

BUDGET DOCUMENT OVERVIEW

In compliance with the State of Oregon Local Budget Law, the Tualatin Hills Park and Recreation District Adopted Budget, for the year beginning July 1, 2008 and ending June 30, 2009 is submitted for your adoption. As prepared, proposed and approved by the Budget Committee, and adopted by the District's Board of Directors, the annual budget is intended to serve as:

1. A financial plan for the next fiscal year (2008-09), outlining the forecasted expenditure requirements and the proposed means for financing these requirements.
2. An operational plan for the use and deployment of personnel, materials and services and other resources during the 2008-09 fiscal year.
3. An operations guide for programs and department goals and objectives.

Budgetary Accounting Basis

The budgetary and accounting policies contained in the adopted budget conform to generally accepted accounting principles as established by the Governmental Accounting Standards Board. The accounts of the Park District are organized on the basis of funds, each of which is considered a separate budgetary and accounting entity. Within the annual budget, the Park District's various funds are grouped into the fund types which include the General Fund, Other Funds (Special Revenue and Capital Project), Debt Service Fund, and Systems Development Charge Fund.

In accordance with generally accepted accounting principles, all governmental funds are both budgeted and accounted for using the modified accrual basis of accounting with revenues being recorded when measurable and available and expenditures being recorded when the goods or services are received.

Budget Process

The Park District budgets all funds that are subject to the requirements of state local budget law. The budgeting process includes: citizen input through various stages of preparation, public Budget Committee meetings, approval of the proposed budget by the Budget Committee, public hearing, and adoption of the approved budget by the Board of Directors.

Balanced Budget

In accordance with Oregon Budget Law, the Park District must plan its budget with an equal amount of resources and requirements, thereby meeting the definition of a balanced budget. This ensures that the District does not spend more on goods and services than its available resources can provide for them.

Budget Management

The Board of Director's resolution authorizing appropriations for each fund sets the expenditure limits that cannot be exceeded. These appropriations are made by Organization Unit totals for each fund. For the General Fund, these Organization Units are in turn based on Divisions within the District:

Board of Directors- includes materials and services costs including Legal, Audit, and Elections, and General Fund Contingency.

Administration- includes personal services costs and materials and services costs for the Division

Business and Facilities- includes personal services costs and materials and services costs for the Division, debt service cost on general fund supported debt, and capital outlay for information technology and maintenance equipment.

Planning- includes personal services costs and materials and services costs for the Division.

Park and Recreation Services- includes personal services costs and materials and services costs for the Division, and capital outlay for maintenance equipment.

Capital Outlay – includes capital outlay costs for general capital replacements and improvements.

Budgetary control is maintained at the Department and Program level through monitoring of costs against these categories.

Budget Amendment Procedure

Oregon Local budget Law sets forth procedures to be followed to amend the budget after adoption. The type of events determines the procedure to be followed. The adopted budget appropriates contingency funds to be used at the discretion of the Board of Directors. Contingency funds can only be transferred to another appropriation for specific unforeseen events by approval of a resolution by the Board of Directors.

Most other budget changes after adoption require a supplemental budget. Additional resources not anticipated in the original budget may be added through the use of a supplemental budget. Supplemental budgets not exceeding 10% of a fund's original appropriation may be adopted by the Park District's Board of Directors at a regular board meeting. Supplemental budgets in excess of 10% of original fund appropriations require a hearing before the public, publications in newspapers and approval by the Board of Directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the expenditures categories; such transfers require approval by the Board of Directors.

The Reporting Entity and its Services

The Tualatin Hills Park and Recreation District (THPRD) operates under Oregon Revised Statutes Chapter 266 as a separate municipal corporation and has a Board of Directors comprised of a President and four (4) Directors, two of which serve as Secretary and Secretary Pro-Tempore. The Board hires a General Manager to manage the day-to-day operations of the Park District. The governing Board appoints members of the community to serve on various committees including the Budget Committee.

- THPRD provides park and recreation services to more than 200,000 residents within 55 square miles of east Washington County, including the City of Beaverton.
- THPRD 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 and Fanno Farmhouse); a 220-acre Nature Park and Interpretive Center; a tennis center with six indoor and eight outdoor courts; and a camp for developmentally disabled youth.
- THPRD maintains, either through direct ownership or joint use agreement (including school sites): 128 baseball/softball fields; 184 soccer/football/lacrosse fields; 3 bocce courts; 5 volleyball courts; 111 outdoor tennis courts; 123 basketball courts; 9 long jump runways; 1 skate park and 1 hockey field.
- THPRD has 284 park and recreation facility sites that include over 2,000 acres, which includes 940 acres of wetland/natural areas, and 1,087 acres of developed sites that include neighborhood, community and regional parks. THPRD sites include three lakes, 27 miles of stream corridor, and 32 miles of off-street pathways.
- THPRD 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.

Permanent Rate

With the passage of Measure 50, the Park District now has a permanent tax rate of \$1.3073 per \$1,000 of assessed value. This rate will be a limit on the Park District's permanent taxing authority for operating taxes.

Debt Administration

Debt Outstanding is limited to a 2000 \$1,670,000 Full Faith and Credit Obligation, a 2006 \$2,430,000 Full Faith and Credit Advance Refunding of two 1997 Certificates of Participation and the 2000 Full Faith and Credit Obligation, a 2004 \$600,000 Financing Agreement, a 2005 \$340,000 Financing Agreement, and a 1995 \$25,900,000 General Obligation Bond (refinanced in 1998).

As of June 30, 2008, the outstanding balances are as follows: a 2000 Full Faith and Credit Obligation \$150,000, a 2006 Full Faith and Credit Advance Refunding Obligation \$2,430,000, a 2004 Financing Agreement \$126,000, and a 2005 financing agreement \$220,000. The General Obligation Bond balance outstanding as of June 30, 2008 is \$12,495,000.

All debt issuances were utilized to fund construction of building and purchase of equipment, and to purchase land needed to meet the needs of the community.

BUDGET SUMMARY FOR EXPENDITURES:

The adopted budget requirements for the fiscal year 2008-09 for all funds is \$47,157,485 and for the 2007-08 fiscal year is \$46,649,320. Requirements, both current and adopted are:

	Actual 2005/06	Actual 2006/07	Adopted Budget 2007/08	Proposed Budget 2008/09	Adopted Budget 2008/09	Percent Change over 07/08
Personal Services Costs	\$17,672,748	\$18,755,728	\$20,361,404	\$22,292,612	\$22,292,612	9.5%
Materials & Services	5,714,713	5,813,675	6,836,209	7,394,045	7,419,570	8.5%
Capital Outlay	1,241,818	1,901,717	2,694,401	3,081,603	3,353,977	24.5%
Debt Service	2,978,923	3,007,798	3,052,697	3,020,221	3,020,221	-1.1%
General Fund Contingency	-0-	-0-	1,402,500	1,500,000	1,500,000	7.0%
Special Revenue Contingency	-0-	-0-	67,500	170,480	170,480	152.6%
Metro Natural Areas Bond	-0-	-0-	4,100,000	3,700,000	3,700,000	-9.8%
Systems Development Charge	1,581,797	10,870,538	7,804,277	5,403,890	5,403,890	-30.8%
Ending Fund Balance	-0-	-0-	330,332	296,735	296,735	-10.2%
TOTAL	\$29,189,999	\$40,349,456	\$46,649,320	\$46,859,586	\$47,157,485	1.1%

SIGNIFICANT CHANGES:

Personal Services

The adopted budget for Personal Services has increased 9.5% since 2007-08. For the 2008-09 fiscal year the Park District will have 171 Full-time positions.

The budget reflects a 3.7% cost of living adjustment and merit increases for all represented Full-time and Regular Part-time employees, and 5.9% combined increase for non-represented, which accounts for 2.5% of the overall increase. The budget reflects health benefit cost increases of 5.8% in the Blue Cross health plan and 9.0% in the MetLife dental plan, which accounts for 1.2% of the overall increase. Pension benefit contribution rates increased slightly over last year, contributing only .6% of the overall increase. The balance of the overall increase comes new or upgraded positions (1.5%) and increases in part-time labor cost due to both cost of living adjustments and increases in staffing levels (3.4%).

Materials and Services

The adopted budget for Materials and Services has increased 8.5% over FY 2007-08, which reflects an overall inflationary adjustment of 3%, plus specific adjustments to reflect increases in items such as utilities and motor vehicle fuel. The increase also reflects service level increases in a various program areas in all centers, along with expanded maintenance responsibilities of natural areas and parks. All Board Goals have been accounted for in the adopted budget amounts.

Capital Outlay

General Fund Capital Outlay has been differentiated between maintenance replacement expenditures and new asset expenditures. Within these two categories, the expenditures includes funding for: Carry Over Projects, Athletic Facility, Park, and Building Replacements/Improvements, ADA Improvements, Maintenance Equipment and Computer/Office Equipment. Capital Outlay expenditures have been prioritized to maintenance replacement projects in order to minimize the balance of deferred maintenance replacements. General Fund Capital Outlay is approximately 24.5% over FY 2007-08 due to an increase in funding available for maintenance replacement projects, as well as increases in grant-funded and carried forward projects.

BUDGET SUMMARY FOR RESOURCES:

Total resources for all funds for the current budgeted years and the prior years are:

	Actual 2005/06	Actual 2006/07	Adopted Budget 2007/08	Proposed Budget 2008/09	Adopted Budget 2008/09	Percent Change over 07/08
Beginning Fund Balance	\$13,799,901	\$17,295,421	\$8,857,869	\$6,349,706	\$6,444,206	-27.3%
Property Taxes-Current Year	20,825,896	21,840,078	22,420,428	23,430,000	23,532,874	5.0%
Prior Year Taxes	298,188	255,862	235,000	235,000	235,000	0.0%
Interest on Investments	924,540	1,074,986	547,500	371,900	371,900	-32.1%
Swim Center & Tennis Income	3,381,940	3,451,740	2,786,551	3,190,005	3,190,005	14.5%
Recreation & Sports Income	2,969,540	3,248,420	3,899,762	5,040,535	5,040,535	29.3%
Grants and Contributions	730,399	35,185	239,750	580,684	681,209	184.1%
Misc. and Facility Rental	210,989	179,892	155,000	308,675	308,675	99.1%
Sponsorships/Cellular Leases	161,784	186,127	200,000	261,485	261,485	30.7%
Metro Natural Areas Bond	-0-	-0-	4,100,000	3,700,000	3,700,000	-9.8%
Systems Development Charge	3,165,261	2,283,436	3,082,460	3,316,596	3,316,596	7.6%
Transfers In	-0-	87,753	125,000	75,000	75,000	-40.0%
TOTALS	\$46,468,438	\$49,938,900	\$46,649,320	\$46,859,586	\$47,157,485	1.1%

Beginning Fund Balances

Cash on hand from all funds for 2008-09 consists of \$3,838,000 from the General Fund, \$176,980 from the Maintenance Mitigation Fund, \$380,332 from the Debt Service Fund, and \$2,048,894 from the Systems Development Charge Fund. The General Fund balance reflects FY 2007-08 under-expenditures and projects budgeted, but not completed. The Debt Service Fund represents taxes levied in the 2007-08 fiscal year for debt service payments due prior to the tax receipts in the 2008-09 fiscal year.

Property Taxes-Current Year

Taxes levied against an estimated \$17.3 billion in assessed valuation total \$24,771,446 of which \$2,139,019 is for the General Obligation Debt Service Fund with \$2,032,068 expected to be collected. Of the \$22,632,428 General Fund Levy, the Park District expects to collect 95%, or \$21,500,806.

The 2007-08 taxable assessed property valuation of the Park District is \$16,566,836,666 and is estimated to increase by 4.5% in the 2008-09 fiscal year to \$17,312,344,316.

Property Taxes-Prior Year

Prior year taxes are property taxes that have been levied but remain uncollected. The Park District expects to collect \$235,000 (both General Fund and Debt Service Fund). Collection of taxes in the year levied has trended slightly higher than anticipated over the last few years, and this results in slightly lower amounts available for collection in subsequent years. Projections for the 2008-09 fiscal year are equal to the amounts budgeted in the 2007-08 fiscal year, which is a reflection of a strong collection rate on current year taxes.

Interest on Investments

Interest revenue is earned on investments of temporary excess cash. After a few years of steady interest rate increases, interest rates have decreased over the past year, and are anticipated to drop further. Accordingly, interest revenue for 2008-09 is projected much lower than the previous year budget for the General Fund, and lower overall due to decreases in the investable cash balance in the System Development Charge Fund. The majority of the Park District's funds are invested in the Oregon Local Government Investment Pool and short term United States Government Agency Securities.

The Park District's primary investment vehicles are State of Oregon Local Government Investment Pool (LGIP), commercial paper, bankers' acceptance and United States Government Treasury and agency securities. The LGIP consists of a diversified portfolio, and transfers into and out of the LGIP accounts can be made daily. This provides a flexible mode for keeping surplus cash invested.

Swim Center & Tennis Income

Swim Center income is generated from frequent user passes, open swim and swim lesson instruction. The Park District has six (6) indoor and two (2) outdoor pools. Tennis income is generated by both indoor and outdoor open play, instruction and merchandise sales.

Recreation and Sports Income

Recreation program income is generated by classes and activities at six (6) Recreation Center sites. Sports income is generated by the Athletic Center programs, and by sport programs for all ages, such as softball, volleyball and basketball.

The District completed an extensive program fee study during FY 07-08, and implemented the new higher fee structure as of January 2008. Implementation will continue over the next three years, and increases are reflected in the FY 08-09 revenue projections for Swim Center, Tennis, Recreation and Sports Income.

Grants

Grants include funding from federal, state and regional agencies, as well as funding from private foundations including the Tualatin Hills Park Foundation. Grant revenue is predominantly for funding of capital improvements, although it provides funding for reimbursement of certain operation expenditures.

Miscellaneous Income

Miscellaneous income is earned from various sources including Worker's Compensation dividends, refunds, surplus equipment sold at the State of Oregon auction, payment from sports user groups, easement and mitigation payments, miscellaneous fees and forfeitures, and insurance proceeds.

Facility and Field Rental Income

Facility rental fees are generated from the rental of residential houses. The District currently owns six houses available for rent. Field rental fees are generated from District affiliated sports league usage of District owned or maintained sports fields.

Sponsorships/Cellular Leases

Sponsorships are from corporate advertising, partnerships (including concessions) and cellular telecommunication site leases (22 sites).

Metro Natural Areas Bond

A 2006 natural areas bond measure will provide funds directly to the District, on a reimbursement basis, for projects that protect and improve natural areas, water quality and access to nature.

System Development Charge

System Development Charges are assessed against new construction within the District.

Debt Proceeds

Debt Proceeds are from financing agreements or other debt instruments and are used for identified purposes, generally capital improvements or equipment purchases.

Transfers In: Transfers in reflect the Board's policy of allowing project management staff time from SDC capital projects to be reimbursed to the General Fund. The \$75,000 is the estimate of the costs to manage SDC capital projects during FY 2008-09.