

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014



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

**TUALATIN HILLS PARK AND RECREATION DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2014**

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INTRODUCTORY SECTION



November 25, 2014

To the Honorable Members of the Board of Directors
and the Citizens of the Tualatin Hills Park and Recreation District:

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, 2014 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 & Warwick, LLP to complete the audit of the district's records.

Talbot, Korvola & Warwick, LLP has issued an unmodified opinion on the district's financial statements for the year ended June 30, 2014. 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 230,000 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 patrons.
- The district maintains, either through direct ownership or joint use agreement (including school sites): 50 outdoor basketball pads; 102 outdoor tennis courts; six indoor tennis courts; 149 soccer/football/lacrosse fields; 106 softball/baseball fields; three skate parks; three bocce courts; five volleyball courts; and an outdoor hockey rink.
- The district has 285 park and recreation facility sites totaling approximately 2,300 acres, consisting of 1,236 acres of wetland/natural areas, and 1,052 acres of developed sites, including neighborhood, community and regional parks. District sites include three lakes, 27 miles of stream corridor, and 45 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.

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 – 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 3.0% increase is allowed on maximum assessed valuation of existing properties, along with increases due to new construction, land partitions, zoning changes, etc. The district has been able to maintain a relatively stable revenue base throughout the previous years' volatility. Both the City of Beaverton and Washington County continue to experience a stronger rate of growth than the state as a whole and new construction has been significant over the past year.

Because the district's 2014 assessed value is only 77.5% of market value, there is an inherent cushion in property tax collections on most properties. However, with the

decline in market values realized over the past years, certain properties have now converged to comparable market/assessed value, where the 3.0% increase is no longer applicable. Convergence has affected 13.0% of properties within district boundaries for the current year. Even though this is a decrease of 2.0% from the previous year convergence factor, it will continue to be closely monitored annually to ensure accurate resource estimates. Fortunately, the collection rate within the county remains strong, averaging 96.8% for the past ten years. During the 2014 year, property taxes increased by 3.52% within the general fund, and a 3.59% increase is anticipated for the current year.

Washington County, the second most populous county in Oregon, experienced job growth of 2.73% over the previous year. Declines continued in Information and Government sectors, but overall private employment added 7,100 jobs. Furthermore, the county's unemployment rate as of August, 2014 sits at 5.7% (seasonally adjusted), a lower rate than either the state (7.1%) or national rate (6.1%). Within the district, the revenues received from the assessment of system development charges (SDC's) have seen strong growth the past two years, with permits issued for new construction generating a 44.2% gain in revenues over the previous year. SDC revenues are statutorily restricted to use for purchase or construction of new, or expansion of existing, facilities, improvements and land within the district.

Long-term financial planning

To address the ongoing funding and patron needs, the district recently completed an update of the comprehensive plan, utilizing the services of a parks consultant to conduct a geographic information system (GIS) based measurement of service levels throughout the park district based on the location and quality of our facilities. This measurement resulted in specific recommendations to improve our level of service standards. Furthermore, a resident survey was incorporated to identify key priorities and unmet needs of district residents. The update was approved by the board of directors in September 2013.

In conjunction with the comprehensive plan update, financial sustainability was also addressed by utilizing two distinct tools: a cost recovery philosophy that establishes cost recovery targets for district services based on the nature of the service, and a service assessment that analyzes all park district services relative to our market position and alternative service providers. The resulting Service and Financial Sustainability Analysis was also approved in September 2013.

Based on the adopted Comprehensive Plan Update and the Service and Financial Sustainability Analysis, the board of directors then adopted the Strategic Plan and the Service and Financial Sustainability Plan to provide a structured approach for implementation. This will require the completion of functional plans in five key areas (parks, programs, natural resources, trails and athletic fields) to provide direction on how to achieve the recommendations of the planning efforts. The eight long-term strategic goals, included in the comprehensive plan, remain the foundation of our annual budget process.

To implement the key priorities from the plans, the district will undertake the following during the 2014/15 budget year:

- Ensure the district is serving the entire community by incorporating minority outreach efforts recommended in the Portland State University conducted in the 2013/14 fiscal year.
- Enhance our marketing efforts with development of a strategic marketing plan, and completion of the website redesign.
- Maintain and enhance the levels of service in the district's parks, trails, natural areas and recreational facilities.
- Move towards cost recovery on district services as outlined in the Service and Financial Sustainability Analysis; utilizing efficiencies and cost savings, targeted service divestment and monitoring and adjustment of fees when necessary.

During the budget process, the district actively monitors deferred and projected maintenance replacements for both major and routine replacement needs. 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.

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 (\$58.5 million) in April 2009, followed by sale of the second series (\$40.1 million) in September 2011.

As of June 30, 2014, \$68.4 million of bond funds have been expended.

Future goals

The district will continue to maintain a long-term focus, monitoring a forward-looking 10-year projection of financial position, including the deferred maintenance backlog. As the five functional plans are completed, future key implementation items will be identified and prioritized within the eight long-term strategic goals.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the district for its CAFR for the fiscal year ended June 30, 2013. This was the ninth 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 2013/14 Fiscal Year received the *Distinguished Budget Presentation* award from GFOA. This is the ninth 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. 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



Government Finance Officers Association

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

Presented to

**Tualatin Hills Park
and Recreation District
Oregon**

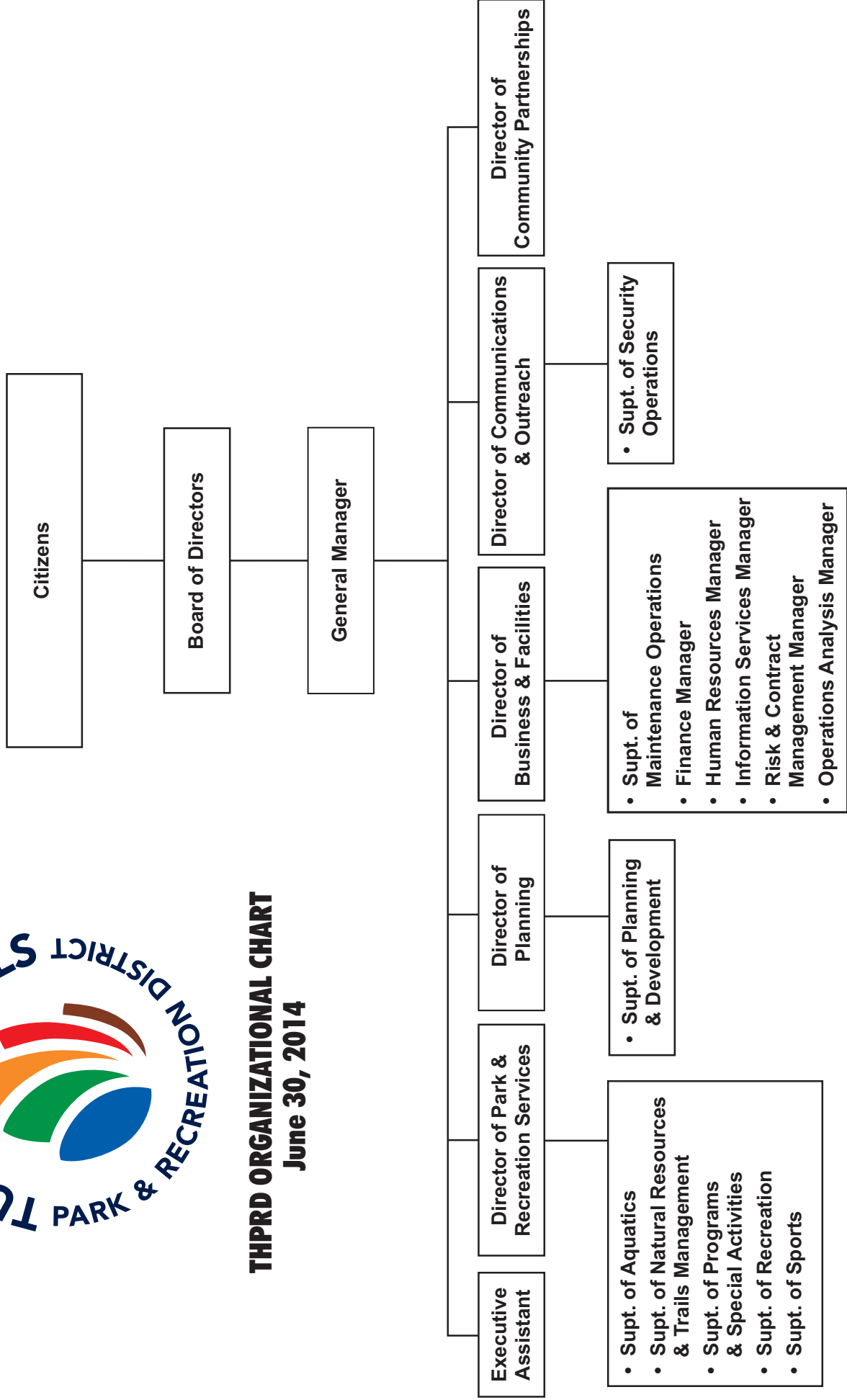
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



**THPRD ORGANIZATIONAL CHART
June 30, 2014**



**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, 2014

<u>Name</u>	<u>Term Expires</u>
Joe Blowers, President 2050 SW 78 th Ave. Portland, Oregon 97225	June 30, 2015
Bob Scott, Secretary 21302 NW Cannes Dr. Portland, Oregon 97229	June 30, 2017
Larry Pelatt, Secretary Pro-tempore 9870 SW 158 th Ave. Beaverton, Oregon 97008	June 30, 2017
John Griffiths 10245 SW 153 rd Ave. Beaverton, Oregon 97007	June 30, 2015
Jerry Jones 15915 SW Cormorant Dr. Beaverton, Oregon 97007	June 30, 2017

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



**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

ACHIEVE MORE

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INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tualatin Hills Park and Recreation District (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Directors
Tualatin Hills Park and Recreation District

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2014, and the respective changes in financial position thereof and the budgetary comparison information of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

Other Information

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 and Other Financial Schedule, 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.

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Directors
Tualatin Hills Park and Recreation District

OTHER REPORTING REQUIRED BY OREGON MINIMUM STANDARDS

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated November 25, 2014, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

TALBOT, KORVOLA & WARWICK, LLP

By 
Julie B. Fahey, Senior Manager

Lake Oswego, Oregon
November 25, 2014



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 and deferred outflows of resources of the district exceeded its liabilities at June 30, 2014 by \$135,704,873.
- Capital assets (net of accumulated depreciation and related debt) account for most of this amount, with a value of \$120,178,588.
- Of the remaining net position, \$7,413,183 may be used to meet the district's ongoing obligations to patrons and creditors, without legal restriction.
- The district's total net position increased by \$8,387,013 or 6.6 percent over the previous year. Acquisitions of park property and improvements contribute mainly to this increase.
- As of the close of the current fiscal year, the district's governmental funds reported combined ending fund balances of \$48,287,221 a decrease of \$14,191,626, or 22.7 percent, due from the expending of capital funds related to the bond capital projects funding. All other major funds reported an increase to ending fund balance.
- As of June 30, 2014, fund balance for the General Fund was \$5,528,303 or 14.8 percent of total general fund expenditures, on a modified accrual basis.

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 position** presents information on all of the district's assets (including deferred outflows of resources) and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position 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 position 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, 2014, 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, 2014.

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. Most of the funds of the district fall into the governmental fund category, which accounts for the government's tax-supported activities.

The Enterprise Operations Fund, a business-type operation, was to account for all transactions related to the Adventure Recreation Center, proposed to begin operations in the 2013/14 fiscal year. After completion of due diligence, it was determined the concept was no longer viable and no funds were earned or expended within the fund. A comparison of budget to actual is presented for the Enterprise Operations Fund within the supplemental information portion of this report.

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, and the System Development Charges Fund, all of which are considered major funds. Data from the other governmental fund, the Maintenance Mitigation Fund is shown in 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 Position

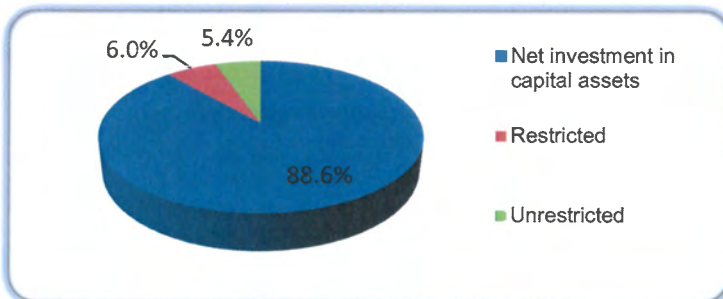
As noted earlier, net position may serve over time as an indicator of the district's financial position. As of June 30, 2014, the district's assets and deferred outflows of resources exceeded liabilities by \$135,704,873.

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

**Tualatin Hills Park and Recreation District
Net Position**

	Governmental Activities	
	June 30, 2014	June 30, 2013 (as restated)
Cash and investments	\$ 50,759,791	\$ 64,534,727
Other assets	2,466,598	2,699,429
Capital assets	185,861,510	168,753,960
Total assets	<u>239,087,899</u>	<u>235,988,116</u>
Deferred outflow of resources	39,631	-
Total assets and deferred outflow of resources	<u>239,127,530</u>	<u>235,988,116</u>
Other liabilities	3,891,850	5,028,330
Debt liabilities	99,530,807	103,641,926
Total liabilities	<u>103,422,657</u>	<u>108,670,256</u>
Net position:		
Net investment in capital assets	120,178,588	115,214,103
Restricted	8,113,102	5,506,718
Unrestricted	7,413,183	6,597,039
Total net position	<u>\$ 135,704,873</u>	<u>\$ 127,317,860</u>

The largest portion of the district's net position, \$120,178,588 or 88.6 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 position, \$8,113,102 or 6.0 percent represents resources that are subject to external

restrictions on how they may be used. The remaining balance of \$7,413,183 or 5.4 percent is unrestricted and may be used to meet the district's ongoing obligations. For the year ended June 30, 2014, the district had positive balances in all three categories of net position.

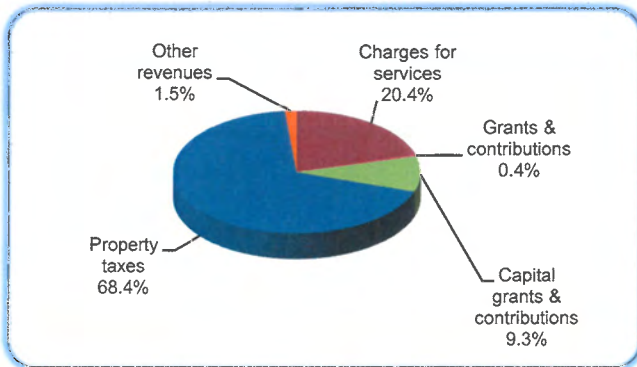
Statement of Activities

Governmental activities increased the district's net position by \$8,387,013 in this fiscal year. Key elements of this increase are as follows:

Tualatin Hills Park and Recreation District Changes in Net Position

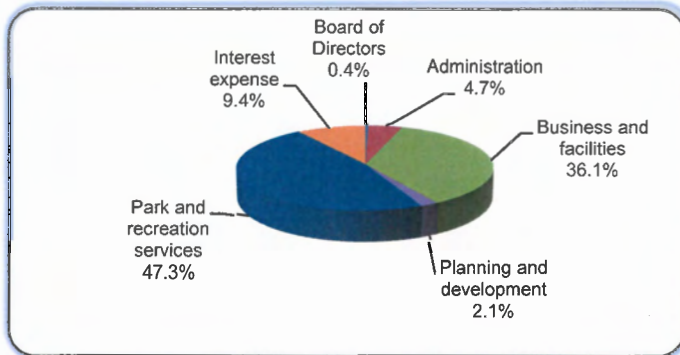
	Governmental Activities	
	Fiscal Year Ended June 30, 2014	2013 (as restated)
Revenues:		
Program revenues:		
Charges for services	\$ 10,244,780	\$ 10,248,497
Operating grants and contributions	214,865	173,616
Capital grants and contributions	4,685,175	3,925,320
General revenues:		
Property taxes	34,325,378	32,998,488
Grants and contributions not restricted to specific programs	237,636	245,112
Other	525,601	586,184
Total revenues	50,233,435	48,177,217
Expenses:		
Board of Directors	154,475	200,248
Administration	1,963,226	1,717,417
Business and facilities	15,126,974	14,917,033
Planning and development	897,304	800,198
Park and recreation services	19,758,250	19,536,037
Interest on long-term debt	3,946,193	4,055,144
Total expenses	41,846,422	41,226,077
Change in net position	8,387,013	6,951,140
Net position - beginning balance as previously stated	127,317,860	121,418,378
Prior period adjustment	-	(1,051,658)
Net position - beginning balance as restated	127,317,860	120,366,720
Net position - ending	\$ 135,704,873	\$ 127,317,860

Property taxes increased by \$1,326,890 over the prior year, or 4.0 percent due to the statutorily allowable increases in assessed value on existing property and new construction within the district boundaries. Charges for services decreased slightly by \$3,717, largely due to moving to a concession arrangement at the Jenkins Estate, a historical property of the district, plus some facility closures for maintenance projects. All other recreational program areas have shown increases over the previous year.



Capital grants and contributions reflect an increase of 19.4 percent, or \$759,855 due to increased funding received during the year for capital projects primarily in System Development Charges Fund revenues.

Expenses for the district reflect a slight increase of 1.6 percent over last year. Expenses were contained due to several factors:



- Release of some temporary personnel hired for construction management of bond related capital projects,
- Transfer of event operations of a historical property to a concessionaire, and
- Reduced interest on long-term debt.

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 four major funds, reported as the General Fund, a debt service fund, and two capital project funds.

During Fiscal Year 2013/14, the district's governmental funds reported a decrease in combined ending fund balances of \$14,191,626 attributable to the expending of funds for capital related projects within the Bond Capital Projects Fund. The General Fund, Bonded Debt Fund and System Development Charges Fund reported increases within the year while the remaining funds reported decreases. The previous fiscal year had a decrease of \$12,017,048, again attributable to the expending of funds within the Bond Capital Projects Fund.

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 \$5,302,635. 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 14.2 percent of total General Fund expenditures, exceeding the district's financial policy guideline of 10 percent.

Program revenues decreased slightly by 0.7 percent or \$74,020, mainly from the transfer of event management operations to a concessionaire at the Jenkins Estate, a district historical property. All other categories of program revenues have increases over the previous year. Other than program revenues, General Fund revenues increased by \$594,660 or 2.2 percent over the previous year, with slight increases in property tax collections and grants. Slight decreases showed in the following categories:

- Interest earnings – due to stagnant investment rates and reduced investable funds, and
- Charges for services – decreased cost recovery of services from the Bond Capital Projects Fund due to completion of projects and reduced staffing.

General Fund fund balance increased by \$421,753 over the previous year, due to modest growth and tight fiscal controls. Operating expenditures (excluding capital outlay and debt service) increased slightly by \$600,118 or 1.8 percent, mainly from inflationary increases in personnel, supplies and programming costs. Capital expenditures increased from the previous year by \$285,714 or 9.4 percent due to maintenance replacement costs. Debt service increased slightly by \$24,512 or 3.0 percent over the previous year from the full year payment of debt assumed last fiscal year.

The **Bonded Debt Fund** has a total fund balance of \$477,206, an increase of \$37,142 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 general obligation bonds, Series 2009 for \$58,505,000 and Series 2011 for \$40,060,000. In November 2008, district voters authorized a total levy of \$100 million to target a specific list of projects and land acquisitions throughout the district. A total of \$17,909,748 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 \$34,481,827.

The **System Development Charges Fund** accounts for development impact fees assessed on new construction within the district boundaries. Total revenues increased by \$776,661, or 25.0 percent over last year due to some recovery to new construction within the district, largely in the multi-family unit category. Expenditures increased by \$293,256 over the previous year, with new projects and land acquisition. Fund balance increased by \$2,569,242 or 50.7 percent over the previous year. This fund balance of \$7,635,896 is entirely restricted for parks acquisition and development and improvements related to capacity expansion, with the balance fully available for appropriation.

General Fund Budgetary Highlights

The district prepares and adopts its budget on an annual basis using a modified cash basis of accounting. General Fund revenues were slightly less than budgeted by 1.4 percent, largely due to the previously mentioned transfer to a rental concessionaire arrangement within the year, along with anticipated grants not awarded or received. Expenditures stayed well under budget by 15.0 percent, primarily due to non-expenditure of contingency funds, control of costs to offset reduced revenues within programming, the concessionaire arrangement and capital expenditures at less than budgeted amounts. A reconciliation of budgetary basis to GAAP basis is shown on the General Fund Budget to Actual statement on page 28. There were no adjustments to the original budget within the year.

Capital Asset and Debt Administration

Capital assets

The district's investment in capital assets as of June 30, 2014, amounts to \$185,861,510 (net of accumulated depreciation). This investment in capital assets includes land, park sites and planning development, buildings and improvements, plus machinery, equipment and furnishings. The net increase in the district's capital assets for the current fiscal year was \$17,107,550 or 10.1 percent.

Increases were generated in land (\$6,844,206) due to new acquisitions of park and natural area parcels and in parks sites and planning development (net of \$11,566,009) from significant project completion, as required by the bond capital projects program. The decrease to construction in progress (\$653,057) is also mainly related to project completion within the bond capital projects. The building and improvements decrease (net of \$656,099) is attributable to depreciation within the current year. Building and improvements had significant improvements in the previous year, and only routine items were addressed during the 2013/14 fiscal year. Deferred maintenance was funded for both buildings and parks improvements, to the extent of available funds.

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

	June 30	
	2014	2013
Land	\$ 84,528,317	\$ 77,684,111
Parks sites and planning development	47,123,999	35,557,990
Buildings and improvements	42,672,454	43,328,553
Equipment and furnishings	1,202,795	1,180,947
Intangible assets	107,827	123,184
Construction in progress	10,226,118	10,879,175
Total	\$ 185,861,510	\$ 168,753,960

Additional information on the district's capital assets can be found in Note IV.B on page 37 of this report.

Long-term debt and other long-term obligations

At June 30, 2014, the district had \$99.5 million in debt and other long-term obligations outstanding compared to \$104.8 million last year. Approximately \$6.4 million of the debt outstanding and other long-term obligations at June 30, 2014 is due within one year. Debt decreased by a net of \$5.3 million, mainly due to retirement of existing debt.

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

	June 30	
	2014	2013
General obligation bonds	\$ 86,650,000	\$ 91,415,000
Premiums	1,729,561	1,939,826
Full faith and credit obligations	9,600,000	9,810,000
Loans	433,112	477,100
Net pension obligation	-	91,356
Compensated absences	1,118,134	1,103,969
Total	\$ 99,530,807	\$ 104,837,251

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 and 2011 general obligation issues or the series 2010 full faith issues.

Due to the national economic situation, the bond ratings on several of our issuers of insurance were downgraded in previous years. Material event notices were 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.C on pages 38 - 40.

Economic Factors and Next Year's Budget and Rates

Some of the factors considered during the preparation of the 2014/15 budget were:

- Assessed value on property was estimated to increase by approximately 3.59 percent over the previous year.
- Absorbing an overall increase of Personal Service costs of 0.8 percent, with a cost of living increase of 2.5 percent for full and regular part-time staff. Two regular part-time positions were eliminated within the 2014/15 fiscal year budget.
- Funding of a full-time loss control and claims specialist to provide a centralized effort for the reduction of overall claims expense.
- Enhancing our recruiting and training processes, along with outreach to minority communities by funding a full-time inclusion coordinator.
- Developing a more strategic approach to marketing park district programs by funding a new full-time marketing specialist and a comprehensive marketing plan.
- Funding an increase of 3.6 percent to Materials and Services for provision of program related services and adequate maintenance coverage for newly completed park improvements.
- Continued funding of necessary personnel to complete the Bond Capital project program.
- Funding of land acquisition (\$2 million) and some new construction (\$2.5 million) within the System Development Charges Fund.

In previous years, property taxes generally increased by the statutorily allowed 3.0 percent of assessed value on all properties. With the decline in market value, certain properties now have a comparable market/assessed value; therefore, the 3.0 percent increase cannot be generally applied. For the 2014/15 budget, approximately 13.0 percent of residential property within district boundaries is at market value, decreasing the overall growth to 2.59 percent. New development growth is conservatively estimated at 1.0 percent, for the combined rate of 3.59 percent. The district will continue to closely analyze the various properties to accurately estimate future resources.

The district funds maintenance replacement at the maximum level available and it will continue to be a critical component of future budgetary plans. The district continues to actively research alternative revenue sources, and has seen growth in grants, sponsorships and various rental incomes.

Overall, on a budgetary basis the General Fund shows an increase of \$1,167,919 or 18.1% over the anticipated beginning fund balance in the 2014/15 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 financially sustainable, the district will continue with the long-term focus that has served well during the past years of instability. Implementation of the strategic and financial sustainability plans, and resulting functional plans, will assist in identification of key items to

incorporate within the board approved long term strategic goals. Local parks and recreation programs offer an affordable alternative for families of all sizes and economic backgrounds, as reflected by our residents' involvement. We will continue to examine new and trending activities, to ensure we remain competitive and accessible for all.

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 Position
June 30, 2014

	Primary Government
	Governmental Activities
Assets and Deferred Outflows of Resources:	
Assets:	
Cash and cash equivalents	\$ 39,477,714
Investments	11,087,937
Due from other governments	497,901
Receivables	1,739,236
Inventories	104,425
Prepays	121,243
Cash and cash equivalents - restricted	194,140
Net pension benefit	3,793
Capital assets (net of accumulated depreciation):	
Land	84,528,317
Park sites and planning development	47,123,999
Buildings and improvements	42,672,454
Equipment and furnishings	1,202,795
Intangible assets	107,827
Construction in progress	10,226,118
Total assets	239,087,899
Deferred Outflows of Resources:	
Deferred charges	39,631
Total deferred outflows of resources	39,631
Total assets and deferred outflows of resources	239,127,530
Liabilities:	
Accounts payable and other current liabilities	2,467,880
Accrued interest payable	370,251
Unearned revenue	1,053,719
Noncurrent liabilities:	
Due within one year	6,433,257
Due in more than one year	93,097,550
Total liabilities	103,422,657
Net Position:	
Net investment in capital assets	120,178,588
Restricted for:	
Debt service	477,206
Capital improvements	7,635,896
Unrestricted	7,413,183
Total net position	\$ 135,704,873

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, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
Board of Directors	\$ 154,475	\$ -	\$ -	\$ -	\$ (154,475)
Administration	1,963,226	-	-	-	(1,963,226)
Business and facilities	15,126,974	-	-	-	(15,126,974)
Planning and development	897,304	-	-	-	(897,304)
Park and recreation services	19,758,250	10,244,780	214,865	4,685,175	(4,613,430)
Interest on long-term debt	3,946,193	-	-	-	(3,946,193)
Total primary government	\$ 41,846,422	\$ 10,244,780	\$ 214,865	\$ 4,685,175	(26,701,602)

General revenues:

Property taxes levied for general purposes	25,933,858
Property taxes levied for debt service	8,391,520
Grants and contributions not restricted to specific programs	237,636
Unrestricted investment earnings	365,782
Miscellaneous	159,819
Total general revenues	<u>35,088,615</u>
Change in net position	8,387,013
Net position - beginning balance as previously stated	128,299,688
Prior period adjustment	<u>(981,828)</u>
Net position - beginning balance as restated	127,317,860
Net position - ending	<u>\$ 135,704,873</u>

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, 2014

	General Fund	Bonded Debt Fund	Bond Capital Projects Fund	System Development Charges Fund	Other Governmental Fund	Total Governmental Funds
Assets						
Assets:						
Cash and cash equivalents	\$ 7,843,485	\$ 405,667	\$ 23,759,337	\$ 7,305,236	\$ 163,989	\$ 39,477,714
Investments	-	-	11,087,937	-	-	11,087,937
Receivables:						
Interest	185	112	74,987	-	-	75,284
Property taxes	1,221,831	392,945	-	-	-	1,614,776
Accounts receivable	49,176	-	-	-	-	49,176
Intergovernmental	240,897	22,446	-	234,558	-	497,901
Cash and cash equivalents - restricted	-	-	94,140	100,000	-	194,140
Prepays	121,243	-	-	-	-	121,243
Inventories	104,425	-	-	-	-	104,425
Total assets	\$ 9,581,242	\$ 821,170	\$ 35,016,401	\$ 7,639,794	\$ 163,989	\$ 53,222,596
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 1,062,796	\$ -	\$ 223,833	\$ 3,898	\$ -	\$ 1,290,527
Salaries payable	474,817	-	-	-	-	474,817
Contracts payable	-	-	81,312	-	-	81,312
Retainages payable	43,939	-	229,429	-	-	273,368
Other current liabilities payable	347,856	-	-	-	-	347,856
Unearned revenue	1,053,719	-	-	-	-	1,053,719
Total liabilities	2,983,127	-	534,574	3,898	-	3,521,599
Deferred inflows of resources:						
Unavailable revenue - taxes	1,069,812	343,964	-	-	-	1,413,776
Fund balances:						
Nonspendable:						
Prepays	121,243	-	-	-	-	121,243
Inventory	104,425	-	-	-	-	104,425
Restricted:						
Debt service	-	477,206	-	-	-	477,206
Capital improvements	-	-	34,481,827	7,635,896	-	42,117,723
Committed - mitigation maintenance	-	-	-	-	163,989	163,989
Unassigned	5,302,635	-	-	-	-	5,302,635
Total fund balance	5,528,303	477,206	34,481,827	7,635,896	163,989	48,287,221
Total liabilities, deferred inflows of resources and fund balances	\$ 9,581,242	\$ 821,170	\$ 35,016,401	\$ 7,639,794	\$ 163,989	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	185,861,510
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(99,857,634)
Unavailable revenues for those amounts that were not available to pay current period expenditures.	1,413,776
Net position of governmental activities	\$ 135,704,873

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, 2014

	General Fund	Bonded Debt Fund	Bond Capital Projects Fund	System Development Charges Fund	Other Governmental Fund	Total Governmental Funds
Revenues:						
Property taxes	\$ 25,843,155	\$ 8,360,694	\$ -	\$ -	\$ -	\$ 34,203,849
Aquatic programs	2,567,782	-	-	-	-	2,567,782
Tennis center	952,762	-	-	-	-	952,762
Sports programs	1,424,626	-	-	-	-	1,424,626
Recreation programs	5,177,432	-	-	-	-	5,177,432
Grants and sponsorships	737,676	-	537,430	-	-	1,275,106
System development charges	-	-	-	3,858,370	-	3,858,370
Interest earned	123,974	39,444	170,637	30,859	868	365,782
Charges for services	579,099	-	-	-	-	579,099
Miscellaneous revenues	281,997	-	-	-	-	281,997
Total revenues	37,688,503	8,400,138	708,067	3,889,229	868	50,686,805
Expenditures:						
Current:						
Board of Directors	154,475	-	-	-	-	154,475
Administration	1,953,992	-	-	-	-	1,953,992
Business and facilities	14,901,004	-	-	-	-	14,901,004
Planning and development	1,497,804	-	-	-	-	1,497,804
Park and recreation services	14,574,119	-	-	-	18,950	14,593,069
Capital outlay	3,333,585	-	17,909,748	1,319,987	-	22,563,320
Debt service	851,771	8,362,996	-	-	-	9,214,767
Total expenditures	37,266,750	8,362,996	17,909,748	1,319,987	18,950	64,878,431
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	421,753	37,142	(17,201,681)	2,569,242	(18,082)	(14,191,626)
Fund balances at beginning of year	5,106,550	440,064	51,683,508	5,066,654	182,071	62,478,847
Fund balances at end of year	\$ 5,528,303	\$ 477,206	\$ 34,481,827	\$ 7,635,896	\$ 163,989	\$ 48,287,221

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 Balances of Governmental Funds
to the Statement of Activities
For the fiscal year ended June 30, 2014

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

Net changes in fund balances - total governmental funds	\$ (14,191,626)
Governmental funds report capital outlays as expenditures. However, in the statement of net position 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.	17,103,353
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	4,200
Governmental funds defer revenues that do not provide current financial resources. However, the statement of net position recognizes such revenues at their net realizable value when earned, regardless of when received.	121,529
The issuance of long-term debt (e.g., bond, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	5,018,988
Some expenses reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	330,569
Change in net position of governmental activities	\$ 8,387,013

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, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Property taxes	\$ 25,590,272	\$ 25,843,155	\$ 252,883
Aquatic programs	2,523,977	2,558,048	34,071
Tennis center	938,238	955,844	17,606
Sports programs	1,171,202	1,433,139	261,937
Recreation programs	5,384,250	5,165,095	(219,155)
Grants and sponsorships	1,320,694	737,676	(583,018)
Interest earned	120,000	123,974	3,974
Charges for services	772,518	579,099	(193,419)
Miscellaneous revenues	377,000	281,997	(95,003)
Total revenues	<u>38,198,151</u>	<u>37,678,027</u>	<u>(520,124)</u>
Expenditures:			
Board of directors	2,301,620	154,475	2,147,145
Administration	2,036,386	1,953,992	82,394
Business and facilities	16,987,628	16,254,469	733,159
Planning	1,611,240	1,497,804	113,436
Park and recreation services	15,960,640	14,580,136	1,380,504
Capital outlay	4,934,365	2,831,892	2,102,473
Total expenditures	<u>43,831,879</u>	<u>37,272,768</u>	<u>6,559,111</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	<u>(5,633,728)</u>	<u>405,259</u>	<u>6,038,987</u>
Fund balances at beginning of year	<u>5,633,728</u>	<u>6,040,520</u>	<u>406,792</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 6,445,779</u>	<u>\$ 6,445,779</u>
Fund balance - budgetary basis		\$ 6,445,779	
Recognition of net unearned revenue		(1,038,719)	
Recognition of net prepaids		<u>121,243</u>	
Fund balance - GAAP basis		<u>\$ 5,528,303</u>	

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, 2014

I. Summary of significant accounting policies

A. Reporting entity

Tualatin Hills Park and Recreation District (the district) is a special service district governed by an elected five member Board of Directors (the board), and operates as a separate municipal corporation. The district, as 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 (GAAP), these financial statements present the financial status and activities of the district.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the district.

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 and proprietary 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, system development 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 capital assets or construction of major capital projects. This fund accounts for fees charged developers to provide for expanding capacity of the district's facilities.

Other governmental funds

Other governmental funds include the nonmajor funds of the district. The following details the Mitigation Maintenance Fund, a special revenue fund and the Metro Natural Areas Bond Fund, a capital project 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.

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. All funds were ultimately expended as of the 2012/13 fiscal year; however, budget appropriation was made within the 2013/14 fiscal year to ensure compliance.

Enterprise fund

The *Enterprise Operations Fund* accounts for the district's business-type operations. This fund was to account for all transactions related to the Adventure Recreation Center, proposed to begin operations in the 2013/14 fiscal year. Due diligence was completed on the feasibility of the Adventure Recreation Center after the 2013/14 budget was adopted. It was determined that the concept of a stand-alone facility run as a financial self-supporting enterprise operation was no longer viable.

Flow of resources

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, deferred outflows/inflows of resources and net position or equity

1. Cash, cash equivalents and investments

The cash and cash equivalents of the district are cash on hand, demand deposits and funds invested with the Oregon State Treasurer's Local Government Investment Pool (LGIP), 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. Restricted cash and cash equivalents consist of short-term deposits pledged in lieu of performance bonds for capital projects in progress.

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 LGIP. Investments are reported at fair value, based on quoted prices for identical investments.

The LGIP operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. The reported value of the LGIP 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 LGIP is not registered with the SEC as an investment company. While the LGIP is not currently rated by an independent rating agency, the LGIP'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 unavailable 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 and prepaid items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital assets

Capital assets, which include property, equipment, furnishings, improvements and intangible assets such as software, 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, equipment and intangible assets 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
Park sites and improvements	20–50
Equipment and furnishings	5
Intangible assets	5

5. *Deferred outflows/inflows of resources*

In addition to assets, another financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The item that qualifies in this category is the deferred charges from refunding reported in the government-wide Statement of Net Position. Deferred charges, resulting from the carrying value of refunded debt and its reacquisition price, are deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

In addition to liabilities, a separate section may also be required for *deferred inflows of resources*, representing acquisition of net position or equity that applies to a future period, and so will not be recognized as an inflow of resources (revenue) until that time. The district has unavailable revenue, property taxes, that qualify for reporting in this category in the governmental funds balance sheet.

6. *Unearned revenue*

Governmental funds recognize unearned revenue in connection with resources that have been received, but not yet earned. The government-wide financial statements and governmental funds balance sheet report unearned revenue only for amounts that are received but not earned, relating to payments for recreation programs that occur July 1 or after.

7. *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.

8. *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 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.

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.

9. Fund balance

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 a specific purpose that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the board or designee to whom that authority has been given by the board, normally the General Manager or Director of Business and Facilities.
- 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 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 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 position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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 \$(99,857,634) difference are as follows:

Net pension benefit	\$ 3,793
Bonds payable	(86,650,000)
Plus: Issuance premiums (to be amortized over life of debt)	(1,695,559)
Full faith and credit obligations	(9,600,000)
Less: Deferred charge for loss on refunding (to be amortized over life of debt)	39,631
Plus: Issuance premiums (to be amortized over life of debt)	(34,002)
Loans payable	(433,112)
Accrued interest payable	(370,251)
Compensated absences	<u>(1,118,134)</u>
Net adjustment to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (99,857,634)</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 position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$17,103,353 difference are as follows:

Capital outlay (for capitalized assets)	\$ 22,074,071
Depreciation expense	<u>(4,970,718)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 17,103,353</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 position.” The details of this \$4,200 difference are as follows:

Donations of capital assets increase the net position in the statement of net position, but do not appear in the governmental funds because they are not financial resources.	<u>\$ 4,200</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 4,200</u>

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. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position.” The details of this \$5,018,988 difference are as follows:

Principal repayments:	
General obligation debt	\$ 4,765,000
Other long-term debt	<u>253,988</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 5,018,988</u>

Another element of that reconciliation states that “Some expenses reported in the statement of net position do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$330,569 difference are as follows:

Compensated absences	\$ (14,165)
Net pension benefit	95,149
Accrued interest	45,927
Amortization of interest costs (premiums)	210,265
Amortization of deferred charges (loss on refunding)	<u>(6,607)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 330,569</u>

III. Stewardship, compliance and accountability

A. Budgetary information

Annual budgets are prepared for each fund in accordance with a modified cash 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 cash 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 before June 30 of each year.

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. 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. 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. There were no supplemental budget adjustments within the 2013/14 fiscal year.

IV. Detailed notes on all funds

A. Cash, cash equivalents and investments

Deposits with financial institutions include bank demand deposits and deposits in the LGIP, as authorized by Oregon statutes.

At June 30, 2014, the district had the following cash, cash equivalents and investments at fair value:

Demand deposits	\$ 2,824,720
Certificates of deposit	67,073
Commercial paper	127,067
Investments in the State Treasurer's Local Government Investment Pool	36,652,994
Government and agency obligations/certificates of deposit	<u>11,087,937</u>
Total cash equivalents and investments	<u>\$ 50,759,791</u>

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

Cash and cash equivalents	\$ 39,477,714
Investments	11,087,937
Cash and cash equivalents – restricted	<u>194,140</u>
Total cash equivalents and investments	<u>\$ 50,759,791</u>

GAAP requires 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 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, 2014, the district's share of the amount of unrealized gain 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/certificates of deposit	-	\$ 11,087,937	\$11,087,937	.83

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 LGIP among others. The district's investments in U.S. 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 Statement No. 40, the district is required to report all individual non-federal investments, which exceed 5% of total invested funds. As of June 30, 2014, 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 \$2,898,053. Of these deposits, \$250,000 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, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 77,684,111	\$ 6,844,206	\$ -	\$ 84,528,317
Construction in progress	10,879,175	5,950,067	(6,603,124)	10,226,118
Total capital assets, not being depreciated	<u>88,563,286</u>	<u>12,794,273</u>	<u>(6,603,124)</u>	<u>94,754,435</u>
Capital assets, being depreciated:				
Parks sites and planning development	56,985,485	14,340,790	-	71,326,275
Buildings and improvements	65,077,532	969,679	-	66,047,211
Equipment and furnishings	6,469,239	549,852	(189,574)	6,829,517
Intangible assets	206,309	26,798	-	233,107
Total capital assets being depreciated	<u>128,738,565</u>	<u>15,887,119</u>	<u>(189,574)</u>	<u>144,436,110</u>
Less accumulated depreciation for:				
Park sites and planning development	(21,427,495)	(2,774,781)	-	(24,202,276)
Buildings and improvements	(21,748,979)	(1,625,778)	-	(23,374,757)
Equipment and furnishings	(5,288,292)	(528,004)	189,574	(5,626,722)
Intangible assets	(83,125)	(42,155)	-	(125,280)
	<u>(48,547,891)</u>	<u>(4,970,718)</u>	<u>189,574</u>	<u>(53,329,035)</u>
Total capital assets, being depreciated, net	<u>80,190,674</u>	<u>10,916,401</u>	<u>-</u>	<u>91,107,075</u>
Governmental activities capital assets, net	<u>\$ 168,753,960</u>	<u>\$ 23,710,674</u>	<u>\$ (6,603,124)</u>	<u>\$ 185,861,510</u>

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

Business and facilities	\$ 159,430
Parks and recreation services	<u>4,811,288</u>
Total depreciation expense – governmental activities	<u>\$ 4,970,718</u>

Construction commitments as of June 30, 2014 were as follows:

<u>Project</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
Schiffler Park renovation	\$ 1,796,096	\$ 6,061
Jenkins Estate restoration	95,043	14,655
AM Kennedy Park	1,124,186	28,251
Westside Trail Segments 1,4 & 7	1,552,305	39,803
Hansen Ridge Park	489,661	25,772

Construction commitments (continued):

<u>Project</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
Lowami Hart Woods Park	\$ 599,925	\$ 57,328
Lowami Hart Woods restoration	28,557	73,559
Barsotti Park	838,159	22,794
Waterhouse Trail	2,165,537	243,592
Cedar Mill Park	-	1,121,920
Ben Graf Trail	-	168,881
Roger Tilbury Park	-	535,251
Total	<u>\$8,689,469</u>	<u>\$2,337,867</u>

C. Long-term debt

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Amortization/ Repayments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds:					
Series 1998	\$ 4,110,000	\$ -	\$ (1,990,000)	\$ 2,120,000	\$ 2,120,000
plus refunding premium	22,300	-	(14,711)	7,589	7,589
Series 2009	49,875,000	-	(1,520,000)	48,355,000	1,665,000
plus premium	338,305	-	(35,231)	303,074	34,158
Series 2011	37,430,000	-	(1,255,000)	36,175,000	1,360,000
plus premium	1,538,017	-	(153,121)	1,384,896	147,986
Full Faith and Credit Obligations:					
Series 2006	800,000	-	(100,000)	700,000	105,000
plus refunding premium	23,945	-	(5,735)	18,210	5,018
Series 2010A	1,450,000	-	(25,000)	1,425,000	30,000
plus premium	17,259	-	(1,467)	15,792	1,442
Series 2010B	6,820,000	-	-	6,820,000	-
Series 2010C	740,000	-	(85,000)	655,000	85,000
Loans:					
Synthetic turf #2 project	20,000	-	(20,000)	-	-
Energy savings contract	457,100	-	(23,988)	433,112	25,327
Net Pension Obligations	91,356	-	(91,356)	-	-
Compensated Absences	1,103,969	992,727	(978,562)	1,118,134	846,737
	<u>\$ 104,837,251</u>	<u>\$ 992,727</u>	<u>\$ (6,299,171)</u>	<u>\$ 99,530,807</u>	<u>\$ 6,433,257</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. 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 as the first series of the \$100 million voter approved 2008 bond measure 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 are paid annually, with interest payments semi-annually, over a term of twenty years. General obligations bonds, Series 2011 were issued on September 13, 2011 in the amount of \$40,060,000, as the second series of the 2008 bond measure, to complete the voter approved list of acquisitions and projects. Stated interest rates for specific maturities ranged from 2.00 to 4.00%, in accordance with the terms agreed at issuance. The bonds are paid annually, with interest payments semi-annually, over a term of eighteen years.

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 are 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, 2010, 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 \$6,820,000 and \$995,000, respectively. Series 2010B was issued on a taxable 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 2010B bonds are 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. Because a portion of the new warehouse may be leased to a for-profit enterprise, Series 2010C 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 2010C bonds are paid annually, with interest payments semi-annually, over a term of 11 years.

Loans 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 had an interest rate of 4.5%, and was paid in full during the year.

On February 15, 2013, the district borrowed \$457,100 for the purchase and implementation of various continued energy conservation measures. This loan bears an interest rate of 2.99%, and is payable over fifteen 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			Loans	Total
	1998	2009	2011	2006	2010A	2010B		
Principal								
2015	\$ 2,120,000	\$ 1,665,000	\$ 1,360,000	\$ 105,000	\$ 30,000	\$ -	\$ 85,000	\$ 5,390,327
2016	-	1,825,000	1,455,000	110,000	40,000	-	90,000	3,546,090
2017	-	1,990,000	1,570,000	110,000	45,000	-	95,000	3,836,876
2018	-	2,170,000	1,685,000	120,000	50,000	-	100,000	4,152,686
2019	-	2,365,000	1,820,000	125,000	55,000	-	100,000	4,493,520
2020-2024	-	15,380,000	11,630,000	130,000	370,000	955,000	185,000	28,806,013
2025-2029	-	22,960,000	16,655,000	-	570,000	1,495,000	-	41,822,600
2030-2034	-	-	-	-	265,000	1,770,000	-	2,035,000
2035-2039	-	-	-	-	-	2,125,000	-	2,125,000
2040-2045	-	-	-	-	-	475,000	-	475,000
	\$ 2,120,000	\$ 48,355,000	\$ 36,175,000	\$ 700,000	\$ 1,425,000	\$ 6,820,000	\$ 655,000	\$ 96,683,112

Annual interest requirements for all issues are as follows:

Year ending June 30,	General Obligation Series			Full Faith & Credit Series			Loans	Total
	1998	2009	2011	2006	2010A	2010B		
Interest								
2015	\$ 121,900	\$ 2,020,413	\$ 1,278,256	\$ 32,850	\$ 55,720	\$ 436,918	\$ 26,389	\$ 3,985,208
2016	-	1,974,625	1,254,456	28,650	54,620	436,918	23,953	3,785,221
2017	-	1,919,875	1,225,356	24,250	52,920	436,918	21,016	3,691,548
2018	-	1,860,175	1,193,956	18,750	51,270	436,918	17,630	3,589,103
2019	-	1,784,225	1,143,406	12,750	49,695	436,918	13,458	3,450,022
2020-2024	-	7,310,450	4,581,281	6,500	212,450	2,117,916	12,914	14,275,943
2025-2029	-	3,345,706	2,135,813	-	118,870	1,755,028	-	7,365,177
2030-2034	-	-	-	-	11,025	1,241,384	-	1,252,409
2035-2039	-	-	-	-	-	599,951	-	599,951
2040-2045	-	-	-	-	-	32,021	-	32,021
	\$ 121,900	\$ 20,215,469	\$ 12,812,524	\$ 123,750	\$ 606,570	\$ 7,930,890	\$ 115,360	\$ 42,026,603

Compensated Absences and Net Pension Obligation/Benefit

The district's compensated absences of \$1,118,134 and net pension benefit of \$3,793 are liquidated by the General Fund. As of June 30, 2014, the district had a net pension benefit resulting from an overpayment of the annual recommended contribution, which will be applied to the subsequent year contributions.

Short-term Debt

The district issued Tax and Revenue Anticipation Notes, Series 2013, in the amount of \$5,500,000 on July 15, 2012 to continue operations of the general government prior to receipt of annual tax revenue. These notes matured on January 2, 2014, with an interest rate of 0.95%.

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 implementation noted on pages 41 - 42. The two components are the employer paid pension fund and an Individual Account Program (IAP).

Membership in the Plan as of July 1, 2014 was:

<u>Group</u>	<u>Number of Participants</u>
Active participants	195
Terminated	16
Retired receiving medical premium benefits	<u>8</u>
Total	<u>219</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, 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 17.7% (blended rate for both plans) of annual covered payroll for 2013/14. 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 17.7% (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 began receiving pension benefits under the Tier II plan phased in as follows:

- During July 1, 2010 – June 30, 2011: no pension benefits were earned by RPT employees. However, RPT employees began 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 began 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 Obligation (Benefit)

The district's annual pension cost and net pension obligation (benefit) to the Plan for the year ended June 30, 2014 were as follows:

Annual required contribution	\$2,331,957
Interest on net pension benefit	7,080
Adjustment to annual required contribution	<u>(10,873)</u>
Annual pension cost	2,328,164
Contributions made	<u>(2,423,313)</u>
Decrease in net pension obligations	(95,149)
Net pension obligation beginning of year	<u>91,356</u>
Net pension benefit end of year	<u>\$ (3,793)</u>

For 2014, the district's annual pension cost was higher than the required contribution to fund the previous year net pension obligation. Interest earnings and adjustments affect the net balance by a small amount. The annual required contribution was determined as of the July 1, 2013 actuarial valuation using the aggregate actuarial cost method.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Benefit) Obligation
06/30/14	\$ 2,328,164	104.09%	\$ (3,793)
06/30/13	2,294,566	96.0%	91,356
06/30/12	2,165,512	98.9%	(4,877)

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the plan was 77.6 percent funded. The actuarial accrued liability for benefits was \$29.5 million, and the actuarial value of assets was \$22.9 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$6.6 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10.3 million, and the ratio of the UAAL to the covered payroll was 64.4 percent.

The schedule of funding progress, presented as required supplementary information (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, 2014 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 the 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, 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.

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, 2014, 29 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 No. 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 2014, the district's annual OPEB cost was equal to the required contribution, as authorized by the board.

The district's annual OPEB cost and net OPEB obligation to the Plan for the year ended June 30, 2014 were as follows:

Annual required contribution	\$ 34,327
Interest on net OPEB obligations	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	34,327
Contributions made	<u>(34,327)</u>
Increase (decrease) in net OPEB obligations	-
Net OPEB obligations beginning of year	<u>-</u>
Net OPEB obligations end of year	<u>\$ -</u>

The district's annual OPEB cost, the percentage contributed to the plan and the net OPEB obligations as of June 30, 2014 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
06/30/14	\$ 34,327	100.0%	\$ -
06/30/13	47,955	100.0%	-
06/30/12	68,656	100.0%	-

Funded Status and Funding Progress

As of July 1, 2014 the most recent actuarial valuation date, the plan was 93.8 percent funded. The actuarial accrued liability for benefits was \$1.6 million, and the actuarial value of assets was \$1.5 million, resulting in an unfunded actuarial liability of approximately \$100,000. The covered payroll (annual payroll of active employees covered by the plan) was \$7.5 million, and the ratio of the unfunded actuarial liability to the covered payroll was 1.3 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, 2013 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 of the limitation on monthly benefits within the plan, the healthcare cost trend is not a factor in the valuation of the medical component. An assumption is made that all retirees will receive the maximum benefit amount, so healthcare cost increases or decreases, would have no impact.

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 remaining amortization period as of June 30, 2014 is approximately eight years. 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, 2016.

On January 21, 2011, the district entered into an operating lease agreement with Peregrine Sports, LLC, doing business as the Portland Timbers (the Timbers), a professional soccer team, to lease a portion of the Fanno Creek Service Center for an initial term beginning July 1, 2011 and ending June 30, 2021. The Timbers initially occupied 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 contract was amended on January 2, 2013 to add an additional 900 square feet of the facility. The Timbers were responsible for all construction costs associated with the leased space and field, and have exclusive use of said improvements. Furthermore, the Timbers participated in construction of an adjacent artificial turf field for public use.

Currently, the Timbers pay \$48,236 per year to the district no later than December 31st of each year.

On October 29, 2013, the district entered into an operating lease agreement with Dynamic 21st Enterprise, Inc., an Oregon corporation doing business as SMI, Ltd., an office furniture manufacturer to lease a portion of the Fanno Creek Service Center for an initial term beginning November 1, 2013 and ending February 28, 2019.

Currently, SMI, Ltd. pays \$5,980 per month through the 24th month of the lease, with an annual increase of 2.5% for months 25 through 64.

Lease payments for the balance of the terms are as follows:

Year ending June 30,	Timbers	SMI, Ltd.	Total
2015	\$ 48,236	\$ 71,760	\$ 119,996
2016	48,236	72,952	121,188
2017	48,236	74,772	123,008
2018	48,236	76,640	124,876
2019	48,236	52,156	100,392
2020-2021	96,472	-	96,472
	<u>\$ 337,652</u>	<u>\$ 348,280</u>	<u>\$ 685,932</u>

E. Subsequent Events

The district issued Tax and Revenue Anticipation Notes, Series 2014, in the amount of \$5,500,000 on July 11, 2014. These notes mature on January 2, 2015 and bear interest at a rate of 0.82%.

On September 23, 2014, the district entered into the third amendment of the operating lease agreement with Peregrine Sports, LLC (Peregrine) to add an additional 2,400 square feet of interior space and expand usage of the synthetic turf field located at the Fanno Creek Service Center. Once building construction is completed on the leased space, Peregrine will pay \$43,394 per year for office space and \$67,500 for field space for the balance of the term (10 years), due by December 31 of each year. Furthermore, Peregrine paid an additional \$650,000, at the time of lease signing, as a contribution towards the construction of an additional synthetic turf field within the district at a later time.

On July 31, 2014, Clean Water Services purchased 1.19 acres of district owned property for easement purposes. The proceeds of \$349,783 were recorded in the 2014/15 fiscal year.

F. Prior Period Adjustment

The beginning net position of the district was reduced by \$981,828, to reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." The adjustment was necessary to write off debt issuance costs that were capitalized in prior year financial statements, but are now to be expensed in the period incurred per GASB Statement No. 65.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

Tualatin Hills Park and Recreation District
REQUIRED SUPPLEMENTARY INFORMATION

Pension
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Present Value of Accrued Pension Benefits (b)	Difference (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Difference as a Percentage of Covered Payroll ((b-a)/c)
6/30/2012	19,493,603	24,345,620	4,852,017	80.1%	9,877,197	49.1%
6/30/2013	20,976,587	26,398,833	5,422,246	79.5%	9,712,126	55.8%
6/30/2014	22,927,692	29,546,036	6,618,344	77.6%	10,270,068	64.4%

Other Post Employment Benefits
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Present Value of Future Benefits (b)	Difference (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Difference as a Percentage of Covered Payroll ((b-a)/c)
6/30/2012	1,177,451	1,487,101	309,650	79.2%	8,261,380	3.7%
6/30/2013	1,321,492	1,534,606	213,114	86.1%	7,738,881	2.8%
6/30/2014	1,481,508	1,578,882	97,374	93.8%	7,525,388	1.3%



SUPPLEMENTAL INFORMATION

Tualatin Hills Park and Recreation District
General Fund
Schedule of Expenditures - Budget to Actual
For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
BOARD OF DIRECTORS:				
Part time salaries	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Payroll taxes	300	300	287	13
Personal services	<u>3,300</u>	<u>3,300</u>	<u>3,287</u>	<u>13</u>
Professional services	170,820	170,820	111,351	59,469
Office supplies	6,000	6,000	18,303	(12,303)
Dues and memberships	2,000	2,000	4,600	(2,600)
Conferences	19,500	19,500	16,934	2,566
Materials and services	<u>198,320</u>	<u>198,320</u>	<u>151,188</u>	<u>47,132</u>
Contingency	2,100,000	2,100,000	-	2,100,000
Total Board of Directors	<u>2,301,620</u>	<u>2,301,620</u>	<u>154,475</u>	<u>2,147,145</u>
ADMINISTRATION:				
General Manager				
Full time salaries	244,424	244,424	244,892	(468)
Part time salaries	-	-	308	(308)
Employee benefits	87,777	87,777	88,872	(1,095)
Payroll taxes	20,304	20,304	20,884	(580)
Personal services	<u>352,505</u>	<u>352,505</u>	<u>354,956</u>	<u>(2,451)</u>
Telecommunications	6,550	6,550	5,077	1,473
Office supplies	4,500	4,500	3,532	968
Dues and memberships	23,350	23,350	11,933	11,417
Conferences	18,950	18,950	24,673	(5,723)
Technical training	16,000	16,000	4,897	11,103
Staff transportation	8,000	8,000	7,800	200
Materials and services	<u>77,350</u>	<u>77,350</u>	<u>57,912</u>	<u>19,438</u>
Total General Manager	<u>429,855</u>	<u>429,855</u>	<u>412,868</u>	<u>16,987</u>
Communications and Development				
Full time salaries	462,314	462,314	461,214	1,100
Part time salaries	15,625	15,625	24,738	(9,113)
Employee benefits	169,791	169,791	155,323	14,468
Payroll taxes	45,527	45,527	48,972	(3,445)
Personal services	<u>693,257</u>	<u>693,257</u>	<u>690,247</u>	<u>3,010</u>
Professional services	107,900	107,900	93,494	14,406
Technical services	25,460	25,460	25,481	(21)
Printing and publications	189,650	189,650	174,827	14,823
Postage	105,800	105,800	101,564	4,236
Advertising	87,600	87,600	76,687	10,913
Office supplies	8,786	8,786	10,024	(1,238)
Program supplies	13,000	13,000	7,349	5,651
Dues and memberships	4,900	4,900	7,113	(2,213)
Conferences	4,000	4,000	3,249	751
Technical training	1,600	1,600	30	1,570
Staff transportation	7,040	7,040	8,050	(1,010)
Small furniture and equipment	1,000	1,000	1,200	(200)
Materials and services	<u>556,736</u>	<u>556,736</u>	<u>509,068</u>	<u>47,668</u>
Total Communications and Development	<u>1,249,993</u>	<u>1,249,993</u>	<u>1,199,315</u>	<u>50,678</u>

Tualatin Hills Park and Recreation District
General Fund
Schedule of Expenditures - Budget to Actual
For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
ADMINISTRATION (continued):				
Security Operations				
Full time salaries	\$ 87,365	\$ 87,365	\$ 87,948	\$ (583)
Part time salaries	110,584	110,584	107,698	2,886
Employee benefits	40,319	40,319	41,049	(730)
Payroll taxes	20,715	20,715	22,272	(1,557)
Personal services	<u>258,983</u>	<u>258,983</u>	<u>258,967</u>	<u>16</u>
Technical services	78,472	78,472	68,628	9,844
Maintenance services	7,785	7,785	8,365	(580)
Printing and publications	160	160	-	160
Telecommunications	2,497	2,497	913	1,584
Office supplies	390	390	178	212
Program supplies	6,393	6,393	4,223	2,170
Dues and memberships	104	104	-	104
Conferences	204	204	-	204
Technical training	938	938	535	403
Staff transportation	148	148	-	148
Small furniture and equipment	464	464	-	464
Materials and services	<u>97,555</u>	<u>97,555</u>	<u>82,842</u>	<u>14,713</u>
Total Security Operations	<u>356,538</u>	<u>356,538</u>	<u>341,809</u>	<u>14,729</u>
Total Administration	<u>2,036,386</u>	<u>2,036,386</u>	<u>1,953,992</u>	<u>82,394</u>
BUSINESS AND FACILITIES:				
Director of Business and Facilities				
Full time salaries	369,076	369,076	366,740	2,336
Employee benefits	148,167	148,167	151,991	(3,824)
Payroll taxes	33,764	33,764	33,763	1
Personal services	<u>551,007</u>	<u>551,007</u>	<u>552,494</u>	<u>(1,487)</u>
Professional services	6,000	6,000	24,986	(18,986)
Technical services	115,300	115,300	23,633	91,667
Rental equipment	43,800	43,800	40,755	3,045
Bank charges and fees	6,250	6,250	5,600	650
Printing and publications	4,200	4,200	4,503	(303)
Postage	62,400	62,400	29,148	33,252
Advertising	1,500	1,500	1,139	361
Telecommunications	3,000	3,000	3,414	(414)
Office supplies	63,000	63,000	31,208	31,792
Dues and memberships	3,220	3,220	2,975	245
Conferences	13,350	13,350	8,281	5,069
Technical training	3,150	3,150	122	3,028
Staff transportation	5,280	5,280	4,644	636
Small furniture and equipment	-	-	847	(847)
Materials and services	<u>330,450</u>	<u>330,450</u>	<u>181,255</u>	<u>149,195</u>
Debt principal	253,988	253,988	253,991	(3)
Debt interest	736,967	736,967	597,780	139,187
Debt service	<u>990,955</u>	<u>990,955</u>	<u>851,771</u>	<u>139,184</u>
Total Director of Business and Facilities	<u>1,872,412</u>	<u>1,872,412</u>	<u>1,585,520</u>	<u>286,892</u>

Tualatin Hills Park and Recreation District
General Fund
Schedule of Expenditures - Budget to Actual
For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
BUSINESS AND FACILITIES (continued):				
Finance				
Full time salaries	\$ 442,447	\$ 442,447	\$ 440,760	\$ 1,687
Employee benefits	182,570	182,570	180,504	2,066
Payroll taxes	42,905	42,905	42,803	102
Personal services	667,922	667,922	664,067	3,855
Professional services	12,060	12,060	12,131	(71)
Technical services	2,975	2,975	6,757	(3,782)
Bank charges and fees	16,750	16,750	15,645	1,105
Printing and publications	3,950	3,950	3,244	706
Advertising	-	-	415	(415)
Office supplies	1,050	1,050	1,037	13
Dues and memberships	620	620	845	(225)
Conferences	5,000	5,000	4,223	777
Technical training	2,045	2,045	710	1,335
Staff transportation	300	300	185	115
Small furniture and equipment	100	100	-	100
Materials and services	44,850	44,850	45,192	(342)
Total Finance	712,772	712,772	709,259	3,513
Human Resources				
Full time salaries	223,525	223,525	223,116	409
Employee benefits	99,199	99,199	99,141	58
Payroll taxes	21,659	21,659	21,424	235
Personal services	344,383	344,383	343,681	702
Professional services	7,700	7,700	7,095	605
Technical services	14,505	14,505	5,078	9,427
Printing and publications	480	480	464	16
Advertising	1,000	1,000	10	990
Office supplies	1,336	1,336	174	1,162
Program supplies	1,000	1,000	1,057	(57)
Dues and memberships	415	415	337	78
Conferences	4,500	4,500	1,344	3,156
Technical training	44,879	44,879	25,282	19,597
Staff transportation	450	450	53	397
Small furniture and equipment	-	-	715	(715)
Materials and services	76,265	76,265	41,609	35,371
Total Human Resources	420,648	420,648	385,290	35,358
Information Services				
Full time salaries	386,427	386,427	385,984	443
Employee benefits	176,843	176,843	179,650	(2,807)
Payroll taxes	37,450	37,450	37,993	(543)
Personal services	600,720	600,720	603,627	(2,907)
Professional services	59,000	59,000	36,202	22,798
Technical services	183,505	183,505	161,530	21,975
Telecommunications	76,000	76,000	64,544	11,456
Program supplies	39,000	39,000	27,339	11,661
Maintenance supplies	12,200	12,200	2,711	9,489
Technical training	9,000	9,000	3,979	5,021
Staff transportation	500	500	8	492
Small furniture and equipment	1,000	1,000	-	1,000
Materials and services	380,205	380,205	296,313	83,892

Tualatin Hills Park and Recreation District
General Fund
Schedule of Expenditures - Budget to Actual
For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
BUSINESS AND FACILITIES (continued):				
Information Services (continued)				
Computer technology replacement	\$ 167,000	\$ 167,000	\$ 116,862	\$ 50,138
Computer technology improvement	105,700	105,700	67,204	38,496
Capital outlay	<u>272,700</u>	<u>272,700</u>	<u>184,066</u>	<u>88,634</u>
Total Information Services	<u>1,253,625</u>	<u>1,253,625</u>	<u>1,084,006</u>	<u>169,619</u>
Risk and Contract Management				
Full time salaries	176,920	176,920	177,120	(200)
Part time salaries	6,000	6,000	6,046	(46)
Employee benefits	80,911	80,911	81,686	(775)
Payroll taxes	17,746	17,746	17,692	54
Personal services	<u>281,577</u>	<u>281,577</u>	<u>282,544</u>	<u>(967)</u>
Professional services	5,000	5,000	1,316	3,684
Technical services	11,420	11,420	3,942	7,478
Miscellaneous other services	4,999	4,999	5,127	(128)
Insurance	324,172	324,172	310,869	13,303
Printing and publications	1,600	1,600	588	1,012
Advertising	450	450	-	450
Telecommunications	1,200	1,200	1,551	(351)
Office supplies	1,250	1,250	396	854
Program supplies	7,400	7,400	2,189	5,211
Dues and memberships	1,780	1,780	554	1,226
Conferences	2,000	2,000	-	2,000
Technical training	8,100	8,100	1,839	6,261
Staff transportation	1,100	1,100	490	610
Small furniture and equipment	600	600	1,460	(860)
Materials and services	<u>371,071</u>	<u>371,071</u>	<u>330,321</u>	<u>40,750</u>
Total Risk and Contract Management	<u>652,648</u>	<u>652,648</u>	<u>612,865</u>	<u>39,783</u>
Maintenance Operations				
Full time salaries	3,813,698	3,813,698	3,734,945	78,753
Part time salaries	1,771,664	1,771,664	1,671,634	100,030
Employee benefits	1,932,016	1,932,016	1,855,248	76,768
Payroll taxes	597,188	597,188	603,580	(6,392)
Personal services	<u>8,114,566</u>	<u>8,114,566</u>	<u>7,865,407</u>	<u>249,159</u>
Instructional services	1,400	1,400	-	1,400
Professional services	11,500	11,500	3,539	7,961
Technical services	73,465	73,465	54,013	19,452
Heat	436,538	436,538	475,161	(38,623)
Electricity	699,763	699,763	759,277	(59,514)
Water and sewer	510,073	510,073	596,778	(86,705)
Refuse services	124,588	124,588	101,715	22,873
Rental facility	2,000	2,000	-	2,000
Rental equipment	23,250	23,250	10,638	12,612
Maintenance services	415,098	415,098	453,800	(38,702)
Vehicle and equipment services	27,675	27,675	21,281	6,394
Advertising	-	-	175	(175)
Telecommunications	83,163	83,163	102,511	(19,348)
Office supplies	3,525	3,525	5,001	(1,476)
Program supplies	17,807	17,807	17,633	174
Maintenance supplies	983,627	983,627	863,471	120,156

Tualatin Hills Park and Recreation District
General Fund
Schedule of Expenditures - Budget to Actual
For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
BUSINESS AND FACILITIES (continued):				
Maintenance Operations (continued)				
Gas & oil (vehicles)	\$ 174,801	\$ 174,801	\$ 202,115	\$ (27,314)
Dues and memberships	1,750	1,750	1,515	235
Conferences	2,177	2,177	2,005	172
Technical training	12,960	12,960	13,935	(975)
Staff transportation	10,600	10,600	8,165	2,435
Small furniture and equipment	1,697	1,697	1,767	(70)
Materials and services	<u>3,617,457</u>	<u>3,617,457</u>	<u>3,694,495</u>	<u>(77,038)</u>
Fleet capital replacement	343,500	343,500	317,627	25,873
Capital outlay	<u>343,500</u>	<u>343,500</u>	<u>317,627</u>	<u>25,873</u>
Total Maintenance Operations	<u>12,075,523</u>	<u>12,075,523</u>	<u>11,877,529</u>	<u>197,994</u>
Total Business and Facilities	<u>16,987,628</u>	<u>16,987,628</u>	<u>16,254,469</u>	<u>733,159</u>
PLANNING:				
Director of Planning				
Full time salaries	212,709	212,709	247,787	(35,078)
Part time salaries	208,670	208,670	130,631	78,039
Employee benefits	55,707	55,707	77,419	(21,712)
Payroll taxes	41,180	41,180	38,889	2,291
Personal services	<u>518,266</u>	<u>518,266</u>	<u>494,726</u>	<u>23,540</u>
Telecommunications	2,500	2,500	3,073	(573)
Office supplies	200	200	247	(47)
Program supplies	200	200	56	144
Dues and memberships	655	655	345	310
Conferences	2,000	2,000	746	1,254
Staff transportation	3,700	3,700	3,757	(57)
Materials and services	<u>9,255</u>	<u>9,255</u>	<u>8,224</u>	<u>1,031</u>
Total Director of Planning	<u>527,521</u>	<u>527,521</u>	<u>502,950</u>	<u>24,571</u>
Planning and Development				
Full time salaries	648,696	648,696	617,803	30,893
Employee benefits	296,546	296,546	271,445	25,101
Payroll taxes	62,977	62,977	59,792	3,185
Personal services	<u>1,008,219</u>	<u>1,008,219</u>	<u>949,040</u>	<u>59,179</u>
Professional services	50,000	50,000	23,102	26,898
Advertising	-	-	345	(345)
Telecommunications	800	800	2,283	(1,483)
Office supplies	6,000	6,000	4,564	1,436
Program supplies	3,000	3,000	2,427	573
Dues and memberships	3,200	3,200	2,764	436
Conferences	5,000	5,000	2,773	2,227
Technical training	1,250	1,250	1,064	186
Staff transportation	5,250	5,250	6,492	(1,242)
Small furniture and equipment	1,000	1,000	-	1,000
Materials and services	<u>75,500</u>	<u>75,500</u>	<u>45,814</u>	<u>29,686</u>
Total Planning and Development	<u>1,083,719</u>	<u>1,083,719</u>	<u>994,854</u>	<u>88,865</u>
Total Planning	<u>1,611,240</u>	<u>1,611,240</u>	<u>1,497,804</u>	<u>113,436</u>

Tualatin Hills Park and Recreation District
General Fund
Schedule of Expenditures - Budget to Actual
For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
PARK AND RECREATION SERVICES:				
Director of Park and Recreation				
Full time salaries	\$ 190,316	\$ 190,316	\$ 179,544	\$ 10,772
Employee benefits	74,702	74,702	69,168	5,534
Part time salaries	24,000	24,000	15,874	8,126
Payroll taxes	19,446	19,446	18,199	1,247
Personal services	308,464	308,464	282,785	25,679
Professional services	39,000	39,000	36,000	3,000
Fee reductions-family assistance	320,000	320,000	249,763	70,237
Printing and publications	393	393	-	393
Advertising	-	-	25	(25)
Telecommunications	8,500	8,500	1,149	7,351
Office supplies	7,000	7,000	2,338	4,662
Dues and memberships	-	-	530	(530)
Conferences	15,000	15,000	4,144	10,856
Technical training	2,000	2,000	45	1,955
Staff transportation	3,000	3,000	4,558	(1,558)
Materials and services	394,893	394,893	298,552	96,341
Total Director of Park and Recreation	703,357	703,357	581,337	122,020
Aquatics				
Full time salaries	1,353,004	1,353,004	1,306,524	46,480
Part time salaries	1,519,104	1,519,104	1,310,829	208,275
Employee benefits	693,060	693,060	697,609	(4,549)
Payroll taxes	300,434	300,434	289,879	10,555
Personal services	3,865,602	3,865,602	3,604,841	260,761
Technical services	-	-	400	(400)
Advertising	-	-	25	(25)
Telecommunications	3,340	3,340	2,627	713
Office supplies	1,700	1,700	225	1,475
Program supplies	48,416	48,416	48,891	(475)
Dues and memberships	1,398	1,398	45	1,353
Conferences	8,000	8,000	4,790	3,210
Technical training	17,350	17,350	13,477	3,873
Staff transportation	2,400	2,400	2,172	228
Small furniture and equipment	580	580	376	204
Materials and services	83,184	83,184	73,028	10,156
Total Aquatics	3,948,786	3,948,786	3,677,869	270,917
Sports				
Full time salaries	457,123	457,123	426,521	30,602
Part time salaries	607,232	607,232	520,224	87,008
Employee benefits	236,459	236,459	218,954	17,505
Payroll taxes	108,693	108,693	102,782	5,911
Personal services	1,409,507	1,409,507	1,268,481	141,026
Instructional services	147,080	147,080	119,929	27,151
Technical services	-	-	86	(86)
Rental facility	40,000	40,000	31,103	8,897
Printing and publications	1,000	1,000	150	850
Advertising	480	480	-	480
Telecommunications	2,000	2,000	3,627	(1,627)
Office supplies	7,613	7,613	3,426	4,187
Program supplies	132,821	132,821	159,754	(26,933)

Tualatin Hills Park and Recreation District
General Fund
Schedule of Expenditures - Budget to Actual
For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
PARK AND RECREATION SERVICES (continued):				
Sports (continued)				
Dues and memberships	\$ 250	\$ 250	\$ 250	\$ -
Conferences	2,000	2,000	3,840	(1,840)
Staff transportation	2,200	2,200	1,146	1,054
Small furniture and equipment	2,258	2,258	1,592	666
Materials and services	<u>337,702</u>	<u>337,702</u>	<u>324,903</u>	<u>12,799</u>
Total Sports	<u>1,747,209</u>	<u>1,747,209</u>	<u>1,593,384</u>	<u>153,825</u>
Recreation				
Full time salaries	1,129,537	1,129,537	1,142,323	(12,786)
Part time salaries	2,368,173	2,368,173	2,095,969	272,204
Employee benefits	583,540	583,540	595,106	(11,566)
Payroll taxes	354,922	354,922	355,797	(875)
Personal services	<u>4,436,172</u>	<u>4,436,172</u>	<u>4,189,195</u>	<u>246,977</u>
Instructional services	9,168	9,168	13,316	(4,148)
Rental equipment	1,800	1,800	-	1,800
Miscellaneous other services	-	-	894	(894)
Printing and publications	1,438	1,438	-	1,438
Advertising	580	580	1,100	(520)
Telecommunications	3,300	3,300	2,852	448
Office supplies	33,340	33,340	20,242	13,098
Program supplies	393,083	393,083	290,775	102,308
Dues and memberships	1,260	1,260	768	492
Conferences	8,000	8,000	9,813	(1,813)
Technical training	1,100	1,100	1,561	(461)
Staff transportation	3,147	3,147	3,243	(96)
Small furniture and equipment	15,796	15,796	14,851	945
Materials and services	<u>472,012</u>	<u>472,012</u>	<u>359,415</u>	<u>112,597</u>
Total Recreation	<u>4,908,184</u>	<u>4,908,184</u>	<u>4,548,610</u>	<u>359,574</u>
Programs and Special Activities				
Full time salaries	930,570	930,570	894,537	36,033
Part time salaries	966,017	966,017	868,930	97,087
Employee benefits	527,277	527,277	458,329	68,948
Payroll taxes	194,457	194,457	190,371	4,086
Personal services	<u>2,618,321</u>	<u>2,618,321</u>	<u>2,412,167</u>	<u>206,154</u>
Instructional services	-	-	50	(50)
Technical services	109,226	109,226	107,712	1,514
Rental facility	2,400	2,400	2,400	-
Rental equipment	5,814	5,814	10,187	(4,373)
Maintenance services	5,020	5,020	2,742	2,278
Postage	2,130	2,130	-	2,130
Advertising	6,266	6,266	3,048	3,218
Telecommunications	4,000	4,000	2,350	1,650
Office supplies	16,952	16,952	9,463	7,489
Program supplies	189,831	189,831	87,452	102,379

Tualatin Hills Park and Recreation District
General Fund
Schedule of Expenditures - Budget to Actual
For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
PARK AND RECREATION SERVICES (continued):				
Programs and Special Activities (continued)				
Maintenance supplies	\$ 5,227	\$ 5,227	\$ -	\$ 5,227
Dues and memberships	2,000	2,000	1,586	414
Conferences	9,617	9,617	2,366	7,251
Technical training	3,040	3,040	1,265	1,775
Staff transportation	8,494	8,494	1,796	6,698
Small furniture and equipment	-	-	3,176	(3,176)
Materials and services	370,017	370,017	235,593	134,424
Total Programs and Special Activities	2,988,338	2,988,338	2,647,760	340,578
Natural Resources and Trails				
Full time salaries	674,098	674,098	656,380	17,718
Part time salaries	426,985	426,985	376,646	50,339
Employee benefits	269,524	269,524	276,801	(7,277)
Payroll taxes	116,155	116,155	113,570	2,585
Personal services	1,486,762	1,486,762	1,423,397	63,365
Instructional services	3,861	3,861	2,403	1,458
Professional services	-	-	300	(300)
Technical services	21,225	21,225	5,637	15,588
Rental equipment	10,515	10,515	24,558	(14,043)
Maintenance services	3,900	3,900	628	3,272
Printing and publications	500	500	873	(373)
Advertising	750	750	583	167
Telecommunications	5,826	5,826	5,118	708
Office supplies	10,715	10,715	10,542	173
Program supplies	46,948	46,948	26,680	20,268
Maintenance supplies	60,124	60,124	11,717	48,407
Dues and memberships	1,200	1,200	841	359
Conferences	4,500	4,500	4,127	373
Technical training	3,515	3,515	5,747	(2,232)
Staff transportation	2,925	2,925	1,916	1,009
Small furniture and equipment	1,500	1,500	6,109	(4,609)
Materials and services	178,004	178,004	107,779	70,225
Total Natural Resources and Trails	1,664,766	1,664,766	1,531,176	133,590
Total Park and Recreation Services	15,960,640	15,960,640	14,580,136	1,380,504
CAPITAL OUTLAY:				
Carryforward projects	1,307,978	1,307,978	802,963	505,015
Athletic facility replacement	509,480	509,480	600,075	(90,595)
Athletic facility improvement	14,000	14,000	-	14,000
Park and trail replacement	672,132	672,132	591,992	80,140
Park and trail improvements	822,570	822,570	203,428	619,142
Building replacement	1,429,825	1,297,825	381,699	916,126
Building improvements	12,880	144,880	147,107	(2,227)
ADA projects	68,000	68,000	56,643	11,357
Program facility challenge grants	97,500	97,500	47,985	49,515
Total Capital Outlay	4,934,365	4,934,365	2,831,892	2,102,473
Total General Fund Expenditures	\$ 43,831,879	\$ 43,831,879	\$ 37,272,768	\$ 6,559,111

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, 2014

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Property taxes	\$ 8,247,509	\$ 8,360,694	\$ 113,185
Interest earned	30,000	39,444	9,444
Total revenues	<u>8,277,509</u>	<u>8,400,138</u>	<u>122,629</u>
Expenditures:			
Debt service	8,363,093	8,362,996	97
Total expenditures	<u>8,363,093</u>	<u>8,362,996</u>	<u>97</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	<u>(85,584)</u>	<u>37,142</u>	<u>122,726</u>
Fund balance at beginning of year	<u>146,534</u>	<u>440,064</u>	<u>293,530</u>
Fund balance at end of year	<u>\$ 60,950</u>	<u>\$ 477,206</u>	<u>\$ 416,256</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, 2014

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Grants and contributions	\$ -	\$ 537,430	\$ 537,430
Interest earned	150,000	170,637	20,637
Total revenues	<u>150,000</u>	<u>708,067</u>	<u>558,067</u>
Expenditures:			
Capital outlay	55,014,323	17,909,748	37,104,575
Total expenditures	<u>55,014,323</u>	<u>17,909,748</u>	<u>37,104,575</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(54,864,323)	(17,201,681)	37,662,642
Fund balances at beginning of year	<u>54,864,323</u>	<u>51,683,508</u>	<u>(3,180,815)</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 34,481,827</u>	<u>\$ 34,481,827</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, 2014

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
System development charges	\$ 2,803,458	\$ 3,858,370	\$ 1,054,912
Interest earned	25,100	30,859	5,759
Total revenues	<u>2,828,558</u>	<u>3,889,229</u>	<u>1,060,671</u>
Expenditures:			
Capital outlay	<u>6,829,102</u>	<u>1,319,987</u>	<u>5,509,115</u>
Total expenditures	<u>6,829,102</u>	<u>1,319,987</u>	<u>5,509,115</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(4,000,544)	2,569,242	6,569,786
Fund balances at beginning of year	4,000,544	5,066,654	1,066,110
Fund balances at end of year	<u>\$ -</u>	<u>\$ 7,635,896</u>	<u>\$ 7,635,896</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, 2014

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Interest earned	\$ 700	\$ 868	\$ 168
Total revenues	<u>700</u>	<u>868</u>	<u>168</u>
Expenditures:			
Materials and services	183,200	18,950	164,250
Total expenditures	<u>183,200</u>	<u>18,950</u>	<u>164,250</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(182,500)	(18,082)	164,418
Fund balance at beginning of year	<u>182,500</u>	<u>182,071</u>	<u>(429)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 163,989</u>	<u>\$ 163,989</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, 2014

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Capital grants	\$ 22,568	\$ -	\$ (22,568)
Total revenues	<u>22,568</u>	<u>-</u>	<u>(22,568)</u>
Expenditures:			
Capital outlay	<u>22,568</u>	<u>-</u>	<u>22,568</u>
Total expenditures	<u>22,568</u>	<u>-</u>	<u>22,568</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
Enterprise Operations Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget to Actual
For the fiscal year ended June 30, 2014

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Charges for services	\$ 661,616	\$ -	\$ (661,616)
Total revenues	<u>661,616</u>	<u>-</u>	<u>(661,616)</u>
Expenditures:			
Personnel services	261,616	-	261,616
Materials and services	202,786	-	202,786
Capital outlay	382,474	-	382,474
Debt service	48,681	-	48,681
Special payments	37,998	-	37,998
Contingency	110,535	-	110,535
Total expenditures	<u>1,044,090</u>	<u>-</u>	<u>1,044,090</u>
Excess (deficiency) of revenues over (under) expenditures	(382,474)	-	382,474
Other financing sources:			
Debt proceeds	382,474	-	(382,474)
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>

**OTHER
FINANCIAL
SCHEDULE**

Tualatin Hills Park and Recreation District
 Schedule of Property Tax Transactions and Outstanding Balances
 For the fiscal year ended June 30, 2014

	Taxes Uncollected June 30, 2013	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, 2014
2013-2014	\$ -	\$ 35,308,500	\$ (930,240)	\$ 9,396	\$ (96,444)	\$ (33,590,906)	\$ 700,306
2012-2013	713,990	-	(3,407)	23,803	(15,449)	(373,812)	345,125
2011-2012	362,262	-	35	20,683	7,828	(139,220)	251,588
2010-2011	269,116	-	5	27,104	9,021	(129,565)	175,681
2009-2010	160,131	-	5	11,572	(7,254)	(41,550)	122,904
2008-2009	13,500	-	2	1,962	(2,693)	(5,760)	7,011
Prior Years	22,486	-	-	2,048	(6,884)	(5,489)	12,161
	<u>\$ 1,541,485</u>	<u>\$ 35,308,500</u>	<u>\$ (933,600)</u>	<u>\$ 96,568</u>	<u>\$ (111,875)</u>	<u>\$ (34,286,302)</u>	<u>\$ 1,614,776</u>
General Fund	\$ 1,167,475						\$ 1,221,831
Debt Service Fund	<u>374,010</u>						<u>392,945</u>
	<u>\$ 1,541,485</u>						<u>\$ 1,614,776</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 say about the district's overall financial health.

CONTENTS	PAGE
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>	65
Revenue Capacity <i>These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</i>	69
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>	74
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>	78
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>	80

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

Tualatin Hills Park and Recreation District
NET POSITION BY COMPONENT
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities				(as restated)						
Net investment in capital assets	\$ 62,890,110	\$ 65,083,859	\$ 81,461,139	\$ 86,885,092	\$ 89,588,161	\$ 97,699,300	\$ 102,325,244	\$ 111,753,935	\$ 115,214,103	\$ 120,178,588
Restricted	10,406,433	13,392,572	5,233,264	4,089,447	4,914,904	5,388,324	4,966,711	3,393,951	5,506,718	8,113,102
Unrestricted	3,008,933	3,380,183	3,965,498	3,577,389	2,826,589	2,681,289	6,419,121	6,270,492	7,578,867	7,413,183
Total primary government net position	\$ 76,305,476	\$ 81,856,614	\$ 90,659,901	\$ 94,551,928	\$ 97,329,654	\$ 105,768,913	\$ 113,711,076	\$ 121,418,378	\$ 128,299,688	\$ 135,704,873

Tualatin Hills Park and Recreation District
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008 (as restated)	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
Board of Directors	\$ 136,597	\$ 170,390	\$ 187,210	\$ 151,139	\$ 252,707	\$ 158,614	\$ 212,527	\$ 229,942	\$ 200,248	\$ 154,475
Administration	1,339,707	1,189,415	1,148,393	1,620,813	1,435,073	1,510,804	1,603,306	1,678,446	1,717,417	1,963,226
Business and facilities	1,924,598	3,047,589	2,942,845	2,963,834	13,414,199 ¹⁾	14,022,988	14,061,469	14,337,163	14,917,033	15,126,974
Planning and development	-	-	-	-	925,029 ²⁾	724,568	571,594	640,871	800,198	897,304
Park and recreation services	21,787,823	21,658,035	22,854,097	25,260,805	16,749,941	17,769,469	17,750,967	18,210,409	19,536,037	19,758,250
Interest on long-term debt	1,111,955	1,130,474	1,063,732	935,564	1,117,606	3,032,756	3,106,160	4,085,516	4,124,974	3,946,193
Total governmental activities expenses	\$ 26,300,680	\$ 27,195,903	\$ 28,196,277	\$ 30,932,155	\$ 33,894,555	\$ 37,219,199	\$ 37,306,023	\$ 39,182,347	\$ 41,295,907	\$ 41,846,422
Program Revenues										
Governmental activities:										
Park and recreation services:										
Charges for services	\$ 6,040,307	\$ 6,381,080	\$ 6,720,311	\$ 7,379,076	\$ 8,158,928	\$ 8,673,796	\$ 9,087,924	\$ 9,622,209	\$ 10,248,497	\$ 10,244,780
Operating grants and contributions	26,653	19,078	35,185	27,599	42,756	143,768	155,727	195,890	173,616	214,865
Capital grants and contributions	3,914,526	3,868,580	2,283,436	2,372,111	2,958,270	4,560,810	3,522,996	3,621,810	3,925,320	4,685,175
Total governmental program revenues	\$ 9,981,486	\$ 10,268,738	\$ 9,038,932	\$ 9,778,786	\$ 11,159,954	\$ 13,378,374	\$ 12,766,647	\$ 13,439,909	\$ 14,347,433	\$ 15,144,820
Net(expenditure)/revenue	<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>	<u>\$ (25,742,438)</u>	<u>\$ (26,948,474)</u>	<u>\$ (26,701,602)</u>
Governmental activities	\$ (16,319,194)	\$ (16,927,165)	\$ (19,157,345)	\$ (21,153,369)	\$ (22,734,601)	\$ (23,840,825)	\$ (24,539,376)	\$ (25,742,438)	\$ (26,948,474)	\$ (26,701,602)
Total primary government net expense	\$ (16,319,194)	\$ (16,927,165)	\$ (19,157,345)	\$ (21,153,369)	\$ (22,734,601)	\$ (23,840,825)	\$ (24,539,376)	\$ (25,742,438)	\$ (26,948,474)	\$ (26,701,602)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 20,182,058	\$ 21,097,305	\$ 22,162,377	\$ 23,201,119	\$ 24,440,625	\$ 30,576,672	\$ 31,633,996	\$ 32,536,833	\$ 32,998,488	\$ 34,325,378
Unrestricted grants and contributions	181,035	161,784	186,127	232,743	234,137	215,450	197,632	233,515	245,112	237,636
Investment earnings	447,771	935,335	1,059,117	637,812	488,973	793,970	445,603	507,727	447,101	365,782
Gain on sale of capital assets	5,988	-	-	-	-	-	-	-	-	-
Miscellaneous	3,387,269	283,879	4,553,011	1,879,872	348,592	693,992	204,308	171,665	139,083	159,819
Total governmental activities	\$ 24,204,121	\$ 22,478,303	\$ 27,960,632	\$ 25,951,546	\$ 25,512,327	\$ 32,280,084	\$ 32,481,539	\$ 33,449,740	\$ 33,829,784	\$ 35,088,615
Change in Net Position	\$ 7,884,927	\$ 5,551,138	\$ 8,803,287	\$ 4,798,177	\$ 2,777,726	\$ 8,439,259	\$ 7,942,163	\$ 7,707,302	\$ 6,881,310	\$ 8,387,013
Governmental activities	\$ 7,884,927	\$ 5,551,138	\$ 8,803,287	\$ 4,798,177	\$ 2,777,726	\$ 8,439,259	\$ 7,942,163	\$ 7,707,302	\$ 6,881,310	\$ 8,387,013
Total primary government	\$ 7,884,927	\$ 5,551,138	\$ 8,803,287	\$ 4,798,177	\$ 2,777,726	\$ 8,439,259	\$ 7,942,163	\$ 7,707,302	\$ 6,881,310	\$ 8,387,013

¹⁾ In FY 2009 the Maintenance department was moved from Park and recreation services to Business and facilities.

²⁾ In FY 2009 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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
						(as restated)	(as restated)			
General fund										
Reserved	\$ 103,878	\$ 120,398	\$ 75,840	\$ 112,826	\$ 116,712	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,908,752	3,818,904	4,261,281	4,548,093	4,185,875	-	-	-	-	-
Nonspendable	-	-	-	-	-	131,319	93,642	64,728	211,223	225,668
Unassigned	-	-	-	-	-	3,717,581	5,302,475	3,773,265	4,895,327	5,302,635
Total general fund	\$ 3,012,630	\$ 3,939,302	\$ 4,337,121	\$ 4,660,919	\$ 4,302,587	\$ 3,848,900	\$ 5,396,117	\$ 3,837,993	\$ 5,106,550	\$ 5,528,303
All other governmental funds										
Reserved, reported in:										
Special revenue fund	\$ -	\$ 66,963	\$ 83,943	\$ 161,686	\$ 175,925	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service fund	484,716	460,511	418,913	338,212	255,341	-	-	-	-	-
Capital project funds	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	413,134	440,064	477,206
Capital project funds	-	-	-	-	-	59,866,624	43,383,093	70,061,111	56,750,162	42,117,723
Committed, reported in:										
Special revenue fund	-	-	-	-	-	182,010	182,820	183,657	182,071	163,989
Total all other governmental funds	\$ 10,891,149	\$ 13,459,535	\$ 5,317,207	\$ 4,251,133	\$ 63,114,935	\$ 60,237,786	\$ 43,869,090	\$ 70,657,902	\$ 57,372,297	\$ 42,758,918

1) GASB Statement No. 54 was implemented in fiscal year 2011. Fund balances were restated for fiscal year 2010 forward.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property taxes	\$20,297,846	\$21,124,084	\$22,095,939	\$23,064,951	\$24,227,511	\$30,429,777	\$31,656,648	\$32,122,160	\$33,076,378	\$34,203,849
Aquatic programs	2,679,791	2,787,489	2,820,884	2,070,276	2,236,943	2,438,104	2,542,840	2,604,415	2,680,571	2,567,792
Tennis center	582,343	594,451	630,856	779,947	798,424	867,529	869,498	853,427	881,620	952,762
Sports programs	644,289	648,302	676,849	756,520	991,443	1,123,287	1,233,700	1,287,406	1,338,838	1,424,626
Recreation programs	2,102,083	2,321,238	2,571,571	3,824,758	4,192,324	4,307,171	4,555,062	4,770,489	5,295,594	5,177,432
Grants and sponsorships	354,688	892,183	221,312	857,212	950,096	1,906,063	1,441,320	1,742,561	1,608,261	1,275,106
System development charges	3,767,526	3,165,261	2,283,436	1,775,241	1,406,672	2,370,160	1,939,855	1,897,759	2,676,196	3,858,370
Interest earned	442,698	924,540	1,074,988	632,735	488,973	793,970	445,603	507,727	447,101	365,782
Charges for services	-	-	-	-	-	553,515	712,478	799,091	689,931	579,099
Miscellaneous	181,759	210,989	267,646	342,161	378,292	710,592	192,203	278,137	190,957	281,997
Total revenues	31,053,023	32,668,537	32,643,481	34,103,801	35,670,678	45,500,168	45,589,207	46,863,172	48,885,447	50,686,805
Expenditures										
Board of Directors	\$ 136,597	\$ 170,390	\$ 187,210	\$ 151,139	\$ 252,707	\$ 158,614	\$ 212,527	\$ 229,942	\$ 200,248	\$ 154,475
Administration	1,143,146	1,236,566	1,141,833	1,599,223	1,449,070	1,547,895	1,590,784	1,675,574	1,713,305	1,953,992
Business and facilities	1,929,548	2,612,192	2,529,507	2,643,563	12,970,222 ¹⁾	13,836,899	13,796,771	14,018,655	14,590,241	14,901,004
Planning and development	-	-	-	-	907,994 ²⁾	1,250,838	1,282,382	1,430,176	1,503,184	1,497,804
Park and recreation services	19,300,473	19,368,313	20,710,852	22,205,573	13,199,722	14,341,740	14,201,551	13,996,776	14,476,812	14,593,069
Capital outlay	4,943,286	2,823,615	12,772,256	5,334,604	4,471,549	9,619,570	28,607,214	22,534,645	19,924,569	22,563,320
Debt service										
Principal	1,672,785	1,782,000	1,880,000	1,958,000	2,061,000	4,790,000	5,695,000	5,100,000	4,605,000	5,018,988
Interest	1,180,270	1,196,923	1,127,798	990,961	1,345,100	3,285,448	3,298,121	4,566,274	4,346,236	4,195,779
Total expenditures	30,306,105	29,189,999	40,349,456	34,883,063	36,657,364	48,831,004	68,684,350	63,552,042	61,359,595	64,878,431
Excess of revenues over (under) expenditures	746,918	3,478,538	(7,705,975)	(779,262)	(986,686)	(3,330,836)	(23,095,143)	(16,688,870)	(12,474,148)	(14,191,626)
Other financing sources (uses)										
Debt issuance	340,000	-	2,515,383	-	58,505,000	-	9,510,000	40,060,000	-	-
Premiums on bonds issued	-	-	-	-	492,215	-	22,166	1,859,558	-	-
Sale of capital assets	358,495	-	-	-	494,941	-	-	-	-	-
Payment of refunded debt	(140,000)	-	(2,509,360)	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-	-	457,100	-
Total other financing sources (uses)	558,495	-	6,023	-	59,492,156	-	9,532,166	41,919,558	457,100	-
Net change in fund balances	\$ 1,305,413	\$ 3,478,538	\$ (7,699,952)	\$ (779,262)	\$ 58,505,470	\$ (3,330,836)	\$ (13,562,977)	\$ 25,230,688	\$ (12,017,048)	\$ (14,191,626)
Debt service as a percentage of noncapital expenditures	12.3%	12.5%	12.1%	9.9%	10.4%	20.5%	22.4%	23.3%	21.2%	21.5%

¹⁾ In FY 2009 the Maintenance department was moved from Park and recreation services to Business and facilities.

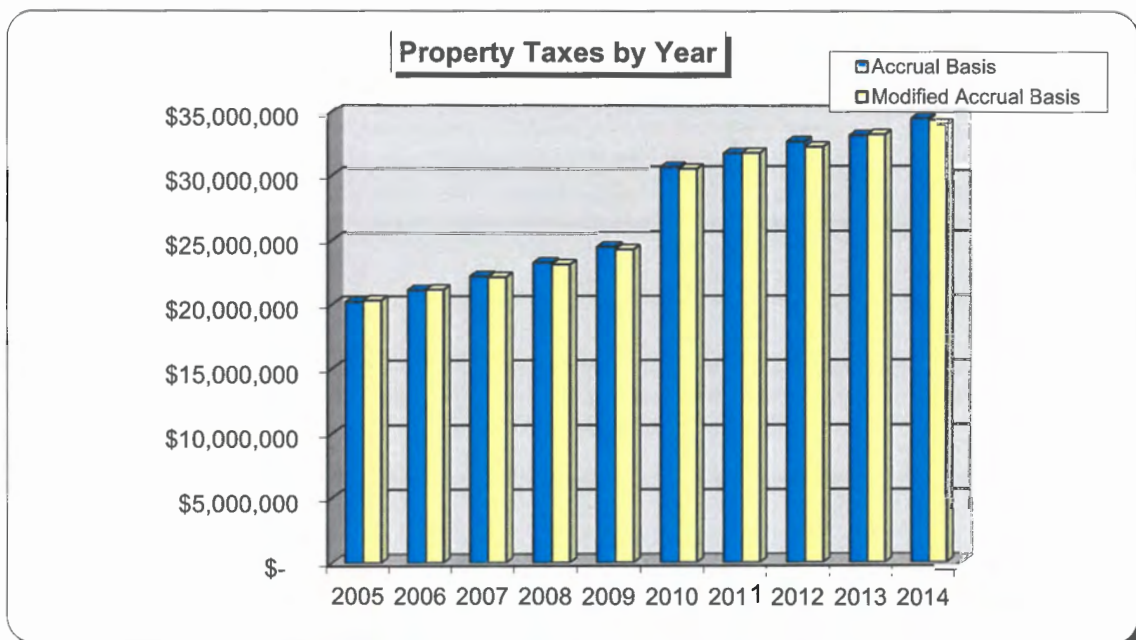
²⁾ In FY 2009 the Planning department was moved from Business and facilities to its own division of Planning and development.

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

<u>Fiscal Year</u>	<u>Property Tax</u>
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
2012	32,536,833
2013	32,998,488
2014	34,325,378

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

<u>Fiscal Year</u>	<u>Property Tax</u>
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
2012	32,122,160
2013	33,076,378
2014	34,203,849



Tualatin Hills Park and Recreation District
ASSESSED VALUES AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
Last Ten 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	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value		
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			
2012	24,106,665,298	18,012,341,620	587,010,937	580,369,457	578,886,050	555,788,140	25,272,562,285	19,148,499,217	75.77%	1.7372			
2013	23,607,540,340	18,581,040,050	617,142,106	610,830,076	624,892,048	559,899,100	24,849,574,494	19,751,769,226	79.49%	1.7298			
2014	25,100,916,650	19,261,563,030	607,228,905	600,748,735	637,019,227	565,666,850	26,345,164,782	20,427,978,615	77.54%	1.7282			

Source: Washington County, Department of Assessment and Taxation

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Direct Government:										
Tualatin Hills Park and Recreation District	1.4551	1.4505	1.4425	1.4341	1.4291	1.7343	1.7428	1.7372	1.7298	1.7282
Overlapping Government:										
Washington County	2.8731	2.8395	2.4493	3.0331	2.9840	2.9840	2.9798	2.9744	2.9670	2.9605
Washington County - Enhanced Patrol	1.1424	1.1300	1.1120	1.0920	1.3099	1.2823	1.2660	1.2477	1.2285	1.3165
Washington County - Road Maintenance	0.2456	0.2456	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	1.6919	1.7890	1.6919	1.6919	1.6919	1.6919	1.6919
Washington County -North Bethany SD	-	-	-	-	-	-	-	1.2500	1.2500	1.2500
Northwest Regional ESD	0.1538	0.1538	0.1538	0.1538	0.1538	0.1538	0.1538	0.1538	0.1536	0.1534
Multnomah ESD	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576	0.4134	0.4576	0.4576
Portland Community College	0.5099	0.4950	0.4889	0.5051	0.5031	0.6325	0.6359	0.5981	0.6646	0.7329
School District No. 48, Beaverton	6.5968	7.9760	6.2900	6.7358	6.5643	6.8793	6.7841	6.8603	6.7749	8.0537
School District No. 1J, Hillsboro	6.7059	6.5835	6.5240	8.0581	7.1016	7.4600	7.5846	7.4663	7.4881	7.3794
School District No. 1J, Portland	7.1792	4.7743	5.2781	6.5281	6.5281	6.5281	6.5281	6.5166	7.2681	8.3571
School District - Hillsboro, Reedville Bonds	0.3327	0.2556	0.2268	0.2493	0.2617	0.4102	-	-	-	-
Tualatin Valley Water District - Wolf Creek	0.0566	-	-	-	-	-	-	-	-	-
Tualatin Valley Water District - Metzger	0.1335	-	-	-	-	-	-	-	-	-
Tualatin Valley Fire and Rescue District	1.8259	1.8216	1.8194	1.8692	1.8434	1.8947	1.8828	1.9302	1.9145	1.9061
Port of Portland	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0699
City of Beaverton	4.1041	4.0135	4.2117	4.1841	4.1153	4.1986	4.2034	4.1791	4.2350	4.3662
Urban Renewal - Beaverton	-	-	-	-	-	-	-	-	0.0113	0.0361
City of Hillsboro	4.7665	4.7655	4.7665	4.7665	5.3865	5.3865	5.3865	5.3827	5.3815	5.3755
Urban Renewal - Hillsboro	-	-	-	-	-	-	-	0.0141	0.0187	0.0415
City of Portland	7.4957	7.3741	7.2395	7.2779	6.7554	7.0862	7.0527	6.9497	7.0558	7.2043
Urban Renewal - Portland	0.9324	0.9867	1.0022	1.0502	1.0508	1.1624	1.1722	1.1314	1.1529	1.1727
Metro Service District	0.2838	0.2841	0.2782	0.4292	0.3984	0.4368	0.4088	0.3154	0.4043	0.4667
TriMet	0.1104	0.1191	0.0973	0.0856	0.0803	0.0863	0.0878	0.0583	-	-

Rate per \$1,000 of assessed valuation

Source: Washington County, Department of Assessment and Taxation

Tualatin Hills Park and Recreation District
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Nike, Inc.	\$426,976,709	1	2.09%	\$356,555,722	1	2.50%
Portland General Electric	128,238,880	2	0.63%	104,766,200	5	0.73%
Verizon Northwest, Inc.	-	-	0.00%	148,990,189	2	1.04%
Comcast Corporation	143,952,400	3	0.70%	-	-	0.00%
PS Business Parks LP	103,984,552	4	0.51%	134,867,465	3	0.94%
Tektronix, Inc.	-	-	0.00%	128,177,773	4	0.90%
Frontier Communications	100,024,000	5	0.49%	-	-	0.00%
Northwest Natural Gas Co.	108,006,000	6	0.53%	69,844,900	8	0.49%
ERP Operating LP	-	-	0.00%	103,441,800	6	0.72%
Maxim Integrated Products, Inc.	110,266,160	7	0.49%	94,757,570	7	0.66%
Beaverton LLC	99,800,090	8	0.70%	-	-	0.00%
Bernard Properties Partnership	60,089,000	9	0.29%	46,425,640	10	0.33%
Nimbus Center LLC	52,949,980	10	0.26%	46,523,860	9	0.33%
All other taxpayers	19,093,690,844		93.31%	13,044,018,223		91.36%
Totals	\$20,427,978,615		100.00%	\$14,278,369,342		100.00%

Source: Washington County, Department of Assessment and Taxation

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

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
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%	422,175	21,094,533	97.0%
2007	22,775,894	21,687,609	95.2%	480,035	22,167,644	97.3%
2008	23,818,049	22,614,565	94.9%	451,751	23,066,316	96.8%
2009	25,095,569	23,896,079	95.2%	793,303	24,689,382	98.4%
2010	31,527,965	29,768,038	94.4%	823,233	30,591,271	97.0%
2011	32,641,290	30,901,476	94.7%	542,164	31,443,640	96.3%
2012	33,334,482	31,713,114	95.1%	369,652	32,082,766	96.2%
2013	34,166,612	32,623,087	95.5%	373,812	32,996,899	96.6%
2014	35,308,500	33,590,906	95.1%	-	33,590,906	95.1%

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

Governmental Activities							
Fiscal Year	General Obligation Bonds	Full Faith & Credit Obligations	Loans Payable	Total Primary Government	Percentage of Personal Income ^{a)}	Per Capita ^{b)}	
2005	\$ 16,605,000	\$ 3,540,000	\$ 826,000	\$ 20,971,000	0.124%	\$ 98.42	
2006	15,310,000	3,210,000	669,000	19,189,000	0.103%	88.54	
2007	13,935,000	2,935,000	509,000	17,379,000	0.087%	78.84	
2008	12,495,000	2,580,000	346,000	15,421,000	0.072%	68.78	
2009	69,490,000	2,195,000	180,000	71,865,000	0.339%	315.16	
2010	65,155,000	1,780,000	140,000	67,075,000	0.311%	289.21	
2011	60,095,000	10,695,000	100,000	70,890,000	0.308%	312.62	
2012	95,780,000	10,010,000	60,000	105,850,000	0.435%	461.25	
2013	91,415,000	9,810,000	477,100	101,702,100	n/a	437.92	
2014	86,650,000	9,600,000	433,112	96,683,112	n/a	411.37	

n/a - not available at time of printing

^{a)} based on Washington County total population

^{b)} 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 Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita ^{a)}
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
2012	95,780,000	413,134	95,366,866	0.50%	415.57
2013	91,415,000	440,064	90,974,936	0.46%	391.73
2014	86,650,000	477,206	86,172,794	0.42%	366.65

^{a)} 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, 2014

<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	\$ 88,345,559	100.00%	\$ 88,345,559
Direct debt	<u>88,345,559</u>		<u>88,345,559</u>
Metro	\$ 222,955,000	13.49%	\$ 30,079,082
Portland Community College	167,875,000	16.85%	28,285,930
City of Portland	130,695,000	0.01%	8,757
City of Hillsboro	35,595,000	0.23%	80,445
Washington County	20,235,000	40.27%	8,147,643
Tualatin Valley Fire and Rescue District	42,600,000	45.34%	19,316,416
School District No. 23, Tigard-Tualatin	110,945,868	0.05%	56,804
School District No. 48, Beaverton	416,415,000	81.22%	338,220,591
School District No. 1J, Hillsboro	279,611,712	3.22%	9,013,284
School District No. 1J, Portland	537,147,447	0.44%	2,345,186
Overlapping debt	<u>1,964,075,027</u>		<u>435,554,138</u>
Other Debt:			
Tualatin Hills Park and Recreation District	\$ 10,067,114	100.00%	\$ 10,067,114
Direct debt	<u>10,067,114</u>		<u>10,067,114</u>
Metro	\$ 31,865,000	13.49%	\$ 4,298,939
Portland Community College	318,425,000	16.85%	53,652,702
City of Portland	527,086,918	0.01%	35,314
City of Hillsboro	10,795,000	0.23%	24,396
Washington County	72,400,000	40.27%	29,151,932
Tualatin Valley Fire and Rescue District	13,000,000	45.34%	5,894,681
Northwest Regional ESD	5,125,000	31.01%	1,589,339
Multnomah ESD	32,655,000	0.32%	105,770
Port of Portland	66,738,667	12.39%	8,270,256
City of Beaverton	6,860,000	99.00%	6,791,208
Overlapping debt	<u>1,084,950,585</u>		<u>109,814,537</u>
Total direct and overlapping debt	<u>\$ 3,147,438,285</u>		<u>\$ 643,781,348</u>

Note: Overlapping taxing jurisdictions are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district.

Source: Oregon State Treasury, Municipal Debt Information System

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 482,440,210	\$ 528,653,485	\$ 654,059,148	\$ 720,458,248	\$ 745,643,762	\$ 699,235,942	\$ 663,869,866	\$ 631,814,057	\$ 621,239,362	\$ 658,629,120
Total net debt application to limit	16,605,000	15,310,000	13,935,000	12,495,000	69,490,000	65,155,000	60,095,000	95,780,000	91,415,000	86,650,000
Legal debt margin	\$ 465,835,210	\$ 513,343,485	\$ 640,124,148	\$ 707,963,248	\$ 676,153,762	\$ 634,080,942	\$ 603,774,866	\$ 536,034,057	\$ 529,824,362	\$ 571,979,120

Total net debt applicable to the limit as a percentage of debt limit

	3.44%	2.90%	2.13%	1.73%	9.32%	9.32%	9.05%	15.16%	14.71%	13.16%
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Legal Debt Margin Calculation for Fiscal Year 2014

Real market value (2013/14)	\$ 26,345,164,782
General obligation debt capacity (2.5% of Real market value)	658,629,120
Less: Outstanding debt	86,650,000
Remaining legal debt capacity	<u>\$ 571,979,120</u>

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

Washington County

Fiscal Year	District Population (estimated)	Population (estimated) ^{a)}	Personal Income (amounts expressed in thousands) ^{b)}	Per Capita Personal Income ^{b)}	Unemployment Rate ^{c)}	School Enrollment ^{d)}
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	223,837	529,710	21,586,715	40,606	10.6%	38,460
2011	226,764	540,410	23,042,656	42,639	7.8%	38,571
2012	229,486	547,672	24,314,446	44,396	6.9%	39,054
2013	232,240	554,996	n/a	n/a	6.4%	38,775
2014	235,027	n/a	n/a	n/a	5.7%	39,088

- Source:
- ^{a)} U.S. Census Bureau
 - ^{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
Current Year and Nine Years Ago

Industry	2014		2005	
	Annual Average	Percentage of Total County Employment	Annual Average	Percentage of Total County Employment
Mining and logging	300	0.1%	400	0.2%
Construction	12,700	5.0%	14,300	6.1%
Manufacturing:				
Computer and electronic products	26,600		27,300	
Other durable goods	12,100		12,800	
Non-durable goods	5,500		6,300	
	44,200	17.2%	46,400	19.7%
Trade, transportation and utilities:				
Wholesale trade	12,500		17,200	
Retail trade	29,000		27,800	
Transportation, warehousing and utilities	3,800		4,200	
	45,300	17.7%	49,200	20.9%
Information	7,400	2.9%	7,000	3.0%
Financial activities	16,300	6.4%	16,000	6.8%
Professional and business services:				
Professional and technical services	13,400		10,200	
Management of companies and enterprises	11,700		4,500	
Administrative and waste services	22,700		17,600	
	47,800	18.7%	32,300	13.7%
Educational and health services	31,300	12.2%	23,800	10.1%
Leisure and hospitality	21,400	8.3%	18,500	7.9%
Other services	7,600	3.0%	7,100	3.0%
Government:				
Federal government	700		800	
State government	2,800		2,500	
Local government	7,600		6,900	
Local education	10,900		10,200	
	22,000	8.5%	20,400	8.6%
Total non-farm employment	256,300	100.0%	235,400	100.0%

* Fiscal Year 2014 information includes data through 12/31/2013

Source: OLMIS

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

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administration										
Administration	6	6	6	6	2	2	2	2	2	2
Communications and outreach	2	2	2	5	6	7	6	6	6	7
Security operations	3	3	3	4	4	4	4	4	4	4
Business and facilities										
Director	2	3	3	1	4	4	4	4	4	4
Finance services	6	6	6	6	6	6	7	7	7	7
Information services	4	4	5	5	5	5	5	5	5	5
Human resources	1	1	1	2	3	3	3	3	3	3
Risk and contract management	4	4	4	2	2	2	2	2	2	2
Maintenance										
Operations	3	4	4	4	3	3	3	3	5	5
Park maintenance	36	38	44	44	45	46	46	46	43	43
Vehicles and equipment	6	6	6	6	6	6	6	6	6	6
Athletic facilities	17	17	17	21	23	23	23	23	25	25
Building and pool maintenance	43	43	44	44	49	48	49	49	50	51
Planning										
Director	-	-	-	-	1	2	2	2	3	3
Planning and development	6	6	6	6	6	6	10	10	11	9
Park and recreation										
Director	3	3	3	2	2	3	3	3	3	3
Aquatics	77	78	78	81	80	81	81	73	74	77
Sports	29	31	29	31	31	33	32	31	31	29
Programs and special activities	38	38	38	40	41	42	42	41	42	42
Recreation	91	92	93	97	104	107	106	105	102	100
Natural resources and trails	12	13	13	14	17	21	24	23	25	25
Total full-time equivalent employees	389	398	405	421	440	454	460	448	453	452

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	actual	actual	actual	actual	actual	actual	actual	actual	actual	estimate
Parks and Recreation										
Cultural and recreational activities:										
Aquatics										
Attendance at open/drop-in programs and classes	560,172	556,976	531,225	577,934	603,018	589,522	563,160	621,093	728,660	768,776
Number of classes held	4,551	5,326	5,019	4,722	5,452	5,421	5,740	5,123	5,282	5,150
Sports ¹⁾										
Attendance at open/drop-in programs and classes	n/a	690,838	814,653	700,000	697,335	654,533	710,364	679,600	650,623	650,700
Number of classes held	471	522	521	512	521	395	583	700	527	575
Recreation										
Attendance at open/drop-in programs and classes	764,689	716,205	731,157	740,206	870,704	924,770	947,841	944,324	945,676	959,000
Number of classes held	6,387	4,377	4,556	4,802	4,896	4,869	4,794	3,972	4,236	4,140
Programs and special activities										
Attendance at open/drop-in programs and classes	317,539	334,601	338,275	342,314	354,960	374,644	375,255	284,232	285,698	269,375
Number of classes held	1,287	1,361	1,366	1,185	1,349	1,547	1,798	1,954	1,819	1,724
Natural resources and trails										
Attendance at open/drop-in programs and classes	177,451	241,329	249,159	195,018	136,960	188,450	171,449	180,704	198,997	193,000
Number of classes held	239	263	278	293	338	545	580	643	647	620
Maintenance activities:										
Buildings maintained (shown per 1,000 sq. ft.)	326	326	326	355	366	368	368	450	461	461
Cost per sq. ft. of buildings	\$6.51	\$7.22	\$7.66	\$6.21	\$7.28	\$7.17	\$8.20	\$6.30	\$6.52	\$6.61
Pool facilities maintained (shown per 1,000 sq. ft.)	152	152	152	152	152	152	152	117	117	117
Cost per sq. ft. of pools	\$9.18	\$10.42	\$11.42	\$14.71	\$12.03	\$15.87	\$12.57	\$17.01	\$16.15	\$16.29
Parks maintained - developed acres	1,028	1,028	1,041	1,076	1,076	1,071	1,083	1,026	1,024	1,052
Cost per developed acre	\$2,290.00	\$2,290.00	\$2,523.00	\$2,560.00	\$2,638.00	\$2,796.00	\$2,765.00	\$2,879.00	\$2,720.00	\$2,740.00
Parks maintained - undeveloped acres	749	749	848	859	867	1,077	900	1,186	1,233	1,236
Cost per undeveloped acre	\$165.00	\$165.00	\$163.00	\$169.00	\$172.00	\$146.00	\$175.00	\$131.00	\$254.00	\$260.00
Vehicle and equipment units maintained	340	354	389	413	427	434	436	436	472	490
Cost per vehicle and equipment unit	\$1,853.00	\$1,768.00	\$1,800.00	\$1,752.00	\$1,870.00	\$1,860.00	\$1,937.00	\$1,990.00	\$1,757.00	\$1,801.00

¹⁾ method of computation changed- comparisons to previous years not available

Tualatin Hills Park and Recreation District
CAPITAL ASSET STATISTICS BY FUNCTION
June 30, 2014

Parks and Recreation:

Number of parks	285
Park acreage:	
Developed sites (neighborhood, community and regional parks)	1,052
Undeveloped sites (wetlands and natural areas)	1,236
Pathways and trails mileage	45
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	6
Outdoor ¹⁾	102
Basketball:	
Indoor	6
Outdoor ¹⁾	50
Volleyball ¹⁾	5
Sports fields: ¹⁾	
Soccer/football/lacrosse	149
Softball/baseball	106
Bocce	3
Hockey	1
Indoor running track	1
Skate park	3

¹⁾ these facilities are maintained either through direct ownership or joint use agreement

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



Talbot, Korvola
& Warwick, LLP

Certified Public Accountants
& Consultants

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tualatin Hills Park and Recreation District (the District), as of and for the year ended June 30, 2014, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 25, 2014.

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.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

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

Page 2

COMPLIANCE (Continued)

In connection with our testing, nothing came to our attention that caused us to believe the 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 162-10-0230 INTERNAL CONTROL

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

RESTRICTIONS ON USE

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

Talbot, Kovola & Dawick, LLP

Lake Oswego, Oregon
November 25, 2014