

Office of the Secretary of State

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May 2, 2012

City Council  
City of Tigard  
13125 SW Hall Boulevard  
Tigard, Oregon 97223

RECEIVED  
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City of Tigard  
Administration

Copies to:

Mayor	_____	Other:
Councilors	_____	Toby
City Manager	_____	
Council Mail	_____	marty
Mayor's Calendar	_____	

We have reviewed the audit report of the City of Tigard for the period July 1, 2010 through June 30, 2011, in accordance with the provisions of ORS 297.465(3). It disclosed the following:

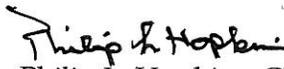
1. We identified the following issues on the proprietary funds statement of net assets (p. 40):
  - a. The enterprise funds total portion of net assets invested in capital assets, net of related debt, of \$72,966,963 does not agree to the business-type activities total of \$78,920,831 on the government-wide statement of net assets (p. 35). The amount on the government-wide statement appears to be the sum of capital assets, net of accumulated depreciation, without accounting for the related debt.
  - b. The enterprise funds total portion of unrestricted net assets of \$14,629,733 does not agree to the business-type activities total of \$8,675,865 on the government-wide statement of net assets (p. 35). This appears to be related the capital assets issue noted above.
2. The description of the activities accounted for in each of the major funds presented in the fund types note (note 2) (p. 54-56) represents a policy choice and is more appropriately suited for inclusion in the summary of significant accounting policies (GASB Codification (June 30, 2010) §2300.106a(3)).
3. The transfers' note (p. 65) includes a transfer of \$609,280 to the internal service funds from other funds that is not reflected on the proprietary funds statement of revenues, expenses, and changes in fund net assets (p. 41).
4. Fund balance is not displayed by classification on the following statements: the nonmajor governmental funds combining balance sheet (p. 81); the nonmajor special revenue funds combining balance sheet (p. 85); and the capital projects funds combining balance sheet (p. 103). GASB Statement No. 54 states that governmental fund balances should be classified as either *nonspendable*, *restricted*, *committed*, *assigned* or *unassigned* (GASB Codification (June 30, 2010) §2200.157).

5. The total net cash provided by operating activities of \$37,179 per the reconciliation on the bottom of the internal service funds combining statement of cash flows (p.131) does not agree to the net cash provided by operating activities at the top of the cash flow statement or to the proprietary funds statement of cash flows (p. 42). This is due to the net OPEB obligation of \$117,537 under *central services fund* not being carried over to the *total* column on the combining cash flow statement (p.131).
6. Based on our review, it appears the general obligation debt service bond fund presented as a nonmajor debt service fund should be presented as a major fund. Total expenditures for the fund are \$10,143,837 as presented on the nonmajor debt service funds combining statement of revenues, expenditures and changes in fund balance (p. 96). This amount is greater than 10% of total governmental fund expenditures of \$60,751,684 (or \$6,075,168) as reflected on the governmental funds statement of revenues, expenditures, and changes in fund balance (p. 38). It is also greater than 5% of the corresponding total for all governmental and enterprise funds combined of \$70,802,443 (or \$3,450,122). For guidance in determining whether an individual fund should be presented as a major fund see GASB Codification (June 30, 2010) §2200.153).

Cities are required by law to develop a plan to correct the legal deficiencies disclosed in the audit report. Please provide us with a copy of the resolution required by ORS 297.466 setting forth your planned corrective measures with regard to deficiencies in meeting standards and the estimated time needed to complete them.

We appreciate your efforts in fulfilling the reporting requirements of Municipal Audit Law. If you have any questions or concerns, please call me at (503) 986-2255.

Sincerely,  
OREGON AUDITS DIVISION

  
Philip L. Hopkins, CPA  
Audit Manager

PLH:nmj

cc: Talbot, Korvola & Warwick, LLP