



Popular Annual Financial Report

For the Fiscal Year
Ended June 30, 2024

City of Tualatin, Oregon

www.tualatinoregon.gov



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**City of Tualatin
Oregon**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill
Executive Director/CEO

Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to City of Tualatin for its Popular Annual Financial Report for the fiscal year ended June 30, 2022. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report (PAFR), whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of Tualatin has received a Popular Award for the fifth consecutive year. We are awaiting the results of our FY 2023 PAFR.

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Finance Department
www.tualatinoregon.gov/finance
503-691-3054

Letter from the Finance Director



Don Hudson is the Assistant City Manager/Finance Director of the City of Tualatin. He has served as the Finance Director since 2008 and was promoted to Assistant City Manager in 2019. Previously, he served as the Finance Director for the City of Stayton, OR.

He is a member of GFOA, is Past President of the Oregon Government Finance Officers Association and Co-Chair of the Finance and Taxation Committee for the League of Oregon Cities. He is also a member of the National League of Cities Finance, Administration and Intergovernmental Relations Committee.

Dear Residents and Businesses of Tualatin,

I am pleased to present the City's Popular Annual Financial Report for the fiscal year ended June 30, 2024. The goal of the Popular Annual Financial Report is to provide an easy-to-read version of our Annual Comprehensive Financial Report, which is our complete set of financial statements produced in accordance with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants every year. Both documents show that the City of Tualatin continues to be a financially strong organization.

The City of Tualatin has established comprehensive internal controls that are designed to protect the City's assets from loss, theft, or misuse, and to compile sufficient reliable information for the reparation of the City of Tualatin's financial statements. Singer Lewak, a firm of licensed certified public accountants, has audited the City of Tualatin's financial statements and concluded, based upon the audit, that the City's financial statements for the fiscal year ended June 30, 2024, are fairly presented in conformity with GAAP.

The City continues to provide quality services to our residents and customers, while maintaining financial stability. The City's positive track record completing transportation projects utilizing a 2018 transportation bond, helped give our residents confidence in passing a Parks Bond in November 2022. Projects funded by this bond have been used to upgrade parks play equipment in multiple City parks, as well as purchase property for future city parks land. Additionally, completion of the Veterans Plaza will be completed in the spring of 2025, funded through bond proceeds.

The City has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the last 33 years. The Certificate of Achievement for Excellence in Financial Reporting Program encourages and assists local governments to go beyond the minimum requirements of generally accepted accounting principles in preparing annual comprehensive financial reports that evidence the spirit of transparency and full disclosure. We have received the Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the last six years, and are confident that this PAFR also meets the requirements for this award. Additionally, the City has been awarded the Distinguished Budget Presentation Award for the last 12 years, making the City of Tualatin a GFOA Triple Crown Winner.

For a complete copy of our Annual Comprehensive Financial Report, please visit our website at www.tualatinoregon.gov/finance. If you have any questions about any of these documents, please contact our Finance Department at 503-691-3054.

Sincerely,

Don Hudson
Assistant City Manager/Finance Director

City of Tualatin



Mayor
Frank Bubenik



Council President
Valerie Pratt



Position #1
Maria Reyes



Position #2
Christen Sacco



Position #3
Bridget Brooks



Position #4
Cyndy Hillier



Position #5
Octavio Gonzalez

City Council Goals



An inclusive community that promotes equity, diversity, and access in creating a meaningful quality of life for everyone



A connected, informed, and civically engaged community that embraces our City's diversity



A thriving and diversified economy that includes living wage jobs, increased tourism, and sustained financial stability for the whole city



Safe, vibrant, and accessible gathering places throughout the City that build and celebrate our whole community



An efficient, accessible, innovative, sustainable, and connected transportation system that effectively and safely meets the needs of our entire community

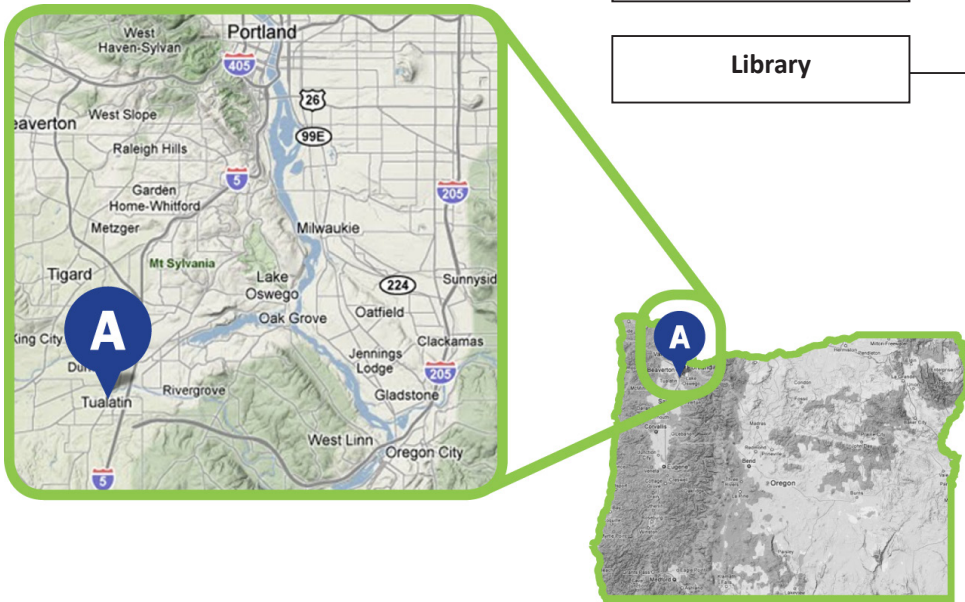
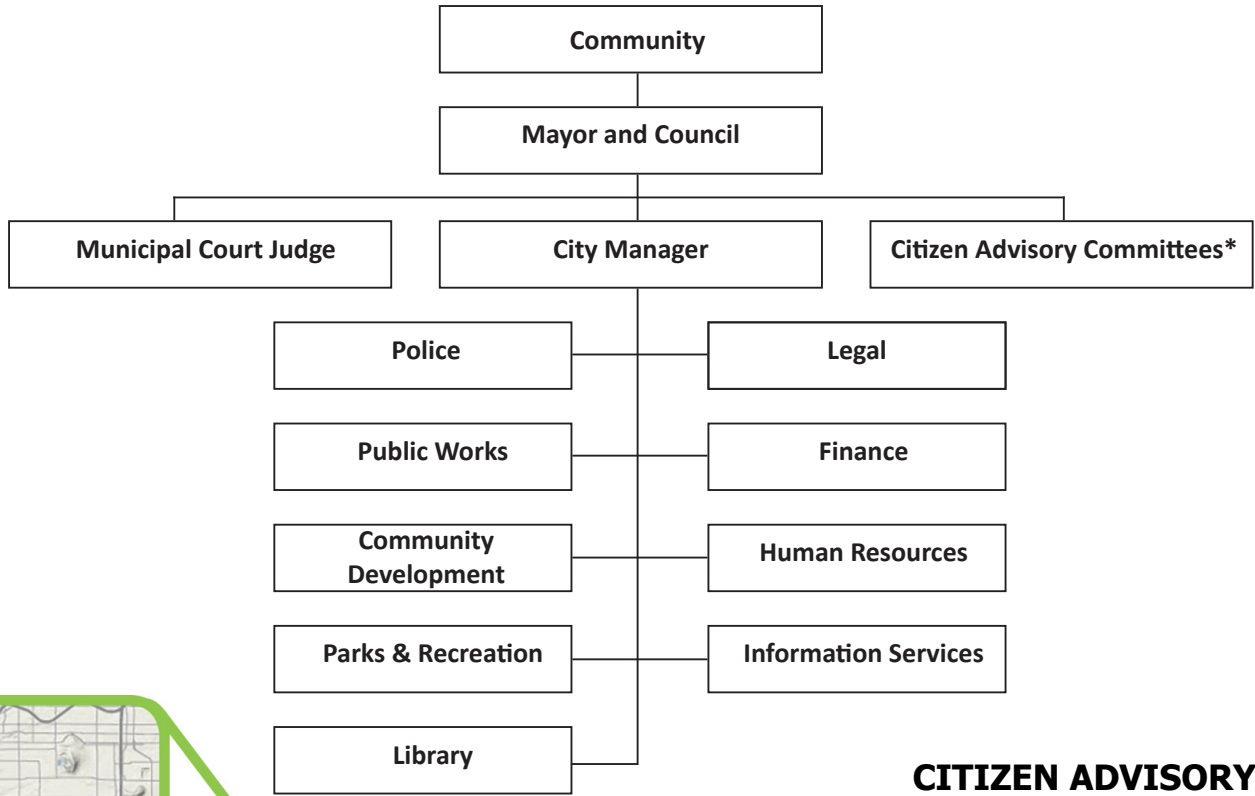


Safe, desirable, welcoming, and sustainable neighborhoods with housing that is available for all



An environmentally active, sustainable, responsible, and forward-thinking community that values and protects our natural resources, inhabitants, and habitat

ORGANIZATION CHART



CITIZEN ADVISORY COMMITTEES:

- Architectural Review Board
- Arts Advisory Committee
- Budget Advisory Committee
- Core Area Parking District Board
- Inclusion Diversity Equity and Access Advisory Committee
- Library Advisory Committee
- Park Advisory Committee
- Tualatin Planning Commission

ABOUT TUALATIN

Tualatin was incorporated in 1913. It is located in two counties. SW 65th Avenue, adjacent to Meridian Park Hospital, is the dividing line - with Clackamas County to the east and Washington County to the west.

Tualatin began as a small village called Galbreath at a ferry crossing on the Tualatin River. Samuel Galbreath began the ferry service in 1853. In 1856, Galbreath built the first bridge across the Tualatin River, and the town's name was changed to "Bridgeport." Located along one of the first "improved" roads, Boones Ferry Road, Bridgeport thrived by attracting

businesses from Portland and throughout the Willamette Valley. The community's accommodations were simple: a blacksmith shop, boarding house, general store, and saloon.

In 1886, the Portland & Willamette Railway Company purchased a right-of-way through John Sweek's land on the Tualatin River's west bank opposite Bridgeport. Profiting from the sale, Sweek took advantage of the railroad's location and plotted a town around the depot - he called the new town Tualatin.

Incorporated in 1913



of Library items checked out: 577,587
 # of ebook checkouts: 155,409
 # new library cards: 2,239



Police calls for service:
 21,426

Aa1 Moody's Investors Service Bond Rating



27,753*

Population

12

parks

340

acres





Traffic Signals 52

80

Miles of
Maintained Streets

180

acres of
greenway trails and
natural areas



* 2024 Estimated Population, Portland State University Population Research Center

**CITY OF TUALATIN
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

June 30, 2024

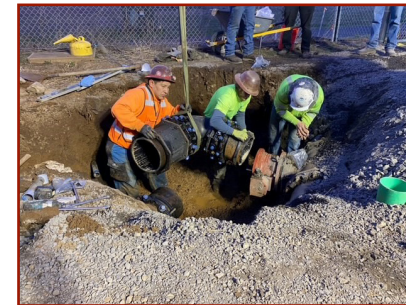
Taxpayer	2024			2015		
	Assessed Value ¹	Rank	% of Total City Taxable Assessed Value ²	Assessed Value	Rank	% of Total City Taxable Assessed Value
Portland General Electric Co	\$ 223,757,000	1	3.95%	42,542,245	5	1.15%
Lam Research Corporation ²	231,226,610	2	4.09%	93,080,900	2	2.51%
BV Centercal LLC	141,015,893	3	2.49%	108,523,100	1	2.92%
Campbell Soup Supply Company, LLC ³	68,035,320	4	1.20%	51,555,660	3	1.39%
Pacific Realty Associates	58,689,530	5	1.04%	-	-	0.00%
Tuala Northeast LLC	56,469,380	6	1.00%	43,279,140	4	1.17%
JAE Oregon Inc	44,726,380	7	0.79%	27,632,450	7	0.74%
Mohawk St Property LLC	46,186,076	8	0.82%	-	-	0.00%
CR Rivercrest Meadows Communities LLC	36,229,940	9	0.64%	27,767,310	8	0.75%
KW Hedges Creek LLC	36,191,400	10	0.64%	-	-	0.00%
South Center Investors LLC	-	-	-	33,324,110	6	0.90%
SVF Hedges Creek Tualatin LLC	-	-	-	27,737,760	9	0.75%
Zian Limited Partnership	-	-	-	27,484,390	10	0.74%
	<u>\$ 942,527,529</u>		<u>16.66%</u>	<u>\$ 482,927,065</u>		<u>13.02%</u>

¹ Source: Washington and Clackamas County Assessor's records

² Lam Research Corporation previously operated as Novellus Systems Inc.

³ Campbell Soup Supply Company, LLC previously reported as Pacific Foods of Oregon, Inc.

⁴ Measure 50 rolled back the assessed value of each unit of property for the tax year 1977-98 to its 1995-96 "real market value", less 10%. Measure 50 limits any increase in assessed value, excluding major improvements, to 3% per year for the tax years after 1997-98.





**CITY OF TUALATIN
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
June 30, 2024**

Employer	2024			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lam Research Corporation	3,551	1	11.64%	669	2	3.14%
Legacy Meridian Park Hospital	1,100	2	3.61%	905	1	4.25%
Infinity Rehab	984	3	3.22%	-	-	-
Nortek Air Solutions	522	4	1.71%	-	-	-
Pacific Foods of Oregon	464	5	1.52%	280	10	1.31%
Amazon.com Services LLC	369	6	1.21%	-	-	-
Portland General Electric	328	7	1.07%	478	4	2.24%
Columbia Corrugated	327	8	1.07%	320	7	1.50%
Ascentec Engineering LLC	293	9	0.96%	-	-	-
Ichor Systems Inc	286	10	0.94%	-	-	-
United Parcel Services	-	-	-	512	3	2.40%
CES Group LLC	-	-	-	460	5	2.40%
Precision Wire Components	-	-	-	457	6	2.14%
DPI Specialty Foods Northwest	-	-	-	300	8	1.41%
Cabela's	-	-	-	290	9	1.29%
	<u>8,224</u>			<u>4,671</u>		
Total City employment			<u>30,512</u>			

Information derived from Business License data provided to the City of Tualatin.

OVERVIEW OF AUDITED RESULTS

The following summary highlights are taken directly from the Management Discussion and Analysis section of the fiscal year ended June 30, 2024 Annual Comprehensive Financial Report.

- The City's assets and deferred outflows of resources totaled approximately \$288.5 million at June 30, 2024, and consisted of approximately \$94.4 million in cash and investments, \$177.2 million in capital assets and approximately \$16.9 million in other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$16.3 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$80.5 million at June 30, 2024, consisting of approximately \$61.9 million in long-term obligations, \$15.0 million in accounts payable and other liabilities, and \$3.6 million in deferred inflows related to pensions and other post-employment benefit obligations.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$208.0 million at the close of fiscal year 2024. Unrestricted net position totaled \$24.3 million, with the remainder of the City's net position reported as net investment in capital assets (\$150.0 million) and restricted (\$33.7 million).
- For its governmental activities, the City generated \$10.5 million in charges for services and received \$4.0 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$41.8 million for the year, resulting in a net expense of \$27.3 million. \$31.1 million of general revenues received and \$2.9 million of transfers in resulted in an increase in net position of \$6.7 million.
- For its business-type activities, the City generated \$20.9 million in charges for services and capital grants and contributions to fund direct expenses of \$10.9 million.



Statement of Net Position - Balance Sheet

This Statement of Net Position reflects a healthy financial condition as of June 30, 2024. This balance sheet is presented as a high-level summary of net position.

	<u>As of June 30, 2024</u>	<u>As of June 30, 2023</u>	<u>As of June 30, 2022</u>
Assets			
Current and other assets	\$ 101,721,848	\$ 104,178,273	\$ 87,051,299
Capital assets	177,153,216	159,416,003	149,711,913
Total assets	<u>278,875,064</u>	<u>263,594,276</u>	<u>236,763,212</u>
Deferred Outflows of Resources	<u>9,607,090</u>	<u>8,610,959</u>	<u>10,698,224</u>
Liabilities			
Current Liabilities	14,940,785	12,811,829	6,073,433
Long-term liabilities	61,871,009	59,887,195	42,120,036
Total liabilities	<u>76,811,794</u>	<u>72,699,024</u>	<u>48,193,469</u>
Deferred Inflows of Resources	<u>3,640,316</u>	<u>7,978,324</u>	<u>14,354,870</u>
Net Position	<u><u>\$ 208,030,044</u></u>	<u><u>\$ 191,527,887</u></u>	<u><u>\$ 184,913,097</u></u>

For greater detail, see the City's complete Annual Comprehensive Financial Report on our website at www.tualatinoregon.gov/finance.

Statement of Activities/Income Statement

This statement presents high-level summary information about how the City's net position changed during fiscal year 2024 as a result of all financial activity (i.e. revenues and expenses). The previous two fiscal years are presented for comparison purposes.

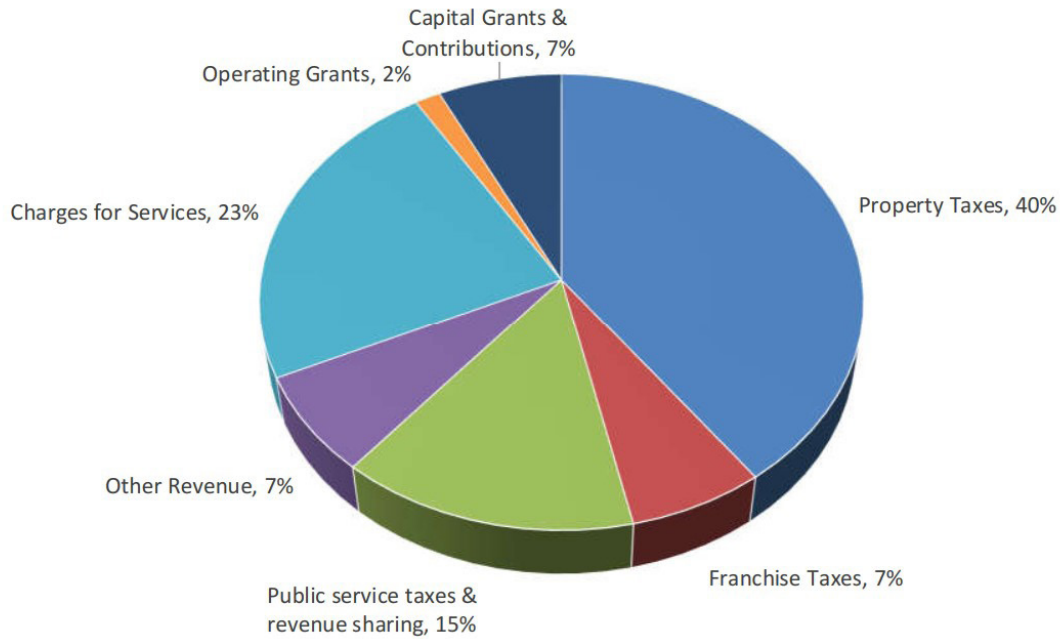
	FY 2024	FY 2023	FY 2022
Revenues	\$ 69,190,049	\$ 64,421,106	\$ 61,815,760
Expenses	(52,687,892)	(54,714,809)	(50,868,607)
Increase (Decrease) in net position	\$ 16,502,157	\$ 9,706,297	\$ 10,947,153
Net position, beginning of year	191,527,887	184,913,097	173,965,944
Restatement	-	(3,091,507)	-
Net position, beginning of year (restated)	191,527,887	181,821,590	173,965,944
Net position, end of year	\$ 208,030,044	\$ 191,527,887	\$ 184,913,097

For greater detail, see the City's complete Annual Comprehensive Financial Report on our website at www.tualatinoregon.gov/finance.



WHERE THE MONEY COMES FROM

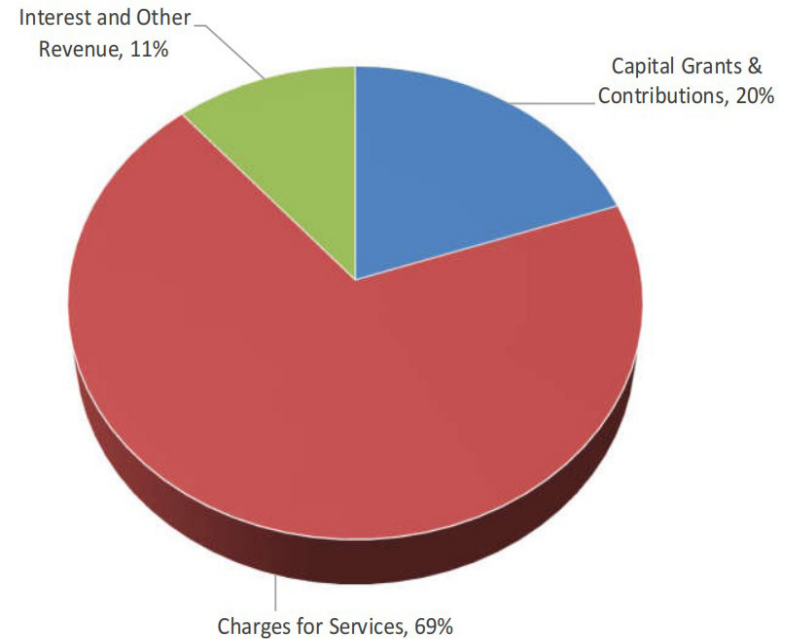
Revenues by Source - Governmental Activities



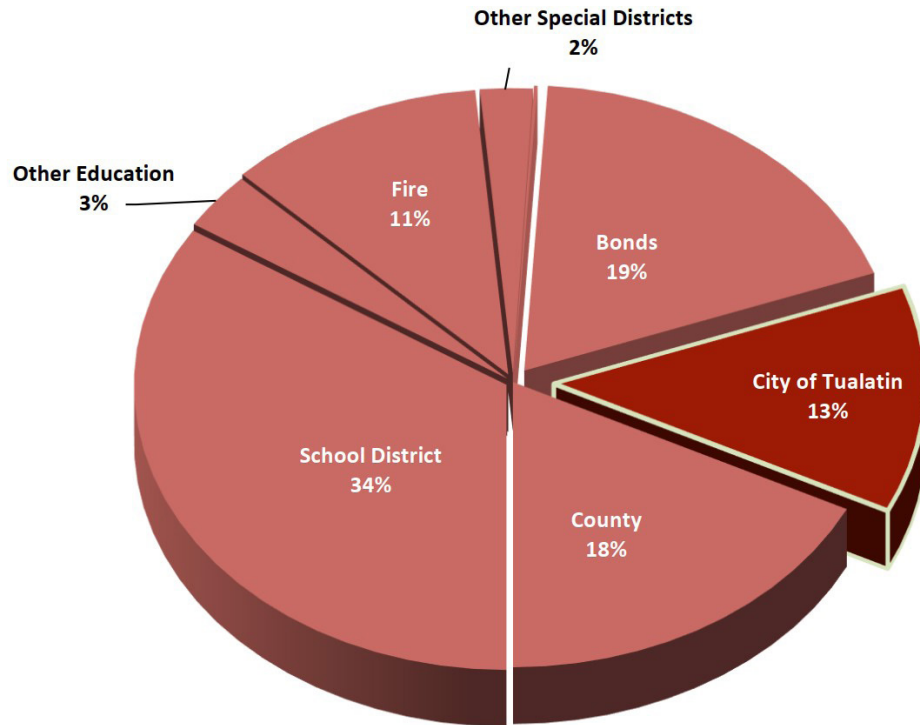
Property Taxes	\$ 18,186,954
Franchise Fees	\$ 3,030,364
Operating Grants	\$ 684,806
Charges for Service	\$ 10,535,537
Capital Grants & Contributions	\$ 3,321,115
Other Revenue	\$ 3,213,529
Public Service Taxes and Revenue	\$ 6,626,862

Charges for Service	\$ 16,274,947
Interest and Other Revenue	\$ 2,663,342
Capital Grants and Contributions	\$ 4,652,593

Revenues by Source - Business-type Activities



WHERE THE MONEY COMES FROM



TAX COMPARISONS

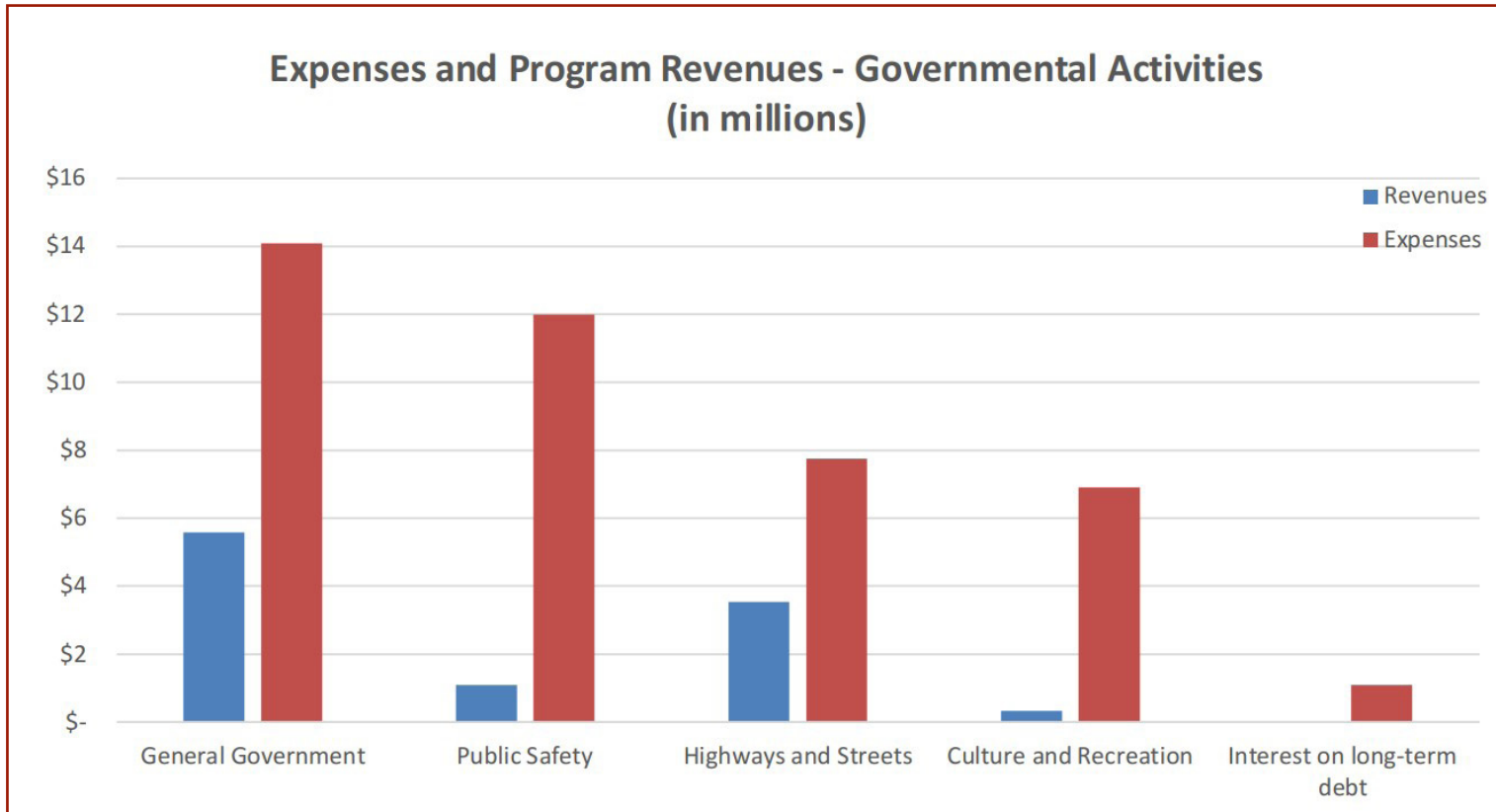
City	Tax Rate
Lake Oswego	\$4.9703
Beaverton	\$4.6180
Sherwood	\$3.2975
Wilsonville	\$2.5206
Tigard	\$2.5131
Tualatin	\$2.2665
West Linn	\$2.1200

The City utilizes 23 funds to account for its financial activities. These funds are grouped into two separate categories: governmental activities and business-type activities. Governmental activities are the basic services provided by the City and include services such as public safety, highways and streets, parks and recreation, library, and general administration. Property taxes and franchise fees fund the majority of these services.

Business-type activities are its water, sewer and stormwater services, which the City charges fees to customers to cover the costs of providing these services.

Major revenue types include property taxes, franchise fees which are charged to utilities for the use of public right-of-way, fees and charges for services, licenses and fees, and intergovernmental revenue in the form of grants and shared revenues. Annual property taxes are based upon the assessed value, as opposed to the market value, of properties. The average Tualatin resident pays \$17.52 per \$1,000 of assessed value. Therefore, a homeowner with an assessed value of \$300,000 pays property tax of \$5,256 annually. Of this amount, the City of Tualatin receives approximately 13%, or \$683.

WHERE THE MONEY GOES



Major Expenditure Areas

General Government - This category includes expenses incurred by the City Council, City Manager, Community Development, Finance, Human Resources, Legal, Information Services, and Maintenance Services.

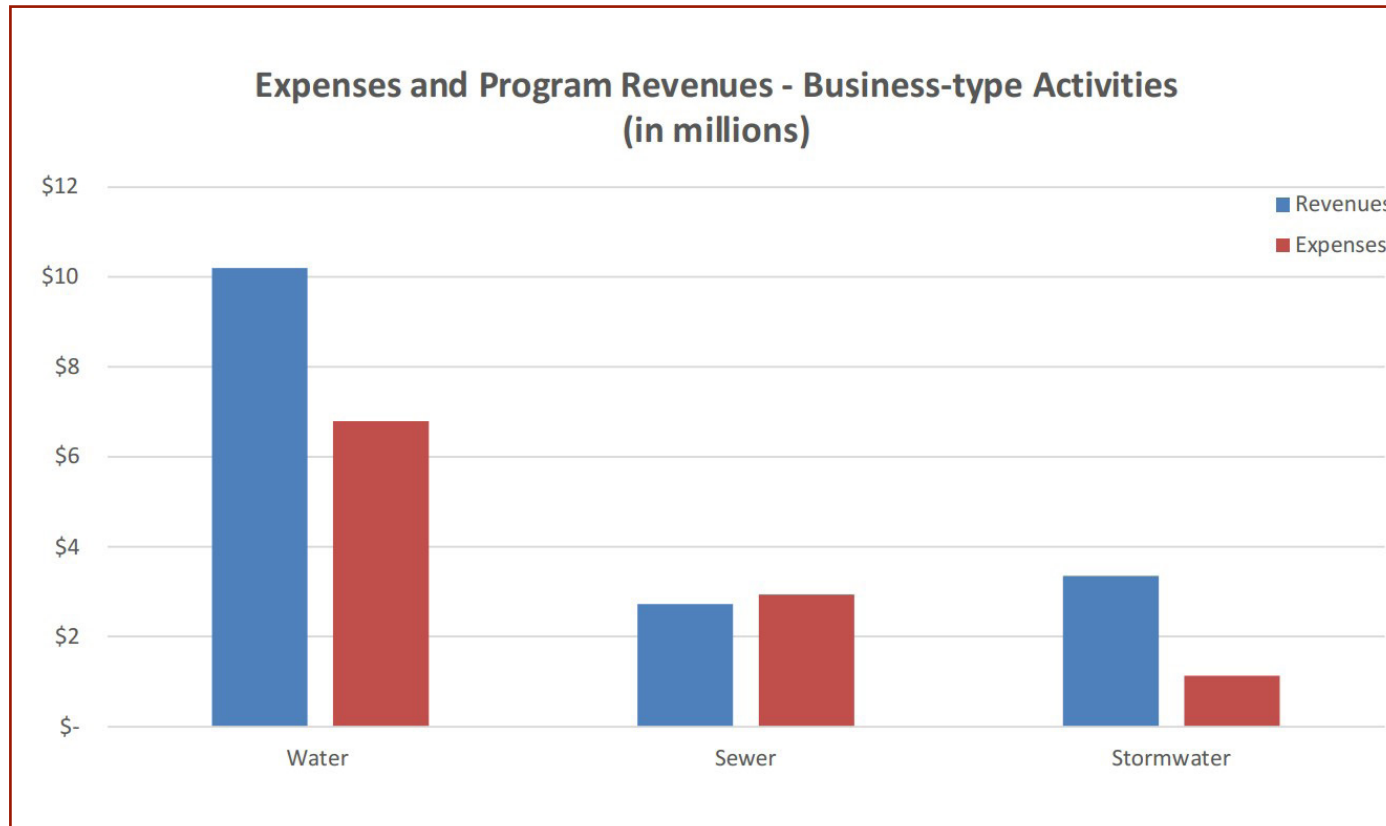
Public Safety - This category includes expenses incurred by the Building Department, Municipal Court and the Police Department.

Highways and Streets - This category includes expenses incurred by Engineering, Road Operating and Utility Fee Funds, as well as the Transportation Development Tax.

Culture and Recreation - This category includes expenses incurred by the Library, Parks and Recreation and maintenance of the City's parks and open space.

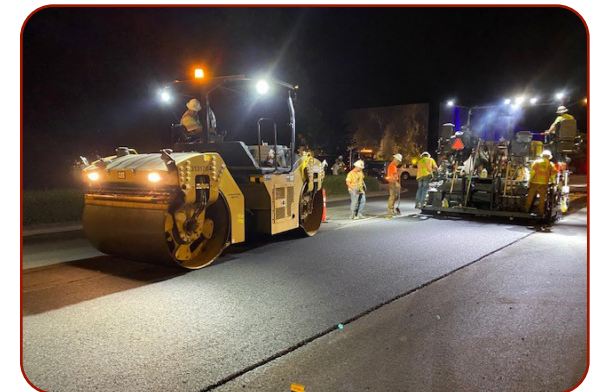
Interest on long-term debt - This category includes interest payments on general obligation debt financed by property taxes, and other Full Faith and Credit obligations. The City's favorable Aa1 bond rating helps obtain lower interest rates on long-term debt obligations, therefore lowering debt costs and the general obligation bond levy amount paid by the City's taxpayers.

WHERE THE MONEY GOES



Major Expenditure Areas

Business-type Activities – This category includes expenditures incurred for water, sewer and stormwater operations and development.



ADOPTED BUDGET

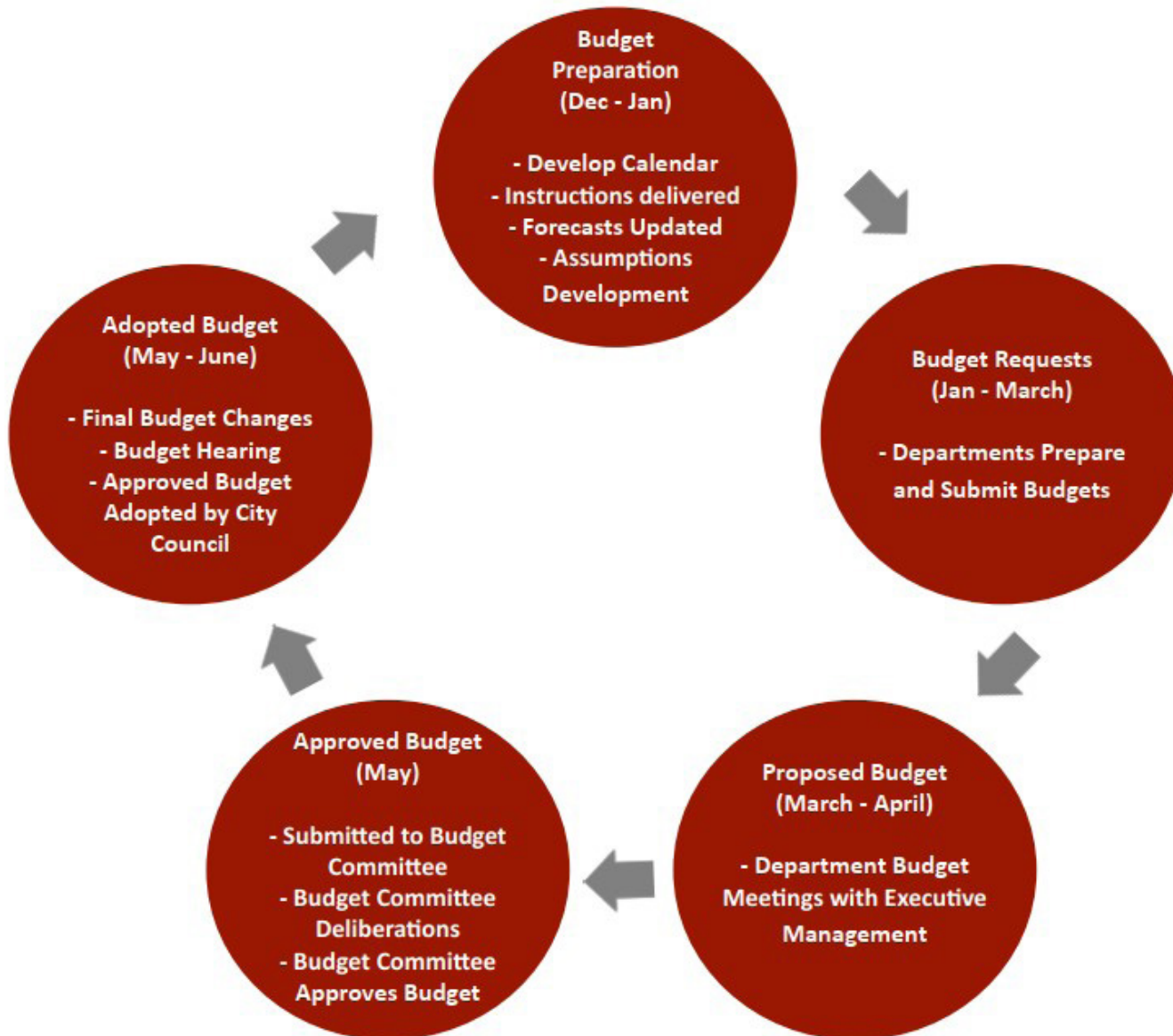
	FY 2022 Actual	FY 2023 Actual	FY2024 Adopted	FY2025 Adopted
City Budget				
Personal Services	\$ 21,515,752	\$ 22,603,189	\$ 25,069,185	\$ 25,979,815
Materials & Services	\$ 21,333,524	\$ 23,675,513	\$ 15,987,665	\$ 15,805,190
Transfers	\$ 7,474,574	\$ 7,576,216	\$ 8,992,560	\$ 9,133,835
Capital Outlay	\$ 10,592,800	\$ 14,625,880	\$ 35,226,885	\$ 28,525,585
Debt Service	\$ 3,974,940	\$ 4,073,840	\$ 5,713,305	\$ 5,733,305
Other Financing Uses	\$ -	\$ 169,743	\$ -	\$ -
Contingencies & Reserves	<u>\$ 77,416,451</u>	<u>\$ 94,266,064</u>	<u>\$ 62,649,740</u>	<u>\$ 73,521,195</u>
Total City Budget	<u><u>\$ 142,308,041</u></u>	<u><u>\$ 166,990,445</u></u>	<u><u>\$ 153,639,340</u></u>	<u><u>\$ 158,698,925</u></u>

The Tualatin Budget Advisory Committee unanimously approved the budget which was then adopted by the City Council on June 24, 2024.

Oregon Budget Law sets specific steps that must be followed during this process. The City's budget is the financial plan that contains estimates of revenues and expenses for the budgeted period. An adopted budget gives the City its authority to spend public money.



ADOPTED BUDGET



The Budget Process

To the left is a graph of the Budget Process in Tualatin. The complete budget process is presented in our full budget document. To view the entire budget, please visit our website at www.tualatinoregon.gov/finance. A copy of the budget is also available at the Tualatin Public Library.



GENERAL FINANCIAL INFORMATION

Most City services and projects are accounted for in a set of accounts known as governmental funds. The following are the fund types (and descriptions) currently in use by the City:

- **General Fund** - Accounts for revenues and expenditures associated with the general operations of the City that are not required to be accounted for in separate funds.
- **Enterprise Funds** - These funds are used to account for operations that are financed and operated in a manner similarly to private business enterprises. The intent of the government body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. The funds represent three segments of operations - Water, Sewer, and Stormwater.
- **Special Revenue Funds** - Accounts for proceeds of specific revenue sources that are restricted or committed to expenditure of specific purposes other than payment of debt or funding of capital projects. Special Revenue funds don't include resources held in trust for individuals, private organizations, or other governments.
- **Capital Projects Funds** - Accounts for financial resources to be used for the acquisition or construction of major capital items and facilities.
- **Internal Service Funds** - Accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the government and other government units, on a cost reimbursement basis.
- **Debt Service Funds** - Accounts for the accumulation of funds that are restricted, committed, or assigned to expenditure for principal and interest on debt.



FINANCIAL POLICIES

Below is a summary of goals of the City's Financial Policies. For the entire copy of our Financial Policies Manual, please visit our website at www.tualatinoregon.gov/finance

Purpose

Financial policies are vital to a strategic, long-term approach to financial management, and to achieve and maintain a stable and positive financial position while ensuring financial integrity of City operations. They are used as a guideline for operational decision making and maintaining a fiscally prudent budget while carrying out the needs and wants of the City of Tualatin and its citizens. These policies establish parameters in which we operate while providing a standard against which our fiscal performance can be judged.

Operating Budget

The City shall prepare, present, adopt and amend its operating budget in accordance with Oregon Local Budget Law before sending the approved budget to the City Council for adoption.

Revenue Policies

The goal of the Revenue Policy is to create and maintain a diversified and stable revenue system to mitigate the impact of short-term fluctuations in any revenue source and provide a stable revenue stream to support City services.

Expenditure Policies

The City shall prioritize services, establish appropriate service levels, and manage the

expenditure of available resources while ensuring fiscal stability and providing necessary services.

Capital Improvement Plan Policies

The goal of this policy is to provide guidelines for annually reviewing and monitoring the City's Capital Improvement Plan, and monitoring the state of the City's capital equipment and infrastructure, and setting priorities for its replacement and renovation based on needs, funding alternatives, and availability of resources.

Investment Policies

Invest the City's operating cash to ensure its legality and safety, provide for necessary liquidity, avoid imprudent risk, and optimize yield, while meeting the requirements of ORS 294.035 through ORS 294.047.

Contingency and Reserve Policies

To ensure that the City maintain a prudent level of financial resources to protect against the need to reduce service levels due to temporary revenue shortfalls or unpredicted one-time expenditures.

Capital Asset Management Policies

This policy addresses capital asset planning, acquisition, funding and management in order to ensure fiscally responsible stewardship.

Accounting, Auditing & Financial Reporting Policies

The City shall comply with federal, state, and local statutes and regulations and conform to generally accepted accounting practices (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), The American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA).

Debt Policy

This policy establishes guidelines for debt financing that will provide needed capital equipment and infrastructure improvements while minimizing the impact of debt payments on current revenues.



CITY OF TUALATIN



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Tualatin, OR 97062
503-692-2000

Assistant City Manager/
Finance Director
Don Hudson
dhudson@tualatin.gov
503-691-3050

Audit Conducted by
Singer Lewak LLP
<https://singerlewak.com/>
503-585-7751

Annual Comprehensive Financial Report
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503-691-3052

PAFR Prepared by:
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Management Analyst II
lthorpe@tualatin.gov



The financial statements of the City, are intended to provide its citizens, investors, creditors, and customers with a general overview of the finances of the City. The financial statements also demonstrate the City's accountability for the resources it receives and expends.

The information in this report is taken from the audited Annual Comprehensive Financial Report for the year ended June 30, 2024. Financial data in this report are consistent with Generally Accepted Accounting Principles (GAAP).

For further detail of the information provided in this report, the Annual Comprehensive Financial Report and the 2023-2024 Budget document can be viewed online at www.tualatinoregon.gov/finance

CITY STAFF

Sherilyn Lombos, City Manager
Don Hudson, Assistant City Manager/Finance Director
Kevin McConnell, City Attorney
Greg Pickering, Police Chief
Rachel Sykes, Public Works Director
Kim McMillan, Community Development Director
Vacant, Parks & Recreation Director
Jerianne Thompson, Library Director
Stacy Ruthrauff, Human Resources Director
Bates Russell, Information Services Director
Megan George, Deputy City Manager

**POPULAR ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**



CITY OF TUALATIN, OREGON
