

CITY OF TUALATIN, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2008

Prepared by the City of Tualatin - Department of Finance

Don Hudson, Finance Director

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City of Tualatin, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2008

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INTRODUCTORY SECTION

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CITY OF TUALATIN, OREGON

JUNE 30, 2008

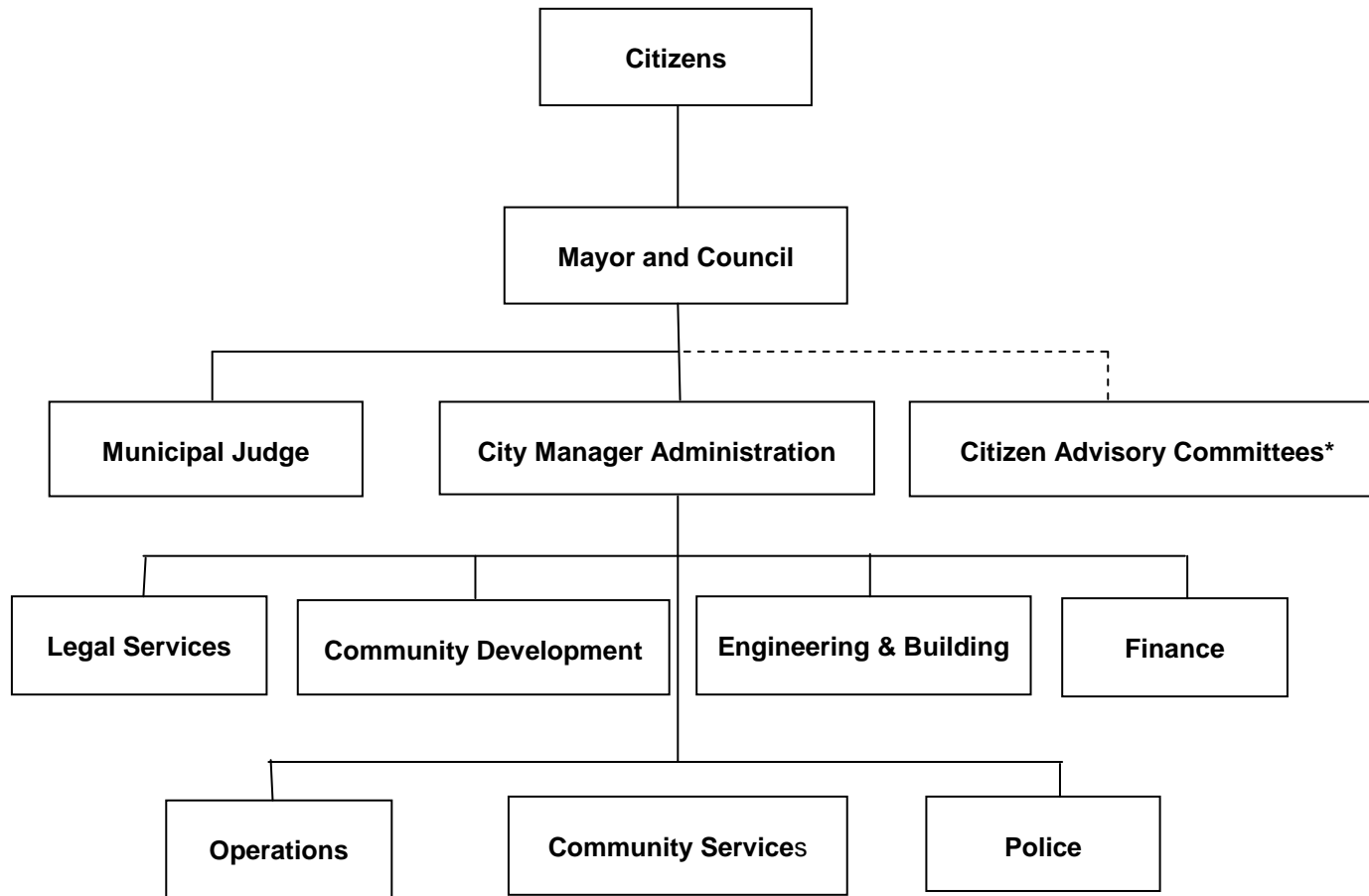
<u>CITY COUNCIL</u>	<u>TERM EXPIRES</u>
Lou Ogden, Mayor	December 31, 2010
Jay Harris, Position No. 1	December 31, 2010
Monique Beikman, Position No. 2	December 31, 2008
Donna Maddux, Position No. 3	December 31, 2010
Ed Truax, Council President, Position No. 4	December 31, 2008
Chris Barhyte, Position No. 5	December 31, 2010
Bob Boryska, Position No. 6	December 31, 2008

ADMINISTRATIVE

Sherilyn Lombos, City Manager
Brenda Braden, City Attorney
Don Hudson, Finance Director

City Hall
18880 S. W. Martinazzi Avenue
Tualatin, Oregon 97062

City Council members may be contacted at the above City Hall address



*The Citizen Advisory Committees include the Library Advisory Committee, the Tualatin Park Advisory Committee, the Urban Renewal Advisory Committee, the Tualatin Arts Advisory Committee, the Tualatin Planning Advisory Committee, the Core Area Parking District Board, the Architectural Review Board and the Budget Committee.



City of Tualatin

www.ci.tualatin.or.us

December 29, 2008

Honorable Mayor, Members of the Council, and Citizens of the City of Tualatin:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements, presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Tualatin for the fiscal year ended June 30, 2008.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Tualatin has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Tualatin's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Tualatin's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Grove, Mueller, & Swank, P.C., a firm of licensed certified public accounts, has audited the City of Tualatin's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Tualatin for the year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Tualatin's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City of Tualatin

The City of Tualatin, incorporated in 1913, is located in Northwestern Oregon in the Portland metropolitan area, in the counties of Washington and Clackamas, just twelve minutes south of Portland's city center. The City of Tualatin currently occupies a land area of 7.9 square miles and serves a population of 25,650. The City of Tualatin is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City's population is estimated at 25,650 for 2007-08 and is expected to increase to 26,035 as of July 1, 2008, and will increase approximately 1.5% per year to 2014.

The population's median age is younger than the Oregon median age (31.9 years compared to 36.3 years) and includes many young families with children. As the population ages, it is expected that the senior population will increase greatly in the future.

Tualatin has experienced a large growth in Hispanic residents since 1990. The percentage of Hispanics living in the City (11.9%) now exceeds the state average of 8%. The median household income in Tualatin (\$55,762) is higher than that of Washington County (\$52,122) or of the State of Oregon (\$40,916) in the 2000 Census. Tualatin has a lower percentage of families living below the poverty level than does either Washington County or the State of Oregon at 4.6%.

The City operates under the council-manager form of government. Policy-making and legislative authority are vested in a City Council consisting of the mayor and six other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City's manager. The City's manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three Council members elected every two years. The Mayor is elected to serve a four-year term.

The City provides a full range of services including: police protection, community planning and building inspection, engineering and economic development, the construction and maintenance of highways, streets and other infrastructure, community library services, recreational activities and cultural events.

The annual budget serves as the foundation for the City's financial planning and control. All department heads of the City are required to submit requests for appropriation to the City Manager (who acts as the City Budget Officer). These requests are the starting point for developing a proposed budget. After the Budget Officer prepares the proposed budget, notice of the first budget committee meeting is published. The budget committee (consisting of the City Council and an equal number of appointed members) reviews and approves the budget after which notice of the public hearing for the City Council to adopt the budget is published. The budget must be adopted making appropriations for the ensuing fiscal year (July 1 to June 30) by June 30th (of the previous year). Transfer of appropriations between departments requires the special approval of the City Council.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General fund and Engineering fund this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds with

appropriated annual budgets (other than the General fund and Engineering fund), this comparison is presented as other supplementary information.

Factors Affecting Financial Condition

Factors which may be important in affecting financial conditions in the future for the City include:

The City has had vigorous high quality development for several years which has raised assessed value and provided a growing tax base for general operations. With the City's low permanent tax rate for operations, any future drop in new development may make it necessary to find new revenue sources to maintain and increase services. This is particularly important, given the state's limitation on annual increases in assessed value to 3%, unless the property is substantially improved, rezoned, subdivided, or annexed.

The economy is one of the principal factors affecting fiscal condition. An extended recession has had an impact on the City's revenue sources. The City was accustomed to a high rate of development. Growth has slowed; therefore, fees for construction have declined.

The City sold library bonds of \$4,225,000 on November 7, 2006 in response to community support for increased capacity to provide library services. The City started the physical expansion from 8,500 to 20,000 square feet in April 2007. Construction was completed by the end of June 2008. The grand opening of the new library facility took place in August 2008.

During construction of the library, the adjacent city offices were remodeled, and a minor addition was completed in May 2008. Funding for the renovation of the City Offices building was approved by the City Council through a supplemental budget in December 2006. The increased operating costs were absorbed by the General fund revenues that had increased since 2004. Capital costs were paid in part by the 2004 bond authorization and in part by the Central Urban Renewal District Project fund.

The land acquisition and design phases for widening and reconstruction of Herman Road from east of 108th Avenue to 124th Avenue were completed in 2008. The project continues to progress towards the construction phase. Completion will be in the fall of 2009. The total cost of the project is estimated at \$5,200,000.

Traffic demands in the southwestern portion of the greater Portland area have grown substantially, leading to increasingly congested conditions. Increased traffic comes from more people living and working in Tigard, Tualatin, Sherwood and Wilsonville, and moving freight into and out of the area. Growth throughout the region has statewide significance, further confirming its importance.

Cash Management Policies and Practices

During the year, cash not required for current operations is invested in the Local Government Investment Pool and in investments outside the pool (as limited by Oregon law) such as U.S. Treasury securities, Federal Agency securities, high-grade commercial paper, and Bankers' Acceptances.

The criteria used by the City to select investments are safety, liquidity, and return on investment. The State Pool provides liquidity; however, the City also invests funds outside the Pool. Pension trust funds and deferred compensation funds are invested by the agents with whom they are deposited and are not included in the City's investment activity.

Risk Management

The City participates in a worker's compensation self insurance pool along with more than 250 other cities and counties in Oregon. The pool is administered by the City/County Insurance Services Trust (CCIS). The City has a comprehensive safety training policy that emphasizes risk control. Tualatin also participates in a property/liability pool administered by CCIS. Approximately eighty percent of Oregon cities and one half of Oregon counties are served by CCIS in this capacity.

Pension and Other Post-employment Benefits

The City provides a retirement plan for each permanent employee group including police personnel, management and the municipal employee's bargaining unit group. The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit plan. OPERS is the primary agent for the City's employees' pension plan. Prior to the year 2000, most non-management, non-police personnel were part of another pension plan, but were at that time given the opportunity to join the OPERS Plan. The City paid for the conversion as determined by the OPERS actuary and substantially all employees transferred to this plan.

Long-term Financial Planning

As noted above, the City has begun to address many of the factors which are anticipated to affect the City in the future. Primarily this has involved a proactive approach to capital needs forecasting and planning. The City intends to continue its current capital improvement program, and to continue its analysis of the alternatives available to finance those projects.

Awards and Acknowledgements

The Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tualatin for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the 16th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both the GAAP and applicable legal requirements.

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

We would like to express our appreciation to members of other departments who assisted with contributions of information to be included in this report. Credit must also be given to the City Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in management of the City of Tualatin's and the Tualatin Development Commission's finances.

The preparation of this report would not have been possible without the dedicated hard work of the Finance Department Staff.

Respectfully submitted,



Sherilyn Lombos
City Manager



Don Hudson
Finance Director



Sapphire Chen
Accounting Supervisor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tualatin
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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.



President

Executive Director

FINANCIAL SECTION

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council Members
City of Tualatin
18880 SW Martinazzi Avenue
Tualatin, Oregon 97062-0369

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Tualatin, Oregon as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 business-type activities, each major fund, and the aggregate remaining fund information of the City of Tualatin, Oregon as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and major special revenue fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplemental information, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in

relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Charles A. Swank, A Shareholder
December 26, 2008

Management's Discussion and Analysis

As management of the City of Tualatin and the Tualatin Development Commission, we include this narrative presenting an overview and analysis of the financial activities of the City of Tualatin and Tualatin Development Commission for the fiscal year ended June 30, 2008.

We request readers to consider this information with the letter of transmittal in the Introductory Section following the Table of Contents.

Financial Highlights

- The assets of the City of Tualatin exceeded its liabilities at the close of the most recent fiscal year by \$179,843,027. Of this amount \$8,653,594 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased \$7,496,581. This increase represents the sum of an increase in governmental activities of \$5,484,162 and business-type activities of \$2,012,419.
- As of the close of the most recent fiscal year, the City of Tualatin's governmental funds reported combined ending fund balances of \$36,443,753. This entire amount is available for spending on the government's programs (unreserved fund balance).
- At the end of the 2008 fiscal year, unreserved fund balance for the General Fund was \$4,565,418 or 37% of the total General Fund expenditures.
- The City of Tualatin's total debt, including bonds, leases, loans, and compensated absences decreased \$2,109,579 during the year.

Overview of Financial Statements

These financial statements comprise three components: 1) fund financial statements, 2) government-wide financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Each of these components serves an important purpose in providing information about the financial position and financial activities of the City of Tualatin and Tualatin Development Commission.

Government-wide Financial Statements

The *government-wide financial statements* provide a broad overview of the City's finances, operations and general health as a whole. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

Fund financial statements report short-term accountability focusing on the use of spendable resources and the balances of spendable resources at year-end. These statements cannot be used as a barometer to measure the performance of the government as a whole. The government-wide financial statements were designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The first of these government-wide statements is the Statement of Net Assets. This statement presents information on all of the City of Tualatin's assets and liabilities, with the difference between the two reported as *net assets*. In

other words, this statement compares what the government *owns* to what it *owes* and, although there are differences and qualifiers, it is a loose parallel to what average citizens understand as “owners equity” or “net worth”.

Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other factors being equal, the extent by which assets exceed liabilities is a cushion to be called upon during stressful economic times.

Net assets is comparable to owner’s equity in for-profit businesses and this measure was developed to fill the void which existed before new accounting standards to measure the long-term viability of governmental units. Evaluation of the overall health of the City would extend to other non-financial factors such as the conditions of City infrastructure, in addition to the other financial information provided in this report.

The second government-wide statement is the Statement of Activities, which presents information showing how the City’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some times that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused, vacation leave).

The obvious advantage to such an approach is to nurture a long-term prospective by emphasizing the effects of yearly budget decisions on long-term goals. Such a perspective enforces the need to use sound financial policies such as maintaining adequate reserves and paying current costs from current revenues.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

Governmental activities at the City include general government, public safety, highways and streets, and culture and recreation.

The business-type activities include maintenance of water and sewer systems including pipes and lift stations. Water is purchased from the City of Portland. Clean Water Services and the City of Lake Oswego provide sewer treatment services; therefore, the City does not maintain treatment plants.

The government-wide financial statements include not only the City of Tualatin itself (*the primary government*), but also the Urban Renewal Agency of the City, the Tualatin Development Commission. The Agency is a blended component unit and, in substance is part of the City’s operations, although it is a legally separate entity. Separate financial statements of the Agency can be obtained from the Finance Department of the City at 18880 S.W. Martinazzi Avenue, Tualatin, Oregon, 97062-7092.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated from specific activities or objectives. Fund financial statements focus on the most significant funds rather than the City as a whole. The use of fund financial statements is directly related to the budgeting process because some revenues are legally earmarked for certain kinds of expenditures. Fund financial statements ensure and demonstrate compliance with governmental finance-related laws and regulations.

In addition, the total amount of the budgeted appropriations for expenditures is considered in terms of the revenue available to fund the expenditures and the type of expenditures competing for the same dollars. The City of Tualatin’s funds can be divided into two primary categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term *inflows* and *outflows*. Such information may be useful in evaluating a government's near-term financial requirements (current liabilities).

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the 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*.

The City maintains twenty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for those considered to be major funds. Data from the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the forms of *combining statements* elsewhere in the report.

Proprietary funds. The City maintains six proprietary funds. These funds are enterprise funds used to report the same functions presented in business type activities in the government-wide financial statements. Proprietary funds have been reported with accounting procedures similar to for-profit companies in the past, even before new accounting standards were adopted. Whereas, infrastructure accounting is relatively new for governmental funds, Tualatin, like other cities, always maintained detailed record of the sewer and water systems, including the computation of related depreciation for the systems.

These proprietary funds include Water Fund, Water SDC Fund, Water Bond Fund, Water Reservoir Project Fund, Sewer Fund and Sewer SDC Fund.

Notes to the Financial Statements

The Notes to the Financial Statements are an integral part of the financial statements. These notes not only provide additional detail, but also are required to fully understand the financial data as presented, as well as the financial condition of the City as a whole. The notes offer information not only to lay readers and citizens, but also those interested in a detailed study of the City's financial operations.

Government-wide Financial Analysis

In 2007-08 the City of Tualatin's assets exceeded its liabilities by \$179,843,027. Of this amount, 73 percent of the City's net assets (\$131,259,382) were invested in capital assets, land, buildings, machinery and equipment, less the outstanding related debt used to acquire these assets. These assets are not a source for repaying liabilities now, or in the future, since such assets represent the "business of the City". Other resources must be used to pay for outstanding liabilities, some of which are restricted to only certain uses. This requires the City to not only acquire those capital assets necessary to provide for City services, but to retain the ability to finance these acquisitions and provide maintenance for these assets.

An additional portion of net assets (\$39,930,051) are restricted as to how they may be used by budgetary, legal and external factors. The unrestricted amount of \$8,653,594 (5% of net assets) can be used to meet on-going obligations. Of the total \$24,794,779 of liabilities at year-end for governmental and business-type activities, \$18,697,530 are due in more than one year. For the government as a whole, and for the separate governmental and business-type activities, all three categories showed a positive net asset balance for fiscal year 2007-08, as they did for 2006-07.

The government-wide financial statements highlight some of the most important factors about the governmental funds, particularly the General Fund. The primary revenues for governmental funds are taxes, fees and licenses, and intergovernmental revenues. The two largest sources of revenues for the City of Tualatin's General Fund are property taxes and franchise fees. The City's financial position was bettered by \$7,496,581 in the current year.

The State of Oregon does not have a sales tax and there has been a long history of its citizens opposing one. This puts great stress on property taxes, franchise fees, and other revenue in the governmental sector. Property taxes are limited several ways by State law.

- Local governments' total share of property taxes cannot exceed \$10 per thousand of taxable assessed value; for school districts, the limit is \$5 per thousand.
- In 1999, taxpayers voted for a measure which limited assessed value increases from one year to the next to the lower of a 3% increase or the market value unless additional improvements or modifications have been made to a property.
- At the time of property tax reform, each local government was assigned a permanent tax rate. The City's rate is \$2.265 per \$1,000 assessed value. This rate cannot be changed without a vote passed by a "double majority" (more than half of the registered voters vote and more than half of the voters approve the measure).

The City's permanent tax rate is relatively low in contrast to comparable cities in the State. The City has been able to maintain services by budgeting conservatively and by attracting development to raise assessed value. The charts showing governmental expenses versus governmental activities demonstrate the funding challenges that Tualatin and other cities face.

Some of the important factors, which make allocation of resources difficult include:

- Governmental resources are restricted in many ways: budgeting, legal and by public opinion.
- Programs funded by general resources typically result in hard choices, such as more police or a better library. Those services which are seen as most important and necessary are almost always least able or likely to assess charges for cost recovery even for direct services.
- Public support and opinion is important to serving citizens. Yet, it is very difficult for average citizens to understand the impact or even the cost of their decision. The true cost of certain services is hard to measure and the relative cost between two services is harder still. Public safety is usually a high priority for citizens. One policeman's salary for a year may not seem to be much. However, each sworn officer requires extensive, on-going mandatory training, uniforms and expensive safety equipment in addition to support staff, insurance and high fringe benefits. It is very difficult to weigh such costs against other competing costs such as building a skate park or providing after school programs that might keep teenagers occupied and out of trouble after school.

The City of Tualatin is hindered and helped by being a relatively affluent suburb of a large metropolitan area. The City has been successful in attracting high-end development with a balance of residential, retail and light manufacturing. This balanced growth has partially served as a buffer to the low tax rate. Tualatin's construction of a 100,000 square foot high-end retail space (Bridgeport Village, adjacent to I-5, the State's primary north-south freeway) with shops and restaurants has attracted other retail development. Construction on these retail centers, the Point at Bridgeport and Bridgeport Commons continues.

However, as build-out of the City occurs, it is likely to become more difficult to handle the inevitable rise in the cost of services. Regional transportation issues and the high development in the southwestern part of Washington County will continue to present challenges to the high quality of life that the citizens of Tualatin have experienced in the past.

CITY OF TUALATIN'S NET ASSETS
June 30, 2008 and 2007

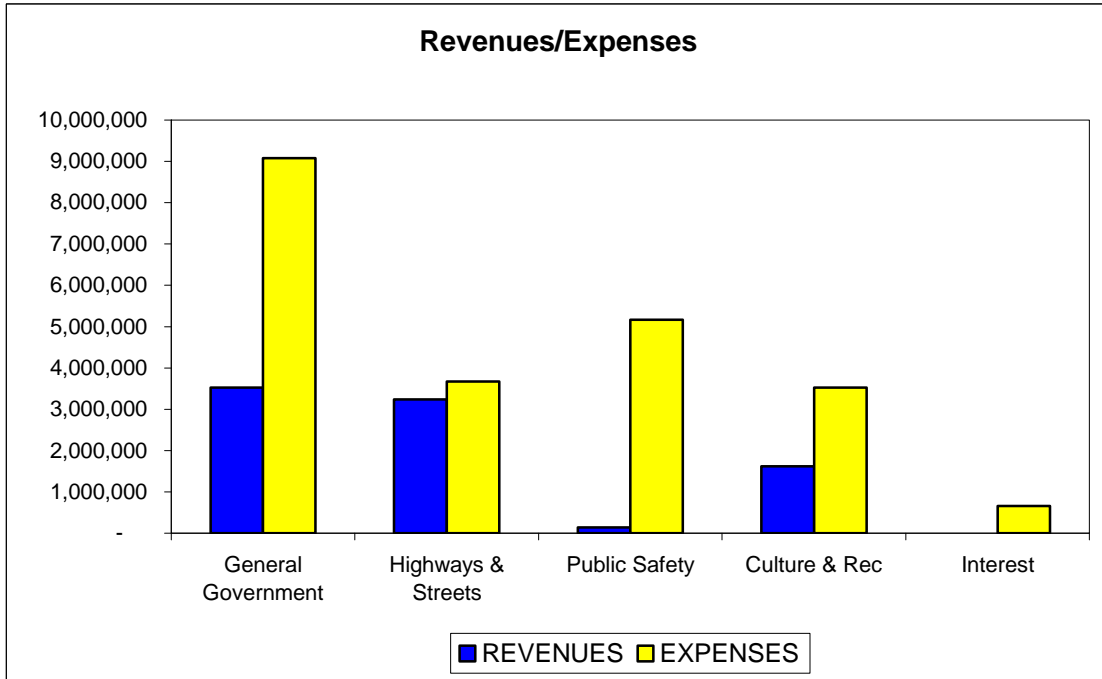
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 41,295,582	\$ 43,539,437	\$ 12,438,812	\$ 11,066,528	\$ 53,734,394	\$ 54,605,965
Capital assets	103,598,562	97,151,402	47,304,850	46,963,260	150,903,412	144,114,662
Total assets	144,894,144	140,690,839	59,743,662	58,029,788	204,637,806	198,720,627
Long-term liabilities	13,406,490	14,946,517	6,805,000	7,060,000	20,211,490	22,006,517
Other liabilities	3,983,864	3,724,694	599,425	835,480	4,583,289	4,560,174
Total liabilities	17,390,354	18,671,211	7,404,425	7,895,480	24,794,779	26,566,691
Net assets:						
Invested in capital assets, net of related debt	90,759,532	82,204,885	40,499,850	40,095,770	131,259,382	122,300,655
Restricted	32,543,974	31,870,363	7,386,077	6,142,789	39,930,051	38,013,152
Unrestricted	4,200,284	7,944,380	4,453,310	4,088,259	8,653,594	12,032,639
Total net assets	\$ 127,503,790	\$ 122,019,628	\$ 52,339,237	\$ 50,326,818	\$ 179,843,027	\$ 172,346,446

CITY OF TUALATIN'S CHANGES IN NET ASSETS
Years Ended June 30, 2008 and 2007

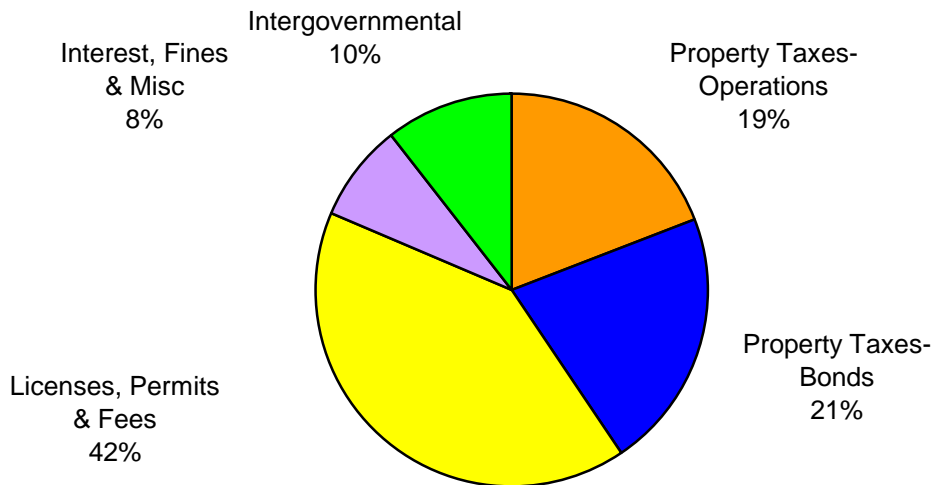
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 4,174,753	\$ 4,871,282	\$ 10,989,206	\$ 9,824,809	\$ 15,163,959	\$ 14,696,091
Operating grants and contributions	3,103,806	1,298,980	-	-	3,103,806	1,298,980
Capital grants and contributions	1,249,916	1,772,517	782,470	3,156,077	2,032,386	4,928,594
General revenues:						
Property taxes	12,071,782	10,925,950	-	-	12,071,782	10,925,950
Franchise fees	2,242,346	2,126,101	-	-	2,242,346	2,126,101
Grants and contributions not restricted to specific programs	-	1,411,942	-	-	-	1,411,942
Investment earnings	2,160,780	2,116,921	504,936	522,407	2,665,716	2,639,328
Total revenues	25,003,383	24,523,693	12,276,612	13,503,293	37,279,995	38,026,986
Expenses:						
General government	9,076,098	8,928,490	-	-	9,076,098	8,928,490
Public safety	5,164,134	5,160,680	-	-	5,164,134	5,160,680
Highways & streets	3,671,693	3,331,787	-	-	3,671,693	3,331,787
Unallocated depreciation	-	-	-	-	-	-
Culture & recreation	3,521,904	1,960,442	-	-	3,521,904	1,960,442
Interest on long-term debt	658,450	453,084	-	-	658,450	453,084
Miscellaneous	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	-
Water	-	-	2,916,971	2,992,876	2,916,971	2,992,876
Sewer	-	-	4,774,164	5,046,003	4,774,164	5,046,003
Total expenses	22,092,279	19,834,483	7,691,135	8,038,879	29,783,414	27,873,362
Increase in net assets before transfers	2,911,104	4,689,210	4,585,477	5,464,414	7,496,581	10,153,624
Transfers	2,573,058	1,991,150	(2,573,058)	(1,991,150)	-	-
Increase in net assets	5,484,162	6,680,360	2,012,419	3,473,264	7,496,581	10,153,624
Beginning net assets, as restated	122,019,628	115,339,268	50,326,818	46,853,554	172,346,446	162,192,822
Ending net assets	\$ 127,503,790	\$ 122,019,628	\$ 52,339,237	\$ 50,326,818	\$ 179,843,027	\$ 172,346,446

Total governmental activities revenues increased slightly during the current year. Property tax increases of approximately \$1,000,000 were offset to some extent by decreases in SDC fees. Operating grants also showed a slight increase. Increases in governmental expenses are due primarily to personnel costs. The total business-type activities revenue decrease is primarily due to decreases in SDC fees.

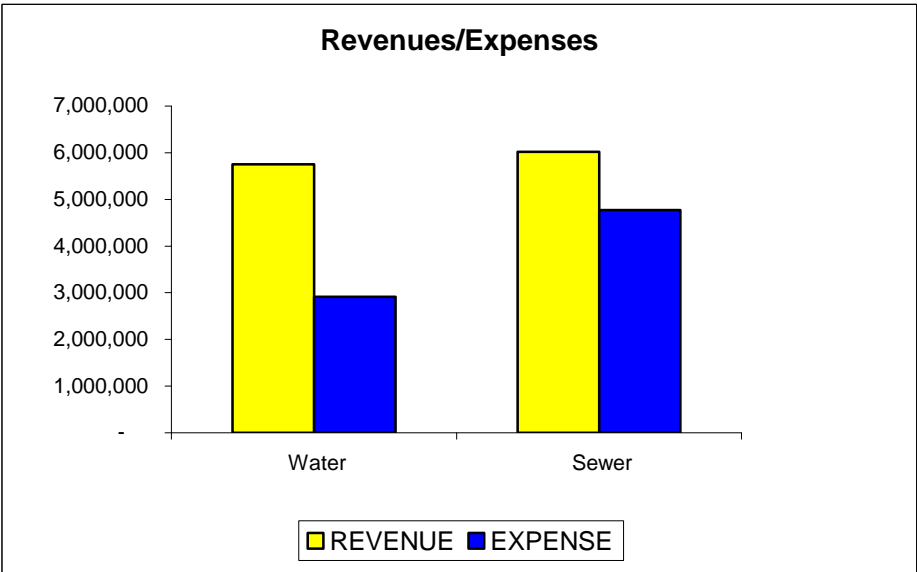
Expenses and Program Revenues - Governmental Activities



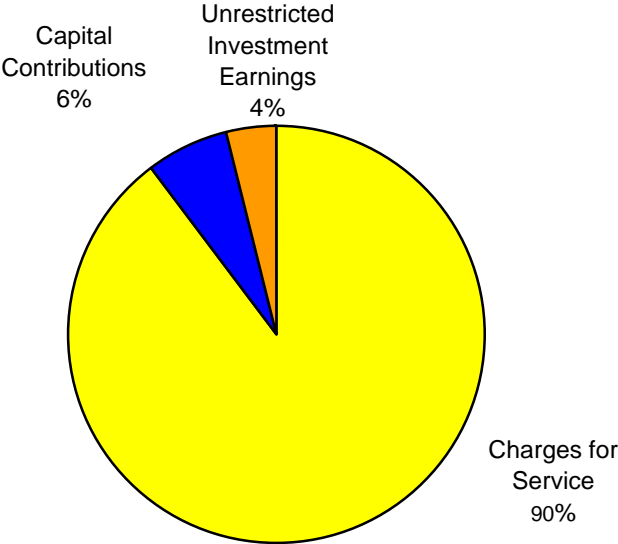
Revenues by Source - Governmental Activities



Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Business activities in 2007-2008 increased net assets by \$2,012,419. This is primarily due to the increased charges and reduced expenses in the Sewer Fund.

A plant maintained by Clean Water Services, a special district, serves the majority of sewer customers in the City of Tualatin. The remaining sewer customers are serviced by the City of Lake Oswego's plant. Tualatin maintains pipes and lift stations within the City. Whereas Clean Water Services is instrumental in the rate setting for sewer services and the City of Tualatin has relatively young infrastructure this allows for some building of reserves. These reserves will be badly needed as the City's system ages.

Capital Assets Reporting and Activity During the Year

Capital improvements for the City of Tualatin increased by \$6,788,750 in fiscal year 2007-08. This investment in capital assets includes land, construction in progress, improvements, machinery and equipment and infrastructure. The governmental infrastructure category consists primarily of roads, signals and lighting. Capital assets in the business-type activities include water and sewer lines, lift stations and other portions of utility systems.

Major capital events during the current fiscal year included the following:

- City Center improvements were made, including near completion of the expanded Library and remodeled City Offices building. Preparation continued for a light rail commuter train station to be constructed immediately adjacent to this street and will include a shelter, benches, bike facilities and public art. As part of the Washington County Commuter Rail Line, this line will connect to the Tri-Met Max light rail into Portland, Oregon, and extend south to the City of Wilsonville.
- The City continues to add and improve infrastructure as a prerequisite to new development, particularly in the downtown area and Bridgeport Road area, where significant retail space is being developed. The City funds some of this and some comes via contributed capital.

City of Tualatin's Net Capital Assets
June 30, 2008 and 2007

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 11,672,552	\$ 11,166,552	\$ 868,631	\$ 861,054	\$ 12,541,183	\$ 12,027,606
Construction in Progress	16,304,881	7,551,912	1,123,698	2,148,477	17,428,579	9,700,389
Buildings	7,460,290	7,406,282	367,755	367,755	7,828,045	7,774,037
Other Improvements	22,406,992	22,312,367	-	-	22,406,992	22,312,367
Machinery and Equipment	2,705,056	2,652,563	903,141	903,141	3,608,197	3,555,704
Utility System	-	-	61,975,092	59,309,453	61,975,092	59,309,453
Infrastructure	88,473,379	87,887,998	-	-	88,473,379	87,887,998
Accumulated Depreciation	(45,424,588)	(41,826,272)	(17,933,467)	(16,626,620)	(63,358,055)	(58,452,892)
Total	<u>\$ 103,598,562</u>	<u>\$ 97,151,402</u>	<u>\$ 47,304,850</u>	<u>\$ 46,963,260</u>	<u>\$ 150,903,412</u>	<u>\$ 144,114,662</u>

Additional information concerning capital assets is available in the Notes to the Financial Statements. Note A provides a discussion of City policies regarding capital assets and Note F shows a schedule of the year's activity for governmental funds and business-type funds. Accumulated depreciation for 2007 was corrected after an error in previous year numbers was discovered during 2008, prompting a restatement of beginning net assets.

Financial Analysis of Governmental Funds

The City of Tualatin uses fund accounting to ensure and demonstrate compliance with legal requirements.

Governmental funds provide information about near-term inflows, outflows and balances of spendable resources, which are consistent with the way the City budgets the individual funds. Such information is a useful measure of a government's net resources available for spending at the end of the fiscal year. Net assets for the City's governmental funds increased from \$122,019,628 in 2007 to \$127,503,790 in 2008.

Total revenues increased from \$24,523,693 to \$25,003,383 before transfers. Expenses increased from \$19,834,483 to \$22,092,279, a modest increase considering inflation and changes in programs. The increase in revenues was due in part from the increase in property taxes based on increased assessed value and charges for services.

Expenditures for general government and reserve funds are less than budgeted. In the General Fund, it is the policy of the City to budget at least 15% of the total budget for personnel services, materials and services and capital in contingency. Transfers from contingency rarely exhaust this sum and with additional amounts put in reserves it is expected that the fully budgeted amounts will not be expended. Other governmental funds routinely budget reserves, which are not expected to be expended. For instance, the Building Division of the Engineering Fund has in reserves six months of operational costs to carry the fund for short-term downturns in revenues, because of cyclical expenditures.

Oregon cities continue to be confronted with legal actions to amend laws requiring payment of franchise fees by utilities to the cities where they do business. This is particularly true for telephone companies who argue that wireless phones have reduced their revenue and that the use of right-of-ways is no longer a factor as it is with traditional phones. This is particularly difficult for the General Fund because franchise fees are the second highest percentage of revenue to that fund.

General Fund Budgetary Highlights

The General Fund is the chief operating fund of the City of Tualatin. At the end of the current year, unreserved fund balance was \$4,565,418. All of these funds were available for short-term expenditures. As a matter of course, the City strives to have enough reserves at the end of the fiscal year to provide cash for the first five months of operations at which time the first installment of property taxes are received. The fund balance increased from an unreserved beginning fund balance of \$4,520,546. The increase of the fund balance is not material.

Significant Transactions During the Year

The City sold a bond of \$4,225,000 on November 7, 2006 in response to community support for increased library services. The City began the physical library expansion from 8,500 to 20,000 square feet in April of 2007. In 2008, more than \$7,249,000 was spent on professional services in connection with the remodeling, temporary relocations, conceptual design, and construction work.

Discussion of Significant Changes in Individual Fund Balances

The Leveton Tax District Project Fund increased in 2008 to \$12,744,241 from \$10,680,664 in 2007. This increase occurred because the projects associated with extending 124th Avenue from Myslony Street to Tualatin-Sherwood Road was delayed due to a right-of-way acquisition and the Herman Road design progressed at a slower pace than expected resulting in substantially reduced expenditures.

During 2007-08, projects totaling more than \$7,000,000 were completed by the Library Improvement Fund.

The Central Urban Renewal District Projects Fund balance decreased from \$6,018,092 to \$3,232,308 during the year. This is the result of major capital expenditures for infrastructure, street widening, and pedestrian improvements in the downtown area. These expenditures are related to preparation for a commuter rail station that will pass through the city center and connect to the mass transit station in Beaverton, connecting on to Portland.

Debt Administration

City of Tualatin's Debt Service Year Ended June 30, 2008

	<u>Beginning</u>	<u>Additions</u>	<u>Principal Paid</u>	<u>Debt Refunded</u>	<u>Ending</u>
General Obligation Bonds	\$ 11,250,000	\$ 2,575,000	\$ (370,000)	\$ (3,235,000)	\$ 10,220,000
Urban Renewal Bonds	3,030,000	-	(1,060,000)	-	1,970,000
Water Revenue Bonds	7,060,000	-	(255,000)	-	6,805,000
*Limited Tax Bonds	620,000	-	-	-	620,000
Total Bonds Payable	<u>\$ 21,960,000</u>	<u>\$ 2,575,000</u>	<u>\$ (1,685,000)</u>	<u>\$ (3,235,000)</u>	<u>\$ 19,615,000</u>

The limited tax bond does not require a payment on principal until the final year of the bond; however, the City has been paying principal most years.

Additional information concerning long-term debt is available in the Notes to the Financial Statements, Note A and Note I.

Economic Factors and Next Year's Budget

Factors affecting financial conditions in the future include:

- Future projections indicate the City will most likely not duplicate the growth levels of recent years. With the City's low permanent tax rate of \$2.265 per thousand assessed value, this is likely to require adjustments in the future to maintain the same levels of services, particularly for General Fund. These sources might include on the revenue side: increases in fees for services, operating levies and increases in franchise fees.
- Tualatin's location in the Portland metropolitan area is very much affected by the transportation issues associated with urban areas. One important project, which may have a great effect on Tualatin's economy, both directly and indirectly, is the I-5 (the major north-south highway in the State) to 99W Connector Project. Regional and local transportation plans have recognized the need for this transportation improvement for more than a decade.

This financial report is designed to provide a general overview of the City of Tualatin's financial activities and position.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Tualatin, 18880 S.W. Martinazzi Avenue, Tualatin, Oregon, 97062-7092.

BASIC FINANCIAL STATEMENTS

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CITY OF TUALATIN
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 40,079,542	\$ 11,438,575	\$ 51,518,117
Accounts receivable	226,926	968,426	1,195,352
Property taxes receivable	483,528	-	483,528
Assessment liens receivable	435,180	-	435,180
Inventories	70,406	31,811	102,217
Nondepreciable capital assets	27,977,433	1,992,329	29,969,762
Capital assets, net of depreciation	75,621,129	45,312,521	120,933,650
<i>Total Assets</i>	144,894,144	59,743,662	204,637,806
LIABILITIES			
Accounts payable	1,505,101	575,228	2,080,329
Payroll liabilities	641,259	-	641,259
Retainage payable	378,267	-	378,267
Deposits payable	1,459,237	1,400	1,460,637
Unearned revenue	-	22,797	22,797
Noncurrent liabilities:			
Due within one year:			
Capital lease payable	18,960	-	18,960
Bonds payable	1,230,000	265,000	1,495,000
Due in more than one year:			
Capital lease payable	10,070	-	10,070
Bonds payable	11,580,000	6,540,000	18,120,000
Accrued vacation payable	567,460	-	567,460
<i>Total Liabilities</i>	17,390,354	7,404,425	24,794,779
NET ASSETS			
Investment in capital assets (net of related debt)	90,759,532	40,499,850	131,259,382
Restricted for special purposes	32,543,974	7,386,077	39,930,051
Unrestricted	4,200,284	4,453,310	8,653,594
<i>Total Net Assets</i>	\$ 127,503,790	\$ 52,339,237	\$ 179,843,027

See notes to financial statements.

CITY OF TUALATIN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
General government	\$ 9,076,098	\$ 1,691,801	\$ 615,658
Highways and streets	3,671,693	2,175,610	1,226,417
Public safety	5,164,134	105,751	37,275
Culture and recreation	3,521,904	201,591	1,224,456
Interest on long-term debt	658,450	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Governmental Activities</i>	22,092,279	4,174,753	3,103,806
Business-type Activities:			
Water	2,916,971	5,575,361	-
Sewer	4,774,164	5,413,845	-
	<hr/>	<hr/>	<hr/>
<i>Total Business-type Activities</i>	7,691,135	10,989,206	-
	<hr/>	<hr/>	<hr/>
<i>Total Activities</i>	\$ 29,783,414	\$ 15,163,959	\$ 3,103,806
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
General Revenues:			
Property taxes			
Franchise fees			
Miscellaneous			
<i>Total General Revenues</i>			
Transfers			
Change in Net Assets			
Net Assets, July 1, 2007			
Net Assets, June 30, 2008			

*Net (Expenses) Revenues and
Changes in Net Assets*

<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ -	\$ (6,768,639)	\$ -	\$ (6,768,639)
1,054,162	784,496	-	784,496
-	(5,021,108)	-	(5,021,108)
195,754	(1,900,103)	-	(1,900,103)
-	(658,450)	-	(658,450)
1,249,916	(13,563,804)	-	(13,563,804)
179,458	-	2,837,848	2,837,848
603,012	-	1,242,693	1,242,693
782,470	-	4,080,541	4,080,541
<u>\$ 2,032,386</u>	(13,563,804)	4,080,541	(9,483,263)
	12,071,782	-	12,071,782
	2,242,346	-	2,242,346
	2,160,780	504,936	2,665,716
	16,474,908	504,936	16,979,844
	2,573,058	(2,573,058)	-
	5,484,162	2,012,419	7,496,581
	122,019,628	50,326,818	172,346,446
<u>\$ 127,503,790</u>	<u>\$ 52,339,237</u>	<u>\$ 179,843,027</u>	

See notes to financial statements.

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FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

General Fund - accounts for the financial operations of the City that are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, and state and county shared revenue. Primary expenditures are for culture and recreation, general government and public safety.

Engineering Fund - accounts for revenues from various fees collected from building for construction of buildings and expended for services rendered primarily in the City's building and engineering department.

Leveton Tax Increment District Bond Sinking Fund - accounts for property taxes received within the Leveton Urban Renewal District, which are to be used for the payment of principal and interest on the Agency's tax increment debt.

Central Urban Renewal District Projects Fund - accounts for resources provided from the sale of tax increment bonds and interest earnings used for construction within the Urban Renewal Agency's boundary.

Leveton Tax Increment District Projects Fund - accounts for the proceeds of tax or construction increment bonds which are used for the acquisition and construction of capital assets within the urban renewal district.

Library Improvement Fund - accounts for expansion of the City's library. The primary source of funds for the capital improvements is from the sale of bonds in the amount of \$4,225,000 in the prior year.

CITY OF TUALATIN
GOVERNMENTAL FUNDS – BALANCE SHEET
JUNE 30, 2008

	<u>General</u>	<u>Engineering</u>	<u>Leveton Bond</u>
ASSETS			
Cash and investments	\$ 5,217,497	\$ 3,177,894	\$ 654,215
Accounts receivable	33,166	3,812	172
Property taxes receivable	226,267	-	129,247
Inventory	35,098	-	-
Due from other funds	8,378	50	-
Other receivables	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 5,520,406</u>	<u>\$ 3,181,756</u>	<u>\$ 783,634</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 150,150	\$ 175,128	\$ 757
Accrued payroll and payroll liabilities	474,162	96,209	-
Deposits	128,350	618,653	-
Retainage payable	-	-	-
Due to other funds	-	-	-
Deferred revenue	202,326	-	115,682
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	954,988	889,990	116,439
Fund Balances			
Unreserved, reported in:			
General fund	4,565,418	-	-
Special revenue funds	-	2,291,766	-
Capital projects funds	-	-	-
Debt services fund	-	-	667,195
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	<u>4,565,418</u>	<u>2,291,766</u>	<u>667,195</u>
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 5,520,406</u>	<u>\$ 3,181,756</u>	<u>\$ 783,634</u>

<i>Library Improvement</i>	<i>Central Urban Renewal Project</i>	<i>Leveton Project</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 113,467	\$ 4,720,026	\$ 12,971,726	\$ 13,224,717	\$ 40,079,542
-	-	-	189,776	226,926
-	-	-	128,014	483,528
-	-	-	35,308	70,406
1,392,117	-	-	25,583	1,426,128
-	-	-	435,180	435,180
<u>\$ 1,505,584</u>	<u>\$ 4,720,026</u>	<u>\$ 12,971,726</u>	<u>\$ 14,038,578</u>	<u>\$ 42,721,710</u>
\$ 722,528	\$ 93,056	\$ 197,277	\$ 166,205	\$ 1,505,101
-	-	-	70,888	641,259
-	-	-	712,234	1,459,237
328,682	2,545	4,625	42,415	378,267
-	1,392,117	25,583	8,428	1,426,128
-	-	-	549,957	867,965
<u>1,051,210</u>	<u>1,487,718</u>	<u>227,485</u>	<u>1,550,127</u>	<u>6,277,957</u>
-	-	-	-	4,565,418
-	-	-	7,342,134	9,633,900
454,374	3,232,308	12,744,241	3,988,467	20,419,390
-	-	-	1,157,850	1,825,045
<u>454,374</u>	<u>3,232,308</u>	<u>12,744,241</u>	<u>12,488,451</u>	<u>36,443,753</u>
<u>\$ 1,505,584</u>	<u>\$ 4,720,026</u>	<u>\$ 12,971,726</u>	<u>\$ 14,038,578</u>	<u>\$ 42,721,710</u>

See notes to financial statements.

CITY OF TUALATIN
RECONCILIATION TO THE STATEMENT OF NET ASEETS
JUNE 30, 2008

<i>Fund Balances</i>	\$ 36,443,753
<p>The Statement of Net Assets reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds.</p>	
	867,965
<p>Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value.</p>	
Cost	149,023,150
Accumulated depreciation	(45,424,588)
<p>All liabilities are reported in the Statement of Net Assets. However, if they are not due and payable in the current period, they are not recorded in governmental funds.</p>	
Compensated absences payable	(567,460)
Bonds and loans payable	(12,839,030)
	<hr/>
<i>Net Assets of Governmental Activities</i>	<u><u>\$ 127,503,790</u></u>

See notes to financial statements.

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CITY OF TUALATIN**GOVERNMENTAL FUNDS – STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Engineering</u>	<u>Leveton Bond</u>
REVENUES			
Taxes and assessments	\$ 5,721,482	\$ -	\$ 3,137,766
Licenses and permits	2,748,231	1,211,168	-
Charges for services	1,702,347	1,152,911	-
Intergovernmental	1,799,766	-	-
Fines and forfeitures	229,180	-	-
Miscellaneous	430,864	117,846	133,948
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	12,631,870	2,481,925	3,271,714
EXPENDITURES			
Current operating:			
General government	3,907,247	1,849,081	8,152
Public works	-	-	-
Public safety	5,193,903	-	-
Culture and recreation	2,907,256	-	-
Capital outlay	203,592	-	-
Debt service	-	-	870,275
	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	12,211,998	1,849,081	878,427
	<hr/>	<hr/>	<hr/>
REVENUES OVER (UNDER) EXPENDITURES	419,872	632,844	2,393,287
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Bond premium	-	-	-
Transfers in	-	-	-
Transfers out	(375,000)	(446,977)	(3,080,000)
Bond refunding	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	(375,000)	(446,977)	(3,080,000)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	44,872	185,867	(686,713)
FUND BALANCES, Beginning of year	4,520,546	2,105,899	1,353,908
	<hr/>	<hr/>	<hr/>
FUND BALANCES, End of year	\$ 4,565,418	\$ 2,291,766	\$ 667,195
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Library Improvement</i>	<i>Central Urban Renewal Project</i>	<i>Leveton Project</i>	<i>Nonmajor Governmental Funds</i>	<i>Totals</i>
\$ -	\$ -	\$ -	\$ 3,214,473	\$ 12,073,721
-	-	-	2,209,203	6,168,602
-	-	-	3,094,420	5,949,678
-	-	-	1,301,817	3,101,583
-	-	-	-	229,180
52,828	256,271	478,749	706,297	2,176,803
52,828	256,271	478,749	10,526,210	29,699,567
-	963	497,883	2,471,278	8,734,604
-	-	-	954,187	954,187
-	-	-	-	5,193,903
12,698	-	-	117,224	3,037,178
7,236,451	362,742	795,088	1,517,594	10,115,467
-	-	-	1,906,554	2,776,829
7,249,149	363,705	1,292,971	6,966,837	30,812,168
(7,196,321)	(107,434)	(814,222)	3,559,373	(1,112,601)
-	-	-	2,575,000	2,575,000
-	-	-	163,150	163,150
4,795,000	2,130,000	3,144,395	1,784,631	11,854,026
-	(4,808,350)	(266,596)	(4,998,290)	(13,975,213)
-	-	-	(2,575,000)	(2,575,000)
4,795,000	(2,678,350)	2,877,799	(3,050,509)	(1,958,037)
(2,401,321)	(2,785,784)	2,063,577	508,864	(3,070,638)
2,855,695	6,018,092	10,680,664	11,979,587	39,514,391
\$ 454,374	\$ 3,232,308	\$ 12,744,241	\$ 12,488,451	\$ 36,443,753

See notes to financial statements.

CITY OF TUALATIN

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008**

Net Change in Fund Balances - Total Governmental Funds \$ (3,070,638)

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

Governmental funds defer revenues that do not provide current financial resources.

However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received. (1,939)

Governmental funds do not report expenditures for unpaid compensated absences, interest expense or arbitrage since they do not require the use of current financial resources.

However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs.

Accrued compensated absences 2,092

Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense.

Capital outlay 10,115,467
Depreciation expense (3,657,956)
Net book value of assets sold (10,351)

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Assets.

Proceeds from the issuance of debt (2,575,000)
Debt principal repaid 4,682,487

Change in Net Assets of Governmental Activities \$ 5,484,162

See notes to financial statements.

CITY OF TUALATIN**STATEMENT OF REVENUES AND EXPENDITURES - ACTUAL AND BUDGET (BUDGETARY BASIS) -****GENERAL FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 5,721,500	\$ 5,721,500	\$ 5,721,482	\$ (18)
Licenses and permits	2,547,704	2,547,704	2,748,231	200,527
Charges for services	1,701,763	1,701,763	1,702,347	584
Intergovernmental	1,817,773	1,817,773	1,799,766	(18,007)
Fines and forfeitures	273,146	273,146	229,180	(43,966)
Miscellaneous	427,708	427,708	430,864	3,156
<i>Total Revenues</i>	12,489,594	12,489,594	12,631,870	142,276
EXPENDITURES				
City council	70,840	92,840	89,013	3,827
Administration	800,828	808,328	816,779	(8,451)
Finance	806,032	806,032	707,793	98,239
Legal services	190,081	190,081	178,170	11,911
Municipal court	13,059	13,059	10,439	2,620
Community development planning	623,042	623,042	390,686	232,356
Police administration	352,134	352,134	356,991	(4,857)
Police patrol	3,051,896	3,051,896	3,056,825	(4,929)
Police support	1,969,745	1,969,745	1,819,285	150,460
Fleet	436,182	436,182	469,126	(32,944)
Building maintenance	622,346	622,346	577,681	44,665
Parks maintenance	1,109,603	1,109,603	1,017,381	92,222
Community services - admin	453,016	453,016	427,506	25,510
Community services - library	1,404,621	1,404,621	1,320,751	83,870
Community services - recreation	212,815	212,815	209,830	2,985
Nondepartmental	712,570	757,570	763,742	(6,172)
Contingency	384,812	160,312	-	160,312
<i>Total Expenditures</i>	13,213,622	13,063,622	12,211,998	851,624
REVENUES OVER (UNDER) EXPENDITURES	(724,028)	(574,028)	419,872	993,900
OTHER FINANCING SOURCES (USES)				
Transfers out	(225,000)	(375,000)	(375,000)	-
<i>Total Other Financing</i>				
NET CHANGE IN FUND BALANCE	(949,028)	(949,028)	44,872	993,900
FUND BALANCE, Beginning of year	4,222,019	4,222,019	4,520,546	298,527
FUND BALANCE, End of year	\$ 3,272,991	\$ 3,272,991	\$ 4,565,418	\$ 1,292,427

See notes to financial statements.

CITY OF TUALATIN**STATEMENT OF REVENUES AND EXPENDITURES - ACTUAL AND BUDGET (BUDGETARY BASIS) -****ENGINEERING FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 771,660	\$ 771,660	\$ 1,211,168	\$ 439,508
Charges for services	1,152,911	1,152,911	1,152,911	-
Miscellaneous	101,843	101,843	117,846	16,003
<i>Total Revenues</i>	2,026,414	2,026,414	2,481,925	455,511
EXPENDITURES				
Administration	518,608	518,608	478,002	40,606
Engineering	568,178	568,178	499,626	68,552
Engineering Building	1,068,903	1,068,903	842,805	226,098
Nondepartmental	92,260	92,260	28,648	63,612
Contingency	733,352	645,852	-	645,852
<i>Total Expenditures</i>	2,981,301	2,893,801	1,849,081	1,044,720
REVENUES OVER (UNDER) EXPENDITURES	(954,887)	(867,387)	632,844	1,500,231
OTHER FINANCING SOURCES (USES)				
Transfers out	(359,477)	(446,977)	(446,977)	-
<i>Total Other Financing</i>				
NET CHANGE IN FUND BALANCE	(1,314,364)	(1,314,364)	185,867	1,500,231
FUND BALANCE, Beginning of year	2,081,870	2,081,870	2,105,899	24,029
FUND BALANCE, End of year	\$ 767,506	\$ 767,506	\$ 2,291,766	\$ 1,524,260

See notes to financial statements.

FUND FINANCIAL STATEMENTS PROPRIETARY FUNDS

The City has six enterprise funds which account for water and sewer operations.

Water Operations - accounts for the acquisition, construction, operation and maintenance of water facilities and services. The primary revenue sources are customer service fees and system development charges. (Included here are the Water Fund, Water SDC Fund, Water Bond Fund and Water Reservoir Project Fund.)

Sewer Operations - accounts for the acquisition, operating, construction and maintenance of sewer facilities and services. Resources are provided primarily through user charges to the general public and system development charges. (Included here are the Sewer Fund and Sewer SDC Fund.)

CITY OF TUALATIN
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2008

	<u>Water</u>	<u>Sewer</u>	<u>Water Development</u>	<u>Sewer Development</u>
ASSETS				
Current assets				
Cash and investments	\$ 2,340,908	\$ 1,621,932	\$ 2,131,387	\$ 3,571,941
Accounts receivable	512,251	456,175	-	-
Inventory	30,776	1,035	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total current assets</i>	2,883,935	2,079,142	2,131,387	3,571,941
Non-current assets				
Capital assets, net of depreciation	28,939,940	18,364,910		
	<hr/>	<hr/>		
<i>Total assets</i>	31,823,875	20,444,052	2,131,387	3,571,941
LIABILITIES				
Current liabilities				
Accounts payable	148,829	336,741	32,986	56,672
Deposits	1,400	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total current liabilities</i>	150,229	336,741	32,986	56,672
Noncurrent liabilities				
Deferred revenue	22,797	-	-	-
Bonds payable	6,805,000	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Noncurrent Liabilities</i>	6,827,797	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total liabilities</i>	6,978,026	336,741	32,986	56,672
NET ASSETS				
Invested in capital assets, net of related debt	22,134,940	18,364,910	-	-
Restricted for capital projects	-	-	2,098,401	3,515,269
Unrestricted	2,710,909	1,742,401	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total net assets</i>	\$ 24,845,849	\$ 20,107,311	\$ 2,098,401	\$ 3,515,269
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Water Reservoir</i>	<i>Water Bond</i>	<i>Total</i>
\$ 1,347,858	\$ 424,549	\$ 11,438,575
-	-	968,426
-	-	31,811
1,347,858	424,549	12,438,812
		47,304,850
1,347,858	424,549	59,743,662
-	-	575,228
-	-	1,400
-	-	576,628
-	-	22,797
-	-	6,805,000
-	-	6,827,797
-	-	7,404,425
-	-	40,499,850
1,347,858	424,549	7,386,077
-	-	4,453,310
<u>\$ 1,347,858</u>	<u>\$ 424,549</u>	<u>\$ 52,339,237</u>

See notes to financial statements.

CITY OF TUALATIN**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008**

	<u>Water</u>	<u>Sewer</u>	<u>Water Development</u>
OPERATING REVENUES			
Charges for sales and services			
Licenses and permits	\$ 306,022	\$ 460	\$ 299,203
Charges for services	4,970,136	4,977,744	-
Miscellaneous	15,499	1,976	-
<i>Total operating revenues</i>	<u>5,291,657</u>	<u>4,980,180</u>	<u>299,203</u>
OPERATING EXPENSES			
Materials and services	3,353,931	4,506,931	11,247
Depreciation	825,546	673,811	-
<i>Total operating expenses</i>	<u>4,179,477</u>	<u>5,180,742</u>	<u>11,247</u>
OPERATING INCOME(LOSS)	1,112,180	(200,562)	287,956
NON-OPERATING REVENUE (EXPENSES)			
Investment revenue	104,678	71,200	83,921
Interest expense	-	-	-
Transfers in	557,066	36,341	451,000
Transfers out	(1,040,744)	(247,000)	(295,215)
<i>Total non-operating expenses</i>	<u>(379,000)</u>	<u>(139,459)</u>	<u>239,706</u>
NET INCOME BEFORE CONTRIBUTIONS	733,180	(340,021)	527,662
CAPITAL CONTRIBUTIONS	179,458	603,012	-
CHANGE IN NET ASSETS	912,638	262,991	527,662
NET ASSETS, Beginning of year	23,933,211	19,844,320	1,570,739
NET ASSETS, End of year	<u>\$ 24,845,849</u>	<u>\$ 20,107,311</u>	<u>\$ 2,098,401</u>

<i>Sewer Development</i>	<i>Water Reservoir</i>	<i>Water Bond</i>	<i>Total</i>
\$ 435,641	\$ -	\$ -	\$ 1,041,326
-	-	-	9,947,880
-	-	-	17,475
435,641	-	-	11,006,681
310,758	-	225	8,183,092
-	-	-	1,499,357
310,758	-	225	9,682,449
124,883	-	(225)	1,324,232
150,846	58,541	18,275	487,461
-	-	(287,744)	(287,744)
-	-	542,744	1,587,151
(36,341)	(6,851)	(255,000)	(1,881,151)
114,505	51,690	18,275	(94,283)
239,388	51,690	18,050	1,229,949
-	-	-	782,470
239,388	51,690	18,050	2,012,419
3,275,881	1,296,168	406,499	50,326,818
<u>\$ 3,515,269</u>	<u>\$ 1,347,858</u>	<u>\$ 424,549</u>	<u>\$ 52,339,237</u>

See notes to financial statements.

CITY OF TUALATIN
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	<u>Water</u>	<u>Sewer</u>	<u>Water Development</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,361,571	\$ 4,958,850	\$ 299,203
Cash paid to suppliers for goods and services	(3,378,634)	(4,507,607)	(34,843)
<i>Net cash provided by (used for) operating activities</i>	1,982,937	451,243	264,360
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	557,066	36,341	451,000
Transfers out	(1,040,744)	(247,000)	(295,215)
<i>Net cash used for noncapital financing activities</i>	(483,678)	(210,659)	155,785
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on notes, bonds, and certificates	(255,000)	-	-
Interest payments on notes, bonds, and certificates	-	-	-
Acquisition and construction of capital assets	(756,746)	(109,221)	-
<i>Net cash used for capital and related financing activities</i>	(1,011,746)	(109,221)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest revenue	104,678	71,200	83,921
<i>Net cash provided by (used for) investing activities</i>	104,678	71,200	83,921
NET INCREASE (DECREASE) IN CASH	592,191	202,563	504,066
CASH, beginning of year	1,748,717	1,419,369	1,627,321
CASH, end of year	\$ 2,340,908	\$ 1,621,932	\$ 2,131,387
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,112,180	\$ (200,562)	\$ 287,956
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	825,546	673,811	-
(Increase) Decrease in accounts receivable	45,717	(21,330)	-
(Increase) Decrease in inventories	(5,729)	(146)	-
Increase (Decrease) in accounts payable	(18,974)	(530)	(23,596)
Increase (Decrease) in deposits	1,400	-	-
Increase (Decrease) in deferred revenue	22,797	-	-
<i>Net cash provided by (used for) operating activities</i>	\$ 1,982,937	\$ 451,243	\$ 264,360
Noncash contribution of capital assets	\$ 179,458	\$ 603,012	\$ -

<i>Sewer Development</i>	<i>Water Reservoir</i>	<i>Water Bond</i>	<i>Totals</i>
\$ 435,641 (305,461)	\$ - (222,450)	\$ - (225)	\$ 11,055,265 (8,449,220)
130,180	(222,450)	(225)	2,606,045
- (36,341)	- (6,851)	542,744 (255,000)	1,587,151 (1,881,151)
(36,341)	(6,851)	287,744	(294,000)
-	-	-	(255,000)
-	-	(287,744)	(287,744)
-	-	-	(865,967)
-	-	(287,744)	(1,408,711)
150,846	58,541	18,275	487,461
150,846	58,541	18,275	487,461
244,685	(170,760)	18,050	1,390,795
3,327,256	1,518,618	406,499	10,047,780
\$ 3,571,941	\$ 1,347,858	\$ 424,549	\$ 11,438,575
\$ 124,883	\$ -	\$ (225)	\$ 1,324,232
-	-	-	1,499,357
-	-	-	24,387
-	-	-	(5,875)
5,297	(222,450)	-	(260,253)
-	-	-	1,400
-	-	-	22,797
\$ 130,180	\$ (222,450)	\$ (225)	\$ 2,606,045
\$ -	\$ -	\$ -	\$ 782,470

See notes to financial statements.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Financial Report Entity

The City of Tualatin is a municipal corporation governed by an elected seven-member council.

These financial statements present the City of Tualatin (the City) and its component unit, the City of Tualatin Development Commission - The Urban Renewal Agency of the City (the Agency) for which the City is financially accountable. The Agency is reported as a blended component unit and, in substance, is part of the City's operations, although it is a legally separate entity. Separate financial statements of the Agency can be obtained from the Finance Department of the City, 18880 S.W. Martinazzi Avenue, Tualatin, Oregon 97062.

The Agency is governed by the same governing body as the City of Tualatin. The Agency is reported in a special revenue fund, capital projects funds and debt service funds.

2. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the financial statements.

3. Measurement focus, basis of accounting and financial statement presentations.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement focus, basis of accounting and financial statement presentations. (Continued)

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 enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for by another fund.

The Engineering Fund accounts for charges for engineering services and related costs.

The Leveton Tax Increment District Bond Sinking Fund accounts for property taxes received within the Leveton Urban Renewal area to be used for the payment of principal and interest on the Urban Renewal Agency's tax increment debt.

The Central Urban Renewal District Projects Fund accounts for resources provided from the sale of tax increment bonds and interest earnings used for the acquisition and construction of capital assets within the Urban Renewal Agency's boundary.

The Leveton Tax Increment District Projects Fund accounts for the proceeds of tax or construction increment bonds which are used for the acquisition and construction of capital assets within the Urban Renewal District.

The Library Improvement Fund accounts for expansion of the City's library. The primary source of funds for the capital improvements is from the sale of bonds. Voters approved the issue of \$4,225,000 for library improvements. The bond was sold in November of 2006.

The City reports the following major proprietary funds:

The Water Revenue Fund accounts for the operation and maintenance of water facilities and services. The primary revenue source is customer services fees.

The Water SDC Fund accounts for the acquisition and construction of water infrastructure. The primary revenue source is system development charges.

The Sewer Operating Fund accounts for the operation and maintenance of sewer facilities and services. The primary revenue source is customer services fees.

The Sewer SDC Fund accounts for the acquisition and construction of sewer infrastructure. The primary revenue source is system development charges.

The Water Bond Fund accounts for payments of principal and interest on water revenue debt.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement focus, basis of accounting and financial statement presentations. (Continued)

The Water Reservoir Fund accounts for the construction of water storage facilities and seismic upgrades.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water enterprise fund and of the sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

4. Cash and Investments

The City maintains a cash investment pool that is available for use by all funds. Interest earned on pooled investments is allocated to funds based on the pro-rata amount each fund has in the pool. Each fund's portion of this pool is displayed on the government wide statement of net assets as Cash and Investments.

Cash includes amounts in demand deposits, cash on hand, cash with fiscal agent and amounts in investment pools that have the general characteristics of demand deposit accounts, such as the State of Oregon Treasurer's Local Government Investment Pool.

State statues authorize the City to invest in general obligations of the United States and its agencies, certain debt of Oregon municipalities, time deposits, savings accounts, certificates of deposit, bankers' acceptances, the Oregon State Treasurer's Investment Pool and certain highly rated commercial paper. Investments are stated at fair value.

For statement of cash flow purposes, cash in the City-wide cash and investment pool is considered to be cash, as all amounts are available for withdrawal at any time without prior notice or penalty by the proprietary funds.

5. Property Taxes Receivable

Property taxes receivable, which have been collected within sixty days subsequent to year-end, are considered measurable and available and are recognized as revenues in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance. All other property taxes receivable are offset by deferred property tax revenue and, accordingly, have not been recorded as revenue. The property tax calendar is as follows:

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Property Taxes Receivable (continued)

Lien	July 1
Levy	July 1
First Installment	November 15
Second Installment	February 15
Third Installment	May 15

6. Assessment and Liens Receivable

Assessment are amounts billed to property owners and receivables are recorded upon project completion. Revenues are recognized upon project completion in government wide financial statements, and when cash is collected in the fund financial statements.

7. Receivables and Payables

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

8. Inventories

Inventories of supplies for governmental fund types are stated at cost (first-in, first-out basis) and are charged to expenditures as they are used. Inventories in the enterprise funds are stated at the lower of cost (first-in, first-out basis) or market value and are charged to expenses as they are used, consistent with the consumption method.

9. Prepaid Items

Payments made to vendors that will benefit periods beyond June 30, 2007 are recorded as pre-paid items.

10. Restricted Assets

Certain assets are classified on the statement of net assets as restricted assets because their use is limited by applicable legal provisions. Restricted assets arise primarily from the Water and Sewer system development charges and are restricted for renewal and replacement of the utility systems. In addition, governmental funds have funds restricted for scholarships.

11. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (i.e. roads, pathways, street lights, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased, and are capitalized in the proprietary fund statements. Capital assets are recorded at historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation. The City does not capitalize collections of works of art or historical treasures held for public exhibition, education, or research in furtherance of public service rather than capital gain, unless they were capitalized as of June 30, 1999. Proceeds

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Capital Assets (continued)

from the sale, exchange, or other disposal of any item belonging to a collection or works of art of historical treasures must be applied to the acquisition of additional items for the same collection.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life of greater than five years. Additions or improvements and other capital outlays that significantly extended the useful life of an asset, or that significantly increase the capacity of an asset, are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current fiscal year.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is calculated on the straight-line basis over the following estimated useful lives:

Asset	Years
Buildings and improvements	25 - 40
Improvements other than buildings	10 - 30
Machinery and equipment	5 - 10
Vehicles	5 - 10
Utility systems	25 - 40
Infrastructure	20 - 40

12. Long-Term Obligations

In the government wide financial statements, and proprietary fund types in the financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets.

In the fund financial statements, governmental fund types 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 while discounts on debt issuance are reported as debt service expenditures.

The repayment of General Obligation, Urban Renewal and Redevelopment, Bancroft Improvement, and Limited Tax Improvement Bonds will be made from the Debt Service Funds. All other General Long-Term Debt will be repaid by the General and Debt Service Funds. All debt service payments are budgeted in the debt service category.

13. Compensated Absences

Accumulated vested vacation pay is accrued as it is earned. Compensated absences are reported in governmental funds only if they have matured. Compensated absences are liquidated from the funds in which payroll is paid, which is primarily the general, engineering, operations and urban renewal funds.

Sick pay, which does not vest, is recognized in all funds when leave is taken.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fund Equity

Fund Balance - In the fund financial statement, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - Certain enterprise fund net assets are restricted by outside parties for construction and are included as restricted net assets. The Tualatin Science and Technology Fund also restricts assets for scholarships.

15. Use of Estimates

In preparing the City's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

16. Use of Restricted Assets

When expenditures are paid for purposes in which both restricted and unrestricted net assets are available, the City deems restricted assets to be spent first.

NOTE B - BUDGETARY COMPLIANCE AND ACCOUNTING

1. Budgetary Information

A budget is prepared for each governmental and proprietary fund in accordance with the legal requirements as set forth in the Oregon Local Budget Law.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control is established by the Division in the City's operating funds (General, Engineering & Building, and Operations) and by budget category (Personal Services, Material and Services, Capital Outlay, etc.) in all remaining funds. The legal level of control is as shown on the budget to actual schedules. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires a hearing before the public, publication in newspapers and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control as approved by the City Council. City management is authorized to make changes to the budget within each organizational unit. Oregon state law requires disclosure of fund expenditures in excess of budgeted appropriations. Appropriations lapse as of year-end.

2. Basis of Accounting

The budgets for the governmental fund types are prepared in accordance with the modified accrual basis of account excluding capitalized lease proceeds and related capital outlays. Budgets for proprietary funds are prepared in accordance with the modified accrual basis of accounting.

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2008

NOTE C - CASH AND INVESTMENTS

Cash and Investments consisted of the following:

Petty Cash	\$	1,336
Cash on deposit with various banks		142,119
State of Oregon Treasurer's Local Governmental Investment Pool		<u>51,374,662</u>
Total	\$	<u>51,518,117</u>

Deposits

For deposits in excess of federal depository insurance, Oregon Revised Statutes require the depository institution to maintain on deposit with a collateral pool manager, securities having a value not less than 25% of the outstanding certificates of participation issued by the pool manager. At June 30, 2008, the City's deposits at various financial institutions had a bank balance of \$2,063,851 of which \$400,000 was covered by federal depository insurance, and the remainder was collateralized in accordance with Oregon Revised Statutes.

Investments

At year-end, all of the City's investments were in the Local Government Investment Pool, an external investment pool. The City does make investments outside the pool at times. A written policy is in place that specifies the following goals and procedures: preservation of capital and protection of principal; conformance with federal, state and legal requirements; maintenance of sufficient liquidity to meet operating requirements; avoidance of imprudent credit, market and speculative risk, and attainment of a market rate of return. This policy has not been adopted as yet by the City Council

Credit Risk

State statutes authorize the City to invest primarily in general obligations of the U. S. Government and its agencies, bankers' acceptances, certain higher grade commercial papers, certain bonded obligations of Oregon municipalities, bank repurchase agreements, and the State Treasurer's investment pool, among others.

The State of Oregon Local Government Investment Pool (LGIP) is not registered with the U. S. Securities and Exchange Commission as an investment company. Oregon Revised Statutes and the Oregon Investment council govern the Pool's investment policies.

The State Treasurer is the investment officer for the pool and is responsible for its funds. These funds must be invested and the investment managed as a prudent investor would, exercising reasonable care, skill and caution.

Investments in the LGIP are further governed by portfolio guidelines issued by the Oregon Short-term funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool on a yearly basis and for the year ended June 30, 2008, was unqualified. The LGIP is not subject to credit rating.

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates. Investments in the LGIP are available upon demand (one day).

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2008

NOTE D - RECEIVABLES

Receivables at June 30, 2008 consist of the following:

	Due from other Governments	Accounts Receivable	Taxes Receivable	Assessments Receivable	Interest Receivable	Total
General	\$ 31,879	\$ 831	\$ 226,267	\$ -	\$ 456	\$ 259,433
Bancroft Bond	-	-	-	435,180	-	435,180
Engineering	-	3,812	-	-	-	3,812
CURD Bond Sinking	-	-	90,759	-	161	90,920
Leveton Tax Increment Bond Sinking	-	-	129,247	-	172	129,419
Non-major governmental funds	-	189,539	37,255	-	76	226,870
Water	-	512,251	-	-	-	512,251
Sewer	-	456,175	-	-	-	456,175
	<u>\$ 31,879</u>	<u>\$ 1,162,608</u>	<u>\$ 483,528</u>	<u>\$ 435,180</u>	<u>\$ 865</u>	<u>\$ 2,114,060</u>

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, there was no unearned revenue, and the various components of deferred revenue reported in the governmental funds were as follows:

Property taxes receivable - General Fund	\$202,326
Property taxes receivable - General Obligation Bond Fund	33,313
Property taxes receivable - Central Urban Renewal District Bond Fund	81,464
Property taxes receivable - Leveton Tax Increment District Bond Fund	115,682
Special assessments not yet due - Bancroft Bond Fund	435,180
	<u>\$867,965</u>

Assessment liens receivable represent the uncollected amounts levied against benefited property for the cost of local improvements. Because the assessments are liens against the benefited property, an allowance for uncollectible amounts is not deemed necessary. Substantially all assessments are payable over a period of fifteen years and bear interest at 5.7% to 10.1%.

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2008

NOTE E - INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

All interfund transfers were budgeted and were for the purpose of reallocating resources between funds. Amounts for interfund transfers are comprised of the following:

Fund	Receivable	Payable
General	\$ 8,378	\$ -
Engineering	50	-
Road Utility Fee	7,083	-
Urban Redevelopment	-	8,428
City Center Remodel	18,500	-
Library Improvement	1,392,117	-
Central Urban Renewal Project	-	1,392,117
Leveton Project	-	25,583
	<u>\$ 1,426,128</u>	<u>\$ 1,426,128</u>

NOTE F- CAPITAL ASSETS

Capital asset activity for governmental activities for the fiscal year ended June 30, 2008 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 11,166,552	\$ 506,000	\$ -	\$ 11,672,552
Construction in progress	7,551,912	8,907,116	(154,147)	16,304,881
Total capital assets, not being depreciated	<u>18,718,464</u>	<u>9,413,116</u>	<u>(154,147)</u>	<u>27,977,433</u>
Capital assets, being depreciated				
Buildings	7,406,282	54,008	-	7,460,290
Improvements other than buildings	22,312,367	94,625	-	22,406,992
Machinery and equipment	2,652,563	122,484	(69,991)	2,705,056
Infrastructure	87,887,998	585,381	-	88,473,379
Total capital assets, being depreciated	<u>120,259,210</u>	<u>856,498</u>	<u>(69,991)</u>	<u>121,045,717</u>
Less accumulated depreciation for:				
Buildings	(2,518,334)	(224,224)	-	(2,742,558)
Improvements other than buildings	(6,119,155)	(680,534)	-	(6,799,689)
Machinery and equipment	(2,150,319)	(188,103)	59,640	(2,278,782)
Infrastructure	(31,038,464)	(2,565,095)	-	(33,603,559)
Total accumulated depreciation	<u>(41,826,272)</u>	<u>(3,657,956)</u>	<u>59,640</u>	<u>(45,424,588)</u>
Total capital assets being depreciated, net	<u>78,432,938</u>	<u>(2,801,458)</u>	<u>(10,351)</u>	<u>75,621,129</u>
Governmental activities capital assets, net	<u>\$ 97,151,402</u>	<u>\$ 6,611,658</u>	<u>\$ (164,498)</u>	<u>\$ 103,598,562</u>

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2008

NOTE F - CAPITAL ASSETS (Continued)

In the current year errors in accumulated depreciation were corrected. The beginning balance of accumulated depreciation of governmental activities has been increased by \$3,230,110 and the beginning balance of accumulated depreciation in the business-type activities has been increased by \$192,510 as a restatement of beginning net assets.

Capital asset activity for business-type activities for the fiscal year ended June 30, 2008 is as follows:

	Beginning Balance	Increases/ Reclassifications	Decreases/ Reclassifications	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 861,054	\$ 7,577	\$ -	\$ 868,631
Construction in progress	2,148,477	881,565	(1,906,344)	1,123,698
Total capital assets, not being depreciated	<u>3,009,531</u>	<u>889,142</u>	<u>(1,906,344)</u>	<u>1,992,329</u>
Capital assets, being depreciated				
Buildings	367,755	-	-	367,755
Improvements other than buildings	59,309,453	782,470	1,883,169	61,975,092
Machinery and equipment	903,141	-	-	903,141
Total capital assets, being depreciated	<u>60,580,349</u>	<u>782,470</u>	<u>1,883,169</u>	<u>63,245,988</u>
Less accumulated depreciation for:				
Buildings	(319,497)	(4,377)	-	(323,874)
Improvements other than buildings	(15,965,930)	(1,227,766)	-	(17,193,696)
Machinery and equipment	(341,193)	(74,704)	-	(415,897)
Total accumulated depreciation	<u>(16,626,620)</u>	<u>(1,306,847)</u>	<u>-</u>	<u>(17,933,467)</u>
Total capital assets being depreciated-net	<u>43,953,729</u>	<u>(524,377)</u>	<u>1,883,169.00</u>	<u>45,312,521</u>
Business-type activities capital assets-net	<u>\$ 46,963,260</u>	<u>\$ 364,765</u>	<u>\$ (23,175)</u>	<u>\$ 47,304,850</u>

Depreciation charged to functions/programs of the City are as follows:

Governmental activities:	
General government	\$ 528,472
Public safety	124,186
Highway and streets, including depreciation of infrastructure assets	2,591,578
Culture and recreation	413,720
	<u>\$ 3,657,956</u>
Business-type activities:	
Water	\$ 796,795
Sewer	510,052
	<u>\$ 1,306,847</u>

CITY OF TUALATIN

NOTES TO FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2008

NOTE G - PENSION PLANS

Plan Description and Provisions:

Prior to June 30, 2000, members of the City's OPEU Bargaining Unit were eligible to participate in the contributory defined contributions pension plan. As of June 30, 2000, OPEU (now TEA) employees had the option to move their retirement funds into the OPERS defined benefit retirement plan. TEA employees remaining in the defined contribution plan will have their retirement plan contributions continued under the plan until their retirement or termination of City employment. New TEA employees hired after June 30, 2000, will participate in OPERS. The payroll for the six employees covered by the contributory defined contribution retirement plan for the year ended June 30, 2008, was \$337,027. The City's total payroll was \$8,340,026.

The City has elected to participate in a pool with the State of Oregon and other Oregon local governments and community college public employers for its PERS pension program (the "State and Local Government Rate Pool" or "SLGRP"). Current City employer rates for the period beginning July 1, 2007, is based on the December 31, 2005 actuarial valuation and is 15.42% for PERS employees, 15.36% for OPSRP general service employees and 18.63% for OPSRP police employees.

These rates do not include the 6% employee contribution rate, which the City has elected to make on behalf of the members of the Tualatin Police Association. Other employees pay the 6% employee contribution themselves. In addition, the City pays a rate of 3.24% for all employees to pay toward its accrued actuarial deficit. Pension expense recorded by the City under the plan was \$1,304,539 for the year ended June 30, 2008. The 2004 Interim Valuation indicates that the City has an accrued actuarial deficit of \$3.79 million.

With the exception of the six employees in the IMCA Plan, the City's regular employees hired prior to August 29, 2003, are participants in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit public employee retirement system that acts as a common investment and administrative agent for government units in the State of Oregon. Benefits generally vest after five years of continuous service. Retirement is allowed at age 58 with unreduced benefits, but retirement is generally available at age 55 with reduced benefits. Retirement benefits are payable in a lump sum or a monthly amount using several payment options. OPERS also provides death and disability benefits.

Public employees hired after August 29, 2003, become members of the Oregon Public Service retirement Plan (OPSPR). Employer contributions are required by state statute and are made at actuarially determined rates. These benefit provisions and other requirements are established by state statutes, chapter 238, Oregon Revised Statutes. OPERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplemental information. The stand-alone report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Funding Policy:

Substantially all regular full-time City employees are participants under plans available through Oregon Public Employees Employment System (PERS), an agent multiple-employer public employee retirement system under authority of ORS 238.600. There are two programs determined by the date of employment. Those employed prior to August 29, 2003 are PERS Program members. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPSRP is a hybrid retirement plan with two components: 1) the Pension Program (defined benefited; established and maintained as a tax-qualified government defined benefit plan) and 2) the Individual Account Program (IAP) (defined contribution, established and maintained as a tax qualified governmental defined contribution plan.)

CITY OF TUALATIN

NOTES TO FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2008

NOTE G - PENSION PLAN (Continued)

Funding Policy: (Continued)

Beginning January 1, 2004 active members of PERS became members of OPSRP IAP. PERS plan member contributions (six percent employee contribution whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. PERS plan members retain their existing PERS accounts, but future member contributions will be deposited in the members ASP, not into the member's PERS account.

Annual Pension Cost:

	Fiscal Year Ending		
	2008	2007	2006
City Contribution rate	11.88%	11.88%	11.88%
Employee contribution paid by City	6.00%	6.00%	6.00%
City total payroll	\$ 8,340,026	\$ 8,124,419	\$ 7,456,644
Payroll earned by OPERS participants	9,712,347	9,521,487	7,151,580
Annual pension cost	1,304,539	1,271,590	1,162,672
Net pension obligation	-	-	-

NOTE H - LEASES

Operating Leases

The City has entered into various non-cancelable, operating leases with a term of more than one year for office equipment. The future minimum lease payments for these leases are not material.

Capital Leases

The City has entered into various lease agreements as a lessee to finance the acquisition of computer equipment and an operating system. The leases are secured by equipment. These lease agreements qualify as capital leases for accounting purposes, and have been recorded at the present value of their future minimum lease payments as of the inception. The amount of equipment capitalized under these leases was \$90,000.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008, are as follows:

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2008

NOTE H - LEASES (Continued)

Capital Leases (Continued)

<u>YEAR ENDED JUNE 30</u>	<u>Amount</u>
2009	\$ 20,620
2010	10,310
	<hr/>
Total minimum lease payments	30,930
Less amount representing interest	<hr/> (1,900)
Present value of minimum lease payments	<hr/> <u>\$ 29,030</u>

NOTE I - LONG-TERM DEBT

General Obligation Bonds

The City issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities only. General obligation bonds were issued in February 1999 in the amount of \$3,970,000 for the construction of a police facility; interest rates were from 3.50 to 4.65% with final maturity in 2019. These bonds were refunded during the current year by the issuance of \$2,575,000 of new bonds bearing interest at rates from 4.0% to 5.0%. The proceeds of the new debt plus an additional \$574,623 contributed by the City were placed in an escrow account. The old bonds will be called and retired in full in February 2009. The refunding will save the City approximately \$795,000 over the life of the new issue.

In 2005 the City of Tualatin issued bonds for parks improvements in the amount of \$3,785,000; outstanding at June 30, 2008 was \$3,420,000. And in 2006 the City issued \$4,225,000 of bonds for library construction. \$4,225,000 of these bonds were outstanding at June 30, 2008.

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 270,000	\$ 422,490
2010	305,000	395,870
2011	410,000	382,312
2012	605,000	362,588
2013-2017	3,385,000	1,427,327
2018-2022	2,995,000	719,940
2023-2027	2,250,000	200,798
	<hr/>	<hr/>
Total	<u>\$ 10,220,000</u>	<u>\$ 3,911,325</u>

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2008

NOTE I - LONG-TERM DEBT (Continued)

Urban Renewal and Redevelopment Bonds

There are two urban renewal districts within the City of Tualatin--the Central Urban Renewal District (CURD) and the Leveton Tax Increment District. The CURD has used debt to revitalize and redevelop the downtown area of the City of Tualatin. The Leveton District continued to redevelop street and infrastructure including water and sewer improvement in the industrial area.

Central Urban Renewal Bonds which are still outstanding include the 2004 Bond part B which was the source of new funds to finance Boones Ferry Road Phase 1, utility underground, transportation, and streetscape improvements and had a balance of \$530,000 as of June 30, 2008 and an interest rate of 3.05%. The 2004 Series is not secured by a reserve and, although special levy could be imposed if needed to pay for the debt, all tax increment projections indicate it will not be necessary.

Remaining debt for the Leveton Tax Increment District includes the Intermediate Financing (original amount of \$4,085,000 with an outstanding balance of \$1,440,000 at June 30, 2008 and interest rate of 2.9%). The proceeds from this financing were used for improvements of infrastructure at 124th Avenue from SW Leveton Drive to SW Myslony Street.

The Urban Renewal Districts also had short-term borrowings in the amount of \$4,278,194 which were repaid prior to year end.

Urban Renewal and Redevelopment Bond debt service requirements to maturity are as follows:

YEAR ENDED JUNE 30,	Governmental Activities	
	Principal	Interest
2009	\$ 970,000	\$ 57,925
2010	1,000,000	24,405
Total	\$ 1,970,000	\$ 82,330

Limited Tax Improvement Bonds

In 1998, the City issued Limited Tax Improvement Bonds for a street improvement project in the amount of \$2,460,000 with an interest rate of 4.70%. The City has pledged all assessments levied within a Local Improvement District to pay the debt service on the bonds. Principal on the debt is not due until 2013, however, the debt was structured to allow payment of principal as assessment payments and pre-payments are received. In most years principal has been called in round lots and to date, \$1,840,000 of the principal has been paid.

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2008

NOTE I - LONG-TERM DEBT (Continued)

YEAR ENDED JUNE 30,	Governmental Activities	
	Principal	Interest
2009	\$ -	\$ 29,140
2010	-	29,140
2011	-	29,140
2012	-	29,140
2013	620,000	29,140
Total	\$ 620,000	\$ 145,700

Water Revenue Bonds

During 2005-06 the City of Tualatin sold revenue bonds in the amount of \$7,305,000 to be payable solely from net revenue of the City's water system. The proceeds were used primarily for construction of a five million gallon water reservoir and the retrofitting of four existing water reservoirs and three water pump stations to meet current seismic loading standards. The City covenants for the owners of all Series 2005 bonds to establish and maintain rates and charges in connection with the operation of the system which, when combined with other gross revenues, are adequate to generate net revenues for each year at least equal to 1.25 times annual bond debt service due in that fiscal year and net operating revenue after the deduction of system development charges equal to 1.15 times annual debt service due in the fiscal year. Interest rates for this bond range from 4.25 % to 4.5%.

YEAR ENDED JUNE 30,	Business-type Activities	
	Principal	Interest
2009	\$ 265,000	\$ 276,694
2010	275,000	265,906
2011	285,000	255,406
2012	295,000	244,531
2013	305,000	233,281
2014-2018	1,725,000	971,315
2019-2023	2,130,000	575,614
2024-2027	1,525,000	103,894
Total	\$ 6,805,000	\$ 2,926,641

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2008

NOTE I - LONG-TERM DEBT (Continued)

Long-term liability activity for the year ended June 30, 2008 was as follows:

Governmental activities:	Beginning Balance	Additions	Reductions	Refunding	Ending Balance	Due within One Year
Bonds payable:						
General Obligation bonds Feb 1999	\$ 3,460,000	\$ -	\$ (225,000)	\$ (3,235,000)	\$ -	\$ -
General Obligation bonds Jan 2005	3,565,000	-	(145,000)	-	3,420,000	140,000
General Obligation bonds Nov 2006	4,225,000	-	-	-	4,225,000	120,000
General Obligation Refunding, Series 2008	-	2,575,000	-	-	2,575,000	-
Central Urban Renewal Series B 2004	785,000	-	(255,000)	-	530,000	260,000
Leveton Tax Increment District Intermediate Financing, Series 2003	2,130,000	-	(690,000)	-	1,440,000	710,000
Leveton Tax Increment District 2004	115,000	-	(115,000)	-	-	-
Limited Tax Improvement Series 1998	620,000	-	-	-	620,000	-
Total bonds payable	14,900,000	2,575,000	(1,430,000)	(3,235,000)	12,810,000	1,230,000
Capital leases	46,517	-	(17,487)	-	29,030	18,960
Compensated absences	569,552	613,119	(615,211)	-	567,460	-
Governmental activity long-term liabilities	\$ 15,516,069	\$ 3,188,119	\$ (2,062,698)	\$ (3,235,000)	\$ 13,406,490	\$ 1,248,960
Business-type activities:						
Bonds Payable:						
Revenue Bonds	\$ 7,060,000	\$ -	\$ (255,000)	\$ -	\$ 6,805,000	\$ 265,000

Compensated absences are reported only if they are subject to payment at the time of voluntary or involuntary termination. The amount of vacation accrued is subject to limitation for almost every employee. The set amount cannot be exceeded. Current year liability for vacation cannot be greater than the accrued ceiling set for each employee and when reached is used or lost.

NOTE J - COMMITMENTS AND CONTINGENCIES

The City is subject to the ordinary risks of loss to which similar entities are exposed. These risks are handled through the purchase of commercial insurance and participation in a worker's compensation self-insurance pool and a property/liability self-insurance pool. These pools are administered by the City/County Insurance Service Trust (CCIS). The City has no significant claims against it that are in excess of its coverage. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. The City pays an annual premium to CCIS for its insurance coverage. Based on the experience of the City and pool, the City may be liable for an additional premium of up to approximately 20% of its initial premium or the City may receive a refund. The City has never had to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy.

The City had approximately \$3,026,000 of commitments with respect to unfinished capital projects at June 30, 2008.

Federal and state grants are subject to audit by the grantor agencies and any adjustments may become a liability of the appropriate fund. Management believes that adjustments, if any, will not materially affect the City's financial position.

The City is a defendant in various pending legal proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position.

NOTE K - CONSTITUTIONAL PROPERTY TAX LIMITATION

The State of Oregon has a constitutional limit on property taxes for governmental operations. Under the limit, tax revenues are separated into those for public schools and those for other local governments. The limitation specifies a maximum rate for local government operations of \$10.00 per \$1,000 of real market value. Local government taxes in the City currently do not exceed the \$10.00 rate limit, however this limitation may effect the availability of future tax revenues for the City.

In May of 1977, the voters approved Measure 50 which rolled back assessed values to 90 percent of the 1995-96 levels and limits future increases to 3 percent, except for major improvements. Tax rates are now fixed and not subject to change. Voters may approve local initiatives above the fixed rate provided a majority approves it at either (i) a general election in an even number year, or (ii) at any other election in which at least 50 percent of registered voters cast a ballot.

NOTE L – RESTATEMENT OF BEGINNING BALANCES

During the current year the City discovered errors in the computation of accumulated depreciation in prior years. Beginning capital assets, net of accumulated depreciation have been restated as follows.

	Governmental Activities	Business-type Activities
	<u> </u>	<u> </u>
As previously reported	\$ 100,381,512	\$ 47,155,770
Adjustment	(3,230,110)	(192,510)
As restated	<u>\$ 97,151,402</u>	<u>\$ 46,963,260</u>

CITY OF TUALATIN

NOTES TO FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2008

NOTE M - OVEREXPENDITURE OF APPROPRIATIONS

During the current year, the City had the following overexpenditure of appropriations:

Park Development Fund	Materials and services	\$	100,924
Tualatin Science and Technology Fund	Materials and services		1,000
General Obligation Bond Fund	Materials and services		43,618
Leveton Tax Increment Bond Sinking Fund	Debt service		409,788
Library Improvements Fund	Materials and services		12,698
General Fund	Administration		8,451
	Police administration		4,857
	Police patrol		4,929
	Fleet		32,944
	Nondepartmental		6,172

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COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

These funds account for revenues, primarily from charges for services and licenses and permits which are used for specific purposes. Funds included in the Special Revenue category are:

Operations Fund - accounts for resources used to provide certain City administrative and maintenance functions for the water, sewer and street funds.

Storm Drain Fund - accounts for storm drainage fees from the property located within the City and business owners to maintain the storm drain systems.

Road Utility Fee Fund - accounts for road utility fees from the property located within the City and business owners to maintain pavement maintenance and street lighting.

Road Gas Tax Fund - accounts for gas taxes received from the State of Oregon and Washington County for the operation and maintenance of the street system, traffic signals, bike paths and landscaping of roadside areas.

Core Area Parking Fund - accounts for parking fees from the property located within the City and business owners to develop additional downtown parking areas and maintain existing parking areas.

Tualatin Science and Technology Fund - accounts for scholarship awards.

Road Development Fund - accounts for funds received from systems development charges and used for system improvements.

Storm Drain SDC Fund - accounts for funds received from systems development charges and used for system improvements.

Urban Redevelopment Fund - accounts for the general operations of the City's Urban Renewal Agency.

Debt Service Funds

The Debt Service Funds account for the payment of principal and interest on General Obligation Improvement Bonds, Bancroft Improvement Bonds and Tax Increment Bonds. Funds included in this category are:

General Obligation Bond Fund - accounts for the payment of principal and interest on general obligation bonds. Resources are provided by property taxes.

Bancroft Bond Fund - accounts for the collection of special assessments and the payment of debt principal and interest on special assessment bonded debt.

Central Urban Renewal Bond Fund - accounts for property taxes collected by the Central Urban Renewal District for payment of bond principal and interest.

Capital Project Funds

These funds account for the construction and acquisition of capital assets financed by bond sales and interest earnings. Funds included within this category are:

City Center Remodel Fund - accounts for improvements to city-owned properties. Resources are provided by transfers in from other funds.

Local Improvement district Fund - accounts for improvements made to properties that will be assessed to property owners. Primary revenue sources are transfers from other funds

Park Development Fund - accounts for capital improvements to parks funded by system development charges.

Park Improvement Fund - accounts for improvements to City parks not funded by SDC's.

Infrastructure Reserve Fund - accounts for accumulation of funds to construct future capital projects. Resources are provided by other city funds.

CITY OF TUALATIN
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	<i>Special Revenue</i>			
	<i>Operations</i>	<i>Storm Drain</i>	<i>Road Utility Fee</i>	<i>Road Gas Tax</i>
ASSETS				
Cash and investments	\$ 1,673,099	\$ 404,551	\$ 1,677,918	\$ 446,555
Accounts receivable	486	109,009	80,044	-
Property taxes receivable	-	-	-	-
Inventory	-	-	-	35,308
Due from other funds	-	-	7,083	-
Other receivables	-	-	-	-
<i>Total Assets</i>	<u>\$ 1,673,585</u>	<u>\$ 513,560</u>	<u>\$ 1,765,045</u>	<u>\$ 481,863</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 33,145	\$ 37,451	\$ 2,377	\$ 27,409
Accrued expenses payable	70,888	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Retainage payable	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total Liabilities</i>	104,033	37,451	2,377	27,409
Fund Balances				
Unreserved, reported in:				
Special revenue funds	1,569,552	476,109	1,762,668	454,454
Capital projects funds	-	-	-	-
Debt services fund	-	-	-	-
<i>Total Fund Balances</i>	<u>1,569,552</u>	<u>476,109</u>	<u>1,762,668</u>	<u>454,454</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,673,585</u>	<u>\$ 513,560</u>	<u>\$ 1,765,045</u>	<u>\$ 481,863</u>

Special Revenue

<i>Core Area Parking</i>	<i>Science & Technology Scholarship</i>	<i>Road Development</i>	<i>Storm Drain Development</i>	<i>Urban Redevelopment</i>
\$ 194,916	\$ 57,588	\$ 1,889,259	\$ 697,082	\$ 271,837
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 194,916</u>	<u>\$ 57,588</u>	<u>\$ 1,889,259</u>	<u>\$ 697,082</u>	<u>\$ 271,837</u>
\$ 279	\$ -	\$ 18,326	\$ -	\$ 4,298
-	-	-	-	-
-	-	-	-	-
-	-	-	-	8,428
-	-	-	-	-
-	-	-	-	-
<u>279</u>	<u>-</u>	<u>18,326</u>	<u>-</u>	<u>12,726</u>
194,637	57,588	1,870,933	697,082	259,111
-	-	-	-	-
-	-	-	-	-
<u>194,637</u>	<u>57,588</u>	<u>1,870,933</u>	<u>697,082</u>	<u>259,111</u>
<u>\$ 194,916</u>	<u>\$ 57,588</u>	<u>\$ 1,889,259</u>	<u>\$ 697,082</u>	<u>\$ 271,837</u>

CITY OF TUALATIN**COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS (Continued)**

JUNE 30, 2008

	<i>Debt Service</i>			
	<i>General</i>		<i>Central Urban</i>	
	<i>Obligation</i>	<i>Bancroft</i>	<i>Renewal</i>	<i>City Center</i>
	<i>Bond</i>	<i>Bond</i>	<i>Bond</i>	<i>Remodel</i>
ASSETS				
Cash and investments	\$ 262,924	\$ 410,428	\$ 531,983	\$ 162,778
Accounts receivable	76	-	161	-
Property taxes receivable	37,255	-	90,759	-
Inventory	-	-	-	-
Due from other funds	-	-	-	18,500
Other receivables	-	435,180	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 300,255</u>	<u>\$ 845,608</u>	<u>\$ 622,903</u>	<u>\$ 181,278</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 203	\$ -	\$ 756	\$ 14,375
Accrued expenses payable	-	-	-	-
Deposits	-	-	60,000	-
Due to other funds	-	-	-	-
Retainage payable	-	-	-	42,415
Deferred revenue	33,313	435,180	81,464	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	33,516	435,180	142,220	56,790
Fund Balances				
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	124,488
Debt services fund	266,739	410,428	480,683	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	<u>266,739</u>	<u>410,428</u>	<u>480,683</u>	<u>124,488</u>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 300,255</u>	<u>\$ 845,608</u>	<u>\$ 622,903</u>	<u>\$ 181,278</u>

Capital Projects

<i>Local Improvement District</i>	<i>Park Development</i>	<i>Park Improvement</i>	<i>Infrastructure Reserve</i>	<i>Total</i>
\$ 465,694	\$ 1,019,144	\$ 19,206	\$ 3,039,755	\$ 13,224,717
-	-	-	-	189,776
-	-	-	-	128,014
-	-	-	-	35,308
-	-	-	-	25,583
-	-	-	-	435,180
\$ 465,694	\$ 1,019,144	\$ 19,206	\$ 3,039,755	\$ 14,038,578
\$ -	\$ 27,586	\$ -	\$ -	\$ 166,205
-	-	-	-	70,888
-	652,234	-	-	712,234
-	-	-	-	8,428
-	-	-	-	42,415
-	-	-	-	549,957
-	679,820	-	-	1,550,127
-	-	-	-	7,342,134
465,694	339,324	19,206	3,039,755	3,988,467
-	-	-	-	1,157,850
465,694	339,324	19,206	3,039,755	12,488,451
\$ 465,694	\$ 1,019,144	\$ 19,206	\$ 3,039,755	\$ 14,038,578

CITY OF TUALATIN**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

	<i>Special Revenue</i>			
	<i>Operations</i>	<i>Storm Drain</i>	<i>Road Utility Fee</i>	<i>Road Gas Tax</i>
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	889,576	-
Charges for services	1,877,677	1,216,743	-	-
Intergovernmental	-	-	-	1,226,417
Miscellaneous	101,229	18,293	65,987	24,740
<i>Total Revenues</i>	<u>1,978,906</u>	<u>1,235,036</u>	<u>955,563</u>	<u>1,251,157</u>
EXPENDITURES				
Current operating:				
General government	1,676,195	1,228,451	-	-
Highways and streets	-	-	528,803	1,329,051
Culture and recreation	-	-	-	-
Capital outlay	131,787	-	84,995	40,933
Debt service	-	-	-	-
<i>Total Expenditures</i>	<u>1,807,982</u>	<u>1,228,451</u>	<u>613,798</u>	<u>1,369,984</u>
REVENUES OVER (UNDER) EXPENDITURES	170,924	6,585	341,765	(118,827)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	-	-
Bond premium	-	-	-	-
Transfers in	-	-	-	86,571
Transfers out	-	-	(150,966)	(110,060)
Bond refunding	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>(150,966)</u>	<u>(23,489)</u>
NET CHANGE IN FUND BALANCES	170,924	6,585	190,799	(142,316)
FUND BALANCES, Beginning of year	<u>1,398,628</u>	<u>469,524</u>	<u>1,571,869</u>	<u>596,770</u>
FUND BALANCES, End of year	<u>\$ 1,569,552</u>	<u>\$ 476,109</u>	<u>\$ 1,762,668</u>	<u>\$ 454,454</u>

<i>Special Revenue</i>				
<i>Core Area Parking</i>	<i>Science & Technology Scholarship</i>	<i>Road Development</i>	<i>Storm Drain Development</i>	<i>Urban Redevelopment</i>
\$ -	\$ -	\$ -	\$ -	\$ -
69,291	-	1,027,582	27,000	-
-	-	-	-	-
-	-	-	-	-
8,660	2,508	108,385	24,346	12,176
77,951	2,508	1,135,967	51,346	12,176
-	-	-	-	471,582
51,690	-	51,394	11,759	-
-	5,000	-	-	-
-	-	277,080	3,831	-
-	-	-	-	-
51,690	5,000	328,474	15,590	471,582
26,261	(2,492)	807,493	35,756	(459,406)
-	-	-	-	-
-	-	-	-	-
-	-	100,000	250,000	438,000
-	-	(350,000)	-	-
-	-	-	-	-
-	-	(250,000)	250,000	438,000
26,261	(2,492)	557,493	285,756	(21,406)
168,376	60,080	1,313,440	411,326	280,517
\$ 194,637	\$ 57,588	\$ 1,870,933	\$ 697,082	\$ 259,111

CITY OF TUALATIN**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
NON-MAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2008**

	<i>Debt Service</i>		
	<i>General Obligation Bond</i>	<i>Bancroft Bond</i>	<i>Central Urban Renewal Bond</i>
REVENUES			
Taxes and assessments	\$ 918,538	\$ 87,036	\$ 2,208,899
Licenses and permits	-	-	-
Charges for services	-	-	-
Intergovernmental	-	-	-
Miscellaneous	38,988	43,955	83,439
<i>Total Revenues</i>	957,526	130,991	2,292,338
EXPENDITURES			
Current operating:			
General government	47,118	9,154	6,251
Highways and streets	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service	1,598,235	29,140	279,179
<i>Total Expenditures</i>	1,645,353	38,294	285,430
REVENUES OVER (UNDER) EXPENDITURES	(687,827)	92,697	2,006,908
OTHER FINANCING SOURCES (USES)			
Bond proceeds	2,575,000	-	-
Bond premium	163,150	-	-
Transfers in	-	-	-
Transfers out	-	-	(2,130,000)
Bond refunding	(2,575,000)	-	-
<i>Total Other Financing Sources (Uses)</i>	163,150	-	(2,130,000)
NET CHANGE IN FUND BALANCES	(524,677)	92,697	(123,092)
FUND BALANCES, beginning of year	791,416	317,731	603,775
FUND BALANCES (DEFICITS), End of year	\$ 266,739	\$ 410,428	\$ 480,683

Capital Projects

City Center Remodel	Local Improvement District	Park Development	Park Improvement	Infrastructure Reserve	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,214,473
-	-	195,754	-	-	2,209,203
-	-	-	-	-	3,094,420
-	-	75,400	-	-	1,301,817
16,016	5,996	15,910	3,528	132,141	706,297
16,016	5,996	287,064	3,528	132,141	10,526,210
-	6,151	-	-	-	3,444,902
-	-	-	-	-	1,972,697
-	-	127,354	-	-	132,354
927,539	-	51,429	-	-	1,517,594
-	-	-	-	-	1,906,554
927,539	6,151	178,783	-	-	8,974,101
(911,523)	(155)	108,281	3,528	132,141	1,552,109
-	-	-	-	-	2,575,000
-	-	-	-	-	163,150
350,000	350,000	-	-	210,060	1,784,631
-	-	-	-	(250,000)	(2,991,026)
-	-	-	-	-	(2,575,000)
350,000	350,000	-	-	(39,940)	(1,043,245)
(561,523)	349,845	108,281	3,528	92,201	508,864
686,011	115,849	231,043	15,678	2,947,554	11,979,587
\$ 124,488	\$ 465,694	\$ 339,324	\$ 19,206	\$ 3,039,755	\$ 12,488,451

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provision of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires a schedule of revenues, expenditures/expenses, and changes in fund balances/net assets, budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with generally accepted accounting principles, the City's General Fund and all major special revenue funds are presented as basic financial statements. All other fund budgetary comparisons are displayed in the following pages as supplemental information.

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL BUDGETARY COMPARISON SCHEDULES

Special Revenue Funds

- * Operations
- * Storm Drain
- * Road Utility Fee
- * Road Gas Tax
- * Core Area Parking
- * Tualatin Science and Technology
- * Road SDC
- * Storm Drain SDC
- * Urban Renewal

Debt Service Funds

- * General Obligation Bond
- * Bancroft Bond
- * Central Urban Renewal District Bond Sinking
- * Leveton Tax Increment District Bond Sinking

Capital Projects Funds

- * Local Improvement District
- * Parks Development
- * Parks Improvement
- * Infrastructure
- * Central Urban Renewal District Projects
- * Leveton Tax Increment District Projects
- * Library Improvement
- * City Center Remodel

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****OPERATIONS FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 1,877,677	\$ 1,877,677	\$ 1,877,677	\$ -
Miscellaneous	76,850	76,850	101,229	24,379
<i>Total Revenues</i>	1,954,527	1,954,527	1,978,906	24,379
EXPENDITURES				
Administration	446,095	446,095	401,326	44,769
Water division	634,250	634,250	596,588	37,662
Sewer division	323,688	323,688	305,821	17,867
Street division	502,281	502,281	466,476	35,805
Nondepartmental	368,570	368,570	37,771	330,799
Contingency	50,000	50,000	-	50,000
<i>Total Expenditures</i>	2,324,884	2,324,884	1,807,982	516,902
REVENUES OVER (UNDER) EXPENDITURES	(370,357)	(370,357)	170,924	541,281
FUND BALANCE, Beginning of year	1,306,926	1,306,926	1,398,628	91,702
FUND BALANCE, End of year	\$ 936,569	\$ 936,569	\$ 1,569,552	\$ 632,983

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****STORM DRAIN FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 1,248,355	\$ 1,248,355	\$ 1,216,743	\$ (31,612)
Miscellaneous	19,039	19,039	18,293	(746)
<i>Total Revenues</i>	1,267,394	1,267,394	1,235,036	(32,358)
EXPENDITURES				
Materials and services	1,262,138	1,262,138	1,221,792	40,346
Capital outlay	60,000	60,000	6,659	53,341
Contingency	326,036	326,036	-	326,036
<i>Total Expenditures</i>	1,648,174	1,648,174	1,228,451	419,723
REVENUES OVER (UNDER) EXPENDITURES	(380,780)	(380,780)	6,585	387,365
FUND BALANCE, Beginning of year	380,780	380,780	469,524	88,744
FUND BALANCE, End of year	\$ -	\$ -	\$ 476,109	\$ 476,109

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****ROAD UTILITY FEE FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 867,146	\$ 867,146	\$ 889,576	\$ 22,430
Miscellaneous	73,540	73,540	65,987	(7,553)
<i>Total Revenues</i>	940,686	940,686	955,563	14,877
EXPENDITURES				
Materials and services	1,071,856	1,071,856	528,803	543,053
Capital outlay	86,290	86,290	84,995	1,295
<i>Total Expenditures</i>	1,158,146	1,158,146	613,798	544,348
REVENUES OVER (UNDER) EXPENDITURES	(217,460)	(217,460)	341,765	559,225
OTHER FINANCING SOURCES (USES)				
Transfers out	(164,547)	(164,547)	(150,966)	13,581
NET CHANGE IN FUND BALANCE	(382,007)	(382,007)	190,799	572,806
FUND BALANCE, Beginning of year	1,470,790	1,470,790	1,571,869	101,079
FUND BALANCE, End of year	\$ 1,088,783	\$ 1,088,783	\$ 1,762,668	\$ 673,885

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****ROAD GAS TAX FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 1,271,744	\$ 1,271,744	\$ 1,226,417	\$ (45,327)
Miscellaneous	25,378	25,378	24,740	(638)
<i>Total Revenues</i>	1,297,122	1,297,122	1,251,157	(45,965)
EXPENDITURES				
Materials and services	1,353,439	1,353,439	1,329,051	24,388
Capital outlay	63,000	63,000	40,933	22,067
Contingency	324,754	324,754	-	324,754
<i>Total Expenditures</i>	1,741,193	1,741,193	1,369,984	371,209
REVENUES OVER (UNDER) EXPENDITURES				
	(444,071)	(444,071)	(118,827)	325,244
OTHER FINANCING SOURCES (USES)				
Transfers in	86,571	86,571	86,571	-
Transfers out	(110,060)	(110,060)	(110,060)	-
<i>Total Other Financing Sources (Uses)</i>	(23,489)	(23,489)	(23,489)	-
NET CHANGE IN FUND BALANCE	(467,560)	(467,560)	(142,316)	325,244
FUND BALANCE, Beginning of year	467,560	467,560	596,770	129,210
FUND BALANCE, End of year	\$ -	\$ -	\$ 454,454	\$ 454,454

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****CORE AREA PARKING FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 68,147	\$ 68,147	\$ 69,291	\$ 1,144
Miscellaneous	7,076	7,076	8,660	1,584
<i>Total Revenues</i>	75,223	75,223	77,951	2,728
EXPENDITURES				
Materials and services	55,543	55,543	50,166	5,377
Capital outlay	2,500	2,500	1,524	976
Contingency	4,643	4,643	-	4,643
<i>Total Expenditures</i>	62,686	62,686	51,690	10,996
REVENUES OVER (UNDER) EXPENDITURES	12,537	12,537	26,261	13,724
FUND BALANCE, Beginning of year	141,520	141,520	168,376	26,856
FUND BALANCE, End of year	\$ 154,057	\$ 154,057	\$ 194,637	\$ 40,580

CITY OF TUALATIN

**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –
TUALATIN SCIENCE & TECHNOLOGY FUND
YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 3,000	\$ 3,000	\$ 2,508	\$ (492)
EXPENDITURES				
Materials and services	4,000	4,000	5,000	(1,000)
REVENUES OVER (UNDER) EXPENDITURES	(1,000)	(1,000)	(2,492)	(1,492)
FUND BALANCE, Beginning of year	60,094	60,094	60,080	(14)
FUND BALANCE, End of year	\$ 59,094	\$ 59,094	\$ 57,588	\$ (1,506)

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****ROAD SDC FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 848,000	\$ 848,000	\$ 1,027,582	\$ 179,582
Miscellaneous	19,993	19,993	108,385	88,392
<i>Total Revenues</i>	867,993	867,993	1,135,967	267,974
EXPENDITURES				
Materials and services	51,394	51,394	51,394	-
Capital outlay	1,000,000	650,000	277,080	372,920
Contingency	316,464	316,464	-	316,464
<i>Total Expenditures</i>	1,367,858	1,017,858	328,474	689,384
REVENUES OVER (UNDER) EXPENDITURES				
	(499,865)	(149,865)	807,493	957,358
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Transfers out	-	(350,000)	(350,000)	-
<i>Total Other Financing Sources (Uses)</i>	100,000	(250,000)	(250,000)	-
NET CHANGE IN FUND BALANCE	(399,865)	(399,865)	557,493	957,358
FUND BALANCE, Beginning of year	399,865	399,865	1,313,440	913,575
FUND BALANCE, End of year	\$ -	\$ -	\$ 1,870,933	\$ 1,870,933

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****STORM DRAIN SDC FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 178,000	\$ 178,000	\$ 27,000	\$ (151,000)
Miscellaneous	18,415	18,415	24,346	5,931
<i>Total Revenues</i>	196,415	196,415	51,346	(145,069)
EXPENDITURES				
Materials and services	11,759	11,759	11,759	-
Capital outlay	800,000	800,000	3,831	796,169
Contingency	2,954	2,954	-	2,954
<i>Total Expenditures</i>	814,713	814,713	15,590	799,123
REVENUES OVER (UNDER) EXPENDITURES	(618,298)	(618,298)	35,756	654,054
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	250,000	250,000	-
NET CHANGE IN FUND BALANCE	(368,298)	(368,298)	285,756	654,054
FUND BALANCE, Beginning of year	368,298	368,298	411,326	43,028
FUND BALANCE, End of year	\$ -	\$ -	\$ 697,082	\$ 697,082

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****URBAN RENEWAL FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 12,816	\$ 12,816	\$ 12,176	\$ (640)
EXPENDITURES				
Personal services	233,420	233,420	224,844	8,576
Materials and services	275,342	275,342	246,738	28,604
Contingency	198,382	198,382	-	198,382
<i>Total Expenditures</i>	707,144	707,144	471,582	235,562
REVENUES OVER (UNDER) EXPENDITURES	(694,328)	(694,328)	(459,406)	234,922
OTHER FINANCING SOURCES (USES)				
Transfers in	438,000	438,000	438,000	-
NET CHANGE IN FUND BALANCE	(256,328)	(256,328)	(21,406)	234,922
FUND BALANCE, Beginning of year	256,328	256,328	280,517	24,189
FUND BALANCE, End of year	\$ -	\$ -	\$ 259,111	\$ 259,111

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –
GENERAL OBLIGATION BOND FUND
YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 1,433,227	\$ 1,433,227	\$ 918,538	\$ (514,689)
Miscellaneous	25,000	25,000	38,988	13,988
<i>Total Revenues</i>	1,458,227	1,458,227	957,526	(500,701)
EXPENDITURES				
Materials and services	3,500	3,500	47,118	(43,618)
Debt service	1,572,796	1,572,796	1,598,235	(25,439)
<i>Total Expenditures</i>	1,576,296	1,576,296	1,645,353	(69,057)
REVENUES OVER (UNDER) EXPENDITURES				
	(118,069)	(118,069)	(687,827)	(569,758)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	2,575,000	2,575,000
Bond premium	-	-	163,150	163,150
Bond refunding	-	-	(2,575,000)	(2,575,000)
<i>Total Other Financing Sources (Uses)</i>	-	-	163,150	(2,411,850)
NET CHANGE IN FUND BALANCE	(118,069)	(118,069)	(524,677)	(406,608)
FUND BALANCE, Beginning of year	773,069	773,069	791,416	18,347
FUND BALANCE, End of year	\$ 655,000	\$ 655,000	\$ 266,739	\$ (388,261)

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****BANCROFT BOND FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 87,036	\$ 87,036	\$ 87,036	\$ -
Miscellaneous	40,680	40,680	43,955	3,275
<i>Total Revenues</i>	127,716	127,716	130,991	3,275
EXPENDITURES				
Materials and services	11,854	11,854	9,154	2,700
Debt service	112,900	112,900	29,140	83,760
<i>Total Expenditures</i>	124,754	124,754	38,294	86,460
REVENUES OVER (UNDER) EXPENDITURES	2,962	2,962	92,697	89,735
FUND BALANCE, Beginning of year	318,521	318,521	317,731	(790)
FUND BALANCE, End of year	\$ 321,483	\$ 321,483	\$ 410,428	\$ 88,945

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –
CENTRAL URBAN RENEWAL DISTRICT BOND SINKING FUND
YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 2,309,902	\$ 2,309,902	\$ 2,208,899	\$ (101,003)
Miscellaneous	35,155	35,155	83,439	48,284
<i>Total Revenues</i>	<u>2,345,057</u>	<u>2,345,057</u>	<u>2,292,338</u>	<u>(52,719)</u>
EXPENDITURES				
Materials and services	7,200	7,200	6,251	949
Debt service	281,443	281,443	279,179	2,264
<i>Total Expenditures</i>	<u>288,643</u>	<u>288,643</u>	<u>285,430</u>	<u>3,213</u>
REVENUES OVER (UNDER) EXPENDITURES	2,056,414	2,056,414	2,006,908	(49,506)
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,200,000)	(2,200,000)	(2,130,000)	70,000
NET CHANGE IN FUND BALANCE	(143,586)	(143,586)	(123,092)	20,494
FUND BALANCE, Beginning of year	<u>643,516</u>	<u>643,516</u>	<u>603,775</u>	<u>(39,741)</u>
FUND BALANCE, End of year	<u>\$ 499,930</u>	<u>\$ 499,930</u>	<u>\$ 480,683</u>	<u>\$ (19,247)</u>

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –
LEVETON TAX INCREMENT DISTRICT BOND SINKING FUND
YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 3,340,000	\$ 3,340,000	\$ 3,137,766	\$ (202,234)
Miscellaneous	66,355	66,355	133,948	67,593
<i>Total Revenues</i>	3,406,355	3,406,355	3,271,714	(134,641)
EXPENDITURES				
Materials and services	9,000	9,000	8,152	848
Debt service	871,933	871,933	870,275	1,658
<i>Total Expenditures</i>	880,933	880,933	878,427	2,506
REVENUES OVER (UNDER) EXPENDITURES	2,525,422	2,525,422	2,393,287	(132,135)
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,668,554)	(2,668,554)	(3,080,000)	(411,446)
NET CHANGE IN FUND BALANCE	(143,132)	(143,132)	(686,713)	(543,581)
FUND BALANCE, Beginning of year	1,259,088	1,259,088	1,353,908	94,820
FUND BALANCE, End of year	\$ 1,115,956	\$ 1,115,956	\$ 667,195	\$ (448,761)

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****LOCAL IMPROVEMENT DISTRICT FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 23,482	\$ 23,482	\$ 5,996	\$ (17,486)
EXPENDITURES				
Materials and services	61,151	61,151	6,151	55,000
Capital outlay	100,000	100,000	-	100,000
Contingency	331,970	331,970	-	331,970
<i>Total Expenditures</i>	<u>493,121</u>	<u>493,121</u>	<u>6,151</u>	<u>486,970</u>
REVENUES OVER (UNDER) EXPENDITURES	(469,639)	(469,639)	(155)	469,484
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(119,639)	(119,639)	349,845	469,484
FUND BALANCE, Beginning of year	<u>469,639</u>	<u>469,639</u>	<u>115,849</u>	<u>(353,790)</u>
FUND BALANCE, End of year	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 465,694</u>	<u>\$ 115,694</u>

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****PARKS DEVELOPMENT FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 439,730	\$ 439,730	\$ 195,754	\$ (243,976)
Intergovernmental	786,500	786,500	75,400	(711,100)
Miscellaneous	5,000	5,000	15,910	10,910
<i>Total Revenues</i>	<u>1,231,230</u>	<u>1,231,230</u>	<u>287,064</u>	<u>(944,166)</u>
EXPENDITURES				
Materials and services	26,430	26,430	127,354	(100,924)
Capital outlay	1,708,327	1,708,327	51,429	1,656,898
Contingency	25,000	25,000	-	25,000
<i>Total Expenditures</i>	<u>1,759,757</u>	<u>1,759,757</u>	<u>178,783</u>	<u>1,580,974</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(528,527)</u>	<u>(528,527)</u>	<u>108,281</u>	<u>636,808</u>
FUND BALANCE, Beginning of year	<u>528,527</u>	<u>528,527</u>	<u>231,043</u>	<u>(297,484)</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,324</u>	<u>\$ 339,324</u>

CITY OF TUALATIN

SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –

PARKS IMPROVEMENT FUND

YEAR ENDED JUNE 30, 2008

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 3,528	\$ 3,528
EXPENDITURES				
Capital outlay	86,954	86,954	-	86,954
REVENUES OVER (UNDER) EXPENDITURES	(86,954)	(86,954)	3,528	90,482
FUND BALANCE, Beginning of year	86,954	86,954	15,678	(71,276)
FUND BALANCE, End of year	\$ -	\$ -	\$ 19,206	\$ 19,206

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****INFRASTRUCTURE FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 145,289	\$ 145,289	\$ 132,141	\$ (13,148)
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	145,289	145,289	132,141	(13,148)
OTHER FINANCING SOURCES (USES)				
Transfers in	210,060	210,060	210,060	-
Transfers out	(250,000)	(250,000)	(250,000)	-
<i>Total Other Financing Sources (Uses)</i>	(39,940)	(39,940)	(39,940)	-
NET CHANGE IN FUND BALANCE	105,349	105,349	92,201	(13,148)
FUND BALANCE, Beginning of year	2,905,788	2,905,788	2,947,554	41,766
FUND BALANCE, End of year	\$ 3,011,137	\$ 3,011,137	\$ 3,039,755	\$ 28,618

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –
CENTRAL URBAN RENEWAL DISTRICT PROJECTS FUND
YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 281,410	\$ 281,410	\$ 256,271	\$ (25,139)
EXPENDITURES				
Materials and services	100,912	100,912	21,313	79,599
Capital outlay	1,050,000	1,050,000	362,742	687,258
Contingency	300,000	300,000	-	300,000
<i>Total Expenditures</i>	<u>1,450,912</u>	<u>1,450,912</u>	<u>384,055</u>	<u>1,066,857</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,169,502)	(1,169,502)	(127,784)	1,041,718
OTHER FINANCING SOURCES (USES)				
Transfers in	2,200,000	2,200,000	2,130,000	(70,000)
Transfers out	(4,788,000)	(4,788,000)	(4,788,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(2,588,000)</u>	<u>(2,588,000)</u>	<u>(2,658,000)</u>	<u>(70,000)</u>
NET CHANGE IN FUND BALANCE	(3,757,502)	(3,757,502)	(2,785,784)	971,718
FUND BALANCE, Beginning of year	<u>5,628,205</u>	<u>5,628,205</u>	<u>6,018,092</u>	<u>389,887</u>
FUND BALANCE, End of year	<u>\$ 1,870,703</u>	<u>\$ 1,870,703</u>	<u>\$ 3,232,308</u>	<u>\$ 1,361,605</u>

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –
LEVETON TAX INCREMENT DISTRICT PROJECTS FUND
YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 489,811	\$ 489,811	\$ 478,749	\$ (11,062)
EXPENDITURES				
Materials and services	38,096	38,096	30,223	7,873
Capital outlay	9,600,000	9,600,000	1,290,844	8,309,156
Contingency	481,500	481,500	-	481,500
<i>Total Expenditures</i>	<u>10,119,596</u>	<u>10,119,596</u>	<u>1,321,067</u>	<u>8,798,529</u>
REVENUES OVER (UNDER) EXPENDITURES	(9,629,785)	(9,629,785)	(842,318)	8,787,467
OTHER FINANCING SOURCES (USES)				
Transfers in	2,751,530	2,751,530	3,144,395	392,865
Transfers out	(238,500)	(238,500)	(238,500)	-
<i>Total Other Financing Sources (Uses)</i>	<u>2,513,030</u>	<u>2,513,030</u>	<u>2,905,895</u>	<u>392,865</u>
NET CHANGE IN FUND BALANCE	(7,116,755)	(7,116,755)	2,063,577	9,180,332
FUND BALANCE, Beginning of year	<u>10,396,225</u>	<u>10,396,225</u>	<u>10,680,664</u>	<u>284,439</u>
FUND BALANCE, End of year	<u>\$ 3,279,470</u>	<u>\$ 3,279,470</u>	<u>\$ 12,744,241</u>	<u>\$ 9,464,771</u>

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****LIBRARY IMPROVEMENTS FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 69,000	\$ 69,000	\$ 52,828	\$ (16,172)
EXPENDITURES				
Materials and services	-	-	12,698	(12,698)
Capital outlay	8,100,000	8,100,000	7,236,451	863,549
<i>Total Expenditures</i>	8,100,000	8,100,000	7,249,149	850,851
REVENUES OVER (UNDER) EXPENDITURES	(8,031,000)	(8,031,000)	(7,196,321)	834,679
OTHER FINANCING SOURCES (USES)				
Transfers in	4,795,000	4,795,000	4,795,000	-
Transfers out	(5,000)	(5,000)	-	5,000
<i>Total Other Financing Sources (Uses)</i>	4,790,000	4,790,000	4,795,000	5,000
NET CHANGE IN FUND BALANCE	(3,241,000)	(3,241,000)	(2,401,321)	839,679
FUND BALANCE, Beginning of year	3,241,000	3,241,000	2,855,695	(385,305)
FUND BALANCE, End of year	\$ -	\$ -	\$ 454,374	\$ 454,374

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****CITY CENTER REMODEL FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ 16,000	\$ 16,016	\$ 16
EXPENDITURES				
Capital outlay	424,851	1,052,011	927,539	124,472
Contingency	150,000	-	-	-
<i>Total Expenditures</i>	<u>574,851</u>	<u>1,052,011</u>	<u>927,539</u>	<u>124,472</u>
REVENUES OVER (UNDER) EXPENDITURES	(574,851)	(1,036,011)	(911,523)	124,488
OTHER FINANCING SOURCES (USES)				
Transfers in	-	350,000	350,000	-
NET CHANGE IN FUND BALANCE	(574,851)	(686,011)	(561,523)	124,488
FUND BALANCE, Beginning of year	<u>574,851</u>	<u>686,011</u>	<u>686,011</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,488</u>	<u>\$ 124,488</u>

**SCHEDULE OF REVENUES AND EXPENDITURES
ACTUAL AND BUDGET (BUDGETARY BASIS)
PROPRIETARY FUNDS**

- * Water
- * Water SDC
- * Water Bond
- * Water Reservoir Project
- * Sewer
- * Sewer SDC

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****WATER FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 220,118	\$ 220,118	\$ 306,022	\$ 306,022
Charges for services	5,091,075	5,091,075	4,970,136	4,970,136
Miscellaneous	72,779	72,779	120,177	120,177
<i>Total Revenues</i>	<u>5,383,972</u>	<u>5,383,972</u>	<u>5,396,335</u>	<u>5,396,335</u>
EXPENDITURES				
Materials and services	3,446,264	3,446,264	3,287,351	3,353,931
Capital outlay/depreciation	1,410,000	1,465,000	521,260	825,546
Contingency	412,549	310,549	-	-
<i>Total Expenditures</i>	<u>5,268,813</u>	<u>5,221,813</u>	<u>3,808,611</u>	<u>4,179,477</u>
REVENUES OVER (UNDER) EXPENDITURES	115,159	162,159	1,587,724	1,216,858
OTHER FINANCING SOURCES (USES)				
Capital contributions	-	-	-	179,458
Transfers in	-	-	-	557,066
Transfers out	(993,744)	(1,040,744)	(1,040,744)	(1,040,744)
<i>Total Other Financing Sources (Uses)</i>	<u>(993,744)</u>	<u>(1,040,744)</u>	<u>(1,040,744)</u>	<u>(304,220)</u>
NET CHANGE IN NET ASSETS	(878,585)	(878,585)	546,980	912,638
NET ASSETS, Beginning of year	<u>1,423,585</u>	<u>1,423,585</u>	<u>2,163,929</u>	<u>23,933,211</u>
NET ASSETS, End of year	<u>\$ 545,000</u>	<u>\$ 545,000</u>	<u>\$ 2,710,909</u>	<u>\$ 24,845,849</u>

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****WATER SDC FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 728,000	\$ 728,000	\$ 299,203	\$ 299,203
Miscellaneous	89,806	89,806	83,921	83,921
<i>Total Revenues</i>	817,806	817,806	383,124	383,124
EXPENDITURES				
Materials and services	11,247	11,247	11,247	11,247
Capital outlay/depreciation	2,820,000	2,820,000	295,215	-
Contingency	533,682	533,682	-	-
<i>Total Expenses</i>	3,364,929	3,364,929	306,462	11,247
REVENUES OVER (UNDER) EXPENDITURES				
	(2,547,123)	(2,547,123)	76,662	371,877
OTHER FINANCING SOURCES (USES)				
Transfers in	451,000	451,000	451,000	451,000
Transfers out	-	-	-	(295,215)
<i>Total Other Financing Sources (Uses)</i>	451,000	451,000	451,000	155,785
NET CHANGE IN NET ASSETS	(2,096,123)	(2,096,123)	527,662	527,662
NET ASSETS, Beginning of year	2,096,123	2,096,123	1,570,739	1,570,739
NET ASSETS, End of year	\$ -	\$ -	\$ 2,098,401	\$ 2,098,401

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****WATER BOND FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 75,000	\$ 75,000	\$ 18,275	\$ 18,275
EXPENDITURES				
Materials and services	2,000	2,000	225	225
Debt service	542,744	542,744	542,744	287,744
<i>Total Expenditures</i>	544,744	544,744	542,969	287,969
REVENUES OVER (UNDER) EXPENDITURES	(469,744)	(469,744)	(524,694)	(269,694)
OTHER FINANCING SOURCES (USES)				
Transfers in	542,744	542,744	542,744	542,744
Transfers out	-	-	-	(255,000)
<i>Total Other Financing Sources (Uses)</i>	542,744	542,744	542,744	287,744
NET CHANGE IN NET ASSETS	73,000	73,000	18,050	18,050
NET ASSETS, Beginning of year	424,839	424,839	406,499	406,499
NET ASSETS, End of year	\$ 497,839	\$ 497,839	\$ 424,549	\$ 424,549

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –
WATER RESERVOIR PROJECT FUND
YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 39,545	\$ 39,545	\$ 58,541	\$ 58,541
EXPENDITURES				
Capital outlay/depreciation	830,447	830,447	6,851	-
REVENUES OVER (UNDER) EXPENDITURES	(790,902)	(790,902)	51,690	58,541
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	(6,851)
NET CHANGE IN NET ASSETS	(790,902)	(790,902)	51,690	51,690
NET ASSETS, Beginning of year	790,902	790,902	1,296,168	1,296,168
NET ASSETS, End of year	\$ -	\$ -	\$ 1,347,858	\$ 1,347,858

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****SEWER FUND****YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Budget Basis	GAAP Basis
	Original	Final		
REVENUES				
Charges for services	4,750,141	4,750,141	4,977,744	4,977,744
Miscellaneous	64,151	64,151	73,176	73,176
<i>Total Revenues</i>	4,814,292	4,814,292	5,051,380	5,051,380
EXPENDITURES				
Materials and services	4,719,720	4,719,720	4,506,225	4,506,931
Capital outlay/depreciation	750,000	750,000	73,585	673,811
Contingency	424,584	377,584	-	-
<i>Total Expenses</i>	5,894,304	5,847,304	4,579,810	5,180,742
REVENUES OVER (UNDER) EXPENDITURES	(1,080,012)	(1,033,012)	471,570	(129,362)
OTHER FINANCING SOURCES (USES)				
Capital contributions	-	-	-	603,012
Transfers in	-	-	-	36,341
Transfers out	(200,000)	(247,000)	(247,000)	(247,000)
<i>Total Other Financing Sources (Uses)</i>	(200,000)	(247,000)	(247,000)	392,353
NET CHANGE IN NET ASSETS	(1,280,012)	(1,280,012)	224,570	262,991
NET ASSETS, Beginning of year	1,280,012	1,280,012	1,517,831	19,844,320
NET ASSETS, End of year	\$ -	\$ -	\$ 1,742,401	\$ 20,107,311

CITY OF TUALATIN**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS) –****SEWER SDC FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 680,000	\$ 680,000	\$ 435,641	\$ 435,641
Miscellaneous	162,410	162,410	150,846	150,846
<i>Total Revenues</i>	842,410	842,410	586,487	586,487
EXPENDITURES				
Materials and services	552,038	552,038	310,758	310,758
Capital outlay/depreciation	1,630,000	1,630,000	36,341	-
Contingency	2,008,564	2,008,564	-	-
<i>Total Expenditures</i>	4,190,602	4,190,602	347,099	310,758
REVENUES OVER (UNDER) EXPENDITURES				
	(3,348,192)	(3,348,192)	239,388	275,729
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	(36,341)
NET CHANGE IN NET ASSETS	(3,348,192)	(3,348,192)	239,388	239,388
NET ASSETS, Beginning of year	3,348,192	3,348,192	3,275,881	3,275,881
NET ASSETS, End of year	\$ -	\$ -	\$ 3,515,269	\$ 3,515,269

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OTHER FINANCIAL SCHEDULES

CITY OF TUALATIN
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED –
CITY OF TUALATIN
YEAR ENDED JUNE 30, 2008

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED JULY 1, 2007	DEDUCT DISCOUNTS	ADJUSTMENTS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED JUNE 30, 2008
Current:						
2007-2008	\$ 6,743,424	\$ (170,166)	\$ (8,400)	\$ 2,151	\$ (6,395,393)	\$ 171,616
Prior years:						
2006-2007	127,770	29	(4,253)	4,978	(89,273)	39,251
2005-2006	29,638	59	(3,141)	2,259	(14,467)	14,348
2004-2005	13,278	20	(1,339)	1,969	(8,699)	5,229
2003-2004	4,632	20	(812)	945	(3,286)	1,499
2002-2003 and prior	4,814	-	(206)	635	(1,547)	3,696
	<u>180,132</u>	<u>128</u>	<u>(9,751)</u>	<u>10,786</u>	<u>(117,272)</u>	<u>64,023</u>
	<u>\$ 6,923,556</u>	<u>\$ (170,038)</u>	<u>\$ (18,151)</u>	<u>\$ 12,937</u>	<u>\$ (6,512,665)</u>	235,639
Cash with County						<u>27,882</u>
Tax receivable						<u>\$ 263,521</u>

CITY OF TUALATIN

**SCHEDULE OF PROPERTY TAX TRANSACTION OF TAXES UNCOLLECTED – THE URBAN RENEWAL
AGENCY OF THE CITY OF TUALATIN
YEAR ENDED JUNE 30, 2008**

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED JULY 1, 2007	DEDUCT DISCOUNTS	ADJUSTMENTS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED JUNE 30, 2008
Current:						
2007-2008	\$ 5,519,683	\$ (139,632)	\$ (6,677)	\$ 1,751	\$ (5,237,214)	\$ 137,911
Prior years:						
2006-2007	113,915	27	(3,723)	4,503	(79,962)	34,760
2005-2006	28,840	62	(3,001)	2,238	(14,229)	13,910
2004-2005	15,454	25	(1,490)	2,304	(10,194)	6,099
2003-2004	5,453	25	(946)	1,135	(3,915)	1,752
2002-2003 and prior	3,583	-	(126)	535	(1,278)	2,714
	<u>167,245</u>	<u>139</u>	<u>(9,286)</u>	<u>10,715</u>	<u>(109,578)</u>	<u>59,235</u>
	<u>\$ 5,686,928</u>	<u>\$ (139,493)</u>	<u>\$ (15,963)</u>	<u>\$ 12,466</u>	<u>\$ (5,346,792)</u>	<u>197,146</u>
Cash with County						<u>22,861</u>
Tax receivable						<u>\$ 220,007</u>

CITY OF TUALATIN
SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE
JUNE 30, 2008

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>Limited Tax Improvement Bonds, Series 1998</i>			<i>Leveton Intermediate Financing, Series 2003</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2009	\$ -	\$ 14,570	\$ 14,570	\$ 710,000	\$ 41,760	\$ 751,760
2010	-	14,570	14,570	730,000	21,170	751,170
2011	-	14,570	14,570	-	-	-
2012	-	14,570	14,570	-	-	-
2013	620,000	14,570	634,570	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
	<u>\$ 620,000</u>	<u>\$ 72,850</u>	<u>\$ 692,850</u>	<u>\$ 1,440,000</u>	<u>\$ 62,930</u>	<u>\$ 1,502,930</u>

<i>Central Urban Renewal, Series B 2004</i>			<i>G.O. Bonds, Series 2005</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ 260,000	\$ 16,165	\$ 276,165	\$ 150,000	\$ 129,075	\$ 279,075
270,000	8,235	278,235	150,000	124,388	274,388
-	-	-	155,000	119,431	274,431
-	-	-	165,000	114,025	279,025
-	-	-	170,000	108,056	278,056
-	-	-	175,000	101,694	276,694
-	-	-	180,000	95,037	275,037
-	-	-	190,000	87,863	277,863
-	-	-	195,000	80,162	275,162
-	-	-	205,000	72,163	277,163
-	-	-	215,000	63,762	278,762
-	-	-	220,000	55,063	275,063
-	-	-	230,000	46,062	276,062
-	-	-	240,000	36,663	276,663
-	-	-	250,000	26,862	276,862
-	-	-	260,000	16,500	276,500
-	-	-	270,000	5,569	275,569
-	-	-	-	-	-
-	-	-	-	-	-
\$ 530,000	\$ 24,400	\$ 554,400	\$ 3,420,000	\$ 1,282,375	\$ 4,702,375

CITY OF TUALATIN**SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE (Continued)**

JUNE 30, 2008

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>G.O. Bonds, Series 2006</i>			<i>G.O. Refunding Bonds, Series 2008</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2009	\$ 120,000	\$ 168,038	\$ 288,038	\$ -	\$ 125,377	\$ 125,377
2010	155,000	162,194	317,194	-	109,288	109,288
2011	165,000	155,394	320,394	90,000	107,488	197,488
2012	170,000	148,275	318,275	270,000	100,288	370,288
2013	180,000	140,837	320,837	275,000	89,388	364,388
2014	185,000	133,081	318,081	290,000	78,088	368,088
2015	190,000	125,113	315,113	305,000	66,569	371,569
2016	200,000	116,825	316,825	310,000	54,650	364,650
2017	210,000	108,112	318,112	330,000	41,850	371,850
2018	215,000	99,619	314,619	345,000	26,625	371,625
2019	225,000	91,369	316,369	360,000	9,000	369,000
2020	235,000	82,626	317,626	-	-	-
2021	245,000	73,386	318,386	-	-	-
2022	260,000	63,600	323,600	-	-	-
2023	270,000	53,265	323,265	-	-	-
2024	280,000	42,400	322,400	-	-	-
2025	295,000	30,900	325,900	-	-	-
2026	305,000	18,900	323,900	-	-	-
2027	320,000	6,400	326,400	-	-	-
	<u>\$ 4,225,000</u>	<u>\$ 1,820,334</u>	<u>\$ 6,045,334</u>	<u>\$ 2,575,000</u>	<u>\$ 808,611</u>	<u>\$ 3,383,611</u>

<i>Water Revenue Bonds, Series 2005</i>			<i>Totals</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ 265,000	\$ 276,694	\$ 541,694	\$ 1,505,000	\$ 771,679	\$ 2,276,679
275,000	265,906	540,906	1,580,000	705,751	2,285,751
285,000	255,406	540,406	695,000	652,289	1,347,289
295,000	244,531	539,531	900,000	621,689	1,521,689
305,000	233,281	538,281	1,550,000	586,132	2,136,132
315,000	221,263	536,263	965,000	534,126	1,499,126
330,000	208,363	538,363	1,005,000	495,082	1,500,082
345,000	194,863	539,863	1,045,000	454,201	1,499,201
360,000	180,763	540,763	1,095,000	410,887	1,505,887
375,000	166,063	541,063	1,140,000	364,470	1,504,470
390,000	150,519	540,519	1,190,000	314,650	1,504,650
405,000	133,869	538,869	860,000	271,558	1,131,558
425,000	116,125	541,125	900,000	235,573	1,135,573
445,000	97,420	542,420	945,000	197,683	1,142,683
465,000	77,681	542,681	985,000	157,808	1,142,808
485,000	56,899	541,899	1,025,000	115,799	1,140,799
510,000	35,070	545,070	1,075,000	71,539	1,146,539
530,000	11,925	541,925	835,000	30,825	865,825
-	-	-	320,000	6,400	326,400
\$ 6,805,000	\$ 2,926,641	\$ 9,731,641	\$ 19,615,000	\$ 6,998,141	\$ 26,613,141

STATISTICAL SECTION

The Statistical Section of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the overall financial health of the City of Tualatin.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the financial report relates to the services the City provides and the activities it performs.

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

City of Tualatin implemented GASB #34 in 2004, therefore certain ten year schedules are limited.

STATISTICAL SECTION

- * Net Assets by Components
- * Changes in Net Assets
- * Fund Balances, Governmental Funds
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- * Tax Revenue by Source, Governmental Funds
- * Assessed and Estimated Value of Taxable Property
- * Property Tax Rates - All Direct and Overlapping Governments
- * Principal Taxpayers for Washington and Clackamas Counties
- * Property Tax Levies and Collections
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- * Principal Employers - Current and Nine Years Ago
- * Schedule of Pledged Revenue Bond Coverage
- * Full-time Equivalent City Employees by Function
- * Operating Indicators
- * Capital Asset Statistics by Function

CITY OF TUALATIN
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<i>Governmental activities</i>			
Invested in capital assets (net of related debt)	\$ 70,232,775	\$ 71,044,473	\$ 83,109,505
Restricted for special purposes	25,302,554	31,784,105	27,135,766
Unrestricted	7,553,836	7,504,552	8,324,105
<i>Total governmental activities net assets</i>	<u>\$ 103,089,165</u>	<u>\$ 110,333,130</u>	<u>\$ 118,569,376</u>
<i>Business-type activities</i>			
Invested in capital assets (net of related debt)	\$ 35,943,859	\$ 37,851,884	\$ 35,942,810
Restricted for special purposes	-	4,385,063	4,661,750
Unrestricted	7,821,936	2,890,010	6,248,995
<i>Total business-type activities net assets</i>	<u>\$ 43,765,795</u>	<u>\$ 45,126,957</u>	<u>\$ 46,853,555</u>
<i>Primary government</i>			
Invested in capital assets (net of related debt)	\$ 106,176,634	\$ 108,896,357	\$ 121,771,920
Restricted for special purposes	25,302,554	36,169,168	31,797,516
Unrestricted	15,375,772	10,394,562	11,853,495
<i>Total primary government net assets</i>	<u>\$ 146,854,960</u>	<u>\$ 155,460,087</u>	<u>\$ 165,422,931</u>

<u>2007</u>	<u>2008</u>
\$ 85,434,995	\$ 90,759,532
31,870,363	32,543,974
7,944,380	4,200,284
<u>\$ 125,249,738</u>	<u>\$ 127,503,790</u>
\$ 40,095,770	\$ 40,499,850
6,142,789	7,386,077
4,088,260	4,453,310
<u>\$ 50,326,819</u>	<u>\$ 52,339,237</u>
\$ 125,530,765	\$ 131,259,382
38,013,152	39,930,051
12,032,640	8,653,594
<u>\$ 175,576,557</u>	<u>\$ 179,843,027</u>

CITY OF TUALATIN
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS

	2004	2005	2006
Expenses			
<i>Governmental activities:</i>			
General government	\$ 5,231,830	\$ 6,633,054	\$ 7,372,433
Public safety	3,938,333	4,255,099	4,614,719
Highways and streets	2,154,320	1,979,000	1,622,815
Culture and recreation	2,427,929	1,322,674	1,502,076
Interest on long-term debt	506,419	422,180	2,382,698
Unallocated depreciation	129,475	126,432	123,973
<i>Total governmental activities expenses</i>	14,388,306	14,738,439	17,618,714
<i>Business-type activities:</i>			
Water	2,572,652	4,233,678	4,386,891
Sewer	4,036,193	5,493,671	5,360,593
<i>Total business-type activities expenses</i>	6,608,845	9,727,349	9,747,484
<i>Total expenses</i>	<u>\$ 20,997,151</u>	<u>\$ 24,465,788</u>	<u>\$ 27,366,198</u>
Program revenues			
<i>Governmental activities:</i>			
Charges for services			
General government	\$ 2,104,395	\$ 1,883,453	\$ 1,662,757
Highways and streets	3,740,444	3,347,731	2,955,457
Public safety	85,568	76,584	67,610
Culture and recreation	751,588	672,678	593,856
Operating grants and contributions	34,957	67,857	2,277,204
Capital grants and contributions	1,662,029	1,948,857	3,295,733
<i>Total governmental activities program revenues</i>	8,378,981	7,997,160	10,852,617
<i>Business-type activities:</i>			
Charges for services			
Water	4,826,342	4,208,795	4,547,080
Sewer	4,772,391	4,161,748	4,496,251
Capital grants and contributions	905,636	3,758,798	1,844,442
<i>Total business-type activities program revenues</i>	10,504,369	12,129,341	10,887,773
<i>Total program revenues</i>	<u>\$ 18,883,350</u>	<u>\$ 20,126,501</u>	<u>\$ 21,740,390</u>
Net (expense)/revenue			
<i>Governmental activities</i>	\$ (6,009,325)	\$ (6,741,279)	\$ (6,766,097)
<i>Business-type activities</i>	3,895,524	2,401,992	1,140,289
<i>Total net expenses</i>	<u>\$ (2,113,801)</u>	<u>\$ (4,339,287)</u>	<u>\$ (5,625,808)</u>

<u>2007</u>	<u>2008</u>
\$ 8,928,490	\$ 9,076,098
5,160,680	5,164,134
3,331,787	3,671,693
1,960,442	3,521,904
453,084	658,450
-	-
19,834,483	22,092,279
2,992,876	2,916,971
5,046,003	4,774,164
8,038,879	7,691,135
\$ 27,873,362	\$ 29,783,414
\$ 1,934,054	\$ 1,691,801
2,223,073	958,867
232,124	105,751
482,031	201,591
1,298,980	3,103,806
1,772,517	2,466,659
7,942,779	8,528,475
5,134,440	5,575,361
4,690,369	5,413,845
3,156,077	782,470
12,980,886	11,771,676
\$ 20,923,665	\$ 20,300,151
\$ (11,891,704)	\$ (13,563,804)
4,942,007	4,080,541
\$ (6,949,697)	\$ (9,483,263)

CITY OF TUALATIN
CHANGES IN NET ASSETS (Continued)
LAST FIVE FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>
General revenues and other changes in net assets			
Governmental activities:			
Taxes and assessments	\$ 9,598,691	\$ 10,078,180	\$ 10,888,251
Licenses and permits	1,714,231	1,828,503	2,014,126
Miscellaneous	454,292	878,561	1,999,966
Transfers	2,165,130	1,200,000	100,000
	<u>13,932,344</u>	<u>13,985,244</u>	<u>15,002,343</u>
Business-type activities:			
Miscellaneous	109,979	159,170	361,929
Transfers	(2,165,130)	(1,200,000)	(100,000)
	<u>(2,055,151)</u>	<u>(1,040,830)</u>	<u>261,929</u>
Total	<u>\$ 11,877,193</u>	<u>\$ 12,944,414</u>	<u>\$ 15,264,272</u>
Change in net assets			
Governmental activities	\$ 7,923,019	\$ 7,243,965	\$ 8,236,246
Business-type activities	1,840,373	1,361,162	1,402,218
Total	<u>\$ 9,763,392</u>	<u>\$ 8,605,127</u>	<u>\$ 9,638,464</u>

<u>2007</u>	<u>2008</u>
\$ 10,925,950	\$ 12,071,782
2,126,101	2,242,346
3,528,863	2,160,780
1,991,150	2,573,058
<hr/>	
18,572,064	19,047,966
522,407	504,936
(1,991,150)	(2,573,058)
<hr/>	
(1,468,743)	(2,068,122)
<hr/>	
<u>\$ 17,103,321</u>	<u>\$ 16,979,844</u>
\$ 6,680,360	\$ 5,484,162
3,473,264	2,012,419
<hr/>	
<u>\$ 10,153,624</u>	<u>\$ 7,496,581</u>

CITY OF TUALATIN
FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund										
Reserved	\$ 84,585	\$ 79,810	\$ 54,357	\$ -	\$ -	\$ -	\$ -	\$ 65,617	\$ -	\$ -
Unreserved	3,170,942	3,694,217	4,015,194	4,235,407	4,495,830	4,409,043	4,497,524	5,125,815	4,520,546	4,565,418
Total general fund	\$ 3,255,527	\$ 3,774,027	\$ 4,069,551	\$ 4,235,407	\$ 4,495,830	\$ 4,409,043	\$ 4,497,524	\$ 5,191,432	\$ 4,520,546	\$ 4,565,418
All other governmental funds										
Reserved	\$ 187,382	\$ 203,817	\$ 139,889	\$ 97,419	\$ 107,080	\$ 103,515	\$ 97,844	\$ 92,898	\$ 92,680	\$ 512,042
Unreserved, reported in:										
Special revenue funds	6,644,759	6,943,249	8,061,376	8,749,450	7,770,121	7,282,602	7,413,565	7,644,037	8,514,792	9,121,858
Capital projects funds	9,761,166	5,997,111	7,569,258	8,635,817	14,361,838	15,035,687	22,942,560	19,239,160	23,319,543	20,419,390
Debt service funds	7,055,030	4,453,393	3,562,681	3,793,857	6,007,795	5,041,998	3,910,171	3,292,344	3,066,830	1,825,045
Total all other governmental funds	\$ 23,648,337	\$ 17,597,570	\$ 19,333,204	\$ 21,276,543	\$ 28,246,834	\$ 27,463,802	\$ 34,364,140	\$ 30,268,439	\$ 34,993,845	\$ 31,878,335

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CITY OF TUALATIN
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS

	2004	2005	2006
REVENUES			
Property taxes	\$ 10,138,379	\$ 10,567,468	\$ 10,885,890
Licenses and permits	1,696,974	1,827,209	2,466,535
Intergovernmental	3,714,543	2,786,052	3,253,950
Franchise tax	2,353,626	-	-
Charges for services	1,498,171	4,333,178	4,809,174
Fines and forfeitures	436,835	169,465	170,315
Miscellaneous	429,355	1,213,920	2,854,334
Total revenues	<u>20,267,883</u>	<u>20,897,292</u>	<u>24,440,198</u>
EXPENDITURES			
Current operating:			
General government	7,248,525	6,523,259	7,213,176
Public safety	3,728,033	4,044,373	4,427,287
Public Works	350,724	249,943	277,299
Culture and recreation	2,124,059	1,039,039	1,220,536
Capital outlay	9,188,096	5,436,529	12,672,121
Debt service			
Interest	506,419	422,180	2,382,696
Principal	5,973,640	6,937,435	4,558,359
Reserves	548,961	-	-
Total expenditures	<u>29,668,457</u>	<u>24,652,758</u>	<u>32,751,474</u>
REVENUES OVER (UNDER) EXPENDITURES	(9,400,574)	(3,755,466)	(8,311,276)
OTHER FINANCING SOURCES (USES)			
Transfers in	5,185,064	4,409,247	3,920,381
Transfers out	(3,019,934)	(3,209,247)	(3,820,381)
Bond Refunding	-	-	-
Issuance of debt	6,365,625	9,544,291	4,809,483
Total other financing sources (uses)	<u>8,530,755</u>	<u>10,744,291</u>	<u>4,909,483</u>
NET CHANGE IN FUND BALANCES	<u>\$ (869,819)</u>	<u>\$ 6,988,825</u>	<u>\$ (3,401,793)</u>
Debt service as a percentage of noncapital expenditures	<u>48.17%</u>	<u>62.07%</u>	<u>52.83%</u>

2007	2008
\$ 11,100,992	\$ 12,073,721
1,955,143	3,926,256
2,777,905	3,101,583
2,126,101	2,242,346
4,125,236	5,949,678
234,169	229,180
2,263,577	2,176,803
<u>24,583,123</u>	<u>29,699,567</u>
8,942,056	8,734,604
4,871,925	5,193,903
1,167,548	954,187
1,300,643	3,037,178
8,333,879	10,115,467
457,575	1,346,829
5,949,323	1,430,000
<u>31,022,949</u>	<u>30,812,168</u>
(6,439,826)	(1,112,601)
7,293,764	11,854,026
(5,302,614)	(13,975,213)
-	(2,575,000)
8,503,194	2,738,150
<u>10,494,344</u>	<u>(1,958,037)</u>
<u>\$ 4,054,518</u>	<u>\$ (3,070,638)</u>
<u>39.35%</u>	<u>15.50%</u>

CITY OF TUALATIN
TAX REVENUE BY SOURCE – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Fiscal Year	Property ¹	Special Assessments ²	Total
1999	\$ 6,917,662	\$ 1,267,327	\$ 8,184,989
2000	7,759,369	99,797	7,859,166
2001	7,964,095	91,664	8,055,759
2002	8,249,015	97,384	8,346,399
2003	8,047,150	45,857	8,093,007
2004	9,989,298	90,033	10,079,331
2005	10,421,824	131,047	10,552,871
2006	11,214,234	123,731	11,337,964
2007	11,012,986	88,006	11,100,992
2008	11,802,861	87,036	11,889,897
Change 1999-2008	70.6%	-93.1%	45.3%

¹ Includes current and prior property tax revenue and interest earned; deducts write offs for general property taxes and tax increment revenues.

² Special assessment billings are for local improvement district assessments which are paid to the City by the benefited property owners over a ten to fifteen year period.

CITY OF TUALATIN
ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Property		Personal Property*		Public Utility Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1999	\$ 1,431,638,192	\$ 1,805,293,222	\$ 100,615,498	\$ 103,340,664	\$ 39,887,933	\$ 44,535,163	\$ 1,572,141,623	\$ 1,953,169,049	80%
2000	1,552,662,162	2,024,876,429	126,113,436	130,973,385	47,298,549	51,448,405	1,726,074,147	2,207,298,219	78%
2001	1,654,698,415	2,185,266,947	144,561,051	148,625,782	55,348,650	68,415,740	1,854,608,116	2,402,308,469	77%
2002	1,766,058,040	2,352,560,606	136,668,191	138,878,692	59,749,964	61,179,114	1,962,476,195	2,552,618,412	77%
2003	1,873,463,727	2,486,698,778	149,199,919	149,480,208	56,019,551	56,073,626	2,078,683,197	2,692,252,612	77%
2004	2,102,847,063	2,743,758,308	149,097,494	151,377,151	58,094,721	59,323,563	2,310,039,278	2,954,459,022	78%
2005	2,224,264,234	2,920,393,731	150,690,649	153,578,741	58,423,990	60,223,328	2,433,378,873	3,134,195,800	78%
2006	2,389,116,066	3,282,945,576	152,327,937	155,450,518	60,322,100	62,292,124	2,601,766,103	3,500,688,218	74%
2007	2,544,355,372	3,934,269,023	165,481,887	165,715,577	58,823,500	59,078,972	2,768,660,759	4,159,063,572	67%
2008	2,707,538,796	4,402,217,809	181,669,845	181,960,795	59,886,520	60,707,570	2,949,095,161	4,644,886,174	63%

* Tax limitation Measure 50 results in a larger difference between market assessed value than were reportable in previous years.

** Assessed value includes assessed value in the Urban Renewal Area.

Source: Washington County and Clackamas County Assessors

CITY OF TUALATIN
PROPERTY TAX RATES – ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
City of Tualatin:										
General Government	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 1.99	\$ 1.90	\$ 1.91	\$ 1.92	\$ 1.94	\$ 1.95
G.O. Bond	0.73	0.89	0.63	0.48	0.11	0.10	0.09	0.21	0.19	0.31
Total City	3.00	3.16	2.90	2.75	2.10	2.00	2.00	2.13	2.13	2.26
OVERLAPPING RATES:										
Washington County										
Washington County	2.56	2.54	2.53	2.96	2.51	2.37	2.36	2.35	2.05	2.65
	2.56	2.54	2.53	2.96	2.51	2.37	2.36	2.35	2.05	2.65
School District										
NW Regional ESD*	0.15	0.14	0.12	0.12	0.12	0.12	0.13	0.11	0.13	0.13
Portland Community College	0.35	0.34	0.31	0.49	0.40	0.40	0.40	0.38	0.41	0.43
Tigard-Tualatin School District #23J	6.65	5.91	5.91	5.71	6.47	6.39	6.31	6.39	6.90	6.86
	7.15	6.39	6.34	6.32	6.99	6.91	6.84	6.88	7.44	7.42
Special District										
Clean Water Services	-	-	-	-	-	-	-	-	-	-
Tualatin Valley Fire & Rescue	1.53	1.56	1.59	1.83	1.60	1.54	1.54	1.58	1.60	1.65
Port of Portland	0.08	0.08	0.07	0.07	0.06	0.06	0.06	0.06	0.06	0.06
Metro Service District	0.36	0.33	0.34	0.32	0.25	0.24	0.24	0.24	0.24	0.39
Tri-Met Transport District	0.15	0.14	0.13	0.14	0.10	0.09	0.09	0.10	0.08	0.07
Urban Renewal - Tualatin	0.12	0.04	-	-	1.79	2.48	2.40	2.13	1.89	1.81
	2.24	2.15	2.13	2.36	3.80	4.41	4.33	4.11	3.87	3.99
Total Overlapping	11.95	11.08	11.00	11.64	13.30	13.69	13.53	13.34	13.37	14.06
TOTAL	\$ 14.95	\$ 14.24	\$ 13.90	\$ 14.39	\$ 15.40	\$ 15.69	\$ 15.53	\$ 15.47	\$ 15.50	\$ 16.32

These rates are based on the tax code area of Tualatin which has the highest percentage of the City's Assessed Value (Tax Code 023.76). Rates within the City differ somewhat according to the other tax code categories which apply.

Source: Washington and Clackamas Counties

CITY OF TUALATIN
PRINCIPAL TAXPAYERS FOR WASHINGTON COUNTY & CLACKAMAS COUNTY
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2008			1999		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
Novellus Systems, Inc	\$ 105,459,440	1	3.58%	-	-	-
BV Centercal LLC	87,567,650	2	2.97%	-	-	-
JAE Oregon, Inc	29,037,280	3	0.98%	-	-	-
PRA Koch X LLC	12,204,990	4	0.41%	-	-	-
Lumber Products	21,042,321	5	0.71%	-	-	-
Riggs Bank NA	22,768,050	6	0.77%	13,288,920	8	0.68%
Simpson Financing LTD Partnership-Rivercrest	22,577,430	7	0.77%	17,822,890	2	0.91%
Monadnock Property Trust LLC	22,553,420	8	0.76%	-	-	-
Zian Limited Partnership	22,347,410	9	0.76%	17,696,240	3	0.91%
Fujimi Corporation	23,025,550	10	0.78%	28,948,548	1	1.48%
Legacy Health Systems	-	-	-	14,529,960	7	0.74%
OKI America, Inc.	-	-	-	12,871,520	9	0.66%
Simpson Financing LTD Partnership-Hazelbrook	-	-	-	14,923,570	6	0.76%
Puget Plastics Corporation	-	-	-	15,920,740	4	0.82%
Security Capitol Pacific Trust	-	-	-	14,938,230	5	0.76%
South Center III & IV Investors LLC	-	-	-	12,558,260	10	0.64%
	<u>\$ 368,583,541</u>		<u>12.50%</u>	<u>\$ 163,498,878</u>		<u>8.37%</u>

¹ Source: Washington and Clackamas County Assessor's records

² 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
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Collected in year of Levy		Collected in subsequent years	Total collections to date	
		Amount	Percent of Levy		Amount	Percent of Levy
1999	\$ 7,131,660	\$ 6,710,105	94.09%	\$ 421,190	\$ 7,131,295	99.99%
2000	8,073,949	7,534,500	93.32%	538,441	8,072,941	99.99%
2001	8,183,626	7,728,299	94.44%	453,937	8,182,236	99.98%
2002	8,485,459	8,017,740	94.49%	466,808	8,484,548	99.99%
2003	8,258,906	7,798,636	94.43%	457,939	8,256,575	99.97%
2004	10,344,696	9,773,994	94.48%	567,820	10,341,814	99.97%
2005	10,684,835	10,138,855	94.89%	536,141	10,674,996	99.91%
2006	11,121,440	10,575,968	95.10%	515,689	11,091,657	99.73%
2007	11,343,364	11,101,678	97.87%	169,235	11,270,913	99.36%
2008	12,263,107	11,632,607	94.86%	-	11,632,607	94.86%

Source: Washington County and Clackamas County Assessors

CITY OF TUALATIN
DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					Business-type Activities	Total	Population	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Limited Tax Bonds	Urban Renewal Agency Bonds	Water Revenue Bonds			
1999	\$ 7,735,000	\$ 150,000	\$ -	\$ 2,460,000	\$ 4,715,000	\$ -	\$ 15,060,000	21,345	\$705.55
2000	6,655,000	125,000	-	1,100,000	3,955,000	-	11,835,000	23,065	513.12
2001	5,555,000	100,000	-	1,020,000	3,165,000	-	9,840,000	23,270	422.86
2002	4,455,000	75,000	-	940,000	2,355,000	-	7,825,000	24,100	324.69
2003	4,270,000	50,000	-	940,000	6,675,000	-	11,935,000	24,790	481.44
2004	4,080,000	25,000	90,000	860,000	6,600,000	-	11,655,000	24,940	467.32
2005	7,665,000	-	77,237	780,000	5,440,000	-	13,962,237	25,464	548.31
2006	7,380,000	-	62,646	700,000	4,250,000	7,305,000	19,697,646	25,594	769.62
2007	7,025,000	-	46,517	620,000	3,030,000	7,060,000	17,781,517	25,650	693.24
2008	10,220,000	-	29,030	620,000	1,970,000	6,805,000	19,644,030	25,650	765.85

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

Personal income data and unemployment rate data for the City is not available

CITY OF TUALATIN
COMPUTATION OF OVERLAPPING GENERAL OBLIGATION DEBT
JUNE 30, 2008

Jurisdiction	General Obligation Debt Outstanding	Percent Applicable Inside City of Tualatin	Amount Applicable Inside City of Tualatin
City of Tualatin	\$ 11,250,000	100.0000%	\$ 11,250,000
Clackamas County	-	0.9886% [*]	-
Clackamas County District 3J (West Linn/Wilsonville)	125,412,238	1.3742%	1,723,415
Clackamas County School District 7J (Lake Oswego)	78,050,000	1.4284%	1,114,866
Clackamas Community College	42,810,000	1.1685%	500,235
Metro	226,593,256	2.2738%	5,152,277
Tri-Met	52,020,000	2.2866%	1,189,489
Portland Community College	63,430,000	2.5882%	1,641,695
Washington County	39,110,000	5.7232%	2,238,344
Tualatin Valley Fire and Rescue District	2,850,000	7.2400%	206,340
Washington County School District 23J (Tigard-Tualatin)	106,015,000	30.0091%	31,814,147
Washington County School District 88J (Sherwood)	134,261,600	10.3157%	13,850,024
			<u><u>\$ 70,680,832</u></u>

Overlapping debt percentage is determined by the percentage of assessed value of the overlapping district that is within the City limits of Tualatin applied.

CITY OF TUALATIN
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2008

ORS 287.004 provides a debt limit of 3% of true cash value of all taxable property within the City boundaries:

True Cash Value	\$ 2,949,095,161
Rate	<u>x 3%</u>
Debt limit	88,472,855
Debt applicable to limit	<u>9,955,038</u>
	<u><u>\$ 78,517,817</u></u>

Legal debt margin

Fiscal year ended June 30,	Debt Margin as a Percentage of Debt Limit	Debt limit	Debt applicable to limit	Legal debt margin
1999	87.84%	\$ 58,595,071	\$ 7,124,315	51,470,756
2000	90.71%	66,218,947	6,150,512	60,068,435
2001	92.35%	66,560,442	5,090,648	61,469,794
2002	94.40%	76,578,553	4,290,108	72,288,445
2003	94.96%	62,360,496	3,146,054	59,214,442
2004	95.74%	69,301,178	2,950,913	66,350,265
2005	90.86%	73,001,366	6,671,100	66,330,266
2006	92.03%	81,279,915	6,479,517	74,800,398
2007	87.41%	83,059,823	10,458,584	72,601,239
2008	88.75%	88,472,855	9,955,038	78,517,817

Cash value stated above is equal to that value which is "taxable assessed value" as defined by Oregon law. This value is not the same value as market value, but is the value used for levy purposes.

Total Bonded Debt	\$ 12,810,000
Less:	
Limited Tax Improvement Bonds	(620,000)
Special Assessment Bonds	-
Urban Renewal Bonds	(1,970,000)
Amount Available for Payment of GO Bonds (ending fund balance)	(264,962)
Total Debt Applicable to Limitation	<u><u>\$ 9,955,038</u></u>

Source: Current and previous CAFR's

CITY OF TUALATIN
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2008			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Legacy Meridian Park Hospital	823	1	3.70%	600	1	n/a
United Parcel Service	512	2	2.30%	547	2	n/a
GE Security	500	3	2.25%	-	-	-
Tigard-Tualatin School District	421	4	1.89%	366	4	n/a
Novellus Systems, Inc.	400	5	1.80%	-	-	-
Portland General Electric	314	6	1.41%	-	-	-
DPI Northwest	300	7	1.35%	-	-	-
Empire Pacific Windows Corporation	300	8	1.35%	-	-	-
Precision Wire Components (PWC)	290	9	1.30%	-	-	-
Milgard Windows	275	10	1.24%	-	-	-
Sentrol	-	-	-	375	3	n/a
Puget Plastics	-	-	-	350	5	n/a
Fred Meyer	-	-	-	300	6	n/a
Delta Engineering & Manufacturing Company	-	-	-	220	7	n/a
Simple Design Manufacturing	-	-	-	220	7	n/a
Coca-Cola Bottling of Oregon	-	-	-	218	8	n/a
Colonial Pacific Leasing Corporation	-	-	-	205	9	n/a
	<u>4,135</u>			<u>3,401</u>		
Total City employment			<u>22,228</u>			

Information derived from 2008 Business License data provided to the City of Tualatin.

CITY OF TUALATIN
SCHEDULE OF PLEDGED REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

SPECIAL ASSESSMENT BONDS

Fiscal Year Ended June 30,	Assessment Principal Collections	Debt Service Requirements			Percent Coverage
		Principal	Interest	Total	
1999	\$ 1,410,354	\$ 25,000	\$ 68,335	\$ 93,335	1511.07%
2000	114,802	1,385,000	124,558	1,509,558	7.60%
2001	151,250	105,000	59,013	164,013	92.22%
2002	156,683	105,000	53,628	158,628	98.77%
2003	143,202	25,000	48,243	73,243	195.52%
2004	139,327	105,000	46,618	151,618	91.89%
2005	133,594	105,000	41,233	146,233	91.36%
2006	123,731	80,000	36,660	116,660	106.06%
2007	121,086	80,000	32,900	112,900	107.25%
2008	115,254	-	29,140	29,140	395.52%

As of June 30, 2006, only two parcels had assessments. In 1997 the only outstanding assessment had been previously paid. In 1999 of the four land parcels outstanding, two were redeemed in full.

CITY OF TUALATIN
FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	31.75	32.50	33.50	33.50	34.25	33.75	31.75	31.88	33.45	33.00
Public safety	31.50	33.50	34.50	35.00	35.75	36.75	38.75	40.63	43.50	44.50
Highways and streets	18.50	18.50	18.50	18.50	18.50	19.00	19.75	19.75	20.50	20.50
Culture and recreation	18.50	21.00	21.50	22.75	23.25	24.25	24.00	24.00	26.05	29.75
Sewer	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Water	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00
Total	<u>108.75</u>	<u>114.00</u>	<u>116.50</u>	<u>118.25</u>	<u>120.25</u>	<u>122.25</u>	<u>121.75</u>	<u>123.75</u>	<u>131.00</u>	<u>135.25</u>

Data from current and previous budgets

CITY OF TUALATIN
OPERATING INDICATORS
LAST TEN FISCAL YEARS

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Arrests	626	805	854	934	1,048	1,184	1,038	1,039	1,200	896
Traffic violations	n/a	2,160	2,249	2,724	3,057	2,765	2,316	2,810	3,813	3,736
*Municipal Court cases	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Building activity										
Permits issued	370	675	449	216	164	503	673	1,691	1,706	1,428
Estimated value (000's)	\$ 63,509	\$ 61,775	\$ 86,227	\$ 84,434	\$ 54,571	\$ 95,351	\$117,949	\$ 80,107	\$ 94,643	\$ 84,407
Planning applications	248	233	216	239	217	178	314	128	300	206
Library circulation	215,000	183,204	251,851	317,273	359,773	367,701	394,995	427,222	416,179	443,963
Miles of streets maintained	59	60	63	65	65	67	76	76	76	76
Water connections	5,287	5,361	5,564	5,725	6,032	6,200	6,408	6,500	6,628	6,686
Sewer connections	4,974	4,974	5,263	5,480	5,738	5,900	6,408	6,192	6,346	6,301

n/a = information not available

*Several years ago the City of Tualatin decided to disband its Municipal Court. Felonies are tried by the county in which the alleged crime occurs. A negligible number of offenses, primarily parking violations, are tried in Municipal Court.

Data acquired from various City of Tualatin departments.

CITY OF TUALATIN
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public safety										
Patrol units	14	14	15	16	16	18	18	18	15	22
Officers	28	29	29	30	30	32	32	35	36	35
Highways and streets										
	59	60	63	65	65	67	76	76	76	76
Culture and recreation										
Number of parks	11	11	11	11	11	11	11	11	11	11
Acreage	115	262	270	272	276	289	289	284	310	310
*Sewage disposal										
Max daily capacity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Water										
Max daily capacity	11	11	11	11	11	11	11	11	13	13
Fire hydrants	865	865	865	865	865	876	903	931	953	960

*Sewage treatment for The City of Tualatin is provided by Clean Water Services (CWS) of Washington County.
For a small portion of the City (east of I-5 and north of the Tualatin River) the service is provided by City of Lake Oswego.

CITY OF TUALATIN, OREGON

AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

YEAR ENDED JUNE 30, 2008

STATE OF OREGON COMPLIANCE SECTION

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules follow.

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Tualatin (the City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 26, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Significant Accounting Policies

The significant accounting policies followed in preparing the City's financial statements are summarized in the notes to the financial statements.

Organization and Fund Structure

The organization and fund structure of the City is documented in the notes to the financial statements.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Adequacy of Accounting Records

The City's accounting records were reasonably maintained and adequate to support our audit of the basic financial statements.

CITY OF TUALATIN, OREGON

AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS (Continued)

YEAR ENDED JUNE 30, 2008

STATE OF OREGON COMPLIANCE SECTION (Continued)

Adequacy of Collateral Securing Depository Balances

ORS 295 provides that each depository, throughout the period of its possession of public fund deposits, shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Deposit Insurance Corporation. Our review of the adequacy of collateral securing depository balances indicated the collateral was sufficient during the year ended June 30, 2008.

Indebtedness

The general obligation bonded debt of the City is in compliance with the limitation imposed by law. We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the City's liabilities, and no breach of the bond agreements, at June 30, 2008.

Budget Compliance

The City has complied with Local Budget Law (ORS 294) in the preparation and adoption of its budget and tax levy for fiscal years ending June 30, 2008 and 2009, except as noted in the notes to the financial statements.

Insurance and Fidelity Bonds

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2008. We ascertained that such policies appeared to be in force and in compliance with legal requirements. We are not competent by training to comment on the adequacy of the insurance policies.

Highway Funds

The City complied with the legal requirements, Article IX, Section 3a of the Oregon Constitution pertaining to the use of revenue from taxes on motor vehicle fuel, and the statutory requirements of ORS 294, 368 and 373 as they pertain to the use of road funds.

Programs Funded from Outside Sources

We have reviewed the City's compliance with appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies. The City is in compliance with the guidelines in all material respects.

Investments

Our review of deposit and investment balances indicated that the City was in compliance with ORS 294, as it pertains to investment of public funds, during the year ended June 30, 2008.

Public Contracting and Purchasing

Our review of the City's public contracting, purchasing procedures and construction of public improvement requirements (ORS 279) indicated that the City was in compliance.

CITY OF TUALATIN, OREGON


AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS (Continued)
YEAR ENDED JUNE 30, 2008

Financial Reporting Requirements

We have reviewed financial reports and other data relating to programs funded wholly or partially by other governmental agencies. This data, filed with other governmental agencies, is in agreement with and supported by the accounting records.

This report is intended for the information and use of the City Council and management of the City of Tualatin and is not intended and should not be used by other than those specified parties.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Charles A. Swank, A Shareholder

December 26, 2008