COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012

Prepared by:
The City of The Dalles
Finance Department

CITY OF THE DALLES, OREGON

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INTRODUCTORY SECTION

CITY of THE DALLES
313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481

City Council
City of The Dalles
The Dalles, Oregon 97058

November 5, 2012

The Comprehensive Annual Financial Report (CAFR) of the City of The Dalles, Oregon, for the year ended June 30, 2012, is submitted herewith. This report presents a comprehensive and detailed picture of The Dalles' financial transactions during fiscal year 2011-2012 and the financial condition of the various funds at June 30, 2012. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures, rests with the City. To the best of our knowledge and belief, the report is accurate and complete in all material respects, including all activities, funds, and financial transactions, and is presented fairly to disclose the financial position and the results of operations of the City at June 30, 2012, and for the year then ended. Further, it is our belief that all disclosures necessary to enable the reader to gain an understanding of the City's financial operations have been included. The organization and content of this report, including the financial statements, supplementary information and statistical tables, follow the standards for annual financial reporting recommended by the Governmental Accounting Standards Board.

CITY HISTORY AND GEOGRAPHICAL AREA

The City of The Dalles, Oregon, is situated in the north-central part of the state on the Columbia River, the nation's second largest river. It is the county seat and the largest community in Wasco County. The Dalles is one of Oregon's most historic cities and was known earlier in its history as the town at the end of the Oregon Trail. Archaeological evidence suggests the area has been inhabited more or less continuously for more than 10,000 years. The City was first incorporated by the Oregon Territorial Government in 1857 as "Dalles City" and was made the county seat shortly thereafter. We celebrated our Sesquicentennial in June of 2007.

Strategically located on the Columbia River and bordered by the Cascade Mountains to the West, The Dalles provides an ideal distribution or manufacturing setting with available riverside locations, as well as bulk container and international shipping options. It has historically been an economic hub of the Pacific Northwest, linking major transportation routes between Eastern and Southern Oregon and Washington State. It offers residents the pleasures of rural living while providing the advantages of access to metropolitan amenities in Portland, only 80 miles to the west.

In accordance with the City Charter of 1899, revised in 1998, the City of The Dalles is governed by a City Council. This Council consists of an elected mayor and five council members. The City operates under a council-manager form of government.

ECONOMIC CONDITIONS

The City has a population currently estimated at 14,440, yet the City serves a trading area of about 90,000 persons in both Oregon and Washington. Principal economic activities are agriculture, high tech services, small industrial businesses, hydro and wind power generation/transmission, and tourism, along with healthcare, government, and retail services. Mid-Columbia Medical Center is the area's largest employer with approximately 800 employees in all their affiliated activities.

The major agricultural product of the City is sweet cherries. The Dalles is a primary producer for both domestic and overseas markets. There are in excess of 6,000 acres of sweet cherry trees around the City. Wheat is another important agricultural product with 50,000 acres currently in cultivation in The Dalles area. Additional agricultural products include cattle, hay and tree fruits.

The Port of The Dalles Industrial Center is the location of most local manufacturing, where there are 40 companies, employing over 550 people. The old Aluminum Smelter was torn down for salvage in 2008. This freed up over 300 acres of industrial land. Internet giant Google is located in the Port Industrial Park and employs over 200 employees including contract employees. The newest addition to the Port Industrial Park is Columbia PhytoTechnology, a company that specializes in powder production through its patented Radiant Zone Drying (RZD) technology, particularly of fruits and vegetables, for the food, beverage, nutritional, nutraceutical and pharmaceutical industries. Columbia PhytoTechnology relocated from Washington to The Dalles in late 2011, bringing approximately 36 jobs to the area.

The City is a strategic home base for year-round recreation. Water sport enthusiasts will find boating, excellent fishing, and one of the finest windsurfing and kite boarding areas in the United States on the Columbia River. To the east are substantial opportunities to camp, fish, hike, and sightsee. To the west, ski enthusiasts have the opportunity to challenge the ski slopes of magnificent Mt. Hood, and there are numerous resorts that lie on Mt. Hood and at its base. Construction of the Columbia Gorge Discovery Center and Wasco County Historical Museum was completed in May 1997. Thousands of people visit the Center annually and it has become a center for many community festivities and events. The Center is located along the Columbia River bordering the City. Historic Downtown The Dalles, with its talking murals, St. Peters Landmark and other historical buildings, and antique shops is a strong visitor draw.

Mid-Columbia Medical Center (MCMC) is the major hospital in the Mid-Columbia Region of Oregon and Washington. It is also the major trauma center in the region. This first class medical facility has attracted numerous health care professionals to The Dalles area. Their Oncology Center saves the region's population from traveling to Portland to receive those services and provides a multi-state option in the Northwest. MCMC opened a new wellness center called Waters Edge in 2010 that offers exercise equipment, lap and therapy pools, spa services, exercise and nutrition classes, and a bistro, along with cardiac and pulmonary rehab, outpatient therapies, and sleep medicine and labs. This expansion of comprehensive wellness services into a convenient, community-based setting makes it easier for residents to access the programs they need and enjoy for healthier living.

The Wasco County Courthouse and offices are located in the City, as are various State offices. The Dalles Dam at the eastern edge of the City is a major power generating facility. Also at the eastern edge of the City is the Celilo Converter Station, one of the world's largest electric power converter stations. Electricity is transported to and from Southern California through this station.

Through a competitive process, The Dalles is the site of a 151 bed Veterans' long-term nursing and care home that opened in November 1997. It currently provides 175 jobs and has 145 residents. Recently the Oregon Department of Veteran Affairs added a new 9,300 square foot community center and out patient clinic next to the Veterans' home.

The Dalles is the major shopping center in the Mid-Columbia area. The last few years, several retail developments have been completed in the community. A 138,000 square foot regional Home Depot store opened in October 2004. This was followed by Walgreen's in 2005. Both the local Safeway and Fred Meyer stores completed multi-million dollar renovations in 2006. Fred Meyer expanded its retail space by 15,000 square feet, which included enclosing the existing garden area. A new Coastal Farm Supply store opened in The Dalles during the summer of 2012, and a new 150,000 square foot super Wal-Mart store is planned for 2013 that will employ around four hundred people.

The City has an Urban Renewal District that is working to renovate the older commercial areas of the community. A ten block Downtown Renovation Project was completed during the summer of 2001. A $7 million dollar reconnection of the Downtown to the Columbia River was completed in FY 2003-2004 using Urban Renewal dollars and they were matched two to one with other grant funds. Urban Renewal also caused the renovation of two major downtown structures that have been vacant for years. In October 2009, a Full Faith and Credit Obligation Bond was obtained by the City, with over $10 million of the proceeds going as a loan to the Urban Renewal Agency to refund their current bond and provide nearly $8 million for Urban Renewal projects. The East Gateway public infrastructure, that included a round-about to manage traffic in a problem area, was completed in June 2010. That project leveraged approximately $25 million in private investment, including a new winery now located in a vacant flour mill that employs over 20 people. The new Marine Terminal Dock and the new Lewis & Clark Festival Area, both Downtown/Riverfront Connection projects, were completed in the summer of 2012, at a cost of $6.6 million.

Construction plans for a $10 million dollar Washington Street Railroad undercrossing and plaza will be completed in 2012, and constructed in fiscal year 2012-2013. A renovation of the Granada Block is scheduled for fiscal year 2013-2014 that will include a new hotel/conference center and a public parking structure.

State Tax limitation measures in 1990, 1996 and 1997 have limited property taxes. An upswing in the local economy up until 2008 mitigated most of those impacts. Although the economic situation the past few years has been bleak, the City, through prudent budgeting, is operating on a fiscally sound basis. The general fund balance remained relatively stable during the 2011-2012 fiscal year.

MAJOR INITIATIVES

Wastewater Master Plan

The City updated its wastewater master plan for the treatment plant site and collection system in 2002 and again in 2012. A 5-year wastewater capital improvement plan, updated annually is being utilized. Phase I design and construction for the wastewater plant and collection system improvements were completed in 2006. Phase II improvements should take place in the next two to three years.

Water Master Plan

A Water Master Plan update was completed in 2006. A $7.9 million water revenue bond was issued in 2007. A new reservoir and associated pipelines were constructed in fiscal year 2010-2011, utilizing about $6 million in grant and loan funds under the American Recovery and Reinvestment Act of 2009. The City completed a review of its water rates and capital needs in 2011 and adopted a rate plan to meet those needs. Additional revenue bonds are planned to be issued in fiscal years 2014-2015, 2016-2017 and 2019-2020 to fund identified system improvements.

Street Master Plan

A Transportation Master Plan drafted in 1999 was updated and implemented in 2006. A five-year capital improvement plan, updated annually, has been implemented for street development and to provide preventative maintenance. A Transportation System Development Charge has been implemented.

Storm Water Master Plan

Storm Water Master Plan was completed in 2007. A System Development Charge and a storm water utility charge have been implemented.

Regional Airport Authority

Klickitat County and the City of The Dalles formed a Regional Airport Authority in 2001 that now operates the Airport. A new set of aircraft hangars was constructed in 2004. A second set of hangers was completed in 2009 through a partnership with local investors. Beginning in fiscal year 2011-2012, and due to be completed in fiscal year 2012-2013, a $5.5 million runway rehabilitation project is occurring. This project is being funded by a $3.5 million State of Oregon grant, packaged with a $2 million FAA grant. Additional fiscal year 2012-2013 projects include a new maintenance hanger and a 17 lot industrial park development, including roads and utilities. A flex space building has been proposed as the anchor building in the new industrial park.

Columbia Gateway Urban Renewal Agency

The Columbia Gateway Urban Renewal Agency, a component unit of the City of the Dalles, operated throughout the 2011-2012 fiscal year. The Agency consists of an Urban Renewal District, formed by the citizens, to resolve issues of blight within the boundaries of the District. Ordinance No. 09-1301 adopted an amendment to the plan on June 22, 2009. This amendment provided for a new maximum indebted amount that is expected to be reached by the year 2025, thus extending the original expiration date of 2015 for another ten years. The Agency did levy and collect tax increment proceeds during FY11/12.

FINANCIAL INFORMATION

Accounting System and Budgetary Controls

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenue being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's proprietary fund type are maintained using the accrual basis of accounting. The assets and liabilities of the agency funds are accounted for using the modified accrual basis of accounting.

The City's management is responsible for establishing and maintaining an internal control structure designed to protect the assets of the City from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Management recognizes the significance of internal controls, which are incorporated in the accounting system. We believe our internal accounting controls adequately safeguard the assets and provide reasonable assurance of proper recording of all financial transactions.

A budget is prepared and legally adopted by the City Council for each fund. All changes to the budget must be approved by the City Council. These budgets are all prepared on the modified accrual basis of accounting, complying with Oregon Local Budget Law. The ordinance authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. All funds except the General Fund establish the levels of budgetary control at the personnel services, materials and services, capital outlay, operation contingencies, debt service and all other requirements levels. For the General Fund, appropriations are at the department level for personal services, materials and services, capital outlay and other uses.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. A supplemental budget requires hearings before the public, publications in newspapers and approval by the City Council, if the change is greater than, or equal to, 10% of the original budget. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. The City Council approved several appropriation transfer resolutions during the year ended June 30, 2012. Appropriations lapse at year-end.

The City has established a procurement policy for the purchases of goods and services. All items purchased by the City require a purchase order. Purchase orders are initiated at the department level and are reviewed at the Finance office. Purchase orders greater than $15,000 require the approval of the City Manager and those greater than $50,000 require City Council approval.

The City Council adopted a comprehensive set of Fiscal Management Policies in June 2011. These policies updated and compiled existing policies on budgeting, revenues and expenditures, public contracting, purchasing authority levels, capital asset and capital improvements, cash

management and investments, debt, risk management, and accounting and financial reporting. The new policies also addressed intangible capital assets as required by GASB 51, and the new fund balance structures as required by GASB 54. These policies, in particular the new fund balance structure, were initially applied in the preparation of the Comprehensive Annual Financial Report for the fiscal year ending June 30, 2011.

OTHER INFORMATION

Management Discussion and Analysis

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditor.

Independent Audit

Oregon Revised Statutes Chapter 297 requires that an independent audit be made of all City funds and account groups within six months following the close of a fiscal year. The independent auditors, who were selected by the City Council, have completed their audit of the City's funds and account groups; and their opinion and State of Oregon required audit comments and disclosures are included in this report.

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of The Dalles for its comprehensive annual financial report for the fiscal year ended June 30, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

The preparation of this report on a timely basis has been accomplished through the diligent efforts of the Finance Department's entire staff and staff from other departments. I should like to express my appreciation to all the members of this department for their assistance and contributions to its preparation. I also thank the Mayor and members of City Council for their interest and support in planning and conducting the financial operations of the City.

Respectfully submitted,

Nolan K. Young
City Manager

Kate Mast
Finance Director

CITY OF THE DALLES
OFFICIALS OF THE CITY
AS OF JUNE 30, 2012

MAYOR AND CITY COUNCIL

Name and Address	Term Expires December 31
Jim Wilcox, Mayor 416 West 7th Street The Dalles OR 97058	2012
Dan Spatz 2506 Jordan Street The Dalles OR 97058	2012
Carolyn Wood 1709 Liberty Street The Dalles OR 97058	2012
Bill Dick 2520 East 14th Street The Dalles OR 97058	2014
Brian Ahier 1126 East 8th Street The Dalles OR 97058	2012
Tim McGlothlin 328 West 21st Place The Dalles OR 97058	2014

City Administration

Nolan Young, City Manager – Budget Officer
Julie Krueger, City Clerk
Gene E. Parker, City Attorney
Kate Mast, Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of The Dalles
Oregon

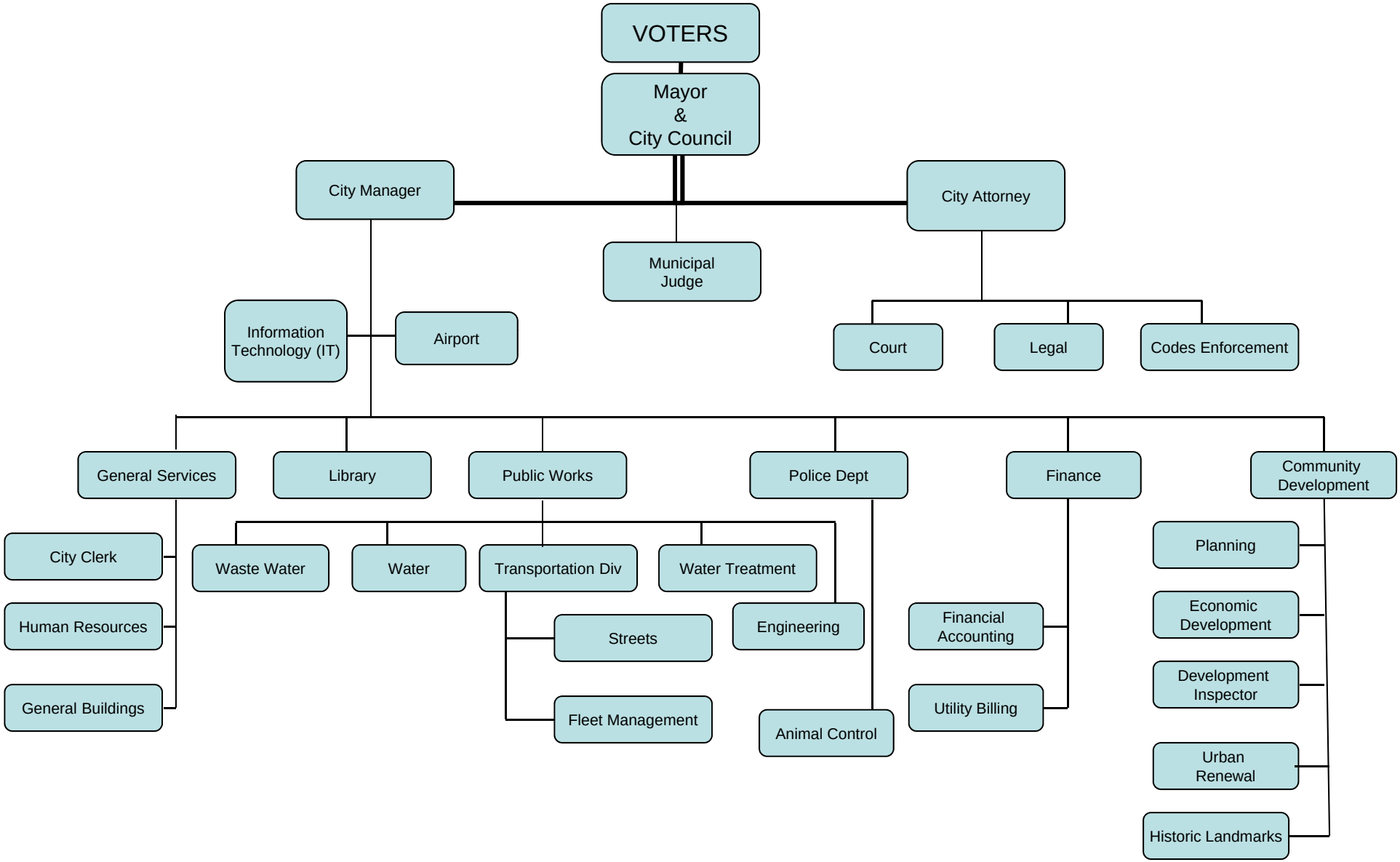
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

City of The Dalles – Organizational Flow Chart



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INDEPENDENT AUDITOR'S REPORT

MERINA
& COMPANY, LLP
Certified Public Accountants and Consultants

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

PARTNERS
KAMALA K. AUSTIN, CPA • TONYA M. MOFFITT, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
The City of The Dalles, Oregon
The Dalles, 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 The Dalles, Oregon, as of and for the year ended June 30, 2012, 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 of The Dalles, Oregon's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of The Dalles, Oregon, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Street Fund, Library Fund and Special Grants Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note IV.E to the financial statements, the City of The Dalles, Oregon adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* in the year ended June 30, 2012.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2012, on our consideration of the City of The Dalles, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial

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reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of The Dalles, Oregon's financial statements as a whole. The introductory section, supplemental information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Merina + Company

Merina & Company, LLP
West Linn, Oregon
November 5, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of financial activities and financial position for the City of The Dalles, Oregon. The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and economic factors affecting the City.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please read it in conjunction with the Transmittal Letter (page i) and the City's financial statements.

FINANCIAL HIGHLIGHTS

The City's assets exceeded its liability at June 30, 2012 by $57,886,023 (net position). Of this amount $39,526,775 was invested in capital assets (net of related debt). $13,204,379 was restricted for specific purposes, resulting in unrestricted net position of $5,154,869. The unrestricted net position is made up of unrestricted governmental net position of $3,975,176 and unrestricted business-type net position of $1,179,693.

The City's net position increased by $7,325,590 (14.5%) primarily due to the construction of the new Marine Dock and Festival Area projects, funded by Urban Renewal and EDA and Connect Oregon III grants. Construction also continued on the Terminal Reservoir Project, funded in part by ARRA monies.

The City's Governmental Funds had a decrease in fund balances in the amount of $1,504,033, which was due primarily to expenditure of funds for capital projects, including the construction of the new Marine Dock and Festival Area. The Urban Renewal Fund balance increased approximately $121,166 mainly due to improvements to buildings purchased last year that are part of an Urban Renewal project to redevelop a portion of the downtown area.

The City's Enterprise Funds experienced an increase in net position of $2,091,483, due mostly to capitalization of completed projects, including the Sewer Slipline Project, the East 10th Street Sewer Project, the Wastewater Treatment Plant Electrical Upgrade Project, and the Watershed Fuels Reduction Project. Construction continued on the Terminal Reservoir Project, and construction began on the Airport Runway Rehabilitation Project.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's annual financial report consists of several sections. Taken together they provide a comprehensive financial report of the City. The components of the report include the following:

Management's Discussion and Analysis. This section of the report provides financial highlights, overview and economic factors affecting the City.

Basic Financial Statements. Includes a Statement of Net Position, a Statement of Activities, fund financial statements and the notes to the financial statements.

Statements of Net Position and Activities focus on an entity-wide presentation using the accrual basis of accounting and provide both long-term and short-term information about the City's financial status. The Governmental activities include most of the City's basic services such as police, street

maintenance and improvement, community planning and governance. The Business-type activities include the operation of the City's water and sewer utilities, and the City owned airport.

Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column title "Other Governmental Funds". Budgetary comparison statements are presented for the General Fund – General Accepted Accounting Principles, Street Fund, Library Fund, and Special Grants Fund, which comprise the City's General and Major Special Revenue Funds.

Statements for the City's proprietary funds follow the governmental funds and include net position, revenues, expenses and changes in fund net position, and cash flows.

The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

Supplemental Information. Readers desiring additional information about other major funds not represented in the Basic Financial Statements and on non-major funds can find it in this section of the report. Included within this section are:

- Combining Schedules of other governmental funds, which are classified as non-major. These schedules include balance sheets and schedules of revenues, expenditures and changes in fund balances.
- Combining Schedule of the General Fund – Generally Accepted Accounting Principles. These schedules include a balance sheet and schedule of revenues, expenditures and changes in fund balance. The Public Works Reserve Fund, Bridge Replacement Fund, and Unemployment Reserve Fund are budgetary funds required by Oregon Budget Law, but do not qualify as funds based on GASB 54 therefore they are combined into the General Fund to create the General Fund – Generally Accepted Accounting Principles.
- Budgetary Comparisons. Budgetary information for all funds, except General – Generally Accepted Accounting Principles, Street, Library, and Special Grants Funds, which are presented within the Basic Financial Statements, are presented here.
- Other Financial Schedules complete the Financial Section of this report.

FINANCIAL SUMMARY AND ANALYSIS

As mentioned earlier, the City's net position as of June 30, 2012 was $57,886,023, an increase from June 30, 2011 of $7,325,590. By far the largest portion of the net position is comprised of the City's investment in capital assets (e.g., land, building, equipment, and public infrastructure), less any related debt outstanding that was used to acquire those assets. The City uses capital assets to provide services to citizens; therefore these assets are not available for future spending. The resources to repay the related debt is not provided by capital assets, but will be provided from other sources.

City of The Dalles Net Position

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other assets	12,687,752	13,161,017	10,361,323	8,996,891	23,049,075	22,157,908
Capital assets	32,882,366	26,565,441	40,204,201	38,464,767	73,086,567	65,030,208
Total Assets	**45,570,118**	**39,726,458**	**50,565,524**	**47,461,658**	**96,135,642**	**87,188,116**
Liabilities						
Long-Term liabilities	14,321,190	14,715,348	20,963,105	20,521,851	35,284,295	35,237,199
Other liabilities	1,264,115	260,404	1,701,209	1,130,080	2,965,324	1,390,484
Total liabilities	**15,585,305**	**14,975,752**	**22,664,314**	**21,651,931**	**38,249,619**	**36,627,683**
Net position invested in capital assets, net of related debt	19,672,490	12,688,001	19,854,285	18,412,767	39,526,775	31,100,768
Restricted	6,337,147	7,765,650	6,867,232	6,534,483	13,204,379	14,300,133
Unrestricted	3,975,176	4,297,055	1,179,693	862,477	5,154,869	5,159,532
Total net position	**29,984,813**	**24,750,706**	**27,901,210**	**25,809,727**	**57,886,023**	**50,560,433**

The governmental activities revenue comes primarily from property taxes, franchise fees, charges for services, and various grants and contributions, including over $985,000 from a Library Special District formed in 2006. When compared to the prior year, City property taxes collected increased by 8.7%, due in part to annexations that were added to the tax rolls in FY11/12, while Urban Renewal District property taxes collected decreased by 2.5%. Telephone and natural gas franchise fees both decreased 6.8% from the prior year, while garbage and CATV/internet franchise fees both increased slightly over 4%. Electric franchise fees increased 1.8%. The Street Fund realized a 9.5% increase in the local 3 cent per gallon gas tax, due mostly to the opening of a new Fred Meyers gas station. Transient Room Taxes collected remained at the same level as the prior year. Charges for services revenue showed an 87% increase, due primarily to Transportation SDCs received in FY11/12.

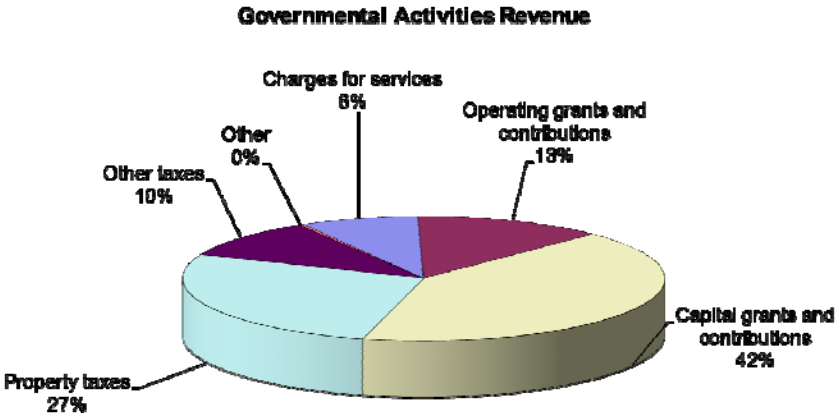
During the year ending June 30, 2012, the City received a significant amount of revenue from capital grants and contributions that consist primarily of awards for specific special projects. These will not be a continuing source of revenue. Significant grants and contributions received during the fiscal year included $2.055 million from a Connect Oregon III grant and $2 million from the EDA, which were combined with Urban Renewal contributions and a smaller grant from HUD for the Marine Dock and Festival Area projects.

The City's governmental expenses cover a wide variety of services, with general government, public safety and streets accounting for most of these expenses. Several changes in personnel in the General

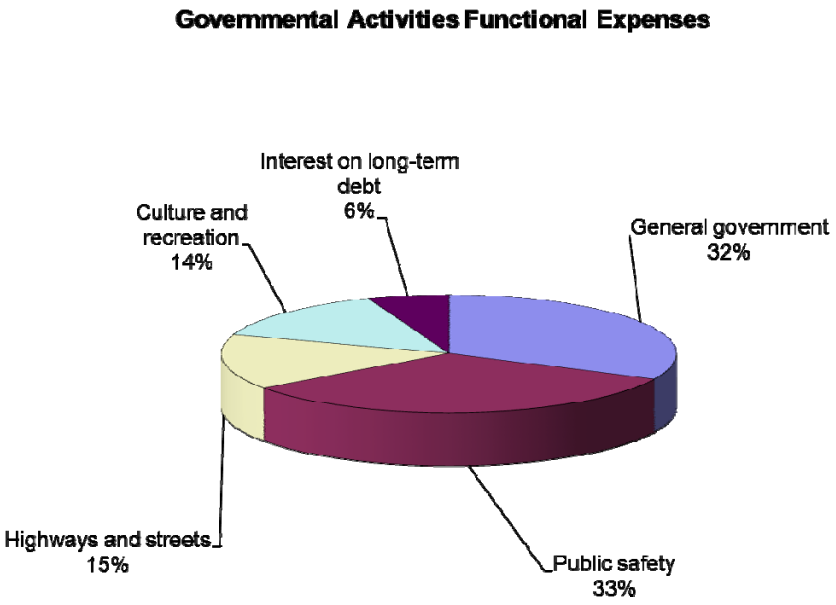
Fund and Library Funds, along with several capital purchases in the prior year and efforts to expend resources conservatively contributed to the decreases in expenses. Public safety expenses increased due to additional personnel costs related to overtime and retirement. An "Equal to or Better Than" police retirement comparison resulted in the City paying an additional $20,876 for four officers, plus an increase in the percentage paid each payday in the future. The cost of gas and maintenance for the police vehicles has also increased significantly. Street fund expenses increased due to the 10th Street Widening project and several other smaller projects that were completed during the year.

The Business Type activities revenues come mostly from charges for services and various grants for capital projects. A 10% water rate increase was implemented during the fiscal year, with further annual increases scheduled, after an analysis of the operational and capital improvement plan needs of the water system. An additional $1.05 million in ARRA loan funds was received for the ongoing Terminal Reservoir project, and $198,346 in grant funds were received for the Watershed Fuels Reduction project. FAA ($844,691) and Connect Oregon III grant ($324,201) funds were received for the Airport Runway Rehabilitation project that continues into FY12/13.

The most significant changes to Business Type expenses during the year are related to the Terminal Reservoir project, the Watershed Fuels Reduction project, the Sewer Slipline project, and the Airport Runway Rehabilitation project.



Property taxes are the City's primary on-going source of revenue and comprise 27% of the City's governmental revenue. Property taxes are derived from the permanent tax rate and taxes levied for the repayment of bonded indebtedness.



For the fiscal year ending June 30, 2012, net position of the Governmental activities increased by $5,234,107, which represents a 21.1% increase. Net position of the Business-type activities increased by $2,091,483, or 8.1%. Key elements of these changes, when compared to the year ending June 30, 2011 are as follows:

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for services	1,110,559	594,031	9,655,990	8,674,388	10,766,549	9,268,419
Operating grants and contributions	1,790,012	1,635,994	263,347	142,954	2,053,359	1,778,948
Capital grants and contributions	5,816,031	1,780,738	1,193,231	383,053	7,009,262	2,163,791
General Revenues						
Property taxes	3,796,785	3,574,302	-	-	3,796,785	3,574,302
Other taxes	1,414,374	1,412,950	-	-	1,414,374	1,412,950
Other	41,322	109,002	30,800	32,632	72,122	141,634
Total revenues	**13,969,083**	**9,107,017**	**11,143,368**	**9,233,027**	**25,112,451**	**18,340,044**
Expenses						
General government	3,225,677	3,631,219	-	-	3,225,677	3,631,219
Public safety	3,304,009	3,088,742	-	-	3,304,009	3,088,742
Highways and streets	1,517,951	1,034,392	-	-	1,517,951	1,034,392
Culture and recreation	1,405,744	1,814,647	-	-	1,405,744	1,814,647
Interest on long-term debt	578,874	595,104	-	-	578,874	595,104
Water	-	-	4,092,914	2,656,862	4,092,914	2,656,862
Waste water	-	-	3,221,576	3,110,890	3,221,576	3,110,890
Airport	-	-	440,116	438,097	440,116	438,097
Total Expenses	**10,032,255**	**10,164,104**	**7,754,606**	**6,205,849**	**17,786,861**	**16,369,953**
Change net position before transfers	3,936,828	(1,057,087)	3,388,762	3,027,178	7,325,590	1,970,091
Transfers	1,297,279	1,249,200	(1,297,279)	(1,249,200)	-	-
Change in net position	5,234,107	192,113	2,091,483	1,777,978	7,325,590	1,970,091
Net position-beginning	24,750,706	24,558,593	25,809,727	24,031,749	50,560,433	48,590,342
Total net position	**29,984,813**	**24,750,706**	**27,901,210**	**25,809,727**	**57,886,023**	**50,560,433**

Governmental Activities

A significant portion of the increase in net position is due to the nearly completed construction of the new Marine Dock and Festival Area projects, at a combined cost of $5.6 million. The Downtown WiFi project adds value to the livability of the community beyond its cost of $153,639.

Business-type Activities

The increase in net position of the Business-type activities is due primarily to the capitalization of completed projects that were financed in the governmental funds, but recorded as capital assets in the enterprise funds, to the construction of the Airport Runway Rehabilitation Project, and to rate increases for water services (10%).

FINANCIAL ANALYSIS OF FUNDS

As of June 30, 2012 the City's governmental funds reported a combined fund balance of $9,915,247, which is a decrease of $1,504,033 from June 30, 2011.

The General Fund is the primary operating fund of the City. Beginning June 30, 2011, the General Fund has been combined with the Public Works Reserve Fund, the Street/Bridge Replacement Fund and the Unemployment Fund, as required by GASB 54. As of June 30, 2012, the combined General Fund – Generally Accepted Accounting Principles balance was $2,268,522, which is a decrease of $86,846 from June 30, 2011. The combined revenues were $5,328,936 and combined expenditures were $6,539,941, resulting in a loss of $1,211,005. However, the combined General Fund received transfers from other funds in the amount of $1,252,390, and sent transfers out to other funds in the amount of $128,231. This resulted in net "Other financing sources" totaling $1,124,159.

The Street Fund balance as of June 30, 2012 was $668,956, which is an increase of $303,621 from June 30, 2011. Street Fund revenues were $1,251,784, while expenditures were $1,020,187, resulting in a gain of $231,597. An increase in transfers in from other funds resulted in net "Other financing sources" totaling $72,024.

As of June 30, 2012, the Library Fund balance was $808,979, reflecting an increase of $151,334 from June 30, 2011. The City's Library Fund provides for the operations of the Library per a contract with the County since the formation of the new County Library District which was approved in November of 2006. This increase in the Library Fund balance was due to the County's contribution of a share of the property taxes collected. The County contribution included funds for an Unappropriated Fund Balance so the City's other resources does not need to support the Library Fund cash flow until current year property taxes are collected.

The Special Grants Fund balance as of June 30, 2012 was $3,712,556, which is a decrease of $2,008,779 from June 30, 2011. This decrease was due to expenditures for several ongoing projects accounted for within that fund.

The Urban Renewal Capital Projects Fund balance as of June 30, 2012 was $460,134, which is an increase of $121,166 from June 30, 2010. This increase is primarily due to the delay of a downtown development Urban Renewal project.

The non-major governmental funds balance as of June 30, 2012 was $1,996,100. This reflects an increase of $15,471, primarily due to the reduction long term debt by the annual payments made.

Proprietary funds provide the same type of information as presented in the government-wide statements of net position and activities, but in more detail. The proprietary funds net position

amounted to $27,901,210 as of June 30, 2012, reflecting a $2,091,483 increase over net position as of June 30, 2011.

The combined Water Funds net position as of June 30, 2012 was $7,936,397, which is a decrease of $153,484 over June 30, 2011. This decrease is primarily expected capital outlay spending in fiscal year 2011-2012.

The combined Wastewater Funds net position as of June 30, 2012 was $15,187,726, which is an increase of $1,145,968 from June 30, 2011. This increase is primarily due to building reserves for Phase II of the treatment plant improvements.

The combined Airport Funds net position as of June 30, 2012 was $4,777,087 which is an increase of $1,098,999 from June 30, 2011. This increase is due primarily to the construction of the Airport Runway Rehabilitation Project that continued during fiscal year 2011-2012.

BUDGETARY HIGHLIGHTS

The original legal appropriations for fiscal year 2011-2012 for the General Fund – Budgetary Basis totaled $7,071,150, with contingency of $596,541. The Unappropriated Ending Balance, which is not included in the legal appropriations, was $750,358. Budget amendments during the year resulted in a total budget of $7,078,850, with a contingency of $596,541. The changes to the budget were made to allocate additional transfers from other funds and to reallocate funds between categories. Expenditures were $828,123 under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2012, the City had invested $73,086,567 in capital assets of its governmental and business-type activities. This investment includes land and land improvements, buildings, equipment, and public infrastructure of roads and bridges. The investment in governmental activities capital assets increased by $6,316,925 and business-type activities capital assets increased by $1,739,434. Significant additions during the year ending June 30, 2012 were related to the completion and capitalization of the several Public Works projects, and the continuing construction of the Marine Dock, Festival Area, Terminal Reservoir project, and the Airport Runway Rehabilitation project.

Additional information on the City's capital position may be found in Note III.D of the financial statements.

The total governmental long-term debt outstanding at June 30, 2012 was $13,209,876. Business-type activities long-term debt outstanding was $20,349,916. During the year the City retired a total of $1,421,903 in principle long-term debt, and added $1,052,255.

A summary of the City's long-term debt outstanding is as follows:

2009 FFCO Bond	$ 10,940,000
Premium on 2009 FFCO Bond	$ 805,664
2008 FFCO Bond	$ 2,655,000
Premium on 2008 FFCO Bond	$ 39,335
Loans Payable (OIB)	$ 237,513
Airport Facilities Revenue Bond	$ 156,000
Airport Loan from Port	$ 190,621
Wastewater Revenue Bond	$ 4,490,000
Water Revenue Bond	$ 7,465,000
Premium on Water Revenue Bonds	$ 33,302

Oklahoma State Bank (Lease Option)	$ 73,515
SDWRLF Loan	$ 2,459,900
ARRA Note	$ 1,025,149
ARRA Forgivable Note	$ 2,988,773
TOTAL	$ 33,559,772

In addition to the above, the City has acted as a conduit for debt for the QualityLife Intergovernmental Agency (QLife). The City obtained a Full Faith and Credit Loan from the Columbia River Bank in May of 2008 in the amount of $1,079,978, which was used to pay off a prior QLife FFCO loan and two State Special Public Works loans. QLife has pledged to provide the full repayment of the loan and, accordingly, the City has not recorded this debt as it is not anticipated that the City will be required to use its resources for repayment. The balance outstanding at June 30, 2012 was $563,722.

Compensated Absences accruals totaled $403,297 as of June 30, 2012. Governmental accruals totaled $262,209, but are not recorded as a liability in the Governmental Funds. Business-type compensated absences accrual totaling $141,088 are recorded as current period liabilities as of June 30, 2012, because the oldest leave hours accrued are considered to be used first, so the balances are constantly being updated by use and new accruals. Other post employment benefits totaled $849,105 for governmental activities and $472,101 for business-type activities.

Additional information on the City's long-term debt may be found in Note III.E of the financial statements.

ECONOMIC FACTORS

The QLife local area fiber optic loop project enables any current business and any future business that needs high speed access to the Internet a reason to remain or move into our area. Google, the search engine, has operated a facility here in The Dalles for the past six years. Home Depot, a Fortune 500 company, operates a retail and commercial outlet here. Wal-Mart is pursuing construction of a "super store" in the west end of the City. The foregoing will impact housing and the amount being spent by the local community in our local stores. These activities and the growing number of windfarms to the east of the community are also providing local jobs.

FINANCIAL CONTACT

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. The Columbia Gateway Urban Renewal Agency has issued a separate report, which is available for those who are interested.

If you have questions about the report or need additional information, please contact the City Finance Director at 313 Court Street, The Dalles, Oregon.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

The basic financial statements include interrelated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
  - Governmental Funds
  - Proprietary Funds

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

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CITY OF THE DALLES, OREGON
STATEMENT OF NET POSITION
June 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 3,995,374	$ 455,123	$ 4,450,497
Receivables:			
Accounts	299,372	903,190	1,202,562
Intergovernmental	-	1,097	1,097
Fines and forfeitures, net	425,815	-	425,815
Property taxes	320,705	-	320,705
Assessments	165,688	-	165,688
Notes	13,725	-	13,725
Prepaid items	116,297	-	116,297
Inventories	136,002	227,527	363,529
Total current assets	5,472,978	1,586,937	7,059,915
Noncurrent assets:			
Bond issuance costs	186,846	228,517	415,363
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	5,968,571	6,703,101	12,671,672
Receivable	1,059,357	1,842,768	2,902,125
Capital assets:			
Land	661,261	5,782,215	6,443,476
Assets available for sale	1,530,311	-	1,530,311
Construction in progress	9,789,883	9,646,912	19,436,795
Depreciable assets, net of depreciation	20,900,911	24,775,074	45,675,985
Total noncurrent assets	40,097,140	48,978,587	89,075,727
Total assets	$ 45,570,118	$ 50,565,524	$ 96,135,642
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	$ 1,169,581	$ 1,406,985	$ 2,576,566
Unearned revenue	52,947	-	52,947
Accrued interest payable	41,587	165,284	206,871
Retainage payable	-	128,940	128,940
Total current liabilities	1,264,115	1,701,209	2,965,324
Noncurrent liabilities:			
Long-term obligations:			
Due within one year	952,547	935,234	1,887,781
Due in more than one year	13,368,643	20,027,871	33,396,514
Total noncurrent liabilities	14,321,190	20,963,105	35,284,295
Total liabilities	15,585,305	22,664,314	38,249,619
NET POSITION			
Invested in capital assets, net of related debt	19,672,490	19,854,285	39,526,775
Restricted for:			
Capital projects	5,526,038	6,543,031	12,069,069
Debt Service	811,109	324,201	1,135,310
Unrestricted	3,975,176	1,179,693	5,154,869
Total net position	29,984,813	27,901,210	57,886,023
Total liabilities and net position	$ 45,570,118	$ 50,565,524	$ 96,135,642

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

CITY OF THE DALLES, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Expense Revenue and Change in Net Position: Governmental Activities	Net Expense Revenue and Change in Net Position: Business Type Activities	Net Expense Revenue and Change in Net Position: Total
Governmental activities:							
General government	$ 3,225,677	$ 853,937	$ -	$ 5,816,031	$ 3,444,291	$ -	$ 3,444,291
Public safety	3,304,009	224,448	-	-	(3,079,561)	-	(3,079,561)
Culture and recreation	1,405,744	11,294	994,557	-	(399,893)	-	(399,893)
Highways and streets	1,517,951	20,880	795,455	-	(701,616)	-	(701,616)
Interest on long-term debt	578,874	-	-	-	(578,874)	-	(578,874)
Total governmental activities	10,032,255	1,110,559	1,790,012	5,816,031	(1,315,653)	-	(1,315,653)
Business type activities:							
All Water Funds	4,092,914	4,404,696	198,347	12,169	-	522,298	522,298
All Wastewater Funds	3,221,576	5,024,672	-	12,170	-	1,815,266	1,815,266
All Airport Funds	440,116	226,622	65,000	1,168,892	-	1,020,398	1,020,398
Total business type activities	7,754,606	9,655,990	263,347	1,193,231	-	3,357,962	3,357,962
Total government	$ 17,786,861	$ 10,766,549	$ 2,053,359	$ 7,009,262	(1,315,653)	3,357,962	2,042,309
General revenues:							
Taxes:							
Property taxes levied for:							
General purposes					2,578,241	-	2,578,241
Urban renewal purposes					1,218,544	-	1,218,544
Franchise and public service taxes					1,414,374	-	1,414,374
Interest and investment earnings					41,322	30,800	72,122
Transfers in (out)					1,297,279	(1,297,279)	-
Total general revenues and transfers					6,549,760	(1,266,479)	5,283,281
Change in net position					5,234,107	2,091,483	7,325,590
Net position - beginning					24,750,706	25,809,727	50,560,433
Net position - ending					$ 29,984,813	$ 27,901,210	$ 57,886,023

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

FUND FINANCIAL STATEMENTS
Major Governmental Funds

General Fund

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, hotel-motel tax, and state shared revenues. Expenditures are primarily for general government operations, public safety (police), and culture and recreation.

Street Fund

The Street Fund accounts for the cost of maintaining City streets system. Principal sources of revenues are state gasoline taxes apportioned from the State of Oregon, local fuel taxes, charges for services to other funds, and transfers.

Library Fund

The Library Fund accounts for the operation of the City Library, which is the main branch of the County's Special Library District. Principal sources of revenues are funds from the County collected Library District taxes, state grants, library fines, and donations.

Special Grants Fund

The Special Grants Fund accounts for various grant programs operated by the City. Revenues consist primarily of grants and interest on investments.

Urban Renewal Capital Projects Fund

The Urban Renewal Capital Projects Fund accounts for services and construction costs for the development within the Columbia Gateway Urban Renewal District. Principal sources of revenues are property taxes, grants, and interest on investments.

CITY OF THE DALLES, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2012

	General Fund Generally Accepted Accounting Principles	Street Fund	Library Fund	Special Grants Fund	Urban Renewal Capital Projects Fund	Other Governmental	Total Governmental
ASSETS							
Cash and cash equivalents	$ 1,852,549	$ 442,627	$ 817,114	$ 4,243,244	$ 474,801	$ 2,133,610	$ 9,963,945
Receivables:							
Accounts	351,194	39,287	142	554,173	3,529	3,186	951,511
Intergovernmental	33,509	68,328	-	-	-	-	101,837
Fines and forfeitures, net	425,815	-	-	-	-	-	425,815
Property taxes	213,234	-	-	-	107,471	-	320,705
Assessments	-	-	-	22,936	-	165,688	188,624
Notes	-	-	-	-	282,445	13,725	296,170
Prepaid items	116,297	-	-	-	-	-	116,297
Inventories	-	136,002	-	-	-	-	136,002
Total assets	$ 2,992,598	$ 686,244	$ 817,256	$ 4,820,353	$ 868,246	$ 2,316,209	$ 12,500,906
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable and accrued expenses	$ 85,027	$ 17,288	$ 8,277	$ 1,040,514	$ 18,196	$ 279	$ 1,169,581
Deferred revenue	639,049	-	-	67,283	389,916	319,830	1,416,078
Total liabilities	724,076	17,288	8,277	1,107,797	408,112	320,109	2,585,659
FUND BALANCES:							
Nonspendable:							
Prepaids	116,297	-	-	-	-	-	116,297
Inventory	-	136,002	-	-	-	-	136,002
Restricted for:							
Grant / contributor specific intent	-	-	-	3,712,556	-	11,415	3,723,971
State statute	-	532,954	-	-	460,134	-	993,088
Intergovernmental agreement	-	-	808,979	-	-	811,109	1,620,088
Committed for:							
Major capital facilities and associated debt	-	-	-	-	-	496,322	496,322
Local improvements and associated debt	-	-	-	-	-	677,218	677,218
Agreements with state agencies	-	-	-	-	-	36	36
Committed by ordinance or resolution	545,656	-	-	-	-	-	545,656
Unassigned	1,606,569	-	-	-	-	-	1,606,569
Total fund balance	2,268,522	668,956	808,979	3,712,556	460,134	1,996,100	9,915,247
Total liabilities and fund balance	$ 2,992,598	$ 686,244	$ 817,256	$ 4,820,353	$ 868,246	$ 2,316,209	

Amounts reported in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	32,882,366
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Deferred revenue	1,363,131
Bond issuance costs are not financial resources, and therefore, are not reported in the funds	186,846
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt	(14,321,190)
Interest payable	(41,587)
Net position of governmental activities	$ 29,984,813

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

CITY OF THE DALLES, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2012

	General Fund Generally Accepted Accounting	Street Fund	Library Fund	Special Grants Fund	Urban Renewal Capital Projects Fund	Other Governmental	Total Governmental
REVENUES:							
Property taxes	$ 2,563,922	$ -	$ -	$ -	$ 421,386	$ 797,023	$ 3,782,331
Other taxes	671,645	434,025	-	-	-	-	1,105,670
Franchise fees	286,829	-	-	-	-	21,875	308,704
Assessments	-	-	-	-	-	51,641	51,641
Licenses and fees	11,469	-	-	-	-	-	11,469
Charges for services	14,845	13,929	-	-	-	-	28,774
Intergovernmental	1,267,101	795,455	985,271	4,508,314	-	21,616	7,577,757
Fines and forfeitures, net	224,448	-	11,251	-	-	-	235,699
Contributions	-	-	9,286	19,000	-	-	28,286
System development charges	168,629	-	-	-	-	-	168,629
Rental income	7,306	-	-	-	11,170	379,939	398,415
Interest on investments	2,248	1,424	2,791	20,792	-	14,067	41,322
Miscellaneous	110,494	6,951	43	17,315	41,685	6,921	183,409
Total revenues	5,328,936	1,251,784	1,008,642	4,565,421	474,241	1,293,082	13,922,106
EXPENDITURES:							
Current:							
General government	2,461,590	-	-	76,838	302,508	20,221	2,861,157
Public safety	3,041,951	-	-	-	-	164,305	3,206,256
Culture and recreation	521,623	-	821,742	-	-	-	1,343,365
Highways and streets	-	1,009,676	-	-	-	-	1,009,676
Capital outlay	514,777	10,511	-	6,485,662	50,567	15,729	7,077,246
Debt service:							
Principal	-	-	-	-	-	595,874	595,874
Interest	-	-	-	-	-	629,844	629,844
Total expenditures	6,539,941	1,020,187	821,742	6,562,500	353,075	1,425,973	16,723,418
Revenues over (under) expenditures	(1,211,005)	231,597	186,900	(1,997,079)	121,166	(132,891)	(2,801,312)
OTHER FINANCING SOURCES (USES):							
Transfers in	1,252,390	256,662	-	20,000	-	1,174,039	2,703,091
Transfers out	(128,231)	(184,638)	(35,566)	(31,700)	-	(1,025,677)	(1,405,812)
Total other financing sources (uses)	1,124,159	72,024	(35,566)	(11,700)	-	148,362	1,297,279
Net changes in fund balances	(86,846)	303,621	151,334	(2,008,779)	121,166	15,471	(1,504,033)
FUND BALANCES, BEGINNING	2,355,368	365,335	657,645	5,721,335	338,968	1,980,629	11,419,280
FUND BALANCES, ENDING	$ 2,268,522	$ 668,956	$ 808,979	$ 3,712,556	$ 460,134	$ 1,996,100	$ 9,915,247

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

CITY OF THE DALLES, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

Amounts reported in the statement of activities are different because:

Net change in fund balances		$ (1,504,033)
The statement of revenues, expenditures, and changes if fund balances report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Current year depreciation	$ (620,865)	
Capital asset additions	6,959,058	6,338,193
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position.		(21,268)
Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.		
Deferred revenues		46,977
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences	11,257	
Change in other postemployment benefits	(284,663)	
Change in accrued interest payable	49,094	
Amortization of bond issue cost	(21,796)	(246,108)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which proceeds exceeded repayments.		
Debt service principal payments	618,470	
Accrued interest expense	1,876	620,346
Change in net position of governmental activities		$ 5,234,107

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

CITY OF THE DALLES, OREGON
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Property taxes	$ 2,528,579	$ 2,528,579	$ 2,563,922	$ 35,343
Other taxes	645,045	645,045	671,645	26,600
Franchise fees	299,880	299,880	286,829	(13,051)
Licenses and fees	11,000	11,000	11,469	469
Charges for services	14,500	14,500	14,845	345
Intergovernmental	1,579,859	1,579,859	1,267,101	(312,758)
Fines and forfeitures, net	260,033	260,033	224,448	(35,585)
System development charges	600,000	600,000	168,629	(431,371)
Rental income	7,244	7,244	7,306	62
Interest on investments	9,600	9,600	2,248	(7,352)
Miscellaneous	25,000	25,000	110,494	85,494
Total revenues	5,980,740	5,980,740	5,328,936	(651,804)
EXPENDITURES:				
General government	2,636,191	2,633,891	2,461,590	172,301
Public safety	3,085,543	3,085,543	3,041,951	43,592
Culture and recreation	527,539	532,539	521,623	10,916
Capital outlay	1,047,492	1,052,492	514,777	537,715
Contingency	596,541	596,541	-	596,541
Total expenditures	7,893,306	7,901,006	6,539,941	1,361,065
Revenues over (under) expenditures	(1,912,566)	(1,920,266)	(1,211,005)	709,261
OTHER FINANCING SOURCES (USES):				
Transfers in	1,227,190	1,234,890	1,252,390	17,500
Transfers out	(1,006,804)	(1,006,804)	(128,231)	878,573
Total other financing sources (uses)	220,386	228,086	1,124,159	896,073
Net changes in fund balances	(1,692,180)	(1,692,180)	(86,846)	1,605,334
FUND BALANCES, BEGINNING GENERALLY ACCEPTED ACCOUNTING PRINCIPLES	2,442,538	2,442,538	2,355,368	(87,170)
FUND BALANCES, ENDING GENERALLY ACCEPTED ACCOUNTING PRINCIPLES	$ 750,358	$ 750,358	$ 2,268,522	$ 1,518,164

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

CITY OF THE DALLES, OREGON
STREET FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Other taxes	$ 416,000	$ 416,000	$ 434,025	$ 18,025
Charges for services	31,538	31,538	13,929	(17,609)
Intergovernmental	822,010	822,010	795,455	(26,555)
Interest on investments	100	100	1,424	1,324
Miscellaneous	500	500	6,951	6,451
Total revenues	1,270,148	1,270,148	1,251,784	(18,364)
EXPENDITURES:				
Personal service	654,120	654,120	617,269	36,851
Materials and service	732,513	730,513	392,407	338,106
Capital outlay	10,503	12,503	10,511	1,992
Contingency	46,540	46,540	-	46,540
Total expenditures	1,443,676	1,443,676	1,020,187	423,489
Revenues over (under) expenditures	(173,528)	(173,528)	231,597	405,125
OTHER FINANCING SOURCES (USES):				
Transfers in	256,662	256,662	256,662	-
Transfers out	(184,638)	(184,638)	(184,638)	-
Total other financing sources (uses)	72,024	72,024	72,024	-
Net changes in fund balances	(101,504)	(101,504)	303,621	405,125
FUND BALANCES, BEGINNING	101,504	101,504	365,335	263,831
FUND BALANCES, ENDING	$ -	$ -	$ 668,956	$ 668,956

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

CITY OF THE DALLES, OREGON
LIBRARY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 985,271	$ 985,271	$ 985,271	$ -
Fines and forfeitures, net	10,950	10,950	11,251	301
Contributions	11,855	11,855	9,286	(2,569)
Interest on investments	1,751	1,751	2,791	1,040
Miscellaneous	100	100	43	(57)
Total revenues	1,009,927	1,009,927	1,008,642	(1,285)
EXPENDITURES:				
Personal service	634,204	623,369	583,469	39,900
Materials and service	293,293	304,128	238,273	65,855
Capital outlay	22,775	22,775	-	22,775
Contingency	39,701	39,701	-	39,701
Total expenditures	989,973	989,973	821,742	168,231
Revenues over (under) expenditures	19,954	19,954	186,900	166,946
OTHER FINANCING SOURCES (USES):				
Transfers out	(35,566)	(35,566)	(35,566)	-
Total other financing sources (uses)	(35,566)	(35,566)	(35,566)	-
Net changes in fund balances	(15,612)	(15,612)	151,334	166,946
FUND BALANCES, BEGINNING	535,243	535,243	657,645	122,402
FUND BALANCES, ENDING	$ 519,631	$ 519,631	$ 808,979	$ 289,348

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

CITY OF THE DALLES, OREGON
SPECIAL GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 8,360,528	$ 8,397,653	$ 4,508,314	$ (3,889,339)
Contributions	-	-	19,000	19,000
Interest on investments	24,000	24,000	20,792	(3,208)
Miscellaneous	10,000	10,000	17,315	7,315
Total revenues	8,394,528	8,431,653	4,565,421	(3,866,232)
EXPENDITURES:				
Materials and service	173,000	173,000	76,838	96,162
Capital outlay	13,651,049	13,662,974	6,485,662	7,177,312
Total expenditures	13,824,049	13,835,974	6,562,500	7,273,474
Revenues over (under) expenditures	(5,429,521)	(5,404,321)	(1,997,079)	3,407,242
OTHER FINANCING SOURCES (USES):				
Transfers in	20,000	20,000	20,000	-
Transfers out	(6,500)	(31,700)	(31,700)	-
Total other financing sources (uses)	13,500	(11,700)	(11,700)	-
Net changes in fund balances	(5,416,021)	(5,416,021)	(2,008,779)	3,407,242
FUND BALANCES, BEGINNING	5,416,021	5,416,021	5,721,335	305,314
FUND BALANCES, ENDING	$ -	$ -	$ 3,712,556	$ 3,712,556

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

FUND FINANCIAL STATEMENTS
Proprietary Funds

Enterprise Funds

The City of The Dalles uses three Proprietary Funds comprised entirely of Enterprise Funds.

Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services and to account for the acquisition, operation, and maintenance of the water, wastewater, and airport facilities. These funds are entirely or predominately self-supported through user charges to the customer. Funds included are:

- Water
- Wastewater
- Airport

For budgetary purposes (see budget schedules in Supplemental Information), the above funds are accounted for in the following separate funds:

All Water Funds

Water Utility

The Water Utility Fund accounts for the acquisition, operation, and maintenance of the City's Water Treatment facilities and Water Distribution systems. Principal sources of revenues are user fees.

Water Capital Reserve

The Water Special Reserve Fund accounts for the accummulation of resources to pay for upgrades and expansion of the water systems, and related debt service.

Water Bond Debt

The Water Revenue Bond Debt Fund accounts for the accumulation of resources for, and the repayment of, long-term debt principal and interest relating to the 2007 Water Revenue Bond issued to provide for water system improvements.

All Wastewater Funds

Wastewater

The Wastewater Fund accounts for the acquistion, operatin, and maintenance of the City's Sanitary Sewer system and Storm Water system. Principal sources of revenues are user fees.

Wastewater Capital Reserve

The Sewer Special Reserve Fund accounts for the accummulation of resources to pay for upgrades and expansion of the sanitary sewer and storm water systems, and related debt service.

Sewer Plant Construction

The Sewer Plant Construction Fund accounts for the accummulation of resources to pay for upgrades and expansion of the seweage treatment plant facility and pump stations, and related debt service.

Sewer Debt Service

The Wastewater Revenue Bond Debt Fund accounts for the accumulation of resources for, and the repayment of, long-term debt principal and interest relating to the 2003 Wastewater Revenue Bond issued to provide for sewer system improvements.

All Airport Funds

Airport

The Airport Fund accounts for the acquisition, operation, and maintenance of the City's regional airport. Principal sources of revenues are FFA grants and user fees.

Airport Debt Service

The Airport Debt Service Fund accounts for the accumulation of resources for, and the repayment of, long-term debt principal and interest relating to the 2003 Airport Hanger Facilities Revenue Bond issued to provide for hanger facilities improvements.

CITY OF THE DALLES, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2012

	Business-Type Activities - Enterprise Funds			
	All Water Funds	All Wastewater Funds	All Airport Funds	Total
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 326,733	$ 21,734	$ 106,656	$ 455,123
Restricted cash and cash equivalents	1,272,985	5,330,539	99,577	6,703,101
Receivables:				
Accounts, net	359,163	535,234	8,793	903,190
Intergovernmental	-	1,097	-	1,097
Restricted intergovermental	1,099,605	-	743,163	1,842,768
Inventory	125,272	102,255	-	227,527
Total current assets	3,183,758	5,990,859	958,189	10,132,806
NONCURRENT ASSETS:				
Bond issuance costs	171,767	56,404	346	228,517
Capital assets:				
Land	2,874,516	1,409,499	1,498,200	5,782,215
Construction in progress	7,943,648	67,779	1,635,485	9,646,912
Depreciable assets, net of depreciation	10,142,096	13,060,114	1,572,864	24,775,074
Total noncurrent assets	21,132,027	14,593,796	4,706,895	40,432,718
Total assets	$ 24,315,785	$ 20,584,655	$ 5,665,084	$ 50,565,524
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES:				
Accounts payable	$ 875,015	$ 27,771	$ 504,199	$ 1,406,985
Accrued interest payable	118,696	45,588	1,000	165,284
Retainage payable	92,763	-	36,177	128,940
Compensated absences payable	88,537	52,551	-	141,088
Current portion of long-term debt	308,518	423,103	62,525	794,146
Total current liabilities	1,483,529	549,013	603,901	2,636,443
NONCURRENT LIABILITIES:				
Bonds and notes payable	14,594,820	4,676,854	284,096	19,555,770
Other postemployment benefits	301,039	171,062	-	472,101
Total non current liabilities	14,895,859	4,847,916	284,096	20,027,871
Total liabilities	16,379,388	5,396,929	887,997	22,664,314
NET POSITION:				
Invested in capital assets, net of related debt	6,056,922	9,437,435	4,359,928	19,854,285
Restricted for:				
System development	1,444,341	5,098,690	-	6,543,031
Debt service	-	221,597	102,604	324,201
Unrestricted	435,134	430,004	314,555	1,179,693
Total net position	7,936,397	15,187,726	4,777,087	27,901,210
Total liabilities and net position	$ 24,315,785	$ 20,584,655	$ 5,665,084	$ 50,565,524

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

CITY OF THE DALLES, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
For the Fiscal Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds			
	All Water Funds	All Wastewater Funds	All Airport Funds	Total
OPERATING REVENUES:				
Charges for services	$ 3,989,648	$ 4,911,793	$ 11,723	$ 8,913,164
System development charges	16,617	79,013	-	95,630
Rental income	3,413	-	208,479	211,892
Miscellaneous	28,145	33,609	6,420	68,174
Total operating revenues	4,037,823	5,024,415	226,622	9,288,860
OPERATING EXPENSES:				
Personal services	1,855,589	1,072,880	-	2,928,469
Materials and services	1,564,793	1,502,687	181,910	3,249,390
Depreciation and amortization	345,924	461,087	249,702	1,056,713
Total operating expenses	3,766,306	3,036,654	431,612	7,234,572
Operating income (loss)	271,517	1,987,761	(204,990)	2,054,288
NON-OPERATING INCOME (EXPENSE):				
Gain (loss) on disposal of capital assets	366,873	257	-	367,130
Interest on investments	6,943	22,300	1,557	30,800
Interest expense	(326,608)	(184,922)	(8,504)	(520,034)
Intergovernmental	198,347	-	65,000	263,347
Total non-operating income (expenses)	245,555	(162,365)	58,053	141,243
Net income (loss) before transfers and capital contributions	517,072	1,825,396	(146,937)	2,195,531
TRANSFERS:				
Transfers in	1,326,660	2,306,205	77,044	3,709,909
Transfers out	(2,009,385)	(2,997,803)	-	(5,007,188)
Total transfers	(682,725)	(691,598)	77,044	(1,297,279)
Net income (loss) before contributions	(165,653)	1,133,798	(69,893)	898,252
CAPITAL CONTRIBUTIONS:				
Intergovernmental	12,169	12,170	1,168,892	1,193,231
Total capital contributions	12,169	12,170	1,168,892	1,193,231
Change in net position	(153,484)	1,145,968	1,098,999	2,091,483
NET POSITION, BEGINNING	8,089,881	14,041,758	3,678,088	25,809,727
NET POSITION, ENDING	$ 7,936,397	$ 15,187,726	$ 4,777,087	$ 27,901,210

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

CITY OF THE DALLES, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds			
	All Water Funds	All Wastewater Funds	All Airport Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 3,498,595	$ 5,025,044	$ (417,978)	$ 8,105,661
Payments to suppliers	(1,098,296)	(1,840,878)	225,561	(2,713,613)
Payments to employees	(1,763,666)	(1,021,465)	-	(2,785,131)
Net cash provided by operating activities	636,633	2,162,701	(192,417)	2,606,917
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	1,326,660	2,306,205	77,044	3,709,909
Transfers (out)	(2,009,385)	(2,997,803)	-	(5,007,188)
Proceeds from intergovernmental revenue	198,347	-	65,000	263,347
Net cash provided by non-capital financing activities	(484,378)	(691,598)	142,044	(1,033,932)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from intergovernmental revenue	12,169	12,170	1,168,892	1,193,231
Proceeds from capital debt	1,052,255	-	-	1,052,255
Proceeds from sale of capital assets	366,873	257	-	367,130
Acquisition of capital assets	(844,304)	(802,141)	(1,138,633)	(2,785,078)
Principal paid on long-term obligations	(287,277)	(405,577)	(58,044)	(750,898)
Interest paid on long-term obligations	(326,405)	(188,705)	(9,219)	(524,329)
Net cash provided by capital and related financing activities	(26,689)	(1,383,996)	(37,004)	(1,447,689)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	6,943	22,300	1,557	30,800
Net cash provided by investing activities	6,943	22,300	1,557	30,800
Net increase in cash and cash equivalents	132,509	109,407	(85,820)	156,096
CASH AND CASH EQUIVALENTS, BEGINNING	1,467,209	5,242,866	292,053	7,002,128
CASH AND CASH EQUIVALENTS, ENDING	$ 1,599,718	$ 5,352,273	$ 206,233	$ 7,158,224
COMPRISED AS FOLLOWS:				
Cash and cash equivalents	$ 326,733	$ 21,734	$ 106,656	$ 455,123
Restricted cash and cash equivalents	1,272,985	5,330,539	99,577	6,703,101
Total cash and cash equivalents	$ 1,599,718	$ 5,352,273	$ 206,233	$ 7,158,224
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	$ 271,517	$ 1,987,761	$ (204,990)	$ 2,054,288
Adjustments				
Depreciation and amortization	345,924	461,087	249,700	1,056,711
Decrease (increase) in:				
Receivables	(539,228)	629	(644,600)	(1,183,199)
Inventories	(18,069)	(21,576)	-	(39,645)
Increase (decrease) in:				
Accounts payable and accrued expenses	484,566	(316,615)	407,473	575,424
Other postemployment benefits payable	96,971	58,670	-	155,641
Accrued compensated absences	(5,048)	(7,255)	-	(12,303)
Net cash provided by operating activities	$ 636,633	$ 2,162,701	$ (192,417)	$ 2,606,917
NON-CASH CAPITAL FINANCING ACTIVITIES				
Transfer of long-term debt between funds	$ (52,277)	$ (40,577)	$ (12,044)	$ (104,898)
Total non-cash capital financing activities	$ (52,277)	$ (40,577)	$ (12,044)	$ (104,898)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF THE DALLES, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of The Dalles (the City), is organized under the general laws of the State of Oregon. The City Council, composed of the Mayor and five Council members, comprises the legislative branch of the City. Individual departments are under the direction of the City Manager, who is appointed by the City Council.

The accompanying financial statements present all activities, funds and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of this criteria, the City is a primary government with the following includable component unit.

Columbia Gateway Urban Renewal Agency

The Agency was formed to undertake urban renewal projects and activities pursuant to the City's redevelopment plan. The Board of Directors of the Agency consists of the Mayor and the five elected City Council members, which receives recommendations from a seven member advisory committee appointed by the City Council. The City is required to certify to the County Assessor any incremental taxes to be levied for the benefit of the Agency. Since the City Council acts as its governing board, it has been included as a blended component unit in the financial statements. Complete financial statements for the Agency may be obtained at the City's administrative offices, 313 Court Street, The Dalles, OR 97058.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from the *business-types activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *components units* for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported

as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct cost and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measureable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The bases of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, hotel-motel tax, and state shared revenues. Expenditures are primarily for general government operations, public safety (police), and culture and recreation.

The *Street Fund* accounts for the cost of maintaining City streets and storm water drainage systems. Principal sources of revenues are state gasoline taxes apportioned from the State of Oregon, local fuel taxes, charges for services to other funds, and transfers.

The *Library Fund* accounts for the operation of the City Library. Principal sources of revenues are funds from the County collected Library District taxes, state grants, library fines, and donations.

The *Special Grants Fund* accounts for various grant programs operated by the City. Revenues consist of primarily of grants and interest on investments.

The *Urban Renewal Capital Projects Fund* accounts for services and construction costs for the development within the Columbia Gateway Urban Renewal District. Principal sources of revenues are property taxes, grants, and interest on investments.

The City reports the following major proprietary funds:

The *Water Funds* accounts for revenues and expenses related to the City's water utility operations.

The *Wastewater Funds* account for revenues and expenses related to the City's wastewater utility operations.

The *Airport Funds* account for the activity associated with the operations and capital improvement of the City's municipal airport.

The City also includes the following fund types as other governmental funds:

Special revenue funds are primarily operating funds that account for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

Capital projects funds account for expenditures on major construction projects or equipment acquisitions. The principal sources of revenues are proceeds from long-term obligations issued to finance capital acquisitions and improvements.

Debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt for governmental funds.

D. Assets, Liabilities and Equity

1. Cash, Cash Equivalents, and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the Local Government Investment Pool, and short-term investments with original maturities of three months or less from the date of acquisition.

The City maintains merged bank accounts and investments for its funds in a central pool of cash and investments. The investment policy of the City is to invest in the Local Government Investment Pool, U.S. Government and Agency Obligations, Corporate indebtedness rated A-1 or AA or better, and interest bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments authorized for municipal corporations. The City allocates earnings on investments to selected funds based on the average monthly balances throughout the year.

Investments in the Local Government Investment Pool are stated at amortized cost, which approximates fair value. All other investments are reported at fair value.

2. Receivables and Payables

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

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not available expendable financial resources.

Other receivables including accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in Paragraph C above. An allowance for uncollectible accounts has been established for the General, Water, Wastewater and Airport funds and represents the portion of receivables not expected to be collected.

3. Inventories and Prepaid Expenses

Inventories in Street, Water and Wastewater Funds are determined by physical count and are stated at the lower of cost (first in, first out) or market. Expenses are recognized when inventories are consumed. Other inventories are taken for control purposes only with no dollar value assigned.

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when actual cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period. There was no interest capitalized during the year.

Property, plant and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

Assets	Year
Building and Improvements	50
Plant in Service	45
Machinery and equipment	5-20

It is the City's policy to record no depreciation on capital assets in the year of acquisition and a full year of depreciation in the year of disposition.

5. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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. Premiums received 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.

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned, but unused, vacation, compensatory time, and sick pay benefits. No liability is reported for unpaid accumulated sick pay benefits. All vacation and compensatory time pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Compensated absences are normally paid from the General, Library, Street, Water, and Wastewater funds. The entire balance of compensated absences has been reported as due within one year because the oldest leave hours accrued are considered to be used first, so the balances are constantly being updated by use and new accruals.

7. Fund Equity

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned and unassigned.

Non-Spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed – Includes items committed by the City Council, by formal council action. Commitments of fund balance must be made prior to the end of the fiscal year.

Assigned – Includes items assigned for specific uses, authorized by the City. Assignments of fund balance can be done at any time, including after the fiscal year end date.

Unassigned – This is the residual classification used for those balances not assigned to another category.

8. Use of Restricted Resources

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

9. Restricted net position

Restrictions on net position that are either imposed by creditors, grantors, laws or other regulations, or by enabling legislation are reported as restricted net position.

10. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all funds, except for the proprietary funds. The annual budget for proprietary funds is adopted on the modified accrual basis of accounting, which is not consistent with GAAP, in order to comply with Oregon Local Budget Law. The FFCO Bond Funds also report transfers in for reimbursement of Water and Wastewater Fund debt service. These amounts are reclassified to reimbursements of debt service expenditures for the GAAP statements. All annual appropriations lapse at fiscal year end.

Oregon local budget law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City Council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control is established at the department level for the General Fund. For all other funds, the level of budgetary control is established at the personal services, materials and services, capital outlay, operating contingency, interfund transfers, debt services, and special payments, interfund transfers, and contingencies.

Unexpected additional resources may be added to the budget and appropriated for expenditure through the use of a supplemental budget. The supplemental budget process requires publication in the newspaper and approval by the City Council, and, if it is over 10% of the operating budget of the affected fund, a hearing before the public is also required. Oregon Local Budget Law also provides certain specific exceptions to the supplemental budget process to increase appropriations. Management must obtain City Council authorization for all appropriation transfers and supplementary budgetary appropriations.

During the year ended June 30, 2012, appropriation increases and transfers were approved, and supplemental budgets were adopted. Appropriations are limited to a single fiscal year; therefore, all spending authority of the City lapses as of year-end.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2012. If bank deposits at year end are not entirely insured or collateralized by the City or by its agent in the City's name, the City must disclose the custodial credit risk that exists. The City's deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to $250,000 for the combined total of all savings deposits and unlimited coverage for non-interest bearing transaction accounts. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2012, none of the City's bank balances were exposed to credit risk.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The City does not have a formal policy for custodial credit risk.

Investments. The City of The Dalles has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the year. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and the participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

Credit risk. 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

papers, and the State Treasurer's investment pool, among others. The City has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has no such investments.

Interest Rate Risk. The City has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Investments held by the City at June 30, 2012 are as follows:

	Weighted Average Maturity	Fair Value
Investments in the State Treasurer's Local Government Investment Pool	0.00	$13,988,974
Total cash equivalents	0.00	$13,988,974

Cash in the Statement of Net Position is temporarily restricted for the following purposes:

	Governmental Activities	Business-type Activities	Total
Restricted for capital projects:	$ 5,157,462	$ 6,378,900	$11,536,362
Restricted for debt service	811,109	324,201	1,135,310
Total cash and cash equivalents	$ 5,968,571	$ 6,703,101	$12,671,672

B. Receivables

Receivables as of fiscal-year end for the governmental activities individual major funds, internal service funds classified as governmental activities, and non-major funds in the aggregate are as follows:

	General Fund	Street Fund	Library Fund	Special Grants Fund	Urban Renewal Capital Projects Fund	Other Governmental	Total Governmental
Receivables:							
Accounts	$ 351,194	$ 39,287	$ 142	$ 554,173	$ 3,529	$ 3,186	$ 951,511
Intergovernmental	33,509	68,328	-	-	-	-	101,837
Fines and forfeitures, net	787,589	-	-	-	-	-	787,589
Property taxes	213,234	-	-	-	107,471	-	320,705
Assessments	-	-	-	22,936	-	165,688	188,624
Notes	-	-	-	-	282,445	13,725	296,170
Allowance for doubtful accounts	(361,774)	-	-	-	-	-	(361,774)
Total receivables	$ 1,023,752	$ 107,615	$ 142	$ 577,109	$ 393,445	$ 182,599	$ 2,284,662

Receivables as of year-end for the business-type activities individual major funds, including, the applicable allowances for uncollectible accounts, are as follows:

	Water	Waste Water	Airport	Total Business-Type Activity
Receivables:				
Accounts	$ 367,404	$ 542,075	$ 11,293	$ 920,772
Intergovernmental	-	1,097	-	1,097
Restricted intergovermental	1,099,605	-	743,163	1,842,768
Allowance for doubtful accounts	(8,241)	(6,841)	(2,500)	(17,582)
	$ 1,458,768	$ 536,331	$ 751,956	$ 2,747,055

Uncollected property taxes in governmental funds are shown on the statement of net position as receivables. Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes unpaid as of May 16 are considered delinquent. Taxes are billed and collected by Wasco County, and remittance to the City is made at periodic intervals.

For the fiscal year 2011-2012, the City levied property taxes in the amount of $2,698,366. After reductions for offsets and increases for additional taxes and penalties this resulted in a net levy of $2,630,239. The tax rate for the fiscal year was $3.0155 per $1,000 of assessed value. The assessed valuation for the City as of January 1, 2011 was $894,832,152. The Columbia Gateway Urban Renewal Agency, a blended component unit of the City, levied taxes at its maximum taxing authority of $1,272,014. After reductions for offsets and additional taxes and penalties, this resulted in a net levy of $1,242,126.

Following is a summary of property tax transactions for the year ended June 30, 2012:

Fiscal Year	Property Taxes Receivable June 30, 2011	Levy as Extended by Assessor	Collections	Cancellations Discounts and Adjustments	Property Taxes Receivable June 30, 2012
2011-2012	$ -	$ 3,872,365	$ (3,612,471)	$ (98,912)	$ 160,982
2010-2011	169,012	-	(76,266)	(1,219)	91,527
2009-2010	78,012	-	(29,017)	(274)	48,721
2008-2009	46,536	-	(31,218)	(65)	15,253
2007-2008	9,299	-	(7,030)	(18)	2,251
2006-2007	1,732	-	(1,160)	(15)	557
Prior years	1,660	-	(239)	(7)	1,414
Totals	$ 306,251	$ 3,872,365	$ (3,757,401)	$ (100,510)	$ 320,705

Assessments liens receivable represents the uncollected amounts levied against benefited property for costs of local improvements. Since the assessments are liens against the benefited property, an allowance for uncollectible amounts is not necessary.

The City has notes receivable from businesses purchasing real property and improvements and from loans associated with the Community Development Block Grant program. Since the notes are liens against real property, and allowance for uncollectible amounts is not necessary.

Other accounts and intergovernmental receivables are considered to be fully collectible. Accordingly, no provision for estimated uncollectible accounts has been established.

C. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. The government-wide financial statements report deferred revenue only for amounts that have been received, but not earned. At the end of the current fiscal year, there was $52,947 in unearned deferred revenue. The various components of unavailable deferred revenue reported in the governmental funds was as follows:

	General Fund	Special Grants Fund	Urban Renewal Capital Projects Fund	Other Governmental	Total Governmental
Property taxes	$ 213,234	$ -	$ 107,471	$ -	$ 320,705
Fines and forfeitures	425,815	-	-	-	425,815
Loans	-	44,347	282,445	13,725	340,517
Special assessments	-	22,936	-	306,105	329,041
	$ 639,049	$ 67,283	$ 389,916	$ 319,830	$ 1,416,078

D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, non-depreciable:					
Land	$ 661,261	$ -	$ -	$ -	$ 661,261
Construction in progress	3,467,010	6,680,498	-	(357,625)	9,789,883
Assets available for sale	1,530,311	-	-	-	1,530,311
Total capital assets, non-depreciable	5,658,582	6,680,498	-	(357,625)	11,981,455
Capital assets, depreciable:					
Land improvements	209,791	14,981	-	153,639	378,411
Buildings	5,678,740	-	-	-	5,678,740
Equipment	2,789,574	191,454	(92,048)	-	2,888,980
Infrastructure	18,127,997	72,125	-	203,986	18,404,108
Total capital assets, depreciable	26,806,102	278,560	(92,048)	357,625	27,350,239
Less accumulated depreciation for:					
Land improvements	(177,941)	(4,678)	-	-	(182,619)
Buildings	(1,494,507)	(122,609)	-	-	(1,617,116)
Equipment	(1,841,319)	(149,013)	70,780	-	(1,919,552)
Infrastructure	(2,385,476)	(344,565)	-	-	(2,730,041)
Total accumulated depreciation	(5,899,243)	(620,865)	70,780	-	(6,449,328)
Net depreciable capital assets	20,906,859	(342,305)	(21,268)	357,625	20,900,911
Net capital assets	$ 26,565,441	$ 6,338,193	$ (21,268)	$ -	$ 32,882,366

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

General government	$ (62,184)
Public safety	(64,428)
Highways and streets	(475,492)
Culture and recreation	(18,761)
Total depreciation expense - governmental activities	$ (620,865)

Capital asset activity for the business-type activities for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, non-depreciable:					
Land	$ 5,782,215	$ -	$ -	$ -	$ 5,782,215
Construction in progress	8,761,632	2,333,695	-	(1,448,415)	9,646,912
Total capital assets, non-depreciable	14,543,847	2,333,695	-	(1,448,415)	15,429,127
Capital assets, depreciable:					
Land improvements	11,773,511	5,410	-	299,052	12,077,973
Buildings	4,953,595	-	-	-	4,953,595
Equipment	4,366,559	342,109	(61,196)	-	4,647,472
Wastewater Treatment Plant	8,304,890	17,733	-	267,810	8,590,433
Dams and lines	6,244,545	86,131	(18,229)	881,553	7,194,000
Total capital assets, depreciable	35,643,100	451,383	(79,425)	1,448,415	37,463,473
Less accumulated depreciation for:					
Land improvements	(3,744,956)	(375,707)	-	-	(4,120,663)
Buildings	(1,546,589)	(128,245)	-	-	(1,674,834)
Equipment	(2,554,156)	(149,465)	61,196	-	(2,642,425)
Wastewater Treatment Plant	(1,211,987)	(264,502)	-	-	(1,476,489)
Dams and lines	(2,664,492)	(127,725)	18,229	-	(2,773,988)
Total accumulated depreciation	(11,722,180)	(1,045,644)	79,425	-	(12,688,399)
Net depreciable capital assets	23,920,920	(594,261)	-	1,448,415	24,775,074
Net capital assets	$ 38,464,767	$ 1,739,434	$ -	$ -	$ 40,204,201

Depreciation expense for the business-type activities was charged to functions/programs of the City as follows:

Wastewater	$ (455,625)
Water	(340,464)
Airport	(249,555)
Total depreciation expense - business-type activities	$ (1,045,644)

E. Long-Term Obligations

1. Full Faith and Credit Obligation Bonds-Governmental and Business-Type Activities

The City issued full faith and credit obligation bonds in February 2008, with interest rates ranging from 4.0% to 4.2%. The bond principal is payable annually and the interest is payable semiannually, with final payments due June 1, 2023. The bonds are direct obligations and pledge the full faith and credit of the City. These bonds were issued to provide funding for the acquisition and construction of major capital facilities. A portion of the debt is reported in and will be repaid by the Water and Wastewater Funds, which also own a portion of the assets.

The City issued $12,100,000 in 2009 Full Faith and Credit Obligations in October of 2009. $10,205,000 of the bonds was for the benefit of the Columbia Gateway Urban Renewal Agency and will be repaid from tax increment revenues with the Urban Renewal area with interest rates ranging from 2% to 5%. The remaining $1,895,000 of the bonds was issued to finance improvements to the Street, Water, and Wastewater systems and have been split between the benefitting funds. $1,368,000 was allocated to street improvements and has been reported with the governmental activities. The bonds are backed by the full faith and credit of the City and carry interest rates ranging from 2% to 5%. The total bonds were issued to finance construction of public infrastructure improvements, Urban Renewal Projects, to refinance the Urban Renewal Bonds series 2002, to fund an Urban Renewal debt reserve, and to pay the costs of issuance.

The City filed a "material event notice", as required by full disclosure and requirements of the bond issue during the year. The filing was due to the downgrade of the bond insurance company used by the City to insure the owners of the bonds.

The future maturities of the full faith and credit obligation bonds – governmental activities are as follows:

	2008 Full Faith and Credit Bonds		**2009 Full Faith and Credit Bonds Urban Renewal portion**	
	Principal	Interest	Principal	Interest
2013	$ 121,280	$ 64,964	$ 390,000	$ 412,938
2014	124,312	60,112	400,000	401,238
2015	127,344	55,140	415,000	386,238
2016	133,408	50,046	430,000	373,788
2017	139,472	44,710	445,000	356,588
2018-2022	788,320	135,014	2,545,000	1,466,237
2023-2027	175,856	7,386	3,160,000	851,088
2028-2032	-	-	1,485,000	112,250
Total	$ 1,609,992	$ 417,372	$ 9,270,000	$ 4,360,365

	2009 Full Faith and Credit Bonds Street LID portion		**Full Faith & Credit Bonds Total Governmental**	
	Principal	Interest	Principal	Interest
2013	$ 50,540	$ 53,879	$ 561,820	$ 531,781
2014	54,150	52,363	578,462	513,713
2015	54,150	50,197	596,494	491,575
2016	54,150	48,573	617,558	472,407
2017	57,760	46,407	642,232	447,705
2018-2022	328,510	191,059	3,661,830	1,792,310
2023-2027	415,150	110,698	3,751,006	969,172
2028-2032	191,330	14,440	1,676,330	126,690
Total	$ 1,205,740	$ 567,616	$ 12,085,732	$ 5,345,353

The premium on the full faith and credit bonds – governmental activity is as follows:

	Premium on 2008 Full Faith and Credit Bonds		Premium on 2009 Full Faith and Credit Bonds		Total Premium on Governmental Full Faith and Credit Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	$ 3,578	$ -	$ 45,516	$ -	$ 49,094	$ -
2014	3,578	-	45,516	-	49,094	-
2015	3,578	-	45,516	-	49,094	-
2016	3,578	-	45,516	-	49,094	-
2017	3,578	-	45,516	-	49,094	-
2018-2022	17,890	-	227,580	-	245,470	-
2023-2027	3,575	-	227,580	-	231,155	-
2028-2032	-	-	91,021	-	91,021	-
Total	$ 39,355	$ -	$ 773,761	$ -	$ 813,116	$ -

The future maturities of the full faith and credit obligation bonds – business-type activities are as follows:

	2008 Full Faith and Credit Wastewater Bonds		2008 Full Faith and Credit Water Bonds		2009 Full Faith and Credit Wastewater Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	$ 39,360	$ 21,083	$ 39,360	$ 21,093	$ 3,430	$ 3,657
2014	40,344	19,509	40,344	19,509	3,675	3,554
2015	41,328	17,895	41,328	17,895	3,675	3,407
2016	43,296	16,242	43,296	16,242	3,675	3,296
2017	45,264	14,510	45,264	14,510	3,920	3,149
2018-2022	255,840	43,818	255,840	43,818	22,295	12,967
2023-2027	57,072	2,397	57,072	2,397	28,175	7,514
2028-2032	-	-	-	-	12,985	980
Total	$ 522,504	$ 135,454	$ 522,504	$ 135,464	$ 81,830	$ 38,524

	2009 Full Faith and Credit Water Bonds		Full Faith and Credit Bonds Business Activity Total	
	Principal	Interest	Principal	Interest
2013	$ 16,030	$ 17,089	$ 98,180	$ 62,922
2014	17,175	16,608	101,538	59,180
2015	17,175	15,921	103,506	55,118
2016	17,175	15,406	107,442	51,186
2017	18,320	14,719	112,768	46,888
2018-2022	104,195	60,599	638,170	161,202
2023-2027	131,675	35,113	273,994	47,421
2028-2032	60,685	4,580	73,670	5,560
Total	$ 382,430	$ 180,035	$ 1,509,268	$ 489,477

The premium on the full faith and credit bonds – business-type activity is as follows:

	Premium on 2009 Full Faith and Credit Wastewater Bonds		Premium on 2009 Full Faith and Credit Water Bonds	
	Principal	Interest	Principal	Interest
2013	$ 313	$ -	$ 1,463	$ -
2014	313	-	1,463	-
2015	313	-	1,463	-
2016	313	-	1,463	-
2017	313	-	1,463	-
2018-2022	1,565	-	7,315	-
2023-2027	1,565	-	7,315	-
2028-2032	928	-	4,335	-
Total	$ 5,623	$ -	$ 26,280	$ -

	Premium on Water Revenue Bonds		Premium on Bussiness Type Bonds Total	
	Principal	Interest	Principal	Interest
2013	$ 1,665	$ -	$ 3,441	$ -
2014	1,665	-	3,441	-
2015	1,665	-	3,441	-
2016	1,665	-	3,441	-
2017	1,665	-	3,441	-
2018-2022	8,325	-	17,205	-
2023-2027	8,325	-	17,205	-
2028-2032	8,327	-	13,590	-
Total	$ 33,302	$ -	$ 65,205	$ -

2. Loans Payable-Governmental Activities

The City has a loan payable to the Oregon Investment Board for riverfront improvements. The loan is payable semi-annually with installments of $32,423, including interest at 4%. The final payment is due June 30, 2016. The loan is unsecured, and is payable from general government revenues. The City also has a loan payable to Oklahoma State Bank for the purchase of equipment. The loan is payable in annual installments of $26,546 including principal and interest at 4.11%. Final payment is due November 4, 2014. The loan is secured by the equipment and is payable from general government revenues. Future maturities of the loans payable are as follows:

	Oregon Investment Board		Oklahoma State Bank		Loans Payable - Governmental Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	$ 55,899	$ 8,947	$ 23,525	$ 3,021	$ 79,424	$ 11,968
2014	58,157	6,689	24,492	2,055	82,649	8,744
2015	60,508	4,339	25,498	1,048	86,006	5,387
2016	62,949	1,895	-	-	62,949	1,895
Total	$ 237,513	$ 21,870	$ 73,515	$ 6,124	$ 311,028	$ 27,994

3. Bonds Payable-Business-Type Activities

Water Fund - The Water Fund has revenue bonds payable used to finance improvements to the City's water system and infrastructure. The bond principal is payable annually and the interest is payable semiannually with interest rates ranging from 4.0% to 4.4%. Final Payment is due June 1, 2032.

The City issued full faith and credit obligation bonds in February 2008, with interest rates ranging from 4.0% to 4.2%. The bond principal is payable annually and the interest is payable semiannually, with final payments due June 1, 2023. The bonds are direct obligations and pledge the full faith and credit of the City. These bonds were issued to provide funding for the acquisition and construction of major capital facilities. The Water Fund owns a portion of the Public Works Facility and is expected to pay 19.68% of the total bonds.

The City issued $12,100,000 in 2009 Full Faith and Credit Obligations in October of 2009. $1,895,000 of the bonds was issued to finance improvements to the Street, Water, and Wastewater system and have been split between the benefitting funds. $433,955 (22.9%) was allocated to water improvements and has been reported in the Water Fund. The bonds are backed by the full faith and credit of the City and construction of public infrastructure improvements, Urban Renewal Projects, to refinance the Urban Renewal Bonds Series 2002, to fund an Urban Renewal debt reserve, and to pay the costs of issuance.

Wastewater Fund - The Wastewater Fund has revenue bonds payable used to finance improvements to the City's wastewater treatment plant. The bond principal is payable annually and the interest is payable semiannually with interest rates from 2.0% to 4.2%. Final payment is due April 1, 2022.

The City issued full faith and credit obligation bonds in February 2008, with interest rates ranging from 4.0% to 4.2%. The bond principal is payable annually and the interest is payable semiannually, with final payments due June 1, 2023. The bonds are direct obligations and pledge the full faith and credit of the City. These bonds were issued to provide funding for the acquisition and construction of major capital facilities. The Wastewater Fund owns a portion of the Public Works Facility and is expected to pay 19.68% of the total bonds.

The City issued $12,100,000 in 2009 Full Faith and Credit Obligations in October of 2009. $1,895,000 of the bonds was issued to finance improvements to the Street,

Water, and Wastewater system and have been split between the benefitting funds. $92,855 (4.9%) was allocated to wastewater improvements and has been reported in the wastewater fund. The bonds are backed by the full faith and credit of the City and carry interest rates ranging from 2% to 5%. The total bonds were issued to finance construction of public infrastructure improvements, Urban Renewal Projects, to refinance the Urban Renewal Bonds Series 2002, to fund an Urban Renewal debt reserve, and to pay the costs of issuance.

Airport Fund - The Airport Fund has revenue bonds payable used to finance improvements to the City's airport hangars. The bond principal is payable annually and the interest is payable semiannually with a 5.15% interest rate. Final payment is due December 1, 2014.

Future maturities of the bonds payable are as follows:

	Airport Hanger Facilities Revenue Bonds		**Wastewater System Revenue Bonds**	
	Principal	Interest	Principal	Interest
2013	$ 50,000	$ 6,747	$ 380,000	$ 174,105
2014	52,000	4,120	395,000	161,185
2015	54,000	1,391	405,000	146,965
2016	-	-	420,000	132,385
2017	-	-	435,000	116,845
2018-2022	-	-	2,455,000	312,595
Total	$ 156,000	$ 12,258	$ 4,490,000	$ 1,044,080

	Water Revenue Bonds		**Revenue Bonds Total**	
	Principal	Interest	Principal	Interest
2013	$ 250,000	$ 317,005	$ 680,000	$ 497,857
2014	255,000	307,005	702,000	472,310
2015	265,000	296,805	724,000	445,161
2016	280,000	286,205	700,000	418,590
2017	290,000	275,005	725,000	391,850
2018-2022	1,635,000	1,183,788	4,090,000	1,496,383
2023-2027	2,010,000	806,361	2,010,000	806,361
2028-2032	2,480,000	336,600	2,480,000	336,600
Total	$ 7,465,000	$ 3,808,774	$ 12,111,000	$ 4,865,112

4. Loan Payable-Business-Type Activities

Water Fund - The City has received approvals of three loans through the State of Oregon for water system improvements. The loans consist of the ARRA Forgivable Note for up to $2,988,773, the ARRA F-1 Note for up to $1,025,149, and the SDWRLF-2 Loan for up to $2,553,101. The loan proceeds are disbursed on an expense reimbursement basis in the order listed above. Proceeds from the ARRA Forgivable Note, ARRA F-1, and SDWRLF-2 loan have been accrued in the amount

of $2,988,773, $1,025,149, and $2,459,900 respectively to match the budgetary revenues to the Federal expenditures reported. The ARRA Forgivable Note and the ARRA F-1 Note bear interest at 3% per annum, but if the City complies with the loan terms, completes the project as budgeted, and no event of defaults occur, the State shall forgive repayment of all or a portion of the ARRA Forgivable Note. The SDWRLF F-2 Loan bears interest at 3.83%, but will be reduced to 3% if the State receives EPA approval of an amended Oregon Safe Drinking Water Intended Use Plan that allows the interest rate to be reduced. Repayment is not required until December 1 following the project completion date and amortization of the ARRA F-1 and SDWRLF-2 is not yet available. The principal and interest of all loans shall be payable from the Net Revenues of the Water System and the full faith and credit of the City.

Airport Fund - The City has a loan from the Port of The Dalles for rehabilitation of a well at the Columbia Gorge Regional Airport. The loan proceeds were received in two separate disbursements. The first portion, received during the 2008 fiscal year, is payable annually with installments of at least $15,150, including interest at 4%. The final payment is due May 1, 2017. The second portion, received during the fiscal year ended June 30, 2009, is payable first from connection fees for each customer connecting to the well water system and 10% of the applicable lease payment of each lease payment made by each third party tenant of property at the airport that is benefitted by the project. Repayment on the second portion of the loan does not begin until the first customer connects to the well water system at the airport and begins making payments under their lease agreement. If the second portion of the loan is not repaid by July 1, 2017, the balance of the unpaid principal shall convert to an interest bearing loan, with interest to accrue at the rate of 4% per annum. The City will be obligated to pay a minimum annual payment of not less than $ 15,150 on July 1 each year thereafter, until the loan is paid in full. The loan is unsecured, and is payable from general government revenues.

Future maturities of the loans payable are as follows:

	Airport Port Loan		Loans Payable Business Activity Total	
	Principal	Interest	Principal	Interest
2013	$ 12,525	$ 2,625	$ 12,525	$ 2,625
2014	13,026	2,124	13,026	2,124
2015	13,547	1,603	13,547	1,603
2016	14,089	1,061	14,089	1,061
2017	12,434	497	12,434	497
2018-2022	43,101	17,499	43,101	17,499
2023-2027	64,314	11,436	64,314	11,436
2028-2032	17,585	703	17,585	703
Total	$ 190,621	$ 37,548	190,621	$ 37,548
		ARRA Forgivable	2,988,773	
		ARRA F-1 Note	1,025,149 *	
		SDWRLF-2 Loan	2,459,900 *	
			$ 6,664,443	

*Project completion date and future maturities schedules are not available until the project is completed

5. Conduit Debt

The City has acted as a conduit for debt issued by Quality Life Intergovernmental Agency and payable to the Columbia State Bank to refinance debt the City previously acted as a conduit for and payable to the Oregon Department of Economic and Community Development. In addition, the conduit debt issued by the Agency was used to refinance the Agency's previous loan from Columbia State Bank. The total amount of debt payable to Columbia State Bank at June 30, 2012 is $563,721. Quality Life Intergovernmental Agency has pledged security to repay the amount; however, the loan documents name the City as the borrower. This amount has not been reported as a liability on the City's financial statements as it is anticipated that Quality Life Intergovernmental Agency will provide the full repayment.

6. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2012, is as follows:

	6/30/11 Balance	Additions	Reductions	6/30/12 Balance	Due Within One Year
Governmental Activities					
Full Faith and Credit Bonds	$ 12,627,878	$ -	$ 542,146	$ 12,085,732	$ 561,820
Premium on FFCO Bonds	862,210	-	49,094	813,116	49,094
Loans Payable	387,352	-	76,324	311,028	79,424
Compensated Absences	273,466	262,210	273,467	262,209	262,209
Other Postemployment Benefits	564,442	284,663	-	849,105	-
Total Governmental activity Long-term obligations	$ 14,715,348	$ 546,873	$ 941,031	$ 14,321,190	$ 952,547
Business-Type Activities					
Revenue Bonds	12,757,000	-	646,000	12,111,000	680,000
Full Faith and Credit Bonds	1,602,122	-	92,854	1,509,268	98,180
Premium on Bonds	68,646	-	3,441	65,205	3,441
Loans Payable	5,624,232	1,052,255	12,044	6,664,443	12,525
Compensated Absences	153,391	141,088	153,391	141,088	141,088
Other Postemployment Benefits	316,460	155,641	-	472,101	-
Total Business-type activity Long-term obligations	$ 20,521,851	$ 1,348,984	$ 907,730	$ 20,963,105	$ 935,234

F. Net Position

The government-wide statements of net position reports $13,204,380 of restricted net position, of which $993,088.

G. Transfers

Net transfers between governmental activities and business-type activities in the government-wide financial statements consist of transfers to the governmental activities and from the business-type activities in the amount of $1,297,279. A reconciliation of transfers in the fund financial statements is as follows:

	Transfers In	Transfers Out
Governmental activity:		
General fund	$ 1,252,390	$ 128,231
Street fund	256,662	184,638
Library fund	-	35,566
Special grants fund	20,000	31,700
Other governmental funds	1,174,039	1,025,677
Business-type activites		
Water fund	1,326,660	2,009,385
Waste water fund	2,306,205	2,997,803
Airport fund	77,044	-
Total Transfers	$ 6,413,000	$ 6,413,000

Transfers out of the General Fund were to the Airport Fund for operation of the Airport, to the Capital Projects Fund for debt service purposes, and to the Special Grants Fund for matching funds for a grant. Transfers into the General Fund consist of administrative overhead reimbursements from the Library, Special Grants, Special Assessments, Street, Water, and Wastewater Funds. Capital additions were recorded in the Capital Projects

Fund and contributed to the Water and Wastewater Funds. In addition, the Capital Projects Fund paid debt on behalf of the Airport Fund. Finally, the Street, Special Assessments, Water, and Wastewater Funds transferred funds to the FFCO Bond Funds for debt service.

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; and errors and omissions for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the past three years.

B. Other Postemployment Benefits

The City does not have a formal post-employment benefits plan for any employee groups. However, the City is required by Oregon revised Statutes 243.303 to provide retirees with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Although the City does not pay any portion of the retiree's health care insurance, a retired employee receives the implicit benefit of a lower healthcare premium which is subsidized among the premium cost of coverage for active employees, which is considered a single employer defined benefit plan. GASB Statement 45 is applicable to the City due only to this implicit rate subsidy. The general fund will typically be used to liquidate the net pension obligation or net other post employment benefit obligation. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements. The City does not currently have any retirees who are participating in the plan.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 30 years on a closed basis. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's OPEB obligation to the plan.

Annual required contributions	$ 456,002
Interset on net OPEB obligation	8,809
Adjustment to annual required contributions	(24,507)
Annual OPEB cost	440,304
Less OPEB contributions (Amounts paid by the City during the year)	-
Change in net OPEB obligation	440,304
Net OPEB obligation - beginning of year	880,902
Net OPEB obligation - end of year	$ 1,321,206

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2012 was as follows:

Health Insurance Continuation			
Fiscal Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contributions	Net OPEB Obligation
06/30/2010	$ 260,183	0%	$ 512,182
06/30/2011	368,720	0%	880,902
06/30/2012	440,304	0%	1,321,206

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2012, was as follows:

	Health Insurance Continuation
Employer's normal cost	$ 3,289,224
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	$ 3,289,224
Funded ration	0.00%
Covered payroll (active plan members)	$ 5,035,113
UAAL as a percentage of covered payroll	65.33%

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City meets the requirements to use the alternative measurement method and has chosen to use this method to value its OPEB liability. In the June 30, 2012 actuarial valuation, the entry age actuarial cost method was used. The UAAL is being amortized

over 27 years on a closed basis using the level percentage of payroll amortization method. Payroll growth increase assumption is 3.0 percent. Age adjustment factor is 1.816. The discount rate is 1.0 percent.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

C. Employee Retirement Plans

1. Retirement plan for non-public safety employees

The City of The Dalles Retirement Plan is a defined contribution plan established by the City to provide benefits at retirement to the non-public safety employees of the City. Employees are eligible to participate after one year of employment. The City is required to contribute 6 percent of eligible compensation on behalf of employees and an additional 7.5 percent of eligible compensation as the City's contribution. In addition employees may voluntarily contribute up to 10 percent of their eligible compensation. Plan provisions and contribution requirements are established by, and may be amended by the City Council.

The payroll for non-public safety employees covered by the plan for the year ended June 30, 2012 was $3,435,503. Total contributions to the plan for the year ended June 30, 2012 were $529,446, including $469,253 for both the City and employee portions that is paid by the City, and $60,194 in employee loan repayments and additional employee voluntary contributions.

2. Retirement plan for public safety employees

The City of The Dalles Public Safety Employees Retirement Plan is defined contribution plan established by the City to provide benefits at retirement to the public safety employees of the City. Employees are eligible to participate after one year of employment. The City is required to contribute 6 percent of eligible compensation on behalf of employees and an additional 16.6 percent of eligible compensation as the City's contribution. In addition employees may voluntarily contribute up to 2.4 percent of their eligible compensation. Plan provisions and contribution requirements are established by, and may be amended by, the City Council.

The payroll for public safety employees covered by the plan for the year ended June 30, 2012 was $1,397,697. Total contributions to the plan for the year ended June 30, 2012 were $360,785, including $331,608 for both the City and employee portions that is paid by the City, and $29,177 in employee loan repayments and additional employee voluntary contributions.

D. Commitments, Contingencies, and Subsequent Events

1. Construction in Progress

The City is committed under various, architectural, engineering, and construction contracts at June 30, 2012. Funding for the majority of the projects are anticipated from the $4.6 million in unspent bond proceeds from the 2009 Full Faith and Credit Obligations issued to the City and Columbia Gateway Urban Renewal Agency and numerous grants, as detailed in subsequent events.

The Washington Street Underpass is approximately 16 % complete. Costs incurred to date are $1,276,083 with total estimated costs of $8.080 million.

The Marine Terminal Project (Cruise Dock) is about 99% complete. Costs incurred to date are $3,847,117 with total estimated costs of $3.9 million.

The Lewis & Clark Festival Area Project is about 99% complete. Costs incurred to date are $2,756,798 with total estimated costs of $3.367 million.

The East Gateway Project Phase 2 is substantially complete. Costs incurred to date are $946,966.

The Flour Mill project is approximately 95% complete. Costs incurred to date are $715,951.

East Scenic ROW Survey Project is in the early stages. Costs incurred to date are $12,460.

The 3rd Street Streetscape project is in the final stages of design and engineering and the project is waiting on final approval for construction. Costs incurred to date are $51,443 with estimated costs of $3 million.

The Downtown Parking Structure Project is in the early stages. Costs incurred to date are $8,100, with estimated costs of $3.3 million.

Other major projects in progress at June 30, 2012 are as follows:

The design portion of the Lone Pine Well Expansion is essentially complete, but construction has not yet started. Design Costs incurred to date are $228,940, with estimated construction costs of $1 million. This project is currently on hold until the Terminal Reservoir Project is complete.

The Terminal Reservoir Project is approximately 90% complete. Costs incurred to date are $7,581,768 with total estimated costs of $7.6 million.

The Dog River Pipeline project is approximately 5% complete. Costs incurred to date are $132,939 with total estimated costs of $7.883 million.

There are various improvements in the early stages at the Wastewater Treatment Plant. Costs incurred to date for the Phase 1 are $14,378 with total estimated project costs of about $13.4 million.

The East Gateway Streetscape Projects costs to date are $20,993 with total estimated costs of $4.87 million.

The Meadows Lift Station Replacement Project is in the early stages. Costs incurred to date are $392 with total estimated costs of $340,000.

The Jordan Street Lift Station Replacement Project is in the early stages. Costs incurred to date are $392 with total estimated costs of $340,000.

The Laughlin Street Sewer Line Project is 63% complete. Costs incurred to date are $20,015 with total estimated costs of $31,690.

Lucity- Asset Management Software Project is 85% complete. Costs incurred to date are $ 26,371 with total estimated costs of $42,100.

The Dalles Dam Tour/Shuttle Project is 43% complete. Costs incurred to date are $160,199 with total estimated costs of $372,164.

There are various projects in progress at the airport. A well project with costs to date of $254,782. The project is currently on hold waiting for completion of an agreement with the Dallesport Water District regarding cost sharing. The City is also in the early stages of the airport runway rehabilitation project, which is 25% complete. Costs incurred to date are $1,380,703 with the total estimated costs of $5.5 million coming from the FAA ($2 million) and a Connect Oregon III Grant ($3.5 million).

2. Subsequent Events

The City follows the provisions of Statement of Financial Accounting Standards (SFAS) No. 165, "Subsequent Events" (ASC 855). ASC 855 established new accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through November 5, 2012, the date on which the financial statements were issued.

After June 30, 2012, the City, in its normal course of business, has awarded contracts for projects to include:

- Airport Maintenance Hanger $ 260,554
- Jordan Lift Station Replacement $ 130,169
- Meadows Lift Station Replacement $ 106,014

At their July 25, 2012 meeting, the City Council discussed the impacts from the water rate adjustments implemented in December 2011, and directed staff to implement a water rate increase scheduled for September 1, 2012, for all classes of customers except Residential. The Residential rate increase was to be delayed until the staff produced an analysis of the impacts of the 2011 rate increase and options could be discussed.

At their August 23, 2012 meeting, the City Council adopted Resolution No. 12-012, approving a joint resolution with Klickitat County for a $250,000 loan for construction of an airport maintenance hanger.

At their September 24, 2012 meeting, the City Council adopted Resolution No. 12-016 allowing the rate schedule that provided for a 10% residential water rate increase

and maintaining a base volume of 10,000 gallons per month, as adopted in Resolution NO. 11-026, to become effective November 1, 2012, in order to fund the adopted Water Capital Improvement Plan.

The Columbia Gateway Urban Renewal Agency is a blended component unit of the City. There have been no significant subsequent Urban Renewal events since June 30, 2012.

E. New Accounting Pronouncement – GASB Statement No. 61, 62 and 63

The Governmental Accounting Standards Board (GASB) has issued Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements* and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* The City implemented GASB Statement No. 61, 62 and 63 in the year ended June 30, 2012.

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SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION

Other supplementary information includes financial schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Schedules – Nonmajor Governmental Funds
- Combining Schedules – General Fund - Generally Accepted Accounting Principles
- Budgetary Comparison Schedules
- Budgetary Comparison Schedules – Enterprise Funds
- Other Financial Schedules

COMBINING STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

These funds account for revenue from specific sources that are legally restricted to expenditures for specified purposes. Funds included in this category are:

Community Benevolence Fund

The Community Benevolence Fund provides for the accumulation of financial resources to pay for expenses related to the memorials to Veterans of the community. Principal revenues are primarily from grants.

State Office Building Fund

The State Office Building Fund accounts for the operations and maintenance of a City owned building currently rented by the State of Oregon to provide services to the local community. Principal revenues are from rental income.

Capital Projects Funds

These funds account for expenditures on major construction projects or equipment acquisitions. The principal sources of revenues are proceeds from long-term obligations issued to finance capital acquisitions and improvements. Funds included in this category are:

Special Assessment Fund

The Special Assessment Fund accounts for the financing of public improvements or services deemed to benefit primarily the properties against which the assessments are levied. Principal sources of revenues are assessment principal and interest collected.

Capital Projects Fund

The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by the enterprise funds. Principal resources to the fund are grants, a portion of lease payments received on the State Office Building owned by the City, and interest earned on investments.

Debt Service Funds

These funds account for revenues and expenditures related to the repayment of general long-term indebtedness. Funds included in this category are:

FFCO 2008 Bond Fund

The FFCO 2008 Bond Fund accounts for the accumulation of resources for, and the repayment of, full faith and credit bonds relating to the relocation of the Public Works facilities and the remodel of City Hall.

2009 FFCO Bond Fund

The 2009 FFCO Bond Fund accounts for the accumulation of resources for, and the repayment of, general long-term debt principal and interest relating to the Columbia Gateway Urban Renewal District and Water and Wastewater improvements.

Urban Renewal Debt Fund

The Urban Renewal Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest relating to the Columbia Gateway Urban Renewal District.

CITY OF THE DALLES, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
ASSETS				
Cash and cash equivalents	$ 11,730	$ 811,109	$ 1,310,771	$ 2,133,610
Receivables:				
Accounts	-	-	3,186	3,186
Assessments	-	-	165,688	165,688
Notes	-	-	13,725	13,725
Total assets	$ 11,730	$ 811,109	$ 1,493,370	$ 2,316,209
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued expenses	$ 279	$ -	$ -	$ 279
Deferred revenue	-	-	319,830	319,830
Total liabilities	279	-	319,830	320,109
FUND BALANCES:				
Restricted for:				
Grant / contributor specific intent	11,415	-	-	11,415
Intergovernmental agreement	-	811,109	-	811,109
Committed for:				
Major capital facilities and associated debt	-	-	496,322	496,322
Local improvements and associated debt	-	-	677,218	677,218
Agreements with state agencies	36	-	-	36
Total fund equity	11,451	811,109	1,173,540	1,996,100
Total liabilities and fund equity	$ 11,730	$ 811,109	$ 1,493,370	$ 2,316,209

CITY OF THE DALLES, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2012

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
REVENUES:				
Property taxes	$ -	$ 797,023	$ -	$ 797,023
Franchise fees	-	-	21,875	21,875
Assessments	-	-	51,641	51,641
Intergovernmental	-	-	21,616	21,616
Rental income	158,139	124,811	96,989	379,939
Interest on investments	74	7,664	6,329	14,067
Miscellaneous	2,000	-	4,921	6,921
Total revenues	160,213	929,498	203,371	1,293,082
EXPENDITURES:				
General government	-	-	20,221	20,221
Public safety	164,305	-	-	164,305
Capital outlay	-	-	15,729	15,729
Debt service:				
Principal	-	542,146	53,728	595,874
Interest	-	615,619	14,225	629,844
Total expenditures	164,305	1,157,765	103,903	1,425,973
Revenues over (under) expenditures	(4,092)	(228,267)	99,468	(132,891)
OTHER FINANCING SOURCES (USES):				
Transfers in	5,000	1,125,808	43,231	1,174,039
Transfers out	-	(897,192)	(128,485)	(1,025,677)
Total other financing sources (uses)	5,000	228,616	(85,254)	148,362
Net changes in fund balances	908	349	14,214	15,471
FUND BALANCES, BEGINNING	10,543	810,760	1,159,326	1,980,629
FUND BALANCES, ENDING	$ 11,451	$ 811,109	$ 1,173,540	$ 1,996,100

CITY OF THE DALLES, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	Community Benevolence Fund	State Office Building Fund	Total
ASSETS			
Cash and cash equivalents	$ 11,415	$ 315	$ 11,730
Total assets	$ 11,415	$ 315	$ 11,730
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts payable and accrued expenses	$ -	$ 279	$ 279
Total liabilities	-	279	279
FUND BALANCES:			
Nonspendable:			
Restricted for:			
Grant / contributor specific intent	11,415	-	11,415
Committed for:			
Agreements with state agencies	-	36	36
Total fund equity	11,415	36	11,451
Total liabilities and fund equity	$ 11,415	$ 315	$ 11,730

CITY OF THE DALLES, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2012

	Community Benevolence Fund	State Office Building Fund	Total
REVENUES:			
Rental income	$ -	$ 158,139	$ 158,139
Interest on investments	40	34	74
Miscellaneous	2,000	-	2,000
Total revenues	2,040	158,173	160,213
EXPENDITURES:			
Public safety	-	164,305	164,305
Total expenditures	-	164,305	164,305
Revenues over (under) expenditures	2,040	(6,132)	(4,092)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	5,000	5,000
Total other financing sources (uses)	-	5,000	5,000
Net changes in fund balances	2,040	(1,132)	908
FUND BALANCES, BEGINNING	9,375	1,168	10,543
FUND BALANCES, ENDING	$ 11,415	$ 36	$ 11,451

CITY OF THE DALLES, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	Special Assessment Fund	Capital Projects Fund	Total
ASSETS			
Cash and cash equivalents	$ 814,449	$ 496,322	$ 1,310,771
Receivables:			
Accounts	3,186	-	3,186
Assessments	165,688	-	165,688
Notes	-	13,725	13,725
Total assets	$ 983,323	$ 510,047	$ 1,493,370
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Deferred revenue	306,105	13,725	319,830
Total liabilities	306,105	13,725	319,830
FUND BALANCES:			
Committed for:			
Major capital facilities and associated debt	-	496,322	496,322
Local improvements and associated debt	677,218	-	677,218
Total fund equity	677,218	496,322	1,173,540
Total liabilities and fund equity	$ 983,323	$ 510,047	$ 1,493,370

CITY OF THE DALLES, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2012

	Special Assessment Fund	Capital Projects Fund	Total
REVENUES:			
Franchise fees	$ 21,875	$ -	$ 21,875
Assessments	51,641	-	51,641
Intergovernmental	-	21,616	21,616
Rental income	-	96,989	96,989
Interest on investments	3,386	2,943	6,329
Miscellaneous	-	4,921	4,921
Total revenues	76,902	126,469	203,371
EXPENDITURES:			
General government	18,800	1,421	20,221
Capital outlay	-	15,729	15,729
Debt service:			
Principal	-	53,728	53,728
Interest	-	14,225	14,225
Total expenditures	18,800	85,103	103,903
Revenues over (under) expenditures	58,102	41,366	99,468
OTHER FINANCING SOURCES (USES):			
Transfers in	-	43,231	43,231
Transfers out	(111,441)	(17,044)	(128,485)
Total other financing sources (uses)	(111,441)	26,187	(85,254)
Net changes in fund balances	(53,339)	67,553	14,214
FUND BALANCES, BEGINNING	730,557	428,769	1,159,326
FUND BALANCES, ENDING	$ 677,218	$ 496,322	$ 1,173,540

CITY OF THE DALLES, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	FFCO 2008 Bond Fund	2009 FFCO Bond Fund	Urban Renewal Debt Fund	Total
ASSETS				
Cash and cash equivalents	$ -	$ -	$ 811,109	$ 811,109
Total assets	$ -	$ -	$ 811,109	$ 811,109
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
Total liabilities	$ -	$ -	$ -	$ -
FUND BALANCES:				
Restricted for:				
Intergovernmental agreement	-	-	811,109	811,109
Total fund equity	-	-	811,109	811,109
Total liabilities and fund equity	$ -	$ -	$ 811,109	$ 811,109

CITY OF THE DALLES, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2012

	FFCO 2008 Bond Fund	2009 FFCO Bond Fund	Urban Renewal Debt Fund	Total
REVENUES:				
Property taxes	$ -	$ -	$ 797,023	$ 797,023
Rental income	124,811	-	-	124,811
Interest on investments	-	-	7,664	7,664
Total revenues	124,811	-	804,687	929,498
EXPENDITURES:				
Debt service:				
Principal	115,216	426,930	-	542,146
Interest	114,724	500,895	-	615,619
Total expenditures	229,940	927,825	-	1,157,765
Revenues over (under) expenditures	(105,129)	(927,825)	804,687	(228,267)
OTHER FINANCING SOURCES (USES):				
Transfers in	179,913	945,895	-	1,125,808
Transfers out	(74,784)	(18,070)	(804,338)	(897,192)
Total other financing sources (uses)	105,129	927,825	(804,338)	228,616
Net changes in fund balances	-	-	349	349
FUND BALANCES, BEGINNING	-	-	810,760	810,760
FUND BALANCES, ENDING	$ -	$ -	$ 811,109	$ 811,109

CITY OF THE DALLES, OREGON
GENERAL FUND - GENERALLY ACCEPTED ACCCOUNTING PRINCIPLES
COMBINING BALANCE SHEET
June 30, 2012

	General Fund - Budgetary Basis	Public Works Reserve Fund - Budgetary Basis	Street and Bridge Replacement Fund - Budgetary Basis	Unemployment Reserve Fund - Budgetary Basis	Total General Fund Generally Accepted Accounting Principles
ASSETS					
Cash and cash equivalents	$ 1,301,387	$ 52,571	$ 478,350	$ 20,241	$ 1,852,549
Receivables:					
Accounts	351,194	-	-	-	351,194
Intergovernmental	33,509	-	-	-	33,509
Fines and forfeitures, net	425,815	-	-	-	425,815
Property taxes	213,234	-	-	-	213,234
Prepaid items	116,297	-	-	-	116,297
Total assets	$ 2,441,436	$ 52,571	$ 478,350	$ 20,241	$ 2,992,598
LIABILITIES AND FUND EQUITY					
LIABILITIES:					
Accounts payable and accrued expenses	$ 79,521	$ 1,570	$ -	$ 3,936	$ 85,027
Deferred revenue	639,049	-	-	-	639,049
Total liabilities	718,570	1,570	-	3,936	724,076
FUND BALANCES:					
Nonspendable:					
Prepaids	116,297	-	-	-	116,297
Committed for:					
Committed by ordinance or resolution	-	51,001	478,350	16,305	545,656
Unassigned	1,606,569	-	-	-	1,606,569
Total fund equity	1,722,866	51,001	478,350	16,305	2,268,522
Total liabilities and fund equity	$ 2,441,436	$ 52,571	$ 478,350	$ 20,241	$ 2,992,598

CITY OF THE DALLES, OREGON
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2012

	General Fund - Budgetary Basis	Public Works Reserve Fund - Budgetary Basis	Street and Bridge Replacement Fund - Budgetary Basis	Unemployment Reserve Fund - Budgetary Basis	Total General Fund Generally Accepted Accounting Principles
REVENUES:					
Property taxes	$ 2,563,922	$ -	$ -	$ -	$ 2,563,922
Other taxes	671,645	-	-	-	671,645
Franchise fees	286,829	-	-	-	286,829
Licenses and fees	11,469	-	-	-	11,469
Charges for services	14,845	-	-	-	14,845
Intergovernmental	1,267,101	-	-	-	1,267,101
Fines and forfeitures, net	224,448	-	-	-	224,448
System development charges	-	-	168,629	-	168,629
Rental income	7,306	-	-	-	7,306
Interest on investments	212	351	1,567	118	2,248
Miscellaneous	106,801	3,693	-	-	110,494
Total revenues	5,154,578	4,044	170,196	118	5,328,936
EXPENDITURES:					
General government	2,440,738	-	-	20,852	2,461,590
Public safety	3,041,951	-	-	-	3,041,951
Culture and recreation	521,623	-	-	-	521,623
Capital outlay	118,184	170,280	226,313	-	514,777
Total expenditures	6,122,496	170,280	226,313	20,852	6,539,941
Revenues over (under) expenditures	(967,918)	(166,236)	(56,117)	(20,734)	(1,211,005)
OTHER FINANCING SOURCES (USES):					
Transfers in	1,082,390	170,000	-	-	1,252,390
Transfers out	(128,231)	-	-	-	(128,231)
Total other financing sources (uses)	954,159	170,000	-	-	1,124,159
Net changes in fund balances	(13,759)	3,764	(56,117)	(20,734)	(86,846)
FUND BALANCES, BEGINNING	1,736,625	47,237	534,467	37,039	2,355,368
FUND BALANCES, ENDING	$ 1,722,866	$ 51,001	$ 478,350	$ 16,305	$ 2,268,522

BUDGETARY COMPARISON SCHEDULES
Nonmajor Governmental Funds

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances - budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GASB Statement #34, the City's General Fund and any major special revenue funds are presented as the basic governmental fund financial statements. All other budgetary comparisons are displayed in the following pages as supplemental information.

Major Governmental Budgetary Comparison schedules not included in basic financial statements include the following:

- General Fund - Budgetary Basis Schedule of Revenues, Expenditures and Changes in Fund Balance
- General Fund - Budgetary Basis Schedule of Expenditures
- Public Works Reserve Fund - Budgetary Basis Schedule of Revenues, Expenditures and Changes in Fund Balance
- Street and Bridge Replacement Fund - Budgetary Basis Schedule of Revenues, Expenditures and Changes in Fund Balance
- Unemployment Reserve Fund - Budgetary Basis Schedule of Revenues, Expenditures and Changes in Fund Balance
- Urban Renewal Capital Projects Fund

Non-major Governmental Budgetary Comparison schedules included the following:

- Special Revenue Funds
  - Community Benevolence Fund
  - State Office Building Fund
- Capital Project Funds
  - Special Assessment Fund
  - Capital Projects Fund
- Debt Service Fund
  - FFCO 2008 Bond Fund
  - 2009 FFCO Bond Fund
  - Urban Renewal Debt Fund

CITY OF THE DALLES, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Property taxes	$ 2,528,579	$ 2,528,579	$ 2,563,922	$ 35,343
Other taxes	645,045	645,045	671,645	26,600
Franchise fees	299,880	299,880	286,829	(13,051)
Licenses and fees	11,000	11,000	11,469	469
Charges for services	14,500	14,500	14,845	345
Intergovernmental	1,297,312	1,297,312	1,267,101	(30,211)
Fines and forfeitures, net	260,033	260,033	224,448	(35,585)
Rental income	7,244	7,244	7,306	62
Interest on investments	8,000	8,000	212	(7,788)
Miscellaneous	25,000	25,000	106,801	81,801
Total revenues	5,096,593	5,096,593	5,154,578	57,985
EXPENDITURES:				
General government	2,599,396	2,597,096	2,440,738	156,358
Public safety	3,085,543	3,085,543	3,041,951	43,592
Culture and recreation	527,539	532,539	521,623	10,916
Capital outlay	133,900	138,900	118,184	20,716
Contingency	596,541	596,541	-	596,541
Total expenditures	6,942,919	6,950,619	6,122,496	828,123
Revenues over (under) expenditures	(1,846,326)	(1,854,026)	(967,918)	886,108
OTHER FINANCING SOURCES (USES):				
Transfers in	1,057,190	1,064,890	1,082,390	17,500
Transfers out	(128,231)	(128,231)	(128,231)	-
Total other financing sources (uses)	928,959	936,659	954,159	17,500
Net changes in fund balances	(917,367)	(917,367)	(13,759)	903,608
FUND BALANCES, BEGINNING BUDGETARY BASIS	1,667,725	1,667,725	1,736,625	68,900
FUND BALANCES, ENDING BUDGETARY BASIS	$ 750,358	$ 750,358	$ 1,722,866	$ 972,508

CITY OF THE DALLES, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
City council:				
Personal services	$ 1,677	$ 1,677	$ 1,048	$ 629
Materials and services	209,300	209,300	181,648	27,652
Subtotal	210,977	210,977	182,696	28,281
City clerk:				
Personal services	129,210	129,210	131,028	(1,818)
Materials and services	6,238	6,238	4,285	1,953
Subtotal	135,448	135,448	135,313	135
City manager:				
Personal services	273,455	273,455	275,816	(2,361)
Materials and services	30,730	30,730	25,660	5,070
Subtotal	304,185	304,185	301,476	2,709
City attorney:				
Personal services	222,503	222,503	222,869	(366)
Materials and services	36,376	36,376	33,907	2,469
Subtotal	258,879	258,879	256,776	2,103
Judicial:				
Personal services	114,057	114,057	103,885	10,172
Materials and services	87,868	87,868	93,678	(5,810)
Subtotal	201,925	201,925	197,563	4,362
Finance:				
Personal services	267,678	267,678	255,893	11,785
Materials and services	59,847	54,847	38,723	16,124
Subtotal	327,525	322,525	294,616	27,909
Utility billing:				
Personal services	124,323	124,323	115,626	8,697
Materials and services	40,214	40,214	32,937	7,277
Subtotal	164,537	164,537	148,563	15,974
Personnel:				
Materials and services	10,100	10,100	4,381	5,719
Subtotal	10,100	10,100	4,381	5,719

CITY OF THE DALLES, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
Technology:				
Materials and services	200,760	208,460	207,773	687
Capital outlay	17,000	22,000	15,476	6,524
Subtotal	217,760	230,460	223,249	7,211
Planning:				
Personal services	493,762	488,762	475,550	13,212
Materials and services	63,557	63,557	37,049	26,508
Capital outlay	10,000	10,000	9,503	497
Subtotal	567,319	562,319	522,102	40,217
City hall:				
Personal services	53,805	53,805	43,195	10,610
Materials and services	170,601	170,601	155,020	15,581
Subtotal	224,406	224,406	198,215	26,191
Transportation center:				
Materials and services	3,335	3,335	767	2,568
Subtotal	3,335	3,335	767	2,568
Police:				
Personal services	2,520,018	2,520,018	2,513,742	6,276
Materials and services	489,248	489,248	457,107	32,141
Capital outlay	106,900	106,900	93,205	13,695
Subtotal	3,116,166	3,116,166	3,064,054	52,112
Code enforcement:				
Personal services	51,946	51,946	51,365	581
Materials and services	24,331	24,331	19,737	4,594
Subtotal	76,277	76,277	71,102	5,175
Non-departmental:				
Materials and services	527,539	532,539	521,623	10,916
Subtotal	527,539	532,539	521,623	10,916
Total expenditures	$ 6,346,378	$ 6,354,078	$ 6,122,496	$ 231,582

CITY OF THE DALLES, OREGON
PUBLIC WORKS RESERVE FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Interest on investments	$ 100	$ 100	$ 351	$ 251
Miscellaneous	-	-	3,693	3,693
Total revenues	100	100	4,044	3,944
EXPENDITURES:				
Capital outlay	196,011	196,011	170,280	25,731
Total expenditures	196,011	196,011	170,280	25,731
Revenues over (under) expenditures	(195,911)	(195,911)	(166,236)	29,675
OTHER FINANCING SOURCES (USES):				
Transfers in	170,000	170,000	170,000	-
Total other financing sources (uses)	170,000	170,000	170,000	-
Net changes in fund balances	(25,911)	(25,911)	3,764	29,675
FUND BALANCES, BEGINNING BUDGETARY BASIS	25,911	25,911	47,237	21,326
FUND BALANCES, ENDING BUDGETARY BASIS	$ -	$ -	$ 51,001	$ 51,001

CITY OF THE DALLES, OREGON
STREET AND BRIDGE REPLACEMENT FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 282,547	$ 282,547	$ -	$ (282,547)
System development charges	600,000	600,000	168,629	(431,371)
Interest on investments	1,400	1,400	1,567	167
Total revenues	883,947	883,947	170,196	(713,751)
EXPENDITURES:				
Capital outlay	717,581	717,581	226,313	491,268
Total expenditures	717,581	717,581	226,313	491,268
Revenues over (under) expenditures	166,366	166,366	(56,117)	(222,483)
OTHER FINANCING SOURCES (USES):				
Transfers out	(878,573)	(878,573)	-	878,573
Total other financing sources (uses)	(878,573)	(878,573)	-	878,573
Net changes in fund balances	(712,207)	(712,207)	(56,117)	656,090
FUND BALANCES, BEGINNING BUDGETARY BASIS	712,207	712,207	534,467	(177,740)
FUND BALANCES, ENDING BUDGETARY BASIS	$ -	$ -	$ 478,350	$ 478,350

CITY OF THE DALLES, OREGON
UNEMPLOYMENT RESERVE FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Interest on investments	$ 100	$ 100	$ 118	$ 18
Total revenues	100	100	118	18
EXPENDITURES:				
Personal service	36,795	36,795	20,852	15,943
Total expenditures	36,795	36,795	20,852	15,943
Net changes in fund balances	(36,695)	(36,695)	(20,734)	15,961
FUND BALANCES, BEGINNING BUDGETARY BASIS	36,695	36,695	37,039	344
FUND BALANCES, ENDING BUDGETARY BASIS	$ -	$ -	$ 16,305	$ 16,305

CITY OF THE DALLES, OREGON
URBAN RENEWAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Property taxes	$ 500,894	$ 500,894	$ 421,386	$ (79,508)
Rental income	13,000	13,000	11,170	(1,830)
Miscellaneous	972,621	972,621	41,685	(930,936)
Total revenues	1,486,515	1,486,515	474,241	(1,012,274)
EXPENDITURES:				
Materials and service	623,813	623,813	302,508	321,305
Capital outlay	1,158,030	1,158,030	50,567	1,107,463
Total expenditures	1,781,843	1,781,843	353,075	1,428,768
Net changes in fund balances	(295,328)	(295,328)	121,166	416,494
FUND BALANCES, BEGINNING	295,328	295,328	338,968	43,640
FUND BALANCES, ENDING	$ -	$ -	$ 460,134	$ 460,134

CITY OF THE DALLES, OREGON
COMMUNITY BENEVOLENCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Interest on investments	$ 30	$ 30	$ 40	$ 10
Miscellaneous	2,000	2,000	2,000	-
Total revenues	2,030	2,030	2,040	10
EXPENDITURES:				
Materials and service	11,401	11,401	-	11,401
Total expenditures	11,401	11,401	-	11,401
Net changes in fund balances	(9,371)	(9,371)	2,040	11,411
FUND BALANCES, BEGINNING	9,371	9,371	9,375	4
BUDGETARY BASIS	$ -	$ -	$ 11,415	$ 11,415

CITY OF THE DALLES, OREGON
STATE OFFICE BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Rental income	183,723	183,723	158,139	(25,584)
Interest on investments	-	-	34	34
Total revenues	183,723	183,723	158,173	(25,550)
EXPENDITURES:				
Personal service	51,757	51,757	40,295	11,462
Materials and service	132,587	132,587	124,010	8,577
Contingency	4,379	4,379	-	4,379
Total expenditures	188,723	188,723	164,305	24,418
Revenues over (under) expenditures	(5,000)	(5,000)	(6,132)	(1,132)
OTHER FINANCING SOURCES (USES):				
Transfers in	5,000	5,000	5,000	-
Total other financing sources (uses)	5,000	5,000	5,000	-
Net changes in fund balances	-	-	(1,132)	(1,132)
FUND BALANCES, BEGINNING	-	-	1,168	1,168
FUND BALANCES, ENDING	$ -	$ -	$ 36	$ 36

CITY OF THE DALLES, OREGON
SPECIAL ASSESSMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Franchise fees	$ 24,000	$ 24,000	$ 21,875	$ (2,125)
Assessments	111,159	111,159	51,641	(59,518)
Interest on investments	3,400	3,400	3,386	(14)
Miscellaneous	11,000	11,000	-	(11,000)
Total revenues	149,559	149,559	76,902	(72,657)
EXPENDITURES:				
Materials and service	22,500	22,500	18,800	3,700
Total expenditures	22,500	22,500	18,800	3,700
Revenues over (under) expenditures	127,059	127,059	58,102	(68,957)
OTHER FINANCING SOURCES (USES):				
Transfers out	(901,439)	(901,439)	(111,441)	789,998
Total other financing sources (uses)	(901,439)	(901,439)	(111,441)	789,998
Net changes in fund balances	(774,380)	(774,380)	(53,339)	721,041
FUND BALANCE, BEGINNING	774,380	774,380	730,557	(43,823)
FUND BALANCE, ENDING	$ -	$ -	$ 677,218	$ 677,218

CITY OF THE DALLES, OREGON
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Intergovernmental	$ 21,616	$ 21,616	$ 21,616	$ -
Rental income	100,958	100,958	96,989	(3,969)
Interest on investments	1,200	1,200	2,943	1,743
Miscellaneous	2,665	2,665	4,921	2,256
Total revenues	126,439	126,439	126,469	30
EXPENDITURES:				
Materials and service	5,000	5,000	1,421	3,579
Capital outlay	2,819,050	2,819,050	15,729	2,803,321
Debt service:				
Principal	65,772	65,772	65,772	-
Interest	14,225	14,225	14,225	-
Total expenditures	2,904,047	2,904,047	97,147	2,806,900
Revenues over (under) expenditures	(2,777,608)	(2,777,608)	29,322	2,806,930
OTHER FINANCING SOURCES (USES):				
Transfers in	2,378,855	2,378,855	43,231	(2,335,624)
Transfers out	(5,000)	(5,000)	(5,000)	-
Total other financing sources (uses)	2,373,855	2,373,855	38,231	(2,335,624)
Net changes in fund balances	(403,753)	(403,753)	67,553	471,306
FUND BALANCE, BEGINNING	403,753	403,753	428,769	25,016
FUND BALANCE, ENDING	$ -	$ -	$ 496,322	$ 496,322

CITY OF THE DALLES, OREGON
FFCO 2008 BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Rental income	$ 124,800	$ 124,800	$ 124,811	$ 11
Total revenues	124,800	124,800	124,811	11
EXPENDITURES:				
Debt service:				
Principal	190,000	190,000	190,000	-
Interest	114,731	114,731	114,724	7
Total expenditures	304,731	304,731	304,724	7
Revenues over (under) expenditures	(179,931)	(179,931)	(179,913)	18
OTHER FINANCING SOURCES (USES):				
Transfers in	179,913	179,913	179,913	-
Total other financing sources (uses)	179,913	179,913	179,913	-
Net changes in fund balances	(18)	(18)	-	18
FUND BALANCES, BEGINNING	18	18	-	(18)
FUND BALANCES, ENDING	$ -	$ -	$ -	$ -

CITY OF THE DALLES, OREGON
2009 FFCO BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
EXPENDITURES:				
Debt service:				
Principal	$ 445,000	$ 445,000	$ 445,000	$ -
Interest	500,913	500,913	500,895	18
Total expenditures	945,913	945,913	945,895	18
Revenues over (under) expenditures	(945,913)	(945,913)	(945,895)	18
OTHER FINANCING SOURCES (USES):				
Transfers in	945,913	945,913	945,895	(18)
Total other financing sources (uses)	945,913	945,913	945,895	(18)
Net changes in fund balances	-	-	-	-
FUND BALANCES, BEGINNING	-	-	-	-
FUND BALANCES, ENDING	$ -	$ -	$ -	$ -

CITY OF THE DALLES, OREGON
URBAN RENEWAL DEBT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Property taxes	$ 797,023	$ 797,023	$ 797,023	$ -
Interest on investments	5,000	5,000	7,664	2,664
Total revenues	802,023	802,023	804,687	2,664
OTHER FINANCING SOURCES (USES):				
Transfers out	(806,310)	(806,310)	(804,338)	1,972
Total other financing sources (uses)	(806,310)	(806,310)	(804,338)	1,972
Net changes in fund balances	(4,287)	(4,287)	349	4,636
FUND BALANCES, BEGINNING	808,625	808,625	810,760	2,135
FUND BALANCES, ENDING	$ 804,338	$ 804,338	$ 811,109	$ 6,771

BUDGETARY COMPARISON SCHEDULES

Enterprise Funds

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances - budget and actual be displayed for each fund where legally adopted budgets are required.

Enterprise Budgetary Comparison schedules include the following:

- All Water Funds
  - Water Utility
  - Water Capital Reserve
  - Water Bond Debt
- All Wastewater Funds
  - Wastewater
  - Wastewater Capital Reserve
  - Sewer Plant Construction
  - Sewer Debt Service
- All Airport Funds
  - Airport
  - Airport Debt Service

CITY OF THE DALLES, OREGON
ALL WATER FUNDS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2012

	Water Utility	Water Capital Reserve	Water Bond Debt	Total All Water Funds
REVENUES:				
Charges for services	$ 3,989,648	$ -	$ -	$ 3,989,648
Intergovernmental	210,516	-	-	210,516
System development charges	-	16,617	-	16,617
Rental income	3,413	-	-	3,413
Interest on investments	2,792	4,151	-	6,943
Miscellaneous	28,145	-	-	28,145
Total revenues	4,234,514	20,768	-	4,255,282
EXPENDITURES:				
Personal service	1,763,666	-	-	1,763,666
Materials and service	774,990	10,730	-	785,720
Capital outlay	281,661	1,341,716	-	1,623,377
Debt service:				
Principal	-	-	235,000	235,000
Interest	-	-	326,405	326,405
Total expenditures	2,820,317	1,352,446	561,405	4,734,168
Revenues over (under) expenditures	1,414,197	(1,331,678)	(561,405)	(478,886)
OTHER FINANCING SOURCES (USES):				
Sale of property	366,873	-	-	366,873
Loan proceeds	-	1,052,255	-	1,052,255
Transfers in	-	765,255	561,405	1,326,660
Transfers out	(1,467,842)	(593,820)	-	(2,061,662)
Total other financing sources (uses)	(1,100,969)	1,223,690	561,405	684,126
Net changes in fund balances	313,228	(107,988)	-	205,240
FUND BALANCE, BEGINNING BUDGETARY BASIS	458,406	1,552,329	-	2,010,735
FUND BALANCE, ENDING BUDGETARY BASIS	$ 771,634	$ 1,444,341	$ -	$ 2,215,975

	Revenues	Expenditures
Total revenue and expenditures above	$ 4,255,282	$ 4,734,168
Transfers in/out	-	682,725
Expenditures capitalized	-	(844,304)
Debt service principal payments	-	(235,000)
Other post employment benefits	-	96,971
Depreciation and amortization expense	-	345,924
Interest revenue/expense	-	203
Gain/loss on disposal of capital assets	-	(366,873)
Increase/decrease compensated absences	-	(5,048)
Total revenues and expenses - generally accepted accounting principles	$ 4,255,282	4,408,766
Change in net position		$ (153,484)

CITY OF THE DALLES, OREGON
WATER UTILITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Charges for services	$ 3,888,687	$ 3,888,687	$ 3,989,648	$ 100,961
Intergovernmental	205,000	205,000	210,516	5,516
Rental income	4,080	4,080	3,413	(667)
Interest on investments	1,500	1,500	2,792	1,292
Miscellaneous	5,500	5,500	28,145	22,645
Total revenues	4,104,767	4,104,767	4,234,514	129,747
EXPENDITURES:				
Personal service	1,854,032	1,854,032	1,763,666	90,366
Materials and service	979,993	979,993	774,990	205,003
Capital outlay	320,836	320,836	281,661	39,175
Contingency	20,926	20,926	-	20,926
Total expenditures	3,175,787	3,175,787	2,820,317	355,470
Revenues over (under) expenditures	928,980	928,980	1,414,197	485,217
OTHER FINANCING SOURCES (USES):				
Sale of property	50	365,305	366,873	1,568
Transfers out	(1,102,587)	(1,467,842)	(1,467,842)	-
			-	
Total other financing sources (uses)	(1,102,537)	(1,102,537)	(1,100,969)	1,568
Net changes in fund balances	(173,557)	(173,557)	313,228	486,785
FUND BALANCE, BEGINNING BUDGETARY BASIS	173,557	173,557	458,406	284,849
FUND BALANCE, ENDING BUDGETARY BASIS	$ -	$ -	$ 771,634	$ 771,634

CITY OF THE DALLES, OREGON
WATER CAPITAL RESERVE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
System development charges	$ 34,755	$ 34,755	$ 16,617	$ (18,138)
Interest on investments	6,000	6,000	4,151	(1,849)
Total revenues	40,755	40,755	20,768	(19,987)
EXPENDITURES:				
Materials and service	-	100,000	10,730	89,270
Capital outlay	786,412	2,197,124	1,341,716	855,408
Debt service:				
Principal	111,230	111,230	-	111,230
Interest	89,664	89,664	-	89,664
Contingency	400,000	400,000	-	400,000
Total expenditures	1,387,306	2,898,018	1,352,446	1,545,572
Revenues over (under) expenditures	(1,346,551)	(2,857,263)	(1,331,678)	1,525,585
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	1,145,457	1,052,255	(93,202)
Transfers in	400,000	765,255	765,255	-
Transfers out	(607,321)	(607,321)	(593,820)	13,501
Total other financing sources (uses)	(207,321)	1,303,391	1,223,690	(79,701)
Net changes in fund balances	(1,553,872)	(1,553,872)	(107,988)	1,445,884
FUND BALANCE, BEGINNING BUDGETARY BASIS	1,553,872	1,553,872	1,552,329	(1,543)
FUND BALANCE, ENDING BUDGETARY BASIS	$ -	$ -	$ 1,444,341	$ 1,444,341

CITY OF THE DALLES, OREGON
WATER BOND DEBT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
EXPENDITURES:				
Debt service:				
Principal	$ 235,000	$ 235,000	$ 235,000	$ -
Interest	326,405	326,405	326,405	-
Total expenditures	561,405	561,405	561,405	-
Revenues over (under) expenditures	(561,405)	(561,405)	(561,405)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	561,405	561,405	561,405	-
Total other financing sources (uses)	561,405	561,405	561,405	-
Net changes in fund balances	-	-	-	-
FUND BALANCE, BEGINNING BUDGETARY BASIS	-	-	-	-
FUND BALANCE, ENDING BUDGETARY BASIS	$ -	$ -	$ -	$ -

CITY OF THE DALLES, OREGON
ALL WASTEWATER FUNDS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2012

	Wastewater	Wastewater Capital Reserve	Sewer Plant Construction	Sewer Debt Service	Total All Wastewater Funds
REVENUES:					
Charges for services	$ 4,911,793	$ -	$ -	$ -	$ 4,911,793
Intergovernmental	12,170	-	-	-	12,170
System development charges	-	79,013	-	-	79,013
Interest on investments	1,819	6,045	13,523	913	22,300
Miscellaneous	33,609	-	-	-	33,609
Total revenues	4,959,391	85,058	13,523	913	5,058,885
EXPENDITURES:					
Personal service	1,021,465	-	-	-	1,021,465
Materials and service	1,323,730	-	258,632	-	1,582,362
Capital outlay	106,369	586,482	29,615	-	722,466
Debt service:					
Principal	-	-	-	365,000	365,000
Interest	-	-	-	188,705	188,705
Total expenditures	2,451,564	586,482	288,247	553,705	3,879,998
Revenues over (under) expenditures	2,507,827	(501,424)	(274,724)	(552,792)	1,178,887
OTHER FINANCING SOURCES (USES):					
Sale of property	257	-	-	-	257
Transfers in	-	402,500	1,350,000	553,705	2,306,205
Transfers out	(2,477,744)	(6,931)	(553,705)	-	(3,038,380)
Total other financing sources (uses)	(2,477,487)	395,569	796,295	553,705	(731,918)
Net changes in fund balances	30,340	(105,855)	521,571	913	446,969
FUND BALANCE, BEGINNING BUDGETARY BASIS	612,462	1,723,470	2,959,504	220,684	5,516,120
FUND BALANCE, ENDING BUDGETARY BASIS	$ 642,802	$ 1,617,615	$ 3,481,075	$ 221,597	$ 5,963,089

	Revenues	Expenditures
Total revenue and expenditures above	$ 5,058,885	$ 3,879,998
Transfers in/out	-	691,598
Expenditures capitalized	-	(802,141)
Debt service principal payments	-	(365,000)
Other post employment benefits	-	58,670
Depreciation and amortization expense	-	461,087
Interest revenue/expense	-	(3,783)
Gain/loss on disposal of capital assets	-	(257)
Increase/decrease compensated absences	-	(7,255)
Total revenues and expenses - generally accepted accounting principles	$ 5,058,885	3,912,917
Change in net position		$ 1,145,968

CITY OF THE DALLES, OREGON
WASTEWATER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Charges for services	$ 5,024,076	$ 5,024,076	$ 4,911,793	$ (112,283)
Intergovernmental	5,000	5,000	12,170	7,170
Interest on investments	1,000	1,000	1,819	819
Miscellaneous	31,000	31,000	33,609	2,609
Total revenues	5,061,076	5,061,076	4,959,391	(101,685)
EXPENDITURES:				
Personal service	1,055,216	1,055,216	1,021,465	33,751
Materials and service	1,572,193	1,572,193	1,323,730	248,463
Capital outlay	265,626	265,626	106,369	159,257
Contingency	25,943	25,943	-	25,943
Total expenditures	2,918,978	2,918,978	2,451,564	467,414
Revenues over (under) expenditures	2,142,098	2,142,098	2,507,827	365,729
OTHER FINANCING SOURCES (USES):				
Sale of property	-	-	257	257
Transfers out	(2,477,744)	(2,477,744)	(2,477,744)	-
Total other financing sources (uses)	(2,477,744)	(2,477,744)	(2,477,487)	257
Net changes in fund balances	(335,646)	(335,646)	30,340	365,986
FUND BALANCE, BEGINNING BUDGETARY BASIS	335,646	335,646	612,462	276,816
FUND BALANCE, ENDING BUDGETARY BASIS	$ -	$ -	$ 642,802	$ 642,802

CITY OF THE DALLES, OREGON
WASTEWATER CAPITAL RESERVE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
System development charges	$ 42,620	$ 42,620	$ 79,013	$ 36,393
Interest on investments	7,000	7,000	6,045	(955)
Total revenues	49,620	49,620	85,058	35,438
EXPENDITURES:				
Capital outlay	1,134,791	1,134,791	586,482	548,309
Total expenditures	1,134,791	1,134,791	586,482	548,309
Revenues over (under) expenditures	(1,085,171)	(1,085,171)	(501,424)	583,747
OTHER FINANCING SOURCES (USES):				
Transfers in	402,500	402,500	402,500	-
Transfers out	(660,501)	(660,501)	(6,931)	653,570
Total other financing sources (uses)	(258,001)	(258,001)	395,569	653,570
Net changes in fund balances	(1,343,172)	(1,343,172)	(105,855)	1,237,317
FUND BALANCE, BEGINNING BUDGETARY BASIS	1,343,172	1,343,172	1,723,470	380,298
FUND BALANCE, ENDING BUDGETARY BASIS	$ -	$ -	$ 1,617,615	$ 1,617,615

CITY OF THE DALLES, OREGON
SEWER PLANT CONSTRUCTION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Interest on investments	$ 12,000	$ 12,000	$ 13,523	$ 1,523
Total revenues	12,000	12,000	13,523	1,523
EXPENDITURES:				
Materials and service	400,000	400,000	258,632	141,368
Capital outlay	3,112,884	3,112,884	29,615	3,083,269
Total expenditures	3,512,884	3,512,884	288,247	3,224,637
Revenues over (under) expenditures	(3,500,884)	(3,500,884)	(274,724)	3,226,160
OTHER FINANCING SOURCES (USES):				
Transfers in	1,350,000	1,350,000	1,350,000	-
Transfers out	(553,705)	(553,705)	(553,705)	-
Total other financing sources (uses)	796,295	796,295	796,295	-
Net changes in fund balances	(2,704,589)	(2,704,589)	521,571	3,226,160
FUND BALANCE, BEGINNING BUDGETARY BASIS	2,704,589	2,704,589	2,959,504	254,915
FUND BALANCE, ENDING BUDGETARY BASIS	$ -	$ -	$ 3,481,075	$ 3,481,075

CITY OF THE DALLES, OREGON
SEWER DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Interest on investments	$ -	$ -	$ 913	$ 913
Total revenues	-	-	913	913
EXPENDITURES:				
Debt service:				
Principal	365,000	365,000	365,000	-
Interest	188,705	188,705	188,705	-
Contingency	219,865	219,865	-	219,865
Total expenditures	773,570	773,570	553,705	219,865
Revenues over (under) expenditures	(773,570)	(773,570)	(552,792)	220,778
OTHER FINANCING SOURCES (USES):				
Transfers in	553,705	553,705	553,705	-
Total other financing sources (uses)	553,705	553,705	553,705	-
Net changes in fund balances	(219,865)	(219,865)	913	220,778
FUND BALANCE, BEGINNING BUDGETARY BASIS	219,865	219,865	220,684	819
FUND BALANCE, ENDING BUDGETARY BASIS	$ -	$ -	$ 221,597	$ 221,597

CITY OF THE DALLES, OREGON
ALL AIRPORT FUNDS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2012

	Airport	Airport Debt Service	Total All Airport Funds
REVENUES:			
Charges for services	$ 11,723	$ -	$ 11,723
Intergovernmental	1,233,892	-	1,233,892
Rental income	129,535	78,944	208,479
Interest on investments	1,174	383	1,557
Miscellaneous	6,420	-	6,420
Total revenues	1,382,744	79,327	1,462,071
EXPENDITURES:			
Materials and service	181,910	-	181,910
Capital outlay	1,138,633	-	1,138,633
Debt service:			
Principal	-	46,000	46,000
Interest	-	9,219	9,219
Total expenditures	1,320,543	55,219	1,375,762
Revenues over (under) expenditures	62,201	24,108	86,309
OTHER FINANCING SOURCES (USES):			
Transfers in	65,000	-	65,000
Total other financing sources (uses)	65,000	-	65,000
Net changes in fund balances	127,201	24,108	151,309
FUND BALANCE, BEGINNING BUDGETARY BASIS	188,009	78,496	266,505
FUND BALANCE, ENDING BUDGETARY BASIS	$ 315,210	$ 102,604	$ 417,814

	Revenues	Expenditures
Total revenue and expenditures above	$ 1,462,071	$ 1,375,762
Transfers in/out	77,044	-
Expenditures capitalized	-	(1,138,633)
Debt service principal payments	-	(46,000)
Depreciation and amortization expense	-	249,702
Interest revenue/expense	-	(715)
Total revenues and expenses - generally accepted accounting principles	$ 1,539,115	440,116
Change in net position		$ 1,098,999

CITY OF THE DALLES, OREGON
AIRPORT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Charges for services	$ 6,000	$ 6,000	$ 11,723	$ 5,723
Intergovernmental	5,715,000	5,715,000	1,233,892	(4,481,108)
Rental income	95,000	95,000	129,535	34,535
Interest on investments	1,300	1,300	1,174	(126)
Miscellaneous	6,500	6,500	6,420	(80)
Total revenues	5,823,800	5,823,800	1,382,744	(4,441,056)
EXPENDITURES:				
Materials and service	841,050	241,050	181,910	59,140
Capital outlay	5,290,000	5,890,000	1,138,633	4,751,367
Contingency	2,750	2,750	-	2,750
Total expenditures	6,133,800	6,133,800	1,320,543	4,813,257
Revenues over (under) expenditures	(310,000)	(310,000)	62,201	372,201
OTHER FINANCING SOURCES (USES):				
Transfers in	65,000	65,000	65,000	-
Total other financing sources (uses)	65,000	65,000	65,000	-
Net changes in fund balances	(245,000)	(245,000)	127,201	372,201
FUND BALANCE, BEGINNING BUDGETARY BASIS	245,000	245,000	188,009	(56,991)
FUND BALANCE, ENDING BUDGETARY BASIS	$ -	$ -	$ 315,210	$ 315,210

CITY OF THE DALLES, OREGON
AIRPORT DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Rental income	$ 60,000	$ 60,000	$ 78,944	$ 18,944
Interest on investments	200	200	383	183
Total revenues	60,200	60,200	79,327	19,127
EXPENDITURES:				
Debt service:				
Principal	46,000	46,000	46,000	-
Interest	9,219	9,219	9,219	-
Total expenditures	55,219	55,219	55,219	-
Net changes in fund balances	4,981	4,981	24,108	19,127
FUND BALANCE, BEGINNING BUDGETARY BASIS	73,859	73,859	78,496	4,637
FUND BALANCE, ENDING BUDGETARY BASIS	$ 78,840	$ 78,840	$ 102,604	$ 23,764

STATISTICAL SECTION

CITY OF THE DALLES, OREGON
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:										
Invested in capital assets, net of related debt	$ 19,672,490	$ 12,688,001	$ 17,096,182	$ 11,762,990	$ 8,487,617	$ 10,562,441	$ 10,062,961	$ 9,463,165	$ 8,813,333	$ 7,082,880
Restricted	6,337,147	7,765,650	3,060,447	1,709,715	5,470,694	2,433,798	1,985,594	2,064,789	2,805,731	2,478,538
Unrestricted	3,975,176	4,297,055	4,401,964	4,314,633	3,772,300	3,001,516	3,140,189	3,156,416	2,724,852	2,889,934
Total governmental activities net position	$ 29,984,813	$ 24,750,706	$ 24,558,593	$ 17,787,338	$ 17,730,611	$ 15,997,755	$ 15,188,744	$ 14,684,370	$ 14,343,916	$ 12,451,352
Business-Type Activities:										
Invested in capital assets, net of related debt	$ 19,854,285	$ 18,412,767	$ 16,246,937	$ 16,319,490	$ 12,686,680	$ 15,678,476	$ 15,238,035	$ 10,492,831	$ 13,783,100	$ 13,148,317
Restricted	6,867,232	6,534,483	6,500,649	6,450,920	6,646,601	3,014,966	2,759,840	6,848,340	2,640,941	10,549,281
Unrestricted	1,179,693	862,477	1,284,163	1,089,738	942,405	616,007	848,910	904,094	1,286,774	(6,162,685)
Total business-type activities net position	$ 27,901,210	$ 25,809,727	$ 24,031,749	$ 23,860,148	$ 20,275,686	$ 19,309,449	$ 18,846,785	$ 18,245,265	$ 17,710,815	$ 17,534,913
Primary Government:										
Invested in capital assets, net of related debt	$ 39,526,775	$ 31,100,768	$ 33,343,119	$ 28,082,480	$ 21,174,297	$ 26,240,917	$ 25,300,996	$ 19,955,996	$ 22,596,433	$ 20,231,197
Restricted	13,204,379	14,300,133	9,561,096	8,160,635	12,117,295	5,448,764	4,745,434	8,913,129	5,446,672	13,027,819
Unrestricted	5,154,869	5,159,532	5,686,127	5,404,371	4,714,705	3,617,523	3,989,099	4,060,510	4,011,626	(3,272,751)
Total primary government net position	$ 57,886,023	$ 50,560,433	$ 48,590,342	$ 41,647,486	$ 38,006,297	$ 35,307,204	$ 34,035,529	$ 32,929,635	$ 32,054,731	$ 29,986,265

Source: Current and prior year's financial statements

CITY OF THE DALLES, OREGON
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Program Revenues										
Governmental activities:										
Charges for services, fees and fines										
General government	$ 853,937	$ 303,748	$ 463,177	$ 383,838	$ 405,366	$ 464,980	$ 468,999	$ 432,237	$ 328,627	$ 295,443
Public safety	224,448	255,320	306,615	283,213	381,661	358,683	253,504	415,666	379,210	313,767
Highways and streets	20,880	19,217	30,649	16,262	76,652	35,102	34,318	29,927	1,043	2,795
Culture and recreation	11,294	15,746	11,208	9,775	8,256	6,081	7,244	7,996	7,024	7,256
Operating grants and contributions	1,790,012	1,635,994	2,823,915	2,334,733	2,162,581	1,370,812	1,263,749	1,195,104	207,202	241,523
Capital grants and contributions	5,816,031	1,780,738	4,814,797	2,550,663	1,032,300	503,768	793,421	743,701	2,305,553	2,884,058
Total governmental activities program revenues	8,716,602	4,010,763	8,450,361	5,578,484	4,066,816	2,739,426	2,821,235	2,824,631	3,228,659	3,744,842
Business-type activities:										
Charges for services:										
Water	4,404,696	3,655,158	3,408,136	3,153,707	2,912,204	2,635,824	2,243,421	2,144,103	2,217,640	2,117,579
Wastewater	5,024,672	4,828,073	4,517,642	4,149,530	4,042,032	3,618,498	3,195,226	2,755,902	2,403,918	2,026,236
Airport	226,622	191,157	162,163	177,701	134,232	130,694	122,021	103,815	162,004	111,692
Operating grants	263,347	142,954	96,382	78,262	77,698	15,430	17,999	6,188	-	-
Capital grants	1,193,231	383,053	558,895	480,349	303,723	88,980	265,256	566,350	64,897	4,111
Total business-type activities program revenues	11,112,568	9,200,395	8,743,218	8,039,549	7,469,889	6,489,426	5,843,923	5,576,358	4,848,459	4,259,618
Total primary government program revenues	19,829,170	13,211,158	17,193,579	13,618,033	11,536,705	9,228,852	8,665,158	8,400,989	8,077,118	8,004,460
Expenses										
Governmental activities:										
General government	3,225,677	3,631,219	2,957,295	4,125,878	3,110,350	2,533,876	2,385,912	2,823,951	2,496,078	2,041,699
Public safety and justice	3,304,009	3,088,742	2,715,894	2,614,704	2,383,926	2,171,312	2,021,934	1,902,747	1,901,095	1,788,115
Highways and streets	1,405,744	1,034,392	1,296,096	1,160,309	1,360,741	1,264,372	1,357,785	1,129,313	1,645,515	1,939,110
Culture and recreation	1,517,951	1,814,647	1,448,982	1,230,708	1,079,123	764,592	836,038	730,140	655,938	677,054
Interest on long term obligations	578,874	595,104	443,576	294,504	208,259	181,684	199,136	213,268	224,780	288,808
Total governmental activities expenses	10,032,255	10,164,104	8,861,843	9,426,103	8,142,399	6,915,836	6,800,805	6,799,419	6,923,406	6,734,786
Business-type activities:										
Water	4,092,914	2,656,862	3,148,144	2,824,800	2,943,966	2,522,187	2,365,038	2,213,779	1,947,973	2,168,081
Wastewater	3,221,576	3,110,890	2,826,635	2,395,488	2,595,685	2,520,011	2,093,646	2,044,034	2,094,490	1,928,128
Airport	440,116	438,097	443,613	455,624	525,739	440,756	320,789	342,058	383,133	344,383
Total business-type activities expenses	7,754,606	6,205,849	6,418,392	5,675,912	6,065,390	5,482,954	4,779,473	4,599,871	4,425,596	4,440,592
Total primary government expenses	17,786,861	16,369,953	15,280,235	15,102,015	14,207,789	12,398,790	11,580,278	11,399,290	11,349,002	11,175,378
Net Expense										
Governmental activities	(1,315,653)	(6,153,341)	(411,482)	(3,847,619)	(4,075,583)	(4,176,410)	(3,979,570)	(3,974,788)	(3,694,747)	(2,989,944)
Business-type activities	3,357,962	2,994,546	2,324,826	2,363,637	1,404,499	1,006,472	1,064,450	976,487	422,863	(180,974)
Total primary government net expense	$ 2,042,309	$ (3,158,795)	$ 1,913,344	$ (1,483,982)	$ (2,671,084)	$ (3,169,938)	$ (2,915,120)	$ (2,998,301)	$ (3,271,884)	$ (3,170,918)

(continued)

Source: Current and prior years' financial statements

CITY OF THE DALLES, OREGON
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

(continued)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Position										
General revenues:										
Property taxes levied for:										
General purposes	$ 2,578,241	$ 2,334,460	$ 2,287,915	$ 2,160,553	$ 2,032,760	$ 1,849,162	$ 1,706,294	$ 2,143,861	$ 2,056,701	$ 1,879,957
Urban renewal purposes	1,218,544	1,239,842	1,261,296	1,217,187	1,122,402	1,003,718	896,529	462,729	480,283	511,729
Franchise and public service taxes	1,414,374	1,412,950	1,250,428	1,334,013	1,249,637	1,132,588	1,081,091	963,617	955,082	869,608
Interest and investment earnings	41,322	109,002	102,530	142,654	259,086	200,116	152,808	82,814	77,849	99,901
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	1,150,724	1,094,248
Miscellaneous	-	-	15,454	134,003	42,851	21,733	5,313	10,271	40,075	75,865
Gain (loss) on sale of property	-	-	-	(16,712)	179,457	-	(491)	12,772	2,238	3,190
Transfers	1,297,279	1,249,200	945,279	(1,067,352)	922,246	778,104	642,400	639,178	535,216	589,285
Total governmental activities	6,549,760	6,345,454	5,862,902	3,904,346	5,808,439	4,985,421	4,483,944	4,315,242	5,298,168	5,123,783
Business-type activities:										
Interest and investment earnings	30,800	32,632	51,574	153,474	483,983	234,296	179,470	197,141	134,100	91,540
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	150,281	-
Miscellaneous	-	-	-	-	-	-	-	-	10,672	31,495
Gain (loss)on sale of property	-	-	-	-	-	-	-	-	-	15,000
Transfers	(1,297,279)	(1,249,200)	(945,279)	1,067,352	(922,246)	(778,104)	(642,400)	(639,178)	(535,216)	(589,285)
Total business-type activities	(1,266,479)	(1,216,568)	(893,705)	1,220,826	(438,263)	(543,808)	(462,930)	(442,037)	(240,163)	(451,250)
Total primary government	5,283,281	5,128,886	4,969,197	5,125,172	5,370,176	4,441,613	4,021,014	3,873,205	5,058,005	4,672,533
Change in Net Position										
Governmental activities	5,234,107	192,113	5,451,420	56,727	1,732,856	809,011	504,374	340,454	1,603,421	2,133,839
Prior Period Adjustments	-	-	1,319,835	-	-	-	-	-	-	-
Governmental Activities, as adjusted	5,234,107	192,113	6,771,255	56,727	1,732,856	809,011	504,374	340,454	1,603,421	2,133,839
Business-type activities	2,091,483	1,777,978	1,431,121	3,584,463	966,236	462,664	601,520	534,450	182,700	(632,224)
Prior Period Adjustments	-	-	(1,259,520)	-	-	-	-	-	-	-
Business-type Activities, as adjusted	2,091,483	1,777,978	171,601	3,584,463	966,236	462,664	601,520	534,450	182,700	(632,224)
Total primary government change in net position	7,325,590	1,970,091	6,942,856	3,641,190	2,699,092	1,271,675	1,105,894	874,904	1,786,121	1,501,615
Net Position Beginning										
Governmental activities	24,750,706	24,558,593	17,787,338	17,730,611	15,997,755	15,188,744	14,684,370	14,343,916	12,740,495	10,317,413
Business-type activities	25,809,727	24,031,749	23,860,148	20,275,685	19,309,449	18,846,785	18,245,265	17,710,815	17,528,115	18,167,137
Total primary government net position-beginning	50,560,433	48,590,342	41,647,486	38,006,296	35,307,204	34,035,529	32,929,635	32,054,731	30,268,610	28,484,550
Net Position Ending										
Governmental activities	29,984,813	24,750,706	24,558,593	17,787,338	17,730,611	15,997,755	15,188,744	14,684,370	14,343,916	12,451,252
Business-type activities	27,901,210	25,809,727	24,031,749	23,860,148	20,275,685	19,309,449	18,846,785	18,245,265	17,710,815	17,534,913
Total Primary Government Net Position	$ 57,886,023	$ 50,560,433	$ 48,590,342	$ 41,647,486	$ 38,006,296	$ 35,307,204	$ 34,035,529	$ 32,929,635	$ 32,054,731	$ 29,986,165

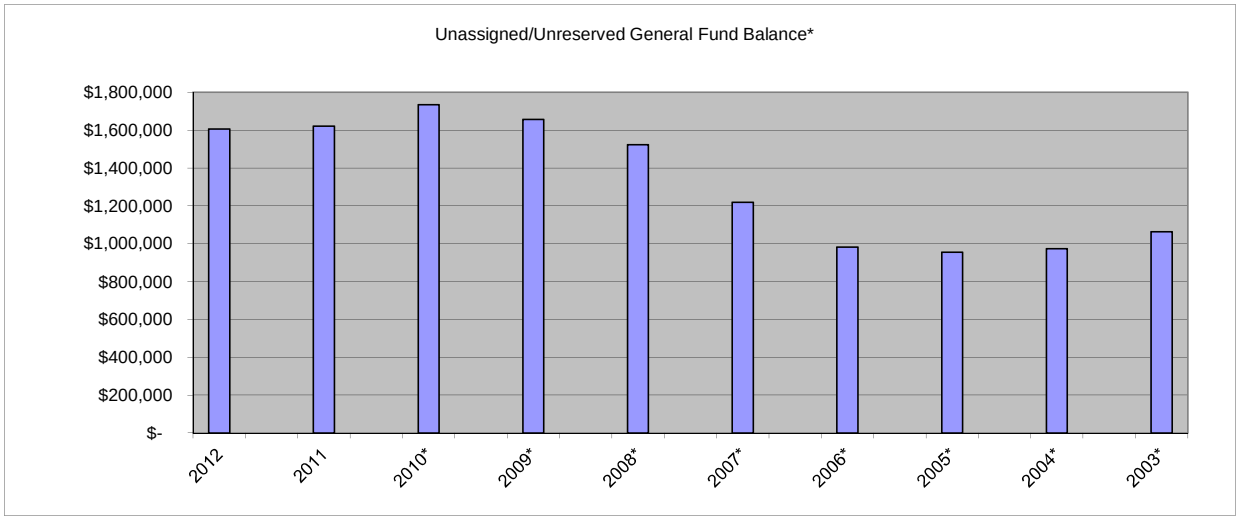
* 2004 net position-beginning are net of prior period adjustments of $289,243 governmental and $(6,798) business-type activities.

Source: Current and prior years' financial statements

CITY OF THE DALLES, OREGON
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2011	2010*	2009*	2008*	2007*
General Fund						
Unreserved	$ -	$ -	$ 1,735,195	$ 1,657,050	$ 1,522,373	$ 1,218,851
Nonspendable:						
Prepaids	116,297	115,143	-	-	-	-
Committed:						
Committed by ordinance or resolution	545,656	618,743	-	-	-	-
Unassigned	1,606,569	1,621,482	-	-	-	-
Total general fund	2,268,522	2,355,368	1,735,195	1,657,050	1,522,373	1,218,851
All Other Governmental Funds						
Reserved:						
Inventories	-	-	210,933	135,071	57,535	57,187
Debt Service	-	-	1,141,490	464,524	597,998	594,747
System Development	-	-	8,103,852			
Unreserved reported in:						
Major funds	-	-	640,793	1,554,656	5,190,932	2,125,573
Special Revenue Funds	-	-	84,268	628,787	832,793	283,646
Capital Projects funds	-	-	772,281	700,768	-	86,027
Nonspendable:						
Inventory	136,002	137,768	-	-	-	-
Restricted:						
Grant / contributor specific intent	3,723,971	5,730,710	-	-	-	-
State statute	993,088	566,535	-	-	-	-
Intergovernmental agreement	1,620,088	1,468,405	-	-	-	-
Committed:						
Major capital facilities and associated debt	496,322	428,769	-	-	-	-
Local improvements and associated debt	677,218	730,557	-	-	-	-
Agreements with state agencies	36	1,168	-	-	-	-
Total all other governmental funds	7,646,725	9,063,912	10,953,617	3,483,806	6,679,258	3,147,180
Total governmental funds	$ 9,915,247	$ 11,419,280	$ 12,688,812	$ 5,140,856	$ 8,201,631	$ 4,366,031

*In 2011 the City implemented GASB 54, which changed the fund balance categories. The City did not restate amount in prior years.



Source: Current and prior years' financial statements

CITY OF THE DALLES, OREGON
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

2006*	2005*	2004*	2003*
$ 982,436	954,584	974,048	1,063,809
-	-	-	-
-	-	-	-
-	-	-	-
982,436	954,584	974,048	1,063,809
44,174	66,157	58,056	99,851
587,605	571,348	568,370	570,467
1,915,131	1,875,583	1,736,795	1,911,200
347,968	384,710	430,272	384,080
101,698	19,427	563,275	547,836
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,996,576	2,917,225	3,356,768	3,513,434
$ 3,979,012	3,871,809	4,330,816	4,577,243

Source: Current and prior years' financial statements

CITY OF THE DALLES, OREGON
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2011	2010	2009
Revenues				
Taxes	$ 4,888,001	$ 4,674,232	$ 4,586,114	$ 4,391,942
Inter-governmental	7,577,757	3,416,732	10,350,588	4,129,300
Rents and interest	398,415	477,926	485,217	459,573
Franchise Fees	308,704	345,733	313,191	357,640
Fines and forfeitures	235,699	269,448	268,603	293,498
Charges for services	28,774	42,078	28,070	33,295
System Development Charges	168,629	39,010	99,119	281,081
Special assessments	51,641	143,689	61,544	10,323
Other Revenues	264,486	88,956	820,386	212,881
Total revenues	13,922,106	9,497,804	17,012,832	10,169,533
Expenditures				
Current:				
General Government	2,861,157	2,996,122	2,884,919	2,874,613
Public safety	3,206,256	2,995,877	2,565,847	2,470,968
Highways and streets	1,343,365	979,615	1,079,593	1,018,038
Culture and recreation	1,009,676	1,300,663	1,263,268	1,180,839
Capital outlay	7,077,246	2,518,236	12,522,325	5,870,508
Debt service:				
Principal	595,874	678,222	641,848	668,709
Interest	629,844	648,299	446,355	318,840
Total expenditures	16,723,418	12,117,034	21,404,155	14,402,515
Revenues over (under) expenditures	(2,801,312)	(2,619,230)	(4,391,323)	(4,232,982)
Other Financing Sources (Uses)				
Proceeds from bonds	-	-	13,147,632	-
Bond premium	-	-	-	-
Proceeds of refunding bonds	-	-	-	-
Proceeds of financing agreement	-	-	-	-
Payments to refund bonds	-	-	-	-
Repayment of financing agreement	-	-	(2,400,000)	-
Sale of fixed capital assets	-	-	15,454	11,000
Transfers in	2,703,091	2,627,706	1,571,988	1,548,689
Transfers out	(1,405,812)	(1,278,008)	(456,112)	(387,482)
Total other financing sources (uses)	1,297,279	1,349,698	11,878,962	1,172,207
Net change in fund balances	$ (1,504,033)	$ (1,269,532)	$ 7,487,639	$ (3,060,775)
Debt service as a percentage of noncapital expenditures	14.4%	15.3%	6.3%	9.5%

Source: Current and prior years' financial statements

CITY OF THE DALLES, OREGON
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

2008	2007	2006	2005	2004	2003
$ 4,120,722	$ 3,883,042	$ 3,480,345	$ 3,210,462	$ 3,204,061	$ 2,994,287
3,142,656	1,799,046	1,890,303	1,808,354	3,600,045	5,165,349
546,745	546,403	512,524	380,304	377,487	398,435
341,373	320,293	315,756	357,888	287,277	293,154
343,146	293,095	262,586	301,926	243,023	235,838
100,555	51,806	186,576	130,896	73,099	66,858
-	-	-	-	-	-
28,777	71,560	129,261	34,443	34,562	53,655
89,367	60,832	75,785	58,225	58,433	57,799
8,713,341	7,026,077	6,853,136	6,282,498	7,877,987	9,265,375
2,802,945	2384742	2,096,835	2,393,538	2,386,803	1,915,628
2,286,508	2,086,746	1,937,095	1,835,348	1,847,535	1,734,055
1,046,162	967,521	987,453	855,464	955,540	859,660
1,045,711	749,698	815,881	708,990	640,457	642,046
1,588,061	528,504	882,084	964,615	2,155,293	5,343,336
530,856	499,076	472,364	460,719	444,138	400,476
163,381	181,208	197,970	212,898	226,011	289,850
9,463,624	7,397,495	7,389,682	7,431,572	8,655,777	11,185,051
(750,283)	(371,418)	(536,546)	(1,149,074)	(777,790)	(1,919,676)
3,330,000	-	-	-	-	-
51,971					
-	-	-	-	-	-
-	-	-	38,117	-	5,238,646
-	-	-	-	-	-
-	-	-	-	-	(3,090,000)
240,046	-	1,350	12,772	-	-
1,490,131	1,391,124	1,205,561	1,127,518	1,026,676	1,178,603
(551,885)	(632,687)	(563,131)	(488,340)	(502,201)	(606,590)
4,560,263	758,437	643,780	690,067	524,475	2,720,659
$ 3,809,980	$ 387,019	$ 107,234	$ (459,007)	$ (253,315)	$ 800,983
9.2%	10.9%	11.0%	11.6%	11.5%	13.4%

Source: Current and prior years' financial statements

CITY OF THE DALLES, OREGON
Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities										
General government	$ 6,669,968	$ 2,084,486	$ 1,423,341	$ 1,490,608	$ 1,249,537	$ 1,284,971	$ 946,261	$ 1,145,119	$ 358,850	$ 340,631
Public safety	224,448	255,320	329,265	307,956	402,120	380,562	279,624	521,613	389,881	326,343
Highways and streets	816,335	690,006	5,757,377	2,583,451	1,621,414	1,045,676	1,406,445	935,106	2,284,981	2,865,238
Culture and recreation	1,005,851	980,951	940,378	1,196,469	793,745	28,217	188,905	222,793	194,947	212,630
Total governmental activities	8,716,602	4,010,763	8,450,361	5,578,484	4,066,816	2,739,426	2,821,235	2,824,631	3,228,659	3,744,842
Business-type activities										
Water	4,615,212	3,736,008	3,449,258	3,277,782	2,918,855	2,638,539	2,252,576	2,147,197	2,282,537	2,117,579
Waste water	5,036,842	5,154,562	4,817,291	4,511,937	4,048,683	3,631,213	3,204,070	2,758,996	2,403,918	2,026,236
Airport	1,460,514	309,825	476,669	249,830	502,183	219,674	387,277	670,165	162,004	115,803
Total business-type activities	11,112,568	9,200,395	8,743,218	8,039,549	7,469,721	6,489,426	5,843,923	5,576,358	4,848,459	4,259,618
Total Primary government	$ 19,829,170	$ 13,211,158	$ 17,193,579	$ 13,618,033	$ 11,536,537	$ 9,228,852	$ 8,665,158	$ 8,400,989	$ 8,077,118	$ 8,004,460

Source: Current and prior years' financial statements

CITY OF THE DALLES, OREGON
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Year	Property Taxes	Transient Room Taxes	City Gasoline Taxes
2003	2,640,204	354,083	301,238
2004	2,492,541	427,692	283,828
2005	2,532,266	388,031	290,165
2006	2,655,640	506,037	318,668
2007	3,016,064	560,854	306,124
2008	3,122,823	633,609	364,290
2009	3,328,967	688,367	374,608
2010	3,524,712	652,591	405,097
2011	3,454,107	545,281	396,102
2012	3,594,046	545,711	434,025

Source: Current and prior years' financial statements

CITY OF THE DALLES, OREGON
Assessed Valuation and Actual Values of Taxable Property *
Last Ten Fiscal Years

Year	Real Property Assessed Value	Personal Property Assessed Value	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Real Market Value
2003	*	*	587,055,873	3.0155	681,805,787
2004	*	*	608,490,694	3.0155	703,928,628
2005	*	*	624,534,189	3.0155	749,478,665
2006	*	*	654,996,245	3.0155	999,867,545
2007	*	*	692,289,954	3.0155	1,278,646,377
2008	*	*	761,887,014	3.0155	1,644,318,481
2009	*	*	813,469,878	3.0155	1,721,569,341
2010	*	*	858,051,833	3.0155	1,751,436,903
2011	*	*	897,333,222	3.0155	1,381,912,299
2012	916,125,162	41,402,894	957,528,056	3.0155	1,488,289,123

Prior to the passage of Measure 50 in 1997, assessed value equaled real market value.
Under Measure 50, assessed value is used for computation of taxes.

* 2012 was the first year that the Real Property and Personal Property information was shown in this table. Prior year information was not available from the County Assessor.

Source: Wasco County Department of Assessment and Taxation

CITY OF THE DALLES, OREGON
Property Tax Rates - Direct And Overlapping Governments
(Per $1,000 of Assessed Valuation)
Last Ten Fiscal Years

		Overlapping Rates											
Year	**City of The Dalles**	**Wasco County**	**Wasco County VA Bonds**	**Port of The Dalles**	**Mid-Columbia Fire and Rescue**	**Northern Wasco County Parks and Recreation District**	**Wasco County Library District**	**School District No. 12**	**School District No. 9**	**School District No. 21**	**Columbia Gorge Educational Service District**	**Columbia Gorge Community College**	**Norcor**
2003	3.0155	4.2523	0.2600	0.2007	2.1004	0.6799		7.6100	6.1700		0.4678	0.7600	0.4000
2004	3.0155	4.2523	0.3200	0.2007	2.1004	0.6799		7.6400	6.1200	(1)	0.4678	0.7800	0.4200
2005	3.0155	4.2523	0.3100	0.2007	2.1004	0.6799		2.0700	1.0600	5.2399	0.4678	0.7700	0.3200
2006	3.0155	4.2523	0.2399	0.2007	2.4171	0.6799		2.0694	1.0965	5.2399	0.4678	0.7222	0.3374
2007	3.0155	4.2521	0.3282	0.2007	2.3918	0.6799	(2)	2.0061	1.1309	5.2399	0.4678	0.7346	0.3285
2008	3.0155	4.2523	0.2725	0.2007	2.3897	0.6799	0.6800	1.8761	0.8094	5.2399	0.4678	0.6725	0.3008
2009	3.0155	4.2523	0.2417	0.2007	2.3877	0.6799	0.6800	1.7454	(1)	5.2399	0.4678	0.6839	0.3123
2010	3.0155	4.2523	0.2750	0.2007	2.2790	0.6799	0.6800	1.7834	0	5.2399	0.4678	0.6962	0.2772
2011	3.0155	4.2523	0.2717	0.2007	2.2436	0.6799	0.6800	1.8357	0	5.2399	0.4678	0.6893	0.2780
2012	3.0155	4.2523	0.2559	0.2007	2.2533	0.6799	0.6800	1.8238	0.0000	5.2399	0.4678	0.6854	0.2750

(1) School Districts 9 and 12 merged into District 21 for the 2004-05 year. Each District retained their respective bond levies.

(2) Wasco County Library District approved by voters. Began levying taxes 2007.

Source: Wasco County Department of Assessment and Taxation

CITY OF THE DALLES, OREGON
Property Tax Levies and Collections
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	2,475,658	2,231,726	90.15%	166,997	2,398,723	96.89%
2004	2,624,004	2,386,451	90.95%	168,868	2,555,319	97.38%
2005	2,654,643	2,415,879	91.01%	103,385	2,519,264	94.90%
2006	2,755,383	2,539,836	92.18%	139,242	2,679,078	97.23%
2007	2,939,125	2,767,621	94.16%	96,069	2,863,690	97.43%
2008	3,231,903	3,021,923	93.50%	118,299	3,140,222	97.16%
2009	3,464,010	3,221,917	93.01%	125,991	3,347,908	96.65%
2010	3,634,485	3,392,982	93.36%	101,609	3,494,592	96.15%
2011	3,734,344	3,472,350	92.98%	76,266	3,548,616	95.03%
2012	3,872,365	3,612,471	93.29%	-	3,612,471	93.29%

Source: Current and prior years' financial statements
Wasco County Finance Office

CITY OF THE DALLES, OREGON
Principal Taxpayers
December 31, 2011 and December 31, 2002

	December 31, 2011		
Taxpayer	**Real Property Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**
Northern Wasco County PUD	$ 12,805,800	1	1.34%
Oregon Cherry Growers, Inc.	11,669,171	2	1.22%
Metropolitan Life Insurance Co	11,336,105	3	1.18%
Home Depot USA, Inc.	10,823,036	4	1.13%
CenturyLink	8,088,100	5	0.84%
Union Pacific Railroad Co.	7,160,423	6	0.75%
Safeway, Inc.	6,828,366	7	0.71%
SHNW Properties, LLC	6,665,414	8	0.70%
Wasco Assisted Living, LLC	6,436,089	9	0.67%
Cascade Square, LLC	6,339,485	10	0.66%
	$ 88,151,989		9.21%
Total Assessed Valuation	$ 957,528,056		

	December 31, 2002		
Taxpayer	**Real Property Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**
Sprint, Inc	$ 13,457,993	1	2.54%
Northern Wasco County PUD	9,825,104	2	1.86%
Oregon Cherry Growers, Inc.	6,390,854	3	1.21%
Kerr McGee Chemical, Inc.	8,327,300	4	1.57%
Union Pacific Railroad Company	5,079,974	5	0.96%
GFI The Dalles Investment, LTD	5,616,805	6	1.06%
Cascade Fruit Co.	4,913,866	7	0.93%
Portland Fixture Ltd.	4,551,075	8	0.86%
Gershman Properties LLC	4,288,690	9	0.81%
Shilo Inn	4,291,922	10	0.81%
	$ 66,743,583		12.61%
Total Assessed Valuation	$ 529,420,088		

Source: Wasco County Department of Assessment and Taxation

CITY OF THE DALLES, OREGON
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years

	Governmental Activities						Business-type Activities							
Fiscal Year	**General Obligation Bonds**	**Limited Tax Increment Bonds**	**Revenue Bonds**	**FFCO Bonds**	**Capital Lease**	**Loans Payable**	**Revenue Bonds**	**FFCO Bonds**	**Loan Payable**	**Forgivable Loan ARRA ****	**Total Primary Government**	**Percentage of Personal Income ***	**Per Capita**	**Percentage of Actual Taxable Value of Property**
2002	-	3,090,000	850,000	-	17,858	-	-	-	180,000		4,137,858	N/A	338	0.73%
2003	-	4,315,000	745,000	-	-	652,382	7,845,000	-	-		13,557,382	N/A	1,107	2.31%
2004	-	4,020,000	635,000	-	-	613,244	7,598,000	-	-		12,866,244	N/A	1,042	2.11%
2005	-	3,715,000	520,000	-	-	609,932	7,261,000	-	-		12,105,932	N/A	983	1.94%
2006	-	3,405,000	400,000	-	-	558,789	6,917,000	-	-		11,280,789	N/A	910	1.72%
2007	-	3,080,000	270,000	-	-	505,425	14,496,000	-	-		18,351,425	N/A	1,407	2.65%
2008	-	2,745,000	135,000	3,330,000	-	449,741	14,133,000	-	114,000		20,906,741	N/A	1,594	2.74%
2009	-	2,400,000	-	3,200,000	-	392,520	13,763,000	-	228,000		19,983,520	N/A	1,517	2.46%
2010	-	-	-	13,153,960	117,815	342,884	13,381,000	1,691,040	214,245	1,691,040	30,591,984	N/A	2,286	3.57%
2011	-	-	-	12,627,878	96,111	291,241	12,757,000	1,602,122	202,665	1,602,122	29,179,139	N/A	2,021	3.25%
2012	-	-	-	12,085,732	73,515	237,513	12,111,000	1,509,268	3,675,670	2,988,773	32,681,471	N/A	2,263	3.41%

* N/A Information is not available below County level.

** Proceeds for the ARRA Forgivable Loan have been accrued on a reimbursement basis.

Source: Current and prior years' financial Statements, Department of Commerce- Bureau of Economic Analysis, Center for Population Research and Census at Portland State University.

CITY OF THE DALLES, OREGON
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Total Taxable Assessed Value	Percentage of Actual Taxable Value of Property	Per Capita
2003	-	587,055,873	0.00%	-
2004	-	608,490,694	0.00%	-
2005	-	624,534,189	0.00%	-
2006	-	654,996,245	0.00%	-
2007	-	692,289,954	0.00%	-
2008	-	761,887,014	0.00%	-
2009	-	813,469,878	0.00%	-
2010	-	858,051,833	0.00%	-
2011	-	897,333,222	0.00%	-
2012	-	957,528,056	0.00%	

Source: Current and prior years' financial statements, Wasco County Department of Assessment and Taxation, Center for Population Research and Census at Portland State University

CITY OF THE DALLES, OREGON
Direct and Overlapping Governmental Activities Debt
June 30, 2012

Governmental Unit	Gross Property-tax Backed Debt	Percentage Applicable to City of The Dalles	Amount Applicable to City of The Dalles
Debt Repaid with Property Taxes			
Columbia Gorge Comm. Coll (Treaty-Oak AED)	$ 19,610,620	20.9760%	$ 4,113,524
Mid-Columbia Fire and Rescue	1,190,000	74.8447%	890,652
Northern OR Regional Corrections	5,860,000	0.0000%	-
Wasco County	792,940	26.9081%	213,365
Wasco CTY SD 12 (The Dalles) Bonds	23,343,027	85.5060%	19,959,688
Wasco CTY SD 21 (The Dalles/Watonka)	4,115,000	67.6539%	2,783,958
Wasco CTY SD 29	2,770,000	0.9787%	27,110
Subtotal, overlapping debt			27,988,297
City Direct Debt			13,595,000
Total Direct and Overlapping Debt			$ 41,583,297

NOTE:

a) "Gross Property-tax Backed Debt" includes all General Obligation (GO) bonds and Full Faith & Credit Bonds, but excludes self-supporting Bancroft bonds and self-supporting revenue bonds.

b) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlap is determined by how much of the real market value is shared by each entity with the City of The Dalles. This information is provided by the Oregon Department of Revenue and used by the Oregon State Treasury Department to develop the Overlapping Debt Reports for the City.

Source: State of Oregon - Office of the Treasurer, Debt Management Information System, Debt and COPS Obligation Summary - report available online at http://www.ost.state.or.us/divisions/DMD/Report/emailform.asp

CITY OF THE DALLES, OREGON
Pledged Revenue Coverage
Last Nine Fiscal Years
(accrual basis of accounting)

Wastewater Revenue Bonds

Fiscal Year	Gross Revenues (1)	Costs of Maintenance & Operation (2)	Net Revenue Available for Debt Service	Annual Debt Service (3)			Coverage Ratio	Monthly Sewer Rates (4)	
				Principal	Interest	Total		In City	Out of City
2004	$ 2,380,171	$ 1,748,633	$ 631,538	$ 215,000	$ 233,787	$ 448,787	1.41	$ 22.05	$ 37.45
2005	2,740,572	1,893,835	846,737	305,000	250,740	555,740	1.52	24.95	42.40
2006	3,111,896	2,006,485	1,105,411	310,000	244,640	554,640	1.99	27.20	46.25
2007	3,547,245	2,243,533	1,303,712	315,000	238,440	553,440	2.36	29.65	50.40
2008	3,894,968	2,339,068	1,555,901	325,000	230,565	555,565	2.80	32.30	54.95
2009	4,404,352	2,255,673	2,148,679	330,000	222,440	552,440	3.89	35.20	59.85
2010	4,749,653	2,507,936	2,241,717	340,000	212,540	552,540	4.06	38.40	65.25
2011	5,057,186	2,789,443	2,267,742	350,000	201,830	551,830	4.11	41.85	71.15
2012	4,936,360	2,789,136	2,147,224	365,000	188,705	553,705	3.88	41.85	71.15

Notes:

(1) Under Resolution No. 03-013, authorizing the issuance and sale of wastewater revenue bonds, series 2003, to reconstruct the City's wastewater system, "Gross Revenues shall mean all fees charges, earnings, revenues and moneys received by the City from or on account of the operation of the Wastewater System, including system development charges and the income from investments of money in the Debt Service Account and the Reserve Subaccount or from any other investment thereof, but excluding assessment payments and collections on behalf of other governments pursuant to intergovernmental agreements. Gross Revenues also shall include any state or public corporation reimbursements of operating expenses to the extent such expenses are included as Costs of Maintenance and Operation of the Wastewater System and withdrawals from the Rate Stabilization Account within ninety days after the end of the City's fiscal year as provided in Section 14 hereof." However, for the purposes of the calculations above, system development charges and any transfers from the Rate Stabilization account have been excluded, per Section 15: Bond Covenants B.(2).

(2) Under Resolution No. 03-013, "Costs of Maintenance and Operation shall mean all expenses incurred for the operation, maintenance and repair of the Wastewater System, including but not limited to administrative expenses, financial and auditing expenses, insurance premiums (to the extent monies are not available from proceeds of insurance), taxes, franchise fees, legal and engineering expenses relating to operation and maintenance, payments and reserves for pension, retirement, health, hospitalization, and sick leave benefits, and any other similar expenses to be paid to the extent properly and directly attributable to operations of the Wastewater System. Costs of Maintenance and Operation do not include any rebates or penalties from Gross Revenues under Section 148 of the Code, payments for the settlement of litigation and payments to any liability reserve fund, depreciation and amortization of property, values or losses, and all amounts treated for accounting purposes as payments for capital expenditures, debt service payments (including amounts treated for accounting purposes as debt service payments), or capital transfers and capital outlays including without limitation transfers to capital construction accounts."

(3) Annual debt service on revenue bonds issued pursuant to Resolution No. 03-013.

(4) Resolution No. 02-029, set Sewer Rates with annual increases through FY12/13. Sewer Rates are based on 'one residential dwelling' unit and whether the account is within or outside the City Limits. Commercial rates are based on one 'unit' per listed criteria, such as number of employees, seating capacity, etc.

CITY OF THE DALLES, OREGON
Pledged-Revenue Coverage
Last Five
Fiscal Years
(accrual basis of accounting)

Water Revenue Bonds

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Annual Debt Service: Principal	Annual Debt Service: Interest	Annual Debt Service: Total	Coverage Ratio	Monthly Metered Rate per 1,000 gallons (over 10,000)	Monthly Flat Rate (up to 10,000 gallons)
2008	$ 3,535,240	$2,647,904	$ 887,336	$ -	$ 427,896	$ 427,896	2.074	$ 0.73	$ 30.25
2009	$ 3,641,736	$2,699,200	942,536	$ -	335,605	335,605	2.808	$ 0.80	$ 33.28
2010	$ 3,831,124	$2,839,648	991,476	$ -	335,605	335,605	2.954	$ 0.96	$ 40.26
2011	$ 4,157,198	$3,093,516	1,063,682	$ 230,000	335,605	565,605	1.881	$ 1.01	$ 42.67
2012	$ 4,991,317	$3,095,876	1,895,441	$ 235,000	326,405	561,405	3.376	$ 1.31	$ 43.52

Notes:

(1) Under Resolution No. 07-006, establishing provisions relating to the issuance of water revenue bonds and authorizing the issuance and sale of water revenue bonds, series 2007, to construct water reservoirs and improve the City's water system, "Gross Revenues shall mean all fees charges, earnings, revenues and moneys received by the City from or on account of the operation of the Water System, including system development charges and the income from investments of money in the Debt Service Account and the Reserve Subaccount or from any other investment thereof, but excluding assessment payments and collections on behalf of other governments pursuant to intergovernmental agreements. Gross Revenues also shall include any state or public corporation reimbursements of operating expenses to the extent such expenses are included as Costs of Maintenance and Operation of the Water System and withdrawals from the Rate Stabilization Account within a given fiscal year but in no case later than ninety days after the end of the City's fiscal year as provided in Section 14 hereof." However, for the purposes of the calculations above, system development charges and any transfers from the Rate Stabilization account have been excluded, per Section 15: Bond Covenants B.(2).

(2) Under Resolution No. 07-006, "Costs of Maintenance and Operation shall mean all expenses incurred for the operation, maintenance and repair of the Water System, including but not limited to administrative expenses, financial and auditing expenses, insurance premiums (to the extent monies are not available from proceeds of insurance), taxes, franchise fees, legal and engineering expenses relating to operation and maintenance, payments and reserves for pension, debt service on pension obligation borrowings that might be incurred for unfunded pension or post-employment liabilities, retirement, health, hospitalization, and sick leave benefits, and any other similar expenses to be paid to the extent properly and directly attributable to operations of the Water System. Costs of Maintenance and Operation do not include any rebates or penalties from Gross Revenues under Section 148 of the Code, payments for the settlement of litigation and payments to any liability reserve fund, depreciation and amortization of property, values or losses, and all amounts treated for accounting purposes as payments for capital expenditures, debt service payments other than those attributable to pension or post-employment liabilities identified herein (including amounts treated for accounting purposes as debt service payments), transfers to the City's Street Fund, or capital transfers and capital outlays including without limitation transfers to capital construction accounts."

(3) Annual debt service on revenue bonds issued pursuant to Resolution No. 07-006.

(4) Resolution No. 02-028, set Water Rates with annual increases through FY15/16. Residential Water Rates are based on a flat rate per meter size and include the first 10,000 gallons of water used. An additional rate is charged per 1,000 gallons used over the 10,000 gallons covered by the flat monthly rate. Commercial rates are based on a flat rate per meter size and includes the first 5,000 gallons used, with an additional per 1,000 gallon rate added for usage over the first 5,000 gallons. Both residential and commercial rates also are adjusted for whether the account is within or outside the City Limits. The rates used in the table above are in-city residential.

CITY OF THE DALLES, OREGON
Legal Debt Margin Information
Last Ten fiscal Years
(unaudited)

ORS 287.004 provides a debt limit on general obligation bonds of 3% of the real market value of all taxable property within the City's boundaries.

Fiscal Year Ended June 30	Real Market Value	Debt Limit Rate	Debt Limit	Less General Bonded Debt June 30	Legal Debt Margin	Total Net Bonded Debt Applicable to the Limit as a Percentage of Debt Limit
2002	689,937,698	3%	20,698,131	-	20,698,131	0.00%
2003	681,805,787	3%	20,454,174	-	20,454,174	0.00%
2004	703,928,628	3%	21,117,859	-	21,117,859	0.00%
2005	749,478,665	3%	22,484,360	-	22,484,360	0.00%
2006	815,950,410	3%	24,478,512	-	24,478,512	0.00%
2007	1,278,646,377	3%	38,359,391	-	38,359,391	0.00%
2008	1,644,318,481	3%	49,329,554	-	49,329,554	0.00%
2009	1,721,569,341	3%	51,647,080	-	51,647,080	0.00%
2010	$ 1,751,436,903	3%	52,543,107	-	52,543,107	0.00%
2011	$ 1,381,912,299	3%	41,457,369	-	41,457,369	0.00%
2012	$ 1,488,289,123	3%	44,648,674	-	44,648,674	0.00%

Note: The City has not had any general obligation bonds subsequent to 2000.

Source: Current and prior years' financial statements; Wasco County Dept. of Assessment and Taxation

CITY OF THE DALLES, OREGON
Demographic and Economic Statistics
Last Ten Years

Year	Population	Personal Income	Per Capita Income	Unemployment Rate
2002	12,230	263,244,000	21,524	9.80%
2003	12,250	260,218,000	21,242	10.70%
2004	12,350	274,296,000	22,210	7.90%
2005	12,410	N/A	N/A	6.90%
2006	12,505	N/A	N/A	6.20%
2007	13,045	N/A	N/A	5.60%
2008	13,112	N/A	N/A	5.33%
2009	13,170	N/A	N/A	10.80%
2010	13,385	N/A	N/A	8.80%
2011	14,441	N/A	N/A	8.40%
2012	14,440	N/A	N/A	8.10%

N/A Information at City level not available.

Note: The only personal income information available for the City is based on tax returns filed with the State of Oregon.

Source: Oregon Department of Revenue, Center for Population Research and Census at Portland State University

CITY OF THE DALLES, OREGON
Principal Employers
Current Year and Ten Years Ago

	2011-12		
Employer	**Employees**	**Rank**	**Percent of Total Employment**
Mid Columbia Medical Center	676	1	8.55%
School District #21	312	2	3.95%
Oregon Cherry Growers, Inc.	295	3	3.73%
State of Oregon	190	4	2.40%
Oregon Veterans Home	184	5	2.33%
Fred Meyers	159	6	2.01%
Wasco County	131	7	1.66%
City of The Dalles	102	8	1.29%
Columbia Gorge Community College	85	9	1.08%
Safeway Food and Drug	84	10	1.06%
	2,218		28.07%
Total employment	7,902		

* Counts are FTE equivalents and do not include short-term seasonal positions

2001-02
Information is not readily available prior to FY05/06.

Source: Oregon Department of Employment and City of The Dalles staff

CITY OF THE DALLES, OREGON
Full Time Equivalent City Employees
by Function/Program and Bargaining Unit
Last Ten Fiscal Years

Function/Program	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Governmental activities:											
General government	16.00	16.00	16.00	14.00	13.75	10.50	9.50	9.50	9.00	9.25	9.18
Public safety and justice	25.00	25.00	25.00	24.50	24.25	26.00	25.00	25.00	25.00	26.00	25.00
Community services	6.00	6.00	6.00	6.00	6.50	6.00	4.00	4.00	4.00	4.00	4.00
Streets and highways	11.00	9.00	10.00	11.00	11.00	10.00	10.00	10.00	10.33	10.00	8.00
Library	10.00	10.00	11.00	11.00	10.00	9.50	5.25	5.25	5.25	5.15	5.15
Total governmental activities	68.00	66.00	68.00	66.50	65.50	62.00	53.75	53.75	53.58	54.40	51.33
Business-type activities:											
Water	21.00	21.50	20.00	19.00	20.00	19.00	19.50	21.50	20.84	22.50	21.50
Wastewater	11.00	11.50	12.00	11.00	11.00	10.00	10.50	10.50	9.83	8.50	8.50
Airport	-	-	-	0.50	0.25	0.25	0.25	0.50	0.45	0.30	0.30
Total business-type activities	32.00	33.00	32.00	30.50	31.25	29.25	30.25	32.50	31.12	31.30	30.30
Total primary government budgeted FTE	100.00	99.00	100.00	97.00	96.75	91.25	84.00	86.25	84.70	85.70	81.63
City of The Dalles Employees											
Management and exempt	35.00	34.00	36.00	35.00	36.75	37	38	35	34	40	39
Bargaining units											
SEIU (Local 503)	44.00	45.00	47.00	46.00	45.00	43	42	50	40	40	37
Police Association	18.00	19.00	16.00	16.00	15.00	15	14	13	13	9	14
Total bargaining units	62.00	64.00	63.00	62.00	60.00	58	56	63	53	49	51
Temporary City employees	3.00	1.00	1.00	-	-	-	0	3	1	0	0
Total actual City employees	100.00	99.00	100.00	97.00	96.75	95	94	101	88	89	90

Source: City of The Dalles budgets and payroll records

CITY OF THE DALLES, OREGON
Operating Indicators by Function/Program
Last Ten Fiscal years

FUNCTION/PROGRAM	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities:											
Public Safety and Justice											
Police (1)											
Calls for service	N/A*	9,359	7,846	8,008	7,508	7,789	7,861	8,729	8,901	7,793	7,738
Crime reports	N/A*	2,303	2,495	2,707	2,541	2,664	2,599	2,847	3,086	2,786	2,630
Number of arrests	N/A*	1,055	1,028	1,024	1,144	1,036	1,013	1,326	1,502	1,192	1,361
Municipal Court											
Traffic cases	1,412	1,184	1,082	1,218	1,427	1,565	1,146	1,263	1,661	2,218	2,798
Criminal cases	342	375	358	331	440	501	377	486	444	407	381
Ordinance violations	25	22	15	15	37	25	6	14	11	28	28
Parking violations	60	76	88	164	162	208	218	228	299	358	294
Code enforcement cases	11	3	4	6	15	11	-	3	-	1	-
Library											
Number of registered borrowers	10,920	12,573	11,140	13,042	11,302	10,202	12,355	12,855	11,587	10,546	10,297
Total circulation	163,653	160,405	145,972	122,432	110,036	98,479	114,667	120,057	118,811	117,895	109,966
Public programs	466	607	490	457	224	74	102	72	67	85	74
Program attendance	7,226	9,775	8,143	8,996	6,573	3,574	3,556	2,679	2,163	2,920	2,834
Books added	3,644	6,526	6,283	4,079	11,045	4,481	5,440	5,831	5,788	7,450	6,662
Business-type Activities:											
Water											
Average active metered connections	4,716	4,738	4,613	4,598	4,562	4,537	4,520	4,470	4,457	4,450	4,413
Average daily water consumption	2,633,408	2,598,893	2,674,413	2,615,130	2,620,667	2,302,800	2,359,000	2,429,000	2,471,000	2,395,000	2,302,000
Average number of assistance accounts	162	153	168	150	176	162	179	175	153	145	125
Average daily water production	3,115,781	3,102,250	3,209,003	3,185,655	2,985,000	2,875,000	2,859,241	2,808,435	2,996,482	2,924,367	2,753,054

(1) Police statistics are for the calendar year.
* N/A: Data was not available for this year.

Source: City of The Dalles Departments

CITY OF THE DALLES, OREGON
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

FUNCTION/PROGRAM	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities											
General Government											
Buildings owned	12	12	7	7	7	7	7	7	7	7	7
Vehicles (excluding automobiles)	36	37	33	33	14	12	12	14	14	14	13
Heavy Equipment	15	15	18	18	16	16	16	16	14	14	15
Public Safety and Justice											
Police											
Police vehicles	16	16	15	15	14	14	14	14	13	13	13
Number of employees	25	25	23	23	23	23	22	22	22	22	23
Streets and Highways											
Miles of streets maintained by City:											
Paved	69.1	69.1 *	70.38	70.38	70.38	70.38	70.32	70.32	70.07	66.75	66.75
Unpaved	16.4	16.4 *	17.82	17.82	17.82	17.82	10.69	10.69	10.69	1.32	1.32
Bridges and underpasses	5	5	5	5	5	5	5	5	5	4	4
Business-type Activities											
Water											
Miles of water lines (estimated)	87.3	86.5 *	84.25	84.25	84.25	84	82.5	82	82	81	80.5
Reservoirs	5	6	5	5	5	5	5	5	5	5	5
Water treatment plant	1	1	1	1	1	1	1	1	1	1	1
Wells	3	3	3	3	3	3	3	3	3	3	3
Wastewater											
Treatment plant	1	1	1	1	1	1	1	1	1	1	1
Miles of sewer lines (estimated)	94.4	94.4 *	78	78	78	78	78	77	77	76	75
Lift stations	8	8	8	8	8	8	8	7	7	7	7
Airport											
Terminal	1	1	1	1	1	1	1	1	1	1	1
Maintenance and T-hangers	23	23	23	23	23	23	23	23	23	23	1
Other buildings	3	2	2	2	2	2	2	2	2	2	2

* 2011 miles based on GIS mapping data. Prior to 2011, mileage was manually calculated.

Source: City of The Dalles Departments

REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

MERINA & COMPANY, LLP
Certified Public Accountants and Consultants

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

PARTNERS
KAMALA K. AUSTIN, CPA • TONYA M. MOFFITT, CPA

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATION

We have audited the basic financial statements of the City of The Dalles, Oregon, as of and for the year ended June 30, 2012 and have issued our report thereon dated November 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of The Dalles, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-010-000 through 162-010-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to the following:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness, limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

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In connection with our testing, nothing came to our attention that caused us to believe the City of The Dalles, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-010-000 through 162-010-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the Mayor and City Council, Oregon Secretary of State Audits Division, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Merina & Company, LLP
West Linn, Oregon
November 5, 2012

GOVERNMENT AUDITING STANDARDS
COMPLIANCE REPORTS

MERINA & COMPANY, LLP
Certified Public Accountants and Consultants

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

PARTNERS
KAMALA K. AUSTIN, CPA • TONYA M. MOFFITT, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and City Council
City of The Dalles, Oregon
The Dalles, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of The Dalles, Oregon, as of and for the year ended June 30, 2012, which collectively comprise the City of The Dalles, Oregon's basic financial statements and have issued our report thereon dated November 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of The Dalles, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Mayor and City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Merina & Company, LLP
West Linn, Oregon
November 5, 2012

MERINA & COMPANY, LLP
Certified Public Accountants and Consultants

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

PARTNERS
KAMALA K. AUSTIN, CPA • TONYA M. MOFFITT, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and City Council
City of The Dalles, Oregon
The Dalles, Oregon

Compliance

We have audited the City of The Dalles, Oregon's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of The Dalles, Oregon's major federal programs for the year ended June 30, 2012. The City of The Dalles, Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of The Dalles, Oregon's management. Our responsibility is to express an opinion on the City of The Dalles, Oregon's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of The Dalles, Oregon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of The Dalles, Oregon's compliance with those requirements.

In our opinion, the City of The Dalles, Oregon complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City of The Dalles, Oregon is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered

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the City of The Dalles, Oregon's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of The Dalles, Oregon's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the Honorable Mayor and City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Merina & Company

Merina & Company, LLP
West Linn, Oregon
November 5, 2012

CITY OF THE DALLES, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the Fiscal Year Ended June 30, 2012

GRANTOR AND PROGRAM TITLE	FEDERAL CFDA NUMBER	FY 11/12 FEDERAL EXPENDITURE
U.S. Department of Agriculture		
Direct Programs		
Cooperative Forestry Assistance		
National Fire Plan Wildland Urban Interface #2007-DG-11062752-103		
Watershed Fuels Reduction	10.664	198,346
U.S. Department of Commerce		
Direct Programs - Award number 07-01-06524		
Economic Development Administration		
Investments for Public Works and Economic Development Facilities		
Public Works and Development Facilities Program (Marine Dock Project)	11.300	2,000,000 **
U.S. Housing and Urban Development (HUD)		
Direct Programs		
Instrument number B-06-SP-OR-0832	14.xxx	198,000
Passed through the State of Oregon		
Oregon Housing and Community Services		
Community Development Block Grant Funding		
Mid-Columbia Housing Resource Center - Project HC#1001	14.218	25,428
U.S. Environmental Protection Agency		
Passed through the State of Oregon		
Capitalization Grants for Drinking Water State Revolving Funds		
Business Development Department - Terminal Reservoir Project		
SDWRLF F-2 Loan	66.468	1,052,255
U.S. Department of Transportation		
Direct Programs		
Airport Improvement Program		
Federal Aviation Administration - AIP 3-41-0059-009		
Runway Pavement Rehabilitation - Phase 1: Design and Construction	20.106	844,691 **
Federal Transit Administration		
Transit in the Park Program		
Dam Shuttles - OR-20-0004-00	20.xxx	277,776
Passed through the State of Oregon		
National Highway Traffic Safety Administration		
Alcohol Impaired Driving Countermeasures Incentive Grants		
State & Highway Safety - Traffic Safety Division DUII Grant	20.601	3,100
TOTAL EXPENDITURES OF FEDERAL AWARDS		4,599,596

** Signifies Major Program

Note 1. General

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the City of The Dalles, Oregon.

Note 2. Significant Accounting Policies

Reporting Entity: The reporting entity is fully described in Note 1 to the City's basic financial statements. The schedule includes all federal financial assistance programs administered by the City for the year ended June 30, 2012.

Basis of Presentation: The information in the Schedule is presented in accordance with OMB Circular A-133.

Federal Financial Assistance: Pursuant to the Single Audit Act and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs: The Single Audit Act and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the City are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

Revenue Recognition: The receipt and expenditure of federal awards are accounted for under the modified accrual method of accounting. Revenues are recorded as received in cash or when measurable and available. Expenditures are recorded when the liability is incurred.

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	☐ Yes	☒ No
Significant deficiency(s) identified that are Not considered to be material weaknesses?	☐ Yes	☒ None reported
Noncompliance material to financial statements noted?	☐ Yes	☒ No

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	☐ Yes	☒ No
Significant deficiency (s) identified that are Not considered to be material weaknesses?	☐ Yes	☒ None reported
Type of auditor's report issued on compliance for major Programs:	Unqualified	
Any audit findings disclosed that are required to be Reported in accordance with OMB Circular A-133, Section 510(a)?	☐ Yes	☒ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
11.300	Investments for Public Works and Economic Development Facilities
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A Type B programs:	$300,000	
Auditee qualified as low-risk auditee?	☐ Yes	☒ No

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None

Section IV – Schedule of Prior Federal Award Findings and Questioned Costs for the Years Ended June 30, 2011

None