

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2012**



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2012**



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

# TUALATIN HILLS PARK AND RECREATION DISTRICT COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2012

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# **INTRODUCTORY SECTION**



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

January 23, 2013

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

Members of the Board:

In accordance with state statutes, the Comprehensive Annual Financial Report (CAFR) of the Tualatin Hills Park and Recreation District (District) for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activities have been included.

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

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

Talbot, Korvola and Warwick, LLP has issued an unqualified opinion on the District's financial statements for the year ended June 30, 2012. 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 youth.

- The District maintains, either through direct ownership or joint use agreement (including school sites): 51 outdoor basketball pads; 101 outdoor tennis courts; 156 soccer/football/lacrosse fields; 109 softball/baseball fields; two skate parks; three bocce courts; five volleyball courts; and an outdoor hockey rink.
- The District has 300 park and recreation facility sites totaling approximately 2,200 acres, consisting of 1,095 acres of wetland/natural areas, and 1,105 acres of developed sites, including neighborhood, community and regional parks. THPRD sites include three lakes, 27 miles of stream corridor, and 42 miles of off-street pathways.
- District programs include: aquatics instruction, leagues and drop-in programs; youth and adult sports leagues and fitness programs; youth and adult general and specialized recreation programs; youth after-school and day camps; senior fitness and recreation programs; developmentally disabled and special needs recreation programs; and natural resource education programs.

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

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

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

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

*Local economy* – 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 percent increase is allowed on maximum assessed valuation, along with increases due to new construction, land partitions, zoning changes, etc. The District has been able to maintain a relatively stable revenue base despite the economic downturn. Both the City of Beaverton and Washington County had experienced a higher rate of growth than the state as a whole for several years, resulting in a strong property tax base that had previously increased at a rate of approximately four to five percent annually.

Because the District's 2012 assessed value is only 75.8 percent 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 few years, certain properties have now converged to comparable market/assessed value, where the 3.0 percent increase is no longer applicable. Convergence has affected 11.0 percent of properties within District boundaries for the current year, resulting in an anticipated reduction of \$87,800 in property taxes. This will be closely monitored in future years to ensure accurate resource estimates. Fortunately, the collection rate within the county remains strong, averaging over 96.0 percent over the past ten years. During the 2012 year, property taxes increased by 2.9 percent within the general fund, and a 3.15 percent increase is anticipated for the current year.

Washington County, the second most populous county in Oregon, has experienced declines in most job sectors since July 2008, however, several categories showed improvement in 2011. Construction, manufacturing, wholesale and retail trade, along with education and health services all posted gains for the year. Furthermore, the County's unemployment rate as of September, 2012 sits at 6.9 percent, a lower rate than either the state (8.7 percent) or national rate (7.8 percent). Within the District, the significant revenues received from the assessment of system development charges (SDC's) have trended down in previous years, due to the decline in the construction industry. SDC revenues are statutorily restricted to use for purchase or construction of new, or expansion of existing, facilities, improvements and land within the District.

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

To address the ongoing implications of funding constraints, the District developed a long-term financial plan five years ago, along with finalizing an updated Comprehensive Plan and Trails Plan. The Comprehensive Plan must be reviewed and updated every five years, which will be completed in 2013. Eight implementation goals are included in the Comprehensive Plan, which currently comprise the foundation of our annual budget process.

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

An SDC methodology update was completed and implemented in January 2008, with inflationary adjustments scheduled annually. Subsequently, a review of applicable cost indexes resulted in a downward adjustment to the actual fees for the past three years. Even though SDC revenue has decreased significantly, new construction is occurring, and revenues only declined slightly over last year by 2.2 percent.

The District is actively monitoring deferred and projected maintenance replacements. Major replacement items (those specifically identified and critical to District operations) have been effectively addressed; however, funding for routine replacements (all non-major items) has not kept up with replacement needs (other than safety related items). The five-year funding projection, prepared during the annual budget process, illustrates the importance of addressing this long-term need, to avoid a decline in District assets.

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

- All District programs are reviewed regularly to ensure cost recovery and comparability to the market.
- The District retirement program was amended with a Tier II addition for employees hired after June 30, 2010 with the final component of employer contributions occurring in fiscal year 2012/13; this will contain the cost of funding of required contributions, while providing a stable retirement plan to all eligible staff.
- Continue with next phase of District-wide implementation of energy savings performance contract improvements to reduce energy consumption and water usage.

## **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, 2012, \$34.7 million of bond funds have been expended.

### **Future goals**

With the 2012/13 budget process, the Board developed goal outcome measures, based on the Comprehensive Plan goals, to provide quantifiable performance measure targets. Business plans were developed based on these measures, and those that met the

required return on investment were incorporated into the adopted budget. Along with these targeted business plans, the District will also be focusing on:

- Continued efforts to reach all under-served populations through-out the District, including the creation of a mobile senior fitness program, Wellness on Wheels.
- Completion of an aging facilities study model for use at all aquatic centers.
- Update the existing ADA Transition Plan to new ADA regulations.
- Management of the Bond Capital Project program, including dedicated funding for personnel necessary to complete the voter approved list of projects.

#### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This was the seventh year of submission, and subsequent receipt, of this prestigious award. In order to be awarded the Certificate of Achievement, the District had to publish an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements.

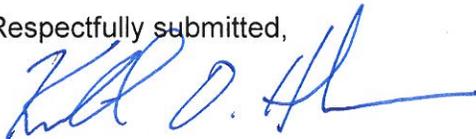
A Certificate of Achievement is valid for a period of one year only. Staff believes that our current CAFR continues to meet the Certificate of Achievement Program's requirements and will be submitting it to the GFOA to determine its eligibility for another certificate.

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

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

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

Respectfully submitted,



Keith D. Hobson  
Director of Business and Facilities

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tualatin Hills Park  
and Recreation District

Oregon

For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

June 30, 2011

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



*Linda C. Danison*

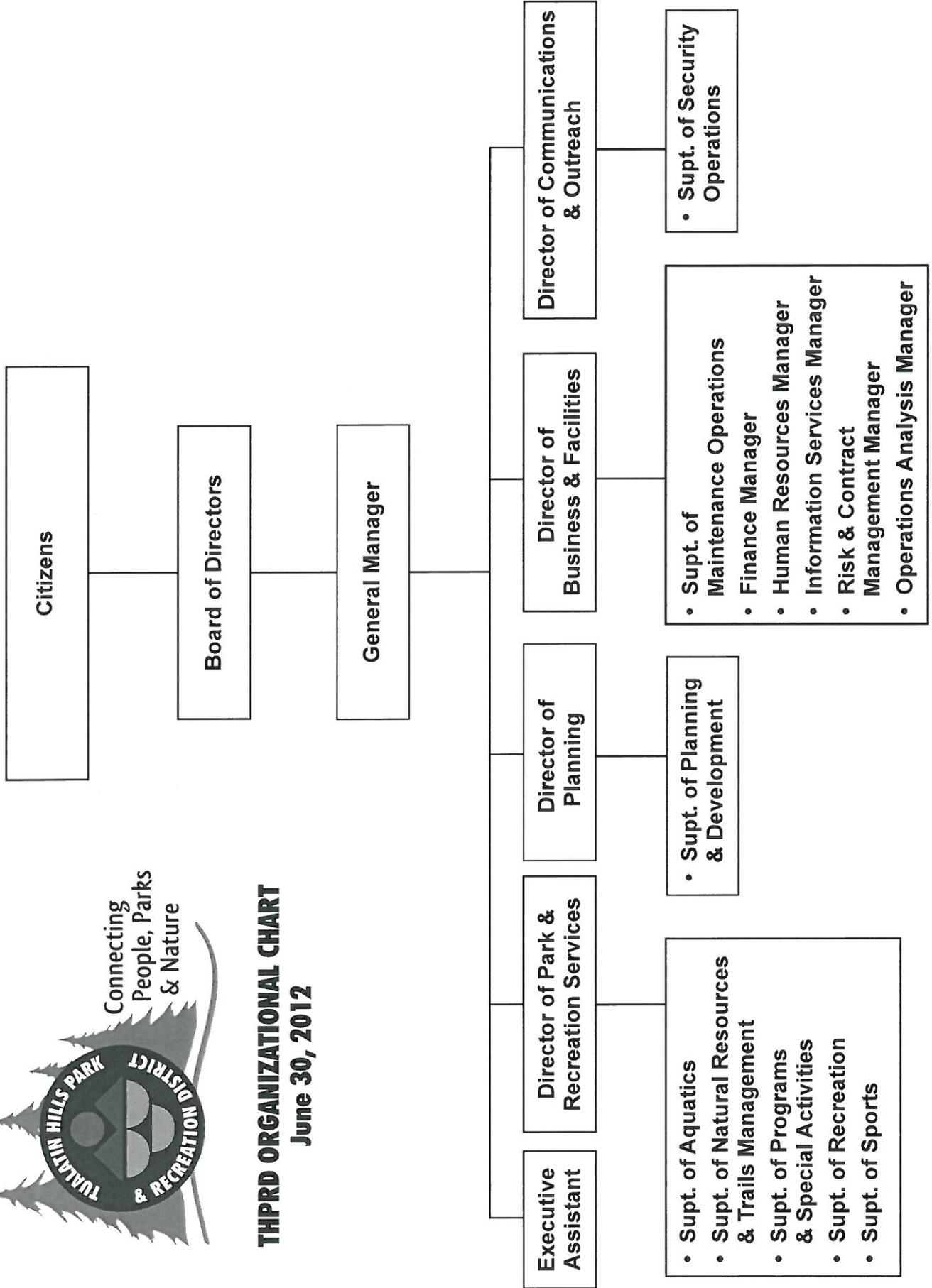
President

*Jeffrey R. Emer*

Executive Director



**THPRD ORGANIZATIONAL CHART**  
**June 30, 2012**



**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, 2012

<b><u>Name</u></b>	<b><u>Term Expires</u></b>
Bob Scott, President 21302 NW Cannes Dr. Portland, Oregon 97229	June 30, 2013
Larry Pelatt, Secretary 7655 SW 140 <sup>th</sup> Ave. Beaverton, Oregon 97008	June 30, 2013
Joe Blowers, Secretary Pro-tempore 2050 SW 78 <sup>th</sup> Ave. Portland, Oregon 97225	June 30, 2015
Bill Kanable 8130 SW Sorrento Rd. Beaverton, Oregon 97008	June 30, 2013
John Griffiths 10245 SW 153 <sup>rd</sup> Ave. Beaverton, Oregon 97007	June 30, 2015

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Registered 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

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

P 503.274.2849  
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## INDEPENDENT AUDITOR'S REPORT

January 23, 2013

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Tualatin Hills Park and Recreation District (District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position thereof and the budgetary comparison information of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the required supplemental information, such as the 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

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

Board of Directors  
Tualatin Hills Park and Recreation District  
January 23, 2013  
Page 2

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.

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, as listed in the Table of Contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

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

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

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

### **Financial Highlights**

- The assets of the District exceeded its liabilities at June 30, 2012 by \$121,418,378.
- Capital assets (net of accumulated depreciation and related debt) account for most of this amount, with a value of \$111,753,935.
- Of the remaining net assets, \$6,270,492 may be used to meet the District's ongoing obligations to patrons and creditors, without legal restriction.
- The District's total net assets increased by \$7,707,302 or 6.8 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 \$74,495,895 an increase of \$25,230,688, or 51.2 percent, due largely to resources generated from the general obligation debt issue in September 2011 for \$40,060,000, along with decreases from the expending of capital funds related to the bond capital projects funding.
- As of June 30, 2012, fund balance for the General Fund was \$3,837,993 or 10.3 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 assets** presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as one indicator of whether the financial position of the District is improving or deteriorating. Other indicators include the condition of the District's assets, changes in the property tax base, and general economic conditions within the area.

The **statement of activities** presents information showing how the District's net assets changed during the current fiscal year. On this statement, program revenue (revenue generated by specific programs through charges for services, grants and contributions) is shown separately from general revenue (revenue provided by taxes and other sources not tied to a particular

program). This shows the extent each program relies on taxes for funding. All changes in net assets are reported using the accrual basis of accounting, which requires that revenues be reported when they are earned and expenses be reported when goods and services are received. Items such as uncollected taxes, unpaid vendor invoices for items received by June 30, 2012, 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, 2012.

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

### **Fund financial statements**

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

### **Governmental funds**

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

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

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

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

### **Budgetary highlights**

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

## Notes to the basic financial statements

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

## Government-wide Financial Analysis

### Statement of Net Assets

As noted earlier, net assets may serve over time as an indicator of the District's financial position. As of June 30, 2012, the District's assets exceeded liabilities by \$121,418,378.

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

### Tualatin Hills Park and Recreation District Net Assets

	Governmental Activities	
	June 30, 2012	June 30, 2011
Cash and investments	\$ 77,860,236	\$ 51,548,311
Other assets	3,706,642	3,365,968
Capital assets	154,013,472	135,542,662
Total assets	<u>235,580,350</u>	<u>190,456,941</u>
Other liabilities	5,082,165	4,290,855
Debt liabilities	109,079,807	72,455,010
Total liabilities	<u>114,161,972</u>	<u>76,745,865</u>
Net assets:		
Invested in capital assets, net of debt	111,753,935	102,325,244
Restricted	3,393,951	4,966,711
Unrestricted	6,270,492	6,419,121
Total net assets	<u>\$ 121,418,378</u>	<u>\$ 113,711,076</u>

The largest portion of the District's net assets, \$111,753,935 or 92.1 percent, reflects its investment in capital assets, less any related debt used to acquire these assets still outstanding. The District's assets (recorded at cost) are used to provide services to patrons. Consequently, these assets are not available for future spending, and debt repayment must be provided from other sources.

An additional portion of the District's net assets, \$3,393,951 or 2.8 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,270,492 or 5.1 percent is unrestricted and may be used to meet the District's ongoing obligations.

For the year ended June 30, 2012, the District had positive balances in all three categories of net assets.

## Statement of Activities

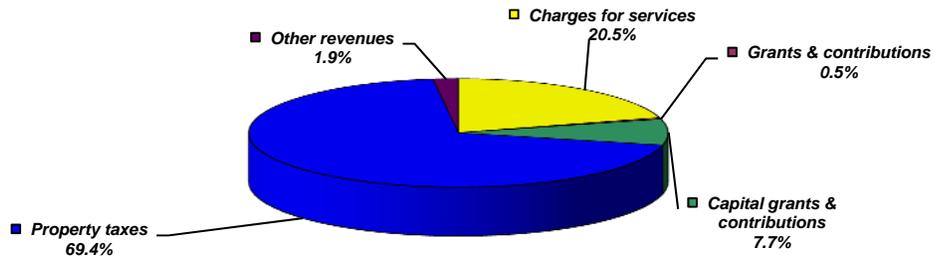
Governmental activities increased the District's net assets by \$7,707,302 in this fiscal year. Key elements of this increase are as follows:

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

	<b>Governmental Activities</b>	
	<b>Fiscal Year Ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
Revenues:		
Program revenues:		
Charges for services	\$ 9,622,209	\$ 9,087,924
Operating grants and contributions	195,890	155,727
Capital grants and contributions	3,621,810	3,522,996
General revenues:		
Property taxes	32,536,833	31,633,996
Grants and contributions not restricted to specific programs	233,515	197,632
Other	679,392	649,911
Total revenues	<u>46,889,649</u>	<u>45,248,186</u>
Expenses:		
Board of Directors	229,942	212,527
Administration	1,678,446	1,603,306
Business and facilities	14,337,163	14,061,469
Planning and development	640,871	571,594
Park and recreation services	18,210,409	17,750,967
Interest on long-term debt	4,085,516	3,106,160
Total expenses	<u>39,182,347</u>	<u>37,306,023</u>
Change in net assets	7,707,302	7,942,163
Net assets - beginning balance	<u>113,711,076</u>	<u>105,768,913</u>
Net assets - ending	<u>\$ 121,418,378</u>	<u>\$ 113,711,076</u>

Property taxes increased by \$902,837 over the prior year, or 2.9 percent due to the statutorily allowable increases in assessed value on existing property and some new construction within the District boundaries. Charges for services increased by \$534,285, or 5.9 percent due to expansion of programs, increased drop-in and frequent user pass fees, along with annual inflationary fee increases as warranted. Capital grants and contributions reflect a slight increase of 2.8 percent, or \$98,814 due to increased funding received during the year for capital projects.

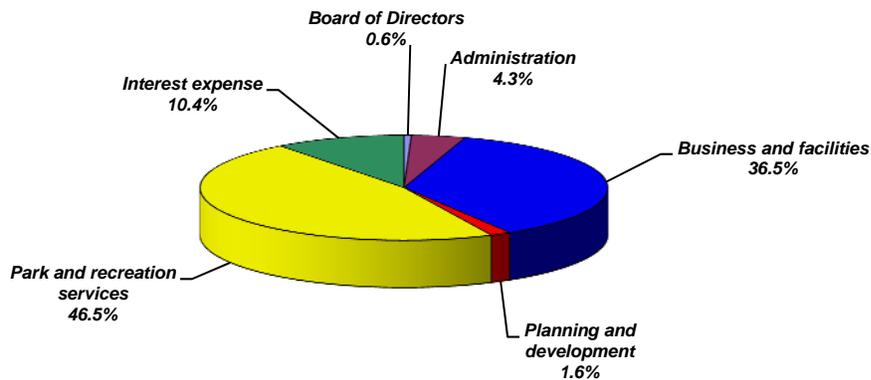
**Governmental Activities:  
Revenues by Source**



Expenses for the District reflect an increase of 5.0 percent over last year, due to several factors:

- Temporary personnel hired for fiscal and construction management of bond related capital projects,
- Expansion of program offerings resulting in increased part-time wages and supply costs, and
- Increase in debt interest expense from the 2011 General Obligation bond issue.

**Governmental Activities:  
Expenses by Function**



## 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 2011/12, the District's governmental funds reported an increase in combined ending fund balances of \$25,230,688, attributable to the resources generated from the Series 2011 general obligation bond issue of \$40,060,000 as shown within the Bond Capital Projects Fund. This same fund expended \$13,865,031 in capital related projects within the year. The General Fund and System Development Charges Fund both reported decreases within the year while the remaining funds reported slight increases. The previous fiscal year had a decrease of \$13,562,977, again attributable to the expending of bond related capital costs 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 \$3,837,993. 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 10.3 percent of total General Fund expenditures, exceeding the District's financial policy guideline of 10 percent.

Program revenues increased by 3.4 percent, or \$314,637 from program expansion, combined with the final implementation of fee increases for drop-in programs and passes as of January 1, 2012; along with annual inflationary increases to class registration fees. Other than program revenues, General Fund revenues increased by \$794,261 or 3.1% over the previous year, with slight increases in all categories.

General Fund fund balance decreased by \$1,558,124 over the previous year, due to the expending of carryover funds for the maintenance facility purchase and renovation in the current year. Operating expenditures (excluding capital outlay and debt service) increased by \$267,108 due to additional funding for personnel related to the bond capital projects, along with inflationary increases in supplies and programming costs. Capital expenditures reflect the completion of the maintenance facility renovation, but decreased from the previous year by \$4,468,372. Debt service increased by \$141,839 over the previous year, resulting from a one-time large debt service payment structured within the Series 2010(A) full faith and credit issue.

The **Bonded Debt Fund** has a total fund balance of \$413,134, an increase of \$109,957 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, sold in September 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 \$13,865,031 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 \$67,080,294.

The **System Development Charges Fund** accounts for development impact fees assessed on new construction within the District boundaries. Revenues decreased slightly by \$37,524, or 1.9 percent over last year, and fund balance decreased by \$1,682,717 due to an increase in construction spending for park improvements and land acquisition. This fund balance of \$2,980,817 is entirely restricted for parks acquisition and development and improvements related to capacity expansion, and is 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 1.2 percent, largely due to anticipated grants not awarded or received and recreation program fee revenues not quite meeting expectations. Expenditures stayed well under budget by 11.1 percent, primarily due to non-expenditure of contingency funds 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 26. The difference between the original budget and final amended budget consisted of the following adjustments related to additional administrative support services associated with the Bond Capital Projects Fund:

<u>Classification</u>	<u>Category</u>	<u>Amount</u>
Resource	Charges for Services	\$ 194,554
Appropriation	Administration	12,500
Appropriation	Business and facilities	27,331
Appropriation	Planning	154,723

## Capital Asset and Debt Administration

### Capital assets

The District's investment in capital assets as of June 30, 2012, amounts to \$154,013,472 (net of accumulated depreciation). This investment in capital assets includes land, park sites and development, buildings and improvements, plus machinery, equipment and furnishings. The net increase in the District's capital assets for the current fiscal year was \$18,470,810 or 13.6 percent.

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

	<u>June 30</u>	
	<u>2012</u>	<u>2011</u>
Land	\$ 70,452,882	\$ 66,956,670
Parks sites and planning development	30,978,898	28,702,888
Buildings and improvements	37,920,310	32,056,123
Equipment and furnishings	1,442,981	1,296,977
Intangible assets	164,445	95,097
Construction in progress	13,053,956	6,434,907
Total	<u>\$ 154,013,472</u>	<u>\$ 135,542,662</u>

Increases were generated in land (\$3,496,212) due to new acquisitions of park and natural area parcels and in parks sites and planning development (\$2,276,010) from project completion, as required by the bond capital projects program. The increase to construction in progress (\$6,619,049) is also mainly related to the bond capital projects. The building and improvements increase (\$5,864,187) is attributable to the completion of the new maintenance facility renovation,

along with expansion of the Elsie Stuhr Senior Center, a bond capital project. Deferred maintenance was funded for both buildings and parks improvements, to the extent of available funds.

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

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

At June 30, 2012 the District had \$109.1 million in debt and other long-term obligations outstanding compared to \$72.5 million last year. Approximately \$5.6 million of the debt outstanding at June 30, 2012 is due within one year. Debt increased by a net of \$36.6 million, mainly due to issuance of Series 2011 general obligation bonds in the amount of \$40.1 million.

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

	<b>June 30</b>	
	<b>2012</b>	<b>2011</b>
General obligation bonds	\$ 95,780,000	\$ 60,095,000
Premiums	2,163,005	543,347
Full faith and credit obligations	10,010,000	10,695,000
Loans	60,000	100,000
Compensated absences	1,066,802	1,021,663
Total	<b>\$ 109,079,807</b>	<b>\$ 72,455,010</b>

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 have been downgraded over the past two years. Material event notices have been filed, as necessary for compliance with our continuing disclosure requirements.

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

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

Some of the factors considered during the preparation of the 2012/13 budget were:

- Assessed value on property was estimated to increase by approximately 3.15 percent over the previous year.
- Review and adjustment of user fees to accurately reflect changes in current participation levels and ensure cost recovery.

- Absorbing an overall increase of Personnel Service costs of 5.7 percent, with a cost of living increase of 2.85 percent for full and regular part-time staff and the addition of retirement plan contributions for regular part-time staff.
- A slight inflationary increase to Materials and Services of 1.2 percent to ensure adequate coverage of maintenance responsibilities to newly acquired properties.
- Continued funding of necessary personnel to complete the Bond Capital project program.
- Funding of land acquisition and new construction within the Systems Development Charges Fund for approximately \$1.8 million.

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 2012/13 budget, approximately 11.0 percent of residential property within District boundaries is at market value, decreasing the overall growth to 2.65 percent. New development growth is conservatively estimated at 0.5 percent, for the combined rate of 3.15 percent. The District will continue to closely analyze the various properties to accurately estimate future resources.

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

Overall, on a budgetary basis the General Fund shows an increase of \$944,176 or 23.4% over the anticipated beginning fund balance in the 2012/13 budget. This increase is largely due to factors such as:

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

In order to remain stable and sustainable in this volatile economic environment, the District has carefully scrutinized revenues, expenditures, and all other facets affecting daily and long term operations. Property tax collections have remained consistent, and program revenues are stable overall, with some increases in selected areas. Local parks and recreation programs offer an affordable alternative for families of all sizes and economic backgrounds, as reflected by our residents' involvement.

## **Requests for Information**

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



**Tualatin Hills Park and Recreation District**  
**Statement of Net Assets**  
**June 30, 2012**

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Tualatin Hills Park Foundation</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 32,711,011	\$ 634,573
Investments	42,807,157	-
Due from other governments	489,565	-
Receivables	1,919,834	45,143
Inventories	64,728	-
Prepays	123,138	-
Deferred charges	1,104,500	-
Cash and cash equivalents - temporarily restricted	2,342,068	-
Net pension benefit	4,877	-
Capital assets (net of accumulated depreciation):		
Land	70,452,882	-
Park sites and planning development	30,978,898	-
Buildings and improvements	37,920,310	-
Equipment and furnishings	1,442,981	-
Intangible assets	164,445	-
Construction in progress	13,053,956	-
Total assets	<u>235,580,350</u>	<u>679,716</u>
<b>Liabilities:</b>		
Accounts payable and other current liabilities	3,329,339	13,187
Accrued interest payable	490,697	-
Unearned revenue	1,262,129	689
Noncurrent liabilities:		
Due within one year	5,623,117	-
Due in more than one year	103,456,690	-
Total liabilities	<u>114,161,972</u>	<u>13,876</u>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	111,753,935	-
Restricted for:		
Debt service	413,134	-
Parks development	2,980,817	78,141
Unrestricted	6,270,492	587,699
Total net assets	<u>\$ 121,418,378</u>	<u>\$ 665,840</u>

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

**Tualatin Hills Park and Recreation District**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government Governmental Activities</b>	<b>Component Unit Tualatin Hills Park Foundation</b>
<b>Primary government:</b>						
Governmental activities:						
Board of Directors	\$ 229,942	\$ -	\$ -	\$ -	\$ (229,942)	\$ -
Administration	1,678,446	-	-	-	(1,678,446)	-
Business and facilities	14,337,163	-	-	-	(14,337,163)	-
Planning and development	640,871	-	-	-	(640,871)	-
Park and recreation services	18,210,409	9,622,209	195,890	3,621,810	(4,770,500)	-
Interest on long-term debt	4,085,516	-	-	-	(4,085,516)	-
<b>Total primary government</b>	<b>\$ 39,182,347</b>	<b>\$ 9,622,209</b>	<b>\$ 195,890</b>	<b>\$ 3,621,810</b>	<b>(25,742,438)</b>	<b>-</b>
<b>Component unit:</b>						
Park foundation	\$ 385,194	\$ 174,983	\$ 61,513	\$ -		(148,698)
<b>General revenues:</b>						
Property taxes levied for general purposes					24,441,614	-
Property taxes levied for debt service					8,095,219	-
Grants and contributions not restricted to specific programs					233,515	34,579
Unrestricted investment earnings					507,727	2,229
Miscellaneous					171,665	-
<b>Total general revenues</b>					<b>33,449,740</b>	<b>36,808</b>
Change in net assets					7,707,302	(111,890)
Net assets - beginning balance					113,711,076	777,730
<b>Net assets - ending</b>					<b>\$ 121,418,378</b>	<b>\$ 665,840</b>

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

**Tualatin Hills Park and Recreation District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	<u>General Fund</u>	<u>Bonded Debt Fund</u>	<u>Bond Capital Projects Fund</u>	<u>System Development Charges Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Assets:						
Cash and cash equivalents	\$ 5,312,274	\$ 373,198	\$ 23,838,320	\$ 3,003,562	\$ 183,657	\$ 32,711,011
Investments	-	-	42,807,157	-	-	42,807,157
Receivables:						
Interest	229	196	139,356	1,114	-	140,895
Property taxes	1,236,046	393,450	-	-	-	1,629,496
Accounts receivable	149,443	-	-	-	-	149,443
Intergovernmental	257,342	29,415	-	202,808	-	489,565
Due from other funds	716,068	-	-	-	-	716,068
Cash and cash equivalents - restricted	-	-	1,820,553	521,515	-	2,342,068
Prepays	123,138	-	-	-	-	123,138
Inventories	64,728	-	-	-	-	64,728
Total assets	<u>\$ 7,859,268</u>	<u>\$ 796,259</u>	<u>\$ 68,605,386</u>	<u>\$ 3,728,999</u>	<u>\$ 183,657</u>	<u>\$ 81,173,569</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 977,554	\$ -	\$ 1,246,395	\$ 82,114	\$ -	\$ 2,306,063
Salaries payable	443,129	-	-	-	-	443,129
Contracts payable	-	-	16,454	-	-	16,454
Retainages payable	-	-	262,243	-	-	262,243
Due to other funds	-	50,000	-	666,068	-	716,068
Other current liabilities payable	301,450	-	-	-	-	301,450
Deferred revenue	2,299,142	333,125	-	-	-	2,632,267
Total liabilities	<u>4,021,275</u>	<u>383,125</u>	<u>1,525,092</u>	<u>748,182</u>	<u>-</u>	<u>6,677,674</u>
Fund balances:						
Nonspendable	64,728	-	-	-	-	64,728
Restricted - debt service	-	413,134	-	-	-	413,134
Restricted - parks development	-	-	67,080,294	2,980,817	-	70,061,111
Committed - mitigation maintenance	-	-	-	-	183,657	183,657
Unassigned	3,773,265	-	-	-	-	3,773,265
Total fund balances	<u>3,837,993</u>	<u>413,134</u>	<u>67,080,294</u>	<u>2,980,817</u>	<u>183,657</u>	<u>74,495,895</u>
Total liabilities and fund balances	<u>\$ 7,859,268</u>	<u>\$ 796,259</u>	<u>\$ 68,605,386</u>	<u>\$ 3,728,999</u>	<u>\$ 183,657</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	154,013,472
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(108,461,127)
Reduction of deferred revenues for those amounts that were not available to pay current period expenditures.	1,370,138
Net assets of governmental activities	<u>\$ 121,418,378</u>

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

**Tualatin Hills Park and Recreation District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the fiscal year ended June 30, 2012**

	General Fund	Bonded Debt Fund	Bond Capital Projects Fund	System Development Charges Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 24,145,323	\$ 7,976,837	\$ -	\$ -	\$ -	\$ 32,122,160
Aquatic programs	2,604,415	-	-	-	-	2,604,415
Tennis center	853,427	-	-	-	-	853,427
Sports programs	1,287,406	-	-	-	-	1,287,406
Recreation programs	4,770,489	-	-	-	-	4,770,489
Grants and sponsorships	892,561	-	-	-	850,000	1,742,561
System development charges	-	-	-	1,897,759	-	1,897,759
Interest earned	136,714	36,226	306,208	27,742	837	507,727
Charges for services	799,091	-	-	-	-	799,091
Miscellaneous revenues	278,137	-	-	-	-	278,137
Total revenues	<u>35,767,563</u>	<u>8,013,063</u>	<u>306,208</u>	<u>1,925,501</u>	<u>850,837</u>	<u>46,863,172</u>
Expenditures:						
Current:						
Board of Directors	229,942	-	-	-	-	229,942
Administration	1,675,574	-	-	-	-	1,675,574
Business and facilities	14,018,655	-	-	-	-	14,018,655
Planning and development	1,430,176	-	-	-	-	1,430,176
Park and recreation services	13,996,776	-	-	-	-	13,996,776
Capital outlay	4,634,381	-	13,442,046	3,608,218	850,000	22,534,645
Debt service	1,340,183	7,903,106	422,985	-	-	9,666,274
Total expenditures	<u>37,325,687</u>	<u>7,903,106</u>	<u>13,865,031</u>	<u>3,608,218</u>	<u>850,000</u>	<u>63,552,042</u>
Excess (deficiency) of revenues over (under) expenditures	(1,558,124)	109,957	(13,558,823)	(1,682,717)	837	(16,688,870)
Other financing sources:						
Sale of bonds	-	-	40,060,000	-	-	40,060,000
Premiums on bonds sold	-	-	1,859,558	-	-	1,859,558
Total other financing sources	<u>-</u>	<u>-</u>	<u>41,919,558</u>	<u>-</u>	<u>-</u>	<u>41,919,558</u>
Net change in fund balance	(1,558,124)	109,957	28,360,735	(1,682,717)	837	25,230,688
Fund balances at beginning of year, as previously reported	6,654,619	303,177	38,719,559	4,663,534	182,820	50,523,709
Prior period adjustment	(1,258,502)	-	-	-	-	(1,258,502)
Fund balances at beginning of year, restated	<u>5,396,117</u>	<u>303,177</u>	<u>38,719,559</u>	<u>4,663,534</u>	<u>182,820</u>	<u>49,265,207</u>
Fund balances at end of year	<u>\$ 3,837,993</u>	<u>\$ 413,134</u>	<u>\$ 67,080,294</u>	<u>\$ 2,980,817</u>	<u>\$ 183,657</u>	<u>\$ 74,495,895</u>

**Tualatin Hills Park and Recreation District**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balance of Governmental Funds**  
**To the Statement of Activities**  
**For the fiscal year ended June 30, 2012**

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

Net changes in fund balances - total governmental funds	\$ 25,230,688
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	18,059,915
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	410,895
Governmental funds defer revenues that do not provide current financial resources. However, the statement of activities recognizes such revenues at their net realizable value when earned, regardless of when received.	414,672
The issuance of long-term debt (e.g., bond, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(36,396,573)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(12,295)
Change in net assets of governmental activities	\$ 7,707,302

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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 24,222,230	\$ 24,222,230	\$ 24,145,323	\$ (76,907)
Aquatic programs	2,326,372	2,326,372	2,604,645	278,273
Tennis center	868,224	868,224	849,256	(18,968)
Sports programs	1,164,994	1,164,994	1,290,253	125,259
Recreation programs	5,196,455	5,196,455	4,775,212	(421,243)
Grants and sponsorships	1,306,025	1,306,025	892,561	(413,464)
Interest earned	100,000	100,000	136,714	36,714
Charges for services	432,011	626,565	799,091	172,526
Miscellaneous revenues	410,960	410,960	278,137	(132,823)
Total revenues	36,027,271	36,221,825	35,771,192	(450,633)
Expenditures:				
Board of directors	2,110,050	2,110,050	229,942	1,880,108
Administration	1,753,916	1,766,416	1,675,574	90,842
Business and facilities	16,534,939	16,562,270	16,036,371	525,899
Planning	1,361,757	1,516,480	1,430,176	86,304
Park and recreation services	15,002,333	15,002,333	14,119,914	882,419
Capital outlay	5,183,307	5,183,307	3,956,848	1,226,459
Total expenditures	41,946,302	42,140,856	37,448,825	4,692,031
Excess (deficiency) of revenues over (under) expenditures	(5,919,031)	(5,919,031)	(1,677,633)	4,241,398
Fund balances at beginning of year	5,919,031	5,919,031	6,654,619	735,588
Fund balances at end of year	\$ -	\$ -	\$ 4,976,986	\$ 4,976,986
Fund balance - budgetary basis			\$ 4,976,986	
Recognition of prior year deferred revenue			(1,258,502)	
Recognition of current year deferred revenue			(3,629)	
Recognition of current year prepaids			123,138	
Fund balance - GAAP basis			\$ 3,837,993	

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, 2012**

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

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

Tualatin Hills Park and Recreation District 9 (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 accompanying financial statements present the District and its component unit, an entity for which the District is considered financially responsible. The District is a primary government. A primary government is a financial reporting entity, which has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As required by accounting principles generally accepted in the United States (GAAP), these financial statements present the financial status and activities of the District and its component unit. The discretely presented component unit, Tualatin Hills Park Foundation (the Foundation), is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the District. The District has no other potential component units.

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

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

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

The District reports the following major governmental funds:

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

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

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

The *System Development Charges Fund* accounts for financial resources used for the acquisition of 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.

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

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

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

The cash and cash equivalents of both the District and Foundation are cash on hand, demand deposits and funds invested with the Oregon State 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.

State statutes, and the District's Investment Policy, authorize the District to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements, bankers' acceptances, municipal bonds, mutual funds and the State Treasurer's LGIP. The Foundation follows the same policy. 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 deferred revenue because it is not deemed available to finance operations of the current period in the fund financial statements. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property and are substantially collected through foreclosure. Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15 and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

### *3. Inventory 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
Facilities improvements	20–50
Equipment and furnishings	5
Intangible assets	5

#### 5. *Compensated Absences*

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

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

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

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

#### 7. *Fund equity*

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

- Nonspendable fund balance represents amounts that are not in a spendable form because they are either legally or contractually required to be maintained intact. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant or donor requirements, other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The Board may set, modify or rescind commitments by resolution.
- Assigned fund balance represents amounts that are constrained by expressed intent to use resources for 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 assets

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(108,461,127) difference are as follows:

Net pension benefit	\$ 4,877
Bonds payable	(95,780,000)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	1,104,500
Plus: Issuance premium (to be amortized over life of debt)	(2,163,005)
Full faith and credit obligations	(10,010,000)
Loans payable	(60,000)
Accrued interest payable	(490,697)
Compensated absences	<u>(1,066,802)</u>
Net adjustment to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ (108,461,127)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$18,059,915 difference are as follows:

Capital outlay (for capitalized assets)	\$ 22,128,263
Depreciation expense	<u>(4,068,348)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 18,059,915</u>

Another element of that reconciliation states “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets.” The details of this \$410,895 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>\$ 410,895</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 410,895</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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(36,396,573) difference are as follows:

Debt issued or incurred:	
General obligation bonds	\$ (40,060,000)
Premium	(1,859,558)
Deferred charges	422,985
Principal repayments:	
General obligation debt	4,375,000
Other long-term debt	<u>725,000</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (36,396,573)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(12,295) difference are as follows:

Compensated absences	\$ (45,139)
Net pension benefit	(24,929)
Accrued interest	(105,691)
Amortization of interest costs (premiums)	239,900
Amortization of deferred charges (issuance costs)	<u>(76,436)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (12,295)</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. The Board approved one resolution to adjust a budget appropriation within the year, increasing the General Fund by \$194,554 for administrative support services associated with the Bond Capital Projects Fund.

#### 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, 2012, the District had the following cash, cash equivalents and investments:

	District Fair Value	Foundation Fair Value
Demand deposits	\$ 2,279,251	\$ 443,860
Certificates of deposit	309,053	190,713
Commercial paper	2,033,015	-
Bankers acceptance	2,999,401	-
Investments in the State Treasurer's Local Government Investment Pool	30,431,760	-
Government and agency obligations	<u>39,807,756</u>	<u>-</u>
Total cash equivalents and investments	<u>\$ 77,860,236</u>	<u>\$ 634,573</u>

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

Cash and cash equivalents	\$ 32,711,011	\$ 643,573
Investments	42,807,157	-
Cash and cash equivalents – restricted	<u>2,342,068</u>	<u>-</u>
Total cash equivalents and investments	<u>\$ 77,860,236</u>	<u>\$ 634,573</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, 2012, 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	\$ 2,811,660	\$ 36,996,096	\$39,807,756	1.01
Bankers acceptance	-	2,999,401	2,999,401	.39

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 40, the District is required to report all individual non-federal investments, which exceed 5% of total invested funds. As of June 30, 2012, 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 \$2,450,333. Of these deposits, \$627,613 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, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 66,956,670	\$ 3,496,212	\$ -	\$ 70,452,882
Construction in progress	6,434,907	8,304,292	(1,685,243)	13,053,956
Total capital assets, not being depreciated	<u>73,391,577</u>	<u>11,800,504</u>	<u>(1,685,243)</u>	<u>83,506,838</u>
Capital assets, being depreciated:				
Parks sites and planning development	45,597,675	4,399,964	-	49,997,639
Buildings and improvements	50,869,964	7,240,711	-	58,110,675
Equipment and furnishings	5,754,077	683,915	(83,742)	6,354,250
Intangible assets	107,002	99,307	-	206,309
Total capital assets being depreciated	<u>102,328,718</u>	<u>12,423,897</u>	<u>(83,742)</u>	<u>114,668,873</u>
Less accumulated depreciation for:				
Park sites and planning development	(16,894,787)	(2,123,954)	-	(19,018,741)
Buildings and improvements	(18,813,841)	(1,376,524)	-	(20,190,365)
Equipment and furnishings	(4,457,100)	(537,912)	83,742	(4,911,270)
Intangible assets	(11,905)	(29,958)	-	(41,863)
	<u>(40,177,633)</u>	<u>(4,068,348)</u>	<u>83,742</u>	<u>(44,162,239)</u>
Total capital assets, being depreciated, net	<u>62,151,085</u>	<u>8,355,549</u>	<u>-</u>	<u>70,506,634</u>
Governmental activities capital assets, net	<u>\$ 135,542,662</u>	<u>\$ 20,156,053</u>	<u>\$ (1,685,243)</u>	<u>\$ 154,013,472</u>

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

Business and facilities	\$ 149,795
Parks and recreation services	<u>3,918,553</u>
Total depreciation expense – governmental activities	<u>\$ 4,068,348</u>

Construction commitments as of June 30, 2012 were as follows:

Project	Spent to date	Remaining Commitment
Schiffler Park renovation	\$ 715,426	\$ 1,008,874
Jordan/Husen Park construction	253,745	558,255
Conestoga Rec/Aquatic expansion	3,476,336	424,282
Hyland Forest Park restoration	28,840	16,960
Jenkins Estate restoration	<u>45,175</u>	<u>62,395</u>
Total	<u>\$4,519,522</u>	<u>\$2,070,766</u>

## C. Due to/due from other funds

The composition of the due to/due from balances as of June 30, 2012 are:

Receivable Fund	Payable Fund	Amount
General Fund	Bond Debt Fund	\$ 50,000
General Fund	System Development Charges Fund	666,068

The balances resulted from coverage of debt service due prior to receipt of taxes, and a portion of combined construction costs accumulated within the General Fund for tracking purposes, until total project completion and subsequent reimbursement from the System Development Charges Fund.

#### D. Long-term debt

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

	Beginning Balance	Increase	Amortization/ Repayments	Ending Balance	Due Within One Year
General Obligation Bonds:					
Series 1998	\$ 7,735,000	\$ -	\$ (1,755,000)	\$ 5,980,000	\$ 1,870,000
plus refunding premium	71,391	-	(27,686)	43,705	21,405
Series 2009	52,360,000	-	(1,100,000)	51,260,000	1,385,000
plus premium	411,502	-	(36,987)	374,515	36,210
Series 2011	-	40,060,000	(1,520,000)	38,540,000	1,110,000
plus premium	-	1,859,558	(163,880)	1,695,678	157,661
Full Faith and Credit Obligations:					
Series 2006	1,345,000	-	(450,000)	895,000	95,000
plus refunding premium	40,003	-	(9,642)	30,361	6,416
Series 2010A	1,685,000	-	(215,000)	1,470,000	20,000
plus premium	20,451	-	(1,705)	18,746	1,487
Series 2010B	6,820,000	-	-	6,820,000	-
Series 2010C	845,000	-	(20,000)	825,000	85,000
Loans:					
Synthetic turf #2 project	100,000	-	(40,000)	60,000	20,000
Compensated Absences	1,021,663	890,374	(845,235)	1,066,802	814,938
	<u>\$ 72,455,010</u>	<u>\$42,809,932</u>	<u>\$ (6,185,135)</u>	<u>\$109,079,807</u>	<u>\$ 5,623,117</u>

#### General Obligations Bonds

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

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

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

General obligations bonds, Series 2009 were issued on April 2, 2009, in the amount of \$58,505,000 to finance land acquisition, improvements and development of parks and facilities, along with rehabilitation and acquisition of natural areas throughout the District. Stated interest rates for specific maturities ranged from 3.00% to 4.75%, in accordance with the terms agreed at issuance. The bonds 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 \$100 million voter approved 2008 bond measure. This series will finance the balance of 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 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, 2011, the District issued \$7,815,000 in Full Faith and Credit Obligations, to finance the acquisition, construction and renovation of a new maintenance facility and related capital projects, centrally located within District boundaries. The bonds were issued as Series 2010B and 2010C, for \$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.

#### Loan Payable

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

Annual principal requirements for all issues are as follows:

Year ending June 30,	General Obligation Series			Full Faith & Credit Series				Loan	Total
	1998	2009	2011	2006	2010A	2010B	2010C		
Principal									
2013	\$ 1,870,000	\$ 1,385,000	\$ 1,110,000	\$ 95,000	\$ 20,000	\$ -	\$ 85,000	\$ 20,000	\$ 4,585,000
2014	1,990,000	1,520,000	1,255,000	100,000	25,000	-	85,000	20,000	4,995,000
2015	2,120,000	1,665,000	1,360,000	105,000	30,000	-	85,000	20,000	5,385,000
2016	-	1,825,000	1,455,000	110,000	40,000	-	90,000	-	3,520,000
2017	-	1,990,000	1,570,000	110,000	45,000	-	95,000	-	3,810,000
2018-2022	-	12,975,000	9,960,000	375,000	310,000	420,000	385,000	-	24,425,000
2023-2027	-	19,640,000	14,430,000	-	480,000	1,400,000	-	-	35,950,000
2028-2032	-	10,260,000	7,400,000	-	520,000	1,655,000	-	-	19,835,000
2033-2037	-	-	-	-	-	1,975,000	-	-	1,975,000
2038-2041	-	-	-	-	-	1,370,000	-	-	1,370,000
	\$ 5,980,000	\$ 51,260,000	\$ 38,540,000	\$ 895,000	\$ 1,470,000	\$ 6,820,000	\$ 825,000	\$ 60,000	\$ 105,850,000

Annual interest requirements for all issues are as follows:

Year ending June 30,	General Obligation Series			Full Faith & Credit Series				Loan	Total
	1998	2009	2011	2006	2010A	2010B	2010C		
Interest									
2013	\$ 343,850	\$ 2,089,575	\$ 1,325,556	\$ 40,650	\$ 56,720	\$ 436,918	\$ 30,276	\$ 2,700	\$ 4,326,245
2014	236,325	2,058,413	1,303,356	36,850	56,270	436,918	28,528	1,800	4,158,460
2015	121,900	2,020,413	1,278,256	32,850	55,720	436,918	26,389	900	3,973,346
2016	-	1,974,625	1,254,456	28,650	54,620	436,918	23,953	-	3,773,222
2017	-	1,919,875	1,225,356	24,250	52,920	436,918	21,016	-	3,680,335
2018-2022	-	8,410,875	5,325,731	38,000	237,375	2,175,928	44,002	-	16,231,911
2023-2027	-	5,155,563	3,279,525	-	161,835	1,924,090	-	-	10,521,013
2028-2032	-	734,119	449,200	-	44,100	1,461,778	-	-	2,689,197
2033-2037	-	-	-	-	-	871,275	-	-	871,275
2038-2041	-	-	-	-	-	187,065	-	-	187,065
	\$ 702,075	\$ 24,363,456	\$ 15,441,438	\$ 201,250	\$ 719,560	\$ 8,804,726	\$ 174,164	\$ 5,400	\$ 50,412,069

### Compensated Absences and Net Pension Benefits

The District's compensated absences and net pension obligations are liquidated by the General Fund. As of June 30, 2012, the District had a net pension benefit resulting from an overpayment of the annual recommended contribution by \$4,877 which will be applied to the subsequent year contributions.

### Short-term Debt

The District issued Tax and Revenue Anticipation Notes, Series 2011, in the amount of \$6,000,000 on July 6, 2011, to continue operations of the general government prior to receipt of annual tax revenue. These notes matured on December 15, 2011, with an interest rate of 0.96%.

## **V. Other information**

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

#### Plan Description

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

Membership in the Plan as of July 1, 2012 was:

<u>Group</u>	<u>Number of Participants</u>
Active participants	201
Terminated	17
Retired receiving medical premium benefits	<u>23</u>
Total	<u>241</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 20.6% (blended rate for both plans) of annual covered payroll for 11/12. 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 20.6% (blended for both plans) as computed at the close of each year. Participants are required to contribute 6% of salary to a separate individual account (IAP) which is treated as a defined contribution account. The IAP fund will be pooled and invested by the District fund manager. A participant may make voluntary contributions up to a maximum of 25% of their earnings. Benefits derived from such contributions are in addition to other Plan benefits. Both mandatory and voluntary contributions are fully vested at all times.

All regular part-time employees 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 Benefit

The District's annual pension cost and net pension benefit to the Plan for the year ended June 30, 2012 were as follows:

Annual required contribution	\$2,164,122
Interest on net pension benefit	(2,310)
Adjustment to annual required contribution	<u>3,700</u>
Annual pension cost	2,165,512
Contributions made	<u>(2,140,583)</u>
(Increase) decrease in net pension benefit	24,929
Net pension benefit beginning of year	<u>(29,806)</u>
Net pension benefit end of year	<u>\$ (4,877)</u>

For 2012, the District's annual pension cost was equal to the required contribution. However, the contributions made were slightly less than the annual pension cost, resulting in a decrease to the net pension benefit. The annual required contribution was determined as of the July 1, 2011 actuarial valuation using the aggregate actuarial cost method.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Benefit
06/30/12	\$ 2,165,512	98.9%	\$ (4,877)
06/30/11	2,411,109	101.2%	(29,806)
06/30/10	2,132,920	100.0%	-

### Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the plan was 80.1 percent funded. The actuarial accrued liability for benefits was \$24.3 million, and the actuarial value of assets was \$19.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$9.9 million, and the ratio of the UAAL to the covered payroll was 49.1 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, 2012 is approximately nine years.

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

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

### Plan Description

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

The plan, as authorized by the Board, 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, 2012, 23 retirees were receiving post-employment healthcare benefits.

### Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability or excess over a period not to exceed 30 years. For 2012, 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, 2012 were as follows:

Annual required contribution	\$ 68,656
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	68,656
Contributions made	<u>(68,656)</u>
Increase (decrease) in net OPEB obligation	-
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u>\$ -</u>

The District's annual OPEB cost, the percentage contributed to the plan and the net OPEB obligation as of June 30, 2012 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
06/30/12	\$ 68,656	100.0%	\$ -
06/30/11	123,358	100.0%	-
06/30/10	128,123	100.0%	-

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the plan was 79.2 percent funded. The actuarial accrued liability for benefits was \$1.5 million, and the actuarial value of assets was \$1.2 million, resulting in an unfunded actuarial liability of \$310,000. The covered payroll (annual payroll of active employees covered by the plan) was \$8.3 million, and the ratio of the unfunded actuarial liability to the covered payroll was 3.7 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, 2011, actuarial valuation the aggregate actuarial cost method was used to determine the ARC. The actuarial assumptions included (a) an investment rate of return (net of expenses) of 7.75% pre-retirement and 6% post-retirement, and (b) post-retirement cost of living adjustments (or assumed inflation rate) of 2% a year. The valuation of assets is based on market value as of the first day of the plan year, increased by the amount of any accrued contributions and decreased by the amount of any accrued expenses.

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

**C. Risk Management**

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

management consultation, claims and litigation administration, investigation and loss analyses. SDIS contracts for specialists in land use problems and lobbyist services.

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

**D. Commitments and Contingencies**

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

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

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

During the initial term, the Timbers pay \$42,620 per year to the District no later than December 31<sup>st</sup> of each year. At June 30, 2012, lease payments for the initial term are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 42,620
2014	42,620
2015	42,620
2016	42,620
2017	42,620
2018-2021	170,480
	<u>\$ 383,580</u>

**E. Subsequent Events**

The District issued Tax and Revenue Anticipation Notes, Series 2012, in the amount of \$6,000,000 on July 16, 2012. These notes mature on December 15, 2012 and bear interest at a rate of 1.00%.

Subsequent to year end, the District purchased land of approximately \$6,050,000 for the development of parks and facilities utilizing available funds within the System Development Charges and Bond Capital Projects Funds.

**F. Prior Period Adjustment**

The fund balance of the District was reduced by \$1,258,502 at June 30, 2011, to reflect the recognition of program revenues deferred at the end of last year. Revenues received from the summer registration period, in payment for classes commencing after July 1, have not historically been deferred due to the cyclical and repetitive nature. This adjustment reflects the recognition of these deferred revenues on the fund statements.



**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)
6/30/2010	13,416,746	19,599,514	6,182,768	68.5%	8,633,383	71.6%
6/30/2011	17,357,823	22,060,730	4,702,907	78.7%	8,723,566	53.9%
6/30/2012	19,493,603	24,345,620	4,852,017	80.1%	9,877,197	49.1%

**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)
6/30/2010	860,504	1,774,338	913,834	48.5%	8,633,383	10.6%
6/30/2011	1,097,645	1,587,685	490,040	69.1%	8,426,083	5.8%
6/30/2012	1,177,451	1,487,101	309,650	79.2%	8,261,380	3.7%



# **SUPPLEMENTAL INFORMATION**

**Tualatin Hills Park and Recreation District**  
**General Fund**  
**Schedule of Expenditures - Budget to Actual**  
**For the fiscal year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>BOARD OF DIRECTORS:</b>				
Part time salaries	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Payroll taxes	260	260	281	(21)
<b>Personal services</b>	<u>3,260</u>	<u>3,260</u>	<u>3,281</u>	<u>(21)</u>
Professional services	180,090	180,090	168,635	11,455
Office supplies	6,400	6,400	3,937	2,463
Dues and memberships	1,800	1,800	1,450	350
Conferences	18,500	18,500	19,790	(1,290)
Small furniture and equipment	-	-	700	(700)
<b>Materials and services</b>	<u>206,790</u>	<u>206,790</u>	<u>194,512</u>	<u>12,978</u>
Contingency	1,900,000	1,900,000	-	1,900,000
Elections	-	-	32,149	(32,149)
<b>Total Board of Directors</b>	<u><b>2,110,050</b></u>	<u><b>2,110,050</b></u>	<u><b>229,942</b></u>	<u><b>1,880,108</b></u>
<b>ADMINISTRATION:</b>				
<b>General Manager</b>				
Full time salaries	223,816	223,816	227,414	(3,598)
Part time salaries	-	-	465	(465)
Employee benefits	70,061	70,061	77,277	(7,216)
Payroll taxes	18,259	18,259	19,070	(811)
<b>Personal services</b>	<u>312,136</u>	<u>312,136</u>	<u>324,226</u>	<u>(12,090)</u>
Telecommunications	3,500	3,500	6,364	(2,864)
Office supplies	4,500	4,500	3,098	1,402
Dues and memberships	23,350	23,350	21,821	1,529
Conferences	20,000	20,000	12,264	7,736
Technical training	17,200	17,200	1,130	16,070
Staff transportation	8,000	8,000	7,800	200
<b>Materials and services</b>	<u>76,550</u>	<u>76,550</u>	<u>52,477</u>	<u>24,073</u>
<b>Total General Manager</b>	<u>388,686</u>	<u>388,686</u>	<u>376,703</u>	<u>11,983</u>
<b>Communications and Development</b>				
Full time salaries	345,677	345,677	344,260	1,417
Part time salaries	15,508	15,508	27,347	(11,839)
Employee benefits	126,656	126,656	129,712	(3,056)
Payroll taxes	33,707	33,707	36,305	(2,598)
<b>Personal services</b>	<u>521,548</u>	<u>521,548</u>	<u>537,624</u>	<u>(16,076)</u>
Professional services	141,500	154,000	102,867	51,133
Technical services	3,750	3,750	894	2,856
Printing and publications	178,100	178,100	184,915	(6,815)
Postage	85,850	85,850	90,960	(5,110)
Advertising	90,652	90,652	52,310	38,342
Telecommunications	1,000	1,000	-	1,000
Office supplies	5,927	5,927	8,124	(2,197)
Program supplies	12,000	12,000	10,363	1,637
Dues and memberships	5,195	5,195	4,061	1,134
Conferences	2,000	2,000	575	1,425
Technical training	3,000	3,000	561	2,439
Staff transportation	3,860	3,860	3,775	85
Small furniture and equipment	1,000	1,000	1,316	(316)
<b>Materials and services</b>	<u>533,834</u>	<u>546,334</u>	<u>460,721</u>	<u>85,613</u>
<b>Total Communications and Development</b>	<u>1,055,382</u>	<u>1,067,882</u>	<u>998,345</u>	<u>69,537</u>

**Tualatin Hills Park and Recreation District**  
**General Fund**  
**Schedule of Expenditures - Budget to Actual**  
**For the fiscal year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>ADMINISTRATION (continued):</b>				
<b>Security Operations</b>				
Full time salaries	\$ 80,012	\$ 80,012	\$ 80,388	\$ (376)
Part time salaries	90,201	90,201	92,926	(2,725)
Employee benefits	32,062	32,062	34,968	(2,906)
Payroll taxes	17,684	17,684	19,472	(1,788)
<b>Personal services</b>	<u>219,959</u>	<u>219,959</u>	<u>227,754</u>	<u>(7,795)</u>
Technical services	72,937	72,937	64,141	8,796
Maintenance services	7,482	7,482	3,178	4,304
Printing and publications	350	350	-	350
Telecommunications	2,400	2,400	1,170	1,230
Office supplies	375	375	380	(5)
Program supplies	4,795	4,795	3,118	1,677
Dues and memberships	100	100	-	100
Conferences	300	300	-	300
Technical training	400	400	535	(135)
Staff transportation	500	500	-	500
Small furniture and equipment	250	250	250	-
<b>Materials and services</b>	<u>89,889</u>	<u>89,889</u>	<u>72,772</u>	<u>17,117</u>
<b>Total Security Operations</b>	<u>309,848</u>	<u>309,848</u>	<u>300,526</u>	<u>9,322</u>
<b>Total Administration</b>	<u>1,753,916</u>	<u>1,766,416</u>	<u>1,675,574</u>	<u>90,842</u>
<b>BUSINESS AND FACILITIES:</b>				
<b>Director of Business and Facilities</b>				
Full time salaries	331,365	331,365	336,333	(4,968)
Employee benefits	116,786	116,786	127,670	(10,884)
Payroll taxes	29,854	29,854	30,202	(348)
<b>Personal services</b>	<u>478,005</u>	<u>478,005</u>	<u>494,205</u>	<u>(16,200)</u>
Professional services	6,000	6,000	6,650	(650)
Technical services	50,300	50,300	20,725	29,575
Rental equipment	42,000	42,000	35,589	6,411
Bank charges and fees	3,200	3,200	5,100	(1,900)
Printing and publications	4,000	4,000	3,219	781
Postage	62,400	62,400	42,922	19,478
Advertising	1,500	1,500	780	720
Telecommunications	1,440	1,440	2,572	(1,132)
Office supplies	64,684	64,684	41,272	23,412
Dues and memberships	3,285	3,285	3,183	102
Conferences	9,100	9,100	8,569	531
Technical training	2,975	2,975	1,827	1,148
Staff transportation	5,280	5,280	4,596	684
<b>Materials and services</b>	<u>256,164</u>	<u>256,164</u>	<u>177,004</u>	<u>79,160</u>
Debt principal	725,000	725,000	725,000	-
Debt interest	739,748	739,748	615,183	124,565
<b>Debt service</b>	<u>1,464,748</u>	<u>1,464,748</u>	<u>1,340,183</u>	<u>124,565</u>
<b>Total Director of Business and Facilities</b>	<u>2,198,917</u>	<u>2,198,917</u>	<u>2,011,392</u>	<u>187,525</u>

**Tualatin Hills Park and Recreation District**  
**General Fund**  
**Schedule of Expenditures - Budget to Actual**  
**For the fiscal year ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>BUSINESS AND FACILITIES (continued):</b>				
<b>Finance</b>				
Full time salaries	\$ 353,520	\$ 379,638	\$ 377,052	\$ 2,586
Part time salaries	21,216	10,607	4,043	6,564
Employee benefits	138,434	148,704	156,408	(7,704)
Payroll taxes	35,605	37,156	36,079	1,077
<b>Personal services</b>	<b>548,775</b>	<b>576,105</b>	<b>573,582</b>	<b>2,523</b>
Professional services	11,100	11,100	21,116	(10,016)
Technical services	52,431	52,431	54,801	(2,370)
Bank charges and fees	16,896	16,896	15,456	1,440
Printing and publications	5,250	5,250	3,414	1,836
Office supplies	1,125	1,126	998	128
Dues and memberships	520	520	780	(260)
Conferences	3,500	3,500	2,806	694
Technical training	3,924	3,924	921	3,003
Staff transportation	150	150	167	(17)
Small furniture and equipment	400	400	-	400
<b>Materials and services</b>	<b>95,296</b>	<b>95,297</b>	<b>100,459</b>	<b>(5,162)</b>
<b>Total Finance</b>	<b>644,071</b>	<b>671,402</b>	<b>674,041</b>	<b>(2,639)</b>
<b>Human Resources</b>				
Full time salaries	203,018	203,018	206,712	(3,694)
Employee benefits	78,695	78,695	86,861	(8,166)
Payroll taxes	19,215	19,215	19,232	(17)
<b>Personal services</b>	<b>300,928</b>	<b>300,928</b>	<b>312,805</b>	<b>(11,877)</b>
Professional services	11,950	11,950	10,770	1,180
Technical services	12,500	12,500	9,536	2,964
Printing and publications	270	270	355	(85)
Advertising	2,075	2,075	795	1,280
Office supplies	683	683	195	488
Program supplies	850	850	1,259	(409)
Dues and memberships	400	400	395	5
Conferences	4,950	4,950	3,134	1,816
Technical training	39,000	39,000	26,594	12,406
Staff transportation	375	375	108	267
<b>Materials and services</b>	<b>73,053</b>	<b>73,053</b>	<b>53,141</b>	<b>19,912</b>
<b>Total Human Resources</b>	<b>373,981</b>	<b>373,981</b>	<b>365,946</b>	<b>8,035</b>
<b>Information Services</b>				
Full time salaries	366,234	366,234	365,766	468
Employee benefits	140,113	140,113	155,032	(14,919)
Payroll taxes	34,663	34,663	34,887	(224)
<b>Personal services</b>	<b>541,010</b>	<b>541,010</b>	<b>555,685</b>	<b>(14,675)</b>
Professional services	57,000	57,000	36,151	20,849
Technical services	99,550	99,550	92,453	7,097
Telecommunications	74,500	74,500	69,972	4,528
Program supplies	39,000	39,000	36,811	2,189
Maintenance supplies	10,000	10,000	6,610	3,390
Technical training	7,000	7,000	1,820	5,180
Staff transportation	1,500	1,500	12	1,488
Small furniture and equipment	800	800	-	800
<b>Materials and services</b>	<b>289,350</b>	<b>289,350</b>	<b>243,829</b>	<b>45,521</b>

**Tualatin Hills Park and Recreation District**  
**General Fund**  
**Schedule of Expenditures - Budget to Actual**  
**For the fiscal year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>BUSINESS AND FACILITIES (continued):</b>				
<b>Information Services (continued)</b>				
Computer technology replacement	\$ 165,000	\$ 165,000	\$ 151,032	\$ 13,968
Computer technology improvement	85,500	85,500	58,876	26,624
<b>Capital outlay</b>	<u>250,500</u>	<u>250,500</u>	<u>209,908</u>	<u>40,592</u>
<b>Total Information Services</b>	<u>1,080,860</u>	<u>1,080,860</u>	<u>1,009,422</u>	<u>71,438</u>
<b>Risk and Contract Management</b>				
Full time salaries	164,896	164,896	164,436	460
Part time salaries	-	-	2,341	(2,341)
Employee benefits	64,827	64,827	70,030	(5,203)
Payroll taxes	15,609	15,609	15,655	(46)
<b>Personal services</b>	<u>245,332</u>	<u>245,332</u>	<u>252,462</u>	<u>(7,130)</u>
Professional services	1,500	1,500	6,601	(5,101)
Technical services	12,380	12,380	7,664	4,716
Miscellaneous other services	24,916	24,916	26,746	(1,830)
Insurance	294,381	294,381	297,819	(3,438)
Printing and publications	2,300	2,300	886	1,414
Advertising	280	280	-	280
Telecommunications	960	960	1,151	(191)
Office supplies	700	700	846	(146)
Program supplies	4,400	4,400	1,325	3,075
Dues and memberships	1,695	1,695	941	754
Conferences	2,000	2,000	-	2,000
Technical training	5,850	5,850	2,176	3,674
Staff transportation	1,122	1,122	537	585
Small furniture and equipment	-	-	2,412	(2,412)
<b>Materials and services</b>	<u>352,484</u>	<u>352,484</u>	<u>349,104</u>	<u>3,380</u>
<b>Total Risk and Contract Management</b>	<u>597,816</u>	<u>597,816</u>	<u>601,566</u>	<u>(3,750)</u>
<b>Maintenance Operations</b>				
Full time salaries	3,563,034	3,563,034	3,515,774	47,260
Part time salaries	1,667,687	1,667,687	1,607,654	60,033
Employee benefits	1,531,880	1,531,880	1,613,638	(81,758)
Payroll taxes	550,024	550,024	560,348	(10,324)
<b>Personal services</b>	<u>7,312,625</u>	<u>7,312,625</u>	<u>7,297,414</u>	<u>15,211</u>
Instructional services	2,455	2,455	-	2,455
Professional services	17,000	17,000	5,151	11,849
Technical services	90,240	90,240	83,847	6,393
Heat	564,366	564,366	502,242	62,124
Electricity	773,745	773,745	708,837	64,908
Water and sewer	557,966	557,966	519,413	38,553
Refuse services	94,840	94,840	95,824	(984)
Rental facility	26,672	26,672	24,672	2,000
Rental equipment	20,458	20,458	14,322	6,136
Maintenance services	427,923	427,923	364,252	63,671
Vehicle and equipment services	27,250	27,250	17,034	10,216
Miscellaneous other services	-	-	2,000	(2,000)
Advertising	100	100	25	75
Telecommunications	85,293	85,293	85,358	(65)
Office supplies	5,279	5,279	4,436	843
Program supplies	17,000	17,000	11,952	5,048
Maintenance supplies	896,232	896,232	929,623	(33,391)

**Tualatin Hills Park and Recreation District**  
**General Fund**  
**Schedule of Expenditures - Budget to Actual**  
**For the fiscal year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>BUSINESS AND FACILITIES (continued):</b>				
<b>Maintenance Operations (continued)</b>				
Gas & oil (vehicles)	\$ 195,065	\$ 195,065	\$ 203,027	\$ (7,962)
Dues and memberships	2,285	2,285	1,605	680
Conferences	4,900	4,900	1,727	3,173
Technical training	16,765	16,765	15,912	853
Staff transportation	16,150	16,150	12,196	3,954
Small furniture and equipment	1,699	1,699	5,510	(3,811)
<b>Materials and services</b>	<u>3,843,683</u>	<u>3,843,683</u>	<u>3,608,965</u>	<u>234,718</u>
Fleet capital replacement	482,986	482,986	467,625	15,361
<b>Capital outlay</b>	<u>482,986</u>	<u>482,986</u>	<u>467,625</u>	<u>15,361</u>
<b>Total Maintenance Operations</b>	<u>11,639,294</u>	<u>11,639,294</u>	<u>11,374,004</u>	<u>265,290</u>
<b>Total Business and Facilities</b>	<u>16,534,939</u>	<u>16,562,270</u>	<u>16,036,371</u>	<u>525,899</u>
<b>PLANNING:</b>				
<b>Director of Planning</b>				
Full time salaries	108,196	108,196	109,236	(1,040)
Part time salaries	126,792	214,722	172,823	41,899
Employee benefits	30,376	30,376	33,329	(2,953)
Payroll taxes	22,836	31,629	29,419	2,210
<b>Personal services</b>	<u>288,200</u>	<u>384,923</u>	<u>344,807</u>	<u>40,116</u>
Telecommunications	2,500	2,500	2,179	321
Office supplies	200	200	285	(85)
Program supplies	200	200	186	14
Dues and memberships	-	-	25	(25)
Staff transportation	3,500	3,500	3,240	260
<b>Materials and services</b>	<u>6,400</u>	<u>6,400</u>	<u>5,915</u>	<u>485</u>
<b>Total Director of Planning</b>	<u>294,600</u>	<u>391,323</u>	<u>350,722</u>	<u>40,601</u>
<b>Planning and Development</b>				
Full time salaries	648,588	687,431	690,139	(2,708)
Employee benefits	244,554	259,827	282,999	(23,172)
Payroll taxes	61,515	65,399	65,002	397
<b>Personal services</b>	<u>954,657</u>	<u>1,012,657</u>	<u>1,038,140</u>	<u>(25,483)</u>
Professional services	85,000	85,000	21,145	63,855
Advertising	-	-	120	(120)
Telecommunications	750	750	953	(203)
Office supplies	8,250	8,250	6,345	1,905
Program supplies	3,000	3,000	1,198	1,802
Dues and memberships	3,250	3,250	2,461	789
Conferences	4,500	4,500	3,194	1,306
Technical training	1,750	1,750	1,292	458
Staff transportation	6,000	6,000	4,287	1,713
Small furniture and equipment	-	-	319	(319)
<b>Materials and services</b>	<u>112,500</u>	<u>112,500</u>	<u>41,314</u>	<u>71,186</u>
<b>Total Planning and Development</b>	<u>1,067,157</u>	<u>1,125,157</u>	<u>1,079,454</u>	<u>45,703</u>
<b>Total Planning</b>	<u>1,361,757</u>	<u>1,516,480</u>	<u>1,430,176</u>	<u>86,304</u>

**Tualatin Hills Park and Recreation District**  
**General Fund**  
**Schedule of Expenditures - Budget to Actual**  
**For the fiscal year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>PARK AND RECREATION SERVICES:</b>				
<b>Director of Park and Recreation</b>				
Full time salaries	\$ 171,157	\$ 171,157	\$ 177,848	\$ (6,691)
Employee benefits	65,970	65,970	66,343	(373)
Part time salaries	14,300	14,300	10,133	4,167
Payroll taxes	16,377	16,377	16,805	(428)
<b>Personal services</b>	<u>267,804</u>	<u>267,804</u>	<u>271,129</u>	<u>(3,325)</u>
Professional services	30,500	30,500	13,626	16,874
Fee reductions-family assistance	375,000	375,000	365,160	9,840
Printing and publications	500	500	-	500
Telecommunications	7,000	7,000	958	6,042
Office supplies	8,500	8,500	671	7,829
Dues and memberships	-	-	120	(120)
Conferences	13,000	13,000	5,949	7,051
Technical training	1,000	1,000	590	410
Staff transportation	3,990	3,990	4,669	(679)
<b>Materials and services</b>	<u>439,490</u>	<u>439,490</u>	<u>391,743</u>	<u>47,747</u>
<b>Total Director of Park and Recreation</b>	<u>707,294</u>	<u>707,294</u>	<u>662,872</u>	<u>44,422</u>
<b>Aquatics</b>				
Full time salaries	1,258,677	1,258,677	1,248,603	10,074
Part time salaries	1,320,956	1,320,956	1,254,406	66,550
Employee benefits	568,977	568,977	575,162	(6,185)
Payroll taxes	266,827	266,827	272,342	(5,515)
<b>Personal services</b>	<u>3,415,437</u>	<u>3,415,437</u>	<u>3,350,513</u>	<u>64,924</u>
Telecommunications	-	-	1,893	(1,893)
Office supplies	1,500	1,500	878	622
Program supplies	43,542	43,542	37,991	5,551
Dues and memberships	1,365	1,365	743	622
Conferences	8,400	8,400	7,786	614
Technical training	6,877	6,877	5,857	1,020
Staff transportation	4,500	4,500	2,419	2,081
Small furniture and equipment	-	-	772	(772)
<b>Materials and services</b>	<u>66,184</u>	<u>66,184</u>	<u>58,339</u>	<u>7,845</u>
<b>Total Aquatics</b>	<u>3,481,621</u>	<u>3,481,621</u>	<u>3,408,852</u>	<u>72,769</u>
<b>Sports</b>				
Full time salaries	481,476	481,476	434,032	47,444
Part time salaries	585,108	585,108	539,197	45,911
Employee benefits	216,948	216,948	217,504	(556)
Payroll taxes	107,391	107,391	103,699	3,692
<b>Personal services</b>	<u>1,390,923</u>	<u>1,390,923</u>	<u>1,294,432</u>	<u>96,491</u>
Instructional services	142,530	142,530	114,678	27,852
Rental facility	42,000	42,000	42,368	(368)
Printing and publications	2,400	2,400	-	2,400
Advertising	800	800	-	800
Telecommunications	1,900	1,900	2,348	(448)
Office supplies	8,050	8,050	5,448	2,602
Program supplies	100,261	100,261	123,540	(23,279)

**Tualatin Hills Park and Recreation District**  
**General Fund**  
**Schedule of Expenditures - Budget to Actual**  
**For the fiscal year ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>PARK AND RECREATION SERVICES (continued):</b>				
<b>Sports (continued)</b>				
Dues and memberships	\$ 100	\$ 100	\$ 390	\$ (290)
Conferences	3,500	3,500	6,449	(2,949)
Technical training	200	200	-	200
Staff transportation	2,450	2,450	2,101	349
Small furniture and equipment	100	100	-	100
<b>Materials and services</b>	<u>304,291</u>	<u>304,291</u>	<u>297,322</u>	<u>6,969</u>
<b>Total Sports</b>	<u>1,695,214</u>	<u>1,695,214</u>	<u>1,591,754</u>	<u>103,460</u>
<b>Recreation</b>				
Full time salaries	1,086,232	1,086,232	1,072,377	13,855
Part time salaries	2,428,291	2,428,291	2,074,196	354,095
Employee benefits	511,599	511,599	527,358	(15,759)
Payroll taxes	353,408	353,408	341,585	11,823
<b>Personal services</b>	<u>4,379,530</u>	<u>4,379,530</u>	<u>4,015,516</u>	<u>364,014</u>
Instructional services	42,099	42,099	53,801	(11,702)
Rental facility	5,700	5,700	1,153	4,547
Rental equipment	16,836	16,836	4,900	11,936
Maintenance services	4,211	4,211	1,177	3,034
Printing and publications	2,965	2,965	428	2,537
Postage	1,300	1,300	564	736
Advertising	1,200	1,200	594	606
Telecommunications	3,300	3,300	3,283	17
Office supplies	22,000	22,000	15,567	6,433
Program supplies	399,986	399,986	300,728	99,258
Dues and memberships	1,260	1,260	988	272
Conferences	8,000	8,000	6,726	1,274
Technical training	3,764	3,764	1,814	1,950
Staff transportation	3,580	3,580	3,758	(178)
Small furniture and equipment	9,500	9,500	2,815	6,685
<b>Materials and services</b>	<u>525,701</u>	<u>525,701</u>	<u>398,296</u>	<u>127,405</u>
<b>Total Recreation</b>	<u>4,905,231</u>	<u>4,905,231</u>	<u>4,413,812</u>	<u>491,419</u>
<b>Programs and Special Activities</b>				
Full time salaries	898,722	898,722	914,972	(16,250)
Part time salaries	861,868	861,868	838,607	23,261
Employee benefits	395,267	395,267	442,527	(47,260)
Payroll taxes	177,977	177,977	185,306	(7,329)
<b>Personal services</b>	<u>2,333,834</u>	<u>2,333,834</u>	<u>2,381,412</u>	<u>(47,578)</u>
Instructional services	1,090	1,090	-	1,090
Technical services	130,526	130,526	118,159	12,367
Rental facility	2,400	2,400	2,400	-
Rental equipment	5,440	5,440	8,371	(2,931)
Maintenance services	4,574	4,574	1,761	2,813
Miscellaneous other services	-	-	411	(411)
Postage	3,132	3,132	866	2,266
Advertising	4,865	4,865	4,732	133
Telecommunications	6,120	6,120	3,910	2,210
Office supplies	19,415	19,415	8,045	11,370
Program supplies	167,370	167,370	139,155	28,215

**Tualatin Hills Park and Recreation District**  
**General Fund**  
**Schedule of Expenditures - Budget to Actual**  
**For the fiscal year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>PARK AND RECREATION SERVICES (continued):</b>				
<b>Programs and Special Activities (continued)</b>				
Maintenance supplies	\$ 5,127	\$ 5,127	\$ 624	\$ 4,503
Dues and memberships	3,000	3,000	2,029	971
Conferences	8,200	8,200	8,139	61
Technical training	3,040	3,040	2,952	88
Staff transportation	8,419	8,419	4,244	4,175
Small furniture and equipment	-	-	152	(152)
Foundation support (gas)	-	-	2,018	(2,018)
<b>Materials and services</b>	<u>372,718</u>	<u>372,718</u>	<u>307,968</u>	<u>64,750</u>
<b>Total Programs and Special Activities</b>	<u>2,706,552</u>	<u>2,706,552</u>	<u>2,689,380</u>	<u>17,172</u>
<b>Natural Resources and Trails</b>				
Full time salaries	622,480	622,480	612,905	9,575
Part time salaries	357,570	357,570	315,397	42,173
Employee benefits	201,204	201,204	228,268	(27,064)
Payroll taxes	102,129	102,129	100,569	1,560
<b>Personal services</b>	<u>1,283,383</u>	<u>1,283,383</u>	<u>1,257,139</u>	<u>26,244</u>
Instructional services	3,861	3,861	5,963	(2,102)
Professional services	-	-	1,050	(1,050)
Technical services	17,832	17,832	8,530	9,302
Rental equipment	10,346	10,346	5,743	4,603
Maintenance services	5,600	5,600	1,474	4,126
Printing and publications	500	500	70	430
Advertising	850	850	595	255
Telecommunications	3,578	3,578	3,661	(83)
Office supplies	10,240	10,240	9,731	509
Program supplies	41,173	41,173	33,210	7,963
Maintenance supplies	114,853	114,853	16,173	98,680
Dues and memberships	1,100	1,100	919	181
Conferences	3,825	3,825	2,016	1,809
Technical training	3,500	3,500	1,586	1,914
Staff transportation	2,780	2,780	1,934	846
Small furniture and equipment	3,000	3,000	3,450	(450)
<b>Materials and services</b>	<u>223,038</u>	<u>223,038</u>	<u>96,105</u>	<u>126,933</u>
<b>Total Natural Resources and Trails</b>	<u>1,506,421</u>	<u>1,506,421</u>	<u>1,353,244</u>	<u>153,177</u>
<b>Total Park and Recreation Services</b>	<u>15,002,333</u>	<u>15,002,333</u>	<u>14,119,914</u>	<u>882,419</u>
<b>CAPITAL OUTLAY:</b>				
Carryforward projects	3,294,031	3,294,031	2,607,415	686,616
Athletic facility replacement	25,000	25,000	24,135	865
Athletic facility improvements	8,500	8,500	7,167	1,333
Park and trail replacement	252,500	252,500	232,993	19,507
Park and trail improvements	337,100	337,100	185,007	152,093
Building replacement	1,099,676	1,099,676	767,444	332,232
Building improvements	24,000	24,000	33,983	(9,983)
ADA projects	45,000	45,000	34,822	10,178
Program facility challenge grants	97,500	97,500	63,882	33,618
<b>Total Capital Outlay</b>	<u>5,183,307</u>	<u>5,183,307</u>	<u>3,956,848</u>	<u>1,226,459</u>
<b>Total General Fund Expenditures</b>	<u>\$ 41,946,302</u>	<u>\$ 42,140,856</u>	<u>\$ 37,448,825</u>	<u>\$ 4,692,031</u>

**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, 2012**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Property taxes	\$ 7,921,826	\$ 7,976,837	\$ 55,011
Interest earned	14,000	36,226	22,226
Total revenues	<u>7,935,826</u>	<u>8,013,063</u>	<u>77,237</u>
Expenditures:			
Debt service	<u>7,997,401</u>	<u>7,903,106</u>	<u>94,295</u>
Total expenditures	<u>7,997,401</u>	<u>7,903,106</u>	<u>94,295</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	<u>(61,575)</u>	<u>109,957</u>	<u>171,532</u>
Fund balance at beginning of year	<u>233,500</u>	<u>303,177</u>	<u>69,677</u>
Fund balance at end of year	<u>\$ 171,925</u>	<u>\$ 413,134</u>	<u>\$ 241,209</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, 2012**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Interest earned	\$ 345,975	\$ 306,208	\$ (39,767)
Total revenues	<u>345,975</u>	<u>306,208</u>	<u>(39,767)</u>
Expenditures:			
Issuance costs	-	422,985	(422,985)
Capital outlay	83,501,596	13,442,046	70,059,550
Total expenditures	<u>83,501,596</u>	<u>13,865,031</u>	<u>69,636,565</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(83,155,621)	(13,558,823)	69,596,798
Other financing sources:			
Sale of general obligation bonds	41,495,000	40,060,000	(1,435,000)
Premiums on bonds sold	-	1,859,558	1,859,558
Total other financing sources	<u>41,495,000</u>	<u>41,919,558</u>	<u>424,558</u>
Net change in fund balance	(41,660,621)	28,360,735	70,021,356
Fund balances at beginning of year	41,660,621	38,719,559	(2,941,062)
Fund balances at end of year	<u>\$ -</u>	<u>\$ 67,080,294</u>	<u>\$ 67,080,294</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, 2012**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
System development charges	\$ 2,850,057	\$ 1,897,759	\$ (952,298)
Interest earned	38,000	27,742	(10,258)
Total revenues	<u>2,888,057</u>	<u>1,925,501</u>	<u>(962,556)</u>
Expenditures:			
Capital outlay	<u>7,782,233</u>	<u>3,608,218</u>	<u>4,174,015</u>
Total expenditures	<u>7,782,233</u>	<u>3,608,218</u>	<u>4,174,015</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(4,894,176)	(1,682,717)	3,211,459
Fund balances at beginning of year	4,894,176	4,663,534	(230,642)
Fund balances at end of year	<u>\$ -</u>	<u>\$ 2,980,817</u>	<u>\$ 2,980,817</u>

**Tualatin Hills Park and Recreation District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the fiscal year ended June 30, 2012**

	<u>Special Revenue</u> <u>Mitigation</u> <u>Maintenance</u> <u>Fund</u>	<u>Capital Project</u> <u>Metro</u> <u>Natural Areas</u> <u>Bond Fund</u>	<u>Total</u> <u>Other</u> <u>Governmental</u> <u>Funds</u>
Revenues:			
Capital grants	\$ -	\$ 850,000	\$ 850,000
Interest earned	837	-	837
Total revenues	<u>837</u>	<u>850,000</u>	<u>850,837</u>
Expenditures:			
Capital outlay	-	850,000	850,000
Total expenditures	<u>-</u>	<u>850,000</u>	<u>850,000</u>
Excess of revenues over expenditures and net changes in fund balance	837	-	837
Fund balances at beginning of year	<u>182,820</u>	<u>-</u>	<u>182,820</u>
Fund balances at end of year	<u>\$ 183,657</u>	<u>\$ -</u>	<u>\$ 183,657</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, 2012**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Interest earned	\$ 900	\$ 837	\$ (63)
Total revenues	<u>900</u>	<u>837</u>	<u>(63)</u>
Expenditures:			
Materials and services	5,000	-	5,000
Contingency	178,915	-	178,915
Total expenditures	<u>183,915</u>	<u>-</u>	<u>183,915</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(183,015)	837	183,852
Fund balance at beginning of year	<u>183,015</u>	<u>182,820</u>	<u>(195)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 183,657</u>	<u>\$ 183,657</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, 2012**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Capital grants	\$ 1,300,000	\$ 850,000	\$ (450,000)
Total revenues	<u>1,300,000</u>	<u>850,000</u>	<u>(450,000)</u>
Expenditures:			
Capital outlay	1,300,000	850,000	450,000
Total expenditures	<u>1,300,000</u>	<u>850,000</u>	<u>450,000</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>

**OTHER  
FINANCIAL  
SCHEDULE**

**Tualatin Hills Park and Recreation District**  
Schedule of Property Tax Transactions and Outstanding Balances  
For the fiscal year ended June 30, 2012

	Taxes Uncollected June 30, 2011	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, 2012
2011-2012	\$ -	\$ 33,334,482	(854,352)	\$ 11,315	\$ 50,519	\$ (31,713,114)	828,850
2010-2011	771,522	-	5,449	36,107	(36,209)	(308,523)	468,346
2009-2010	318,986	-	3,353	29,693	(18,650)	(69,346)	264,036
2008-2009	131,577	-	10	27,330	(4,314)	(116,631)	37,972
2007-2008	33,754	-	3	8,488	(1,554)	(30,166)	10,525
2006-2007	9,188	-	4	827	(850)	(2,175)	6,994
Prior Years	16,635	-	-	1,837	(2,749)	(2,950)	12,773
	<u>\$ 1,281,662</u>	<u>\$ 33,334,482</u>	<u>\$(845,533)</u>	<u>\$ 115,597</u>	<u>\$ (13,807)</u>	<u>\$ (32,242,905)</u>	<u>\$ 1,629,496</u>

General Fund	\$ 993,787	\$ 1,236,046
Debt Service Fund	287,875	393,450
	<u>\$ 1,281,662</u>	<u>\$ 1,629,496</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.

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

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

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

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

	<b>Fiscal Year</b>								
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>(as restated)</b>								
Governmental activities									
Invested in capital assets, net of related debt	\$ 56,189,179	\$ 62,890,110	\$ 65,083,859	\$ 81,461,139	\$ 86,885,092	\$ 89,588,161	\$ 97,699,300	\$ 102,325,244	\$ 111,753,935
Restricted	9,346,441	10,406,433	13,392,572	5,233,264	4,089,447	4,914,904	5,388,324	4,966,711	3,393,951
Unrestricted	2,884,929	3,008,933	3,380,183	3,965,498	3,577,389	2,826,589	2,681,289	6,419,121	6,270,492
Total primary government net assets	<u>\$ 68,420,549</u>	<u>\$ 76,305,476</u>	<u>\$ 81,856,614</u>	<u>\$ 90,659,901</u>	<u>\$ 94,551,928</u>	<u>\$ 97,329,654</u>	<u>\$ 105,768,913</u>	<u>\$ 113,711,076</u>	<u>\$ 121,418,378</u>

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

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
	(as restated)								
<b>Expenses</b>									
Governmental activities:									
Board of Directors	\$ 105,476	\$ 136,597	\$ 170,390	\$ 187,210	\$ 151,139	\$ 252,707	\$ 158,614	\$ 212,527	\$ 229,942
Administration	1,082,661	1,339,707	1,189,415	1,148,393	1,620,813	1,435,073	1,510,804	1,603,306	1,678,446
Business and facilities	1,822,421	1,924,598	3,047,589	2,942,845	2,963,834	13,414,199 <sup>1)</sup>	14,022,988	14,061,469	14,337,163
Planning and development	-	-	-	-	-	925,029 <sup>2)</sup>	724,568	571,594	640,871
Park and recreation services	20,508,872	21,787,823	21,658,035	22,854,097	25,260,805	16,749,941	17,769,469	17,750,967	18,210,409
Interest on long-term debt	1,199,130	1,111,955	1,130,474	1,063,732	935,564	1,117,606	3,032,756	3,106,160	4,085,516
Total governmental activities expenses	<u>\$ 24,718,560</u>	<u>\$ 26,300,680</u>	<u>\$ 27,195,903</u>	<u>\$ 28,196,277</u>	<u>\$ 30,932,155</u>	<u>\$ 33,894,555</u>	<u>\$ 37,219,199</u>	<u>\$ 37,306,023</u>	<u>\$ 39,182,347</u>
<b>Program Revenues</b>									
Governmental activities:									
Park and recreation services:									
Charges for services	\$ 5,611,020	\$ 6,040,307	\$ 6,381,080	\$ 6,720,311	\$ 7,379,076	\$ 8,158,928	\$ 8,673,796	\$ 9,087,924	\$ 9,622,209
Operating grants and contributions	47,723	26,653	19,078	35,185	27,599	42,756	143,768	155,727	195,890
Capital grants and contributions	3,154,087	3,914,526	3,868,580	2,283,436	2,372,111	2,958,270	4,560,810	3,522,996	3,621,810
Total governmental program revenues	<u>\$ 8,812,830</u>	<u>\$ 9,981,486</u>	<u>\$ 10,268,738</u>	<u>\$ 9,038,932</u>	<u>\$ 9,778,786</u>	<u>\$ 11,159,954</u>	<u>\$ 13,378,374</u>	<u>\$ 12,766,647</u>	<u>\$ 13,439,909</u>
Net(expense)/revenue									
Governmental activities	<u>\$(15,905,730)</u>	<u>\$(16,319,194)</u>	<u>\$(16,927,165)</u>	<u>\$(19,157,345)</u>	<u>\$(21,153,369)</u>	<u>\$(22,734,601)</u>	<u>\$(23,840,825)</u>	<u>\$(24,539,376)</u>	<u>\$(25,742,438)</u>
Total primary government net expense	<u>\$(15,905,730)</u>	<u>\$(16,319,194)</u>	<u>\$(16,927,165)</u>	<u>\$(19,157,345)</u>	<u>\$(21,153,369)</u>	<u>\$(22,734,601)</u>	<u>\$(23,840,825)</u>	<u>\$(24,539,376)</u>	<u>\$(25,742,438)</u>
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental activities:									
Taxes									
Property taxes	\$ 19,373,497	\$ 20,182,058	\$ 21,097,305	\$ 22,162,377	\$ 23,201,119	\$ 24,440,625	\$ 30,576,672	\$ 31,633,996	\$ 32,536,833
Unrestricted grants and contributions	126,878	181,035	161,784	186,127	232,743	234,137	215,450	197,632	233,515
Investment earnings	294,270	447,771	935,335	1,059,117	637,812	488,973	793,970	445,603	507,727
Gain on sale of capital assets	-	5,988	-	-	-	-	-	-	-
Miscellaneous	674,976	3,387,269	283,879	4,553,011	1,879,872	348,592	693,992	204,308	171,665
Total governmental activities	<u>\$ 20,469,621</u>	<u>\$ 24,204,121</u>	<u>\$ 22,478,303</u>	<u>\$ 27,960,632</u>	<u>\$ 25,951,546</u>	<u>\$ 25,512,327</u>	<u>\$ 32,280,084</u>	<u>\$ 32,481,539</u>	<u>\$ 33,449,740</u>
<b>Change in Net Assets</b>									
Governmental activities	<u>\$ 4,563,891</u>	<u>\$ 7,884,927</u>	<u>\$ 5,551,138</u>	<u>\$ 8,803,287</u>	<u>\$ 4,798,177</u>	<u>\$ 2,777,726</u>	<u>\$ 8,439,259</u>	<u>\$ 7,942,163</u>	<u>\$ 7,707,302</u>
Total primary government	<u>\$ 4,563,891</u>	<u>\$ 7,884,927</u>	<u>\$ 5,551,138</u>	<u>\$ 8,803,287</u>	<u>\$ 4,798,177</u>	<u>\$ 2,777,726</u>	<u>\$ 8,439,259</u>	<u>\$ 7,942,163</u>	<u>\$ 7,707,302</u>

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

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010 (as restated)	2011 (as restated)	2012
General fund										
Reserved	\$ 79,403	\$ 79,403	\$ 103,878	\$ 120,398	\$ 75,840	\$ 112,826	\$ 116,712	\$ -	\$ -	\$ -
Unreserved	2,898,542	2,607,151	2,908,752	3,818,904	4,261,281	4,548,093	4,185,875	-	-	-
Nonspendable	-	-	-	-	-	-	-	131,319	93,642	64,728
Unassigned	-	-	-	-	-	-	-	3,717,581	5,302,475	3,773,265
<b>Total general fund</b>	<b>\$ 2,977,945</b>	<b>\$ 2,686,554</b>	<b>\$ 3,012,630</b>	<b>\$ 3,939,302</b>	<b>\$ 4,337,121</b>	<b>\$ 4,660,919</b>	<b>\$ 4,302,587</b>	<b>\$ 3,848,900</b>	<b>\$ 5,396,117</b>	<b>\$ 3,837,993</b>
All other governmental funds										
Reserved, reported in:										
Special revenue fund	\$ -	\$ -	\$ -	\$ 66,963	\$ 83,943	\$ 161,686	\$ 175,925	\$ -	\$ -	\$ -
Debt service fund	593,822	540,896	484,716	460,511	418,913	338,212	255,341	-	-	-
Capital project funds	6,961,228	9,346,441	10,406,433	12,932,061	4,814,351	3,751,235	62,683,669	-	-	-
Restricted, reported in:										
Debt service fund	-	-	-	-	-	-	-	189,152	303,177	413,134
Capital project funds	-	-	-	-	-	-	-	59,866,624	43,383,093	70,061,111
Committed, reported in:										
Special revenue fund	-	-	-	-	-	-	-	182,010	182,820	183,657
<b>Total all other governmental funds</b>	<b>\$ 7,555,050</b>	<b>\$ 9,887,337</b>	<b>\$ 10,891,149</b>	<b>\$ 13,459,535</b>	<b>\$ 5,317,207</b>	<b>\$ 4,251,133</b>	<b>\$ 63,114,935</b>	<b>\$ 60,237,786</b>	<b>\$ 43,869,090</b>	<b>\$ 70,657,902</b>

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Property taxes	\$18,764,080	\$19,387,604	\$20,297,846	\$21,124,084	\$22,095,939	\$23,064,951	\$ 24,227,511	\$30,429,777	\$ 31,656,648	\$ 32,122,160
Aquatic programs	2,466,690	2,446,928	2,679,791	2,787,489	2,820,884	2,070,276	2,236,943	2,438,104	2,542,840	2,604,415
Tennis center	520,341	543,968	582,343	594,451	630,856	779,947	798,424	867,529	869,498	853,427
Sports programs	667,529	696,659	644,289	648,302	676,849	756,520	991,443	1,123,287	1,233,700	1,287,406
Recreation programs	1,828,324	1,881,185	2,102,083	2,321,238	2,571,571	3,824,758	4,192,324	4,307,171	4,555,062	4,770,489
Grants and sponsorships	200,536	485,538	354,688	892,183	221,312	857,212	950,096	1,906,063	1,441,320	1,742,561
System development charges	2,140,110	2,843,150	3,767,526	3,165,261	2,283,436	1,775,241	1,406,672	2,370,160	1,939,855	1,897,759
Interest earned	306,427	294,270	442,698	924,540	1,074,988	632,735	488,973	793,970	445,603	507,727
Charges for services	-	-	-	-	-	-	-	553,515	712,478	799,091
Miscellaneous	108,984	204,176	181,759	210,989	267,646	342,161	378,292	710,592	192,203	278,137
<b>Total revenues</b>	<b>27,003,021</b>	<b>28,783,478</b>	<b>31,053,023</b>	<b>32,668,537</b>	<b>32,643,481</b>	<b>34,103,801</b>	<b>35,670,678</b>	<b>45,500,168</b>	<b>45,589,207</b>	<b>46,863,172</b>
<b>Expenditures</b>										
Board of Directors	\$ 92,333	\$ 105,476	\$ 136,597	\$ 170,390	\$ 187,210	\$ 151,139	\$ 252,707	\$ 158,614	\$ 212,527	\$ 229,942
Administration	1,001,986	924,767	1,143,146	1,236,566	1,141,833	1,599,223	1,449,070	1,547,895	1,590,784	1,675,574
Business and facilities	1,676,553	1,822,992	1,929,548	2,612,192	2,529,507	2,643,563	12,970,222	13,836,899	13,796,771	14,018,655
Planning and development	-	-	-	-	-	-	907,994	1,250,838	1,282,382	1,430,176
Park and recreation services	17,621,854	18,408,515	19,300,473	19,368,313	20,710,852	22,205,573	13,199,722	14,341,740	14,201,551	13,996,776
Capital outlay	3,139,365	3,318,043	4,943,286	2,823,615	12,772,256	5,334,604	4,471,549	9,619,570	28,607,214	22,534,645
Debt service										
Principal	1,512,856	1,493,910	1,672,785	1,782,000	1,880,000	1,958,000	2,061,000	4,790,000	5,695,000	5,100,000
Interest	1,332,050	1,268,879	1,180,270	1,196,923	1,127,798	990,961	1,345,100	3,285,448	3,298,121	4,566,274
<b>Total expenditures</b>	<b>26,376,997</b>	<b>27,342,582</b>	<b>30,306,105</b>	<b>29,189,999</b>	<b>40,349,456</b>	<b>34,883,063</b>	<b>36,657,364</b>	<b>48,831,004</b>	<b>68,684,350</b>	<b>63,552,042</b>
Excess of revenues over (under) expenditures	626,024	1,440,896	746,918	3,478,538	(7,705,975)	(779,262)	(986,686)	(3,330,836)	(23,095,143)	(16,688,870)
<b>Other financing sources (uses)</b>										
Debt issuance	200,000	600,000	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	1,117,126	-	358,495	-	-	-	494,941	-	-	-
Payment of refunded debt	-	-	(140,000)	-	(2,509,360)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,317,126</b>	<b>600,000</b>	<b>558,495</b>	<b>-</b>	<b>6,023</b>	<b>-</b>	<b>59,492,156</b>	<b>-</b>	<b>9,532,166</b>	<b>41,919,558</b>
<b>Net change in fund balances</b>	<b>\$ 1,943,150</b>	<b>\$ 2,040,896</b>	<b>\$ 1,305,413</b>	<b>\$ 3,478,538</b>	<b>\$ (7,699,952)</b>	<b>\$ (779,262)</b>	<b>\$ 58,505,470</b>	<b>\$ (3,330,836)</b>	<b>\$ (13,562,977)</b>	<b>\$ 25,230,688</b>
Debt service as a percentage of noncapital expenditures	13.7%	12.8%	12.3%	12.5%	12.1%	9.9%	10.4%	20.5%	22.4%	23.3%

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

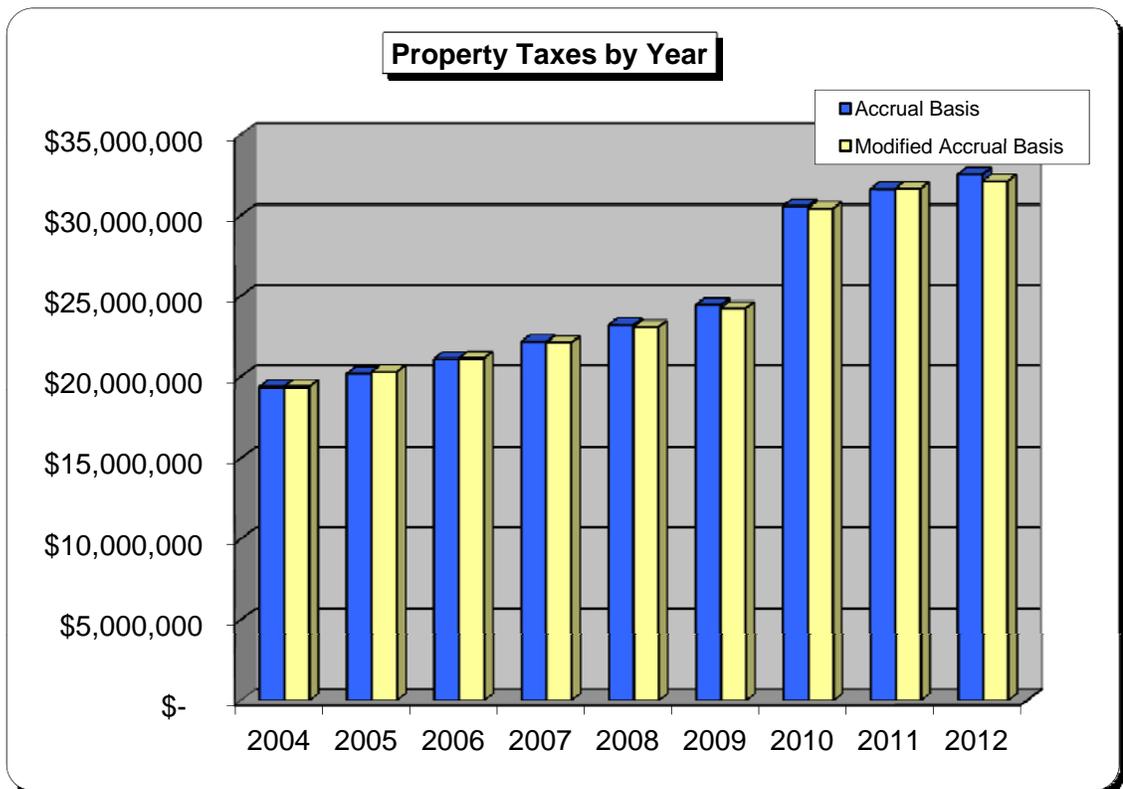
2) The Planning department was moved from Business and facilities to its own division of Planning and development.

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

<u>Fiscal Year</u>	<u>Property Tax</u>
2004	\$ 19,373,497
2005	20,182,058
2006	21,097,305
2007	22,162,377
2008	23,201,119
2009	24,440,625
2010	30,576,672
2011	31,633,996
2012	32,536,833

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

<u>Fiscal Year</u>	<u>Property Tax</u>
2004	\$ 19,387,604
2005	20,297,846
2006	21,124,084
2007	22,095,939
2008	23,064,951
2009	24,227,511
2010	30,429,777
2011	31,656,648
2012	32,122,160



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

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

Source: Washington County, Department of Assessment and Taxation

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Direct Government:									
Tualatin Hills Park and Recreation District	1.4636	1.4551	1.4505	1.4425	1.4341	1.4291	1.7343	1.7428	1.7372
Overlapping Government:									
Washington County	2.8953	2.8731	2.8395	2.4493	3.0331	2.9840	2.9840	2.9798	2.9744
Washington County - Enhanced Patrol	1.1650	1.1424	1.1300	1.1120	1.0920	1.3099	1.2823	1.2660	1.2477
Washington County - Road Maintenance	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	1.1219	1.6919	1.7890	1.6919	1.6919	1.6919
Washington County -North Bethany SD	-	-	-	-	-	-	-	-	1.2500
Northwest Regional ESD	0.1538	0.1538	0.1538	0.1538	0.1538	0.1538	0.1538	0.1538	0.1538
Multnomah County ESD	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576	0.4134
Portland Community College	0.5118	0.5099	0.4950	0.4889	0.5051	0.5031	0.6325	0.6359	0.5981
School District No. 48, Beaverton	8.0102	6.5968	7.9760	6.2900	6.7358	6.5643	6.8793	6.7841	6.8603
School District No. 1J, Hillsboro	6.6651	6.7059	6.5835	6.5240	8.0581	7.1016	7.4600	7.5846	7.4663
School District No. 1-1, Portland	7.1160	7.1792	4.7743	5.2781	6.5281	6.5281	6.5281	6.5281	6.5166
School District - Hillsboro, Reedville Bonds	0.2985	0.3327	0.2556	0.2268	0.2493	0.2617	0.4102	-	-
Tualatin Valley Water District - Wolf Creek	0.1439	0.0566	-	-	-	-	-	-	-
Tualatin Valley Water District - Metzger	0.2214	0.1335	-	-	-	-	-	-	-
Tualatin Valley Fire and Rescue District	1.8265	1.8259	1.8216	1.8194	1.8692	1.8434	1.8947	1.8828	1.9302
Port of Portland	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701	0.0701
City of Beaverton	3.9736	4.1041	4.0135	4.2117	4.1841	4.1153	4.1986	4.2034	4.1791
City of Hillsboro	4.7665	4.7665	4.7655	4.7665	4.7665	5.3865	5.3865	5.3865	5.3827
Urban Renewal - Hillsboro	-	-	-	-	-	-	-	-	0.0141
City of Portland	7.7258	7.4957	7.3741	7.2395	7.2779	6.7554	7.0862	7.0527	6.9497
Urban Renewal - Portland	0.9233	0.9324	0.9867	1.0022	1.0502	1.0508	1.1624	1.1722	1.1314
Metro Service District	0.2900	0.2838	0.2841	0.2782	0.4292	0.3984	0.4368	0.4088	0.3154
TriMet	0.1080	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  
June 30, 2012**

<b>2012</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Nike, Inc.	\$372,130,123	1	1.99%
Frontier Communications	140,366,000	2	0.75%
Portland General Electric	130,855,602	3	0.70%
Tektronix Inc.	132,532,873	4	0.71%
PS Business Parks LP	109,808,499	5	0.59%
Comcast Corporation	120,273,900	6	0.64%
Maxim Integrated Products, Inc.	96,248,470	7	0.44%
Northwest Natural Gas Co.	83,274,800	8	0.70%
Bernard Properties Partnership	59,371,003	9	0.32%
Nimbus Center LLC	57,218,120	10	0.31%
 All other tax payers	 17,416,316,970		 92.86%
 Totals	 \$18,718,396,360		 100.00%

Source: Washington County, Department of Assessment and Taxation  
(information not available for FY 2003)

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

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Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 19,374,729	\$ 18,307,900	94.5%	\$ 504,596	\$ 18,812,496	97.1%
2004	20,039,878	18,939,817	94.5%	514,022	19,453,839	97.1%
2005	20,804,534	19,749,164	94.9%	441,170	20,190,334	97.0%
2006	21,736,219	20,672,358	95.1%	422,175	21,094,533	97.0%
2007	22,775,894	21,687,609	95.2%	473,731	22,161,340	97.3%
2008	23,818,049	22,614,565	94.9%	441,060	23,055,625	96.8%
2009	25,095,569	23,896,079	95.2%	755,119	24,651,198	98.2%
2010	31,527,965	29,768,038	94.4%	649,725	30,417,763	96.5%
2011	32,641,290	30,901,476	94.7%	308,523	31,209,999	95.6%
2012	33,334,482	31,713,114	95.1%	-	31,713,114	95.1%

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

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Governmental Activities

Fiscal Year	General Obligation Bonds	Full Faith & Credit Obligations	Loans Payable	Total Primary Government	Percentage of Personal Income <sup>a)</sup>	Per Capita <sup>b)</sup>
2004	\$ 17,830,000	\$ 3,850,000	\$ 763,776	\$ 22,443,776	0.138%	\$ 106.98
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	n/a	312.62
2012	95,780,000	10,010,000	60,000	105,850,000	n/a	461.25

n/a - not available at time of printing

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

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

Source: State of Oregon, OLMIS

Portland State University Center for Population Research and Census

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

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

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Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita <sup>a)</sup>
2004	\$ 17,830,000	\$ 540,896	\$ 17,289,104	0.13%	\$ 82.41
2005	16,605,000	484,716	16,120,284	0.11%	75.66
2006	15,310,000	460,511	14,849,489	0.10%	68.52
2007	13,935,000	418,913	13,516,087	0.09%	61.32
2008	12,495,000	338,212	12,156,788	0.07%	54.22
2009	69,490,000	255,341	69,234,659	0.39%	303.63
2010	65,155,000	189,152	64,965,848	0.36%	280.12
2011	60,095,000	303,177	59,791,823	0.32%	263.67
2012	95,780,000	413,134	95,366,866	0.50%	415.57

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

Source: Portland State University Center for Population Research and Census

**Tualatin Hills Park and Recreation District**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**June 30, 2012**

<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	\$ 95,780,000	100.0000%	\$ 95,780,000
Direct debt	<u>95,780,000</u>		<u>95,780,000</u>
Metro	\$ 273,485,000	13.4800%	\$ 36,860,582
TriMet	9,800,000	13.5300%	1,325,499
Portland Community College	191,375,000	16.7900%	32,136,838
City of Portland	149,410,000	0.0100%	9,413
City of Hillsboro	8,510,000	1.6600%	141,087
Washington County	14,325,000	39.8900%	5,714,744
Tualatin Valley Fire & Rescue District	47,470,000	45.1400%	21,220,799
School District No. 23, Tigard-Tualatin	133,025,589	0.0100%	15,564
School District No. 48, Beaverton	500,995,000	81.5800%	408,734,266
School District No. 1J, Hillsboro	315,773,096	3.2000%	10,088,950
School District No. 1J, Portland	460,455,126	0.4500%	2,016,793
Overlapping debt	<u>2,104,623,811</u>		<u>518,264,535</u>
Other Debt			
Tualatin Hills Park and Recreation District	\$ 10,070,000	100.0000%	\$ 10,070,000
Direct debt	<u>10,070,000</u>		<u>10,070,000</u>
Metro	\$ 49,385,000	13.4800%	\$ 6,656,159
Portland Community College	174,850,000	16.7900%	29,361,861
City of Portland	535,867,280	0.0100%	33,759
City of Hillsboro	22,360,000	1.6600%	370,707
Washington County	98,860,000	39.8900%	39,438,714
Tualatin Valley Fire & Rescue District	15,000,000	45.1400%	6,705,540
Northwest Regional ESD	5,840,000	30.3500%	1,772,276
Multnomah ESD	34,745,000	0.3200%	112,053
Port of Portland	69,304,574	12.3200%	8,538,046
City of Beaverton	9,495,000	99.0800%	9,407,523
Overlapping debt	<u>1,015,706,854</u>		<u>102,396,638</u>
Total direct and overlapping debt	<u>\$ 3,226,180,665</u>		<u>\$ 726,511,173</u>

Note: Overlapping taxing jurisdictions are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 432,893,989	\$ 458,924,158	\$ 482,440,210	\$ 528,653,485	\$ 654,059,148	\$ 720,458,248	\$ 745,643,762	\$ 699,235,942	\$ 663,869,866	\$ 631,814,057
Total net debt application to limit	18,990,000	17,830,000	16,605,000	15,310,000	13,935,000	12,495,000	69,490,000	65,155,000	60,095,000	95,780,000
Legal debt margin	<u>\$ 413,903,989</u>	<u>\$ 441,094,158</u>	<u>\$ 465,835,210</u>	<u>\$ 513,343,485</u>	<u>\$ 640,124,148</u>	<u>\$ 707,963,248</u>	<u>\$ 676,153,762</u>	<u>\$ 634,080,942</u>	<u>\$ 603,774,866</u>	<u>\$ 536,034,057</u>
Total net debt applicable to the limit as a percentage of debt limit	4.39%	3.89%	3.44%	2.90%	2.13%	1.73%	9.32%	9.32%	9.05%	15.16%

**Legal Debt Margin Calculation for Fiscal Year 2012**

Real market value (2011/12)	\$ 25,272,562,285
General obligation debt capacity (2.5% of Real market value)	631,814,057
Less: Outstanding debt	<u>95,780,000</u>
Remaining legal debt capacity	<u>\$ 536,034,057</u>

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

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**Washington County**

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Fiscal Year	District Population (estimated)	Population (estimated) <sup>a)</sup>	Personal Income (amounts expressed in thousands) <sup>b)</sup>	Per Capita Personal Income <sup>b)</sup>	Unemployment Rate <sup>c)</sup>	School Enrollment <sup>d)</sup>
2004	209,800	480,200	\$16,366,000	\$33,546	7.3%	35,329
2005	213,073	489,785	17,338,000	34,626	6.2%	36,502
2006	216,717	500,585	18,607,666	36,259	5.3%	36,646
2007	220,422	511,075	19,945,179	38,371	4.8%	37,958
2008	224,192	519,925	21,185,612	40,188	4.9%	37,552
2009	228,025	527,140	21,205,286	39,465	10.1%	37,536
2010	231,925	529,710	21,586,715	40,606	10.6%	38,460
2011	226,764	540,410	n/a	n/a	7.8%	38,571
2012	229,486	n/a	n/a	n/a	6.9%	39,054

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

n/a data not available at time of printing

**Tualatin Hills Park and Recreation District**  
**MAJOR EMPLOYMENT INDUSTRIES IN WASHINGTON COUNTY**  
**June 30, 2012**

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	<b>2012</b>	
<b>Industry</b>	<b>Annual Average</b>	<b>Percentage of Total County Employment</b>
Mining and logging	300	0.1%
Construction	11,600	4.8%
Manufacturing:		
Computer and electronic products	26,100	
Other durable goods	11,700	
Non-durable goods	5,300	
	43,100	17.7%
Trade, transportation and utilities:		
Wholesale trade	16,700	
Retail trade	28,300	
Transportation, warehousing and utilities	3,400	
	48,400	19.9%
Information	7,900	3.2%
Financial activities	15,300	6.3%
Professional and business services:		
Professional and technical services	11,700	
Management of companies and enterprises	5,700	
Administrative and waste services	19,000	
	36,400	14.9%
Educational and health services	30,400	12.5%
Leisure and hospitality	20,100	8.2%
Other services	7,200	3.0%
Government:		
Federal government	800	
State government	2,700	
Local government	7,600	
Local education	11,900	
	23,000	9.4%
Total non-farm employment	243,700	100.0%

\* Fiscal Year 2012 information includes data through 12/31/2011

Source: OLMIS  
(information not available for FY 2003)

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

Function	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Administration</b>									
Administration	4	6	6	6	6	2	2	2	2
Communications and outreach	2	2	2	2	5	6	7	6	6
Security operations	1	3	3	3	4	4	4	4	4
<b>Business and facilities</b>									
Director	2	2	3	3	1	4	4	4	4
Finance services	6	6	6	6	6	6	6	7	7
Information services	4	4	4	5	5	5	5	5	5
Human resources	1	1	1	1	2	3	3	3	3
Risk and contract management	4	4	4	4	2	2	2	2	2
<b>Maintenance</b>									
Operations	3	3	4	4	4	3	3	3	3
Park maintenance	35	36	38	44	44	45	46	46	46
Vehicles and equipment	6	6	6	6	6	6	6	6	6
Athletic facilities	17	17	17	17	21	23	23	23	23
Building and pool maintenance	41	43	43	44	44	49	48	49	49
<b>Planning</b>									
Director	-	-	-	-	-	1	2	2	2
Planning and development	6	6	6	6	6	6	6	10	10
<b>Park and recreation</b>									
Director	3	3	3	3	2	2	3	3	3
Aquatics	72	77	78	78	81	80	81	81	73
Sports	29	29	31	29	31	31	33	32	31
Programs and special activities	38	38	38	38	40	41	42	42	41
Recreation	91	91	92	93	97	104	107	106	105
Natural resources and trails	11	12	13	13	14	17	21	24	23
<b>Total full-time equivalent employees</b>	<b>376</b>	<b>389</b>	<b>398</b>	<b>405</b>	<b>421</b>	<b>440</b>	<b>454</b>	<b>460</b>	<b>448</b>

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

	<b>2004 actual</b>	<b>2005 actual</b>	<b>2006 actual</b>	<b>2007 actual</b>	<b>2008 actual</b>	<b>2009 actual</b>	<b>2010 actual</b>	<b>2011 actual</b>	<b>2012 estimate</b>
<b>Parks and Recreation</b>									
<b>Cultural and recreational activities:</b>									
Aquatics									
Attendance at open/drop-in programs and classes	530,601	560,172	556,976	531,225	577,934	603,018	589,522	563,160	554,089
Number of classes held	4,625	4,551	5,326	5,019	4,722	5,452	5,421	5,740	4,915
Sports <sup>1)</sup>									
Attendance at open/drop-in programs and classes	n/a	n/a	690,838	814,653	700,000	697,335	654,533	710,364	725,000
Number of classes held	434	471	522	521	512	521	395	583	595
Recreation									
Attendance at open/drop-in programs and classes	712,733	764,689	716,205	731,157	740,206	870,704	924,770	947,841	945,500
Number of classes held	4,921	6,387	4,377	4,556	4,802	4,896	4,869	4,794	4,651
Programs and special activities									
Attendance at open/drop-in programs and classes	294,532	317,539	334,601	338,275	342,314	354,960	374,644	375,255	378,165
Number of classes held	1,162	1,287	1,361	1,366	1,185	1,349	1,547	1,798	1,735
Natural Resources and trails									
Attendance at open/drop-in programs and classes	144,317	177,451	241,329	249,159	195,018	136,960	188,450	171,449	174,692
Number of classes held	187	239	263	278	293	338	545	580	570
<b>Maintenance activities:</b>									
Buildings maintained (shown per 1,000 sq. ft)	326	326	326	326	355	366	368	368	434
Cost per sq. ft. of buildings	\$6.15	\$6.51	\$7.22	\$7.66	\$6.21	\$7.28	\$7.17	\$8.20	\$5.92
Pool facilities maintained (shown per 1,000 sq. ft.)	152	152	152	152	152	152	152	152	152
Cost per sq. ft. of pools	\$9.34	\$9.18	\$10.42	\$11.42	\$14.71	\$12.03	\$15.87	\$12.57	\$14.84
Parks maintained - developed acres	915	1,028	1,028	1,041	1,076	1,076	1,071	1,083	1,095
Cost per developed acre	\$2,586.00	\$2,290.00	\$2,290.00	\$2,523.00	\$2,560.00	\$2,638.00	\$2,796.00	\$2,765.00	\$2,743.00
Parks maintained - undeveloped acres	851	749	749	848	859	867	1,077	900	1,105
Cost per undeveloped acre	\$146.00	\$165.00	\$165.00	\$163.00	\$169.00	\$172.00	\$146.00	\$175.00	\$143.00
Vehicle and equipment units maintained	332	340	354	389	413	427	434	436	436
Cost per vehicle and equipment unit	\$1,901.00	\$1,853.00	\$1,768.00	\$1,800.00	\$1,752.00	\$1,870.00	\$1,860.00	\$1,937.00	\$1,990.00

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

**Tualatin Hills Park and Recreation District**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**June 30, 2012**

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**Parks and Recreation:**

Number of parks	300
Park acreage:	
Developed sites (neighborhood, community and regional parks)	1,095
Undeveloped sites (wetlands and natural areas)	1,105
Pathways and trails mileage	42
Lakes	3
Stream corridor mileage	27
 Facilities:	
Swim Centers:	
Indoor	5
Outdoor	2
Recreation Centers	2
Combined Recreation/Aquatic Center	1
Athletic Center	1
Senior Center	1
Historical Facilities (weddings, meetings, community events)	3
Interpretive Centers/Nature Parks	2
Tennis Center	1
Camp Rivendale (developmentally disabled patrons)	1
 Fields and courts:	
Tennis:	
Indoor	14
Outdoor <sup>1)</sup>	101
Basketball:	
Indoor	6
Outdoor <sup>1)</sup>	51
Volleyball <sup>1)</sup>	5
Sports fields: <sup>1)</sup>	
Soccer/football/lacrosse	156
Softball/baseball	109
Bocce	3
Hockey	1
Indoor running track	1
Skate park	2

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



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

January 23, 2013

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

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Tualatin Hills Park and Recreation District (District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 23, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### **COMPLIANCE**

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

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

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

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

**COMPLIANCE (Continued)**

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

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

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

We have issued under separate cover our communication of the material weakness in internal control over financial reporting in a letter to the Board of Directors dated January 23, 2013.

\* \* \* \* \*

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

Talbot, Kervob & Warwick, LLP

Certified Public Accountants