

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010



TUALATIN HILLS PARK AND RECREATION DISTRICT BEAVERTON, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010



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

**TUALATIN HILLS PARK AND RECREATION DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010**

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INTRODUCTORY SECTION



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

November 17, 2010

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, 2010 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 are accurate in all material respects and are 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, 2010. 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 224,000 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 and Cooper Mountain Nature Park; 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): 123 outdoor basketball goals; 109 outdoor tennis courts; 134 soccer/football/lacrosse fields and 107 softball/baseball fields, two skate parks, three bocce courts, five volleyball courts and a outdoor hockey rink.
- The District has 253 park and recreation facility sites totaling almost 2,000 acres, consisting of 863 acres of wetland/natural areas, and 1,080 acres of developed sites, including neighborhood, community and regional parks. THPRD sites include three lakes, 27 miles of stream corridor, and 32 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 generally accepted accounting principles (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 1.A).

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

FACTORS AFFECTING FINANCIAL CONDITIONS

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

Local economy – the District has been able to maintain a relatively stable revenue base despite the current 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 has increased at a rate of approximately four to five percent annually. Because the District's 2010 assessed value

is only 65.0% of market value, there is an inherent cushion in property tax collections. The District tax collections will remain steady in the near future, should further declines in property value continue to occur.

Washington County, the second most populous county in Oregon, has experienced declines in most job sectors since July 2008, as reflected by the current unemployment rate of 8.9% (Aug, 2010 non-seasonally adjusted). However, the education and health services, along with government sectors have remained in the black, although growing at a significantly slower rate than previous years. Within the District, the significant revenues received from the assessment of system development charges (SDC's) have trended down in previous years, due to the decline in the construction industry. SDC revenues are statutorily restricted to use for purchase or construction of new, or expansion of existing, facilities, improvements and land within the District.

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

Long-term financial planning

To address the ongoing implications of funding constraints, the District developed a long-term financial plan four years ago, along with finalizing an updated comprehensive plan and trails plan. Eight implementation goals were included in the Comprehensive Plan, which comprise the foundation of our annual budget process.

The District adopted and implemented a program fee study in June 2007, with a four-year phase in process. The third year of increases began in January 2010, with continued growth in patron numbers, and a 6.3% revenue growth. 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, effective January 2010. Due to stability in the residential construction market in certain parts of the District, SDC revenue actually increased by 68.5% over the previous year; the first increase seen in a few years.

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.

Cash management policies and practices

The District's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The District adopted a revised investment policy that was approved by the Board of Directors and the Oregon Short Term Fund Board, incorporating all applicable State statutes. The District maintains a daily cash portfolio of

investable funds and maximizes its earnings by investing in short-term/low risk investments. The majority of funds are invested in six accounts in the Oregon State Treasurer's Local Government Investment Pool (LGIP), along with interest bearing money market savings and highly liquid U.S. Agency securities. Interest earned on these investments during the 2009/10 Fiscal Year was \$793,970.

Risk management

Risk management is vital to controlling property, casualty, and workers compensation losses through the coordination of safety, loss prevention, and insurance and claims administration. Since 1982, the District has purchased insurance through Special Districts Association of Oregon (SDAO), which has established a self-insurance pool for property and general liability. In order to protect the SDAO funds in the event of adverse claims experience, reinsurance has been secured through American Re-Insurance Company. Also, the Park District is insured for workers compensation with SDAO.

MAJOR INITIATIVES

Bond measure

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

Future goals

Other goals established by the Comprehensive Plan, and addressed in the 2010/11 budget year include the following:

- Funding for implementation of the District Sustainability Program, including a sustainable purchases opportunity fund and energy saving improvements;
- Expansion of trails management, including funding a Natural Resources and Trails Specialist to assist with trails management and bond projects;
- Continued outreach to our under-served populations, with inclusion funding, staffing to serve non-English speaking patrons and family financial assistance;
- Enhanced professional staff training opportunities, especially high level training for professional skills; and
- Restructuring of District support for the Tualatin Hills Park Foundation to provide a half-time Executive Director along with contracted fund raising services.

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, 2009. This was the fifth 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 generally accepted accounting principles and applicable legal requirements.

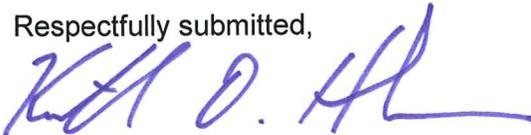
A Certificate of Achievement is valid for a period of one year only. Staff believes that our current CAFR continues to meet the Certificate of Achievement Program's requirements and will be submitting it to the GFOA to determine its eligibility for another certificate.

The District's Adopted Budget Document for the 2009/10 Fiscal Year received the *Distinguished Budget Presentation* award from GFOA. This is the sixth year that the District has received such an award. In order to qualify, the budget document must be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

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

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

Respectfully submitted,



Keith D. Hobson
Director of Business and Facilities

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tualatin Hills
Park and Recreation District
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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.



A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

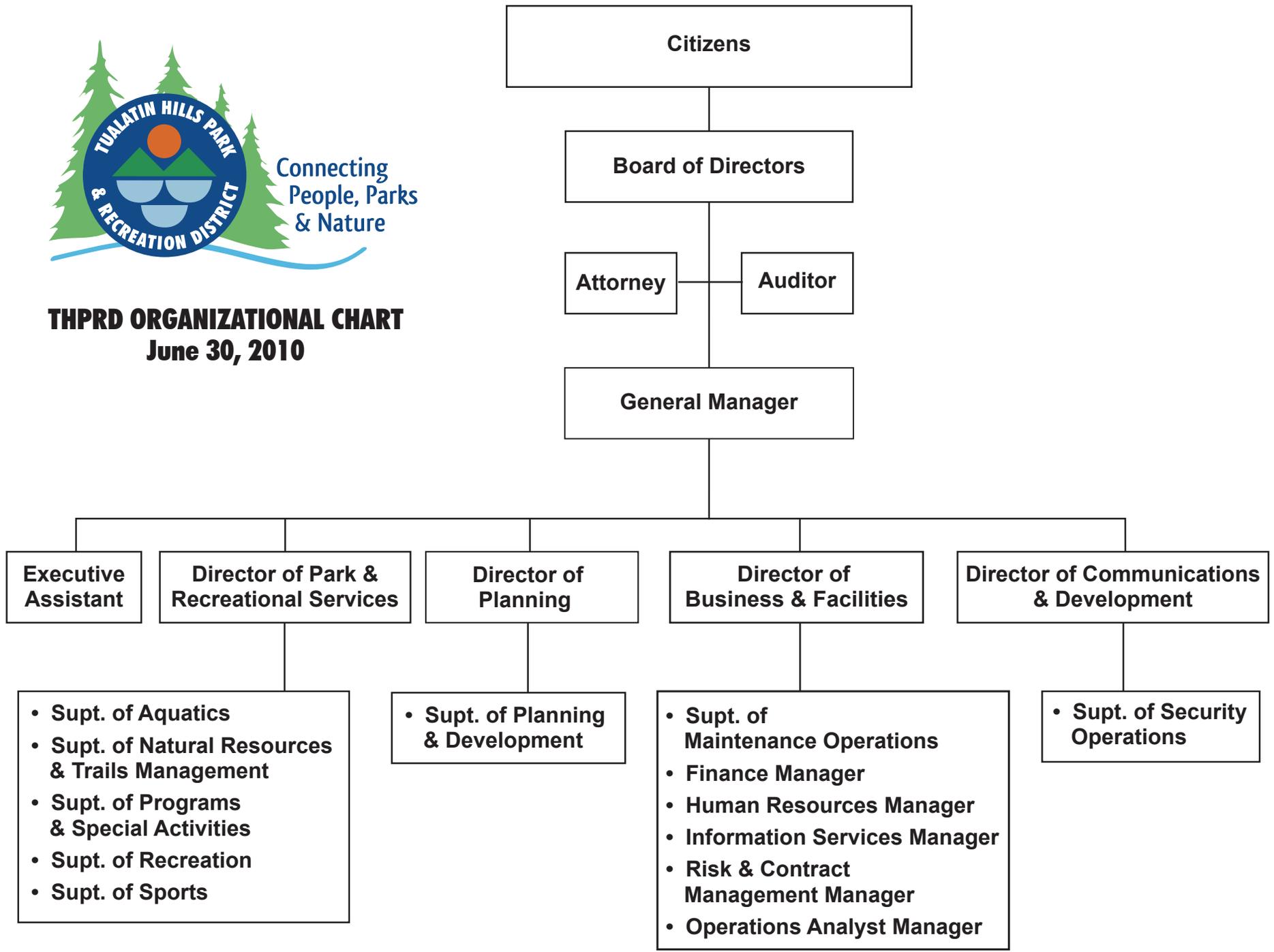
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



THPRD ORGANIZATIONAL CHART
June 30, 2010



TUALATIN HILLS PARK AND RECREATION DISTRICT

Administrative Office
15707 SW Walker Road
Beaverton, Oregon 97006

Board of Directors
as of June 30, 2010

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

Register Agent and Office

Doug Menke
15707 SW Walker Road
Beaverton, Oregon 97006

General Manager
Doug Menke

Director of Business and Facilities
Keith D. Hobson

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

November 17, 2010

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 (the District), as of and for the year ended June 30, 2010, 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, 2010, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

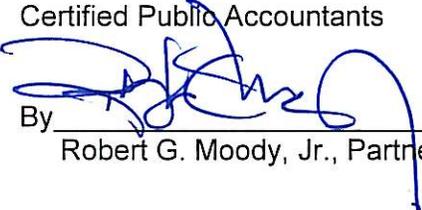
INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Directors
Tualatin Hills park and Recreation District
November 17, 2010
Page 2

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

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

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By 

Robert G. Moody, Jr., 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, 2010 by \$105,768,913.
- Capital assets (net of accumulated depreciation and related debt) account for most of this amount, with a value of \$97,699,300.
- Of the remaining net assets, \$2,681,289 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 \$8,439,259, or 8.7 percent over the previous year. Acquisitions of park property and improvements contributed to this increase, along with reduction of outstanding debt.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$64,086,686, a decrease of \$3,330,836, or 5.0 percent, due largely to expending of capital funds related to general obligation bonds issued in April, 2009.
- As of June 30, 2010, fund balance for the General Fund was \$3,848,900 or 11.3 percent of total General Fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

reported when they are earned and expenses be reported when goods and services are received. Items such as uncollected taxes, unpaid vendor invoices for items received by June 30, 2010, 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, 2010.

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 two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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 Supplementary Data 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 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 organization 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, 2010, the District's assets exceeded liabilities by \$105,768,913.

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

Tualatin Hills Park and Recreation District Net Assets

	Governmental Activities	
	2010	2009
Cash and investments	\$ 65,467,199	\$ 68,394,752
Other assets	2,965,811	2,846,066
Capital assets	110,198,548	103,616,600
Total assets	<u>178,631,558</u>	<u>174,857,418</u>
Other liabilities	4,257,142	3,958,961
Long-term liabilities, outstanding	68,605,503	73,568,803
Total liabilities	<u>72,862,645</u>	<u>77,527,764</u>
Net assets:		
Invested in capital assets, net of debt	97,699,300	89,588,161
Restricted	5,388,324	4,914,904
Unrestricted	2,681,289	2,826,589
Total net assets	<u>\$ 105,768,913</u>	<u>\$ 97,329,654</u>

The largest portion of the District's net assets, \$97,699,300 or 92.4 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, \$5,388,324 or 5.1 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,681,289, or 2.5 percent, is unrestricted and may be used to meet the District's ongoing obligations.

For the year ended June 30, 2010, the District had positive balances in all three categories of net assets.

Statement of Activities

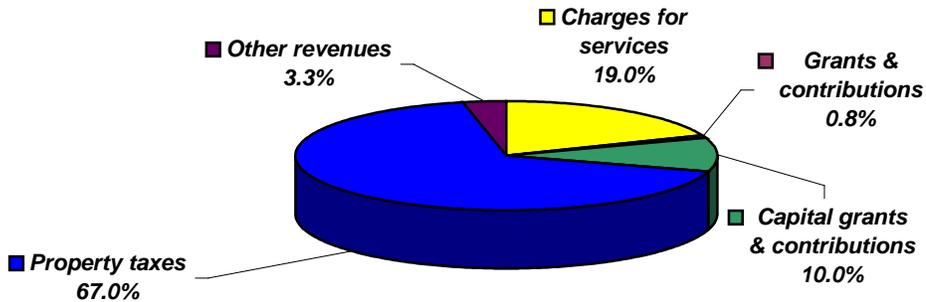
Governmental activities increased the District's net assets by \$8,439,259 in this fiscal year. Key elements of this increase are as follows:

Tualatin Hills Park and Recreation District Changes in Net Assets

	Governmental Activities	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	\$ 8,673,796	\$ 8,158,928
Operating grants and contributions	143,768	42,756
Capital grants and contributions	4,560,810	2,958,270
General revenues:		
Property taxes	30,576,672	24,440,625
Grants and contributions not restricted to specific programs	215,450	234,137
Other	1,487,962	837,565
Total revenues	<u>45,658,458</u>	<u>36,672,281</u>
Expenses:		
Board of Directors	158,614	252,707
Administration	1,510,804	1,435,073
Business and facilities	14,022,988	13,414,199
Planning and development	724,568	925,029
Park and recreation services	17,769,469	16,749,941
Interest on long-term debt	3,032,756	1,117,606
Total expenses	<u>37,219,199</u>	<u>33,894,555</u>
Change in net assets	8,439,259	2,777,726
Net assets - beginning balance	<u>97,329,654</u>	<u>94,551,928</u>
Net assets - ending	<u>\$ 105,768,913</u>	<u>\$ 97,329,654</u>

Property taxes increased by \$6,136,047 over the prior year, due mainly to the advent of collections on the 2009 general obligation bond issue (\$5,458,741), statutorily allowable increases in assessed value on existing property and some new construction within the District boundaries. Charges for services increased by \$514,868, or 6.3 percent due to the third phase of a four-year program fee increase implementation. Capital grants and contributions reflect a 54.2% increase, or \$1,602,540 largely due to a \$1,350,000 land purchase grant from Metro Regional Government greenspace funding. Other revenues reflect an increase of \$650,397, or 77.7 percent, due to an interagency contribution for utility construction access.

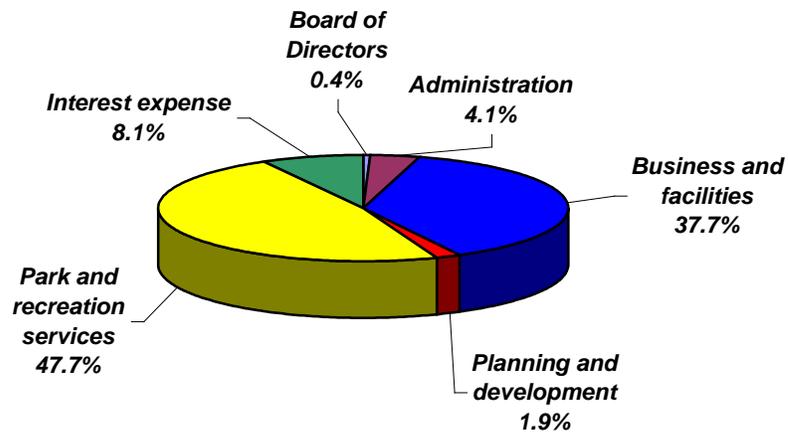
Governmental Activities: Revenues by Source



Expenses for the District reflect an increase of 11.4 percent over last year, due to several factors:

- Increased personnel and supply costs associated with program expansions,
- Increased temporary personnel costs in planning due to the bond capital project program, and
- Increased debt interest expense from the 2009 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, unreserved 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 capital project funds.

During Fiscal Year 2009/10, the District's governmental funds reported a decrease in combined ending fund balances of \$3,330,836, due largely to the expending of bond related capital costs recorded in the Bond Capital Project Fund. The previous fiscal year had an increase of \$58,505,470, due largely to the issuance of the general obligation bonds recorded to the same fund.

The **General Fund** is the chief operating fund of the District. At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$3,717,581. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 11.0 percent of total General Fund expenditures, exceeding the District's financial policy guideline of 10 percent.

Program revenues increased by 6.3 percent, or \$516,957, with the third year implementation of the phased four-year fee increase.

General Fund fund balance decreased by \$453,687. Contributing factors were new personnel related to the bond project management and natural resources department, reduced interest earnings and a pre-funding of capital expenditures to be reimbursed when financed in July 2010.

The **Bonded Debt Fund** has a total fund balance of \$189,152 a small reduction versus the previous year that is reserved for the payment of debt service on existing general obligation debt. Property tax revenues have increased in the 09/10 fiscal year for payment of the new general obligation debt sold in April, 2009; however, the effect on fund balance is minimal due to funding timelines.

The **Bond Capital Projects Fund** accounts for the proceeds received from the sale of the Series 2009 general obligation bonds, in the amount of \$58,505,000. In November 2008, District voters authorized a total levy of \$100 million, with the second sale occurring within the next two years. Funds are targeted to a specific list of projects and land acquisitions throughout the District and a total of \$3,356,654 was expended during the current fiscal year. As of the end of the year, total fund balance in this fund reserved for park development is \$55,431,729.

The **System Development Charges Fund** accounts for development impact fees assessed on new construction within the District boundaries. Revenues increased by \$963,488, or 68.5 percent over last year; however, fund balance decreased by \$98,686 due to an increase in construction spending for park improvements and land acquisition. This fund balance of \$4,434,895 is entirely reserved 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. General Fund revenues were slightly less than budgeted by 2.1 percent, largely due to anticipated grants not awarded or received, reduced interest earnings, and program fee revenues not quite meeting expectations. Expenditures stayed well under budget by 16.8 percent, primarily due to non-expenditure of contingency funds and capital expenditures at less than budgeted amounts. There were no adjustments to the original and final budgeted amounts at the departmental level of appropriation.

Capital Asset and Debt Administration

Capital assets

The District's investment in capital assets as of June 30, 2010, amounts to \$110,198,548 (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 \$6,581,948 or 6.4 percent.

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

	June 30	
	2010	2009
Land	\$ 51,669,784	\$ 48,388,892
Parks sites and planning development	27,721,203	28,014,021
Buildings and improvements	25,501,277	25,553,667
Equipment and furnishings	1,272,013	1,083,591
Construction in progress	4,034,271	576,429
Total	<u>\$ 110,198,548</u>	<u>\$ 103,616,600</u>

Increases were generated in land (\$3,280,892) due to new acquisitions and donations, and construction in progress (\$3,457,842) mainly related to the bond capital projects. Changes in other categories were insignificant for the year. 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 34 of this report.

Long-term debt and other long-term obligations

At June 30, 2010 the District had \$68.6 million in debt and other long-term obligations outstanding compared to \$73.6 million last year. Approximately \$6.3 million of the debt outstanding at June 30, 2010 is due within one year. Debt decreased by a total of \$4.9 million, due to reductions in all categories of debt service.

Tualatin Hills Park and Recreation District Outstanding Debt and Obligations

	June 30	
	2010	2009
General obligation bonds	\$ 65,155,000	\$ 69,490,000
Premiums	608,688	704,533
Full faith and credit obligations	1,780,000	2,195,000
Loans	140,000	180,000
Compensated absences	921,815	999,270
Total	<u>\$ 68,605,503</u>	<u>\$ 73,568,803</u>

The District's most recent credit ratings, received in August 2010, were "AA" from Standard & Poor's and "Aa1" from Moody's for general obligation debt, and "AA" from Standard & Poor's and "Aa2" from Moody's for full faith and credit obligations.

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

Due to the national economic situation, the bond ratings on several of our issuers of insurance have been downgraded during the past year. 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 35 - 37.

Economic Factors and Next Year's Budget and Rates

Some of the factors considered during the preparation of the 2010/11 budget were:

- Assessed value on property was estimated to increase by approximately 3.5 percent over the previous year.
- Absorbing an overall increase of Personnel Service costs of 2.1 percent, with a cost of living increase of only 0.01% for represented staff.
- An increase to Materials and Services of 2.9 percent to reflect service level increases, in various program areas, at all centers within the District, along with expanded maintenance responsibilities of natural areas and parks. There was no inflationary factor used for the 2010/11 year.
- A continued reduction in interest earnings in some funds, due to current rates and decreased available cash in most funds.
- A slight increase in system development charges revenue over actual collections in 2009/10, due to slow, but stable development in some areas of the District.
- Continued, and expanded funding of the Family Assistance program, to ensure all District residents have an opportunity to access available services.
- Financing and construction associated with the Energy Savings Improvements at various locations throughout the District, resulting in a net zero cost of financing from utility savings.
- Purchase and renovation of a centralized maintenance facility in the fall of 2010, to be financed through a full faith and credit obligation consisting of Recovery Zone Economic Development Bonds (RZEDB's) along with a tax-exempt financing portion.

Based on the updated comprehensive plan, adopted in November 2006, a user fee increase, phased in over four years, was implemented during early 2008, resulting in a 6.3 percent increase to program revenues for 2009/10. Currently, the fourth year is being implemented, effective January 2011.

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

Overall, the General Fund shows a decrease of \$451,341, or 10.5% over the anticipated beginning fund balance in the 2010/11 budget. This decrease is largely due to a pre-funding of

expenditures in the amount of \$346,936 for the Energy Savings Improvements that will be reimbursed at the close of financing in July 2010. These costs had been included in the carryforward portion of the budgeted 2010/11 beginning fund balance. With that adjustment, the General Fund would show a decrease of \$104,405, or only 2.4% less than anticipated in the beginning fund balance.

The District continues to be fortunate in this volatile economic environment. Even though interest earnings have declined significantly, construction revenues have stabilized, property tax collections and patron participation have remained steady. 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, 2010

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Tualatin Hills Park Foundation</u>
Assets:		
Cash and cash equivalents	\$ 40,861,031	\$ 448,917
Investments	24,606,168	
Due from other governments	534,592	-
Receivables	1,651,273	22,312
Inventories	131,319	-
Deferred charges	648,627	-
Capital assets (net of accumulated depreciation):		
Land	51,669,784	-
Park sites and planning development	27,721,203	-
Buildings and improvements	25,501,277	-
Equipment and furnishings	1,272,013	-
Construction in progress	4,034,271	-
Total assets	<u>178,631,558</u>	<u>471,229</u>
Liabilities:		
Accounts payable and other current liabilities	2,634,579	12,835
Accrued interest payable	380,136	-
Unearned revenue	1,242,427	-
Noncurrent liabilities:		
Due within one year	6,326,946	-
Due in more than one year	62,278,557	-
Total liabilities	<u>72,862,645</u>	<u>12,835</u>
Net Assets:		
Invested in capital assets, net of related debt	97,699,300	-
Restricted for:		
Debt service	189,152	
Parks development	5,199,172	41,166
Unrestricted	2,681,289	417,228
Total net assets	<u>\$ 105,768,913</u>	<u>\$ 458,394</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, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Tualatin Hills Park Foundation
Primary government:						
Governmental activities:						
Board of Directors	\$ 158,614	\$ -	\$ -	\$ -	\$ (158,614)	\$ -
Administration	1,510,804	-	-	-	(1,510,804)	-
Business and Facilities	14,022,988	-	-	-	(14,022,988)	-
Planning and Development	724,568	-	-	-	(724,568)	-
Park and Recreation services	17,769,469	8,673,796	143,768	4,560,810	(4,391,095)	-
Interest on long-term debt	3,032,756	-	-	-	(3,032,756)	-
Total Primary government	\$ 37,219,199	\$ 8,673,796	\$ 143,768	\$ 4,560,810	(23,840,825)	-
Component unit:						
Park foundation	\$ 242,604	\$ 223,718	\$ 7,008	\$ -		(11,878)
General revenues:						
Property taxes levied for general purposes					23,039,433	-
Property taxes levied for debt service					7,537,239	-
Grants and contributions not restricted to specific programs					215,450	56,447
Unrestricted investment earnings					793,970	2,666
Miscellaneous					693,992	-
Total general revenues					<u>32,280,084</u>	<u>59,113</u>
Change in net assets					8,439,259	47,235
Net assets - beginning balance					97,329,654	411,159
Net assets - ending					<u>\$ 105,768,913</u>	<u>\$ 458,394</u>

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

Tualatin Hills Park and Recreation District
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Bonded Debt Fund	Bond Capital Projects Fund	System Development Charges Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Assets:						
Cash and cash equivalents	\$ 4,876,839	\$ 99,964	\$ 31,226,670	\$ 4,475,548	\$ 182,010	\$ 40,861,031
Investments	-	-	24,606,168	-	-	24,606,168
Receivables:						
Interest	438	314	158,891	358	-	160,001
Property taxes	1,047,095	252,987	-	-	-	1,300,082
Accounts receivable	191,190	-	-	-	-	191,190
Intergovernmental	170,090	23,303	-	144,354	196,845	534,592
Due from other funds	62,233	-	-	-	-	62,233
Inventories	131,319	-	-	-	-	131,319
Total assets	\$ 6,479,204	\$ 376,568	\$ 55,991,729	\$ 4,620,260	\$ 378,855	\$ 67,846,616
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 1,062,901	\$ -	\$ 551,005	\$ 39,994	\$ 128,407	\$ 1,782,307
Salaries payable	431,996	-	-	-	-	431,996
Contracts payable	-	-	-	80,371	-	80,371
Retainages payable	16,842	-	8,995	-	6,205	32,042
Due to other funds	-	-	-	-	62,233	62,233
Other current liabilities payable	307,863	-	-	-	-	307,863
Deferred revenue	810,702	187,416	-	65,000	-	1,063,118
Total liabilities	2,630,304	187,416	560,000	185,365	196,845	3,759,930
Fund balances:						
Reserved for inventory	131,319	-	-	-	-	131,319
Reserved for parks development	-	-	55,431,729	4,434,895	-	59,866,624
Reserved for debt service	-	189,152	-	-	-	189,152
Unreserved, undesignated reported in:						
General fund	3,717,581	-	-	-	-	3,717,581
Special revenue fund	-	-	-	-	182,010	182,010
Total fund balances	3,848,900	189,152	55,431,729	4,434,895	182,010	64,086,686
Total liabilities and fund balances	\$ 6,479,204	\$ 376,568	\$ 55,991,729	\$ 4,620,260	\$ 378,855	

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.	110,198,548
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(68,337,012)
Reduction of deferred revenues for those amounts that were not available to pay current period expenditures.	(179,309)
Net assets of governmental activities	\$ 105,768,913

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, 2010

	General Fund	Bonded Debt Fund	Bond Capital Projects Fund	System Development Charges Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 23,007,719	\$ 7,422,058	\$ -	\$ -	\$ -	\$ 30,429,777
Aquatic programs	2,438,104	-	-	-	-	2,438,104
Tennis center	867,529	-	-	-	-	867,529
Sports programs	1,123,287	-	-	-	-	1,123,287
Recreation programs	4,307,171	-	-	-	-	4,307,171
Grants and sponsorships	359,218	-	-	-	1,546,845	1,906,063
System development charges	-	-	-	2,370,160	-	2,370,160
Interest earned	104,010	23,135	638,295	27,445	1,085	793,970
Charges for services	553,515	-	-	-	-	553,515
Miscellaneous revenues	705,592	-	-	-	5,000	710,592
Total revenues	33,466,145	\$ 7,445,193	638,295	2,397,605	1,552,930	45,500,168
Expenditures:						
Current:						
Board of Directors	158,614	-	-	-	-	158,614
Administration	1,547,895	-	-	-	-	1,547,895
Business and facilities	13,836,899	-	-	-	-	13,836,899
Planning and development	1,250,838	-	-	-	-	1,250,838
Park and recreation services	14,341,740	-	-	-	-	14,341,740
Capital outlay	2,219,780	-	3,356,654	2,496,291	1,546,845	9,619,570
Debt service	564,066	7,511,382	-	-	-	8,075,448
Total expenditures	33,919,832	7,511,382	3,356,654	2,496,291	1,546,845	48,831,004
Net change in fund balance	(453,687)	(66,189)	(2,718,359)	(98,686)	6,085	(3,330,836)
Fund balances at beginning of year	4,302,587	255,341	58,150,088	4,533,581	175,925	67,417,522
Fund balances at end of year	\$ 3,848,900	\$ 189,152	\$ 55,431,729	\$ 4,434,895	\$ 182,010	\$ 64,086,686

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

Tualatin Hills Park and Recreation District
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance of Governmental Funds
To the Statement of Activities
For the fiscal year ended June 30, 2010

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

Net changes in fund balances - total governmental funds	\$ (3,330,836)
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.	5,938,142
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets	643,806
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds - property tax income	68,000
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.	4,790,000
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.	330,147
	8,439,259
Change in net assets of governmental activities	\$ 8,439,259

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, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Property taxes	\$ 22,921,506	\$ 23,007,719	\$ 86,213
Aquatic programs	2,500,562	2,438,104	(62,458)
Tennis center	981,575	867,529	(114,046)
Sports programs	1,122,100	1,123,287	1,187
Recreation programs	4,866,109	4,307,171	(558,938)
Grants and sponsorships	920,640	359,218	(561,422)
Interest earned	225,000	104,010	(120,990)
Charges for services	469,313	553,515	84,202
Miscellaneous revenues	187,600	705,592	517,992
Total revenues	<u>34,194,405</u>	<u>33,466,145</u>	<u>(728,260)</u>
Expenditures:			
Board of directors and contingency	1,880,364	158,614	1,721,750
Administration	1,629,700	1,547,895	81,805
Business and facilities	15,349,940	14,892,194	457,746
Planning and development	1,266,339	1,250,838	15,501
Park and recreational services	14,853,196	14,341,740	511,456
Capital outlay	5,806,854	1,728,551	4,078,303
Total expenditures	<u>40,786,393</u>	<u>33,919,832</u>	<u>6,866,561</u>
Excess (deficiency) of revenues over (under) expenditures	(6,591,988)	(453,687)	6,138,301
Other financing sources:			
Debt proceeds	3,000,000	-	(3,000,000)
Net change in fund balance	(3,591,988)	(453,687)	3,138,301
Fund balances at beginning of year	3,591,988	4,302,587	710,599
Fund balances at end of year	<u>\$ -</u>	<u>\$ 3,848,900</u>	<u>\$ 3,848,900</u>

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

Tualatin Hills Park and Recreation District

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2010

I. Summary of significant accounting policies

A. Reporting Entity

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

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

Other governmental funds

Other governmental funds include all nonmajor funds of the District. The following list 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 use on natural area restoration projects.

The *Metro Natural Areas Bond Fund* accounts for the funds received from a local area 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 Treasury's Local Government Investment Pool, with interest accruing to the benefit of each individual fund.

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

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

2. Receivables and payables

Recorded property taxes receivable that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue in the fund financial statements. The remaining balance is recorded as deferred revenue because it is not deemed available to finance operations of the current period in the fund financial statements. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property and are substantially collected through foreclosure. Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15 and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

3. Inventory

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

4. Capital assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and

improvements are capitalized in the government-wide statements as projects are constructed. All capital outlay is recorded as expenditures in the fund financial statements.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Facilities improvements	20–50
Vehicles	5
Office Equipment	5
Computer Equipment	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, funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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 a 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 \$68,337,012 difference are as follows:

Bonds payable	\$ 65,155,000
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(648,627)
Plus: Issuance premium (to be amortized over life of debt)	608,688
Full Faith and Credit Obligations	1,780,000
Loans payable	140,000
Accrued interest payable	380,136
Compensated absences	<u>921,815</u>
Net adjustment to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 68,337,012</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 a 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 \$5,938,142 difference are as follows:

Capital outlay (for capitalized assets)	\$ 9,409,342
Depreciation expense	<u>(3,471,200)</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>\$ 5,938,142</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 \$643,806 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>\$ 643,806</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>\$ 643,806</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. 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 \$4,790,000 difference are as follows:

Principal repayments:	
General obligation debt	\$ 4,335,000
Other long-term debt	<u>455,000</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>\$ 4,790,000</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 \$330,147 difference are as follows:

Compensated absences	\$ 77,455
Accrued interest	203,525
Amortization of interest costs (premiums)	95,845
Amortization of deferred charges (issuance costs)	<u>(46,678)</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>\$ 330,147</u>

III. Stewardship, compliance and accountability

A. Budgetary information

Annual budgets are prepared for each fund in accordance with the modified accrual basis of accounting and with the legal requirements set forth in the Oregon Local Budget Law. The District budgets each governmental fund type on a modified accrual (GAAP) basis. The resolution authorizing appropriations for each fund set the level by which expenditures cannot legally exceed appropriations. All annual appropriations lapse at year-end. On or before the third week of February, departmental budgets are submitted to management for compilation of the proposed budget document. Initial budget review meetings begin in April, with the final public hearing and adoption completed on June 22, 2009.

Organization units are the levels of control for all funds established by the resolution. The detail budget document, however, is required to contain more specific information for the above mentioned appropriation levels. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the Board of Directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the Board of Directors. There were no supplementary budget appropriations made within the year.

IV. Detailed notes on all funds

A. Cash, cash equivalents and investments

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

At June 30, 2010 the District had the following cash, cash equivalents and investments:

	District Fair Value	Foundation Fair Value
Demand accounts		
Investments in the State Treasurer’s Local Government Investment Pool	\$ 927,093 39,933,938	\$ 17,604 431,313
US Agencies	<u>24,606,168</u>	<u>-</u>
Total cash equivalents and investments:	<u>\$65,467,199</u>	<u>\$448,917</u>

Generally accepted accounting principles require investments with a remaining maturity of more than one year at the time of purchase to be stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at

which the investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale.

Investments in the Oregon Local Government Investment Pool (LGIP) are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn. The LGIP does not report all investments at fair value in accordance with the provisions of GASB Statement No. 31. The LGIP is required by Oregon Revised Statutes (ORS) to compute the fair value of all investments maturing more than 270 days from the date the computation is made. If the fair value totals more than one percent of the balance of the LGIP in terms of unrealized gain or loss, the amount is required to be distributed to the pool participants. Fifty percent of the LGIP portfolio must mature within 93 days. Up to 25% of the LGIP portfolio may mature in over one year and no investment may mature in over three years. At June 30, 2010, the District's share of the amount of unrealized loss reported by the LGIP was considered immaterial.

Current investments ratings are:

	N/A	Moody's Aaa	Total	Weighted Average Maturity (years)
Government and agency obligations	\$ 5,530,043	\$ 19,076,125	\$24,606,168	.51

The LGIP is unrated.

1. *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.

2. *Credit risk*

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

3. *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, 2010 the District did not hold any non-federal investments.

4. *Custodial credit risk – deposits*

Deposits with financial institutions are comprised of bank demand deposits. The combined total bank balance is \$1,262,311. Of these deposits, \$423,552 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.

5. *Custodial credit risk – investments*

For an investment, this 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, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 48,388,892	\$ 3,280,892	\$ -	\$ 51,669,784
Construction in Progress	576,429	3,499,939	(42,097)	4,034,271
Total capital assets, not being depreciated	<u>48,965,321</u>	<u>6,780,831</u>	<u>(42,097)</u>	<u>55,704,055</u>
Capital assets, being depreciated:				
Buildings and improvements	42,175,002	1,015,648	-	43,190,650
Park sites and planning development	40,982,876	1,635,763	-	42,618,639
Equipment and furnishings	4,870,296	663,003	(240,600)	5,292,699
Total capital assets being depreciated	<u>88,028,174</u>	<u>3,314,414</u>	<u>(240,600)</u>	<u>91,101,988</u>
Less accumulated depreciation for:				
Buildings and improvements	(16,621,335)	(1,068,038)	-	(17,689,373)
Park sites and planning development	(12,968,855)	(1,928,581)	-	(14,897,436)
Equipment and furnishings	(3,786,705)	(474,581)	240,600	(4,020,686)
	<u>(33,376,895)</u>	<u>(3,471,200)</u>	<u>240,600</u>	<u>(36,607,495)</u>
Total capital assets, being depreciated, net	<u>54,651,279</u>	<u>(156,786)</u>	<u>-</u>	<u>54,494,493</u>
Governmental activities capital assets, net	<u>\$ 103,616,600</u>	<u>\$ 6,624,045</u>	<u>\$ (42,097)</u>	<u>\$ 110,198,548</u>

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

Business Services	\$ 143,075
Parks and recreation services	<u>3,328,125</u>
Total depreciation expense – governmental activities	<u>\$ 3,471,200</u>

Construction commitments as of June 30, 2010 were as follows:

<u>Project</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
District-wide energy savings improvements	\$319,996	\$1,301,976
Jackie Husen Park improvements	117,896	<u>346,585</u>
Total	<u>\$437,892</u>	<u>\$1,648,561</u>

C. Due to/due from other funds

The composition of the due to/due from balances as of June 30, 2010 are:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Metro Natural Areas Bond Fund	\$62,233

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

D. Long-term debt

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Amortization/ Repayments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds:					
Series 1998	\$ 10,985,000	\$ -	\$ (1,585,000)	\$ 9,400,000	\$ 1,665,000
plus refunding premium	144,356	-	(39,319)	105,037	33,646
Series 2009	58,505,000	-	(2,750,000)	55,755,000	3,395,000
plus premium	492,215	-	(41,328)	450,887	39,385
Full Faith and Credit Obligations:					
Series 2000	75,000	-	(75,000)	-	-
Series 2006	2,120,000	-	(340,000)	1,780,000	435,000
plus refunding premium	67,962	-	(15,198)	52,764	12,761
Loans:					
Stadium turf #2 project	180,000	-	(40,000)	140,000	40,000
Compensated Absences	999,270	785,373	(862,828)	921,815	706,154
	<u>\$ 73,568,803</u>	<u>\$ 785,373</u>	<u>\$ (5,748,673)</u>	<u>\$ 68,605,503</u>	<u>\$ 6,326,946</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 this obligation has been paid in full.

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

General obligations bonds, Series 2009 were issued on April 2, 2009, in the amount of \$58,505,000 to finance land acquisition, improvements and development of parks and facilities, along with rehabilitation and acquisition of natural areas throughout the District. Stated interest rates for specific maturities ranged from 3.00% to 4.75%, in accordance with the terms agreed at issuance. The bonds will be paid annually, with interest payments semi-annually, over a term of twenty years. In November 2008, the District received voter approval for a total authorization of \$100,000,000. The District anticipates issuing the balance of \$41,495,000 general obligation debt within the next two years.

Full Faith and Credit Obligations

On April 1, 2000, the District issued \$1,670,000 Full Faith and Credit Obligations, Series 2000, with the proceeds to provide funding for park land acquisition. The coupon rates on Series 2000 Obligations ranged from 4.40 to 5.75% for specific maturities, in accordance with the terms agreed at issuance. The obligations are subject to optional and mandatory redemption prior to their maturity dates. Payment of principal and interest on Series 2000 Obligations, when due, is insured by a policy issued by MBIA Inc. The full faith and credit advance refunding obligations, Series 2006, were issued to refund \$1,080,000 of this obligation. Due to a rating downgrade of MBIA Inc. by Standard and Poor's Ratings Service, a material event notice was filed in compliance with continuing disclosure requirements. This obligation was paid in full during the year ended June 30, 2010.

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.

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 debt service requirements for all issues are as follows:

Year ending June 30,	General Obligation Series 1998	Series 2009	Full Faith & Credit Series 2006	Loan	Total
Principal					
2011	\$ 1,665,000	\$ 3,395,000	\$ 435,000	\$ 40,000	\$ 5,535,000
2012	1,755,000	1,100,000	450,000	40,000	3,345,000
2013	1,870,000	1,385,000	95,000	20,000	3,370,000
2014	1,990,000	1,520,000	100,000	20,000	3,630,000
2015	2,120,000	1,665,000	105,000	20,000	3,910,000
2016-2020	-	10,920,000	595,000	-	11,515,000
2021-2025	-	16,715,000	-	-	16,715,000
2026-2029	-	19,055,000	-	-	19,055,000
	<u>\$ 9,400,000</u>	<u>\$55,755,000</u>	<u>\$ 1,780,000</u>	<u>\$140,000</u>	<u>\$67,075,000</u>

Year ending June 30,	General Obligation Series		Full Faith & Credit Series	Loan	Total
	1998	2009	2006		
Interest					
2011	\$ 521,352	\$ 2,213,425	\$ 76,050	\$ 6,300	\$ 2,817,127
2012	444,762	2,111,575	58,650	4,500	2,619,487
2013	343,850	2,089,575	40,650	2,700	2,476,775
2014	236,325	2,058,413	36,850	1,800	2,333,388
2015	121,900	2,020,413	32,850	900	2,176,063
2016-2020	-	9,240,350	90,900	-	9,331,250
2021-2025	-	6,656,800	-	-	6,656,800
2026-2029	-	2,297,906	-	-	2,297,906
	<u>\$ 1,668,189</u>	<u>\$28,688,456</u>	<u>\$ 335,950</u>	<u>\$ 16,200</u>	<u>\$30,708,795</u>

Compensated Absences and Net Pension Obligations

The District's compensated absences and net pension obligations are liquidated by the general fund. As of June 30, 2010 the District had no net pension obligation due and payable.

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 which covers substantially all employees of the District. The plan provides retirement, disability and death benefits to plan members and beneficiaries. The Plan does not issue a publicly available financial statement.

Membership in the Plan as of July 1, 2010 was:

<u>Group</u>	<u>Number of Participants</u>
Active participants	169
Terminated	15
Retired receiving medical premium benefits	<u>13</u>
Total	<u>197</u>

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

An employee becomes fully vested after five years of service or attainment of retirement age. The normal retirement benefit, as authorized by the Board of Directors, is equal to 1.9% of the participant's basic monthly earnings multiplied by the years and months of employment with the District. An employee may retire at age 58. A participant may 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.

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 20.5% of annual covered payroll for 09/10. 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.

Annual Pension Cost and Net Pension Obligation

The District's annual pension cost and net pension obligation to the Plan for the year ended June 30, 2010 were as follows:

Annual required contribution	\$ 2,132,920
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	2,132,920
Contributions made	<u>(2,132,920)</u>
Increase (decrease) in Net Pension Obligation	-
Net pension obligation beginning of year	-
Net pension obligation end of year	<u>\$ -</u>

For 2010, the District's annual pension cost was equal to the required contribution. The annual required contribution was determined as of the July 1, 2009 actuarial valuation using the aggregate actuarial cost method.

Annual Pension Cost Historical Trend

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/10	\$ 2,132,920	100.0%	\$ -
06/30/09	1,663,456	100.0%	-
06/30/08	1,249,866	100.0%	-

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 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 agreements. The plan provides the opportunity for postretirement healthcare insurance for eligible retirees and their spouses through the District's group health care insurance plan, which covers both active and retired participants.

The plan, as authorized by the Board of Directors, provides a participant who terminates employment the monthly benefit of \$10 per year of benefit service, with a minimum monthly benefit of \$60, and a maximum monthly benefit of \$200. This benefit is payable from retirement to age 65, at which point the monthly benefit will be reduced to one-half the original benefit, with a minimum of \$60. In no event will the monthly medical premium benefit be greater than the actual medical premium. This medical premium benefit is payable for life, and is extended to retirees selecting the lump sum benefit retirement payment option. The benefits may be amended by the Board of Directors.

Funding Policy

The District does not pay any portion of the health insurance premium for retirees; however the retirees do receive benefits, as described below, through the District's retirement plan. Also, retirees receive an implicit benefit of a tiered healthcare premium at the same rate provided to active employees. Retirees may not convert either benefit into an in-lieu payment to secure coverage under independent plans. At June 30, 2010 13 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 2010, the District's annual OPEB cost was equal to the required contribution, as authorized by the Board of Directors.

The District's annual OPEB cost and net OPEB obligation to the Plan for the year ended June 30, 2010 were as follows:

Annual required contribution	\$ 128,123
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	128,123
Contributions made	<u>(128,123)</u>
Increase (decrease) in Net OPEB Obligation	-
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	\$ <u><u>-</u></u>

The District's annual OPEB cost, the percentage contributed to the plan and the net OPEB obligation as of June 30, 2010 are as follows:

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

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. The schedule of funding progress is presented as required supplementary information, following Notes to the Basic Financial Statements.

In the July 1, 2009 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 amortized 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.

Funded Status

As of July 1, 2010, the actuarial accrued liability for benefits was approximately \$1,774,000 and the actuarial value of assets was approximately \$860,000, resulting in an unfunded actuarial liability of approximately \$914,000.

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. Contingent Liabilities

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.

E. Subsequent Events

The District issued Tax and Revenue Anticipation Notes, Series 2010, in the amount of \$6,000,000 on July 12, 2010. These notes mature on June 30, 2011 and bear interest at a rate equal to 64% of the LIBOR six-month rate, plus 0.50%. At the time of closing, the all-in rate was 0.97%. The six-month LIBOR rate will expire on January 12, 2011. At that time, the District will either pay off the note or rollover the rate into a daily LIBOR or fixed rate LIBOR for six months or less.

On July 20, 2010 the District issued a full faith and credit obligation, Series 2010A, in the amount of \$1,695,000, payable over twenty years. The issue will provide funding for extensive energy savings improvements at various District facilities. Subsequent utility savings will offset future debt service costs over the life of the issue.



**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)
6/30/2008	17,918,417	19,389,710	1,471,293	92.4%	7,979,365	18.4%
6/30/2009	17,211,867	22,070,889	4,859,022	78.0%	8,540,118	56.9%
6/30/2010	13,416,746	19,599,514	6,182,768	68.5%	8,633,383	71.6%

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)
6/30/2008	652,686	1,582,914	930,228	41.2%	7,979,365	11.7%
6/30/2009	700,365	1,646,139	945,774	42.5%	8,540,118	11.1%
6/30/2010	860,504	1,774,338	913,834	48.5%	8,633,383	10.6%



SUPPLEMENTAL INFORMATION

Tualatin Hills Park and Recreation District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	<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>
Assets			
Assets:			
Cash and cash equivalents	\$ 182,010	\$ -	\$ 182,010
Intergovernmental receivable	-	196,845	196,845
Total assets	<u>\$ 182,010</u>	<u>\$ 196,845</u>	<u>\$ 378,855</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 128,407	\$ 128,407
Retainages payable	-	6,205	6,205
Due to other funds	-	62,233	62,233
Total liabilities	<u>-</u>	<u>196,845</u>	<u>196,845</u>
Fund balances:			
Unreserved	<u>182,010</u>	<u>-</u>	<u>182,010</u>
Total fund balances	<u>182,010</u>	<u>-</u>	<u>182,010</u>
Total liabilities and fund balances	<u>\$ 182,010</u>	<u>\$ 196,845</u>	<u>\$ 378,855</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, 2010

	<u>Special Revenue</u> Mitigation Maintenance Fund	<u>Capital Project</u> Metro Natural Areas Bond Fund	<u>Total</u> Other Governmental Funds
Revenues:			
Metro natural areas bond	\$ -	\$ 1,546,845	\$ 1,546,845
Interest earned	1,085	-	1,085
Miscellaneous revenues	5,000	-	5,000
Total revenues	<u>6,085</u>	<u>1,546,845</u>	<u>1,552,930</u>
Expenditures:			
Current:			
Capital outlay	-	1,546,845	1,546,845
Total expenditures	<u>-</u>	<u>1,546,845</u>	<u>1,546,845</u>
Excess of revenues over expenditures and net changes in fund balance	6,085	-	6,085
Fund balances at beginning of year	<u>175,925</u>	<u>-</u>	<u>175,925</u>
Fund balances at end of year	<u>\$ 182,010</u>	<u>\$ -</u>	<u>\$ 182,010</u>

Tualatin Hills Park and Recreation District
General Fund
Schedule of Expenditures - Budget to Actual
For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
BOARD OF DIRECTORS:				
Part time salaries	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Payroll taxes	260	260	257	3
Personal services	3,260	3,260	3,257	3
Professional services	157,104	157,104	131,395	25,709
Office supplies	6,000	6,000	4,260	1,740
Dues and memberships	2,000	2,000	880	1,120
Conferences	12,000	12,000	18,822	(6,822)
Materials and services	177,104	177,104	155,357	21,747
Contingency	1,700,000	1,700,000	-	1,700,000
Total Board of Directors	1,880,364	1,880,364	158,614	1,721,750
ADMINISTRATION:				
General Manager:				
Full time salaries	201,149	201,149	205,688	(4,539)
Part time salaries	-	-	145	(145)
Employee benefits	69,647	69,647	73,158	(3,511)
Payroll taxes	15,641	15,641	15,838	(197)
Personal services	286,437	286,437	294,829	(8,392)
Telecommunications	4,100	4,100	3,597	503
Office supplies	4,000	4,000	1,812	2,188
Dues and memberships	25,750	25,750	19,179	6,571
Conferences	24,000	24,000	16,757	7,243
Technical training	17,200	17,200	3,324	13,876
Staff transportation	8,600	8,600	7,900	700
Materials and services	83,650	83,650	52,569	31,081
Total General Manager	370,087	370,087	347,398	22,689
Communications and Development				
Full time salaries	345,630	345,630	334,029	11,601
Part time salaries	27,250	27,250	32,817	(5,567)
Employee benefits	149,059	149,059	138,341	10,718
Payroll taxes	33,009	33,009	32,664	345
Personal services	554,948	554,948	537,851	17,097
Professional services	41,000	41,000	66,739	(25,739)
Technical services	-	-	90	(90)
Printing and publications	153,750	153,750	182,407	(28,657)
Postage	98,500	98,500	80,996	17,504
Advertising	94,905	94,905	36,722	58,183
Telecommunications	1,092	1,092	787	305
Office supplies	3,120	3,120	3,420	(300)
Program supplies	4,300	4,300	2,764	1,536
Dues and memberships	3,560	3,560	3,745	(185)
Conferences	5,000	5,000	1,997	3,003
Technical training	3,000	3,000	718	2,282
Staff transportation	4,940	4,940	4,455	485
Small furniture and equipment	-	-	2,087	(2,087)
Materials and services	413,167	413,167	386,927	26,240
Total Communications and Development	968,115	968,115	924,778	43,337

Tualatin Hills Park and Recreation District
General Fund
Schedule of Expenditures - Budget to Actual
For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
ADMINISTRATION (continued)				
Security Operations				
Full time salaries	74,484	74,484	73,416	1,068
Part time salaries	84,254	84,254	83,209	1,045
Employee benefits	32,153	32,153	33,399	(1,246)
Payroll taxes	15,562	15,562	16,201	(639)
Personal services	206,453	206,453	206,225	228
Technical services	67,472	67,472	60,410	7,062
Maintenance services	7,482	7,482	2,166	5,316
Printing and publications	350	350	-	350
Advertising	-	-	45	(45)
Telecommunications	2,400	2,400	1,251	1,149
Office supplies	375	375	154	221
Program supplies	3,190	3,190	2,997	193
Dues and memberships	100	100	105	(5)
Conferences	1,026	1,026	203	823
Technical training	400	400	530	(130)
Staff transportation	500	500	144	356
Small furniture and equipment	1,750	1,750	1,489	261
Materials and services	85,045	85,045	69,494	15,551
Total Security Operations	291,498	291,498	275,719	15,779
Total Administration	1,629,700	1,629,700	1,547,895	81,805
BUSINESS AND FACILITIES				
Director of Business and Facilities:				
Full time salaries	309,597	309,597	309,709	(112)
Employee benefits	117,862	117,862	123,572	(5,710)
Payroll taxes	25,384	25,384	25,253	131
Personal services	452,843	452,843	458,534	(5,691)
Professional services	5,500	5,500	4,960	540
Technical services	25,550	25,550	13,466	12,084
Rental equipment	51,000	51,000	36,543	14,457
Bank charges and fees	4,100	4,100	900	3,200
Printing and publications	3,500	3,500	3,602	(102)
Postage	62,400	62,400	51,988	10,412
Advertising	1,350	1,350	676	674
Telecommunications	1,800	1,800	1,347	453
Office supplies	71,915	71,915	47,962	23,953
Dues and memberships	3,930	3,930	2,710	1,220
Conferences	6,800	6,800	3,353	3,447
Technical training	3,470	3,470	1,219	2,251
Staff transportation	5,580	5,580	4,589	991
Small furniture and equipment	-	-	235	(235)
Materials and services	246,895	246,895	173,550	73,345
Debt principal	455,000	455,000	455,000	-
Debt interest	276,650	276,650	109,066	167,584
Debt service	731,650	731,650	564,066	167,584
Total Director of Business and Facilities	1,431,388	1,431,388	1,196,150	235,238

Tualatin Hills Park and Recreation District
General Fund
Schedule of Expenditures - Budget to Actual
For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
BUSINESS AND FACILITIES (continued)				
Finance				
Full time salaries	343,402	343,402	341,497	1,905
Employee benefits	134,789	134,789	141,192	(6,403)
Payroll taxes	29,370	29,370	28,978	392
Personal services	507,561	507,561	511,667	(4,106)
Professional services	12,000	12,000	11,341	659
Technical services	45,089	45,089	44,270	819
Rental equipment	13,500	13,500	14,671	(1,171)
Printing and publications	5,550	5,550	2,621	2,929
Office supplies	775	775	453	322
Dues and memberships	505	505	720	(215)
Conferences	3,450	3,450	1,878	1,572
Technical training	2,110	2,110	2,229	(119)
Staff transportation	300	300	475	(175)
Small furniture and equipment	250	250	78	172
Materials and services	83,529	83,529	78,736	4,793
Total Finance	591,090	591,090	590,403	687
Human Resources				
Full time salaries	192,740	192,740	190,439	2,301
Employee benefits	79,725	79,725	82,636	(2,911)
Payroll taxes	16,474	16,474	15,891	583
Personal services	288,939	288,939	288,966	(27)
Professional services	10,608	10,608	7,768	2,840
Technical services	13,600	13,600	11,204	2,396
Rental equipment	560	560	300	260
Advertising	700	700	-	700
Office supplies	907	907	287	620
Program supplies	600	600	645	(45)
Dues and memberships	605	605	350	255
Conferences	4,300	4,300	3,101	1,199
Technical training	39,500	39,500	31,061	8,439
Staff transportation	450	450	118	332
Small furniture and equipment	550	550	1,156	(606)
Materials and services	72,380	72,380	55,990	16,390
Total Human Resources	361,319	361,319	344,956	16,363
Information Services				
Full time salaries	347,508	347,508	345,905	1,603
Employee benefits	142,092	142,092	142,989	(897)
Payroll taxes	29,701	29,701	29,856	(155)
Personal services	519,301	519,301	518,750	551
Professional services	29,000	29,000	19,420	9,580
Technical services	138,600	138,600	138,190	410
Telecommunications	70,000	70,000	69,500	500
Program supplies	39,000	39,000	26,984	12,016
Maintenance supplies	8,800	8,800	8,170	630
Technical training	15,000	15,000	18,852	(3,852)
Staff transportation	1,500	1,500	33	1,467
Small furniture and equipment	800	800	147	653
Materials and services	302,700	302,700	281,296	21,404

Tualatin Hills Park and Recreation District
General Fund
Schedule of Expenditures - Budget to Actual
For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
BUSINESS AND FACILITIES (continued)				
Information Services (continued)				
Computer technology replacement	143,000	143,000	108,267	34,733
Computer technology improvement	54,660	54,660	30,302	24,358
Capital outlay	197,660	197,660	138,569	59,091
Total Information Services	1,019,661	1,019,661	938,615	81,046
Risk and Contract Management				
Full time salaries	155,119	155,119	153,432	1,687
Part time salaries	-	-	1,444	(1,444)
Employee benefits	65,429	65,429	68,105	(2,676)
Payroll taxes	13,260	13,260	13,111	149
Personal services	233,808	233,808	236,092	(2,284)
Professional services	3,250	3,250	516	2,734
Technical services	13,420	13,420	6,551	6,869
Miscellaneous other services	17,100	17,100	15,996	1,104
Insurance	278,451	278,451	269,538	8,913
Printing and publications	4,300	4,300	2,022	2,278
Advertising	300	300	-	300
Telecommunications	960	960	1,004	(44)
Office supplies	560	560	317	243
Program supplies	6,760	6,760	3,620	3,140
Dues and memberships	1,550	1,550	1,185	365
Conferences	700	700	561	139
Technical training	5,050	5,050	3,118	1,932
Staff transportation	1,540	1,540	1,062	478
Small furniture and equipment	-	-	28	(28)
Materials and services	333,941	333,941	305,518	28,423
Total Risk and Contract Management	567,749	567,749	541,610	26,139
Maintenance Operations				
Full time salaries	3,373,819	3,373,819	3,405,615	(31,796)
Part time salaries	1,628,851	1,628,851	1,661,385	(32,534)
Employee benefits	1,541,008	1,541,008	1,594,613	(53,605)
Payroll taxes	492,381	492,381	509,154	(16,773)
Personal services	7,036,059	7,036,059	7,170,767	(134,708)
Instructional Services	2,455	2,455	-	2,455
Professional services	16,000	16,000	8,771	7,229
Technical services	97,244	97,244	107,957	(10,713)
Heat	767,861	767,861	625,102	142,759
Electricity	720,773	720,773	722,004	(1,231)
Water and sewer	430,935	430,935	513,807	(82,872)
Refuse services	95,764	95,764	86,987	8,777
Rental facility	96,500	96,500	98,688	(2,188)
Rental equipment	22,520	22,520	11,705	10,815
Maintenance services	390,301	390,301	391,453	(1,152)
Vehicle and Equipment Services	28,440	28,440	20,708	7,732
Miscellaneous other services	-	-	3,000	(3,000)
Advertising	-	-	85	(85)
Telecommunications	85,916	85,916	81,107	4,809
Office supplies	4,173	4,173	3,412	761
Program supplies	17,365	17,365	14,605	2,760
Maintenance supplies	980,465	980,465	883,737	96,728

Tualatin Hills Park and Recreation District
General Fund
Schedule of Expenditures - Budget to Actual
For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
BUSINESS AND FACILITIES (continued)				
Maintenance Operations (continued)				
Gas & Oil (Vehicles)	179,114	179,114	150,554	28,560
Dues and memberships	2,285	2,285	1,976	309
Conferences	3,900	3,900	3,463	437
Technical training	15,175	15,175	10,691	4,484
Staff transportation	17,258	17,258	16,026	1,232
Small furniture and equipment	2,630	2,630	1,194	1,436
Materials and services	3,977,074	3,977,074	3,757,032	220,042
Fleet capital replacement	340,700	340,700	332,545	8,155
Building replacement	24,900	24,900	20,116	4,784
Capital outlay	365,600	365,600	352,661	12,939
Total Maintenance Operations	11,378,733	11,378,733	11,280,460	98,273
Total Business and Facilities	15,349,940	15,349,940	14,892,194	457,746
PLANNING				
Director of Planning:				
Full time salaries	101,184	101,184	99,744	1,440
Part time salaries	111,475	111,475	123,645	(12,170)
Employee benefits	30,667	30,667	31,639	(972)
Payroll taxes	19,800	19,800	21,761	(1,961)
Personal services	263,126	263,126	276,789	(13,663)
Telecommunications	1,100	1,100	2,644	(1,544)
Office supplies	200	200	2,321	(2,121)
Program supplies	1,000	1,000	730	270
Dues and memberships	400	400	-	400
Staff transportation	2,772	2,772	4,247	(1,475)
Small furniture and equipment	-	-	835	(835)
Materials and services	5,472	5,472	10,777	(5,305)
Total Director of Planning	268,598	268,598	287,566	(18,968)
Planning and Development				
Full time salaries	589,344	589,344	604,753	(15,409)
Employee benefits	223,296	223,296	255,942	(32,646)
Payroll taxes	50,501	50,501	51,444	(943)
Personal services	863,141	863,141	912,139	(48,998)
Professional services	105,000	105,000	32,455	72,545
Telecommunications	1,500	1,500	992	508
Office supplies	5,000	5,000	3,891	1,109
Program supplies	3,500	3,500	1,521	1,979
Dues and memberships	2,300	2,300	2,484	(184)
Conferences	7,300	7,300	4,179	3,121
Technical training	1,750	1,750	884	866
Staff transportation	8,250	8,250	4,727	3,523
Materials and services	134,600	134,600	51,133	83,467
Total Planning and Development	997,741	997,741	963,272	34,469
Total Planning	1,266,339	1,266,339	1,250,838	15,501

Tualatin Hills Park and Recreation District
General Fund
Schedule of Expenditures - Budget to Actual
For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
PARK AND RECREATION SERVICES:				
Director of Park and Recreation:				
Full time salaries	167,974	167,974	166,302	1,672
Employee benefits	68,055	68,055	70,887	(2,832)
Part time salaries	14,300	14,300	12,862	1,438
Payroll taxes	14,537	14,537	14,521	16
Personal services	264,866	264,866	264,572	294
Professional services	30,000	30,000	3,700	26,300
Fee reductions-family assistance	260,000	260,000	461,860	(201,860)
Printing and publications	4,000	4,000	-	4,000
Telecommunications	2,500	2,500	1,020	1,480
Office supplies	7,139	7,139	2,329	4,810
Dues and memberships	-	-	240	(240)
Conferences	13,000	13,000	6,193	6,807
Technical training	1,000	1,000	-	1,000
Staff transportation	2,500	2,500	4,607	(2,107)
Small furniture and equipment	-	-	145	(145)
Materials and services	320,139	320,139	480,094	(159,955)
Total Director of Park and Recreation	585,005	585,005	744,666	(159,661)
Aquatics:				
Full time salaries	1,189,734	1,189,734	1,181,570	8,164
Part time salaries	1,450,810	1,450,810	1,495,771	(44,961)
Employee benefits	525,255	525,255	551,683	(26,428)
Payroll taxes	258,872	258,872	275,269	(16,397)
Personal services	3,424,671	3,424,671	3,504,293	(79,622)
Miscellaneous other services	-	-	543	(543)
Telecommunications	3,000	3,000	1,438	1,562
Office supplies	1,300	1,300	501	799
Program supplies	53,518	53,518	46,270	7,248
Dues and memberships	1,275	1,275	785	490
Conferences	8,000	8,000	7,643	357
Technical training	6,700	6,700	4,736	1,964
Staff transportation	4,177	4,177	3,209	968
Small furniture and equipment	100	100	2,349	(2,249)
Materials and services	78,070	78,070	67,474	10,596
Total Aquatics	3,502,741	3,502,741	3,571,767	(69,026)
Sports:				
Full time salaries	469,350	469,350	467,693	1,657
Part time salaries	629,063	629,063	517,623	111,440
Employee benefits	198,428	198,428	208,996	(10,568)
Payroll taxes	105,674	105,674	96,254	9,420
Personal services	1,402,515	1,402,515	1,290,566	111,949
Instructional services	133,046	133,046	119,200	13,846
Rental facility	45,000	45,000	44,593	407
Printing and publications	4,500	4,500	500	4,000
Advertising	800	800	25	775
Telecommunications	1,200	1,200	2,277	(1,077)
Office supplies	7,250	7,250	7,772	(522)
Program supplies	93,088	93,088	98,384	(5,296)

Tualatin Hills Park and Recreation District
General Fund
Schedule of Expenditures - Budget to Actual
For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
PARK AND RECREATION SERVICES (continued)				
Sports (continued)				
Dues and memberships	100	100	390	(290)
Conferences	5,200	5,200	3,198	2,002
Technical training	500	500	7,650	(7,150)
Staff transportation	2,040	2,040	1,562	478
Small furniture and equipment	100	100	986	(886)
Materials and services	292,824	292,824	286,537	6,287
Total Sports	1,695,339	1,695,339	1,577,103	118,236
Recreation:				
Full time salaries	1,098,035	1,098,035	1,052,105	45,930
Part time salaries	2,437,147	2,419,367	2,250,622	168,745
Employee benefits	512,999	512,999	544,165	(31,166)
Payroll taxes	343,903	343,903	331,110	12,793
Personal services	4,392,084	4,374,304	4,178,002	196,302
Instructional services	101,944	114,724	83,935	30,789
Rental facility	6,700	6,700	332	6,368
Rental equipment	21,594	21,594	7,815	13,779
Maintenance services	3,599	3,599	3,976	(377)
Miscellaneous other services	-	-	1,405	(1,405)
Printing and publications	2,910	2,910	-	2,910
Postage	6,000	6,000	1,343	4,657
Advertising	1,112	1,112	265	847
Telecommunications	3,502	3,502	3,761	(259)
Office supplies	29,846	29,846	15,618	14,228
Program supplies	390,443	395,443	303,500	91,943
Dues and memberships	1,236	1,236	663	573
Conferences	8,000	8,000	6,009	1,991
Technical training	3,520	3,520	2,601	919
Staff transportation	8,167	8,167	3,915	4,252
Small furniture and equipment	12,525	12,525	4,546	7,979
Materials and services	601,098	618,878	439,684	179,194
Total Recreation	4,993,182	4,993,182	4,617,686	375,496
Programs and Special Activities:				
Full time salaries	928,252	928,252	939,126	(10,874)
Part time salaries	859,659	859,659	806,406	53,253
Employee benefits	418,721	418,721	445,912	(27,191)
Payroll taxes	169,605	169,605	170,068	(463)
Personal services	2,376,237	2,376,237	2,361,512	14,725
Instructional services	548	548	9	539
Technical services	104,752	104,752	102,841	1,911
Rental facility	2,400	2,400	2,400	-
Rental equipment	5,441	5,441	8,211	(2,770)
Maintenance services	5,768	5,768	3,348	2,420
Postage	3,432	3,432	2,143	1,289
Advertising	4,836	4,836	4,120	716
Telecommunications	6,120	6,120	4,347	1,773
Office supplies	19,647	19,647	17,905	1,742
Program supplies	170,845	170,845	150,609	20,236

Tualatin Hills Park and Recreation District
General Fund
Schedule of Expenditures - Budget to Actual
For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
PARK AND RECREATION SERVICES (continued)				
Programs and Special Activities (continued)				
Maintenance supplies	5,127	5,127	843	4,284
Dues and memberships	3,000	3,000	585	2,415
Conferences	8,248	8,248	8,844	(596)
Technical training	3,140	3,140	4,037	(897)
Staff transportation	13,137	13,137	6,674	6,463
Small furniture and equipment	-	-	1,664	(1,664)
Materials and services	356,441	356,441	318,580	37,861
Total Programs and Special Activities:	2,732,678	2,732,678	2,680,092	52,586
Natural Resources and Trails:				
Full time salaries	538,113	538,113	508,728	29,385
Part time salaries	346,277	346,277	278,639	67,638
Employee benefits	213,980	213,980	193,786	20,194
Payroll taxes	86,657	86,657	78,967	7,690
Personal services	1,185,027	1,185,027	1,060,120	124,907
Instructional services	4,291	4,291	4,050	241
Professional services	-	-	1,230	(1,230)
Technical services	19,000	19,000	3,480	15,520
Rental equipment	10,450	10,450	7,344	3,106
Maintenance services	3,350	3,350	4,110	(760)
Printing and publications	714	714	163	551
Telecommunications	286	286	-	286
Advertising	255	255	490	(235)
Telecommunications	2,319	2,319	2,282	37
Office supplies	11,716	11,716	8,479	3,237
Program supplies	91,886	91,886	48,771	43,115
Maintenance supplies	1,879	1,879	1,261	618
Dues and memberships	1,030	1,030	620	410
Conferences	3,825	3,825	2,208	1,617
Technical training	2,787	2,787	1,840	947
Staff transportation	3,886	3,886	2,848	1,038
Small furniture and equipment	1,550	1,550	1,130	420
Materials and services	159,224	159,224	90,306	68,918
Total Natural Resources and Trails	1,344,251	1,344,251	1,150,426	193,825
Total Park and Recreation Services	14,853,196	14,853,196	14,341,740	511,456
CAPITAL OUTLAY				
Carryforward projects	749,988	749,988	291,672	458,316
Athletic facility replacement	152,163	152,163	145,498	6,665
Athletic facility improvements	80,671	80,671	32,028	48,643
Park and trail replacement	538,310	538,310	363,907	174,403
Park and trail improvements	500,000	500,000	6,676	493,324
Building replacement	3,688,522	3,688,522	829,411	2,859,111
Building improvements	21,200	21,200	24,658	(3,458)
ADA projects	1,000	1,000	1,000	-
Program facility challenge grants	75,000	75,000	33,701	41,299
Total Capital Outlay	5,806,854	5,806,854	1,728,551	4,078,303
Total General Fund Expenditures	\$ 40,786,393	\$ 40,786,393	\$ 33,919,832	\$ 6,866,561

Tualatin Hills Park and Recreation District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Mitigation Maintenance Fund
For the fiscal year ended June 30, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Interest earned	\$ 2,100	\$ 1,085	\$ (1,015)
Miscellaneous income	-	5,000	5,000
Total revenues	2,100	6,085	3,985
Expenditures:			
Materials and services	5,000	-	5,000
Contingency	176,300	-	176,300
Total expenditures	181,300	-	181,300
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(179,200)	6,085	185,285
Fund balance at beginning of year	179,200	175,925	(3,275)
Fund balance at end of year	\$ -	\$ 182,010	\$ 182,010

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, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Property taxes	\$ 7,397,327	\$ 7,422,058	\$ 24,731
Interest earned	28,000	23,135	(4,865)
Total revenues	<u>7,425,327</u>	<u>7,445,193</u>	<u>19,866</u>
Expenditures:			
Debt service	<u>7,511,386</u>	<u>7,511,382</u>	<u>4</u>
Total expenditures	<u>7,511,386</u>	<u>7,511,382</u>	<u>4</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	<u>(86,059)</u>	<u>(66,189)</u>	<u>19,870</u>
Fund balance at beginning of year	<u>346,735</u>	<u>255,341</u>	<u>(91,394)</u>
Fund balance at end of year	<u>\$ 260,676</u>	<u>\$ 189,152</u>	<u>\$ (71,524)</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, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Interest earned	\$ 1,077,419	\$ 638,295	\$ (439,124)
Total revenues	<u>1,077,419</u>	<u>638,295</u>	<u>(439,124)</u>
Expenditures:			
Capital outlay	58,294,979	3,356,654	54,938,325
Total expenditures	<u>58,294,979</u>	<u>3,356,654</u>	<u>54,938,325</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(57,217,560)	(2,718,359)	54,499,201
Fund balances at beginning of year	<u>57,217,560</u>	<u>58,150,088</u>	<u>932,528</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 55,431,729</u>	<u>\$ 55,431,729</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, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
System development charges	\$ 3,416,094	\$ 2,370,160	\$ (1,045,934)
Interest earned	10,400	27,445	17,045
Total revenues	<u>3,426,494</u>	<u>2,397,605</u>	<u>(1,028,889)</u>
Expenditures:			
Capital outlay	<u>6,634,759</u>	<u>2,496,291</u>	<u>4,138,468</u>
Total expenditures	<u>6,634,759</u>	<u>2,496,291</u>	<u>4,138,468</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(3,208,265)	(98,686)	3,109,579
Fund balances at beginning of year	<u>3,208,265</u>	<u>4,533,581</u>	<u>1,325,316</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 4,434,895</u>	<u>\$ 4,434,895</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, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Metro natural areas bond	\$ 3,145,000	\$ 1,546,845	\$ (1,598,155)
Total revenues	<u>3,145,000</u>	<u>1,546,845</u>	<u>(1,598,155)</u>
Expenditures:			
Capital outlay	3,145,000	1,546,845	1,598,155
Total expenditures	<u>3,145,000</u>	<u>1,546,845</u>	<u>1,598,155</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
SCHEDULES**

Tualatin Hills Park and Recreation District
Schedule of Property Tax Transactions and Outstanding Balances
For the fiscal year ended June 30, 2010

	Taxes Uncollected June 30, 2009	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, 2010
2009-2010	\$ -	\$ 31,527,965	(792,632)	\$ 11,240	\$ (99,950)	\$ (29,768,038)	878,585
2008-2009	768,262	-	907	30,941	(42,948)	(480,725)	276,437
2007-2008	195,387	-	330	16,171	(17,019)	(96,147)	98,722
2006-2007	70,979	-	123	11,893	(7,784)	(50,033)	25,178
2005-2006	19,339	-	85	4,288	(2,914)	(15,012)	5,786
2004-2005	8,331	-	61	920	(2,574)	(1,134)	5,604
Prior Years	12,917	-	36	1,102	(2,484)	(1,801)	9,770
	<u>\$ 1,075,215</u>	<u>\$ 31,527,965</u>	<u>\$ (791,090)</u>	<u>\$ 76,555</u>	<u>\$ (175,673)</u>	<u>\$ (30,412,890)</u>	<u>\$ 1,300,082</u>

General Fund	\$ 981,869	\$ 1,047,095
Debt Service Fund	93,346	252,987
	<u>\$ 1,075,215</u>	<u>\$ 1,300,082</u>



STATISTICAL SECTION

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

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

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

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

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

	Fiscal Year						
	2004	2005	2006	2007	2008 (as restated)	2009	2010
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
Restricted	9,346,441	10,406,433	13,392,572	5,233,264	4,089,447	4,914,904	5,388,324
Unrestricted	2,884,929	3,008,933	3,380,183	3,965,498	3,577,389	2,826,589	2,681,289
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>

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

	Fiscal Year						
	2004	2005	2006	2007	2008 (as restated)	2009	2010
Expenses							
Governmental activities:							
Board of Directors	\$ 105,476	\$ 136,597	\$ 170,390	\$ 187,210	\$ 151,139	\$ 252,707	\$ 158,614
Administration	1,082,661	1,339,707	1,189,415	1,148,393	1,620,813	1,435,073	1,510,804
Business and facilities	1,822,421	1,924,598	3,047,589	2,942,845	2,963,834	13,414,199 ¹⁾	14,022,988
Planning and development	-	-	-	-	-	925,029 ²⁾	724,568
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
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
Total governmental activities expenses	\$ 24,718,560	\$ 26,300,680	\$ 27,195,903	\$ 28,196,277	\$ 30,932,155	\$ 33,894,555	\$ 37,219,199
Program Revenues							
Governmental activities:							
Charges for services:							
Park and recreation services	\$ 5,611,020	\$ 6,040,307	\$ 6,381,080	\$ 6,720,311	\$ 7,379,076	\$ 8,158,928	\$ 8,673,796
Operating grants and contributions	47,723	26,653	19,078	35,185	27,599	42,756	143,768
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
Total governmental program revenues	\$ 8,812,830	\$ 9,981,486	\$ 10,268,738	\$ 9,038,932	\$ 9,778,786	\$ 11,159,954	\$ 13,378,374
Net(expense)/revenue							
Governmental activities	\$ (15,905,730)	\$ (16,319,194)	\$ (16,927,165)	\$ (19,157,345)	\$ (21,153,369)	\$ (22,734,601)	\$ (23,840,825)
Total primary government net expense	\$ (15,905,730)	\$ (16,319,194)	\$ (16,927,165)	\$ (19,157,345)	\$ (21,153,369)	\$ (22,734,601)	\$ (23,840,825)
General Revenues and Other Changes in Net Assets							
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
Unrestricted grants and contributions	126,878	181,035	161,784	186,127	232,743	234,137	215,450
Investment earnings	294,270	447,771	935,335	1,059,117	637,812	488,973	793,970
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
Total governmental activities	\$ 20,469,621	\$ 24,204,121	\$ 22,478,303	\$ 27,960,632	\$ 25,951,546	\$ 25,512,327	\$ 32,280,084
Change in Net Assets							
Governmental activities	\$ 4,563,891	\$ 7,884,927	\$ 5,551,138	\$ 8,803,287	\$ 4,798,177	\$ 2,777,726	\$ 8,439,259
Total primary government	\$ 4,563,891	\$ 7,884,927	\$ 5,551,138	\$ 8,803,287	\$ 4,798,177	\$ 2,777,726	\$ 8,439,259

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
FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Reserved	\$ 85,892	\$ 97,385	\$ 79,403	\$ 79,403	\$ 103,878	\$ 120,398	\$ 75,840	\$ 112,826	\$ 116,712	\$ 131,319
Unreserved	1,479,102	1,886,055	2,898,542	2,607,151	2,908,752	3,818,904	4,261,281	4,548,093	4,185,875	3,717,581
Total general fund	<u>\$ 1,564,994</u>	<u>\$ 1,983,440</u>	<u>\$ 2,977,945</u>	<u>\$ 2,686,554</u>	<u>\$ 3,012,630</u>	<u>\$ 3,939,302</u>	<u>\$ 4,337,121</u>	<u>\$ 4,660,919</u>	<u>\$ 4,302,587</u>	<u>\$ 3,848,900</u>
All other governmental funds										
Reserved, reported in:										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,963	\$ 83,943	\$ 161,686	\$ 175,925	\$ 182,010
Debt service fund	762,918	716,921	593,822	540,896	484,716	460,511	418,913	338,212	255,341	189,152
Capital project fund	5,227,046	5,907,466	6,961,228	9,346,441	10,406,433	12,932,061	4,814,351	3,751,235	62,683,669	59,866,624
Total all other governmental funds	<u>\$ 5,989,964</u>	<u>\$ 6,624,387</u>	<u>\$ 7,555,050</u>	<u>\$ 9,887,337</u>	<u>\$ 10,891,149</u>	<u>\$ 13,459,535</u>	<u>\$ 5,317,207</u>	<u>\$ 4,251,133</u>	<u>\$ 63,114,935</u>	<u>\$ 60,237,786</u>

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Property taxes	\$ 17,283,357	\$ 18,132,823	\$ 18,764,080	\$ 19,387,604	\$ 20,297,846	\$ 21,124,084	\$ 22,095,939	\$ 23,064,951	\$ 24,227,511	\$ 30,429,777
Aquatic programs	1,926,237	2,199,690	2,466,690	2,446,928	2,679,791	2,787,489	2,820,884	2,070,276	2,236,943	2,438,104
Tennis center	463,812	491,865	520,341	543,968	582,343	594,451	630,856	779,947	798,424	867,529
Sports programs	622,421	685,015	667,529	696,659	644,289	648,302	676,849	756,520	991,443	1,123,287
Recreation programs	1,609,693	1,732,083	1,828,324	1,881,185	2,102,083	2,321,238	2,571,571	3,824,758	4,192,324	4,307,171
Grants and sponsorships	387,606	449,316	200,536	485,538	354,688	892,183	221,312	857,212	950,096	1,906,063
System development charges	2,519,168	2,344,257	2,140,110	2,843,150	3,767,526	3,165,261	2,283,436	1,775,241	1,406,672	2,370,160
Interest earned	738,697	385,934	306,427	294,270	442,698	924,540	1,074,988	632,735	488,973	793,970
Charges for services	-	-	-	-	-	-	-	-	-	553,515
Miscellaneous	223,500	127,366	108,984	204,176	181,759	210,989	267,646	342,161	378,292	710,592
Total revenues	25,774,491	26,548,349	27,003,021	28,783,478	31,053,023	32,668,537	32,643,481	34,103,801	35,670,678	45,500,168
Expenditures										
Board of Directors	\$ 108,329	\$ 83,586	\$ 92,333	\$ 105,476	\$ 136,597	\$ 170,390	\$ 187,210	\$ 151,139	\$ 252,707	\$ 158,614
Administration	531,106	863,456	1,001,986	924,767	1,143,146	1,236,566	1,141,833	1,599,223	1,449,070	1,547,895
Business and facilities	1,428,236	1,592,870	1,676,553	1,822,992	1,929,548	2,612,192	2,529,507	2,643,563	12,970,222	13,836,899
Planning and development	-	-	-	-	-	-	-	-	907,994	1,250,838
Park and recreation services	16,193,801	16,576,381	17,621,854	18,408,515	19,300,473	19,368,313	20,710,852	22,205,573	13,199,722	14,341,740
Capital outlay	1,678,110	3,514,136	3,139,365	3,318,043	4,943,286	2,823,615	12,772,256	5,334,604	4,471,549	9,619,570
Debt service										
Principal	1,343,946	1,426,102	1,512,856	1,493,910	1,672,785	1,782,000	1,880,000	1,958,000	2,061,000	4,790,000
Interest	1,596,061	1,450,442	1,332,050	1,268,879	1,180,270	1,196,923	1,127,798	990,961	1,345,100	3,285,448
Total expenditures	22,879,589	25,506,973	26,376,997	27,342,582	30,306,105	29,189,999	40,349,456	34,883,063	36,657,364	48,831,004
Excess of revenues over (under) expenditures	2,894,902	1,041,376	626,024	1,440,896	746,918	3,478,538	(7,705,975)	(779,262)	(986,686)	(3,330,836)
Other financing sources (uses)										
Debt issuance	-	-	200,000	600,000	340,000	-	2,515,383	-	58,505,000	-
Premiums on bonds issued	-	-	-	-	-	-	-	-	492,215	-
Sale of capital assets	-	-	1,117,126	-	358,495	-	-	-	494,941	-
Payment of refunded debt	-	-	-	-	(140,000)	-	(2,509,360)	-	-	-
Total other financing sources (uses)	-	-	1,317,126	600,000	558,495	-	6,023	-	59,492,156	-
Net change in fund balances	\$ 2,894,902	\$ 1,041,376	\$ 1,943,150	\$ 2,040,896	\$ 1,305,413	\$ 3,478,538	\$ (7,699,952)	\$ (779,262)	\$ 58,505,470	\$ (3,330,836)
Debt service as a percentage of noncapital expenditures	16.1%	15.0%	13.7%	12.8%	12.3%	12.5%	12.1%	9.9%	10.4%	20.5%

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

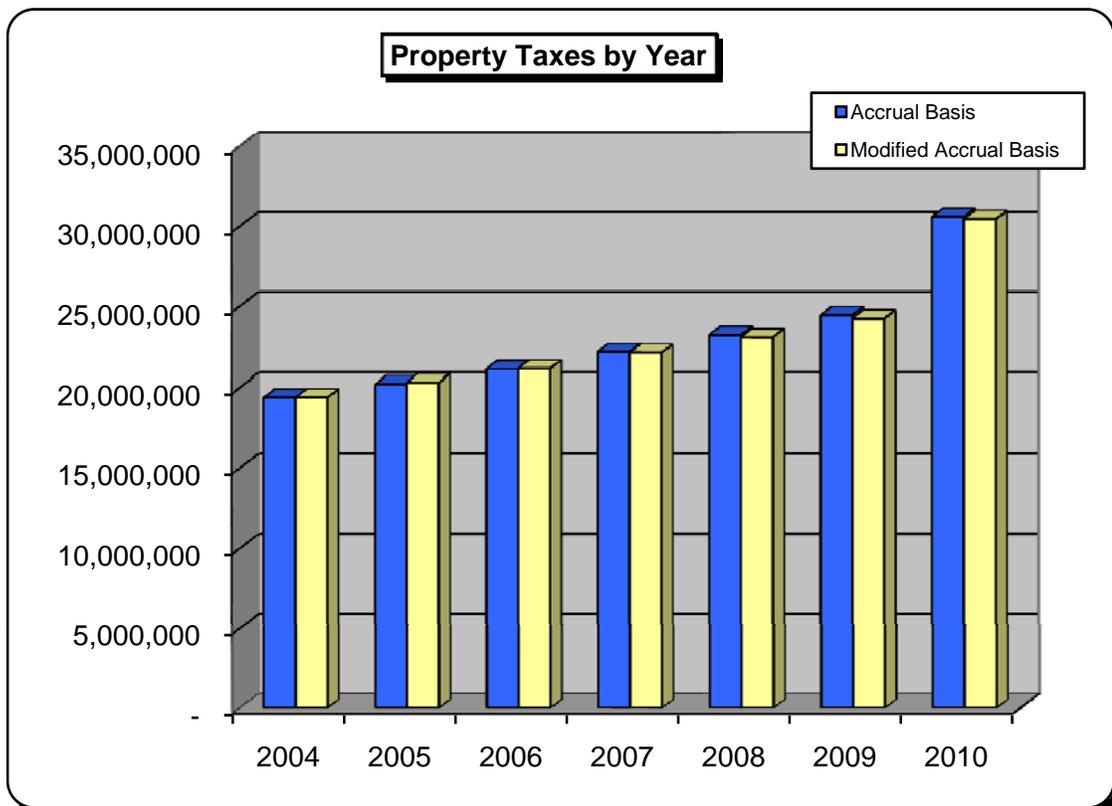
²⁾ The Planning department was moved from Business and facilities to its own division of Planning and development.

Tualatin Hills Park and Recreation District
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Seven 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

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Seven 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



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

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

Source: Washington County, Department of Assessment and Taxation

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

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

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, 2010**

	2010		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Nike, Inc.	\$370,785,469	1	2.04%
Verizon Northwest, Inc.	148,254,700	2	0.82%
Tektronix, Inc.	132,387,235	3	0.73%
Comcast. Corporation	118,369,800	4	0.65%
Portland General Electric	113,878,240	5	0.63%
PS Business Parks LP	104,442,466	6	0.57%
Maxim Integrated Products, Inc.	112,396,720	7	0.49%
Northwest Natural Gas Co.	88,742,100	8	0.73%
ERP Operating LP	78,092,890	9	0.43%
Bernard Properties Partnership	58,092,190	10	0.32%
 All other tax payers	 16,842,471,116		 92.59%
 Totals	 \$18,167,912,926		 100.00%

Source: Washington County, Department of Assessment and Taxation
(information not available for FY 2001)

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	17,780,348	16,809,720	94.5%	450,291	17,260,011	97.1%
2002	18,661,846	17,650,433	94.6%	446,939	18,097,372	97.0%
2003	19,374,729	18,307,900	94.5%	504,596	18,812,496	97.1%
2004	20,039,878	18,939,817	94.5%	514,022	19,453,839	97.1%
2005	20,804,534	19,749,164	94.9%	439,356	20,188,520	97.0%
2006	21,736,219	20,672,358	95.1%	419,225	21,091,583	97.0%
2007	22,775,894	21,687,609	95.2%	450,872	22,138,481	97.2%
2008	23,818,049	22,614,565	94.9%	331,474	22,946,039	96.3%
2009	25,095,569	23,896,079	95.2%	480,725	24,376,804	97.1%
2010	31,527,965	29,768,038	94.4%	-	29,768,038	94.4%

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

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of	
	General Obligation Bonds	Lease Contracts and Certificates of Participation	Loans Payable		Personal Income ^{a)}	Per Capita ^{b)}
2004	\$ 17,830,000	\$ 3,850,000	\$ 763,776	\$ 22,443,776	0.138%	\$ 107
2005	16,605,000	3,540,000	826,000	20,971,000	0.124%	98
2006	15,310,000	3,210,000	669,000	19,189,000	0.103%	89
2007	13,935,000	2,935,000	509,000	17,379,000	0.087%	79
2008	12,495,000	2,580,000	346,000	15,421,000	0.073%	69
2009	69,490,000	2,195,000	180,000	71,865,000	n/a	315
2010	65,155,000	1,780,000	140,000	67,075,000	n/a	289

n/a - not available at time of printing

^{a)} based on Washington County total population

^{b)} based on estimated population of District

Source: State of Oregon, OLMIS

Portland State University Center for Population Research and Census

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita ^{a)}
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

^{a)} per capita based on estimated District population

Source: Portland State University Center for Population Research and Census

Tualatin Hills Park and Recreation District
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2010

<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	\$ 65,155,000	100.0000%	\$ 65,155,000
Metro	23,940,409	13.6123%	3,258,840
Tri-Met	3,833,036	13.7090%	525,471
Portland Community College	39,848,485	17.2961%	6,892,234
City of Portland	9,970	0.0064%	1
Washington County	10,562,892	40.5641%	4,284,742
Tualatin Valley Fire & Rescue District	12,576,339	44.2206%	5,561,333
School District No. 23, Tigard-Tualatin	1,071	0.0008%	0
School District No. 48, Beaverton	338,885,209	81.7862%	277,161,335
School District No. 1J, Hillsboro	9,750,199	3.6163%	352,596
School District - Hillsboro, Reedville Bonds	4,712	1.1929%	56
School District No. 1J, Portland	142,747	0.4744%	677
Other Debt			
Tualatin Hills Park and Recreation District	\$ 1,920,000	100.0000%	\$ 1,920,000
Metro	9,205,318	13.6123%	1,253,056
Portland Community College	33,050,252	17.2961%	5,716,405
City of Portland	39,547	0.0064%	3
Washington County	44,170,248	40.5641%	17,917,264
Tualatin Valley Fire & Rescue District	7,517,502	44.2206%	3,324,284
School District No. 23, Tigard-Tualatin	44	0.0008%	0
School District No. 48, Beaverton	148,217,041	81.7862%	121,221,086
School District No. 1J, Hillsboro	3,700,560	3.6163%	133,823
Northwest Regional ESD	2,077,400	30.5500%	634,646
School District No. 1J, Portland	2,208,909	0.4744%	10,479
Multnomah ESD	124,885	0.3395%	424
Port of Portland	8,928,307	12.3463%	1,102,316
City of Beaverton	12,975,426	98.9735%	12,842,233
City of Hillsboro	485,408	1.9692%	9,559
Total direct and overlapping debt	<u>\$ 779,330,916</u>		<u>\$ 529,277,861</u>

Source: Oregon State Treasury, Municipal Debt Information System

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 385,768,952	\$ 413,529,795	\$ 432,893,989	\$ 458,924,158	\$ 482,440,210	\$ 528,653,485	\$ 654,059,148	\$ 720,458,248	\$ 745,643,762	\$ 699,235,942
Total net debt application to limit	21,125,000	20,085,000	18,990,000	17,830,000	16,605,000	15,310,000	13,935,000	12,495,000	69,490,000	65,155,000
Legal debt margin	<u>\$ 364,643,952</u>	<u>\$ 393,444,795</u>	<u>\$ 413,903,989</u>	<u>\$ 441,094,158</u>	<u>\$ 465,835,210</u>	<u>\$ 513,343,485</u>	<u>\$ 640,124,148</u>	<u>\$ 707,963,248</u>	<u>\$ 676,153,762</u>	<u>\$ 634,080,942</u>
Total net debt applicable to the limit as a percentage of debt limit	5.48%	4.86%	4.39%	3.89%	3.44%	2.90%	2.13%	1.73%	9.32%	9.32%

Legal Debt Margin Calculation for Fiscal Year 2010

Real market value (2009-10)	\$27,969,437,697
General obligation debt capacity (2.5% of Real market value)	699,235,942
Less: Outstanding debt	<u>65,155,000</u>
Remaining legal debt capacity	<u>\$ 634,080,942</u>

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

Fiscal Year	Washington County					
	District Population (estimated)	Population (estimated) ^{a)}	Personal Income (amounts expressed in thousands) ^{b)}	Per Capita Personal Income ^{b)}	Unemployment Rate ^{c)}	School Enrollment ^{d)}
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	n/a	n/a	10.1%	37,536
2010	231,925	n/a	n/a	n/a	10.6%	38,460

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, 2010

Industry	2010	
	Annual Average	Percentage of Total County Employment
Mining and logging	400	0.2%
Construction	11,400	4.9%
Manufacturing:		
Computer and electronic products	24,800	
Other durable goods	10,800	
Non-durable goods	5,200	
	40,800	17.5%
Trade, transportation and utilities:		
Wholesale trade	16,600	
Retail trade	27,200	
Transportation, warehousing and utilities	3,500	
	47,300	20.3%
Information	7,900	3.4%
Financial activities	15,300	6.6%
Professional and business services:		
Professional and technical services:	11,300	
Management of companies and enterprises	5,600	
Administrative and waste services	15,100	
	32,000	13.8%
Educational and health services	27,900	12.0%
Leisure and hospitality	19,400	8.3%
Other services	7,100	3.1%
Government:		
Federal government	800	
State government	2,700	
Local government	7,500	
Local education	12,100	
	23,100	9.9%
Total non farm employment	232,600	100.0%

* Fiscal Year 2010 information includes data through 12/31/2009

Source: OLMIS
(information not available for FY 2001)

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

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

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

	2004 actual	2005 actual	2006 actual	2007 actual	2008 actual	2009 actual	2010 estimate
Parks and Recreation							
Cultural and recreational activities:							
Aquatics							
Attendance at open/drop-in programs and classes	530,601	560,172	556,976	531,225	577,934	603,018	615,281
Number of classes held	4,625	4,551	5,326	5,019	4,722	5,452	5,531
Sports ¹⁾							
Attendance at open/drop-in programs and classes	n/a	n/a	690,838	814,653	700,000	697,335	705,000
Number of classes held	434	471	522	521	512	521	535
Recreation							
Attendance at open/drop-in programs and classes	712,733	764,689	716,205	731,157	740,206	870,704	871,999
Number of classes held	4,921	6,387	4,377	4,556	4,802	4,896	4,797
Programs and special activities							
Attendance at open/drop-in programs and classes	294,532	317,539	334,601	338,275	342,314	354,960	356,574
Number of classes held	1,162	1,287	1,361	1,366	1,185	1,349	1,603
Natural Resources and trails							
Attendance at open/drop-in programs and classes	144,317	177,451	241,329	249,159	195,018	136,960	160,000
Number of classes held	187	239	263	278	293	338	525
Maintenance activities:							
Buildings maintained (shown per 1,000 sq. ft)	326	326	326	326	355	366	368
Cost per sq. ft. of buildings	\$6.15	\$6.51	\$7.22	\$7.66	\$6.21	\$7.28	\$7.70
Pool facilities maintained (shown per 1,000 sq. ft.)	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	\$12.68
Parks maintained - developed acres	915	1,028	1,028	1,041	1,076	1,076	1,080
Cost per developed acre	\$2,586.00	\$2,290.00	\$2,290.00	\$2,523.00	\$2,560.00	\$2,638.00	\$2,686.00
Parks maintained - undeveloped acres	851	749	749	848	859	867	863
Cost per undeveloped acre	\$146.00	\$165.00	\$165.00	\$163.00	\$169.00	\$172.00	\$177.00
Vehicle and equipment units maintained	332	340	354	389	413	427	434
Cost per vehicle and equipment unit	\$1,901.00	\$1,853.00	\$1,768.00	\$1,800.00	\$1,752.00	\$1,870.00	\$1,859.00

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

Tualatin Hills Park and Recreation District
CAPITAL ASSET STATISTICS BY FUNCTION
June 30, 2010

Parks and Recreation:

Number of parks	253
Park acreage:	
Developed sites (neighborhood, community and regional parks)	1,080
Undeveloped sites (wetlands and natural areas)	863
Pathways and trails mileage	32
Lakes	3
Stream corridor mileage	27
 Facilities:	
Swim Centers:	
Indoor	6
Outdoor	2
Recreation Centers	2
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 ¹⁾	101
Basketball:	
Indoor	6
Outdoor ¹⁾	123
Volleyball ¹⁾	5
Sports fields: ¹⁾	
Soccer/football/lacrosse	134
Softball/baseball	107
Bocce	3
Hockey	1
Indoor running track	1
Skate park	2

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

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

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

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



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November 17, 2010

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

We have audited the basic 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 (the District), as of and for the year ended June 30, 2010, and have issued our report thereon dated November 17, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Minimum Standards for Audits of Oregon Municipal Corporations*.

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 statements 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 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).

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 law, 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*.

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

Page 2

OAR 162-10-0230 INTERNAL CONTROL

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

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



Certified Public Accountants

