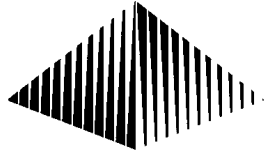


FINANCIAL SECTION







GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

475 Cottage Street NE, Suite 200, Salem, Oregon 97301

(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Tigard
Tigard, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tigard, 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 Tigard, Oregon as of June 30, 2007 and the respective changes in financial position and its cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The required and 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 Tigard, 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.

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 12, 2007

Management's Discussion and Analysis

As management of the City of Tigard, we offer readers this narrative overview and analysis of the financial activities of the City of Tigard for the fiscal year ended June 30, 2007. It focuses on significant financial issues, major financial activities, and resulting changes in financial positions, as well as economic factors affecting the City. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditors' report.

We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements which follow this discussion and analysis.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$286.2 million (net assets). Of this amount, \$45.2 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net assets increased \$10.8 million over the course of this year's operations. Within this total the net assets of our business-type activities increased by \$3.8 million or 4.6 percent, and net assets of our governmental activities increased by \$7.0 million or 3.6 percent.
- During the fiscal year, the City generated \$30.3 million in taxes, charges for services, and other revenues for governmental programs while incurring expenses from governmental activities totaling \$23.3 million, for an increase in net assets of \$7.0 million.
- In the City's business-type activities, revenues decreased by \$2.2 million, while expenses increased by \$0.3 million. The decrease in revenues is due primarily to the slow down of building activity in the City and the corresponding capital contributions which the building activity brings to the City as revenue.
- As of the close of fiscal year 2007, the City's governmental funds reported combined ending fund balances of \$26.5 million, an increase of \$1.5 million. This increase is directly related to the continued growth in the fund balances in the General Fund and the Traffic Impact Fee Fund. These funds will eventually be used for capital projects.
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$9.9 million, an increase of \$1.5 million or a 18.3 percent increase from the previous year.
- The City's total debt decreased by \$1.8 million during fiscal year 2007. This is entirely due to the normal, annual debt service payments on the general obligation bonds, long-term notes, Bancroft Improvement Bonds, and also the prepayment on some earlier issued improvement bonds.

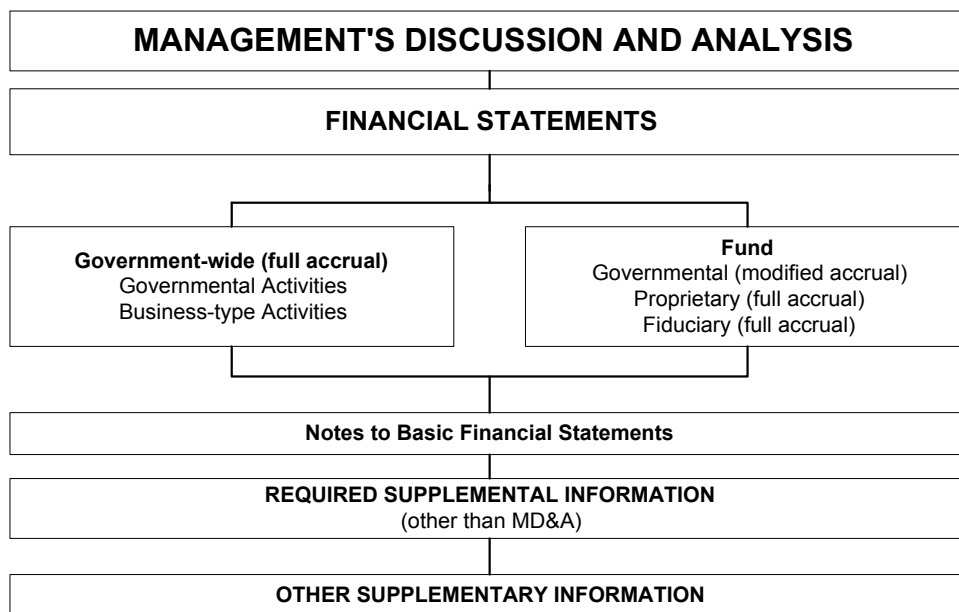
Overview of the Financial Statements

In addition to this discussion and analysis, the financial section of this annual report contains the basic financial statements, required supplementary information, and the combining statements of the non-major funds and schedules demonstrating legal compliance.

The basic financial statements also include notes that explain the information in the financial statements and provide more details. The statements are followed by the required supplementary information section that supports the information in the financial statements.

In addition to this discussion and analysis, the financial section of this annual report contains the basic financial statements, required supplementary information, and the combining statements of the non-major funds and schedules demonstrating legal compliance.

Required Elements of the Comprehensive Annual Financial Report



Government-wide Financial Statements.

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period. Examples of such items include earned, but uncollected property taxes, and earned, but unused compensated absences.

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

The governmental activities of the City include the following:

- Community services, police, library, and social services
- Public works, including parks and recreation
- Development services, planning and engineering
- Policy and administration

The business-type activities of the City include the following:

- Sanitary sewer
- Storm water
- Water

The government-wide financial statements can be found on pages 31-33 of this report.

Fund Financial Statements are designed to display compliance with finance-related legal requirements demonstrated by the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The funds of the City can be divided into the following categories: governmental funds, proprietary funds, and a fiduciary fund.

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 of available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial capability.

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 City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report three major funds: General Fund, Gas Tax Fund, and the Traffic Impact Fee Fund. Data from the other 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 34-36 of this report.

Proprietary funds are used to account for a government's business-type activities. The City maintains two different types of proprietary funds - enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its sanitary sewer, storm water, and water operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for fleet maintenance, risk management, office services, finance and accounting, and other management services.

The City reports all three of the enterprise funds as major funds. These funds are the Sanitary Sewer Fund, the Storm Sewer Fund, (which consists of the budgetary Storm Sewer and the Water Quality/Quantity Funds), and the Water Fund, (which includes the budgetary Water, Water SDC, and Water CIP Funds). However, for budgetary and legal purposes these funds are accounted for separately. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided as other supplementary information.

The City also adopts an annual appropriated budget for all proprietary funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the enterprise funds as other supplementary information on pages 101-110 of this report. Budgetary comparisons for the internal service funds are provided on pages 116-117 of this report.

The proprietary fund financial statements can be found on pages 37-39 in the basic financial statements.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The City has a pension trust fund that accounts for employee defined contribution plans. The accounting used for the fiduciary fund is much like that used for the proprietary funds.

No budget is adopted for the fiduciary fund in accordance with Oregon Local Budget Law.

The fiduciary fund financial statements can be found on page 40 in the basic financial statements.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-62 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and business-type funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 71-110 of this report.

Government-wide Financial Analysis

Net assets. As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$286.2 million at June 30, 2007.

The largest portion of the City's net assets (83 percent) reflects its investment in capital assets (e.g., land, buildings, roads, sewers, storm water facilities, etc.), less any related debt used to acquire those assets that is still outstanding. The majority of these capital assets, including the City infrastructure, are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

City of Tigard, Oregon
Net Assets as of Fiscal Year-end
(in millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------------------------|------------------------------------|------------------------|-------------------------------------|-----------------------|------------------------|------------------------|
| | FY 06-07 | FY 05-06 | FY 06-07 | FY 05-06 | FY 06-07 | FY 05-06 |
| Assets | | | | | | |
| Current and other assets | \$ 34.0 | \$ 31.3 | \$ 24.6 | \$ 26.0 | \$ 58.6 | \$ 57.3 |
| Net capital assets | 185.7 | 181.6 | 64.0 | 58.1 | 249.7 | 239.7 |
| Total assets | <u>219.7</u> | <u>212.9</u> | <u>88.6</u> | <u>84.1</u> | <u>308.3</u> | <u>297.0</u> |
| Liabilities | | | | | | |
| Other liabilities | 5.0 | 4.4 | 2.4 | 2.1 | 7.4 | 6.5 |
| Outstanding debt | 14.6 | 15.4 | - | - | 14.6 | 15.4 |
| Total liabilities | <u>19.6</u> | <u>19.8</u> | <u>2.4</u> | <u>2.1</u> | <u>22.0</u> | <u>21.9</u> |
| Net Assets | | | | | | |
| Invested in capital assets, net of related debt | 173.4 | 168.6 | 64.0 | 58.0 | 237.4 | 226.6 |
| Restricted | 1.5 | 2.8 | 3.8 | 3.8 | 5.3 | 6.6 |
| Unrestricted | 25.2 | 21.7 | 18.4 | 20.5 | 43.6 | 42.2 |
| Total net assets | <u>\$ 200.1</u> | <u>\$ 193.1</u> | <u>\$ 86.2</u> | <u>\$ 82.3</u> | <u>\$ 286.3</u> | <u>\$ 275.4</u> |

The City's net assets increased by \$10.8 million during the fiscal year. A portion of this increase is land purchases, \$3.86 million, for park land and future growth and increased production needs by the City's Water department. Another component of the increase, \$6.07 million, is improvements and additions to infrastructure throughout the City.

The revenues and expenses shown on the next table explain changes in net assets for fiscal year 2007.

City of Tigard, Oregon
Changes in Net Assets
(in millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------|----------------------------|-----------------|-----------------------------|----------------|-----------------|-----------------|
| | FY 06-07 | FY 05-06 | FY 06-07 | FY 05-06 | FY 06-07 | FY 05-06 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 7.1 | \$ 7.8 | \$ 9.2 | \$ 9.7 | \$ 16.3 | \$ 17.5 |
| Capital Grants and Contributions | 0.1 | - | 3.9 | 6.0 | 4.0 | 6.0 |
| Operating grants and contributions | 0.3 | 0.1 | - | - | 0.3 | 0.1 |
| Total Program revenues | <u>7.5</u> | <u>7.9</u> | <u>13.1</u> | <u>15.7</u> | <u>20.6</u> | <u>23.6</u> |
| Taxes | 11.5 | 10.8 | - | - | 11.5 | 10.8 |
| Interest | 1.5 | 0.9 | 1.0 | 0.6 | 2.5 | 1.5 |
| Other | 9.8 | 8.7 | 0.1 | 0.1 | 9.9 | 8.8 |
| Total General revenues | <u>22.8</u> | <u>20.4</u> | <u>1.1</u> | <u>0.7</u> | <u>23.9</u> | <u>21.1</u> |
| Total revenues | <u>30.3</u> | <u>28.3</u> | <u>14.2</u> | <u>16.4</u> | <u>44.5</u> | <u>44.7</u> |
| Expenses | | | | | | |
| Community services | 11.7 | 11.2 | - | - | 11.7 | 11.2 |
| Public works | 2.4 | 3.1 | - | - | 2.4 | 3.1 |
| Development services | 4.7 | 4.7 | - | - | 4.7 | 4.7 |
| Policy and administration | 4.4 | 7.4 | - | - | 4.4 | 7.4 |
| Interest on long-term debt | 0.1 | 0.9 | - | - | 0.1 | 0.9 |
| Sewer | - | - | 1.5 | 1.4 | 1.5 | 1.4 |
| Storm water | - | - | 1.5 | 1.4 | 1.5 | 1.4 |
| Water | - | - | 7.4 | 7.3 | 7.4 | 7.3 |
| Total expenses | <u>23.3</u> | <u>27.3</u> | <u>10.4</u> | <u>10.1</u> | <u>33.7</u> | <u>37.4</u> |
| Changes in net assets | 7.0 | 1.0 | 3.8 | 6.3 | 10.8 | 7.3 |
| Beginning net assets | <u>193.1</u> | <u>192.1</u> | <u>82.3</u> | <u>76.0</u> | <u>275.4</u> | <u>268.1</u> |
| Ending net assets | <u>\$ 200.1</u> | <u>\$ 193.1</u> | <u>\$ 86.1</u> | <u>\$ 82.3</u> | <u>\$ 286.2</u> | <u>\$ 275.4</u> |

Revenues

Governmental Activities

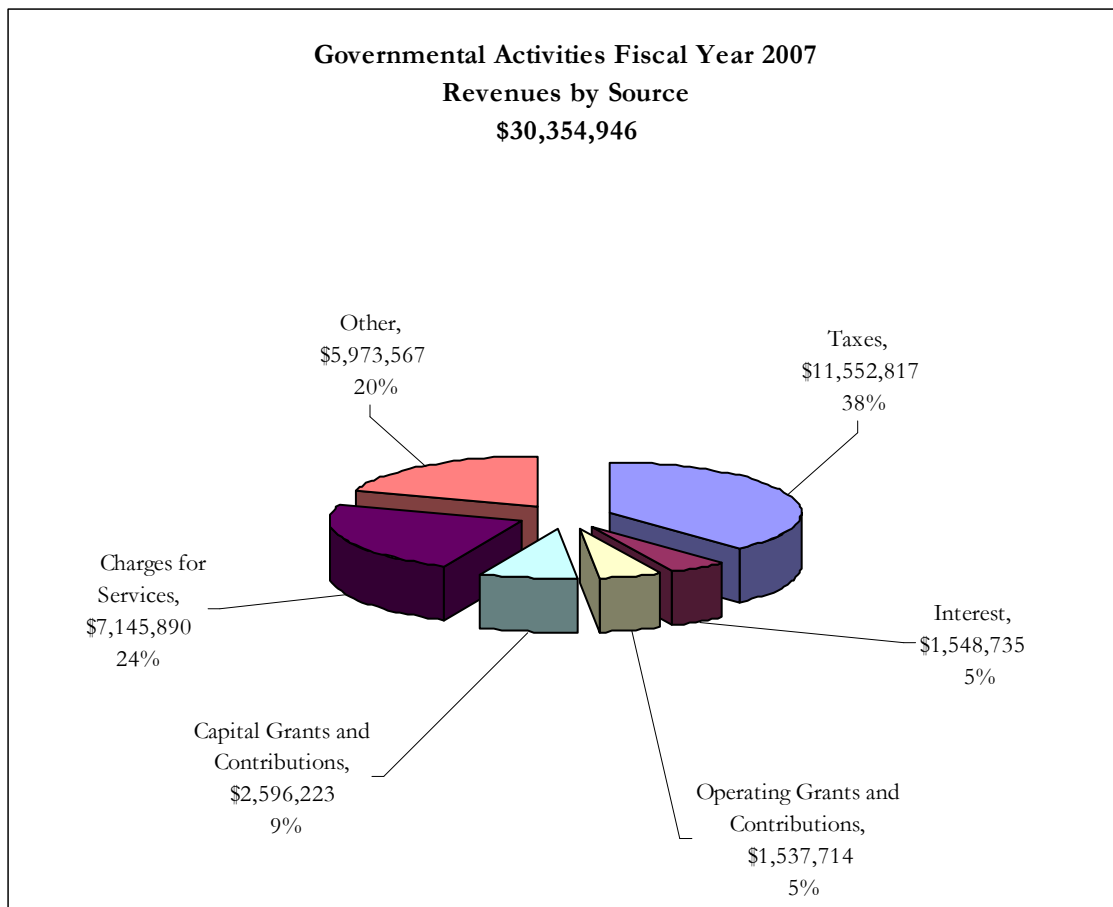
Property taxes continue to be a major source of revenue for the funding of City programs. Oregon voters passed Measure 50, a State Constitutional Amendment, which fundamentally changed property tax calculation and administration in Oregon in May 1997. Measure 50 converted operating property tax authority from a "levy-based" system to a "rate-based" system, and it became effective in FY 1997-98. The City's tax base, which was \$6,891,856 in FY 1997-98, was converted to a permanent tax rate of \$2.5131 by the measure. The measure established FY 1997-98 assessed value at FY 1995-96 values less 10 percent.

The permanent rate is multiplied by the assessed value each year to arrive at the tax authority for that year. Assessed value growth is limited to 3 percent per year, plus a pro-rated share of new construction and annexations. The City has seen significant growth in construction since then and the annexation of the Walnut Island area which occurred in FY 1999-00.

Measure 50 did not change the basis for calculating General Obligation (GO) debt service levies. GO debt service levies are calculated to produce enough tax revenues that (when combined with other resources such as interest earnings and fund balance) will be enough to pay debt service due on these voter approved bonds. On May 21, 2002, voters approved a bond measure in the amount of \$13.0 million for a new library. The City sold the bonds to the Oregon Economic and Community Development Department. Taxes collected through the tax levy will repay this bonded debt.

Both other revenues and charges for services combined constitute 56 percent of total revenues and the primary sources include the following:

- Franchise fees are charged to public utilities for the use of the public right-of-way. Franchised activities paying the fee include electricity, natural gas, telecommunications, cable television, and solid waste haulers - \$3,835, 007.
- Intergovernmental revenue is the other significant revenue category in other revenues and totals \$1,836,291. These revenue sources include state shared revenues such as cigarette tax, liquor tax, and revenue sharing. In addition, this category also includes the City's portion of the countywide Hotel/ Motel Tax.
- Charges for service includes a variety of land use planning and permit fees, library fines, system development charges, and other miscellaneous types of fees and charges - \$7,145,890



Business-type Activities

Charges for services represent 65 percent of total revenues and are composed of fees that are charged to all users for services provided such as water, sanitary sewer, and storm water. The sanitary and storm water fees are established by Clean Water Services (CWS) and are set by the agency each year. The City Council, through an intergovernmental agreement with other water system participants, sets the water rates.

The City is continuing to pursue efforts to secure a long-term water source to meet future demands over the next 50 years. The final decision on the source(s) will impact how future water rates will be established. Over the past six years, the City Council has approved a yearly 6 percent water rate adjustment in anticipation of having to issue revenue bonds to finance capital projects associated with these potential water sources.

Sanitary rates have been traditionally adjusted by CWS annually with the increase in revenues being dedicated to debt service requirements for treatment plant expansions made by agency.

Storm water rates have not been adjusted for several years.

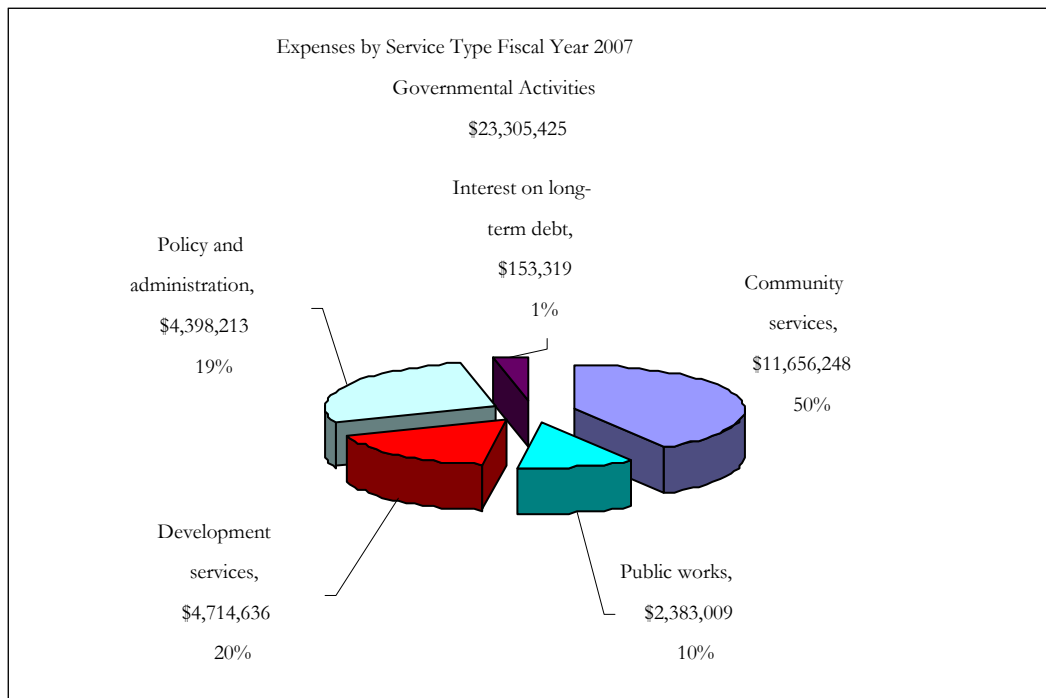
Expenses

Governmental Activities

Expenses related to governmental activities are shown in the chart below and are expressed as a percent of total expenses for all governmental activities.

The majority of the expenses (50 percent) relate to the City Library and Police Department within the Community services activity.

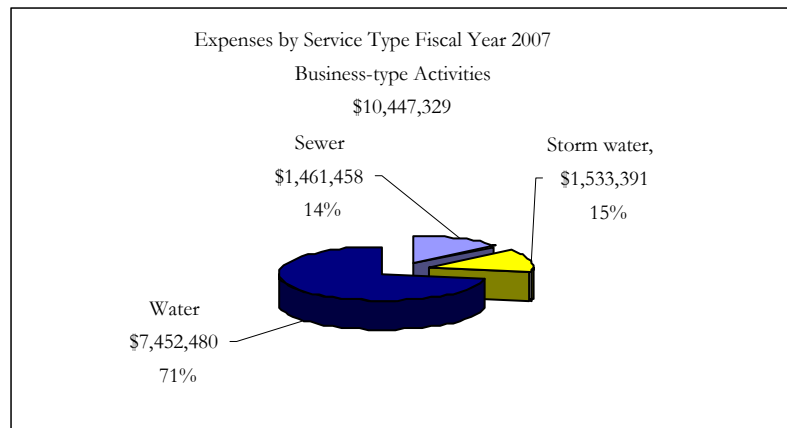
Overall, expenses in Governmental activities decreased by \$4.0 million over the previous fiscal year. The majority of this decrease can be attributed to adjustments made in prior year to construction in progress that were made between the two prior fiscal years and being reported in the Changes in Net Assets.



Business-type Activities

The majority of the expenses (71 percent) relate to the drinking water service provider activity. The City does not have its own water source, so it has to purchase water from other agencies. This water purchase expense is a major portion of the total water expenses. The water expense increased slightly over last year due to increases in wages and benefits and material costs such as fuel.

Both the sanitary and storm water expenses increased only slightly from the previous fiscal year. Neither of these activities have experienced major growth or expansion of their respective systems, so expenses continue to increase only moderately due to increases in personal costs and material costs such as fuel.



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year 2007, the City's governmental funds reported combined ending fund balances of \$26.4 million. Of this amount, \$2.5 million is reserved for capital projects and prepaid insurance.

General Fund

The General Fund is the chief operating fund of the City. At the end of the fiscal year 2007, the unreserved fund balance was \$9.9 million that can be used for funding of City programs. This was a slight increase of \$1.5 million. This increase can be primarily attributed to the combined increased revenues from franchise fees, property taxes, and charges for service.

Gas Tax Fund

This fund records shared revenues from State and County taxes on sale and use of motor vehicle fuel. Funds are used for construction, reconstruction, improvement, repair, maintenance, operation, and use of public highways, roads, streets, and roadside rest areas. This revenue source can also be used for street lighting and cleaning, storm drainage, traffic control devices, and cost of administration. At the end of the FY 2007, the fund balance was \$2.5 million, a decrease of \$0.2 million. This fund balance will eventually be used to complete capital projects.

Traffic Impact Fee (TIF) Fund

The Traffic Impact Fee (TIF) is a charge on new development assessed by Washington County, but collected by cities. It is based upon the number of trips per day that each type of development is estimated to generate. The County maintains a table of standards for all possible uses. The standard trips per day for each development are multiplied by the rate per trip to determine the amount of the TIF. Fund revenues may only be used for highway and transit capital improvements, which provide additional capacity to major transportation systems and to pay the costs of administering the program. At the end of the FY 2007, the fund balance was \$3.2 million an increase of \$0.5 million

Proprietary Funds

The City's proprietary funds include the Sanitary Sewer, Storm Sewer, Water, and Internal Services Funds.

The unrestricted net assets of the business-type activities which include the Sanitary Sewer, Storm Sewer, and Water Funds at the end of the year amounted to \$18.1 million. The total increase in net assets for these funds was slightly over \$3.8 million.

The factors concerning the finances of the funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City Council approved six budget amendments to the adopted General Fund budget. Total increase in appropriations was \$117,753. The changes are summarized as follows:

- Increase of \$18,478 in the Police Department in recognition of a GREAT Grant. Money will be used for GREAT programs.
- Increase of \$22,225 in the Public Works Department in recognition of a State Homeland Security Grant. Money used for purchase of seven 800 MHz radios.
- Increase of \$70,000 in the Capital Construction and Transportation Division in the Community Development Department pavement management services project.
- \$1,000 increase in the budget for Mayor and Council for the funding to Vision Action Network for it's study on the viability of opening an office in Washington County.
- \$3,500 increase in the budget for Mayor and Council for the funding to Tigard Safety Town to cover insurance cost for their event.
- \$2,550 increase to Social Services & Community Events Division to cover insurance cost for the Tigard 4th of July event.

The overall change to the budget in the General Fund after these six amendments was less than one percent, 0.002% and had no significant affect on future services or liquidity.

Capital Asset and Debt Administration

Capital Assets

Governmental Activities

The City's investment in capital assets for its governmental activities as of June 30, 2007, amounts to \$185.7 million (net of accumulated depreciation). This investment in capital assets primarily includes land, buildings, machinery and equipment, office equipment, and infrastructure. The infrastructure includes roads, curbs and sidewalks, signage, streetlights and right-of-ways. The total increase in the City's investment in governmental activities capital assets was \$4.1 million or 2.25 percent. This was primarily due to land purchases and additions to infrastructure throughout the City.

Business-type Activities

The City's investment in capital assets for its business-type activities as of June 30, 2007, amounts to \$64.0 million (net of accumulated depreciation). In addition to machinery, equipment, and vehicles, the capital assets include the sanitary sewer collection system, storm drainage, and water systems. Total increase in the City's investment in business-type activities capital assets was \$5.9 million or 10.24 percent. This is due to further expansion of the City's water reservoir system.

**City of Tigard, Oregon
Capital Assets at Year-end
(Net of Depreciation)
(in millions)**

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------|----------------------------|-----------------|-----------------------------|----------------|-----------------|-----------------|
| | FY 06-07 | FY 05-06 | FY 06-07 | FY 05-06 | FY 06-07 | FY 05-06 |
| Land | \$ 6.2 | \$ 5.8 | \$ 4.4 | \$ 1.0 | \$ 10.6 | \$ 6.8 |
| Construction in progress | 1.8 | 0.5 | 1.2 | 1.5 | 3.0 | 2.0 |
| Buildings and building improvements | 15.8 | 16.0 | 0.6 | 0.7 | 16.4 | 16.7 |
| Land improvements | 0.7 | 1.1 | - | - | 0.7 | 1.1 |
| Sewer system | - | - | 15.8 | 15.2 | 15.8 | 15.2 |
| Storm drainage system | - | - | 11.1 | 10.9 | 11.1 | 10.9 |
| Water system | - | - | 29.8 | 28.5 | 29.8 | 28.5 |
| Machinery and equipment | 0.5 | 0.5 | 0.6 | - | 1.1 | 0.5 |
| Autos and trucks | 0.9 | 0.7 | 0.5 | 0.3 | 1.4 | 1.0 |
| Infrastructure | 159.8 | 157.0 | - | - | 159.8 | 157.0 |
| Total capital assets | \$ 185.7 | \$ 181.6 | \$ 64.0 | \$ 58.1 | \$ 249.7 | \$ 239.7 |

Additional information on the City's capital assets can be found in the notes on pages 55-56 of this report.

Debt Outstanding

As of year-end, the City had three types of debt currently outstanding, which are all governmental. They include general obligation bonds (\$11.1 million) secured by the City's authority to levy property taxes,

and assessment bonds (\$1.3 million) secured by installment payment contracts with property owners. The third is a loan (\$1.2 million) through the Oregon Economic and Community Development Department (OECD). This loan was secured by current and future park system development charges collected by the City.

The most recent bond rating occurred in 1993 and the rating given by Moody's was A1. Existing debt levels have no direct impact on current or future City operations.

The State of Oregon limits the amount of general obligation debt that cities can issue to 3 percent of the real market value of all taxable property within the City limits. The City's total outstanding general obligation debt is significantly below the 3 percent limit of \$130.3 million.

Additional information on the City's debt can be found on pages 57-58 of this report.

**City of Tigard, Oregon
Outstanding Debt at Fiscal Year-end
(in millions)**

| | Totals | | Total Percentage Change |
|-------------------------------|----------------|----------------|-------------------------------|
| | FY 06-07 | FY 05-06 | |
| Governmental: | | | |
| General obligation | \$ 11.1 | \$ 11.6 | -4.3% |
| Local improvement | 1.3 | 2.3 | -43.5% |
| Long-term note | 1.2 | 1.5 | -20.0% |
| Total outstanding debt | \$ 13.6 | \$ 15.4 | -11.7% |

Economic Factors

The unemployment rate for the Portland metro area was 4.8 percent at the end of the fiscal year, June 30, 2007. This is a decrease from the same period last year, when the rate was 6.3 percent. While the rate is declining, it is still above the national average of 4.6 percent for June 2007 and 5.0 percent for June 2006.

The City of Tigard issues licenses for businesses operating within the City limits. As of June 30, 2007, there were 3,239 businesses licensed in the City with a total of 32,134 employees. The U.S. Economic Census, which takes place every five years, provides data on industry sales within the City. Wholesale trade is generating the most dollars in shipments, sales, and receipts. Retail trade employed the most people, and also ranks second in the amount of dollars generated.

Almost 70 percent of land within the City is planned to accommodate residential use, ranging from low density single family homes to high density multi-family dwellings. The City tracks buildable lands through a yearly inventory process. At the end of 2005, less than 10 percent of land within the City was considered buildable. Single family home construction, which includes free standing and attached, hit a high of 335 units in 1995 and dipped to a low of 187 in 2002.

The number constructed went above 300 in 2005 for the first time since 1996. Residential construction valuation over the last three years has been consistent at around \$80 million per year. Total housing units added in the City during 2006-07 totaled 221 with the construction valuation at around \$64.6 million.

The City of Tigard has developed a comprehensive long-term financial forecast every year since the 1980's. This forecast allows the City to project expected revenues and expenditures for each of its funds to help anticipate financial requirements.

The comprehensive long-term financial forecast continues to be central to Tigard's financial management strategy. By forecasting and anticipating financial trends, Tigard can develop strategies to respond to these emerging financial trends.

The current forecast shows that in the short term the City's financial condition is stable in most funds. The FY 2006-07 budget took the initial step in addressing a portion of the projected General Fund deficit that had been forecasted to occur earlier than what is now projected. By including a utility franchise fee, the City can delay the deficit by one year. This revenue source would continue to create a more stable financial condition over time, although more substantive options might need to be considered in the future. More adjustments were made to the forecast model during with the FY 2007-08 budget taking into account the City never spends 100% of its appropriations. Also there are forecasted positions (FTE's) which may not be needed to maintain the level of service proposed in the forecast. The City will carefully weigh the long-term effect these options may have before approving them.

The City will also need to establish sound financing for the capital improvement program that is needed in order to maintain and improve the City's infrastructure. A Downtown Revitalization Plan was adopted by the City Council and recommended the creation of an Urban Renewal District. The creation of the district and use of tax increment financing was approved by the voters in May 2006. The City will still need to fund some catalyst projects that are identified in the Plan and financing of these projects will need to come from other sources. The voters in Washington County and the City of Tigard just recently approved an operational tax levy throughout the County that will help in sustaining the operation of the City's library.

Requests for Information

This financial report is designed to provide a general overview of the City of Tigard's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Financial and Information Services Director, City of Tigard, 13125 SW Hall Blvd., Tigard, Oregon 97223.



BASIC FINANCIAL STATEMENTS





CITY OF TIGARD, OREGON
STATEMENT OF NET ASSETS
June 30, 2007

| | Governmental Activities | Business-Type Activities | Total |
|--------------------------------------------------------------|------------------------------------|-------------------------------------|-----------------------|
| ASSETS | | | |
| Cash and investments | \$ 31,070,113 | \$ 21,759,367 | \$ 52,829,480 |
| Accounts receivable | 817,597 | 2,649,571 | 3,467,168 |
| Property taxes receivable | 346,648 | 59 | 346,707 |
| Assessment liens receivable | 1,461,838 | - | 1,461,838 |
| Prepaid expenses | 209,378 | 127,000 | 336,378 |
| Inventory | 61,518 | 69,479 | 130,997 |
| Capital assets: | | | |
| Land and construction in process | 8,017,325 | 5,575,719 | 13,593,044 |
| Other capital assets (net of accumulated depreciation) | 177,692,370 | 58,425,105 | 236,117,475 |
| Total Assets | <u>219,676,787</u> | <u>88,606,300</u> | <u>308,283,087</u> |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | 2,012,739 | 2,413,308 | 4,426,047 |
| Customer deposits | 2,322,247 | 189,797 | 2,512,044 |
| Due to (from) other activities | 270,605 | (270,605) | - |
| Accrued interest payable | 372,497 | - | 372,497 |
| Deferred revenue | - | 7,725 | 7,725 |
| Noncurrent liabilities: | | | |
| Due within one year: | | | |
| Notes payable | 229,201 | - | 229,201 |
| Bonds payable | 518,411 | - | 518,411 |
| Accrued compensated absences | 865,883 | 142,775 | 1,008,658 |
| Special assessment bonded debt with government commitment | 114,507 | - | 114,507 |
| Due in more than one year: | | | |
| Notes payable | 1,012,986 | - | 1,012,986 |
| Bonds payable | 10,547,959 | - | 10,547,959 |
| Accrued compensated absences | 53,375 | (124,665) | (71,290) |
| Special assessment bonded debt with government commitment | 1,230,524 | - | 1,230,524 |
| Total Liabilities | <u>19,550,934</u> | <u>2,358,335</u> | <u>21,909,269</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 173,401,138 | 64,000,824 | 237,401,962 |
| Restricted for: | | | |
| Capital projects | 1,281,106 | 3,783,324 | 5,064,430 |
| Reserved | 209,378 | - | 209,378 |
| Unrestricted | 25,234,231 | 18,463,817 | 43,698,048 |
| Total Net Assets | <u>\$ 200,125,853</u> | <u>\$ 86,247,965</u> | <u>\$ 286,373,818</u> |

The accompanying notes are an integral part of the basic financial statements.

CITY OF TIGARD, OREGON
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2007

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| Community services | \$ 11,656,248 | \$ 151,448 | \$ 1,533,814 | \$ - |
| Public works | 2,383,009 | 1,866,123 | 3,900 | - |
| Development services | 4,714,636 | 3,982,018 | - | 2,596,223 |
| Policy and administration | 4,398,213 | 1,146,301 | - | - |
| Interest on long-term debt | 153,319 | - | - | - |
| Total governmental activities | <u>23,305,425</u> | <u>7,145,890</u> | <u>1,537,714</u> | <u>2,596,223</u> |
| Business-type activities: | | | | |
| Sewer | 1,461,458 | 1,641,740 | - | 356,993 |
| Storm water | 1,533,391 | 1,190,521 | - | 452,560 |
| Water | <u>7,452,480</u> | <u>6,336,186</u> | <u>-</u> | <u>3,076,567</u> |
| Total business-type activities | <u>10,447,329</u> | <u>9,168,447</u> | <u>-</u> | <u>3,886,120</u> |
| Total | <u>\$ 33,752,754</u> | <u>\$ 16,314,337</u> | <u>\$ 1,537,714</u> | <u>\$ 6,482,343</u> |

General Revenues:

Property taxes, levied for general purposes
Property taxes, levied for debt service
Franchise taxes
Unrestricted intergovernmental revenues
Interest earnings
Miscellaneous
Total general revenues

Change in net assets

Net assets--beginning
Net assets--ending

The accompanying notes are an integral part of the basic financial statements.

**Net (Expense) Revenue and
Changes in Net Assets**

| Primary Government | | |
|------------------------------------|-------------------------------------|----------------|
| Governmental Activities | Business-type Activities | Total |
| \$ (9,970,986) | \$ - | \$ (9,970,986) |
| (512,986) | - | (512,986) |
| 1,863,605 | - | 1,863,605 |
| (3,251,912) | - | (3,251,912) |
| (153,319) | - | (153,319) |
| (12,025,598) | - | (12,025,598) |
| - | 537,275 | 537,275 |
| - | 109,690 | 109,690 |
| - | 1,960,273 | 1,960,273 |
| - | 2,607,238 | 2,607,238 |
| (12,025,598) | 2,607,238 | (9,418,360) |
| 10,627,894 | - | 10,627,894 |
| 924,923 | - | 924,923 |
| 3,835,007 | - | 3,835,007 |
| 1,836,291 | - | 1,836,291 |
| 1,548,735 | 1,050,352 | 2,599,087 |
| 302,269 | 147,310 | 449,579 |
| 19,075,119 | 1,197,662 | 20,272,781 |
| 7,049,521 | 3,804,900 | 10,854,421 |
| 193,076,332 | 82,300,290 | 275,376,622 |
| \$ 200,125,853 | \$ 86,105,190 | \$ 286,231,043 |

**CITY OF TIGARD, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET**

June 30, 2007

| | General Fund | Gas Tax Fund | Traffic Impact Fee Fund | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------------|----------------------|---------------------|-------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 10,425,823 | \$ 3,232,742 | \$ 3,617,347 | \$ 12,387,358 | \$ 29,663,270 |
| Accounts receivable | 352,112 | 57,853 | - | 395,033 | 804,998 |
| Property taxes receivable | 319,464 | - | - | 27,184 | 346,648 |
| Assessment liens receivable | - | - | 75,688 | 1,386,150 | 1,461,838 |
| Prepaid insurance | 209,378 | - | - | - | 209,378 |
| Total assets | <u>\$ 11,306,777</u> | <u>\$ 3,290,595</u> | <u>\$ 3,693,035</u> | <u>\$ 14,195,725</u> | <u>\$ 32,486,132</u> |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$ 861,548 | \$ 175,466 | \$ 406,958 | \$ 318,188 | \$ 1,762,160 |
| Customer deposits | 323,599 | 562,503 | - | 1,436,145 | 2,322,247 |
| Deferred revenues: | | | | | |
| Property taxes | 195,608 | - | - | 16,879 | 212,487 |
| Assessment liens | - | - | 50,193 | 1,649,811 | 1,700,004 |
| Accrued interest on delinquent assessments | - | - | - | 2,661 | 2,661 |
| Total liabilities | <u>1,380,755</u> | <u>737,969</u> | <u>457,151</u> | <u>3,423,684</u> | <u>5,999,559</u> |
| FUND BALANCES | | | | | |
| Reserved for: | | | | | |
| Prepaid insurance | 209,378 | - | - | - | 209,378 |
| Unreserved, reported in: | | | | | |
| General fund | 9,716,643 | - | - | - | 9,716,643 |
| Special revenue funds | - | 2,552,626 | 3,235,884 | 7,656,582 | 13,445,092 |
| Capital projects funds | - | - | - | 2,027,633 | 2,027,633 |
| Debt service funds | - | - | - | 1,087,826 | 1,087,826 |
| Total fund balances | <u>9,926,021</u> | <u>2,552,626</u> | <u>3,235,884</u> | <u>10,772,041</u> | <u>26,486,572</u> |
| Total liabilities and fund balances | <u>\$ 11,306,776</u> | <u>\$ 3,290,595</u> | <u>\$ 3,693,035</u> | <u>\$ 14,195,725</u> | |

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, net of accumulated depreciation of \$56,011,867 | 185,709,692 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds: | |
| Assessment liens (includes interest on delinquent liens) | 1,702,665 |
| Property taxes earned but not available | 212,486 |
| Internal service funds are used by management to charge the cost of administrative functions as well as fleet and property management to individual funds. A portion of the assets and liabilities of the internal service funds are included in governmental activities in the statement of activities. | 811,816 |
| Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds. | (771,294) |
| Long-term liabilities - not reported in the funds: | |
| Bonds, notes payable and other liabilities, not due and payable in current period | (13,653,587) |
| Accrued interest payable, not due and payable in the current period | (372,497) |
| Net Assets of Governmental Activities | <u>\$ 200,125,853</u> |

The accompanying notes are an integral part of the basic financial statements.

**CITY OF TIGARD, OREGON
GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the fiscal year ended June 30, 2007**

| | General Fund | Gas Tax Fund | Traffic Impact Fee Fund | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------------------------------|---------------------|---------------------|-------------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | |
| Taxes | \$ 10,628,053 | \$ - | \$ - | \$ 924,991 | \$ 11,553,044 |
| Franchise fees | 3,835,007 | - | - | - | 3,835,007 |
| Special assessments | - | - | - | 163,379 | 163,379 |
| Licenses and permits | 299,515 | - | 950,722 | 1,761,111 | 3,011,348 |
| Intergovernmental revenues | 3,374,005 | 2,596,223 | - | - | 5,970,228 |
| Charges for service | 1,965,307 | 13,526 | - | 2,010,658 | 3,989,491 |
| Fines and forfeitures | 850,335 | - | - | - | 850,335 |
| Interest earnings | 520,742 | 152,252 | 155,936 | 678,135 | 1,507,065 |
| Miscellaneous | 60,096 | 17,796 | 500 | 205,320 | 283,712 |
| | <u>21,533,060</u> | <u>2,779,797</u> | <u>1,107,158</u> | <u>5,743,594</u> | <u>31,163,609</u> |
| Total revenues | | | | | |
| EXPENDITURES | | | | | |
| Current operating: | | | | | |
| Community services | 11,918,362 | - | - | - | 11,918,362 |
| Public works | 2,383,009 | - | - | - | 2,383,009 |
| Development services | 2,708,092 | 470,605 | - | 1,594,083 | 4,772,780 |
| Policy and administration | 3,961,487 | 198,138 | 19,550 | 538,792 | 4,717,967 |
| Citywide support function | 23,000 | - | - | - | 23,000 |
| Debt service: | | | | | |
| Principal | - | - | - | 1,666,571 | 1,666,571 |
| Interest | - | - | - | 630,916 | 630,916 |
| Capital outlay | - | 1,389,782 | 460,540 | 1,693,100 | 3,543,422 |
| | <u>20,993,950</u> | <u>2,058,525</u> | <u>480,090</u> | <u>6,123,462</u> | <u>29,656,027</u> |
| Total expenditures | | | | | |
| Excess (deficiency) of revenues over (under) expenditures | <u>539,110</u> | <u>721,272</u> | <u>627,068</u> | <u>(379,868)</u> | <u>1,507,582</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 1,414,769 | - | - | 1,252,380 | 2,667,149 |
| Transfers out | <u>(416,942)</u> | <u>(888,644)</u> | <u>(96,795)</u> | <u>(1,264,768)</u> | <u>(2,667,149)</u> |
| Total other financing sources (uses) | <u>997,827</u> | <u>(888,644)</u> | <u>(96,795)</u> | <u>(12,388)</u> | <u>-</u> |
| Net change in fund balances | 1,536,937 | (167,372) | 530,273 | (392,256) | 1,507,582 |
| Fund balances - beginning | <u>8,389,084</u> | <u>2,719,998</u> | <u>2,705,611</u> | <u>11,164,297</u> | <u>24,978,990</u> |
| Fund balances - ending | <u>\$ 9,926,021</u> | <u>\$ 2,552,626</u> | <u>\$ 3,235,884</u> | <u>\$ 10,772,041</u> | <u>\$ 26,486,572</u> |

The accompanying notes are an integral part of the basic financial statements.

CITY OF TIGARD, OREGON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2007

Net change in fund balances--total governmental funds \$ 1,507,582

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlay exceeded depreciation in the current period.

| | | |
|------------------------------------------------|--------------------|-----------|
| Expenditures for capital assets - less donated | 7,988,731 | |
| Less current year depreciation | <u>(4,047,661)</u> | 3,941,070 |

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

| | | |
|------------------|------------------|-----------|
| Property taxes | (226) | |
| Assessment liens | <u>(177,583)</u> | (177,809) |

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. by which proceeds exceeded repayments.

| | | |
|--------------------|--|-----------|
| Principal payments | | 1,666,571 |
|--------------------|--|-----------|

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.

| | | |
|--------------------------|----------------|--------|
| Compensated absences | 84,987 | |
| Accrued interest on debt | <u>(8,019)</u> | 76,968 |

Internal service funds are used by management to charge the cost of administrative functions as well as fleet and property management to individual funds. The net revenue of a portion of internal service funds is reported with governmental activities.

| | | |
|------------------------------------------------------|-----------------|---------------|
| Change in Net Assets - Internal Service Funds | 46,852 | |
| Less amount attributable to Business-type activities | <u>(11,713)</u> | <u>35,139</u> |

| | | |
|-------------------------------------------------|--|---------------------|
| Change in Net Assets of Governmental Activities | | <u>\$ 7,049,521</u> |
|-------------------------------------------------|--|---------------------|

The accompanying notes are an integral part of the basic financial statements.

CITY OF TIGARD, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2007

| | Business-type Activities Enterprise Funds | | | | Governmental Activities |
|----------------------------------------------------------------------------------------------------------|------------------------------------------------------|------------------------|----------------------|----------------------|---------------------------------------|
| | Sanitary Sewer | Storm Water | Water | Totals | Internal Service Funds |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 8,543,736 | \$ 2,533,722 | \$ 10,681,909 | \$ 21,759,367 | \$ 1,406,844 |
| Accounts receivable | 1,178,078 | 231,187 | 1,240,306 | 2,649,571 | 12,599 |
| Property taxes receivable | - | - | 59 | 59 | - |
| Prepaid expenses | - | - | 127,000 | 127,000 | - |
| Inventory | - | - | 69,479 | 69,479 | 61,519 |
| Total current assets | <u>9,721,814</u> | <u>2,764,909</u> | <u>12,118,753</u> | <u>24,605,476</u> | <u>1,480,962</u> |
| Noncurrent assets: | | | | | |
| Restricted cash and investments | | | | | |
| Capital assets: | | | | | |
| Land and construction in process | 122,341 | 112,287 | 5,341,091 | 5,575,719 | - |
| Other capital assets (net of accumulated depreciation) | 16,188,233 | 11,291,817 | 30,945,055 | 58,425,105 | - |
| Total noncurrent assets | <u>16,310,574</u> | <u>11,404,104</u> | <u>36,286,146</u> | <u>64,000,824</u> | <u>-</u> |
| Total assets | <u>26,032,388</u> | <u>14,169,013</u> | <u>48,404,899</u> | <u>88,606,300</u> | <u>1,480,962</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accrued liabilities | 1,387,986 | 94,247 | 931,075 | 2,413,308 | 250,579 |
| Customer deposits | - | 4,616 | 185,181 | 189,797 | - |
| Deferred revenue | 7,666 | - | 59 | 7,725 | - |
| Accrued compensated absences | 28,898 | 20,460 | 93,417 | 142,775 | 139,373 |
| Total current liabilities | <u>1,424,550</u> | <u>119,323</u> | <u>1,209,732</u> | <u>2,753,605</u> | <u>389,952</u> |
| Noncurrent liabilities: | | | | | |
| Accrued compensated absences | 3,666 | 2,595 | 11,849 | 18,110 | 8,591 |
| Total noncurrent liabilities | <u>3,666</u> | <u>2,595</u> | <u>11,849</u> | <u>18,110</u> | <u>8,591</u> |
| Total liabilities | <u>1,428,216</u> | <u>121,918</u> | <u>1,221,581</u> | <u>2,771,715</u> | <u>398,543</u> |
| NET ASSETS | | | | | |
| Invested in capital assets | 16,310,574 | 11,404,104 | 36,286,146 | 64,000,824 | - |
| Restricted for capital projects | 3,783,324 | - | - | 3,783,324 | - |
| Unrestricted | <u>4,510,274</u> | <u>2,642,991</u> | <u>10,897,172</u> | <u>18,050,437</u> | <u>1,082,421</u> |
| Total net assets | <u>\$ 24,604,172</u> | <u>\$ 14,047,095</u> | <u>\$ 47,183,318</u> | <u>85,834,585</u> | <u>\$ 1,082,421</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | 270,605 | |
| Net assets of business-type activities | | | | <u>\$ 86,105,190</u> | |

The accompanying notes are an integral part of the basic financial statements.

CITY OF TIGARD, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
For the fiscal year ended June 30, 2007

| | Business-type Activities Enterprise Funds | | | Totals | Governmental Activities |
|----------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------|---------------------|---------------------|------------------------------|
| | Sanitary Sewer | Storm Water | Water | | Internal Service Funds |
| OPERATING REVENUES | | | | | |
| Service charges | \$ 1,641,740 | \$ 1,190,521 | \$ 6,324,473 | \$ 9,156,734 | \$ 5,789,128 |
| Miscellaneous | 44,998 | 5,718 | 96,594 | 147,310 | 24,743 |
| Total operating revenues | <u>1,686,738</u> | <u>1,196,239</u> | <u>6,421,067</u> | <u>9,304,044</u> | <u>5,813,871</u> |
| OPERATING EXPENSES | | | | | |
| Salaries and wages | 446,951 | 402,012 | 1,217,026 | 2,065,989 | 3,263,755 |
| Contracted services | 16,399 | 302,193 | 197,887 | 516,479 | 676,032 |
| General, administrative and other | 85,807 | 149,191 | 2,986,708 | 3,221,706 | 1,882,792 |
| Depreciation | 523,959 | 386,878 | 1,001,196 | 1,912,033 | - |
| Services performed by other funds | <u>388,342</u> | <u>293,117</u> | <u>2,049,663</u> | <u>2,731,122</u> | <u>-</u> |
| Total operating expenses | <u>1,461,458</u> | <u>1,533,391</u> | <u>7,452,480</u> | <u>10,447,329</u> | <u>5,822,579</u> |
| Operating income (loss) | <u>225,280</u> | <u>(337,152)</u> | <u>(1,031,413)</u> | <u>(1,143,285)</u> | <u>(8,708)</u> |
| NONOPERATING REVENUES | | | | | |
| Investment revenue | 402,195 | 124,907 | 523,250 | 1,050,352 | 55,560 |
| System development revenue | <u>190,970</u> | <u>-</u> | <u>893,092</u> | <u>1,084,062</u> | <u>-</u> |
| Total nonoperating revenue | <u>593,165</u> | <u>124,907</u> | <u>1,416,342</u> | <u>2,134,414</u> | <u>55,560</u> |
| Net income before contributions (loss) | 818,445 | (212,245) | 384,929 | 991,129 | 46,852 |
| Capital contributions | <u>166,023</u> | <u>452,560</u> | <u>2,183,475</u> | <u>2,802,058</u> | <u>-</u> |
| Change in net assets | 984,468 | 240,315 | 2,568,404 | 3,793,187 | 46,852 |
| Net assets--beginning | <u>23,619,704</u> | <u>13,806,780</u> | <u>44,614,914</u> | | <u>1,035,569</u> |
| Net assets--ending | <u>\$ 24,604,172</u> | <u>\$ 14,047,095</u> | <u>\$47,183,318</u> | | <u>\$ 1,082,421</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | <u>11,713</u> | |
| Change in net assets of business-type activities | | | | <u>\$ 3,804,900</u> | |

CITY OF TIGARD, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the fiscal year ended June 30, 2007

| | Business-type Activities - Enterprise Funds | | | | Governmental |
|-----------------------------------------------------------------------------------------------|----------------------------------------------------|------------------------|----------------------|----------------------|-----------------------------------|
| | Sanitary Sewer | Storm Water | Water | Totals | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | \$ 1,568,174 | \$ 1,190,668 | \$ 6,381,444 | \$ 9,140,286 | \$ 5,789,128 |
| Payments to suppliers | (28,698) | (421,431) | (2,841,897) | (3,292,026) | (2,502,588) |
| Payments to employees | (445,749) | (405,021) | (1,193,821) | (2,044,591) | (3,263,609) |
| Other receipts | 52,322 | 5,718 | 96,594 | 154,634 | 24,743 |
| Internal activity-payments to other funds | (388,342) | (293,117) | (2,049,663) | (2,731,122) | - |
| Net cash provided (used) by operating activities | <u>757,707</u> | <u>76,817</u> | <u>392,657</u> | <u>1,227,181</u> | <u>47,674</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| System development revenue | 190,970 | - | 893,092 | 1,084,062 | - |
| Acquisition of capital assets | (1,186,660) | (315,659) | (3,550,272) | (5,052,592) | - |
| Net cash (used) by capital and related financing activities | <u>(995,690)</u> | <u>(315,659)</u> | <u>(2,657,180)</u> | <u>(3,968,530)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest earnings | <u>402,195</u> | <u>124,907</u> | <u>523,250</u> | <u>1,050,352</u> | <u>55,560</u> |
| Net increase (decrease) in cash and cash equivalents | 164,212 | (113,935) | (1,741,273) | (1,690,997) | 103,234 |
| Cash and investments--beginning of the year | <u>8,379,524</u> | <u>2,647,657</u> | <u>12,423,182</u> | <u>23,450,363</u> | <u>1,303,610</u> |
| Cash and investments--end of the year | <u>\$ 8,543,736</u> | <u>\$ 2,533,722</u> | <u>\$ 10,681,909</u> | <u>\$ 21,759,366</u> | <u>\$ 1,406,844</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ 225,280 | \$ (337,152) | \$ (1,031,413) | \$ (1,143,285) | \$ (8,708) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | | |
| Cash flows reported in other categories: | | | | | |
| Depreciation expense | 523,959 | 386,878 | 1,001,196 | 1,912,033 | - |
| Change in assets and liabilities: | | | | | |
| Receivables | (73,566) | (2,351) | (41,283) | (117,200) | (10,780) |
| Prepaid expenses | - | - | (127,000) | (127,000) | - |
| Inventory | - | - | 12,878 | 12,878 | (14,748) |
| Accounts payable and accrued liabilities | 81,879 | 29,953 | 456,820 | 568,652 | 81,764 |
| Accrued compensated absences | 1,202 | (3,009) | 23,205 | 21,398 | 146 |
| Other accrued liabilities | | | | | |
| Unearned revenue | (1,047) | - | - | (1,047) | - |
| Customer deposits | - | 2,498 | 98,254 | 100,752 | - |
| Net cash provided (used) by operating activities | <u>\$ 757,707</u> | <u>\$ 76,817</u> | <u>\$ 392,657</u> | <u>\$ 1,227,181</u> | <u>\$ 47,674</u> |
| Supplemental Schedule of Noncash Capital and Related Financing Activities: | | | | | |
| Contributed sewer, storm and water lines | <u>\$ 166,023</u> | <u>\$ 452,560</u> | <u>\$ 2,183,475</u> | <u>\$ 2,802,058</u> | |

The accompanying notes are an integral part of the basic financial statements.

CITY OF TIGARD, OREGON

**STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUND**

June 30, 2007

| | |
|-----------------------------------------------|----------------------|
| Cash and investments | \$ 15,016,596 |
| | <u>15,016,596</u> |
| Net assets held in trust for pension benefits | <u>\$ 15,016,596</u> |

**STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND**

For the fiscal year ended June 30, 2007

| | |
|-----------------------------------------------|----------------------|
| Additions: | |
| Contributions - employer | \$ 1,138,398 |
| Contributions - employee | 5,106 |
| Investment income | <u>1,680,657</u> |
| Total additions | 2,824,161 |
| Deductions: | |
| Benefit payments and withdrawals | <u>(362,027)</u> |
| Increase in net assets | 2,462,134 |
| Net assets held in trust for pension benefits | |
| Beginning of year | <u>12,554,462</u> |
| End of year | <u>\$ 15,016,596</u> |

The accompanying notes are an integral part of the basic financial statements.

Notes to Basic Financial Statements





CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies:

The City of Tigard, under its Charter of 1961, is governed by an elected mayor and four council members who comprise the City Council. The City Council appoints a City Manager, who acts as the administrative head of government for the City. The City has no component units.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The City applies the provisions of all applicable GASB Statements that define requirements and the reporting model for the annual financial reports of state and local governments. The City has recorded capital and certain other long-term assets and liabilities in the statement of net assets, reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities, and uses the direct method of reporting cash flows.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize activities as either governmental or business-type. Governmental activities, which are normally 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.

Government-wide financial statements display information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal year. These aggregated statements consist of the Statement of Net Assets and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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. Indirect expenses are recovered through internal service fund charges. These indirect expenses are allocated based on a full-cost approach, thereby allocating indirect expenses among functions with the objective of allocating all expenses. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies, Continued:

Separate financial statements are provided for governmental funds, proprietary funds, and the pension trust fund, even though the pension trust fund is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary.

Currently, the City has governmental, proprietary, and fiduciary fund types. Non-major funds are combined into a single column in the basic financial statements and are detailed in the supplemental information.

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

Professional standards set forth minimum criteria (percentage of the assets liabilities, revenues or expenditures/expenses or either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added funds as major funds, which either had debt outstanding or specific community focus. Non-major funds are combined in a column in the fund financial statements and detailed elsewhere in the financial report.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

The government-wide, proprietary fund, and fiduciary fund financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net assets. All transactions and events that affect the total economic resources (net assets) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental funds financial statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported.

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies, Continued:

Similar to the connection between an economic resource measurement focus and full accrual accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual 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 the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Property taxes, intergovernmental and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

A deferred revenue liability arises in the governmental funds balance sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current year. This unavailable deferred revenue consists primarily of uncollected property taxes and assessments not deemed available to finance operation of the current period. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability.

Thus, the liability created on the governmental fund balance sheet for unavailable deferred revenue is eliminated. Note that deferred revenues also arise outside the scope of measurement focus and basis of accounting, such as when the City receives resources before it has a legal claim to them. For instance, when grant monies are received prior to the incurrence of qualifying expenditures.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund expenditures only to the extent that they are expected to be liquidated with expendable financial resources. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long-term portions of debt and compensated absences must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the basic financial statements.

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies, Continued:

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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues 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 Sanitary Sewer, Storm Sewer and Water Funds are charges to customers for sales and services. The Sanitary Sewer, Storm Sewer and Water Funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as operating revenues. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The fiduciary fund accounts for the resources held by the City in a custodial capacity, on behalf of the employees of the City.

Assets, Liabilities, and Equity

Receivables and Payables

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Inventories

Inventories of parts, materials and supplies are stated at cost on the first-in, first-out basis in the proprietary funds. The purchases method is used in accounting for inventory for all funds on the budgetary basis. The consumption method is used for the government-wide presentation as well as the proprietary funds and business-type activities.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, pathways, street lights, etc.) are reported in the applicable governmental or business type activities columns in the government-wide financial statements.

Capital assets are charged to expenditures as purchased or constructed in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair market value as of the date of the donation.

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies, Continued:

Capital Assets, Continued:

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 extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

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 and is provided 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 | 10-20 |
| Machinery and equipment | 5-10 |
| Vehicles | 5-10 |
| Utility systems | 25-40 |
| Infrastructure | 20-40 |

Accrued Compensated Absences and Sick Pay

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave, since the City does not have a policy to pay any amounts when employees separate from the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only when it has matured, for example, as result of employee resignations or retirements. At June 30, 2007 there were no governmental fund liabilities for accrued compensated absences.

Interfund Transfers

Interfund transfers are used to pay administrative services, provide funds for debt service, contribute toward the cost of capital projects, and provide operational resources. Transfers for fiscal year ended June 30, 2007 are as follows:

| | Transfers | |
|------------------------------------|-----------------------------|-------------------------------------|
| | From Other Funds | Transfers to Other Funds |
| General Fund | \$ 1,414,769 | \$ 416,942 |
| Gas Tax Fund | - | 888,644 |
| Traffic Impact Fee Fund | - | 96,795 |
| Nonmajor Governmental Funds | 1,252,380 | 1,264,768 |
| | \$ 2,667,149 | \$ 2,667,149 |

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies, Continued:

Long-term Debt

In the government-wide financial statements, and proprietary fund types in the fund 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 in the Statement of Net Assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, which are immaterial, are treated as period costs in the year of issue and are shown as other financing uses.

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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The City currently has no designations of fund balance.

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 revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Investments

Investments included in cash and investments are stated at cost, which is approximate to the fair value. Investments in the pension trust fund are stated at fair value.

For purposes of the statement of cash flows, the City considers the proprietary funds' cash and investments with initial maturities to the City of three months or less, and the amounts in the Oregon State Treasurer's Investment Pool, to be cash equivalents.

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies, Continued:

Budget

A budget is prepared for each fund, except for the Pension Trust Fund, essentially in accordance with the modified accrual basis of accounting used by governmental funds, which is in accordance with the legal requirements of Oregon Local Budget Law.

The resolution authorizing appropriations sets the maximum level of expenditures for each fund. Appropriations may not be legally overexpended. Appropriations lapse at the end of each fiscal year. Appropriations are made at the major program level for each fund, for example, Community Services, Public Works, Development Services, Policy and Administration, General Government, Debt Service, Capital Improvements and Contingency. The detail budget document is required to contain more detailed information for the above-mentioned expenditure categories. Budget amounts include original approved amounts and all subsequent appropriation transfers approved by the City Council. After budget approval, the City Council may approve supplemental budgeted appropriations if an occurrence, condition, or need exists which had not been ascertained at the time the budget was adopted. A supplemental budget may require hearings before the public, publications in newspapers and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the City Council. Management may not amend the budget without Council approval. During the fiscal year ended June 30, 2007, sixteen appropriation transfers were made to the budget.

The budgets for each of the funds include capital outlay appropriations.

Debt service is also budgeted separately. For GAAP presentation, the transfers from operating funds for services provided by the internal service funds and the General Fund are considered revenues and expenses/expenditures, as appropriate, but are considered to be interfund transfers for budgetary purposes.

Excess of Expenditures over Appropriations

The Gas Tax Fund had expenditures in excess of related appropriations. The over expenditures in the amount of \$10,605 were in development services and were all funded through the available fund balance.

2. Fund Types:

The City's financial operations are accounted for in the following funds:

Governmental Funds

Governmental funds finance most governmental functions of the City. The acquisition, use and balances of the City's expendable financial resources and the related liabilities, excluding those accounted for in proprietary funds, are accounted for through governmental funds. The measurement focus is upon determination of changes in current financial resources, rather than upon net income determination. The following are the City's major governmental funds:

General Fund - This fund accounts for the City's general operations. It is used to account for all transactions not specifically required to be accounted for in the City's other funds.

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

2. Fund Types, Continued:

Gas Tax Fund - This fund records shared revenues from the State and County taxes on the sale and use of motor vehicle fuel. Funds are used for construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets, and roadside rest areas. Monies may also be used for street lighting and cleaning, storm drainage, traffic control devices and administration costs.

Traffic Impact Fee Fund – This fund accounts for traffic impact fees charged on new development. These fees are assessed by Washington County, but collected by the City. The funds are to be used for highway and transit capital improvements approved in the City’s Community Investment Program (CIP).

Proprietary Funds

Proprietary funds are used to account for the acquisition, operation and maintenance of sewer, storm drainage, and water systems in the City. These funds are entirely or predominantly self-supported through user charges to customers. The measurement focus is upon net income determination, rather than upon determination of changes in current financial resources. The following are the City’s major proprietary funds:

Enterprise Funds:

Sanitary Sewer Fund - This fund accounts for the City's sewer utility operations.

Storm Sewer Fund – This fund accounts for the City’s storm drainage operations which consists of the following two budgetary funds: Storm Sewer Fund and Water Quality/Quantity Fund.

Water Fund - This fund accounts for the City’s water operations which consists of the following three budgetary funds: Water Fund, Water SDC Fund and Water CIP Fund.

Additionally, the City reports the following fund type. Neither of these funds are major funds:

Internal Service Funds:

Central Services Fund – This fund accounts for the central administrative functions within the City which are generally allocated to other funds.

Fleet/Property Management Fund – This fund accounts for all activity related to the Fleet Maintenance and Property Management divisions in the City.

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

2. Fund Types, Continued:

Fiduciary Fund:

Pension Trust Fund - This fund accounts for the City's employee defined contribution pension plan.

Nonmajor Governmental Funds

Other governmental funds include nonmajor special revenue, debt service, and capital projects funds of the City. The following lists all other governmental funds by governmental fund type:

Special Revenue Funds:

- Criminal Forfeiture Fund**
- Parks System Development Charge Fund**
- Electrical Inspection Fund**
- Underground Utility Fund**
- Insurance Fund**
- Building Fund**
- Urban Services Traffic Impact Fee Fund**
- Urban Services Fund**
- Street Maintenance Fee Fund**

Debt Service Fund:

- Bancroft Debt Service Fund**
- General Obligation Debt Service Fund**

Capital Projects Funds:

- Parks Capital Fund**
- Facility Fund**
- Tigard Triangle Local Improvement District Fund**

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

3. Cash and Investments:

The City maintains a cash and investment pool that is available for use by all funds, except the Pension Trust Fund. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments". The investments of the Pension Trust Fund are held separately from those of other City funds.

Cash and investments are comprised of the following at June 30, 2007:

| | |
|--------------------------------------------------------------|---------------------------------|
| Cash on hand | \$ 13,165 |
| Cash held by Department of Finance, Washington County | 35,396 |
| Deposits with financial institutions | 1,209,899 |
| Investments | <u>51,571,020</u> |
| Total cash and investments | <u>\$ 52,829,480</u> |

Deposits

Deposits with financial institutions include bank demand deposits and time deposit accounts. The total bank balance is \$1,888,165 (book balance is \$1,209,899). Of these deposits, \$100,000 was covered by federal depository insurance and \$1,788,165 was collateralized in accordance with Oregon statutes.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. Oregon Revised Statutes require the depository institution to maintain on deposit, with a collateral pool manager, securities having a value not less than 25 percent of the outstanding certificates of collateral issued by the pool manager. The City's deposits are fully collateralized in accordance with state law.

Investments

State statutes authorize the City to invest primarily in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial paper and the State of Oregon Local Government Investment Pool.

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the individual maturities in its investment portfolio to eighteen months or less, by specific identifiers. The City does have a provision in its investment policy that up to twenty percent of the portfolio can have maturities from eighteen months to thirty-six months.

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

3. Cash and Investments, Continued:

Custodial credit risk – investments. For an investment, this is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City’s investments, except for the investment in the Local Government Investment Pool, which is not evidenced by securities, are held in safekeeping by the financial institution counterparty in the financial institution’s general customer account name.

The City participates in the Oregon State Treasurer’s Local Government Investment Pool (LGIP), an open-ended; no-load diversified portfolio created under ORS 294.805 to 294.895 that is not registered with the U.S. Securities and Exchange Commission as an investment company. The LGIP is administered by the State Treasurer and the Oregon Investment Council with the advice of the Oregon Short-Term Fund Board. These funds must be invested and managed, as a prudent investor would, exercising reasonable care, skill and caution. The Oregon Audits Division of the Secretary of State’s Office audits the LGIP annually.

The City employees participate in a defined contribution pension plan. These funds are recorded in the City’s Pension Trust Fund. The balance at June 30, 2007 is \$15,016,596. This balance is not included in the government-wide or fund financial statements, but is shown separately on page 40.

As of June 30, 2007, the City had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Cost</u> | <u>Percentage of Portfolio</u> |
|-----------------------------------|----------------------|----------------------|--------------------------------|
| State Treasurer's Local | | | |
| Government Investment Pool | \$ 4,324,574 | \$ 4,325,872 | 8.39% |
| Money markets | 10,245,564 | 10,245,564 | 19.87% |
| U.S. Government Securities | 31,570,185 | 31,437,908 | 60.96% |
| Municipal bonds | 323,814 | 323,252 | 0.63% |
| Corporate bonds | 5,217,787 | 5,238,424 | 10.16% |
| Total Investments | \$ 51,681,924 | \$ 51,571,020 | 100.00% |

Concentration of credit risk. The City’s policy for investing in individual issuers varies depending on the type of investments. Agency securities are restricted to no more than 90 percent of the total portfolio. Municipal bonds are restricted to no more than 25 percent of the total portfolio. No more than 35 percent of the total portfolio of investments may be invested in corporate bonds. Investments in corporate bonds of any one issuer may not exceed 5 percent of the investment portfolio.

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

3. Cash and Investments, Continued:

Credit risk. The City’s policy, which adheres to State of Oregon law, is to limit its Corporate and Municipal investments to the following: Issuers within Oregon must be rated “A” (bonds) or A-2 / P-2 (commercial paper) or better by Standard and Poor’s, Moody’s Investors Service or any other nationally recognized statistical rating organization. Issuers not in Oregon must be rated AA / Aa (bonds) or A-1 / P-1 (commercial paper) or better.

At June 30, 2007, the City’s investments were rated as follows:

| <u>Investment Type</u> | <u>Highest Rating from</u> | | | | | |
|----------------------------------|-----------------------------------------------------------------------|----------------------|---------------------|-------------------|--------------------|----------------------|
| | <u>Moody's Investors Service or Standard & Poor's Corporation</u> | | | | | |
| | <u>Total</u> | <u>Aaa / AAA</u> | <u>Aa / AA</u> | <u>A / A</u> | <u>P-1 / A - 1</u> | <u>Not Rated</u> |
| Local government investment pool | \$ 4,325,872 | \$ - | \$ - | \$ - | \$ - | \$ 4,325,872 |
| Money markets | 10,245,564 | - | - | - | - | 10,245,564 |
| U.S. government securities | 31,437,908 | 31,437,908 | - | - | - | - |
| Municipal bonds | 323,252 | - | 323,252 | - | - | - |
| Corporate bonds | 5,238,424 | 849,716 | 3,877,208 | 511,500 | - | - |
| Total | \$ 51,571,020 | \$ 32,287,624 | \$ 4,200,460 | \$ 511,500 | \$ - | \$ 14,571,436 |

The City has a formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates. At June 30, 2007, the concentration of those maturities included the Local Government Investment Pool, Money Markets, and investments with average maturities of twelve months or less at 51.71% of the total portfolio. Investments with maturities between twelve and eighteen months made up 23.37% of the portfolio and investments with maturities between eighteen and thirty-six months were 16.92% of the total portfolio.

4. Assessment Liens Receivable:

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 10 to 20 years. Assessments bear interest from 5.2 to 9.4 percent. At June 30, 2007, the portion of the assessments receivable balance that represents delinquent accounts is \$4,010.

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

5. Capital Assets:

Capital asset activity for governmental activities for the year ended June 30, 2007 was as follows:

| | Balances | | Reclassifica- tions Adjustments | Retirements | Balances | |
|------------------------------------------------|-----------------------|---------------------|---------------------------------------|------------------|-----------------------|--|
| | June, 30 2006 | Additions | | | June, 30 2007 | |
| Non-depreciable | | | | | | |
| Land | \$ 5,786,010 | \$ 441,600 | \$ - | \$ - | \$ 6,227,610 | |
| Construction in progress | 492,190 | 1,600,417 | (302,892) | - | 1,789,715 | |
| Total non-depreciable | <u>6,278,200</u> | <u>2,042,017</u> | <u>(302,892)</u> | <u>-</u> | <u>8,017,325</u> | |
| Depreciable | | | | | | |
| Building and building improvements | 18,757,483 | 252,132 | - | - | 19,009,615 | |
| Land improvements | 5,167,774 | 219,455 | - | - | 5,387,229 | |
| Machinery and equipment | 1,683,654 | 74,148 | - | (29,961) | 1,727,841 | |
| Autos and trucks | 1,980,180 | 433,295 | - | (166,079) | 2,247,396 | |
| Office equipment | 449,186 | 41,072 | - | (12,229) | 478,029 | |
| Infrastructure | 199,470,683 | 5,080,552 | 302,892 | - | 204,854,127 | |
| Total depreciable | <u>227,508,960</u> | <u>3,174,888</u> | <u>3,228,658</u> | <u>(208,269)</u> | <u>233,704,237</u> | |
| Accumulated depreciation | | | | | | |
| Building and building improvements | (2,753,862) | (468,836) | - | - | (3,222,698) | |
| Land improvements | (4,084,600) | (580,603) | - | - | (4,665,203) | |
| Machinery and equipment | (1,158,290) | (144,793) | - | 29,961 | (1,273,122) | |
| Autos and trucks | (1,303,046) | (177,601) | - | 166,079 | (1,314,568) | |
| Office equipment | (420,483) | (10,214) | - | 12,229 | (418,468) | |
| Infrastructure | (42,452,194) | (2,665,614) | - | - | (45,117,808) | |
| Total accumulated depreciation | <u>(52,172,475)</u> | <u>(4,047,661)</u> | <u>-</u> | <u>208,269</u> | <u>(56,011,867)</u> | |
| Governmental activities capital assets, net | <u>\$ 181,614,685</u> | <u>\$ 1,169,244</u> | <u>\$ 2,925,766</u> | <u>\$ -</u> | <u>\$ 185,709,695</u> | |

**Adjustments column include reclassifications and construction in progress in previous years that were completed within the current fiscal year.

Depreciation expense for governmental activities is charged to functions as follows:

| | |
|-------------------------------------------------------|---------------------|
| Community services | \$ 189,866 |
| Public works | 84,594 |
| Developmental services | 38,305 |
| Policy and administration | <u>3,734,896</u> |
| Total depreciation for governmental activities | <u>\$ 4,047,661</u> |

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

5. Capital Assets, Continued:

Capital assets activity for business-type activities for the year ended June 30, 2007, was as follows:

| | Balances June 30, 2006 | Additions | Reclassifica- tions Adjustments | Retirements | Balances June 30, 2007 |
|-------------------------------------------------|---------------------------|---------------------|---------------------------------------|------------------|---------------------------|
| Non-depreciable | | | | | |
| Land | \$ 997,734 | \$ 3,424,436 | \$ - | \$ - | \$ 4,422,170 |
| Construction in progress | 1,454,668 | 1,145,219 | (1,446,338) | - | 1,153,549 |
| Total - non-depreciable | <u>2,452,402</u> | <u>4,569,655</u> | <u>(1,446,338)</u> | - | <u>5,575,719</u> |
| Depreciable | | | | | |
| Land improvements | 360,669 | - | - | - | 360,669 |
| Buildings and building improvements | 1,146,001 | 763 | - | - | 1,146,764 |
| Sewer system | 20,822,793 | 1,162,989 | - | - | 21,985,782 |
| Storm drainage system | 14,977,296 | 596,448 | - | - | 15,573,744 |
| Water system | 46,150,669 | 2,165,273 | - | - | 48,315,942 |
| Equipment | 846,056 | 541,778 | - | (52,250) | 1,335,584 |
| Auto and trucks | 1,256,340 | 264,080 | - | (222,453) | 1,297,967 |
| Total depreciable | <u>85,559,824</u> | <u>4,731,331</u> | <u>-</u> | <u>(274,703)</u> | <u>90,016,452</u> |
| Accumulated depreciation | | | | | |
| Land improvements | (359,766) | (903) | - | - | (360,669) |
| Buildings and building improvements | (476,309) | (30,262) | - | - | (506,571) |
| Sewer system | (5,649,724) | (502,820) | - | - | (6,152,544) |
| Storm drainage system | (4,059,147) | (379,814) | - | - | (4,438,961) |
| Water system | (17,622,905) | (904,633) | - | - | (18,527,538) |
| Equipment | (807,694) | (5,815) | - | 52,250 | (761,259) |
| Auto and trucks | (978,472) | (87,786) | - | 222,453 | (843,805) |
| Total accumulated depreciation | <u>(29,954,017)</u> | <u>(1,912,033)</u> | <u>-</u> | <u>274,703</u> | <u>(31,591,347)</u> |
| Business-type activities capital assets, net | <u>\$ 58,058,209</u> | <u>\$ 7,388,953</u> | <u>\$ (1,446,338)</u> | <u>\$ -</u> | <u>\$ 64,000,824</u> |

**Adjustments column include reclassifications from previous years recording of capital assets.

Depreciation expense for business-type activities is charged to activities as follows:

| | |
|--------------------------------------------------------|---------------------|
| Sanitary sewer | \$ 523,959 |
| Storm sewer | 386,878 |
| Water | <u>1,001,196</u> |
| Total depreciation for business-type activities | <u>\$ 1,912,033</u> |

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

6. Long-term Debt and Other Debt:

General Obligation Bonds payable

Bond transactions for the year ended June 30, 2007, and future maturities of bond principal and interest, are as follows:

General Obligation bond issues – Original amount was \$13,000,000. Funds were used to build new library. Interest rates from 3 percent to 4.75 percent

| <u>Fiscal Year Due</u> | <u>Outstanding June 30, 2006</u> | <u>Paid During Year</u> | <u>Outstanding June 30, 2007</u> | <u>Future Interest</u> |
|------------------------|----------------------------------|-------------------------|----------------------------------|------------------------|
| 2007 | 505,836 | \$ (505,836) | \$ - | \$ - |
| 2008 | 518,411 | - | 518,411 | 454,403 |
| 2009 | 536,063 | - | 536,063 | 438,850 |
| 2010 | 553,795 | - | 553,795 | 422,768 |
| 2011 | 571,890 | - | 571,890 | 404,493 |
| 2012-2022 | 8,886,210 | - | 8,886,210 | 2,418,441 |
| | <u>\$ 11,572,205</u> | <u>\$ (505,836)</u> | <u>\$ 11,066,369</u> | <u>\$ 4,138,955</u> |

Bancroft Improvement Bonds:

Bancroft improvement bond issues – Interest rates from 3.9 percent to 7.25 percent; payable first from assessments to benefited properties and second, from the general credit of the City.

| <u>Fiscal Year Due</u> | <u>Outstanding June 30, 2006</u> | <u>Paid and Called During Year</u> | <u>Outstanding June 30, 2007</u> | <u>Future Interest</u> |
|------------------------|----------------------------------|------------------------------------|----------------------------------|------------------------|
| 2007 | 206,199 | (206,199) | \$ - | \$ - |
| 2008 | 217,489 | (101,295) | 116,194 | 49,493 |
| 2009 | 225,683 | (105,192) | 120,491 | 74,533 |
| 2010 | 236,219 | (109,334) | 126,885 | 68,289 |
| 2011 | 247,234 | (113,641) | 133,593 | 61,685 |
| 2012 | 258,835 | (118,115) | 140,720 | 54,698 |
| 2013-2020 | 891,287 | (184,140) | 707,147 | 204,740 |
| | <u>\$ 2,282,946</u> | <u>\$ (937,916)</u> | <u>\$ 1,345,030</u> | <u>\$ 513,438</u> |

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

6. Long-term Debt and Other Debt, Continued:

Bancroft improvement bonds – original amount of \$1,307,969 for 69th Avenue Local Improvement District and original amount of \$1,947,678 for Dartmouth Street Local Improvement District.

Notes Payable:

Note payable issued January 23, 2003 – Original amount of \$2,290,248. Funds were used for expansion and updating for Cook Park. Interest rates from 3 percent to 4.35 percent; payable from Parks SDC Fund.

| Fiscal Year Due | Outstanding June 30, 2006 | Paid During Year | Outstanding June 30, 2007 | Future Interest |
|--------------------------------|--------------------------------------|-----------------------------|--------------------------------------|----------------------------|
| 2007 | 222,820 | \$ (222,820) | \$ - | \$ - |
| 2008 | 229,201 | - | 229,201 | 51,072 |
| 2009 | 235,690 | - | 235,690 | 42,363 |
| 2010 | 247,318 | - | 247,318 | 32,935 |
| 2011 | 259,053 | - | 259,053 | 22,795 |
| 2012 | 270,925 | - | 270,925 | 11,785 |
| Totals | \$ 1,465,007 | \$ (222,820) | \$ 1,242,187 | \$ 160,950 |

Other long-term obligations for accrued compensated absences and changes thereto during the year ended June 30, 2007 are as follows:

| | Balance June 30, 2006 | Additions | Retirements | Balance June 30, 2007 | Due in current year |
|-----------------------------------|--------------------------------------|---------------------|----------------------|--------------------------------------|------------------------------------|
| Governmental activities: | | | | | |
| Compensated absences | <u>\$ 834,125</u> | <u>\$ 1,229,070</u> | <u>\$(1,143,937)</u> | <u>\$ 919,258</u> | <u>\$ 865,883</u> |
| Business -type activities: | | | | | |
| Compensated absences | <u>\$ 139,487</u> | <u>\$ 187,018</u> | <u>\$(165,620)</u> | <u>\$ 160,885</u> | <u>\$ 142,775</u> |

Compensated absences for governmental activities are generally liquidated by the fund expensing the respective payroll.

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

7. Transfers:

The City utilizes three types of interfund transfers. The first type is transfers received for services provided. These transfers are based on a cost allocation plan and are reflected as expenses of the appropriate activity in the government – wide statements. The second type of transfer is a transfer of resources. Typically, this transfer is made to close out funds that are no longer needed for financial reporting. The third type of transfer is a transfer for direct costs that can be specifically identified and billed directly to the benefiting fund. These types of transfers are reflected as expenses of the appropriate activity in the government – wide statements.

8. Retirement Plans:

The City contributes to retirement plans on behalf of all eligible employees. At June 30, 2007, the following employee groups were covered by the following retirement plans:

| <u>Group</u> | <u>Retirement Plan</u> |
|------------------------------------------|---------------------------------------------------------------------------------------|
| Management/Professional Staff (Nonunion) | International City Managers Association Retirement Corp. (ICMARC) Money Purchase Plan |
| Oregon Public Employees Union Employees | ICMARC Money Purchase Plan |
| Tigard Police Officers | State of Oregon Public Employees Retirement System (PERS) |

Oregon Public Employees Retirement Systems (OPERS)

Plan Description

The City is a participating employer in the Oregon Public Employees Retirement System (OPERS), a cost sharing multiple-employer public employee retirement system, established under Oregon Revised Statutes, Section 238.600, that acts as a common investment and administrative agent for public employers in the State of Oregon. Substantially all full-time police employees are participants in PERS. The plan provides retirement, death and disability benefits to participants or their beneficiaries. Benefits are established by State Statute, and employer contributions are made at an actuarially determined rate as adopted by the OPERS Retirement Board. OPERS, a component unit of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Funding Policy

The City's annual required contribution rate, as of the most recent actuarial valuation of July 1, 2003, is 19.21 percent of covered payroll for Tier I & II employees and 13.17 percent of covered payroll for Tier III employees. At June 30, 2007, the City had eight employees in the Tier III category.

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

8. Retirement Plans, Continued:

The City is required by State Statute to contribute its current employer rate of 19.21 percent and 13.17 percent of covered wages, and has contractually committed to pay the employee contributions of 6 percent.

Annual Pension Cost

Because all OPERS participating employers are required by law to submit the contributions as adopted by the OPERS Retirement Board, there is no net pension obligation to report and the annual contributions are equal to the annual pension cost. For the fiscal years ended June 30, 2007, 2006 and 2005, the City's annual pension cost was \$741,277, \$753,721 and \$571,920, respectively.

ICMARC Plans

The City contributes to defined contribution, single employer retirement plans at a specified percent of gross salary depending on the employment group, for all employees who are not covered under the Police Pension Plan. Employees do not make contributions to these plans. The City is required to make contributions to these plans under authority of City Council resolution and the plan documents.

Employees become eligible to participate in the plans after six months of service and vest immediately. Employees may withdraw funds upon retirement or termination of employment.

Contributions to the plans are made to a fiduciary. Since the plans are administered by the City, the assets, equity and operations of the plans are accounted for in the General Employees Pension Plan Fund, a pension trust fund. The plans invest in various money market and equity mutual funds.

Required and actual contributions to the plan were \$1,138,398 for the year ended June 30, 2007. Contributions are calculated as a percentage of gross payroll. The contributions range from 10 to 11 percent for all eligible employees participating in the plans.

Deferred Compensation Plans

The City offers certain employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans permit employees to defer a portion of their salary until future years. Contributions for the plans are made to fiduciaries who hold the funds in trust for the plans' participants. The deferred compensation plans are not considered City funds and are excluded from the City's financial statements.

The City's pension liability and the annual required contribution rate were determined using the entry age cost method. The unfunded actuarial liability ("UAL") created by this method, including gains and losses, is amortized as a level percentage of salary over a period commencing on the calculation date (2001, 2003, 2005, and 2007) and ending on December 31, 2007 using closed amortization. Beginning in 2007, each calculation's UAL will be amortized over 20 years, again using closed amortization. The actuarial assumptions include an investment return of 8.0 percent per year, projected salary increase of 4.25 percent, health cost inflation graded from 8.5 percent in 2004 to 0/percent in 2001, and a consumer price inflation component of 3.25 percent.

The OPERB utilizes a technique called asset smoothing to determine the actuarial value of assets. The actuarial value of assets are reported at fair market value, less a reserve equal to a pro-rata portion of the investment gains (losses) over the four-year period ending on the valuation date. Investment gains (losses), effective from January 1, 2000, are recognized at the rate of 25 percent per year. The actuarial value of assets is limited to a 10 percent corridor above and below the fair market value.

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

9. Transactions with Clean Water Services of Washington County:

The City collects charges for treatment of City sewage on behalf of the Clean Water Services of Washington County and remits all collections to Clean Water Services, except for 17.52 percent of sewer service charges collected and 20 percent of connection charges collected, in accordance with an agreement between the City and Clean Water Services. Payments of \$6,968,949 were made to Clean Water Services during fiscal year 2007 under this agreement.

The City has a similar agreement with the Regional Surface Water Management Agency, which is an affiliate of Clean Water Services, for storm water systems. Payments made to the Agency during fiscal year 2007 under the agreement were \$362,678.

The net amount retained by the City is reported as revenue in the enterprise funds in the proprietary funds statement of revenues, expenses and changes in fund net assets. Revenues are reported net because the City acts in a fiduciary capacity on behalf of Clean Water Services.

10. Constitutional Property Tax Limitations:

In November 1990, the Oregon voters approved a State constitutional limit on property taxes for schools and nonschool government operations. Under the provisions of the limitation, tax revenues are separated into those for the public school system and those for local government operations other than the public school system. The limitation specifies \$10 is the maximum allowable tax for each \$1,000 of property real market value imposed by local governments other than the public school system.

The limitation applies to all state and local taxes and charges on property except for the following:

1. Incurred charges for goods or services received at the owner's option;
2. Assessments for capital construction that provide a special benefit to the property and that can be paid off over at least ten years;
3. Taxes to repay bonded debt authorized by the state constitution;
4. Taxes to repay existing bonded debt for capital construction, and
5. Taxes to repay new bonded debt for capital construction if approved by voters.

During May 1997, Oregon voters approved Measure 50 which limits taxes on each property by reducing the 1997-98 assessed value of each property to 90 percent of its 1995-96 value. Measure 50 also limits future growth of the taxable value of each property to 3 percent per year with certain exceptions. Measure 50 also establishes permanent tax rates for Oregon's local taxing districts, which replace the former tax base amounts of the districts. Tigard's taxing authority is limited to its permanent rate of \$2.51 per thousand dollars of assessed value.

At the beginning of each fiscal year, the Washington County Assessor determines assessed values of properties in the City. Washington County is responsible for the levying and collecting the property taxes as well as distributing the tax revenue to all taxing jurisdictions in the County.

CITY OF TIGARD, OREGON
Notes to Basic Financial Statements

11. Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. The City purchases commercial insurance to deal with substantially all these risks with nominal deductibles. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.