%	1.7428

Source: Washington County, Department of Assessment and Taxation

**Tualatin Hills Park and Recreation District  
PROPERTY TAX RATES  
Direct and Overlapping Governments  
Last Eight Fiscal Years**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Direct Government:								
Tualatin Hills Park and Recreation District	1.4636	1.4551	1.4505	1.4425	1.4341	1.4291	1.7343	1.7428
Overlapping Government:								
Washington County	2.8953	2.8731	2.8395	2.4493	3.0331	2.9840	2.9840	2.9798
Washington County - Enhanced Patrol	1.1650	1.1424	1.1300	1.1120	1.0920	1.3099	1.2823	1.2660
Washington County - Road Maintenance	0.2456	0.2456	0.2456	0.2456	0.2456	0.2456	0.2456	0.2456
Washington County - RFPD #2	1.1219	1.1219	1.1219	1.1219	1.6919	1.7890	1.6919	1.6919
Northwest Regional ESD	0.1538	0.1538	0.1538	0.1538	0.1538	0.1538	0.1538	0.1538
Multnomah County ESD	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576
Portland Community College	0.5118	0.5099	0.4950	0.4889	0.5051	0.5031	0.6325	0.6359
School District No. 48, Beaverton	8.0102	6.5968	7.9760	6.2900	6.7358	6.5643	6.8793	6.7841
School District No. 1J, Hillsboro	6.6651	6.7059	6.5835	6.5240	8.0581	7.1016	7.4600	7.5846
School District No. 1-1, Portland	7.1160	7.1792	4.7743	5.2781	6.5281	6.5281	6.5281	6.5281
School District - Hillsboro, Reedville Bonds	0.2985	0.3327	0.2556	0.2268	0.2493	0.2617	0.4102	-
Tualatin Valley Water District - Wolf Creek	0.1439	0.0566	-	-	-	-	-	-
Tualatin Valley Water District - Metzger	0.2214	0.1335	-	-	-	-	-	-
Tualatin Valley Fire and Rescue District	1.8265	1.8259	1.8216	1.8194	1.8692	1.8434	1.8947	1.8828
Port of Portland	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701
City of Beaverton	3.9736	4.1041	4.0135	4.2117	4.1841	4.1153	4.1986	4.2034
City of Hillsboro	4.7665	4.7665	4.7655	4.7665	4.7665	5.3865	5.3865	5.3865
City of Portland	7.7258	7.4957	7.3741	7.2395	7.2779	6.7554	7.0862	7.0527
Urban Renewal - Portland	0.9233	0.9324	0.9867	1.0022	1.0502	1.0508	1.1624	1.1722
Metro Service District	0.2900	0.2838	0.2841	0.2782	0.4292	0.3984	0.4368	0.4088
TriMet	0.1080	0.1104	0.1191	0.0973	0.0856	0.0803	0.0863	0.0878

Rate per \$1,000 of assessed valuation

Source: Washington County, Department of Assessment and Taxation

**Tualatin Hills Park and Recreation District  
PRINCIPAL PROPERTY TAXPAYERS  
June 30, 2011**

	2011		
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Nike, Inc.	\$368,435,652	1	1.97%
Frontier Communications	148,704,100	2	0.79%
Portland General Electric	127,560,523	3	0.68%
Tektronix Inc.	128,168,075	4	0.68%
Comcast Corporation	118,667,000	5	0.63%
PS Business Parks LP	107,572,166	6	0.57%
Maxim Integrated Products, Inc.	99,825,420	7	0.43%
ERP Operating LP	80,435,660	8	0.68%
Northwest Natural Gas Co.	83,887,000	9	0.45%
Bernard Properties Partnership	57,821,473	10	0.31%
 All other tax payers	 17,397,319,291		 92.81%
 Totals	 \$18,718,396,360		 100.00%

Source: Washington County, Department of Assessment and Taxation  
(information not available for FY 2002)



**Tualatin Hills Park and Recreation District  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years**

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Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 18,661,846	\$ 17,650,433	94.6%	\$ 446,939	\$ 18,097,372	97.0%
2003	19,374,729	18,307,900	94.5%	504,596	18,812,496	97.1%
2004	20,039,878	18,939,817	94.5%	514,022	19,453,839	97.1%
2005	20,804,534	19,749,164	94.9%	441,170	20,190,334	97.0%
2006	21,736,219	20,672,358	95.1%	419,225	21,091,583	97.0%
2007	22,775,894	21,687,609	95.2%	471,556	22,159,165	97.3%
2008	23,818,049	22,614,565	94.9%	410,894	23,025,459	96.7%
2009	25,095,569	23,896,079	95.2%	638,488	24,534,567	97.8%
2010	31,527,965	29,768,038	94.4%	580,379	30,348,417	96.3%
2011	32,641,290	30,901,476	94.7%	-	30,901,476	94.7%

**Tualatin Hills Park and Recreation District**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Eight Fiscal Years**

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Fiscal Year	Governmental Activities			Total Primary Government	Percentage of	
	General Obligation Bonds	Full Faith & Credit Obligations	Loans Payable		Personal Income <sup>a)</sup>	Per Capita <sup>b)</sup>
2004	\$ 17,830,000	\$ 3,850,000	\$ 763,776	\$ 22,443,776	0.138%	\$ 107
2005	16,605,000	3,540,000	826,000	20,971,000	0.124%	98
2006	15,310,000	3,210,000	669,000	19,189,000	0.103%	89
2007	13,935,000	2,935,000	509,000	17,379,000	0.087%	79
2008	12,495,000	2,580,000	346,000	15,421,000	0.072%	69
2009	69,490,000	2,195,000	180,000	71,865,000	0.339%	315
2010	65,155,000	1,780,000	140,000	67,075,000	n/a	289
2011	60,095,000	10,695,000	100,000	70,890,000	n/a	313

n/a - not available at time of printing

<sup>a)</sup> based on Washington County total population

<sup>b)</sup> based on estimated population of District

Source: State of Oregon, OLMIS

Portland State University Center for Population Research and Census

U.S. Department of Commerce, Bureau of Economic Analysis

**Tualatin Hills Park and Recreation District  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
Last Eight Fiscal Years**

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Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita <sup>a)</sup>
2004	\$ 17,830,000	\$ 540,896	\$ 17,289,104	0.13%	\$ 82.41
2005	16,605,000	484,716	16,120,284	0.11%	75.66
2006	15,310,000	460,511	14,849,489	0.10%	68.52
2007	13,935,000	418,913	13,516,087	0.09%	61.32
2008	12,495,000	338,212	12,156,788	0.07%	54.22
2009	69,490,000	255,341	69,234,659	0.39%	303.63
2010	65,155,000	189,152	64,965,848	0.36%	280.12
2011	60,095,000	303,177	59,791,823	0.32%	263.67

<sup>a)</sup> per capita based on estimated District population

Source: Portland State University Center for Population Research and Census

**Tualatin Hills Park and Recreation District**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**June 30, 2011**

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<u>Overlapping Government</u>	<u>Overlapping Debt</u>	<u>Percentage Applicable</u>	<u>Estimated Share of Overlapping Net Direct Debt</u>
Debt repaid with property taxes:			
Tualatin Hills Park and Recreation District	\$ 60,095,000	100.0000%	\$ 60,095,000
Metro	21,564,831	13.6500%	2,943,599
TriMet	1,343,658	13.7100%	184,216
Portland Community College	33,860,210	16.9800%	5,749,464
City of Portland	8,808	0.0100%	1
City of Hillsboro	185,392	2.0900%	3,875
Washington County	8,099,771	40.4400%	3,275,547
Tualatin Valley Fire & Rescue District	22,509,510	45.1400%	10,160,793
School District No. 23, Tigard-Tualatin	2,470	0.0000%	-
School District No. 48, Beaverton	441,877,058	81.9100%	361,941,498
School District No. 1J, Hillsboro	12,152,243	3.5600%	432,620
School District No. 1J, Portland	2,135,156	0.4500%	9,608
Other Debt			
Tualatin Hills Park and Recreation District	\$ 10,795,000	100.0000%	\$ 10,795,000
Metro	6,976,296	13.6500%	952,264
Portland Community College	31,563,409	16.9800%	5,359,467
City of Portland	35,190	0.0100%	4
Washington County	41,285,381	40.4400%	16,695,808
Tualatin Valley Fire & Rescue District	7,222,544	45.1400%	3,260,256
Northwest Regional ESD	1,896,895	30.6900%	582,157
Multnomah ESD	116,601	0.0033%	4
Port of Portland	8,794,220	12.4900%	1,098,398
City of Beaverton	10,636,445	99.0400%	10,534,335
City of Hillsboro	485,530	2.0900%	10,148
Total direct and overlapping debt	<u>\$ 723,641,618</u>		<u>\$ 494,084,062</u>

Source: Oregon State Treasury, Municipal Debt Information System

**Tualatin Hills Park and Recreation District  
LEGAL DEBT MARGIN INFORMATION  
Last Ten Fiscal Years**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 413,529,795	\$ 432,893,989	\$ 458,924,158	\$ 482,440,210	\$ 528,653,485	\$ 654,059,148	\$ 720,458,248	\$ 745,643,762	\$ 699,235,942	\$ 663,869,866
Total net debt application to limit	20,085,000	18,990,000	17,830,000	16,605,000	15,310,000	13,935,000	12,495,000	69,490,000	65,155,000	60,095,000
Legal debt margin	<u>\$ 393,444,795</u>	<u>\$ 413,903,989</u>	<u>\$ 441,094,158</u>	<u>\$ 465,835,210</u>	<u>\$ 513,343,485</u>	<u>\$ 640,124,148</u>	<u>\$ 707,963,248</u>	<u>\$ 676,153,762</u>	<u>\$ 634,080,942</u>	<u>\$ 603,774,866</u>
 Total net debt applicable to the limit as a percentage of debt limit	4.86%	4.39%	3.89%	3.44%	2.90%	2.13%	1.73%	9.32%	9.32%	9.05%

**Legal Debt Margin Calculation for Fiscal Year 2011**

Real market value (2010-11)	\$ 26,554,794,634
General obligation debt capacity (2.5% of Real market value)	663,869,866
Less: Outstanding debt	<u>60,095,000</u>
Remaining legal debt capacity	<u>\$ 603,774,866</u>

**Tualatin Hills Park and Recreation District  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Eight Fiscal Years**

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**Washington County**

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Fiscal Year	District Population (estimated)	Population (estimated) <sup>a)</sup>	Personal Income (amounts expressed in thousands) <sup>b)</sup>	Per Capita Personal Income <sup>b)</sup>	Unemployment Rate <sup>c)</sup>	School Enrollment <sup>d)</sup>
2004	209,800	480,200	\$16,366,000	\$33,546	7.3%	35,329
2005	213,073	489,785	17,338,000	34,626	6.2%	36,502
2006	216,717	500,585	18,607,666	36,259	5.3%	36,646
2007	220,422	511,075	19,945,179	38,371	4.8%	37,958
2008	224,192	519,925	21,185,612	40,188	4.9%	37,552
2009	228,025	527,140	21,205,286	39,465	10.1%	37,536
2010	231,925	529,710	n/a	n/a	10.6%	38,460
2011	226,764	n/a	n/a	n/a	7.8%	38,571

- Source:
- a) Portland State University Center for Population Research and Census
  - b) U.S. Dept. of Commerce, Bureau of Economic Analysis
  - c) U.S. Dept. of Labor, Metropolitan District
  - d) Beaverton School District

n/a data not available at time of printing

**Tualatin Hills Park and Recreation District**  
**MAJOR EMPLOYMENT INDUSTRIES IN WASHINGTON COUNTY**  
**June 30, 2011**

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	<b>2011</b>	
<b>Industry</b>	<b>Annual Average</b>	<b>Percentage of Total County Employment</b>
Mining and logging	400	0.2%
Construction	10,500	4.5%
Manufacturing:		
Computer and electronic products	24,900	
Other durable goods	10,900	
Non-durable goods	5,200	
	41,000	17.5%
Trade, transportation and utilities:		
Wholesale trade	15,800	
Retail trade	27,600	
Transportation, warehousing and utilities	3,200	
	46,600	19.9%
Information	7,800	3.3%
Financial activities	15,400	6.6%
Professional and business services:		
Professional and technical services	10,900	
Management of companies and enterprises	5,600	
Administrative and waste services	17,100	
	33,600	14.3%
Educational and health services	29,400	12.5%
Leisure and hospitality	19,400	8.3%
Other services	7,000	3.0%
Government:		
Federal government	1,000	
State government	2,700	
Local government	7,600	
Local education	11,900	
	23,200	9.9%
Total non-farm employment	234,300	100.0%

\* Fiscal Year 2011 information includes data through 12/31/2010

Source: OLMIS  
(information not available for FY 2002)

**Tualatin Hills Park and Recreation District**  
**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION**  
**Last Eight Fiscal Years**

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Function</b>								
Administration								
Administration	4	6	6	6	6	2	2	2
Communications and outreach	2	2	2	2	5	6	7	6
Security operations	1	3	3	3	4	4	4	4
Business and facilities								
Director	2	2	3	3	1	4	4	4
Finance services	6	6	6	6	6	6	6	7
Information services	4	4	4	5	5	5	5	5
Human resources	1	1	1	1	2	3	3	3
Risk and contract management	4	4	4	4	2	2	2	2
Maintenance								
Operations	3	3	4	4	4	3	3	3
Park maintenance	35	36	38	44	44	45	46	46
Vehicles and equipment	6	6	6	6	6	6	6	6
Athletic facilities	17	17	17	17	21	20	20	23
Building and pool maintenance	41	43	43	44	44	47	47	49
Planning								
Director	-	-	-	-	-	1	2	2
Planning and development	6	6	6	6	6	6	10	10
Park and recreation								
Director	3	3	3	3	2	2	3	3
Aquatics	72	77	78	78	81	82	83	81
Sports	29	29	31	29	31	31	33	31
Programs and special activities	38	38	38	38	40	41	42	42
Recreation	91	91	92	93	97	104	107	106
Natural resources and trails	11	12	13	13	14	17	21	24
<b>Total full-time equivalent employees</b>	<b>376</b>	<b>389</b>	<b>398</b>	<b>405</b>	<b>421</b>	<b>437</b>	<b>456</b>	<b>459</b>



**Tualatin Hills Park and Recreation District  
OPERATING INDICATORS BY FUNCTION  
Last Eight Fiscal Years**

	<u>2004 actual</u>	<u>2005 actual</u>	<u>2006 actual</u>	<u>2007 actual</u>	<u>2008 actual</u>	<u>2009 actual</u>	<u>2010 actual</u>	<u>2011 estimate</u>
<b>Parks and Recreation</b>								
<b>Cultural and recreational activities:</b>								
Aquatics								
Attendance at open/drop-in programs and classes	530,601	560,172	556,976	531,225	577,934	603,018	589,522	562,888
Number of classes held	4,625	4,551	5,326	5,019	4,722	5,452	5,421	5,159
Sports <sup>1)</sup>								
Attendance at open/drop-in programs and classes	n/a	n/a	690,838	814,653	700,000	697,335	654,533	675,000
Number of classes held	434	471	522	521	512	521	395	445
Recreation								
Attendance at open/drop-in programs and classes	712,733	764,689	716,205	731,157	740,206	870,704	924,770	922,400
Number of classes held	4,921	6,387	4,377	4,556	4,802	4,896	4,869	5,021
Programs and special activities								
Attendance at open/drop-in programs and classes	294,532	317,539	334,601	338,275	342,314	354,960	374,644	379,969
Number of classes held	1,162	1,287	1,361	1,366	1,185	1,349	1,547	1,557
Natural Resources and trails								
Attendance at open/drop-in programs and classes	144,317	177,451	241,329	249,159	195,018	136,960	188,450	188,252
Number of classes held	187	239	263	278	293	338	545	536
<b>Maintenance activities:</b>								
Buildings maintained (shown per 1,000 sq. ft)	326	326	326	326	355	366	368	368
Cost per sq. ft. of buildings	\$6.15	\$6.51	\$7.22	\$7.66	\$6.21	\$7.28	\$7.17	\$7.28
Pool facilities maintained (shown per 1,000 sq. ft.)	152	152	152	152	152	152	152	152
Cost per sq. ft. of pools	\$9.34	\$9.18	\$10.42	\$11.42	\$14.71	\$12.03	\$15.87	\$14.81
Parks maintained - developed acres	915	1,028	1,028	1,041	1,076	1,076	1,071	1,083
Cost per developed acre	\$2,586.00	\$2,290.00	\$2,290.00	\$2,523.00	\$2,560.00	\$2,638.00	\$2,796.00	\$2,795.00
Parks maintained - undeveloped acres	851	749	749	848	859	867	1,077	1,109
Cost per undeveloped acre	\$146.00	\$165.00	\$165.00	\$163.00	\$169.00	\$172.00	\$146.00	\$144.00
Vehicle and equipment units maintained	332	340	354	389	413	427	434	436
Cost per vehicle and equipment unit	\$1,901.00	\$1,853.00	\$1,768.00	\$1,800.00	\$1,752.00	\$1,870.00	\$1,860.00	\$1,937.00

<sup>1)</sup> method of computation changed - comparisons to previous years not available

**Tualatin Hills Park and Recreation District**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**June 30, 2011**

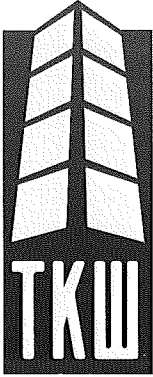
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**Parks and Recreation:**

Number of parks	283
Park acreage:	
Developed sites (neighborhood, community and regional parks)	1,090
Undeveloped sites (wetlands and natural areas)	1,110
Pathways and trails mileage	42
Lakes	3
Stream corridor mileage	27
 Facilities:	
Swim Centers:	
Indoor	5
Outdoor	2
Recreation Centers	2
Combined Recreation/Aquatic Center	1
Athletic Center	1
Senior Center	1
Historical Facilities (weddings, meetings, community events)	3
Interpretive Centers/Nature Parks	2
Tennis Center	1
Camp Rivendale (developmentally disabled patrons)	1
 Fields and courts:	
Tennis:	
Indoor	14
Outdoor <sup>1)</sup>	93
Basketball:	
Indoor	6
Outdoor <sup>1)</sup>	53
Volleyball <sup>1)</sup>	5
Sports fields: <sup>1)</sup>	
Soccer/football/lacrosse	151
Softball/baseball	107
Bocce	3
Hockey	1
Indoor running track	1
Skate park	2

<sup>1)</sup> these facilities are maintained either through direct ownership or joint use agreement

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



## INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

November 28, 2011

Board of Directors  
Tualatin Hills Park and Recreation District  
Beaverton, Oregon

**Talbot, Korvola & Warwick, LLP**  
Certified Public Accountants & Consultants

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We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Tualatin Hills Park and Recreation District (District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### COMPLIANCE

As part of obtaining reasonable assurance about whether the District'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.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

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An Independently Owned Member  
**MCGGLADREY ALLIANCE**



**McGladrey**

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

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**COMPLIANCE (Continued)**

In connection with our testing, nothing came to our attention that caused us to believe the District 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*.

**OAR 162-10-230 INTERNAL CONTROL**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

\* \* \* \* \*

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

Talbot, Korvola & Warwick, LLP

Certified Public Accountants