

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2007

CITY OF TUALATIN, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2007

Prepared by the City of Tualatin - Department of Finance

Dan Boss, Interim Finance Director

City of Tualatin, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2007

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INTRODUCTORY SECTION

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CITY OF TUALATIN, OREGON

JUNE 30, 2007

*CITY COUNCIL

TERM EXPIRES

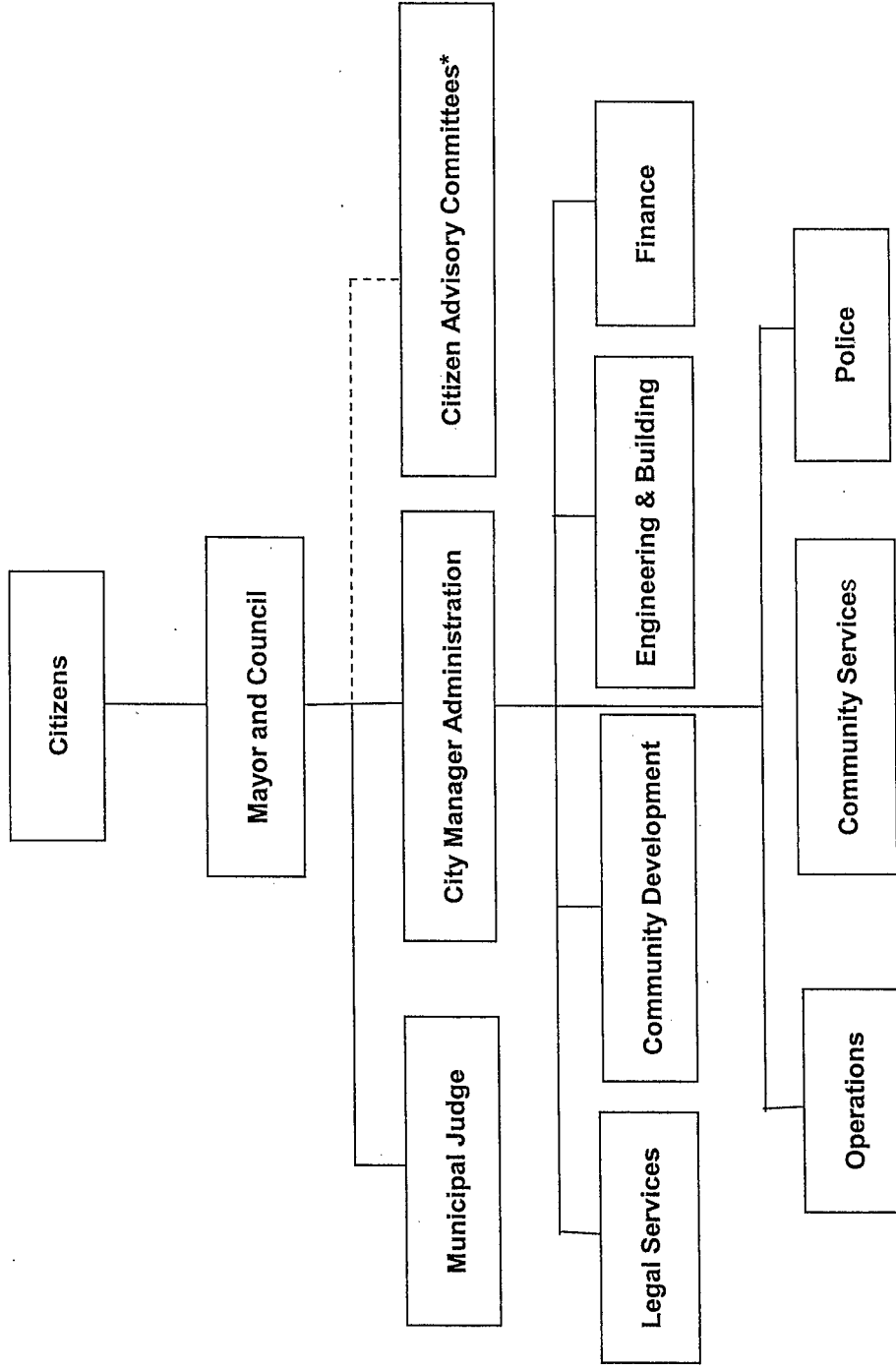
Lou Ogden, Mayor	December 31, 2010
Jay Harris, Position No. 1	December 31, 2010
Monique Beikman, Position No. 2	December 31, 2008
Donna Maddux, Position No. 3	December 31, 2010
Ed Truax, Council President, Position No. 4	December 31, 2008
Chris Barhyte, Position No. 5	December 31, 2010
Bob Boryska, Position No. 6	December 31, 2008

ADMINISTRATIVE

Sherilyn Lombos, City Manager
Brenda Braden, City Attorney
Dan Boss , Interim 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 28, 2007

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, 2007.

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, 2007, 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, 2007, 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 2006-07 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) at 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 of Tualatin 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 of Tualatin 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 of Tualatin's financial planning and control. All department heads of the City of Tualatin 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 Park Development 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 Park Development 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 following:

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 City sold library bonds of \$4,225,000 on November 7, 2007 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. The library is temporarily relocated in a nearby location on Nyberg Street in Tualatin during construction.

An addition to the City Offices to relieve overcrowding in the Building Division was bundled with the library expansion project to coordinate design in overlapping areas and to take advantage of design and construction efficiencies. Funding for the renovation of the City Offices building was approved by City Council through a Supplemental Budget in December 2006. The increased operating costs will be absorbed by the General Fund revenues that have increased since 2004. Capital costs will be paid with the 2004 bond authorization and a share of the Central Urban Renewal District Project Fund resources.

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.

The Oregon Constitution reserves to the people of the State the right to initiate the power to amend the State Constitution or place measures on the statewide general election ballot. Once an initiative measure has gathered a sufficient number of signatures and qualifies for placement on the ballot, the State is required to prepare a formal estimate of the measure's financial impact. Such initiatives are sometimes declared unconstitutional; however, they have potential for major economic impact for cities and counties in Oregon.

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.

Awards and Acknowledgements

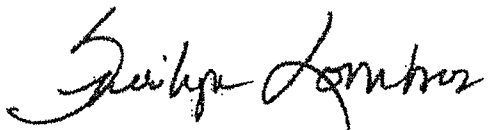
The Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tualatin for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the 15th consecutive year that the City has received this 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.

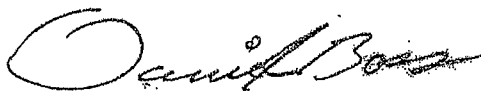
We would like to express our appreciation to members of other departments who assisted with contributions of information to be included in this report. Credit must also be given to the City Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism 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. A special note of appreciation is given to our auditors, Tom Glogau, Charles Swank, and Greg Ficek.

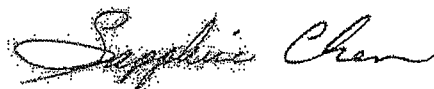
Respectfully submitted,



Sherilyn Lombos
City Manager



Dan Boss
Interim 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, 2006

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

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, 2007, 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 an opinion 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 opinion.

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, 2007 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 made for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Tualatin, Oregon. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

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The data presented in the accompanying statistical and introductory sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such data.

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

By: 
Charles A. Swank, A Shareholder
December 21, 2007

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, 2007.

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 \$175,576,557. Of this amount \$12,032,640 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased \$10,153,624. This increase represents the sum of an increase in governmental activities of \$6,680,360 and business-type activities of \$3,473,264.
- As of the close of the most recent fiscal year, the City of Tualatin's governmental funds reported combined ending fund balances of \$39,514,391. More than 90% of this total, \$39,421,711, is available for spending on the government's programs (unreserved fund balance).
- At the end of the 2007 fiscal year, unreserved fund balance for the General Fund was \$4,520,546 or 41% of the total General Fund expenditures.

The City of Tualatin's total debt, including bonds, leases, loans, and compensated absences increased \$2,308,871 during the year. The primary factor in this increase was the issuing of \$4,225,000 of general obligation bonds to construct a new library.

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 government'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 of Tualatin 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 of Tualatin include general government, public safety, highways and streets, economic development, 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, 97092.

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 of Tualatin 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 of Tualatin 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 2006-07 the City of Tualatin's assets exceeded its liabilities by \$175,576,557. Of this amount, 71 percent of the City's net assets (\$125,530,765) 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 (\$38,013,152) are restricted as to how they may be used by budgetary, legal and external factors. The unrestricted amount of \$12,032,640 (1% of net assts) can be used to meet on-going obligations. Of the total \$26,566,691 of liabilities at year-end for governmental and business-type activities, \$20,321,517 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 2006-07, as they did for 2005-06.

The *Statement of Net Assets* and the pie chart of Revenues by Source 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 \$10,153,624 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.

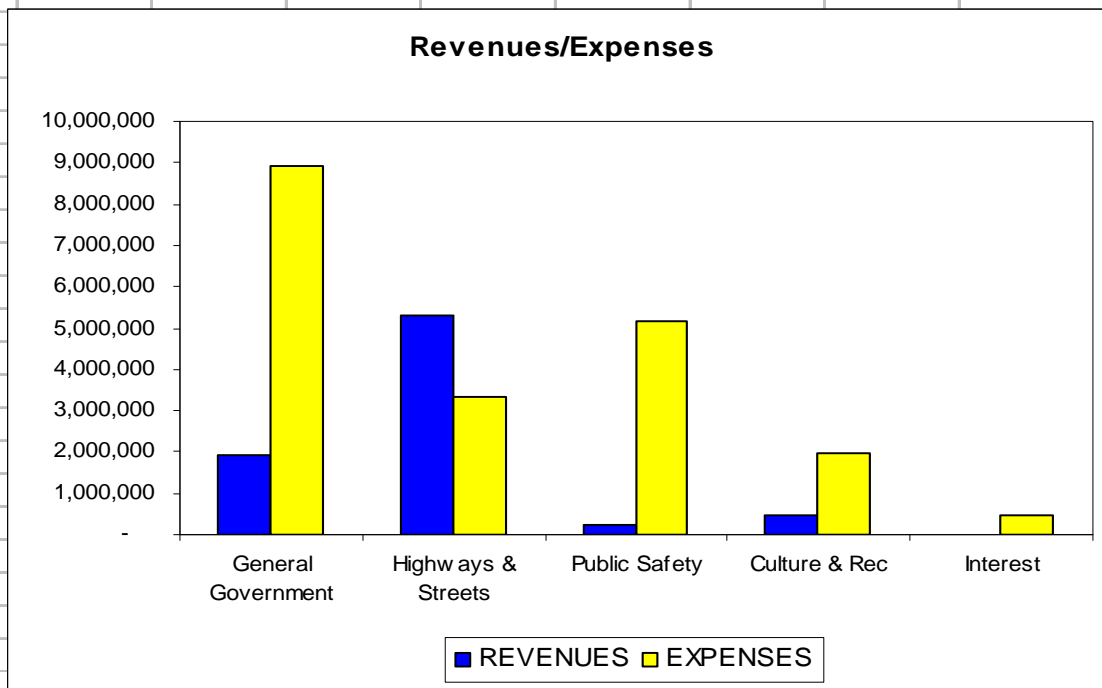
However, as build-out of the City occurs, it is likely to become more difficult to handle the inevitable rise in the cost of services. Regional transportation issues and the high development in the southwestern part of Washington County will continue to present challenges to the high quality of life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

CITY OF TUALATIN'S NET ASSETS						
June 30, 2007 and 2006						
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 43,539,437	\$ 40,401,384	\$ 11,066,529	\$ 12,354,840	\$ 54,605,966	\$ 52,756,224
Capital assets	100,381,512	95,133,469	47,155,770	43,247,810	147,537,282	138,381,279
Total assets	143,920,949	135,534,853	58,222,299	55,602,650	202,143,248	191,137,503
Long-term liabilities	14,946,517	12,392,646	7,060,000	7,305,000	22,006,517	19,697,646
Other liabilities	3,724,694	4,572,831	835,480	1,444,095	4,560,174	6,016,926
Total liabilities	18,671,211	16,965,477	7,895,480	8,749,095	26,566,691	25,714,572
Net assets:						
Invested in capital assets, net of related debt	85,434,995	83,109,505	40,095,770	38,662,415	125,530,765	121,771,920
Restricted	31,870,363	27,135,766	6,142,789	4,661,750	38,013,152	31,797,516
Unrestricted	7,944,380	8,324,105	4,088,260	3,529,390	12,032,640	11,853,495
Total net assets	\$ 125,249,738	\$ 118,569,376	\$ 50,326,819	\$ 46,853,555	\$ 175,576,557	\$ 165,422,931

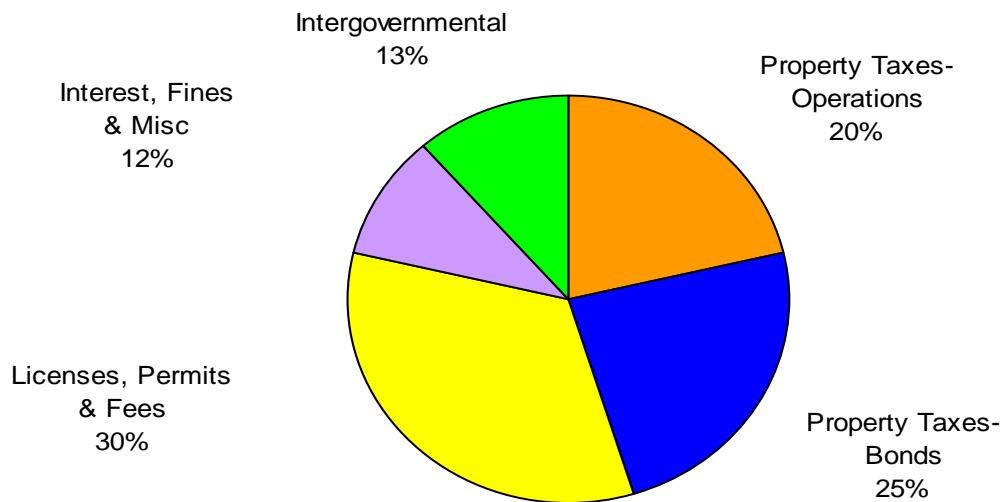
CITY OF TUALATIN'S CHANGES IN NET ASSETS							
Years Ended June 30, 2007 and 2006							
	Governmental Activities		Business-type Activities		Total		
	2007	2006	2007	2006	2007	2006	
Revenues:							
Program revenues:							
Charges for services	\$ 4,871,282	\$ 5,279,680	\$ 9,824,809	\$ 9,043,331	\$ 14,696,091	\$ 14,323,011	
Operating grants and contributions	1,298,980	2,277,204	-	-	1,298,980	2,277,204	
Capital grants and contributions	1,772,517	3,295,733	3,156,077	1,844,442	4,928,594	5,140,175	
General revenues:							
Property taxes	10,925,950	10,888,251	-	-	10,925,950	10,888,251	
Other taxes	2,126,101	2,014,126	-	-	2,126,101	2,014,126	
Grants and contributions not restricted to specific programs	1,411,942	514,449	-	-	1,411,942	514,449	
Investment earnings	2,116,921	1,485,517	522,407	361,929	2,639,328	1,847,446	
Total revenues	24,523,693	25,754,960	13,503,293	11,249,702	38,026,986	37,004,662	
Expenses:							
General government	8,928,490	7,372,433	-	-	8,928,490	7,372,433	
Public safety	5,160,680	4,614,719	-	-	5,160,680	4,614,719	
Highways & streets	3,331,787	1,622,815	-	-	3,331,787	1,622,815	
Unallocated depreciation	-	123,973	-	-	-	123,973	
Culture & recreation	1,960,442	1,502,076	-	-	1,960,442	1,502,076	
Interest on long-term debt	453,084	2,382,698	-	-	453,084	2,382,698	
Water	-	-	2,992,876	4,386,891	2,992,876	4,386,891	
Sewer	-	-	5,046,003	5,360,593	5,046,003	5,360,593	
Total expenses	19,834,483	17,618,714	8,038,879	9,747,484	27,873,362	27,366,198	
Increase in net assets before transfers	4,689,210	8,136,246	5,464,414	1,502,218	10,153,624	9,638,464	
Transfers	199,150	100,000	(199,150)	(100,000)	-	-	
Increase in net assets	6,680,360	8,236,246	3,473,264	1,402,218	10,153,624	9,638,464	
Beginning net assets	118,569,378	110,333,130	46,853,555	45,451,337	165,422,933	155,784,467	
Ending net assets	\$ 125,249,738	\$ 118,569,376	\$ 50,326,819	\$ 46,853,555	\$ 175,576,557	\$ 165,422,931	*

Governmental charges for services decreased by approximately \$400,000 due primarily to property sales in the prior year. Operating grants decreased by over \$900,000 due primarily to public safety grants in the prior year that were not renewed in the current year. Capital grants decreased by over \$1,500,000 due to reduced system development charges (SDC's). Increases in governmental expenses are due primarily to personnel costs.

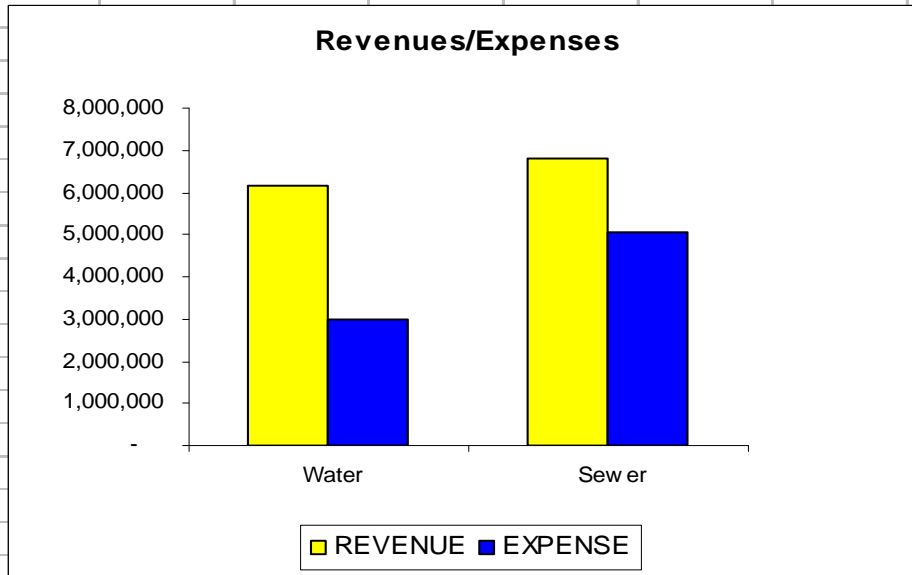
Expenses and Program Revenues - Governmental Activities



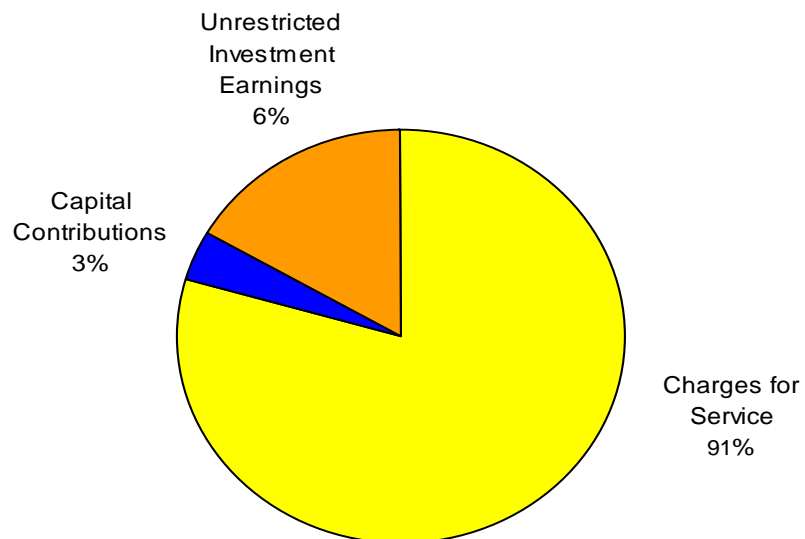
Revenues by Source - Governmental Activities



Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of Business-type Funds

Business activities in 2006-2007 increased net assets by \$3,473,264. This is primarily due to the increased charges and reduced expenses in the Water 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 \$9,156,003 in fiscal year 2006-07. 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:

- Over the past two years, the City expended \$7,411,459 for an expansion to the City's water system including construction of a five million gallon water reservoir and the retrofitting of four existing water reservoirs and three pump stations to meet current seismic loading standards. A revenue bond in the amount of \$7,305,000 was issued in the prior fiscal year to fund these improvements that will help assure adequate quantity and quality of the City's future water supply.
- City Center improvements were made to Boones Ferry Road, a major street in the center of the City. Underground utilities have been upgraded, the roadway widened, and sidewalk pedestrian amenities added. 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. By year-end, \$4,747,926 had been expended for this City Center location over the past two years.
- 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, 2007 and 2006						
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 11,166,552	\$ 10,650,275	\$ 861,054	\$ 861,054	\$ 12,027,606	\$ 11,511,329
Construction in Progress	7,551,912	1,793,929	2,148,477	11,759,096	9,700,389	13,553,025
Buildings	7,406,282	7,406,282	367,755	367,755	7,774,037	7,774,037
Other Improvement	22,312,367	22,153,115	-	-	22,312,367	22,153,115
Machinery and Equipment	2,652,563	2,646,891	903,141	903,141	3,555,704	3,550,032
Utility System	-	-	59,309,453	-	59,309,453	-
Infrastructure	87,887,998	85,575,328	-	44,596,272	87,887,998	130,171,600
Accum Depreciation	(38,596,162)	(35,092,351)	(16,434,110)	(15,239,508)	(55,030,272)	(50,331,859)
Total	\$ 100,381,512	\$ 95,133,469	\$ 47,155,770	\$ 43,247,810	\$ 147,537,282	\$ 138,381,279

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 E shows a schedule of the year's activity for governmental funds and business-type funds.

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 \$118,569,376 in 2006 to \$125,249,738 in 2007.

Total revenues decreased from \$25,754,060 to \$24,523,693 before transfers. Expenses increased from \$17,618,714 to \$19,834,483, a modest increase considering inflation and changes in programs. The decrease 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 the 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 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 \$4,455,301. 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 decreased from an unreserved beginning fund balance of \$5,125,815. The decrease of the fund balance is due mainly to the creating of the City Center Remodel Fund. In December 2006, the City Council approved a Supplemental Budget to transfer \$490,000 from the General Fund to the City Center Remodel Fund, a new fund created to account for the expansion of the Building Division, replacement of a failing HVAC system, and changes required by the library expansion such as the creation of a new lobby area and new restrooms.

Significant Differences in Variations in Revenues and Expenditures & Differences Between Actual and Budgeted Figures

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 2007, the amount of more than \$1,600,000 was spent on consulting services for remodeling, temporary relocations, conceptual design, and construction work. The anticipated completion of the project will be in May of 2008.

Discussion of Significant Changes in Individual Fund Balances

The Leveton Tax District Project Fund increased in 2007 to \$10,680,664 from \$9,161,440 in 2006. 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 2006-07 projects totaling more that \$3,000,000 were completed into the Library/Parks Improvement Fund including the completion of a bicycle and pedestrian bridge over the Tualatin River connecting to the pathway in Community Park. The bridge connects the cities to Tualatin, Tigard and Durham. Another project was the purchase of additional land for trail construction and the completion of the Tualatin River Greenway Master Plan. These projects are part of an on-going effort to make Tualatin a pedestrian and bicycle friendly city, providing outdoor activities for adults and children and are funded partially by bond proceeds, as well as outside funding (in the case of the pedestrian bridge).

The Central Urban Renewal District Projects Fund balance decreased form \$8,103,077 to \$5,933,793 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					
Years Ended June 30, 2007 and 2006					
		Beginning	Additions	Reductions	Ending
	General Obligation Bonds	\$ 7,380,000	\$ 4,225,000	\$ (355,000)	\$ 11,250,000
	Urban Renewal Bonds	4,250,000	-	(1,220,000)	3,030,000
	Water Revenue Bonds	7,305,000	-	(245,000)	7,060,000
	*Limited Tax Bonds	700,000	-	(80,000)	620,000
	Total Bonds Payable	\$ 19,635,000	\$ 4,225,000	\$ (1,900,000)	\$ 21,960,000

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 H.

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

CITY OF TUALATIN			
STATEMENT OF NET ASSETS			
JUNE 30, 2007			
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash & investments	\$ 42,260,051	\$ 10,047,780	\$ 52,307,831
Accounts receivable	195,769	992,813	1,188,582
Property taxes receivable	386,340	-	386,340
Assessments receivable	583,228	-	583,228
Interest receivable	1,014	-	1,014
Due from other governments	12,215	-	12,215
Inventory	97,845	25,936	123,781
Prepaid	2,975	-	2,975
Land	11,166,552	861,054	12,027,606
Buildings	7,406,282	367,755	7,774,037
Improvements other than buildings	22,312,367	-	22,312,367
Machinery and equipment	2,652,563	903,141	3,555,704
Utility system	-	59,309,453	59,309,453
Infrastructure	87,887,998	-	87,887,998
Construction in progress	7,551,912	2,148,477	9,700,389
Accumulated depreciation	(38,596,162)	(16,434,110)	(55,030,272)
Total assets	143,920,949	58,222,299	202,143,248
LIABILITIES			
Accounts payable and payroll payable	2,662,131	835,480	3,497,611
Due to other governments	170,902	-	170,902
Deposits	200,506	-	200,506
Matured interest on bonds payable	61,900	-	61,900
Retainage payable	59,703	-	59,703
Long-Term Liabilities:			
Due within one year	1,430,000	255,000	1,685,000
Due in more than one year	14,086,069	6,805,000	20,891,069
Total liabilities	18,671,211	7,895,480	26,566,691
NET ASSETS			
Invested in capital assets, net of related debt	85,434,995	40,095,770	125,530,765
Restricted for:			
Highways and streets	4,531,305	-	4,531,305
Urban redevelopment	280,517	-	280,517
Culture and recreation	932,733	-	932,733
Debt service	3,066,830	-	3,066,830
Capital projects	23,058,978	6,142,789	29,201,767
Unrestricted	7,944,380	4,088,260	12,032,640
Total net assets	\$ 125,249,738	\$ 50,326,819	\$ 175,576,557

See notes to financial statements.

CITY OF TUALATIN				
STATEMENT OF ACTIVITIES				
YEAR ENDED JUNE 30, 2007				
			Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 8,928,490	\$ 1,934,054	\$ -	\$ -
Highways and streets	3,331,787	2,223,073	1,294,561	1,772,517
Public safety	5,160,680	232,124	-	-
Culture and recreation	1,960,442	482,031	4,419	-
Interest on long-term debt	453,084	-	-	-
Total governmental activities	19,834,483	4,871,282	1,298,980	1,772,517
Business-type activities:				
Water	2,992,876	5,134,440	-	1,024,012
Sewer	5,046,003	4,690,369	-	2,132,065
Total business-type activities	8,038,879	9,824,809	-	3,156,077
Total	\$ 27,873,362	\$ 14,696,091	\$ 1,298,980	\$ 4,928,594
		General revenues		
		Property taxes		
		Franchise taxes		
		Grants not restricted to specific programs		
		Investment earnings		
		Total general revenues		
		Transfers		
		Total general revenues and transfers		
		Change in net assets		
		Net assets, beginning of year		
		Net assets, end of year		

					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.								
Park Development Fund - accounts for funds received from system development charges used for park improvements.								
Bancroft Bond Fund - accounts for the payment of principal and interest on Special Assessment Improvement Bonds. Resources are provided from the collections of assessments and the benefited property owners.								
Central Urban Renewal District Bond Sinking Fund - accounts for resources received from property taxes within the Central Urban Renewal area for the payment of principal and interest on the Agency's tax increment bonds.								
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 current year.								

				CITY OF TUALATIN
				GOVERNMENTAL FUNDS - BALANCE SHEET
				JUNE 30, 2007
				Central Urban
		Park		Renew al District
	General	Development	Bancroft Bond	Bond Sinking
	Fund	Fund	Fund	Fund
ASSETS				
Cash and investments	\$ 5,135,129	\$ 1,001,236	\$ 258,619	\$ 656,109
Receivables				
Accounts	7,299	-	-	-
Property taxes	182,942	-	-	76,328
Assessments	-	-	583,228	-
Interest	554	-	-	199
Due from other governments	3,685	3,843	-	-
Inventory	65,245	-	-	-
Prepays	2,975	-	-	-
Total assets	\$ 5,397,829	\$ 1,005,079	\$ 841,847	\$ 732,636
LIABILITIES				
Accounts payable and payroll	\$ 636,429	\$ 690,332	\$ -	\$ -
Due to other governments	12,607	83,704	-	-
Deposits	63,891	-	-	60,000
Matured bond interest payable	-	-	1,900	-
Retainage payable	-	-	-	-
Deferred revenue	164,356	-	522,216	68,861
Total liabilities	877,283	774,036	524,116	128,861
FUND BALANCES				
Reserved for inventory	65,245	-	-	-
Reserved for scholarships	-	-	-	-
Unreserved, reported in				
General fund	4,455,301	-	-	-
Special revenue funds	-	231,043	-	-
Debt service funds	-	-	317,731	603,775
Capital projects funds	-	-	-	-
Total fund balances	4,520,546	231,043	317,731	603,775
Total liabilities and fund balances	\$ 5,397,829	\$ 1,005,079	\$ 841,847	\$ 732,636

Leveton Tax Increment District Bond Sinking Fund	Central Urban Renewal District Projects Fund	Leveton Tax Increment District Projects Fund	Library Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,342,909	\$ 6,067,503	\$ 10,765,170	\$ 3,330,896	\$ 13,702,480	\$ 42,260,051
-	-	-	-	188,470	195,769
109,268	-	-	-	17,802	386,340
-	-	-	-	-	583,228
208	-	-	-	53	1,014
-	-	-	-	4,687	12,215
-	-	-	-	32,600	97,845
-	-	-	-	-	2,975
\$ 1,452,385	\$ 6,067,503	\$ 10,765,170	\$ 3,330,896	\$ 13,946,092	\$ 43,539,437
\$ -	\$ 49,411	\$ -	445,896	\$ 840,063	\$ 2,662,131
-	-	69,331	-	5,260	170,902
-	-	-	-	136,615	260,506
-	-	-	-	-	1,900
-	-	15,175	29,305	15,223	59,703
98,477	-	-	-	15,994	869,904
98,477	49,411	84,506	475,201	1,013,155	4,025,046
-	-	-	-	32,600	97,845
-	-	-	-	60,080	60,080
-	-	-	-	-	4,455,301
-	-	-	-	8,283,749	8,514,792
1,353,908	-	-	-	791,416	3,066,830
-	6,018,092	10,680,664	2,855,695	3,765,092	23,319,543
1,353,908	6,018,092	10,680,664	2,855,695	12,932,937	39,514,391
\$ 1,452,385	\$ 6,067,503	\$ 10,765,170	\$ 3,330,896	\$ 13,946,092	\$ 43,539,437
Fund balances, as above					\$ 39,514,391
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					100,381,512
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.					869,904
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds					(569,552)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.					(14,946,517)
Net assets of governmental activities					\$ 125,249,738

See notes to financial statements.

			CITY OF TUALATIN	
GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES				
	AND CHANGES IN FUND BALANCE			
		YEAR ENDED JUNE 30, 2007		
				Central Urban
		Park		Renew al District
	General	Development	Bancroft Bond	Bond Sinking
	Fund	Fund	Fund	Fund
REVENUES				
Taxes and assessments	\$ 5,274,091	\$ -	\$ 88,006	\$ 2,155,328
Licenses and permits	495,923	-	-	-
Intergovernmental	1,328,689	-	-	-
Franchise tax	2,126,101	-	-	-
Fees	-	279,962	-	-
Fines	234,169	-	-	-
Charges for services	42,848	-	-	-
Interest	293,269	11,868	49,049	94,248
Miscellaneous	80,965	42,169	-	-
Total revenues	9,876,055	333,999	137,055	2,249,576
EXPENDITURES				
Current				
General government	4,750,272	-	300	3,980
Highw ay and streets	-	-	-	-
Public safety	4,871,925	-	-	-
Culture and recreation	1,278,408	1,190	-	-
Debt Service				
Principal	16,129	-	80,000	2,233,021
Interest	4,491	-	32,900	34,116
Capital outlay	200,786	324,613	-	-
Total expenditures	11,122,011	325,803	113,200	2,271,117
Excess (deficiency) of revenues over (under) expenditures	(1,245,956)	8,196	23,855	(21,541)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Transfers in	1,083,130	69,597	-	-
Transfers out	(508,060)	(142,896)	(8,555)	-
Total other financing sources and (uses)	575,070	(73,299)	(8,555)	-
Net change in fund balance	(670,886)	(65,103)	15,300	(21,541)
Fund balances, beginning of year	5,191,432	296,146	302,431	625,316
Fund balances, end of year	\$ 4,520,546	\$ 231,043	\$ 317,731	\$ 603,775

Leveton Tax	Central Urban	Leveton Tax			
Increment District	Renew al District	Increment District	Library	Other	Total
Bond Sinking	Projects	Projects	Improvement	Governmental	Governmental
Fund	Fund	Fund	Fund	Funds	Funds
\$ 3,082,982	\$ -	\$ -	\$ -	\$ 500,585	\$ 11,100,992
-	-	-	-	1,459,220	1,955,143
-	-	-	-	1,449,216	2,777,905
-	-	-	-	-	2,126,101
-	-	-	-	-	279,962
-	-	-	-	-	234,169
-	-	-	-	3,802,426	3,845,274
165,237	255,368	454,117	112,321	681,444	2,116,921
-	270	760	-	22,492	146,656
3,248,219	255,638	454,877	112,321	7,915,383	24,583,123
5,364	4,662	2,807	-	4,174,671	8,942,056
-	-	-	-	1,167,548	1,167,548
-	-	-	-	-	4,871,925
-	-	-	21,045	-	1,300,643
3,265,173	-	-	-	355,000	5,949,323
87,888	-	-	-	298,180	457,575
-	1,476,041	1,153,361	1,629,921	3,549,157	8,333,879
3,358,425	1,480,703	1,156,168	1,650,966	9,544,556	31,022,949
(110,206)	(1,225,065)	(701,291)	(1,538,645)	(1,629,173)	(6,439,826)
-	1,793,021	2,485,173	4,225,000	-	8,503,194
-	-	-	205,000	5,936,037	7,293,764
-	(483,657)	(264,658)	(35,660)	(3,859,128)	(5,302,614)
-	1,309,364	2,220,515	4,394,340	2,076,909	10,494,344
(110,206)	84,299	1,519,224	2,855,695	447,736	4,054,518
1,464,114	5,933,793	9,161,440	-	12,485,201	35,459,873
\$ 1,353,908	\$ 6,018,092	\$ 10,680,664	\$ 2,855,695	\$ 12,932,937	\$ 39,514,391

See notes to financial statements.

CITY OF TUALATIN		
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,		
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS		
TO THE STATEMENT OF ACTIVITIES		
YEAR ENDED JUNE 30, 2007		
Amounts reported for governmental activities in the statement of activities (page 22) are different because:		
Net change in fund balances - total governmental funds (page 29)	\$	4,054,518
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in current period.		
Capital outlay		8,847,321
Depreciation		(3,599,278)
Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Property taxes		(87,036)
Assessments		27,606
The issuance of long-term debt (e.g. bonds, leases) provides current resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Issuance of short- and long-term debt		(8,503,194)
Debt principal paid		5,949,323
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences		(8,900)
Change in net assets of governmental activities	\$	6,680,360

See notes to financial statements.

					CITY OF TUALATIN	
					STATEMENT OF REVENUES AND EXPENDITURES	
					- ACTUAL AND BUDGET (BUDGETARY BASIS)	
					YEAR ENDED JUNE 30, 2007	
					GENERAL FUND	
				Variance with		
				Final Budget	Adjustments	GAAP
	Budgeted Amounts		Actual	Positive	to GAAP	Basis
	Original	Final	Amounts	(Negative)	Basis Actual	Actual
REVENUES						
Property taxes	\$5,331,744	\$5,331,744	\$5,274,091	\$ (57,653)	\$ -	\$5,274,091
Licenses and permits	435,765	451,165	495,923	44,758	-	495,923
Intergovernmental	1,335,267	1,335,267	1,328,689	(6,578)	-	1,328,689
Franchise tax	2,027,284	2,027,284	2,126,101	98,817	-	2,126,101
Fines	269,056	269,056	234,169	(34,887)	-	234,169
Charges for services	47,805	47,805	42,848	(4,957)	-	42,848
Interest	206,000	206,000	293,269	87,269	-	293,269
Miscellaneous	85,158	90,308	80,965	(9,343)	-	80,965
Total revenues	9,738,079	9,758,629	9,876,055	117,426	-	9,876,055
EXPENDITURES						
Current						
General government	7,284,011	7,510,591	5,274,610	2,235,981	(524,338)	4,750,272
Public safety	5,006,202	5,044,742	4,871,925	172,817	-	4,871,925
Culture and recreation	1,343,485	1,359,035	1,278,408	80,627	-	1,278,408
Capital outlay	316,150	149,600	221,406	(71,806)	(20,620)	200,786
Debt service						
Principal	-	-	-	-	16,129	16,129
Interest	-	-	-	-	4,491	4,491
Reserve funds	1,445,070	1,445,070	-	1,445,070	-	-
Contingency	361,270	-	-	-	-	-
Total expenditures	15,756,188	15,509,038	11,646,349	3,862,689	(524,338)	11,122,011
Excess of revenues over (under)						
expenditures	(6,018,109)	(5,750,409)	(1,770,294)	3,980,115	524,338	(1,245,956)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,607,468	1,607,468	1,607,468	-	(524,338)	1,083,130
Transfers out	(3,060)	(674,610)	(508,060)	166,550	-	(508,060)
Total other financing						
sources (uses)	1,604,408	932,858	1,099,408	166,550	(524,338)	575,070
Excess of revenues and other						
sources over (under)						
expenditures and other uses	(4,413,701)	(4,817,551)	(670,886)	4,146,665	-	(670,886)
BEGINNING FUND BALANCE	4,413,701	4,817,551	5,191,432	373,881	-	5,191,432
ENDING FUND BALANCE	\$ -	\$ -	\$4,520,546	\$4,520,546	\$ -	\$4,520,546

See notes to financial statements.

				CITY OF TUALATIN
	SCHEDULE OF REVENUES AND EXPENDITURES			
	- ACTUAL AND BUDGET (BUDGETARY BASIS)			
			YEAR ENDED JUNE 30, 2007	
			PARK DEVELOPMENT FUND	
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Intergovernmental	\$ 841,500	\$ 861,900	\$ -	\$ (861,900)
System development fees	416,840	416,840	279,962	(136,878)
Interest	15,000	15,000	11,868	(3,132)
Miscellaneous	-	-	42,169	42,169
Total revenues	1,273,340	1,293,740	333,999	(959,741)
EXPENDITURES				
Materials and services	2,300	2,300	1,190	1,110
Capital outlay	1,350,360	1,370,760	324,613	1,046,147
Contingency	369,889	309,278	-	309,278
Total expenditures	1,722,549	1,682,338	325,803	1,356,535
Excess of revenues over (under)				
expenditures	(449,209)	(388,598)	8,196	396,794
OTHER FINANCING SOURCES (USES)				
Sale of land	300,000	300,000	-	300,000
Transfers in	2,000	69,597	69,597	-
Transfers out	(14,688)	(142,896)	(142,896)	-
Total other financing sources (uses)	287,312	226,701	(73,299)	300,000
Excess of revenues and other sources over				
(under) expenditures and other uses	(161,897)	(161,897)	(65,103)	96,794
BEGINNING FUND BALANCE	161,897	161,897	296,146	134,249
ENDING FUND BALANCE	\$ -	\$ -	\$ 231,043	\$ 231,043

					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.)							

[illegible]

Water Reservoir	Sewer	Sewer SDC	
Fund	Fund	Fund	Total
\$ 1,518,618	\$ 1,419,369	\$ 3,327,256	\$ 10,047,780
-	434,845	-	992,813
-	889	-	25,936
1,518,618	1,855,103	3,327,256	11,066,529
-	93,132	-	861,054
-	283,086	-	367,755
-	283,214	-	903,141
-	24,093,473	-	59,309,453
-	88,224	-	2,148,477
-	(6,514,641)	-	(16,434,110)
-	18,326,488	-	47,155,770
-	18,326,488	-	47,155,770
1,518,618	20,181,591	3,327,256	58,222,299
222,449	337,271	51,375	835,480
222,449	337,271	51,375	835,480
-	-	-	255,000
-	-	-	6,805,000
-	-	-	7,060,000
222,449	337,271	51,375	7,895,480
-	18,326,488	-	40,095,770
1,296,169	-	3,275,881	6,142,789
-	1,517,832	-	4,088,260
\$ 1,296,169	\$ 19,844,320	\$ 3,275,881	\$ 50,326,819

See notes to financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS									
				YEAR ENDED JUNE 30, 2007					
						PROPRIETARY FUNDS			

|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Water Reservoir Fund	Sewer Fund	Sewer SDC Fund	Total
\$ -	\$ 4,674,907	\$ -	\$ 8,641,293
-	3,170	-	848,722
-	12,292	-	334,794
-	4,690,369	-	9,824,809
-	193,709	7,766	524,338
-	3,803,305	544,001	6,021,570
-	497,222	-	1,194,602
-	4,494,236	551,767	7,740,510
-	196,133	(551,767)	2,084,299
91,961	73,201	165,357	522,407
-	-	-	(298,369)
-	-	529,411	896,684
91,961	73,201	694,768	1,120,722
91,961	269,334	143,001	3,205,021
-	1,602,654	-	2,259,393
2,719,605	41,879	-	5,446,539
(1,586,695)	(748,352)	(41,879)	(7,437,689)
1,224,871	1,165,515	101,122	3,473,264
71,298	18,678,805	3,174,759	46,853,555
\$ 1,296,169	\$ 19,844,320	\$ 3,275,881	\$ 50,326,819

See notes to financial statements.

				CITY OF TUALATIN		
				STATEMENT OF CASH FLOWS		
				YEAR ENDED JUNE 30, 2007		
				PROPRIETARY FUNDS		
				Water	Water SDC	Water Bond
				Fund	Fund	Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts from customers	\$	5,015,160	\$	465	\$ -
	Payment to suppliers		(1,736,896)		23,000	(225)
	Payment to employees		(311,996)		(10,867)	-
	Net cash provided (used) by operating activities		2,966,268		12,598	(225)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES						
	Transfers from other funds		-		100,000	545,369
	Transfers to other funds		(1,643,167)		-	(245,000)
	Net cash provided (used) by non-capital and related financing activities		(1,643,167)		100,000	300,369
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
	Interest payments on notes, bonds and certificates		-		-	(298,369)
	Debt principal paid		(245,000)		-	-
	Capital contributions		-		367,273	-
	Acquisition and construction of capital assets		(713,247)		(452,991)	-
	Net cash provided (used) by financing activities		(958,247)		(85,718)	(298,369)
CASH FLOWS FROM INVESTING ACTIVITIES						
	Interest earned		57,134		79,869	54,885
	Net cash provided (used) by investing activities		57,134		79,869	54,885
	Net increase (decrease) in cash and investments		421,988		106,749	56,660
CASH AND INVESTMENTS						
	Beginning of year		1,326,729		1,520,572	349,839
	Ending of year	\$	1,748,717	\$	1,627,321	\$ 406,499
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES						
	Operating income (loss)	\$	2,450,560	\$	(10,402)	\$ (225)
	Net cash from operating activities:					
	Cash flows reported in other categories					
	Depreciation expense		697,380		-	-
	Change in assets and liabilities:					
	Accounts receivable		(94,845)		-	-
	Inventories		(992)		-	-
	Accounts payable		(59,065)		(33,582)	-
	Customer deposits		(2,800)		-	-
	Retainage payable				56,582	-
	Unearned revenue		(23,970)		-	-
	Net cash provided (used) by operating activities	\$	2,966,268	\$	12,598	\$ (225)
NON-CASH FINANCING ACTIVITIES						
	Transfers of capital assets	\$	2,039,686	\$	(452,991)	\$ -
	Contribution of capital assets		656,739		-	-
	Assumption of liability		(2,719,605)		-	-

Water Reservoir Fund	Sew er Fund	Sew er SDC Fund	Totals
\$ - (411,296)	\$ 4,652,779 (3,952,080)	\$ - (529,857)	\$ 9,668,404 (6,607,354)
- (411,296)	(193,709) 506,990	(7,766) (537,623)	(524,338) 2,536,712
-	-	-	645,369
-	(748,352)	-	(2,636,519)
-	(748,352)	-	(1,991,150)
-	-	-	(298,369)
-	-	-	(245,000)
-	-	529,411	896,684
(1,586,695)	(48,357)	(41,879)	(2,843,169)
(1,586,695)	(48,357)	487,532	(2,489,854)
91,961	73,201	165,357	522,407
91,961	73,201	165,357	522,407
(1,906,030)	(216,518)	115,266	(1,421,885)
3,424,648	1,635,887	3,211,990	11,469,665
\$ 1,518,618	\$ 1,419,369	\$ 3,327,256	\$ 10,047,780
\$ -	\$ 196,133	\$ (551,767)	\$ 2,084,299
-	497,222	-	1,194,602
-	(37,590)	-	(132,435)
-	(148)	-	(1,140)
(206,134)	(148,627)	14,144	(433,264)
-	-	-	(2,800)
(205,162)	-	-	(148,580)
-	-	-	(23,970)
\$ (411,296)	\$ 506,990	\$ (537,623)	\$ 2,536,712
\$ (1,586,695)	\$ 41,879	\$ (41,879)	\$ -
-	1,602,654	-	2,259,393
2,719,605	-	-	-

CITY OF TUALATIN									
NOTES TO FINANCIAL STATEMENTS									
JUNE 30, 2007									
NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES									
1. <u>Financial Report Entity</u>									
The City of Tualatin is a municipal corporation governed by an elected seven-member council.									
These financial statements present the City of Tualatin 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. <u>Government-wide and fund financial statements</u>									
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.									

							CITY OF TUALATIN
							NOTES TO FINANCIAL STATEMENTS
							JUNE 30, 2007

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

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.

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 Park Development Fund accounts for capital park construction funded by system development charges.

The Bancroft Bond Fund accounts for the payment of principal and interest on Special Assessment Improvement Bonds. Resources are provided by the collection of assessments from the benefited property owners.

The Central Urban Renewal District Bond Sinking Fund accounts for resources received from property taxes within the Central Urban Renewal area for the payment of principal and interest on the Urban Renewal Agency's tax increment bonds.

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.

									CITY OF TUALATIN
									NOTES TO FINANCIAL STATEMENTS
									JUNE 30, 2007
NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)									
	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.								
	The Water Reservoir Fund accounts for the construction of water storage facilities and seismic								
	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.								

							CITY OF TUALATIN
							NOTES TO FINANCIAL STATEMENTS
							JUNE 30, 2007

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

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 statutes 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.

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:

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.

							CITY OF TUALATIN
							NOTES TO FINANCIAL STATEMENTS
							JUNE 30, 2007

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

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. Pre-paid 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 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.

							CITY OF TUALATIN
							NOTES TO FINANCIAL STATEMENTS
							JUNE 30, 2007

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

11. Capital Assets (Continued)

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:

<u>Asset</u>	<u>Years</u>
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 & 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.

							CITY OF TUALATIN
							NOTES TO FINANCIAL STATEMENTS
							JUNE 30, 2007

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.

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

JUNE 30, 2007

NOTE B - CASH AND INVESTMENTS

Cash and Investments consisted of the following:

Petty Cash	\$	1,116
Cash on deposit with various banks		835,674
State of Oregon Treasurer's Local Governmental Investment Pool		
100% Maturity one day		51,471,041
Total	\$	52,307,831

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, 2007, the City's deposits for various financial institutions had a bank value 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, 100 percent 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, 2006, was unqualified.

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

JUNE 30, 2007

NOTE C - RECEIVABLES

Receivables at June 30, 2007 consist of the following:

	Due from other Governments	Accounts Receivable	Taxes Receivable	Assessments Receivable	Interest Receivable	Total
General	\$ 3,685	\$ 7,299	\$ 182,942	\$ -	\$ 554	\$ 194,480
Bancroft Bond	-	-	-	583,228	-	583,228
Park Development	3,843	-	-	-	-	3,843
CURD Bond Sinking	-	-	76,328	-	199	76,527
Leveton Tax Increment Bond Sinking	-	-	109,268	-	208	109,476
Non-major governmental funds	4,687	188,470	17,802	-	53	211,012
Water	-	557,968	-	-	-	557,968
Sewer	-	434,845	-	-	-	434,845
	<u>\$ 12,215</u>	<u>\$1,188,582</u>	<u>\$ 386,340</u>	<u>\$ 583,228</u>	<u>\$ 1,014</u>	<u>\$2,171,379</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	\$ 164,356
Property taxes receivable - General Obligation Bond Fund	15,994
Property taxes receivable - Central Urban Renewal District Bond Fund	68,861
Property taxes receivable - Leveton Tax Increment District Bond Fund	98,477
Special assessments not yet due - Bancroft Bond Fund	522,216
	<u>\$ 869,904</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%.

NOTE D - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

There were no interfund receivables or payables at June 30, 2007.

CITY OF TUALATIN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE D - INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS (Continued)

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

	Transfers from:								
	Governmental Activities							Business-type activities	
	General Fund	Park Development	Bancroft Bond Fund	Central	Leveton Tax	Library Improvement	Non-Major Governmental	Sewer Funds	Water Funds
				Urban Renewal District Project	Increment District Project				
Transfers to:	Fund	Development	Bond Fund	Fund	Fund	Fund	Funds	Funds	Funds
General Activities:									
General Fund	\$ -	\$ 14,688	\$ 8,555	\$ -	\$ -	\$ -	\$ 1,059,887	\$ -	\$ -
Park Development Fund	2,000	-	-	67,597	-	-	-	-	-
Library Improvement Fund	5,000	-	-	200,000	-	-	-	-	-
Other Governmental Funds	501,060	128,208	-	216,060	264,658	35,660	2,799,241	748,352	1,242,798
Sewer Funds	-	-	-	-	-	-	-	41,879	-
Water Funds	-	-	-	-	-	-	-	-	5,404,660
	\$ 508,060	\$ 142,896	\$ 8,555	\$ 483,657	\$ 264,658	\$ 35,660	\$ 3,859,128	\$ 790,231	\$ 6,647,458

NOTE E - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 10,650,275	\$ 516,277	\$ -	\$ 11,166,552
Construction in progress	1,793,929	7,133,976	(1,375,993)	7,551,912
Total capital assets, not being depreciated	12,444,204	7,650,253	(1,375,993)	18,718,464
Capital assets, being depreciated				
Buildings	7,406,282	-	-	7,406,282
Improvements other than buildings	22,153,115	159,252	-	22,312,367
Machinery and equipment	2,646,891	101,139	(95,467)	2,652,563
Infrastructure	85,575,328	2,312,670	-	87,887,998
Total capital assets, being depreciated	117,781,616	2,573,061	(95,467)	120,259,210
Less accumulated depreciation for:				
Buildings	(2,294,110)	(224,224)	-	(2,518,334)
Improvements other than buildings	(4,869,586)	(688,517)	-	(5,558,103)
Machinery and equipment	(1,934,725)	(189,414)	95,467	(2,028,672)
Infrastructure	(25,993,930)	(2,497,123)	-	(28,491,053)
Total accumulated depreciation	(35,092,351)	(3,599,278)	95,467	(38,596,162)
Total capital assets being depreciated, net	82,689,265	(1,026,217)	-	81,663,048
Governmental activities capital assets, net	\$ 95,133,469	\$ 6,624,036	\$ (1,375,993)	\$ 100,381,512

								CITY OF TUALATIN
								NOTES TO FINANCIAL STATEMENTS
								JUNE 30, 2007
NOTE F - PENSION PLANS								
Plan Description and Provisions:								
<p>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, 2007, was \$325,123. The City's total payroll was \$8,124,419.</p>								
<p>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.</p>								
<p>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 between July 1, 2005 and June 30, 2007, is based on the December 31, 2003 actuarial valuation and is 13.54% for PERS employees, 8.04% for OPSRP general service employees and 11.65% for OPSRP police employees.</p>								
<p>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 \$28,301 and the participants contributed \$19,450 for the year ended June 30, 2007. The 2004 Interim Valuation indicates that the City has an accrued actuarial deficit of \$3.79 million.</p>								
<p>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.</p>								

CITY OF TUALATIN					
NOTES TO FINANCIAL STATEMENTS					
JUNE 30, 2007					
NOTE F - PENSION PLAN (Continued)					
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.)					
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					
200720062005					
City Contribution rate11.88%11.88%11.88%					
Employee contribution paid by City6.00%6.00%6.00%					
City total payroll\$ 8,124,419\$ 7,456,644\$ 7,007,546					
Payroll earned by OPERS participants9,521,4877,151,5806,228,866					
Annual pension cost1,271,5901,162,672846,496					
Net pension obligation- - -					
The contributions actually made are equivalent to the annual pension cost. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.0% per year; (b) projected salary increases due to general wage adjustments of 4.0% per year; (c) projected automatic post-retirement benefit increases of 2.0% per year; and (d) demographic assumptions that have been chosen to reflect the best estimate of emerging experience of the members of OPERS. Consumer price inflation is assumed to be 3.5% per year. The unfunded actuarial liability is amortized as a level percentage of covered payroll over a thirty-year period on an open basis. The actuarial value of plan assets is based on fair value.					
Trend information as required by statement No. 27 of the Government Standards Board is designed to give an indication of the progress made in accumulating sufficient assets to pay benefits when due.					

							CITY OF TUALATIN
							NOTES TO FINANCIAL STATEMENTS
							JUNE 30, 2007
NOTE G - LEASES							
<u>Operating Leases</u>							
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.							
<u>Capital Leases</u>							
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.							

		<u>YEAR ENDED JUNE 30</u>		<u>Amount</u>
		2008		\$ 20,620
		2009		20,620
		2010		10,310
		Total minimum lease payments		51,550
		Less amount representing interest		(5,033)
		Present value of minimum lease payments		\$ 46,517

CITY OF TUALATIN			
NOTES TO FINANCIAL STATEMENTS			
JUNE 30, 2007			
NOTE H - LONG-TERM DEBT			
<u>General Obligation Bonds</u>			
<p>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. The bonds have an interest rate ranging from 3.50 to 4.65% with final maturity in 2019. The principal balance outstanding at June 30, 2007 is \$3,460,000. In 2005 the City of Tualatin issued bonds for parks improvements in the amount of \$3,785,000; outstanding at June 30, 2007 was \$3,565,000. In 2006 the City issued \$4,225,000 for library improvements.</p>			
	Purpose	Interest rate	Amount
	Governmental activities - Police facility	3.50 - 4.65%	\$ 3,460,000
	Governmental activities - parks improvements	2.5 - 3.75%	3,565,000
	Governmental activities - library improvements	4.25%	4,225,000
			\$ 11,250,000

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

YEAR ENDED JUNE 30,	Governmental Activities	
	Principal	Interest
2008	\$ 370,000	\$ 539,856
2009	505,000	440,483
2010	550,000	420,317
2011	575,000	398,515
2012	600,000	375,152
2013-2017	3,395,000	1,476,553
2018-2022	3,005,000	734,535
2023-2027	2,250,000	200,798
Total	\$ 11,250,000	\$ 4,586,209

NOTE H - LONG-TERM DEBT (Continued)				

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.

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

Remaining debt for the Leveton Tax Increment District includes the 2004 Refunding Bond with a balance of \$115,000 as of June 30, 2007 and interest rate of 5.85% and the Intermediate Financing (original amount of \$4,085,000 with an outstanding balance of \$2,130,000 at June 30, 2007 and interest rate of 2.9%). The proceeds from this financing are being used for improvements of infrastructure at 124th Avenue from SW Leveton Drive to SW Myslony Street.

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

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			CITY OF TUALATIN
			NOTES TO FINANCIAL STATEMENTS
			JUNE 30, 2007

NOTE H - LONG-TERM DEBT (Continued)

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 2014, 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.

YEAR ENDED JUNE 30,	Governmental Activities	
	Principal	Interest
2008	\$ -	\$ 29,140
2009	-	29,140
2010	-	29,140
2011	-	29,140
2012	-	29,140
2013	620,000	29,140
Total	\$ 620,000	\$ 174,840

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 are to be 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
2008	\$ 255,000	\$ 287,744
2009	265,000	276,694
2010	275,000	265,906
2011	285,000	255,406
2012	295,000	244,531
2013-2017	1,655,000	1,038,533
2018-2022	2,040,000	663,996
2023-2027	1,990,000	181,575
Total	\$ 7,060,000	\$ 3,214,385

				CITY OF TUALATIN	
		NOTES TO FINANCIAL STATEMENTS			
				JUNE 30, 2007	
NOTE H - LONG-TERM DEBT (Continued)					
Long-term liability activity for the year ended June 30, 2007 was as follows:					
Governmental activities:	Beginning			Ending	Due within
	Balance	Additions	Reductions	Balance	One Year
Bonds payable:					
General Obligation bonds Feb 1999	\$ 3,675,000	\$ -	\$ (215,000)	\$ 3,460,000	\$ 220,000
General Obligation bonds Jan 2005	3,705,000	-	(140,000)	3,565,000	150,000
General Obligation bonds Nov 2006	-	4,225,000	-	4,225,000	-
Urban Renewal and Redevelopment Bond	4,250,000	-	(1,220,000)	3,030,000	1,060,000
Limited tax improvement bonds	700,000	-	(80,000)	620,000	-
Total bonds payable	12,330,000	4,225,000	(1,655,000)	14,900,000	1,430,000
Capital leases	62,646	-	(16,129)	46,517	20,620
Compensated absences	560,652	611,696	(602,796)	569,552	-
Governmental activity long-term liabilities	\$12,953,298	\$ 4,836,696	\$ (2,273,925)	\$15,516,069	\$ 1,450,620
Business-type activities:					
Bonds Payable:					
Revenue Bonds	\$ 7,305,000	\$ -	\$ (245,000)	\$ 7,060,000	\$ 255,000

							CITY OF TUALATIN
							NOTES TO FINANCIAL STATEMENTS
							JUNE 30, 2007

NOTE I - COMMITMENTS AND CONTINGENCIES					
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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 \$6,592,000 of commitments with respect to unfinished capital projects at June 30, 2007.

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 J - CONSTITUTIONAL PROPERTY TAX LIMITATION				
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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 K - OVEREXPENDITURE OF APPROPRIATIONS				
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Oregon law prohibits expenditures in excess of council-approved appropriations. Expenditures in excess of appropriations for individual funds for the year ended June 30, 2007 were as follows:

	Road SDC Fund - materials and services	\$	742
	Sewer SDC Fund - materials and services		181,601

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:											
Engineering Fund - accounts for revenues from various fees collected from builders for the construction of buildings and expended for services rendered primarily by the City's building and engineering department.											
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 SDC 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 Renewal 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.											
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:											
Capital Projects Fund - accounts for the construction of major capital assets of the City. Resources are provided primarily by the sale of General Obligation and Bancroft Improvement Bonds.											
Infrastructure Fund - accounts for accumulation of funds to construct future capital projects. Resources are provided by other city funds.											
City Center Remodel Fund - accounts for improvements to city-owned properties. Resources are provided by transfers in from other funds.											

JUNE 30, 2007

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JUNE 30, 2007

			Engineering	Operations	Storm	Road
			Fund	Fund	Drain	Utility Fee
						Road
						Gas Tax
ASSETS						
	Cash and investments	\$ 2,373,353	\$1,476,645	\$ 412,347	\$ 1,508,494	\$ 593,633
	Accounts receivable	905	-	108,098	79,467	-
	Due from other governments	-	-	-	-	-
	Inventory	-	-	-	-	32,600
	Total assets	\$ 2,374,258	\$1,476,645	\$ 520,445	\$ 1,587,961	\$ 626,233
LIABILITIES						
	Accounts payable	\$ 126,484	\$ 78,017	\$ 50,921	\$ 16,092	\$ 29,463
	Due to other governments	5,260	-	-	-	-
	Deposits	136,615	-	-	-	-
	Retainage	-	-	-	-	-
	Total liabilities	268,359	78,017	50,921	16,092	29,463
FUND BALANCES						
	Reserved for inventory	-	-	-	-	32,600
	Reserved for scholarships	-	-	-	-	-
	Unreserved	2,105,899	1,398,628	469,524	1,571,869	564,170
	Total fund balance	2,105,899	1,398,628	469,524	1,571,869	596,770
	Total liabilities and fund balances	\$ 2,374,258	\$1,476,645	\$ 520,445	\$ 1,587,961	\$ 626,233

	Tualatin				
Core Area Parking	Science and Technology	Road SDC Fund	Storm Drain SDC Fund	Urban Renewal	Total
\$ 168,930	\$ 60,080	\$ 1,619,929	\$ 469,079	\$ 288,167	\$ 8,970,657
-	-	-	-	-	188,470
-	-	4,687	-	-	4,687
-	-	-	-	-	32,600
\$ 168,930	\$ 60,080	\$ 1,624,616	\$ 469,079	\$ 288,167	\$ 9,196,414
\$ 554	\$ -	\$ 299,821	\$ 57,753	\$ 7,650	\$ 666,755
-	-	-	-	-	5,260
-	-	-	-	-	136,615
-	-	11,355	-	-	11,355
554	-	311,176	57,753	7,650	819,985
-	-	-	-	-	32,600
-	60,080	-	-	-	60,080
168,376	-	1,313,440	411,326	280,517	8,283,749
168,376	60,080	1,313,440	411,326	280,517	8,376,429
\$ 168,930	\$ 60,080	\$ 1,624,616	\$ 469,079	\$ 288,167	\$ 9,196,414

			CITY OF TUALATIN								
			NON-MAJOR CAPITAL PROJECTS FUNDS								
			COMBINING BALANCE SHEET								
			JUNE 30, 2007								
			City Center Remodel	Local Improvement District	Parks Improvement	Infrastructure	Total				
ASSETS											
	Cash and investments	\$	755,696	\$	115,848	\$	123,170	\$	2,947,554	\$	3,942,268
	Total assets	\$	755,696	\$	115,848	\$	123,170	\$	2,947,554	\$	3,942,268
LIABILITIES											
	Accounts payable	\$	65,817	\$	-	\$	107,491	\$	-	\$	173,308
	Retainage		3,868		-		-		-		3,868
	Total liabilities		69,685		-		107,491		-		177,176
FUND BALANCES											
	Unreserved		686,011		115,848		15,679		2,947,554		3,765,092
	Total liabilities and fund balances	\$	755,696	\$	115,848	\$	123,170	\$	2,947,554	\$	3,942,268

				CITY OF TUALATIN
				NON-MAJOR GOVERNMENTAL FUNDS
				COMBINING STATEMENT OF REVENUES, EXPENDITURES
				AND CHANGES IN FUND BALANCE
				YEAR ENDED JUNE 30, 2007
		Total	Total	Total
		Non-major	Non-major	Non-major
		Special Revenue	Debt Service	Capital Projects
		Funds	Fund	Funds
				Total
	REVENUES			
	Taxes	\$ -	\$ 500,585	\$ -
	Licenses and permits	1,459,220	-	-
	Intergovernmental	1,449,216	-	-
	Charges for services	3,802,426	-	-
	Interest	453,352	45,475	182,617
	Miscellaneous	22,042	-	450
	Total revenues	7,186,256	546,060	183,067
	EXPENDITURES			
	Current			
	General government	4,172,724	1,947	-
	Highways and streets	1,167,548	-	-
	Debt service			
	Principal	-	355,000	-
	Interest	-	298,180	-
	Capital outlay	2,667,660	-	881,497
	Total expenditures	8,007,932	655,127	881,497
	Excess (deficiency) of revenues over (under) expenditures	(821,676)	(109,067)	(698,430)
	OTHER FINANCING SOURCES (USES)			
	Transfers in	4,560,501	-	1,375,536
	Transfers out	(2,803,185)	-	(1,055,943)
	Total other financing sources and (uses)	1,757,316	-	319,593
	Net change in fund balance	935,640	(109,067)	(378,837)
	BEGINNING FUND BALANCE	7,440,789	900,483	4,143,929
	ENDING FUND BALANCE	\$ 8,376,429	\$ 791,416	\$ 3,765,092

				CITY OF TUALATIN
				NON-MAJOR SPECIAL REVENUE FUNDS
				COMBINING STATEMENT OF REVENUES, EXPENDITURES
				AND CHANGES IN FUND BALANCE
				YEAR ENDED JUNE 30, 2007
		Engineering	Operations	Storm
		Fund	Fund	Drain
				Road
				Utility Fee
	REVENUES			
	Licenses and permits	\$ 1,459,220	\$ -	\$ -
	Intergovernmental	-	-	-
	Charges for services	-	-	1,172,539
	Interest	122,122	71,718	23,422
	Miscellaneous	5,461	10,538	-
	Total revenues	1,586,803	82,256	1,195,961
	EXPENDITURES			
	Current			
	General government	1,933,468	1,534,841	458,019
	Highways and streets	-	-	-
	Capital outlay	-	161,999	8,373
	Total expenditures	1,933,468	1,696,840	466,392
	Excess (deficiency) of revenues over (under) expenditures	(346,665)	(1,614,584)	729,569
	OTHER FINANCING SOURCES (USES)			
	Transfers in	1,099,241	1,814,180	-
	Transfers out	(580,321)	-	(811,240)
	Total other financing sources and (uses)	518,920	1,814,180	(811,240)
	Net change in fund balance	172,255	199,596	(81,671)
	BEGINNING FUND BALANCE	1,933,644	1,199,032	551,195
	ENDING FUND BALANCE	\$ 2,105,899	\$ 1,398,628	\$ 469,524

YEAR ENDED JUNE 30, 2007

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

	SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND							
		CHANGES IN FUND BALANCES - BUDGET AND ACTUAL						
				BUDGETARY COMPARISON SCHEDULES				
	Special Revenue Funds							
	*	Engineering						
	*	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							
	*	City Center Remodel						
	*	Local Improvement District						
	*	Parks Improvement						
	*	Infrastructure						
	*	Central Urban Renewal District Projects						
	*	Leveton Tax Increment District Projects						
	*	Library Improvement						

						CITY OF TUALATIN
						SCHEDULE OF REVENUES AND EXPENDITURES
						- ACTUAL AND BUDGET (BUDGETARY BASIS)
						YEAR ENDED JUNE 30, 2007
						ENGINEERING FUND
					Variance with	
				Final Budget	Adjustment	GAAP
	Budgeted Amounts		Actual	Positive	to GAAP	Basis
	Original	Final	Amounts	(Negative)	Basis Actual	Actual
REVENUES						
Building permit fees	\$ 387,815	\$ 387,815	\$ 676,088	\$ 288,273	\$ -	\$ 676,088
Plan check fees	280,494	280,494	663,552	383,058	-	663,552
Public works permit fees	134,500	134,500	119,580	(14,920)	-	119,580
Interest	48,984	48,984	122,122	73,138	-	122,122
Miscellaneous	-	-	5,461	5,461	-	5,461
Total revenues	851,793	851,793	1,586,803	735,010	-	1,586,803
EXPENDITURES						
Administration	495,588	495,588	466,187	29,401	(242,663)	223,524
Engineering - capital	553,715	553,715	499,631	54,084	-	499,631
Building	937,398	937,398	928,546	8,852	(255,759)	672,787
Non-departmental	60,930	60,930	39,104	21,826	-	39,104
Capital outlay	177,500	54,400	-	54,400	-	-
Contingency	735,288	634,788	-	634,788	-	-
Reserve funds	266,670	266,670	-	266,670	-	-
Total expenditures	3,227,089	3,003,489	1,933,468	1,070,021	(498,422)	1,435,046
Excess of revenues over (under)						
expenditures	(2,375,296)	(2,151,696)	(346,665)	1,805,031	498,422	151,757
OTHER FINANCING SOURCES (USES)						
Transfers in	1,089,841	1,099,241	1,099,241	-	(498,422)	600,819
Transfers out	(347,321)	(580,321)	(580,321)	-	-	(580,321)
Total other financing sources (uses)	742,520	518,920	518,920	-	(498,422)	20,498
Excess of revenues and other sources over						
(under) expenditures and other uses	(1,632,776)	(1,632,776)	172,255	1,805,031	-	172,255
BEGINNING FUND BALANCE	1,632,776	1,632,776	1,933,644	300,868	-	1,933,644
ENDING FUND BALANCE	\$ -	\$ -	\$ 2,105,899	\$ 2,105,899	\$ -	\$ 2,105,899

					CITY OF TUALATIN	
	SCHEDULE OF REVENUES AND EXPENDITURES					
		- ACTUAL AND BUDGET (BUDGETARY BASIS)				
				YEAR ENDED JUNE 30, 2007		
				OPERATIONS FUND		
				Variance with		
				Final Budget	Adjustment	GAAP
	Budgeted Amounts		Actual	Positive	to GAAP	Basis
	Original	Final	Amounts	(Negative)	Basis Actual	Actual
REVENUES						
Interest	\$ 22,371	\$ 22,371	\$ 71,718	\$ 49,347	\$ -	\$ 71,718
Miscellaneous	21,384	21,384	10,538	(10,846)	-	10,538
Total revenues	43,755	43,755	82,256	38,501	-	82,256
EXPENDITURES						
Administration	360,052	360,052	317,049	43,003	(360,052)	(43,003)
Water division	589,311	589,311	567,564	21,747	(589,311)	(21,747)
Sewer division	290,322	290,322	251,152	39,170	(290,322)	(39,170)
Street division	411,907	411,907	386,943	24,964	81,865	468,808
Non-departmental	21,408	21,408	12,133	9,275	(21,408)	(9,275)
Capital outlay	194,854	194,854	161,999	32,855	-	161,999
Contingency	25,000	25,000	-	25,000	-	-
Reserve funds	710,780	710,780	-	710,780	-	-
Total expenditures	2,603,634	2,603,634	1,696,840	906,794	(1,179,228)	517,612
Excess of revenues over (under)						
expenditures	(2,559,879)	(2,559,879)	(1,614,584)	945,295	1,179,228	(435,356)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,814,180	1,814,180	1,814,180	-	(1,179,228)	634,952
Excess of revenues and other sources over						
(under) expenditures and other uses	(745,699)	(745,699)	199,596	945,295	-	199,596
BEGINNING FUND BALANCE	745,699	745,699	1,199,032	453,333	-	1,199,032
ENDING FUND BALANCE	\$ -	\$ -	\$ 1,398,628	\$ 1,398,628	\$ -	\$ 1,398,628

			CITY OF TUALATIN	
	SCHEDULE OF REVENUES AND EXPENDITURES			
	- ACTUAL AND BUDGET (BUDGETARY BASIS)			
			YEAR ENDED JUNE 30, 2007	
			STORM DRAIN FUND	
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Storm drainage fees	\$ 1,202,460	\$ 1,202,460	\$ 1,172,539	\$ (29,921)
Interest	13,160	13,160	23,422	10,262
Total revenues	1,215,620	1,215,620	1,195,961	(19,659)
EXPENDITURES				
Materials and services	572,220	572,220	458,019	114,201
Capital outlay	10,000	10,000	8,373	1,627
Contingency	352,537	295,787	-	295,787
Total expenditures	934,757	878,007	466,392	411,615
Excess of revenues over (under) expenditures	280,863	337,613	729,569	391,956
OTHER FINANCING SOURCES (USES)				
Transfers out	(754,490)	(811,240)	(811,240)	-
Excess of revenues and other sources over (under) expenditures and other uses	(473,627)	(473,627)	(81,671)	391,956
BEGINNING FUND BALANCE	473,627	473,627	551,195	77,568
ENDING FUND BALANCE	\$ -	\$ -	\$ 469,524	\$ 469,524

				CITY OF TUALATIN
				SCHEDULE OF REVENUES AND EXPENDITURES
				- ACTUAL AND BUDGET (BUDGETARY BASIS)
				YEAR ENDED JUNE 30, 2007
				ROAD UTILITY FEE FUND
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Road utility fees	\$ 865,608	\$ 865,608	\$ 857,370	\$ (8,238)
Interest	27,077	27,077	61,693	34,616
Miscellaneous	-	-	4,000	4,000
Total revenues	892,685	892,685	923,063	30,378
EXPENDITURES				
Materials and services	136,608	141,608	99,853	41,755
Capital outlay	123,000	123,000	74,845	48,155
Contingency	1,448,635	1,443,635	-	1,443,635
Total expenditures	1,708,243	1,708,243	174,698	1,533,545
Excess of revenues over (under)				
expenditures	(815,558)	(815,558)	748,365	1,563,923
OTHER FINANCING SOURCES (USES)				
Transfers out	(87,000)	(87,000)	(87,000)	-
Excess of revenues and other sources over				
(under) expenditures and other uses	(902,558)	(902,558)	661,365	1,563,923
BEGINNING FUND BALANCE	902,558	902,558	910,504	7,946
ENDING FUND BALANCE	\$ -	\$ -	\$ 1,571,869	\$ 1,571,869

				CITY OF TUALATIN
				SCHEDULE OF REVENUES AND EXPENDITURES
				- ACTUAL AND BUDGET (BUDGETARY BASIS)
				YEAR ENDED JUNE 30, 2007
				ROAD GAS TAX FUND
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
State gasoline taxes	\$ 1,195,030	\$ 1,195,030	\$ 1,196,614	\$ 1,584
Washington County gas tax	92,000	92,000	97,947	5,947
Developers street signs	5,000	5,000	-	(5,000)
Interest	18,110	18,110	33,992	15,882
Miscellaneous	-	-	2,150	2,150
Total revenues	1,310,140	1,310,140	1,330,703	20,563
EXPENDITURES				
Materials and services	421,470	421,470	403,662	17,808
Capital outlay	153,000	153,000	46,214	106,786
Contingency	494,343	437,593	-	437,593
Total expenditures	1,068,813	1,012,063	449,876	562,187
Excess of revenues over (under)				
expenditures	241,327	298,077	880,827	582,750
OTHER FINANCING SOURCES (USES)				
Transfers in	87,000	87,000	87,000	-
Transfers out	(998,335)	(1,055,085)	(1,056,821)	(1,736)
Total other financing sources (uses)	(911,335)	(968,085)	(969,821)	(1,736)
Excess of revenues and other sources over				
(under) expenditures and other uses	(670,008)	(670,008)	(88,994)	581,014
BEGINNING FUND BALANCE	670,008	670,008	685,764	15,756
ENDING FUND BALANCE	\$ -	\$ -	\$ 596,770	\$ 596,770

				CITY OF TUALATIN
	SCHEDULE OF REVENUES AND EXPENDITURES			
	- ACTUAL AND BUDGET (BUDGETARY BASIS)			
		YEAR ENDED JUNE 30, 2007		
		CORE AREA PARKING FUND		
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Parking district tax	\$ 47,037	\$ 47,037	\$ 71,402	\$ 24,365
Interest	3,786	3,786	8,723	4,937
Total revenues	50,823	50,823	80,125	29,302
EXPENDITURES				
Materials and services	20,967	20,967	13,291	7,676
Capital outlay	1,200	1,200	-	1,200
Contingency	4,579	4,579	-	4,579
Reserve funds	173,884	173,884	-	173,884
Total expenditures	200,630	200,630	13,291	187,339
Excess of revenues over (under)				
expenditures	(149,807)	(149,807)	66,834	216,641
OTHER FINANCING SOURCES (USES)				
Transfers out	(35,074)	(35,074)	(35,074)	-
Excess of revenues and other sources over				
(under) expenditures and other uses	(184,881)	(184,881)	31,760	216,641
BEGINNING FUND BALANCE	184,881	184,881	136,616	(48,265)
ENDING FUND BALANCE	\$ -	\$ -	\$ 168,376	\$ 168,376

				CITY OF TUALATIN
	SCHEDULE OF REVENUES AND EXPENDITURES			
	- ACTUAL AND BUDGET (BUDGETARY BASIS)			
				YEAR ENDED JUNE 30, 2007
	TUALATIN SCIENCE & TECHNOLOGY FUND			
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Interest	\$ 1,600	\$ 1,600	\$ 2,986	\$ 1,386
EXPENDITURES				
Material and service	4,000	4,000	3,000	1,000
Reserve funds	57,472	57,472	-	57,472
Total expenditures	61,472	61,472	3,000	58,472
Excess of revenues over (under)				
expenditures	(59,872)	(59,872)	(14)	59,858
BEGINNING FUND BALANCE	59,872	59,872	60,094	222
ENDING FUND BALANCE	\$ -	\$ -	\$ 60,080	\$ 60,080

				CITY OF TUALATIN
				SCHEDULE OF REVENUES AND EXPENDITURES
				- ACTUAL AND BUDGET (BUDGETARY BASIS)
				YEAR ENDED JUNE 30, 2007
				ROAD SDC FUND
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 83,253	\$ (116,747)
System development fees	630,300	630,300	1,664,006	1,033,706
Interest	10,408	10,408	57,763	47,355
Total revenues	840,708	840,708	1,805,022	964,314
EXPENDITURES				
Material and services	-	650,000	650,742	(742)
Capital outlay	1,230,000	1,313,500	1,214,531	98,969
Contingency	7,977	7,977	-	7,977
Total expenditures	1,237,977	1,971,477	1,865,273	106,204
Excess of revenues over (under) expenditures	(397,269)	(1,130,769)	(60,251)	1,070,518
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	450,000	450,000	-
Transfers out	(49,656)	(49,656)	(49,656)	-
Total other financing sources (uses)	50,344	400,344	400,344	-
Excess of revenues and other sources over (under) expenditures and other uses	(346,925)	(730,425)	340,093	1,070,518
BEGINNING FUND BALANCE	346,925	730,425	973,347	242,922
ENDING FUND BALANCE	\$ -	\$ -	\$ 1,313,440	\$ 1,313,440

				CITY OF TUALATIN
				SCHEDULE OF REVENUES AND EXPENDITURES
				- ACTUAL AND BUDGET (BUDGETARY BASIS)
				YEAR ENDED JUNE 30, 2007
				STORM DRAIN SDC FUND
				Variance with
				Final Budget
				Positive
				(Negative)
	Budgeted Amounts		Actual	
	Original	Final	Amounts	
REVENUES				
Storm water quality	\$ 85,000	\$ 85,000	\$ 108,511	\$ 23,511
Interest	15,440	15,440	56,215	40,775
Total revenues	100,440	100,440	164,726	64,286
EXPENDITURES				
Capital outlay	1,000,000	1,400,000	1,161,698	238,302
Contingency	503,597	103,597	-	103,597
Total expenditures	1,503,597	1,503,597	1,161,698	341,899
Excess of revenues over (under)				
expenditures	(1,403,157)	(1,403,157)	(996,972)	406,185
OTHER FINANCING SOURCES (USES)				
Transfers in	700,000	700,000	700,000	-
Transfers out	(11,361)	(11,361)	(11,361)	-
Total other financing sources (uses)	688,639	688,639	688,639	-
Excess of revenues and other sources over				
(under) expenditures and other uses	(714,518)	(714,518)	(308,333)	406,185
BEGINNING FUND BALANCE	714,518	714,518	719,659	5,141
ENDING FUND BALANCE	\$ -	\$ -	\$ 411,326	\$ 411,326

				CITY OF TUALATIN
				SCHEDULE OF REVENUES AND EXPENDITURES
				- ACTUAL AND BUDGET (BUDGETARY BASIS)
				YEAR ENDED JUNE 30, 2007
				GENERAL OBLIGATION BOND FUND
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property taxes				
Current	\$ 672,980	\$ 497,766	\$ 493,607	\$ (4,159)
Prior	-	-	6,978	6,978
Interest	20,000	20,000	45,475	25,475
Total revenues	692,980	517,766	546,060	28,294
EXPENDITURES				
Materials and services	2,000	2,000	1,947	53
Debt service				
Principal	355,000	355,000	355,000	-
Interest	473,394	298,180	298,180	-
Reserve funds	745,000	745,000	-	745,000
Total expenditures	1,575,394	1,400,180	655,127	745,053
Excess of revenues over (under)				
expenditures	(882,414)	(882,414)	(109,067)	773,347
BEGINNING FUND BALANCE	882,414	882,414	900,483	18,069
ENDING FUND BALANCE	\$ -	\$ -	\$ 791,416	\$ 791,416

				CITY OF TUALATIN
				SCHEDULE OF REVENUES AND EXPENDITURES
				- ACTUAL AND BUDGET (BUDGETARY BASIS)
				YEAR ENDED JUNE 30, 2007
				BANCROFT BOND FUND
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Assessment principal	\$ 87,036	\$ 87,036	\$ 88,006	\$ 970
Interest - assessments	38,510	38,510	33,080	(5,430)
Interest - investments	8,000	8,000	15,969	7,969
Total revenues	133,546	133,546	137,055	3,509
EXPENDITURES				
Materials and services	3,000	3,000	300	2,700
Debt service				
Principal	80,000	80,000	80,000	-
Interest	40,420	40,420	32,900	7,520
Bond reserves	298,041	298,041	-	298,041
Total expenditures	421,461	421,461	113,200	308,261
Excess of revenues over (under)				
expenditures	(287,915)	(287,915)	23,855	311,770
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,555)	(8,555)	(8,555)	-
Excess of revenues and other sources over				
(under) expenditures and other uses	(296,470)	(296,470)	15,300	311,770
				-
BEGINNING FUND BALANCE	296,470	296,470	302,431	5,961
				-
ENDING FUND BALANCE	\$ -	\$ -	\$ 317,731	\$ 317,731

				CITY OF TUALATIN
				SCHEDULE OF REVENUES AND EXPENDITURES
				- ACTUAL AND BUDGET (BUDGETARY BASIS)
				YEAR ENDED JUNE 30, 2007
				CENTRAL URBAN RENEWAL DISTRICT BOND SINKING FUND
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property taxes				
Current	\$ 2,203,788	\$ 2,203,788	\$ 2,122,852	\$ (80,936)
Prior	22,000	22,000	32,476	10,476
Interest	18,637	18,637	94,248	75,611
Total revenues	2,244,425	2,244,425	2,249,576	5,151
EXPENDITURES				
Materials and services	10,719	10,719	3,980	6,739
Debt service				
Principal	2,233,021	2,233,021	2,233,021	-
Interest	35,755	35,755	34,116	1,639
Reserve funds	567,824	567,824	-	567,824
Total expenditures	2,847,319	2,847,319	2,271,117	576,202
Excess of revenues over (under)				
expenditures	(602,894)	(602,894)	(21,541)	581,353
BEGINNING FUND BALANCE	602,894	602,894	625,316	22,422
ENDING FUND BALANCE	\$ -	\$ -	\$ 603,775	\$ 603,775

				CITY OF TUALATIN
				SCHEDULE OF REVENUES AND EXPENDITURES
				- ACTUAL AND BUDGET (BUDGETARY BASIS)
				YEAR ENDED JUNE 30, 2007
				LEVETON TAX INCREMENT DISTRICT BOND SINKING FUND
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property taxes				
Current	\$ 3,268,546	\$ 3,268,546	\$ 3,035,660	\$ (232,886)
Prior	30,000	30,000	47,322	17,322
Interest	42,889	42,889	165,237	122,348
Total revenues	3,341,435	3,341,435	3,248,219	(93,216)
EXPENDITURES				
Materials and services	10,404	10,404	5,364	5,040
Debt service				
Principal	3,365,173	3,365,173	3,265,173	100,000
Interest	89,388	89,388	87,888	1,500
Reserve funds	1,287,767	1,287,767	-	1,287,767
Total expenditures	4,752,732	4,752,732	3,358,425	1,394,307
Excess of revenues over (under)				
expenditures	(1,411,297)	(1,411,297)	(110,206)	1,301,091
BEGINNING FUND BALANCE	1,411,297	1,411,297	1,464,114	52,817
ENDING FUND BALANCE	\$ -	\$ -	\$ 1,353,908	\$ 1,353,908

				CITY OF TUALATIN
	SCHEDULE OF REVENUES AND EXPENDITURES			
	- ACTUAL AND BUDGET (BUDGETARY BASIS)			
		YEAR ENDED JUNE 30, 2007		
		LOCAL IMPROVEMENT DISTRICT FUND		
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Interest	\$ 13,505	\$ 13,505	\$ 18,208	\$ 4,703
EXPENDITURES				
Materials and services	5,000	5,000	-	5,000
Capital outlay	100,000	100,000	-	100,000
Contingency	2,726	2,726	-	2,726
Total expenditures	107,726	107,726	-	107,726
Excess of revenues over (under)				
expenditures	(94,221)	(94,221)	18,208	112,429
OTHER FINANCING SOURCES (USES)				
Transfers out	(355,943)	(355,943)	(355,943)	-
Excess of revenues and other sources over				
(under) expenditures and other uses	(450,164)	(450,164)	(337,735)	112,429
BEGINNING FUND BALANCE	450,164	450,164	453,583	3,419
ENDING FUND BALANCE	\$ -	\$ -	\$ 115,848	\$ 115,848

			CITY OF TUALATIN	
	SCHEDULE OF REVENUES AND EXPENDITURES			
	- ACTUAL AND BUDGET (BUDGETARY BASIS)			
		YEAR ENDED JUNE 30, 2007		
		PARKS IMPROVEMENT FUND		
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Interest	\$ 115,000	\$ 115,000	\$ 9,860	\$ (105,140)
Miscellaneous	500	500	450	(50)
Total revenues	115,500	115,500	10,310	(105,190)
EXPENDITURES				
Capital outlay	1,600,000	1,763,868	554,738	1,209,130
Contingency	3,063,500	3,063,500	-	3,063,500
Total expenditures	4,740,500	4,904,368	554,738	4,349,630
Excess of revenues over (under)				
expenditures	(4,625,000)	(4,788,868)	(544,428)	4,244,440
OTHER FINANCING SOURCES (USES)				
Issuance of debt	4,225,000	4,225,000	-	(4,225,000)
Transfer in	-	163,868	163,868	-
	4,225,000	4,388,868	163,868	(4,225,000)
Total Other financing sources (uses)	4,225,000	4,388,868	163,868	(4,225,000)
Excess of revenues and other sources over				
(under) expenditures and other uses	(400,000)	(400,000)	(380,560)	19,440
BEGINNING FUND BALANCE	400,000	400,000	396,239	(3,761)
ENDING FUND BALANCE	\$ -	\$ -	\$ 15,679	\$ 15,679

				CITY OF TUALATIN
				SCHEDULE OF REVENUES AND EXPENDITURES
				- ACTUAL AND BUDGET (BUDGETARY BASIS)
				YEAR ENDED JUNE 30, 2007
				INFRASTRUCTURE FUND
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Interest	\$ 118,110	\$ 118,110	\$ 141,481	\$ 23,371
EXPENDITURES				
Reserves	2,897,827	2,897,827	-	2,897,827
Excess of revenues over (under)				
expenditures	(2,779,717)	(2,779,717)	141,481	2,921,198
OTHER FINANCING SOURCES (USES)				
Transfer in	210,230	210,230	211,966	1,736
Transfer out	(700,000)	(700,000)	(700,000)	-
Total other financing sources (uses)	(489,770)	(489,770)	(488,034)	1,736
Excess of revenues and other sources over				
(under) expenditures and other uses	(3,269,487)	(3,269,487)	(346,553)	2,922,934
BEGINNING FUND BALANCE	3,269,487	3,269,487	3,294,107	24,620
ENDING FUND BALANCE	\$ -	\$ -	\$ 2,947,554	\$ 2,947,554

				CITY OF TUALATIN
				SCHEDULE OF REVENUES AND EXPENDITURES
				- ACTUAL AND BUDGET (BUDGETARY BASIS)
				YEAR ENDED JUNE 30, 2007
				CENTRAL URBAN RENEWAL DISTRICT PROJECTS FUND
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Interest	\$ 102,771	\$ 102,771	\$ 255,368	\$ 152,597
Miscellaneous	-	-	270	270
Total revenues	102,771	102,771	255,638	152,867
EXPENDITURES				
Materials and services	21,322	21,322	4,662	16,660
Capital outlay	2,435,000	2,535,000	1,476,041	1,058,959
Contingency	300,000	132,403	-	132,403
Reserve funds	4,091,964	3,891,964	-	3,891,964
Total expenditures	6,848,286	6,580,689	1,480,703	5,099,986
Excess of revenues over (under)				
expenditures	(6,745,515)	(6,477,918)	(1,225,065)	5,252,853
OTHER FINANCING SOURCES (USES)				
Issuance of debt	1,793,021	1,793,021	1,793,021	-
Transfers out	(216,060)	(483,657)	(483,657)	-
Total other financing sources (uses)	1,576,961	1,309,364	1,309,364	-
Excess of revenues and other sources over				
(under) expenditures and other uses	(5,168,554)	(5,168,554)	84,299	5,252,853
BEGINNING FUND BALANCE	5,168,554	5,168,554	5,933,793	765,239
ENDING FUND BALANCE	\$ -	\$ -	\$ 6,018,092	\$ 6,018,092

				CITY OF TUALATIN
				SCHEDULE OF REVENUES AND EXPENDITURES
				- ACTUAL AND BUDGET (BUDGETARY BASIS)
				YEAR ENDED JUNE 30, 2007
				LEVETON TAX INCREMENT DISTRICT PROJECTS FUND
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Interest	\$ 232,805	\$ 232,805	\$ 454,117	\$ 221,312
Miscellaneous	10	10	760	750
Total revenues	232,815	232,815	454,877	222,062
EXPENDITURES				
Materials and services	10,508	10,508	2,807	7,701
Capital outlay	6,600,000	6,600,000	1,153,361	5,446,639
Contingency	500,000	450,898	-	450,898
Reserve funds	4,152,078	4,152,078	-	4,152,078
Total expenditures	11,262,586	11,213,484	1,156,168	10,057,316
Excess of revenues over (under) expenditures	(11,029,771)	(10,980,669)	(701,291)	10,279,378
OTHER FINANCING SOURCES (USES)				
Issuance of debt	2,585,173	2,585,173	2,485,173	(100,000)
Transfers out	(215,556)	(264,658)	(264,658)	-
Total other financing sources (uses)	2,369,617	2,320,515	2,220,515	(100,000)
Excess of revenues and other sources over (under) expenditures and other uses	(8,660,154)	(8,660,154)	1,519,224	10,179,378
BEGINNING FUND BALANCE	8,660,154	8,660,154	9,161,440	501,286
ENDING FUND BALANCE	\$ -	\$ -	\$ 10,680,664	\$ 10,680,664

				CITY OF TUALATIN
				SCHEDULE OF REVENUES AND EXPENDITURES
				- ACTUAL AND BUDGET (BUDGETARY BASIS)
				YEAR ENDED JUNE 30, 2007
				LIBRARY IMPROVEMENTS FUND
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Interest	\$ -	\$ 61,500	\$ 112,321	\$ 50,821
EXPENDITURES				
Materials and services	-	43,300	21,045	22,255
Capital outlay	-	4,431,806	1,629,921	2,801,885
Total expenditures	-	4,475,106	1,650,966	2,824,140
Excess of revenues over (under)				
expenditures	-	(4,413,606)	(1,538,645)	2,874,961
OTHER FINANCING SOURCES (USES)				
Transfers in	-	205,000	205,000	-
Transfers out	-	(35,660)	(35,660)	-
Issuance of debt	-	4,244,266	4,225,000	(19,266)
Total other financing sources (uses)	-	4,413,606	4,394,340	(19,266)
Excess of revenues and other sources over				
(under) expenditures and other uses	-	-	2,855,695	2,855,695
BEGINNING FUND BALANCE	-	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ 2,855,695	\$ 2,855,695

				CITY OF TUALATIN
				SCHEDULE OF REVENUES AND EXPENDITURES
				- ACTUAL AND BUDGET (BUDGETARY BASIS)
				YEAR ENDED JUNE 30, 2007
				CITY CENTER REMODEL FUND
				Variance with
				Final Budget
	Budgeted Amounts		Actual	Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Interest	\$ -	\$ -	\$ 13,068	\$ 13,068
EXPENDITURES				
Materials and services	849,702	849,702	326,759	522,943
Contingency	150,000	150,000	-	150,000
Total expenditures	999,702	999,702	326,759	672,943
Excess of revenues over (under)				
expenditures	(999,702)	(999,702)	(313,691)	686,011
OTHER FINANCING SOURCES (USES)				
Transfers in	999,702	999,702	999,702	-
Excess of revenues and other sources over				
(under) expenditures and other uses	-	-	686,011	686,011
BEGINNING FUND BALANCE	-	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ 686,011	\$ 686,011

		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	
					- ACTUAL AND BUDGET (BUDGETARY BASIS)	
					YEAR ENDED JUNE 30, 2007	
					WATER FUND	
				Variance with		
				Final Budget	Adjustments	GAAP
	Budgeted Amounts		Actual	Positive	to GAAP	Basis
	Original	Final	Amounts	(Negative)	Basis Actual	Actual
REVENUES						
Usage charges	\$ 3,855,044	\$ 3,855,044	\$ 3,966,386	\$ 111,342	\$ -	\$ 3,966,386
Facilities charge	415,971	415,971	432,557	16,586	-	432,557
Service charge	251,531	251,531	267,415	15,884	-	267,415
Fire service charge	118,392	118,392	120,740	2,348	-	120,740
Installation fees	25,375	25,375	21,650	(3,725)	-	21,650
Turn-on fees	2,652	2,652	3,190	538	-	3,190
Interest	27,927	27,927	57,134	29,207	-	57,134
Contributed assets	-	-	-	-	656,739	656,739
Miscellaneous	217,091	217,091	582,961	365,870	(260,924)	322,037
Total revenues	4,913,983	4,913,983	5,452,033	538,050	395,815	5,847,848
EXPENDITURES						
Personal, operations and engineering	-	-	-	-	311,996	311,996
Materials and services	1,908,460	1,908,460	1,674,039	234,421	-	1,674,039
Capital outlay	453,000	1,065,000	713,247	351,753	(713,247)	-
Depreciation	-	-	-	-	697,380	697,380
Contingency	1,805,449	1,136,699	-	1,136,699	-	-
Total expenditures	4,166,909	4,110,159	2,387,286	1,722,873	296,129	2,683,415
Excess of revenues over (under)						
expenditures	747,074	803,824	3,064,747	2,260,923	99,686	3,164,433
TRANSFERS						
Transfers in		-	-	-	2,039,686	2,039,686
Transfers out	(2,143,413)	(2,200,163)	(2,200,163)	-	(2,162,609)	(4,362,772)
Net transfers	(2,143,413)	(2,200,163)	(2,200,163)	-	(122,923)	(2,323,086)
Excess of revenues and transfers						
in over (under) expenses and						
transfers out	(1,396,339)	(1,396,339)	864,584	2,260,923	(23,237)	841,347
BEGINNING OF YEAR	1,396,339	1,396,339	1,299,345	(96,994)	21,792,519	23,091,864
END OF YEAR	\$ -	\$ -	\$ 2,163,929	\$ 2,163,929	\$ 21,769,282	\$ 23,933,211

						CITY OF TUALATIN
						SCHEDULE OF REVENUES AND EXPENDITURES
						- ACTUAL AND BUDGET (BUDGETARY BASIS)
						YEAR ENDED JUNE 30, 2007
						WATER SDC FUND
				Variance with		
				Final Budget	Adjustments	GAAP
	Budgeted Amounts		Actual	Positive	to GAAP	Basis
	Original	Final	Amounts	(Negative)	Basis Actual	Actual
REVENUES						
System development fees	\$ 610,000	\$ 610,000	\$ 367,273	\$ (242,727)	\$ -	\$ 367,273
Interest	56,901	56,901	79,869	22,968	-	79,869
Miscellaneous	-	-	465	465		465
Total revenues	666,901	666,901	447,607	(219,294)	-	447,607
EXPENDITURES						
Personal, operations and engineering	-	-	-	-	10,867	10,867
Material & Services	-	-	-	-	-	-
Capital outlay	1,630,000	1,630,000	452,991	1,177,009	(452,991)	-
Contingency	603,887	603,887	-	603,887	-	-
Total expenditures	2,233,887	2,233,887	452,991	1,780,896	(442,124)	10,867
Excess of revenues over (under) expenses	(1,566,986)	(1,566,986)	(5,384)	1,561,602	442,124	436,740
TRANSFERS						
Transfers in	100,000	100,000	100,000	-	-	100,000
Transfers out	(10,867)	(10,867)	(10,867)	-	(442,124)	(452,991)
Net transfers	89,133	89,133	89,133	-	(442,124)	(352,991)
Excess of revenues and transfers in over (under) expenses and transfers out	(1,477,853)	(1,477,853)	83,749	1,561,602	-	83,749
BEGINNING OF YEAR	1,477,853	1,477,853	1,486,990	9,137	-	1,486,990
END OF YEAR	\$ -	\$ -	\$ 1,570,739	\$ 1,570,739	\$ -	\$ 1,570,739

					CITY OF TUALATIN	
					SCHEDULE OF REVENUES AND EXPENDITURES	
					- ACTUAL AND BUDGET (BUDGETARY BASIS)	
					YEAR ENDED JUNE 30, 2007	
					WATER BOND FUND	
					Variance with	
					Final Budget	Adjustments
	Budgeted Amounts		Actual	Positive	to GAAP	GAAP
	Original	Final	Amounts	(Negative)	Basis Actual	Basis Actual
REVENUES						
Interest	\$ -	\$ -	\$ 54,885	\$ 54,885	\$ -	54,885
EXPENDITURES						
Materials and services	2,000	2,000	225	1,775	-	225
Debt service						
Principal	245,000	245,000	245,000	-	(245,000)	-
Interest	298,369	298,369	298,369	-	-	298,369
Total expenditures	545,369	545,369	543,594	1,775	(245,000)	298,594
Excess of revenues over (under)						
expenditures	(545,369)	(545,369)	(488,709)	56,660	245,000	(243,709)
OTHER FINANCING SOURCES (USES)						
Transfers in	545,369	545,369	545,369	-	-	545,369
Transfers out	-	-	-	-	(245,000)	(245,000)
Net transfers	545,369	545,369	545,369	-	(245,000)	300,369
Excess of revenues and other sources over						
(under) expenditures and other uses	-	-	56,660	56,660	-	56,660
BEGINNING OF YEAR	-	-	349,839	349,839	-	349,839
END OF YEAR	\$ -	\$ -	\$ 406,499	\$ 406,499	\$ -	\$ 406,499

						CITY OF TUALATIN
						SCHEDULE OF REVENUES AND EXPENDITURES
						- ACTUAL AND BUDGET (BUDGETARY BASIS)
						YEAR ENDED JUNE 30, 2007
						WATER RESERVOIR PROJECT FUND
				Variance with		
				Final Budget	Adjustments	GAAP
				Positive	to GAAP	Basis
	Budgeted Amounts		Actual	(Negative)	Basis Actual	Actual
	Original	Final	Amounts			
REVENUES						
Interest	\$ 87,200	\$ 87,200	\$ 91,961	\$ 4,761	\$ -	\$ 91,961
EXPENDITURES						
Capital outlay	2,100,000	2,100,000	1,586,695	513,305	(1,586,695)	-
Contingency	893,840	893,840	-	893,840	-	-
Total expenditures	2,993,840	2,993,840	1,586,695	1,407,145	(1,586,695)	-
Excess of revenues over (under)						
expenditures	(2,906,640)	(2,906,640)	(1,494,734)	1,411,906	1,586,695	91,961
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	2,719,605	2,719,605
Transfers out	-	-	-	-	(1,586,695)	(1,586,695)
Total Other financing sources (uses)	-	-	-	-	1,132,910	1,132,910
Excess of revenues and other sources over						
(under) expenditures and other uses	(2,906,640)	(2,906,640)	(1,494,734)	1,411,906	2,719,605	1,224,871
BEGINNING OF YEAR	2,906,640	2,906,640	2,790,903	(115,737)	(2,719,605)	71,298
END OF YEAR	\$ -	\$ -	\$ 1,296,169	\$ 1,296,169	\$ -	\$ 1,296,169

					CITY OF TUALATIN	
					SCHEDULE OF REVENUES AND EXPENDITURES	
					- ACTUAL AND BUDGET (BUDGETARY BASIS)	
					YEAR ENDED JUNE 30, 2007	
					SEWER FUND	
				Variance with		
				Final Budget	Adjustments	GAAP
	Budgeted Amounts		Actual	Favorable	to GAAP	Basis
	Original	Final	Amounts	(Unfavorable)	Basis Actual	Actual
REVENUES						
Inspection fees	\$ 7,000	\$ 7,000	\$ 3,170	\$ (3,830)	\$ -	\$ 3,170
User charges	4,276,910	4,276,910	4,407,886	130,976	-	4,407,886
User charges not subject to CWS	261,070	261,070	267,021	5,951	-	267,021
Interest	32,300	32,300	73,201	40,901	-	73,201
Miscellaneous	150	150	75,752	75,602	(63,460)	12,292
Contributed assets	-	-	-	-	1,602,654	1,602,654
Total revenues	4,577,430	4,577,430	4,827,030	249,600	1,539,194	6,366,224
EXPENDITURES						
Personal, operations and engineering	-	-	-	-	193,709	193,709
Materials and services	3,843,170	3,843,170	3,803,305	39,865	-	3,803,305
Depreciation	-	-	-	-	497,222	497,222
Capital outlay	285,000	285,000	48,358	236,642	(48,358)	-
Contingency	873,829	817,079	-	817,079	-	-
Total expenditures	5,001,999	4,945,249	3,851,663	1,093,586	642,573	4,494,236
Excess of revenues over (under)						
expenditures	(424,569)	(367,819)	975,367	1,343,186	896,621	1,871,988
TRANSFERS						
Transfers in	-	-	-	-	41,879	41,879
Transfers out	(885,311)	(942,061)	(942,061)	-	193,709	(748,352)
Net transfers	(885,311)	(942,061)	(942,061)	-	235,588	(706,473)
Excess of revenues and transfers						
in over (under) expenses and						
transfers out	(1,309,880)	(1,309,880)	33,306	1,343,186	1,132,209	1,165,515
BEGINNING OF YEAR	1,309,880	1,309,880	1,484,526	174,646	17,194,279	18,678,805
END OF YEAR	\$ -	\$ -	\$ 1,517,832	\$ 1,517,832	\$ 18,326,488	\$ 19,844,320

				CITY OF TUALATIN		
				SCHEDULE OF REVENUES AND EXPENDITURES		
				- ACTUAL AND BUDGET (BUDGETARY BASIS)		
				YEAR ENDED JUNE 30, 2007		
					SEWER SDC FUND	
				Variance with		
				Final Budget	Adjustments	
	Budgeted Amounts		Actual	Positive	to GAAP	GAAP
	Original	Final	Amounts	(Negative)	Basis Actual	Basis Actual
REVENUES						
System development fees	\$ 453,000	\$ 453,000	\$ 529,411	\$ 76,411	\$ -	\$ 529,411
Interest	92,520	92,520	165,357	72,837	-	165,357
Total revenues	545,520	545,520	694,768	149,248	-	694,768
EXPENDITURES						
Personal, operations and engineering	-	-	-	-	7,766	7,766
Material and services	362,400	362,400	544,001	(181,601)	-	544,001
Capital outlay	950,000	950,000	41,879	908,121	(41,879)	-
Contingency	2,309,364	2,309,364	-	2,309,364	-	-
Total expenditures	3,621,764	3,621,764	585,880	3,035,884	(34,113)	551,767
Excess of revenues over (under)						
expenses	(3,076,244)	(3,076,244)	108,888	3,185,132	34,113	143,001
TRANSFERS						
Transfers out	(7,766)	(7,766)	(7,766)	-	(34,113)	(41,879)
Excess of revenues and transfers						
in over (under) expenses						
transfers out	(3,084,010)	(3,084,010)	101,122	3,185,132	-	101,122
BEGINNING OF YEAR	3,084,010	3,084,010	3,174,759	90,749	-	3,174,759
END OF YEAR	\$ -	\$ -	\$ 3,275,881	\$ 3,275,881	\$ -	\$ 3,275,881

OTHER FINANCIAL SCHEDULES

						CITY OF TUALATIN
						SCHEDULE OF PROPERTY TAX TRANSACTIONS
						AND BALANCES OF TAXES UNCOLLECTED
						YEAR ENDED JUNE 30, 2007
						BALANCE
	ORIGINAL LEVY				CASH	UNCOLLECTED
	OR BALANCE				COLLECTIONS	OR
	UNCOLLECTED	DEDUCT		ADD	BY COUNTY	UNSEGREGATED
TAX YEAR	JULY 1, 2006	DISCOUNTS	ADJUSTMENTS	INTEREST	TREASURER	JUNE 30, 2007
ALL FUNDS						
Current:						
2006-2007	\$ 5,955,225	\$ (150,752)	\$ (11,653)	\$ 1,916	\$ (5,666,965)	\$ 127,771
Prior years:						
2005-2006	109,908	46	(4,608)	4,568	(80,276)	29,638
2004-2005	26,162	36	(2,319)	2,003	(12,605)	13,277
2003-2004	12,696	54	(2,893)	2,047	(7,273)	4,631
2002-2003	5,325	5	(748)	1,008	(3,845)	1,745
Prior	4,525	1	(271)	490	(1,457)	3,288
	158,616	142	(10,839)	10,116	(105,456)	52,579
	\$ 6,113,841	\$ (150,610)	\$ (22,492)	\$ 12,032	\$ (5,772,421)	180,350
Cash with County						20,394
Tax receivable						\$ 200,744
Property taxes receivable:						
General Fund				\$ 164,356	\$ 18,586	\$ 182,942
General Obligation Bond Fund				15,994	1,808	17,802
				\$ 180,350	\$ 20,394	\$ 200,744

THE URBAN RENEWAL AGENCY OF THE CITY OF TUALATIN	
SCHEDULE OF PROPERTY TAX TRANSACTION	

Uncollected Taxes:							
Central Urban Renewal District Bond Sinking Fund					\$ 68,861	\$ 7,467	\$ 76,328
Leveton Tax Increment District Bond Sinking Fund					98,477	10,791	109,268
					<u>\$ 167,338</u>	<u>\$ 18,258</u>	<u>\$ 185,596</u>

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.

[illegible]

[illegible]

					CITY OF TUALATIN
					CHANGES IN NET ASSETS
					LAST FOUR FISCAL YEARS
					JUNE 30, 2007
		2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 5,231,830	\$ 6,633,054	\$ 7,372,433	\$ 8,928,490	
Public safety	3,938,333	4,255,099	4,614,719	5,160,680	
Highways and streets	2,154,320	1,979,000	1,622,815	3,331,787	
Culture and recreation	2,427,929	1,322,674	1,502,076	1,960,442	
Interest on long-term debt	506,419	422,180	2,382,698	453,084	
Unallocated depreciation	129,475	126,432	123,973	-	
Total governmental activities expenses	14,388,306	14,738,439	17,618,714	19,834,483	
Business-type activities:					
Water	2,572,652	4,233,678	4,386,891	2,992,876	
Sewer	4,036,193	5,493,671	5,360,593	5,046,003	
Total business-type activities expenses	6,608,845	9,727,349	9,747,484	8,038,879	
Total expenses	\$ 20,997,151	\$ 24,465,788	\$ 27,366,198	\$ 27,873,362	
Program revenues					
Governmental activities:					
Charges for services	\$ 6,681,995	\$ 5,980,446	\$ 5,279,680	\$ 4,871,282	
Operating grants and contributions	34,957	67,857	2,277,204	1,298,980	
Capital grants and contributions	1,662,029	1,948,857	3,295,733	1,772,517	
Total governmental activities program revenues	8,378,981	7,997,160	10,852,617	7,942,779	
Business-type activities:					
Charges for services	9,598,733	8,370,543	9,043,331	9,824,809	
Capital grants and contributions	905,636	3,758,798	1,844,442	3,156,077	
Total business-type activities program revenues	10,504,369	12,129,341	10,887,773	12,980,886	
Total program revenues	\$ 18,883,350	\$ 20,126,501	\$ 21,740,390	\$ 20,923,665	
Net (expense)/revenue					
Governmental activities	\$ (6,009,325)	\$ (6,741,279)	\$ (6,766,097)	\$ (11,891,704)	
Business-type activities	3,895,524	2,401,992	1,140,289	4,942,007	
Total net expenses	\$ (2,113,801)	\$ (4,339,287)	\$ (5,625,808)	\$ (6,949,697)	

					CITY OF TUALATIN
					CHANGES IN NET ASSETS (Continued)
					LAST FOUR FISCAL YEARS
					JUNE 30, 2007
		2004	2005	2006	2007
	General revenues and other changes in net assets				
	Governmental activities:				
	Taxes and assessments	\$ 9,598,691	\$ 10,078,180	\$ 10,888,251	\$ 10,925,950
	Licenses and permits	1,714,231	1,828,503	2,014,126	2,126,101
	Miscellaneous	454,292	878,561	1,999,966	3,528,863
	Transfers	2,165,130	1,200,000	100,000	1,991,150
	Total governmental activities	13,932,344	13,985,244	15,002,343	18,572,064
	Business-type activities:				
	Miscellaneous	109,979	159,170	361,929	522,407
	Transfers	(2,165,130)	(1,200,000)	(100,000)	(1,991,150)
	Total business-type activities	(2,055,151)	(1,040,830)	261,929	(1,468,743)
	Total	\$ 11,877,193	\$ 12,944,414	\$ 15,264,272	\$ 17,103,321
	Change in net assets				
	Governmental activities	\$ 7,923,019	\$ 7,243,965	\$ 8,236,246	\$ 6,680,360
	Business-type activities	1,840,373	1,361,162	1,402,218	3,473,264
	Total	\$ 9,763,392	\$ 8,605,127	\$ 9,638,464	\$ 10,153,624

								CITY OF TUALATIN		
				FUND BALANCES, GOVERNMENTAL FUNDS						
							LAST TEN FISCAL YEARS			
								JUNE 30, 2007		
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund										
Reserved	\$ 63,416	\$ 84,585	\$ 79,810	\$ 54,357	\$ -	\$ -	\$ -	\$ -	\$ 65,617	\$ -
Unreserved	2,649,540	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
Total general fund	\$ 2,712,956	\$ 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
All other governmental funds										
Reserved	\$ 93,379	\$ 187,382	\$ 203,817	\$ 139,889	\$ 97,419	\$ 107,080	\$ 103,515	\$ 97,844	\$ 92,898	\$ 92,680
Unreserved, reported in:										
Special revenue funds	5,976,425	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
Capital projects funds	5,116,090	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
Debt service funds	8,698,211	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
Total all other										
governmental funds	\$ 19,884,105	\$ 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

						CITY OF TUALATIN
						CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
						LAST FOUR FISCAL YEARS
						JUNE 30, 2007
			2004	2005	2006	2007
REVENUES						
	Property taxes		\$ 10,138,379	\$ 10,567,468	\$ 10,885,890	\$ 11,100,992
	Licenses and permits		1,696,974	1,827,209	2,466,535	1,955,143
	Intergovernmental		3,714,543	2,786,052	3,253,950	2,777,905
	Franchise tax		-	-	-	2,126,101
	Franchise fees		2,353,626	1,828,503	2,014,126	279,962
	Charges for services		1,498,171	2,504,675	2,795,048	3,845,274
	Fines and forfeitures		436,835	169,465	170,315	234,169
	Miscellaneous		429,355	1,213,920	2,854,334	2,263,577
	Total revenues		20,267,883	20,897,292	24,440,198	24,583,123
EXPENDITURES						
	Current operating:					
	General government		7,248,525	6,523,259	7,213,176	8,942,056
	Public safety		3,728,033	4,044,373	4,427,287	4,871,925
	Highways and streets		350,724	249,943	277,299	1,167,548
	Culture and recreation		2,124,059	1,039,039	1,220,536	1,300,643
	Capital outlay		9,188,096	5,436,529	12,672,121	8,333,879
	Debt service					
	Interest		506,419	422,180	2,382,696	457,575
	Principal		5,973,640	6,937,435	4,558,359	5,949,323
	Reserves		548,961	-	-	
	Total expenditures		29,668,457	24,652,758	32,751,474	31,022,949
REVENUES OVER (UNDER)						
EXPENDITURES			(9,400,574)	(3,755,466)	(8,311,276)	(6,439,826)
OTHER FINANCING SOURCES (USES)						
	Transfers in		5,185,064	4,409,247	3,920,381	7,293,764
	Transfers out		(3,019,934)	(3,209,247)	(3,820,381)	(5,302,614)
	Issuance of debt		6,365,625	9,544,291	4,809,483	8,503,194
	Total other financing sources (uses)		8,530,755	10,744,291	4,909,483	10,494,344
NET CHANGE IN FUND BALANCES			\$ (869,819)	\$ 6,988,825	\$ (3,401,793)	\$ 4,054,518
Debt service as a percentage of noncapital expenditures			48.17%	62.07%	53.45%	40.63%

CITY OF TUALATIN									
ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY									
LAST TEN FISCAL YEARS									
JUNE 30, 2007									
									Ratio of Total Assessed to Total Estimated
Fiscal Year Ended June 30,	Real Property		Personal Property*		Public Utility Property		Total		
	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	** Actual Value	Actual Value
1998	\$ 1,203,572,631	\$ 1,203,572,631	\$ 82,879,383	\$ 82,879,383	\$ 32,793,486	\$ 32,793,486	\$ 1,319,245,500	\$ 1,319,245,500	100%
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%
* 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										
June 30, 2007										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
City of Tualatin:										
General Government	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 1.99	\$ 1.90	\$ 1.91	\$ 1.92	\$ 1.95
G.O. Bond	1.12	0.73	0.89	0.63	0.48	0.11	0.10	0.09	0.21	0.31
Total City	3.39	3.00	3.16	2.90	2.75	2.10	2.00	2.00	2.13	2.26
OVERLAPPING RATES:										
Washington County										
Washington County	2.60	2.56	2.54	2.53	2.96	2.51	2.37	2.36	2.35	2.65
	2.60	2.56	2.54	2.53	2.96	2.51	2.37	2.36	2.35	2.65
School District										
Washington County ESD*	0.14	0.15	0.14	0.12	0.12	0.12	0.12	0.13	0.11	0.13
Portland Community College	0.34	0.35	0.34	0.31	0.49	0.40	0.40	0.40	0.38	0.43
Tigard-Tualatin School District #23J	6.20	6.65	5.91	5.91	5.71	6.47	6.39	6.31	6.39	6.86
	6.68	7.15	6.39	6.34	6.32	6.99	6.91	6.84	6.88	7.42
Special District										
Clean Water Services	-	-	-	-	-	-	-	-	-	-
Tualatin Valley Fire & Rescue	1.53	1.53	1.56	1.59	1.83	1.60	1.54	1.54	1.58	1.66
Port of Portland	0.07	0.08	0.08	0.07	0.07	0.06	0.06	0.06	0.06	0.06
Metro Service District	0.39	0.36	0.33	0.34	0.32	0.25	0.24	0.24	0.24	0.39
Tri-Met Transport District	0.16	0.15	0.14	0.13	0.14	0.10	0.09	0.09	0.10	0.07
Urban Renewal - Tualatin	0.05	0.12	0.04	-	-	1.79	2.48	2.40	2.13	1.81
	2.20	2.24	2.15	2.13	2.36	3.80	4.41	4.33	4.11	3.99
Total Overlapping	11.48	11.95	11.08	11.00	11.64	13.30	13.69	13.53	13.34	14.06
TOTAL	\$ 14.87	\$ 14.95	\$ 14.24	\$ 13.90	\$ 14.39	\$ 15.40	\$ 15.69	\$ 15.53	\$ 15.47	\$ 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 23.76). 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						
JUNE 30, 2007						
	2007			1998		
		% of Total City Taxable			% of Total City Taxable	
¹ Taxpayer	Assessed Value	Rank	Assessed Value	Assessed Value	Rank	Assessed Value
Novellus Systems, Inc	\$105,428,370	1	3.81%			
BV Centercal LLC	83,146,636	2	3.00%			
JAE Oregon, Inc	27,492,020	3	0.99%			
Riggs Bank NA	22,104,920	4	0.80%			
Zian Limited Partnership	22,041,550	5	0.80%	\$ 18,439,350	6	1.23%
Simpson Finance LP	21,919,850	6	0.79%	19,622,680	2	1.31%
Monadnock Property Trust LLC	21,896,530	7	0.79%			
Fujimi Corporation	21,065,380	8	0.76%	19,351,530	3	1.30%
I & G Tualatin, LLC	18,354,070	9	0.66%			
Verizon Northwest Inc	18,313,190	10	0.66%			
Legacy Health System				28,213,600	1	1.89%
Tualatin Property Investors LTD				19,116,570	4	1.28%
OKI America, Inc.				18,766,960	5	1.26%
Simpson Financing Limited Partnership				16,915,990	7	1.13%
State of California Public Employees				16,882,240	8	1.13%
Puget Plastics Corporation				16,137,730	9	1.08%
Tualatin Property Investors LTD				15,805,690	10	1.06%
	<u>\$256,334,146</u>		<u>9.26%</u>	<u>\$ 189,252,340</u>		<u>12.67%</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 value", less 10%. Measure 50 limits any increase in assessed value, excluding major improvements, to for the tax years after 1997-98.						
Assessed valued for the City of Tualatin and the Tualatin Development Commission equals \$2,601,766,103. City of Tualatin the permanent rate of \$2.26 per \$1,000 assessed value is applied after the excess value is making the City's assessed value equals \$2,208,602,936. The estimate actual value for the City is Principal Taxpayers are based on the City's assessed value without Urban Renewal.						

[illegible]

						CITY OF TUALATIN
						BONDED DEBT PER CAPITA
						LAST TEN FISCAL YEARS
						JUNE 30, 2007

					Business-type			
	Governmental Activities				Activities			
	General	Special	Limited	Urban	Water	Total	Percentage	
Fiscal	Obligation	Assessment	Tax	Renewal	Revenue	Primary	of Personal	Per
Year	Bonds	Bonds	Bonds	Bonds	Bonds	Government	Income ¹	Capita
1998	\$ 4,455,000	\$ 175,000	\$ 2,460,000	\$ 8,660,000	\$ -	\$ 15,750,000		\$ 735.81
1999	7,735,000	150,000	2,460,000	4,715,000	-	15,060,000		705.55
2000	6,655,000	125,000	1,100,000	3,955,000	-	11,835,000		513.12
2001	5,555,000	100,000	1,020,000	3,165,000	-	9,840,000		422.86
2002	4,455,000	75,000	940,000	2,355,000	-	7,825,000		324.69
2003	4,270,000	50,000	940,000	6,675,000	-	11,935,000		481.44
2004	4,080,000	25,000	860,000	6,600,000	-	11,565,000		463.71
2005	7,665,000	-	780,000	5,440,000	-	13,885,000		545.28
2006	7,380,000	-	700,000	4,250,000	7,305,000	19,635,000		767.17
2007	7,025,000	-	620,000	3,030,000	7,060,000	17,735,000		691.42

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

¹ Data not available

Source: Current and previous CAFR's

		CITY OF TUALATIN	
COMPUTATION OF OVERLAPPING GENERAL OBLIGATION DEBT			
		JUNE 30, 2007	
		Percent	Amount
		Applicable	Applicable
	General Obligation	Inside City	Inside City
Jurisdiction	Debt Outstanding	of Tualatin	of Tualatin
City of Tualatin	\$ 11,250,000	100.0000%	\$ 11,250,000
Clackamas County			*
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
			\$ 70,680,832
Overlapping debt percentage is determined by the percentage of assessed value of the overlapping district that is within the City limits of Tualatin applied.			
Source: Municipal Debt Management, State of Oregon			
*The percentage of the City of Tualatin in Clackamas County is very small, as is the property-tax backed debt , and produces an immaterial amount.			

*The percentage of the City of Tualatin in Clackamas County is very small, as is the property-tax backed debt , and produces an immaterial amount.

				CITY OF TUALATIN
				COMPUTATION OF LEGAL DEBT MARGIN
				JUNE 30, 2007
ORS 287.004 provides a debt limit of 3% of true cash value of all taxable property within the City boundaries:				
True Cash Value				\$ 2,768,660,759
Rate				x 3%
Debt limit				83,059,823
Debt applicable to limit				10,458,584
Legal debt margin				\$ 72,601,239
Fiscal year ended June 30,	Debt Margin as a Percentage of Debt Limit	Debt Limit	Debt Applicable to Limit	Legal Debt Margin
1998	93.38%	\$ 44,809,752	\$ 2,967,448	\$ 41,842,304
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
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.				
Source: Current and previous CAFR's				

[illegible]

						CITY OF TUALATIN
						SCHEDULE OF PLEDGED REVENUE BOND COVERAGE
						LAST TEN FISCAL YEARS
						JUNE 30, 2007
SPECIAL ASSESSMENT BONDS						
Fiscal Year						
Ended	Assessment	Debt Service Requirements			Percent	
June 30,	Collections	Principal	Interest	Total	Coverage	
1998	\$ 92,053	\$ 30,000	\$ 12,223	\$ 42,223	218.02%	
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%	
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.						

[illegible]

								CITY OF TUALATIN		
								OPERATING INDICATORS		
								LAST TEN FISCAL YEARS		
								JUNE 30, 2007		
Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Arrests	717	626	805	854	934	1,048	1,184	1,038	1,039	1,200
Traffic violations	n/a	n/a	2,160	2,249	2,724	3,057	2,765	2,316	2,810	3,613
*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	394	370	675	449	216	164	503	673	1,691	1,706
Estimated value (000's)	\$ 58,966	\$ 63,509	\$ 61,775	\$ 86,227	\$ 84,434	\$ 54,571	\$ 95,351	\$ 117,949	\$ 80,107	94,543
Planning applications	215	248	233	216	239	217	178	314	128	300
Library circulation	224,529	215,000	183,204	251,851	317,273	359,773	367,701	394,995	427,222	416,179
Miles of streets maintained	57	59	60	63	65	65	67	76	76	76
Water connections										
	5,197	5,287	5,361	5,564	5,725	6,032	6,200	6,408	6,500	6,628
Sewer connections										
	4,974	4,974	4,974	5,263	5,480	5,738	5,900	6,408	6,192	6,346
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
										JUNE 30, 2007
Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public safety										
Patrol units	14	14	14	15	16	16	18	18	18	15
Officers	26	28	29	29	30	30	32	32	35	36
Highways and streets										
	57	59	60	63	65	65	67	76	76	76
Culture and recreation										
Number of parks	11	11	11	11	11	11	11	11	11	11
Acreage	115	115	262	270	272	276	289	289	284	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	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	13
Fire hydrants	865	865	865	865	865	865	876	903	931	953
*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, 2007

STATE OF OREGON COMPLIANCE SECTION

Oregon Administrative Rules 162-10-000 through 162-16-000 of 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 annual financial reports. Required comments and disclosures related to our audit of such financial statements and schedules are set forth on the following pages.

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 Accounting Control

We have audited the basic financial statements of the City of Tualatin as of and for the year ended June 30, 2007, and have issued our report thereon dated December 21, 2007. As part of our audit, we made a study and evaluation of accounting systems and controls as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the City's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control of the City taken as a whole. However, our study and evaluation disclosed no condition that we believe to be a significant deficiency or material weakness.

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 insufficient at times during the year ended June 30, 2007.

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, 2007.

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, 2007 and 2008, 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, 2007. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies.

CITY OF TUALATIN, OREGON

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

YEAR ENDED JUNE 30, 2007

STATE OF OREGON COMPLIANCE SECTION (Continued)

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, 2007.

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.

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.

Schedule of Accountability of Independently Elected Officials

There are no elected City officials who collect or receive funds on behalf of the City.

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 21, 2007