COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2010

Prepared by:
The City of The Dalles
Finance Department

CITY OF THE DALLES, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2010

Prepared by:
The City of The Dalles
Finance Department

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

CITY OF THE DALLES, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2010

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Introductory Letter	i - vi
Officials of the City	vii
GFOA Certificate of Achievement	viii
Organizational Chart	ix
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	A - B
MANAGEMENT'S DISCUSSION AND ANALYSIS	a - h
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements:	
Governmental Funds:	3
Balance Sheet	4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	5
Statement of Revenues, Expenditures, and Changes in Fund Balances	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Revenues, Expenditures, and Changes In Fund Balance – Budget and Actual	
General Fund	8
Street Fund	9
Library	10
Special Grants	11
Proprietary Funds:	12
Statement of Net Assets	13
Statement of Revenues, Expenses and Changes in Fund Net Assets	14
Statement of Cash Flows	15
Notes to the Basic Financial Statements	16 - 39
SUPPLEMENTAL INFORMATION	
Combining Statements – Non-Major Governmental Funds:	40
Combining Balance Sheet	41
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	42

	Page
Budgetary Comparison Schedules:	43
Schedule of Expenditures and Other Financing Uses – Budget and Actual, By Department:	44
General Fund	45
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Governmental Funds:	46
Special Revenue Funds:	
Public Works Reserve	47
Community Benevolence	48
Street and Bridge Replacement	49
State Office Building	50
Unemployment Reserve	51
Capital Projects Funds:	
Special Assessments	52
Capital Projects	53
Urban Renewal Capital Projects	54
Debt Service Funds:	
FFCO 2008 Bond	55
2009 FFCO Bond	56
Urban Renewal	57
Proprietary Funds:	58
Enterprise Funds:	
All Water Funds:	
Water Utility	59
Water Capital Reserve	60
Water Bond Debt	61
Reconciliation to Generally Accepted Accounting Principles	62
All Wastewater Funds:	
Wastewater	63
Wastewater Capital Reserve	64
Sewer Plant Construction	65
Sewer Debt Service	66
Reconciliation to Generally Accepted Accounting Principles	67
All Airport Funds:	
Airport	68
Airport Debt Service	69
Reconciliation to Generally Accepted Accounting Principles	70
Other Financial Schedules:	
Schedule of Outstanding Debt Principal and Interest Transactions	71
Schedule of Governmental Activities Debt Service Future Requirements	72
Schedule of Airport Fund Debt Service Future Requirements	73
Schedule of Wastewater Fund Debt Service Future Requirements	74
Schedule of Water Fund Debt Service Future Requirements	75

STATISTICAL INFORMATION SECTION

	Page
Net Assets By Component – Last Eight Fiscal Years	76
Changes in Net Assets – Last Eight Fiscal Years	77
Fund Balances, Governmental Funds – Last Ten Fiscal Years	78
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	79
Program Revenues by Function/Program – Last Eight Fiscal Years	80
Tax Revenues by Source, Governmental Funds – Last Ten Fiscal Years	81
Assessed Valuation and Actual Values of Taxable Property – Last Ten Fiscal Years	82
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	83
Property Tax Levies and Collections – Last Ten Fiscal Years	84
Principal Taxpayers – December 31, 2009 and December 31, 1999	85
Ratios of Outstanding Debt By Type – Last Ten Fiscal Years	86
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	87
Direct and Overlapping Governmental Activities Debt	88
Pledged Revenue Coverage – Wastewater Revenue Bonds – Last Seven Fiscal Years	89
Pledged Revenue Coverage – Water Revenue Bonds – Last Three Fiscal Years	90
Legal Debt Margin Information – Last Ten Fiscal Years	91
Demographic and Economic Statistics – Last Ten Fiscal Years	92
Principal Employers – Current and Nine Years Ago	93
Full Time Equivalent City Employees by Function/Program and Bargaining Unit – Last Ten Fiscal Years	94
Operating Indicators by Function/Program – Last Ten Fiscal Years	95
Capital Asset and Infrastructure Statistics by Function/Program – Last Ten Fiscal Years	96

REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S COMMENTS	97 - 98
GOVERNMENT AUDITING STANDARDS COMPLIANCE REPORTS	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*	99 - 100
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	101 - 102
Schedule of Expenditures of Federal Awards	103
Notes to the Schedule of Expenditures of Federal Awards	104
Schedule of Prior Audit Findings	105
Schedule of Findings and Questioned Costs	106 - 109

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

INTRODUCTORY SECTION

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

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

(541) 296-5481

City Council
City of The Dalles
The Dalles, Oregon 97058

December 3, 2010

The Comprehensive Annual Financial Report (CAFR) of the City of The Dalles, Oregon, for the year ended June 30, 2010, is submitted herewith. This report presents a comprehensive and detailed picture of The Dalles' financial transactions during fiscal year 2009-2010 and the financial condition of the various funds at June 30, 2010. 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, 2010, 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. In June of 2007 we celebrated our Sesquicentennial.

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 13,385, 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. Northwest Specialties, the last operating portion of the The Dalles Historic Aluminum smelter industry, employs about 45 employees. 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 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.

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 has become 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 was selected as the site for a 151 bed Veterans' long-term nursing and care home. The facility opened in November 1997, currently providing 195 jobs and has 145 residents. A ground breaking ceremony is scheduled for November 18, 2010 as the Oregon Department of Veteran Affairs builds a new 9,300 square foot community center 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 150,000 square foot super Wal-Mart store is planned for 2011 and 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. 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. Several of the Downtown Urban Renewal projects are currently in various stages of Development, including a $6 million dollar Downtown/Riverfront Connection project that includes a public dock and public festival area, both projects planned for 2011. 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.

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 two 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 2009-2010 fiscal year.

MAJOR INITIATIVES

Utilities Master Plan

The City purchased a site for a wastewater treatment expansion in 1997-98. The City completed updating its wastewater master plan for the plant site and collection system upgrade in 2002. A 5-year wastewater capital improvement plan is being utilized. A $7.5 million dollar revenue bond was issued in fiscal year 2002-2003 to begin the upgrade. Phase I design and construction for the wastewater plant and collection system improvements was completed in 2006.

Water Master Plan

A Water Master Plan update has been completed. $8.5 million in system improvements was scheduled for fiscal years 2007-2008 and 2008-2009 with a similar amount in five years. A $7.9 million water revenue bond was issued in 2007. Several of the improvement projects were started in FY 2007-2008 and were or will be completed in 2010.

Street Master Plan
A Transportation Master Plan drafted in 1999 was updated and implemented in 2006. A five-year capital improvement plan 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 have formed a Regional Airport Authority. A Regional Board is now operating the Airport. A new set of aircraft hangars were constructed in 2004. A second set of hangers was completed in 2009 through a partnership with local investors. Several other facility and operational plans are being developed at this time. A $3.5 million State of Oregon grant has been packaged with a $2 million FAA grant to reconstruct the primary runway at the airport in 2011.

Public Works Facility Relocation
In FY 2007-2008 the City exchanged its public works property in the 6th Street commercial district for property in the East Port Industrial Park. The exchange has provided the City room for growth and allowed a downtown car dealership to move to the visible commercial site and frees up over two acres in the downtown for redevelopment. This project was completed in FY08/09 and the City spent approximately $3 million in renovating the new facilities for our use.

Columbia Gateway Urban Renewal Agency
The Columbia Gateway Urban Renewal Agency, a component unit of the City of the Dalles, operated throughout the 2008-2009 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. The Agency did levy and collect tax increment proceeds during FY09/10. Ordinance No. 09-1301 adopting an amendment to the plan was adopted 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.

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 personal 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, 2010. 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 approval from the City Council.

Cash Management

The City has a cash management policy, which allows investing of cash funds that are in excess of immediate need. This policy coincides with Oregon statutes restricting the types of investments that may be made by municipalities. Primary importance is placed on the safety of principal and then on the maximization of investment earnings. The City co-mingles cash and investments and allocates interest earnings based upon monthly cash balances in the various funds.

RISK MANAGEMENT

The City continued to review and evaluate its risk management program during FY09/10. A citywide safety program with regular committee meetings and inspections is in force. A Safe Workplace Action Plan was adopted in July of 2009.

The City maintains property and liability insurance coverage. The City will continue to evaluate loss potential, risk retention, and insurance coverage to achieve optimum levels of risk management.

The City does not engage in risk financing activities where the risk is retained (self-insurance) by the City at this time.

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, 2009. 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, 2010

MAYOR AND CITY COUNCIL

Name and Address	Term Expires December 31
Jim Wilcox, Mayor 416 West 7th Street The Dalles OR 97058	2010
Dan Spatz 2506 Jordan Street The Dalles OR 97058	2012
Carolyn Wood 1709 Liberty Street The Dalles OR 97058	2010
Bill Dick 2520 East 14th Street The Dalles OR 97058	2010
Brian Ahier 1126 East 8th Street The Dalles OR 97058	2012
Tim McGlothlin 328 West 21st Place The Dalles OR 97058	2010

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

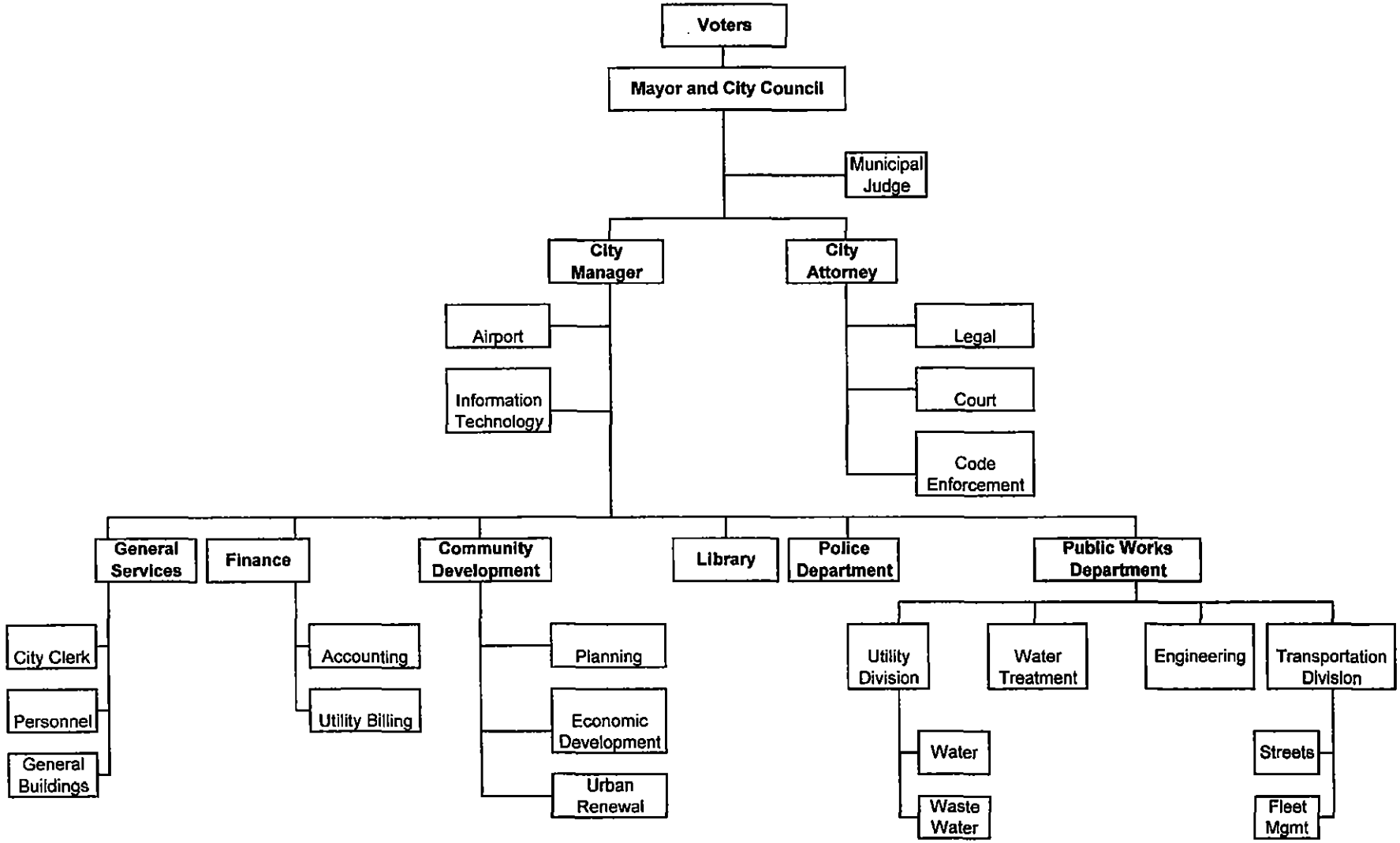
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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 CHART
June 30, 2009



The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

FINANCIAL SECTION

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of 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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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, 2010, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Street, Library, and Special Grants Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2010, 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, 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 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.

Members of: American Institute of Certified Public Accountants
National Association of Certified Valuation Analysts
Oregon Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT (Continued)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages a through h 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 required supplementary information 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, Oegon's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, other financial schedules, 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 combining and individual nonmajor fund financial statements, budgetary comparison schedules, other financial schedules, 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 it.

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants

Pendleton, Oregon
December 3, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

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 (page1) and the City's financial statements.

FINANCIAL HIGHLIGHTS

The City's assets exceeded its liability at June 30, 2010 by $48,590,342 (net assets). Of this amount $33,343,119 was invested in capital assets (net of related debt). $9,561,096 was restricted for specific purposes, resulting in unrestricted net assets of $5,686,127. The unrestricted net assets are made up of unrestricted governmental net assets of $4,401,964 and unrestricted business-type net assets of $1,284,163.

The City's net assets increased by $6,942,856 (16.67%) primarily due to the construction of the East Gateway Project and partial completion of the Terminal Reservoir Project, both funded in part by ARRA monies.

The City's Governmental Funds had an increase in fund balances in the amount of $7,547,954, which includes a prior period correction in the amount of $60,315 to the posting of improvement fees. The remaining increase of $7,487,639 was due primarily to the transfer of over $7 million in the Special Grants Fund earmarked for Urban Renewal Projects to be completed by the City. The City, in October of 2009, received over $12 million from another FFCO bond, lending over $10 million to the Urban Renewal Agency to refund its current bonds and to provide for additional Urban Renewal Projects. The remainder of the FFCO proceeds are to fund Local Improvement District (LID) projects. The Urban Renewal Fund balance increased approximately $277,211 due to decreased expenditures in FY09/10.

The City's Enterprise Funds experienced an increase in net assets of $171,601 after posting a prior period adjustment of $1,259,520 to recognize debt related to enterprise fund assets, which was previously reported in the governmental activities. This increase was due mostly to capitalization of completed projects that were financed within the Capital Project Fund, a governmental fund, but recorded as capital assets in the enterprise funds. The most significant project treated in this manner was the East Port/1st Street LID Phase I that was completed in FY09/10.

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 Assets, a Statement of Activities, fund financial statements and the notes to the financial statements.

Statements of Net Assets 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, 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 assets, revenues, expenses and changes in fund net assets, 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 Statements of other governmental funds, which are classified as non-major. These statements include balance sheets and statements of revenues, expenditures and changes in fund balances.
- Budgetary Comparisons. Budgetary information for all funds, except General, 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

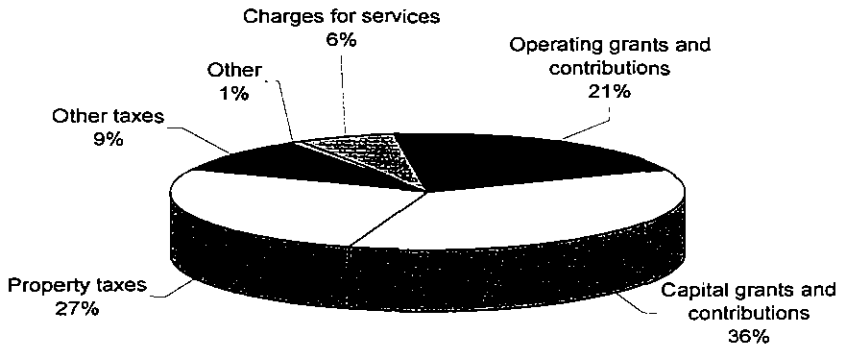
As mentioned earlier, the City's net assets as of June 30, 2010 were $48,590,342, an increase from June 30, 2009 of $6,942,856. By far the largest portion of net assets is comprised of the City's investment in capital assets (e.g., land, building, equipment, and public infrastructure), less any related 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 Assets

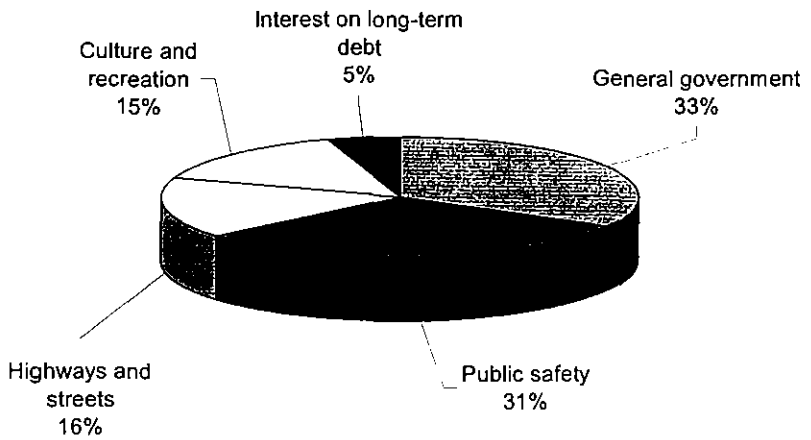
	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Assets						
Current and other assets	$ 15,064,386	$ 6,796,938	$ 9,973,114	$ 8,166,398	$ 25,037,500	$ 14,963,336
Capital assets	25,084,372	17,755,510	33,612,441	30,310,490	58,696,813	48,066,000
Total Assets	**40,148,758**	**24,552,448**	**43,585,555**	**38,476,888**	**83,734,313**	**63,029,336**
Liabilities						
Long-Term liabilities	15,101,917	6,457,712	17,679,490	14,199,867	32,781,407	20,657,579
Other liabilities	488,248	307,398	1,874,316	416,873	2,362,564	724,271
Total liabilities	**15,590,165**	**6,765,110**	**19,553,806**	**14,616,740**	**35,143,971**	**21,381,850**
Net assets invested in capital assets, net of related debt	17,096,182	11,762,990	16,246,937	16,319,490	33,343,119	28,082,480
Restricted	3,060,447	1,709,715	6,500,649	6,450,920	9,561,096	8,160,635
Unrestricted	4,401,964	4,314,633	1,284,163	1,089,738	5,686,127	5,404,371
Total net assets	**$ 24,558,593**	**$ 17,787,338**	**$ 24,031,749**	**$ 23,860,148**	**$ 48,590,342**	**$ 41,647,486**

The governmental activities revenue comes primarily from property taxes, franchise fees, charges for services, and various grants and contributions, including nearly $900,000 from a Library Special District formed in 2006. During the year ending June 30, 2010, 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. The City's governmental expenses cover a wide variety of services, with general government, public safety and streets accounting for most of these expenses.

Governmental Activities Revenue



Governmental Activities Functional Expenses



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

For the fiscal year ending June 30, 2010, net assets of the Governmental activities increased by $6,771,255, which represents a 38.1% increase. Net assets of the Business-type activities increased by $171,601, which represents a 0.7% increase. Key elements of these changes, when compared to the year ending June 30, 2009 are as follows:

	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues						
Charges for services	$ 811,649	$ 693,088	$ 8,087,941	$ 7,480,938	$ 8,899,590	$ 8,174,026
Operating grants and contributions	2,823,915	2,334,733	96,382	78,262	2,920,297	2,412,995
Capital grants and contributions	4,814,797	2,550,663	558,895	480,349	5,373,692	3,031,012
General Revenues					-	-
Property taxes	3,549,211	3,377,740	-	-	3,549,211	3,377,740
Other taxes	1,250,428	1,334,013	-	-	1,250,428	1,334,013
Other	117,984	259,945	51,574	153,474	169,558	413,419
Total revenues	**13,367,984**	**10,550,182**	**8,794,792**	**8,193,023**	**22,162,776**	**18,743,205**
Expenses						
General government	2,957,295	4,125,878	-	-	2,957,295	4,125,878
Public safety	2,715,894	2,614,704	-	-	2,715,894	2,614,704
Highways and streets	1,448,982	1,160,309	-	-	1,448,982	1,160,309
Culture and recreation	1,296,096	1,230,708	-	-	1,296,096	1,230,708
Interest on long-term debt	443,576	294,504	-	-	443,576	294,504
Water	-	-	3,148,144	2,824,800	3,148,144	2,824,800
Waste water	-	-	2,826,635	2,395,488	2,826,635	2,395,488
Airport	-	-	443,613	455,624	443,613	455,624
Total Expenses	**8,861,843**	**9,426,103**	**6,418,392**	**5,675,912**	**15,280,235**	**15,102,015**
Change net assets before transfers	4,506,141	1,124,079	2,376,400	2,517,111	6,882,541	3,641,190
Transfers	945,279	(1,067,352)	(945,279)	1,067,352	-	-
Change in net assets	5,451,420	56,727	1,431,121	3,584,463	6,882,541	3,641,190
Net assets-beginning	17,787,338	17,730,611	23,860,148	20,275,685	41,647,486	38,006,296
Prior Period Adjustment	1,319,835	-	(1,259,520)	-	60,315	-
Net assets-beginning, as adjusted	19,107,173	17,730,611	22,600,628	20,275,685	41,707,801	38,006,296
Total net assets	**$ 24,558,593**	**$ 17,787,338**	**$24,031,749**	**$23,860,148**	**$ 48,590,342**	**$41,647,486**

Governmental Activities

A portion of the increase in net assets is due to a prior period adjustment of $1,259,520 to recognize debt related to enterprise fund assets, which was previously reported in the governmental accounts. A portion of the FFCO bond proceeds received in FY08/09 was used for the new Public Works facility project, but those costs were not recorded in the appropriate enterprise funds (Water and Wastewater) until this prior period adjustment was done during FY09/10. The remainder of the increase in net assets is attributable to the receipt of $7.5 million in the Special Grants Fund for Urban Renewal projects to be constructed by the City.

Business-type Activities

The increase in net assets 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 (approximately $155,000), and to rate increases for water services (10%) and wastewater services (10%).

FINANCIAL ANALYSIS OF FUNDS

As of June 30, 2010 the City's governmental funds reported a combined fund balance of $12,688,812, which is an increase of $7,547,954 from June 30, 2009.

The General Fund is the primary operating fund of the City. As of June 30, 2010, the General Fund balance was $1,835,898, which is an increase of $178,847 from June 30, 2009. Revenues decreased by $8,013 and expenditures increased by $100,280, resulting in a loss of $680,464. However, the General Fund received increased transfers from other funds in the amount of $91,689, and reduced the amount of transfers out to other funds by $58,064. This in addition to sales of property, resulted in net "Other financing sources" totaling $859,311.

The Street Fund balance as of June 30, 2010 was $183,742, which is a decrease of $15,629 from June 30, 2009. Although the Street Fund experienced an increase in both local and state gas tax revenues, expenditures also increased, causing a loss of $200,369. However, issuance of debt in the amount of $117,815, along with an increase in transfers in from other funds, resulted in net "Other financing sources" totaling $184,740.

As of June 30, 2010, the Library Fund balance was $567,281, reflecting an increase of $87,622 from June 30, 2009. 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, 2010 was $6,386,127, which is an increase of $6,241,026 from June 30, 2009. This increase was due to the receipt of over $7 million from the Columbia Gateway Urban Renewal Agency for additional Urban Renewal projects.

The Urban Renewal Capital Projects Fund balance as of June 30, 2010 was $840,053, which is an increase of $277,221 from June 30, 2009. This increase reflects an increase in cash from a loan from the City.

The non-major governmental funds balance as of June 30, 2010 was $2,875,711. This reflects an increase of $778,867, primarily due to the delay of several capital projects in the Street Bridge

Replacement Fund and the addition of the Capital Projects Fund to the non-major Governmental funds category

Proprietary funds provide the same type of information as presented in the government-wide statements of net assets and activities, but in more detail. The proprietary funds net assets amounted to $24,031,749 as of June 30, 2010, reflecting a $171,601 increase over net assets as of June 30, 2009.

The combined Water Funds net assets as of June 30, 2010 were $7,687,692, which is a decrease of $852,385 over June 30, 2009. This decrease is due to the use of the 2007 Water Revenue Bond proceeds for improvements to the City's water system and infrastructure, and to a prior period adjustment ($629,760) that recorded in the Water Fund a portion of the FFCO bond proceeds received in FY08/09 that was used for the new Public Works facility project.

The combined Wastewater Funds net assets as of June 30, 2010 were $12,615,339, which is an increase of $909,215 from June 30, 2009. This increase is primarily due to building reserves for Phase II of the treatment plant improvements. A prior period adjustment was also made to the Wastewater Funds ($629,760) to record a portion of the FFCO bond proceeds received in FY08/09 that was used for the new Public Works facility project.

The combined Airport Funds net assests as of June 30, 2010 were $3,728,718, which is an increase of $114,771 from June 30, 2009. This increase is due to delays in expected capital outlay spending during FY09/10.

BUDGETARY HIGHLIGHTS

The original legal appropriations for FY09/10 for the General Fund totaled $6,485,485, with contingency of $629,273. Budget amendments during the year resulted in a total budget of $6,490,685, with a contingency of $602,273. The change to the budget was made to allocate unanticipated additional beginning fund balance funds. Expenditures were $975,466 under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2010, the City had invested $58,696,813 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 $7,328,862 and business-type activities capital assets increased by $3,301,951. Significant additions during the year ending June 30, 2010 were related to the completion and capitalization of the East Gateway Project and the receipt of the 2009 FFCO bond funds for additional Urban Renewal projects and LIDs.

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

The total governmental long-term debt outstanding at June 30, 2010 was $14,523,473. Business-type activities long-term debt outstanding was $17,365,504. During the year the City retired a total of $3,337,314 in principle long-term debt.

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

2009 FFCO Bond	$ 11,820,000
Premium on 2009 FFCO Bond	$ 897,947
2008 FFCO Bond	$ 3,025,000
Premium on FFCO Bond	$ 46,322

Loans Payable	$ 342,884
Airport Facilities Revenue Bond	$ 246,000
Airport Loan from Port	$ 214,245
Wastewater Revenue Bond	$ 5,205,000
Water Revenue Bond	$ 7,930,000
Premium on Water Revenue Bonds	$ 36,632
Oklahoma State Bank (Lease Option)	$ 117,815
ARRA Forgivable Note	$ 2,007,132
TOTAL	$ 31,888,997

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, 2010 was $897,766.

Compensated Absences accruals totaled $380,248 as of June 30, 2010. Governmental accruals totaled $248,020, but are not recorded as a liability in the Governmental Funds. Business-type compensated absences accrual totaling $132,229 are recorded as current period liabilities as of June 30, 2010, 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 $330,475 for governmental activities and $181,757 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 will enable any current business and any future business that needs high speed access to the Internet a reason to move into our area. Google, the search engine, has operated a facility here in The Dalles for the past five years. The Port has developed a new subdivision, again trying to attract business to our area. Home Depot, a Fortune 500 company, ~~has~~ 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. This and increased levels of other retail and industrial business will create jobs that will decrease the City's and the county's unemployment, which has been one of the highest in the state. The voter approved creation of the regional Library District with its own tax rate has removed a financial burden from the City. While Wasco County Assessor's rate of appreciation in the housing and business valuation has dropped, the City's tax revenues will increase in the next fiscal year as delayed annexations come onto the City's tax roles in November 2011.

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.

BASIC FINANCIAL STATEMENTS

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

CITY OF THE DALLES, OREGON
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 3,136,649	$ 1,634,992	$ 4,771,641
Receivables:			
Accounts, net	361,105	916,791	1,277,896
Intergovernmental	112,664	397,993	510,657
Fines and forfeitures	791,541	-	791,541
Property taxes	273,539	-	273,539
Assessments	313,845	3,086	316,931
Notes	328,015	-	328,015
Prepaid items	100,703	-	100,703
Inventories	110,230	262,064	372,294
Bond discounts and issuance costs	230,438	257,539	487,977
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	9,305,657	4,698,296	14,003,953
Intergovernmental receivable	-	1,802,353	1,802,353
Capital assets:			
Land	661,261	5,782,215	6,443,476
Assets available for sale	598,015	-	598,015
Construction in progress	3,549,466	4,062,898	7,612,364
Depreciable assets, net of depreciation	20,275,630	23,767,328	44,042,958
Total assets	40,148,758	43,585,555	83,734,313
LIABILITIES			
Accounts payable and accrued expenses	370,976	1,694,422	2,065,398
Deposits	-	100	100
Unearned revenue	52,947	-	52,947
Accrued interest payable	50,053	85,879	135,932
Retainage payable	14,272	93,915	108,187
Long-term obligations:			
Due within one year	898,893	860,168	1,759,061
Due in more than one year	14,203,024	16,819,322	31,022,346
Total liabilities	15,590,165	19,553,806	35,143,971
NET ASSETS			
Invested in capital assets, net of related debt	17,096,182	16,246,937	33,343,119
Restricted for:			
Debt service	1,141,490	286,186	1,427,676
System development	1,918,957	6,214,463	8,133,420
Unrestricted	4,401,964	1,284,163	5,686,127
Total net assets	$ 24,558,593	$ 24,031,749	$ 48,590,342

The notes to the basic financial statements are an integral part of this statement.

CITY OF THE DALLES, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

		Program Revenues			Net (Expense) Revenue and Change in Net Assets		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	$ 2,957,295	$ 463,177	$ 896,372	$ 63,792	$ (1,533,954)	$ -	$ (1,533,954)
Public safety	2,715,894	306,615	22,650	-	(2,386,629)	-	(2,386,629)
Culture and recreation	1,296,096	11,208	929,170	-	(355,718)	-	(355,718)
Highways and streets	1,448,982	30,649	975,723	4,751,005	4,308,395	-	4,308,395
Interest on long-term obligations	443,576	-	-	-	(443,576)	-	(443,576)
Total governmental activities	8,861,843	811,649	2,823,915	4,814,797	(411,482)	-	(411,482)
Business-type activities:							
Water	3,148,144	3,408,136	16,307	24,815	-	301,114	301,114
Wastewater	2,826,635	4,517,642	15,111	284,538	-	1,990,656	1,990,656
Airport	443,613	162,163	64,964	249,542	-	33,056	33,056
Total business-type activities	6,418,392	8,087,941	96,382	558,895	-	2,324,826	2,324,826
Total primary government	$15,280,235	$ 8,899,590	$ 2,920,297	$ 5,373,692	(411,482)	2,324,826	1,913,344
	General revenues:						
	Property taxes levied for:						
	General purposes				2,287,915	-	2,287,915
	Debt service				1,261,296	-	1,261,296
	Franchise and public services taxes				1,250,428	-	1,250,428
	Interest and investment earnings				102,530	51,574	154,104
	Miscellaneous				15,454	-	15,454
	Transfers				945,279	(945,279)	-
	Total general revenues, special items, and transfers				5,862,902	(893,705)	4,969,197
	Change in net assets				5,451,420	1,431,121	6,882,541
	Net assets, beginning				17,787,338	23,860,148	41,647,486
	Prior period adjustment				1,319,835	(1,259,520)	60,315
	Net assets, beginning, as adjusted				19,107,173	22,600,628	41,707,801
	Net assets, ending				$ 24,558,593	$ 24,031,749	$ 48,590,342

The notes to the basic financial statements are an integral part of this statement.

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 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.

Library Fund

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.

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
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General Fund	Street Fund	Library Fund	Special Grants Fund	Urban Renewal Capital Projects Fund	Other Governmental Funds	Totals
ASSETS							
Cash and cash equivalents	$ 1,452,571	$ 3,732	$ 571,592	$6,631,895	$ 840,814	$ 2,941,702	$ 12,442,306
Receivables:							
Property taxes	176,132	-	-	-	97,407	-	273,539
Accounts	295,322	37,993	2,508	14,351	704	10,227	361,105
Intergovernmental	52,381	46,733	-	13,550	-	-	112,664
Fines and forfeitures	791,541	-	-	-	-	-	791,541
Assessments	-	-	-	22,936	-	290,909	313,845
Notes	-	-	-	45,570	282,445	-	328,015
Prepaid items	100,703	-	-	-	-	-	100,703
Inventory	-	110,230	-	-	-	-	110,230
Total assets	$ 2,868,650	$ 198,688	$ 574,100	$6,728,302	$ 1,221,370	$ 3,242,838	$ 14,833,948
LIABILITIES							
Accounts payable and accrued liabilities	$ 65,079	$ 14,946	$ 6,819	$ 259,397	$ 1,464	$ 23,271	$ 370,976
Retainage payable	-	-	-	14,272	-	-	14,272
Deferred revenue	967,673	-	-	68,506	379,853	343,856	1,759,888
Total liabilities	1,032,752	14,946	6,819	342,175	381,317	367,127	2,145,136
FUND BALANCES							
Reserved for:							
Inventory	-	110,230	-	-	-	-	110,230
Debt service	-	-	-	-	-	1,141,490	1,141,490
System development	-	-	-	6,386,127	840,053	877,672	8,103,852
Unreserved, reported in:							
Major funds	1,835,898	73,512	567,281	-	-	-	2,476,691
Special revenue funds	-	-	-	-	-	84,268	84,268
Capital projects funds	-	-	-	-	-	772,281	772,281
Total fund balances	1,835,898	183,742	567,281	6,386,127	840,053	2,875,711	12,688,812
Total liabilities and fund balances	$ 2,868,650	$ 198,688	$ 574,100	$6,728,302	$ 1,221,370	$ 3,242,838	$ 14,833,948

The notes to the basic financial statements are an integral part of this statement.

CITY OF THE DALLES, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2010

Fund balances - total governmental funds	$ 12,688,812
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activites are not financial resources, and, therefore, are not reported in the funds	25,084,372
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements.	1,706,941
Accrued compensated absences and other postemployment benefits are not due and payable in the current period, and, therefore, are not reported in the funds.	(578,444)
Bond issuance costs are not financial resources, and, therefore, are not reported in the funds.	230,438
Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the funds.	(50,053)
Long-term liabilities, including bonds and notes payable and premium on debt, are not due and payable in the current period, and, therefore, are not reported in the fund statements.	(14,523,473)
Net assets of governmental activities	$ 24,558,593

The notes to the basic financial statements are an integral part of this statement.

CITY OF THE DALLES, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2010

	General Fund	Street Fund	Library Fund	Special Grants Fund	Urban Renewal Capital Projects Fund	Other Governmental Funds	Totals
REVENUES							
Property taxes	$2,274,342	$ -	$ -	$ -	$ 461,124	$ 792,960	$ 3,528,426
Other taxes	652,591	405,097	-	-	-	-	1,057,688
Franchise fees	288,819	-	-	-	-	24,372	313,191
Assessments	-	-	-	-	-	61,544	61,544
Licenses and fees	14,673	-	-	-	-	-	14,673
Charges for services	9,175	18,895	-	-	-	-	28,070
Intergovernmental	1,132,401	570,626	922,725	7,617,315	-	107,521	10,350,588
Fines and forfeitures	257,466	-	11,137	-	-	-	268,603
Contributions	-	-	6,445	99,870	-	-	106,315
System development charges	-	-	-	-	-	99,119	99,119
Rental income	26,912	-	-	-	-	355,776	382,688
Interest on investments	10,413	144	2,463	64,261	8,917	16,331	102,529
Miscellaneous	54,157	11,754	71	630,931	445	2,040	699,398
TOTAL REVENUES	4,720,949	1,006,516	942,841	8,412,377	470,486	1,459,663	17,012,832
EXPENDITURES							
Current:							
General govrenment	2,347,646	-	-	58,497	284,552	194,224	2,884,919
Public safety	2,565,847	-	-	-	-	-	2,565,847
Culture and recreation	415,872	-	847,396	-	-	-	1,263,268
Highways and streets	-	1,079,593	-	-	-	-	1,079,593
Capital outlay	72,048	127,292	13,398	2,109,354	7,908,713	2,291,520	12,522,325
Debt service	-	-	-	-	210,679	877,524	1,088,203
TOTAL EXPENDITURES	5,401,413	1,206,885	860,794	2,167,851	8,403,944	3,363,268	21,404,155
REVENUES OVER (UNDER) EXPENDITURES	(680,464)	(200,369)	82,047	6,244,526	(7,933,458)	(1,903,605)	(4,391,323)
OTHER FINANCING SOURCES							
Sale of property	3,710	1,000	-	-	-	10,744	15,454
Issuance of debt	-	117,815	-	-	7,412,927	4,687,073	12,217,815
Premium on issuance of debt	-	-	-	-	797,752	132,065	929,817
Payment to refund debt	-	-	-	-	-	(2,400,000)	(2,400,000)
Transfers in	974,774	236,753	5,575	-	-	354,886	1,571,988
Transfers out	(119,173)	(170,828)	-	(3,500)	-	(162,611)	(456,112)
TOTAL OTHER FINANCING SOURCES (USES)	859,311	184,740	5,575	(3,500)	8,210,679	2,622,157	11,878,962
NET CHANGE IN FUND BALANCE	178,847	(15,629)	87,622	6,241,026	277,221	718,552	7,487,639
FUND BALANCE, Beginning	1,657,051	199,371	479,659	145,101	562,832	2,096,844	5,140,858
Prior period adjustment	-	-	-	-	-	60,315	60,315
FUND BALANCE, Beginning, adjusted	1,657,051	199,371	479,659	145,101	562,832	2,157,159	5,201,173
FUND BALANCE, Ending	$1,835,898	$183,742	$567,281	$6,386,127	$ 840,053	$2,875,711	$12,688,812

The notes to the basic financial statements are an integral part of this statement.

CITY OF THE DALLES, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

Net change in fund balance - governmental funds		$ 7,487,639
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred revenues		352,515
Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets.		2,809,346
Issuance of debt and premium on long term debt are financial resources in the governmental funds, but the issuance increases long-term liabilities in the Statement of Net Assets.		(13,147,632)
Governmental funds report bond issuance costs as expenditures. However, in the Statement of Activities, the costs are amortized over the life of the bonds.		210,697
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds.		
Change in compensated absences		4,888
Change in other postemployment benefits		(167,853)
Change in accrued interest payable		(12,362)
Amortization of bond premium and issuance costs		21,796
Transfers of non-current resources and liabilities to proprietary funds are reported in the Statement of Activities, but are not reported in the governmental funds.		
Long-term debt and related premium		563,524
Capital assets		(718,971)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation expense.		
Capital asset purchases	$ 3,566,495	
Capital assets constructed for proprietary funds	718,971	
Contributed capital asset additions	4,262,461	
Capital outlay reclassified against contribution revenue	7,521,615	
Contributions from component unit eliminated	(7,521,615)	
Depreciation expense	(500,094)	
		8,047,833
Change in net assets - governmental activities		$ 5,451,420

The notes to the basic financial statements are an integral part of this statement.

CITY OF THE DALLES, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Property taxes	$ 2,226,121	$ 2,226,121	$ 2,274,342	$ 48,221
Other taxes	687,138	687,138	652,591	(34,547)
Franchise fees	307,556	307,556	288,819	(18,737)
Licenses and fees	7,500	7,500	14,673	7,173
Charges for services	20,400	20,400	9,175	(11,225)
Intergovernmental	1,201,428	1,201,428	1,132,401	(69,027)
Fines and forfeitures	298,288	298,288	257,466	(40,822)
Rental income	24,912	24,912	26,912	2,000
Interest on investments	31,800	31,800	10,413	(21,387)
Miscellaneous	313,000	313,000	54,157	(258,843)
TOTAL REVENUES	5,118,143	5,118,143	4,720,949	(397,194)
EXPENDITURES				
Current:				
General government	2,493,986	2,526,186	2,347,646	178,540
Public safety	2,746,907	2,746,907	2,565,847	181,060
Culture and recreation	442,013	442,013	415,872	26,141
Capital outlay	59,500	59,500	72,048	(12,548)
Contingency	629,273	602,273	-	602,273
TOTAL EXPENDITURES	6,371,679	6,376,879	5,401,413	975,466
REVENUES OVER (UNDER) EXPENDITURES	(1,253,536)	(1,258,736)	(680,464)	578,272
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	3,710	3,710
Transfers in	974,774	974,774	974,774	-
Transfers out	(113,806)	(119,173)	(119,173)	-
TOTAL OTHER FINANCING SOURCES (USES)	860,968	855,601	859,311	3,710
NET CHANGE IN FUND BALANCE	(392,568)	(403,135)	178,847	581,982
FUND BALANCE, Beginning	1,091,962	1,102,529	1,657,051	554,522
FUND BALANCE, Ending	$ 699,394	$ 699,394	$ 1,835,898	$ 1,136,504

The notes to the basic financial statements are an integral part of this statement.

CITY OF THE DALLES, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Other taxes	$ 390,000	$ 390,000	$ 405,097	$ 15,097
Charges for services	40,238	40,238	18,895	(21,343)
Intergovernmental	704,720	704,720	570,626	(134,094)
Interest on investments	2,000	2,000	144	(1,856)
Miscellaneous	500	500	11,754	11,254
TOTAL REVENUES	1,137,458	1,137,458	1,006,516	(130,942)
EXPENDITURES				
Current:				
Highways and streets:				
Personal services	711,406	711,406	646,133	65,273
Materials and services	565,903	565,903	433,460	132,443
Capital outlay	28,627	28,627	127,292	(98,665) **
Contingency	60,597	60,597	-	60,597
TOTAL EXPENDITURES	1,366,533	1,366,533	1,206,885	159,648
REVENUES OVER (UNDER) EXPENDITURES	(229,075)	(229,075)	(200,369)	28,706
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	1,000	1,000
Issuance of debt	-	-	117,815	117,815
Transfers in	236,753	236,753	236,753	-
Transfers out	(174,165)	(174,165)	(170,828)	3,337
TOTAL OTHER FINANCING SOURCES (USES)	62,588	62,588	184,740	122,152
NET CHANGE IN FUND BALANCE	(166,487)	(166,487)	(15,629)	150,858
FUND BALANCE, Beginning	166,487	166,487	199,371	32,884
FUND BALANCE, Ending	$ -	$ -	$ 183,742	$ 183,742

**Exempt from Oregon Budget Law.

The notes to the basic financial statements are an integral part of this statement.

CITY OF THE DALLES, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Intergovernmental	$ 907,041	$ 907,041	$ 922,725	$ 15,684
Fines and forfeitures	7,000	7,000	11,137	4,137
Contributions	6,984	6,984	6,445	(539)
Interest on investments	2,000	2,000	2,463	463
Miscellaneous	100	100	71	(29)
TOTAL REVENUES	923,125	923,125	942,841	19,716
EXPENDITURES				
Current:				
Culture and recreation:				
Personal services	572,868	572,868	552,386	20,482
Materials and services	347,055	347,055	295,010	52,045
Capital outlay	17,200	17,200	13,398	3,802
Contingency	18,701	18,701	-	18,701
TOTAL EXPENDITURES	955,824	955,824	860,794	95,030
REVENUES OVER (UNDER) EXPENDITURES	(32,699)	(32,699)	82,047	114,746
OTHER FINANCING SOURCES (USES)				
Transfers in	5,575	5,575	5,575	-
TOTAL OTHER FINANCING SOURCES (USES)	5,575	5,575	5,575	-
NET CHANGE IN FUND BALANCE	(27,124)	(27,124)	87,622	114,746
FUND BALANCE, Beginning	399,207	399,207	479,659	80,452
FUND BALANCE, Ending	$ 372,083	$ 372,083	$ 567,281	$ 195,198

The notes to the basic financial statements are an integral part of this statement.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL GRANTS FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Intergovernmental	$ 16,419,469	$ 18,771,991	$ 7,617,315	$ (11,154,676)
Contributions	-	-	99,870	99,870
Interest on investments	10,000	10,000	64,261	54,261
Miscellaneous	80,000	834,614	630,931	(203,683)
TOTAL REVENUES	16,509,469	19,616,605	8,412,377	(11,204,228)
EXPENDITURES				
Current:				
General government:				
Materials and services	508,000	509,000	58,497	450,503
Capital outlay	16,968,539	19,849,205	2,109,354	17,739,851
TOTAL EXPENDITURES	17,476,539	20,358,205	2,167,851	18,190,354
REVENUES OVER (UNDER) EXPENDITURES	(967,070)	(741,600)	6,244,526	6,986,126
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,500)	(3,500)	(3,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,500)	(3,500)	(3,500)	-
NET CHANGE IN FUND BALANCE	(970,570)	(745,100)	6,241,026	6,986,126
FUND BALANCE, Beginning	970,570	745,100	145,101	(599,999)
FUND BALANCE, Ending	$ -	$ -	$ 6,386,127	$ 6,386,127

The notes to the basic financial statements are an integral part of this statement.

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

FUND FINANCIAL STATEMENTS

Proprietary 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
  - Water Capital Reserve
  - Water Bond Debt
- **All Waste Water Funds**
  - Wastewater
  - Wastewater Capital Reserve
  - Sewer Plant Construction
  - Sewer Debt Service
- **All Airport Funds**
  - Airport
  - Airport Debt Service

CITY OF THE DALLES, OREGON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	Business - type Activities - Enterprise Funds			
	All Water Funds	All Sewer Funds	All Airport Funds	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,461,178	$ 40,909	$ 132,905	$ 1,634,992
Restricted cash and cash equivalents	-	4,631,975	66,321	4,698,296
Receivables:				
Accounts, net	320,710	579,302	16,779	916,791
Intergovernmental ($1,802,353 restricted in Water Funds)	2,007,132	-	193,214	2,200,346
Assessments	-	3,086	-	3,086
Inventories	146,378	115,686	-	262,064
Total current assets	3,935,398	5,370,958	409,219	9,715,575
Noncurrent assets:				
Bond discount and issuance costs	188,944	67,954	641	257,539
Capital assets:				
Land	2,874,516	1,409,499	1,498,200	5,782,215
Construction in progress	3,334,949	209,236	518,713	4,062,898
Depreciable assets, net of depreciation	10,257,832	11,649,789	1,859,707	23,767,328
Total noncurrent assets	16,656,241	13,336,478	3,877,261	33,869,980
Total assets	$ 20,591,639	$ 18,707,436	$ 4,286,480	$ 43,585,555
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$ 1,563,551	$ 35,105	$ 95,766	$ 1,694,422
Accrued interest payable	31,453	52,775	1,651	85,879
Retainage payable	93,915	-	-	93,915
Deposits	-	-	100	100
Compensated absences payable	85,222	47,007	-	132,229
Current portion of long-term debt	283,437	388,922	55,580	727,939
Total current liabilities	2,057,578	523,809	153,097	2,734,484
Long-term debt, net of current portion:				
Bonds and notes payable	10,664,343	5,499,911	404,665	16,568,919
Premium on long-term debt	62,710	5,936	-	68,646
Other postemployment benefits	119,316	62,441	-	181,757
Total long-term debt, net of current portion	10,846,369	5,568,288	404,665	16,819,322
Total liabilities	12,903,947	6,092,097	557,762	19,553,806
Net assets:				
Invested in capital assets, net of related debt	5,456,807	7,373,755	3,416,375	16,246,937
Restricted for system development	1,802,353	4,412,110	-	6,214,463
Restricted for debt service	-	219,865	66,321	286,186
Unrestricted	428,532	609,609	246,022	1,284,163
Total net assets	7,687,692	12,615,339	3,728,718	24,031,749
Total liabilities and net assets	$ 20,591,639	$ 18,707,436	$ 4,286,480	$ 43,585,555

The notes to the basic financial statements are an integral part of this statement.

CITY OF THE DALLES, OREGON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2010

	Business - type Activities - Enterprise Funds			
	All Water Funds	All Wastewater Funds	All Airport Funds	Total
OPERATING REVENUES				
Charges for services	$ 3,367,506	$ 4,426,513	$ 6,396	$ 7,800,415
Rental income	4,420	-	149,086	153,506
Miscellaneous	36,210	91,129	6,681	134,020
TOTAL OPERATING REVENUES	3,408,136	4,517,642	162,163	8,087,941
OPERATING EXPENSES				
Personal services	1,680,830	877,701	-	2,558,531
Materials and services	764,473	1,295,216	175,774	2,235,463
Depreciation	324,293	411,468	268,092	1,003,853
TOTAL OPERATING EXPENSES	2,769,596	2,584,385	443,866	5,797,847
OPERATING INCOME (LOSS)	638,540	1,933,257	(281,703)	2,290,094
NON-OPERATING INCOME (EXPENSES)				
Intergovernmental	16,307	15,111	64,964	96,382
Gain (loss) on disposal of capital assets	68	-	14,954	15,022
Interest on investments	23,971	26,038	1,565	51,574
Interest expense	(378,616)	(242,250)	(14,701)	(635,567)
TOTAL NON-OPERATING INCOME (EXPENSES)	(338,270)	(201,101)	66,782	(472,589)
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	300,270	1,732,156	(214,921)	1,817,505
CAPITAL CONTRIBUTIONS				
Intergovernmental	-	-	249,542	249,542
System development charges	24,815	284,538	-	309,353
Capital asset transfers	70,288	85,159	-	155,447
TRANSFERS				
Transfers in	514,961	2,298,709	80,150	2,893,820
Transfers out	(1,132,959)	(2,861,587)	-	(3,994,546)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	(522,895)	(193,181)	329,692	(386,384)
CHANGE IN NET ASSETS	(222,625)	1,538,975	114,771	1,431,121
NET ASSETS, Beginning	8,540,077	11,706,124	3,613,947	23,860,148
Prior period adjustment	(629,760)	(629,760)	-	(1,259,520)
NET ASSETS, Beginning, as restated	7,910,317	11,076,364	3,613,947	22,600,628
NET ASSETS, Ending	$ 7,687,692	$ 12,615,339	$ 3,728,718	$ 24,031,749

The notes to the basic financial statements are an integral part of this statement.

CITY OF THE DALLES, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2010

	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	$ 3,416,632	$ 4,396,515	$ 192,976	$ 8,006,123
Receipts from interfund services provided	1,051	6,488	-	7,539
Payments to suppliers	(1,229,813)	(1,529,390)	(164,885)	(2,924,088)
Payments to employees	(1,097,160)	(579,332)	-	(1,676,492)
Net cash provided from (used by) operating activities	1,090,710	2,294,281	28,091	3,413,082
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITES				
Transfers in	514,961	2,298,709	80,150	2,893,820
Transfers out	(1,132,959)	(2,861,587)	-	(3,994,546)
Net cash provided from (used by) non-capital financing activities	(617,998)	(562,878)	80,150	(1,100,726)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from intergovernmental revenue	16,307	15,111	121,292	152,710
System development charges	24,815	284,538	-	309,353
Proceeds from sale of capital assets	68	-	14,954	15,022
Interfund loan payments	(77,752)	(121,671)	-	(199,423)
Acquisition of capital assets	(1,354,957)	(548,834)	(237,123)	(2,140,914)
Principal paid on long-term obligations	(56,195)	(379,095)	(55,755)	(491,045)
Interest paid on long-term obligations	(369,243)	(237,057)	(15,146)	(621,446)
Net cash provided from (used by) capital and related financing activities	(1,816,957)	(987,008)	(171,778)	(2,975,743)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	23,971	26,038	1,565	51,574
Net cash provided (used) by investing activities	23,971	26,038	1,565	51,574
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,320,274)	770,433	(61,972)	(611,813)
CASH AND CASH EQUIVALENTS, Beginning	2,781,452	3,902,451	261,198	6,945,101
CASH AND CASH EQUIVALENTS, Ending	$ 1,461,178	$ 4,672,884	$ 199,226	$ 6,333,288
COMPRISED AS FOLLOWS				
Cash and cash equivalents	$ 1,461,178	$ 40,909	$ 132,905	$ 1,634,992
Restricted cash and cash equivalents	-	4,631,975	66,321	4,698,296
	$ 1,461,178	$ 4,672,884	$ 199,226	$ 6,333,288

The notes to the basic financial statements are an integral part of this statement.

CITY OF THE DALLES, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds			
	All Water Funds	All Sewer Funds	All Airport Funds	Total
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities				
Operating income (loss)	$ 638,540	$ 1,933,257	$ (281,703)	$ 2,290,094
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	324,293	411,468	268,092	1,003,853
(Increase) decrease in assets:				
Receivables	9,547	(114,639)	30,813	(74,279)
Inventories	59,417	19,888	-	79,305
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(8,208)	6,309	10,889	8,990
Other postemployment benefits payable	60,612	31,719	-	92,331
Compensated absences payable	6,509	6,279	-	12,788
Net cash provided from (used by) operating activities	$ 1,090,710	$ 2,294,281	$ 28,091	$ 3,413,082
Noncash Investing, Capital, and Financing Activities				
Transfer of capital assets between funds	$ 534,486	$ 184,485	$ -	$ 718,971
Transfer of long-term debt between funds	(433,955)	(92,855)	-	(526,810)
Transfer of premium on long-term debt between funds	(30,243)	(6,471)	-	(36,714)
Total noncash investing, capital, and financing activities	$ 70,288	$ 85,159	$ -	$ 155,447

The notes to the basic financial statements are an integral part of this statement.

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of The Dalles, Oregon (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 assets and the statement of activities) report information on all of the nonfiduciary 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. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *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 *component 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 segment 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.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs 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 included 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 measurable 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 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* account 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 improvements 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 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 costs 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	Years
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 assets. 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 sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned, but unused, vacation, holiday and sick pay benefits. No liability is reported for unpaid

accumulated sick pay benefits. All vacation and holiday 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, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Restricted net assets

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

9. 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 service, 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, 2010, 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, 2010. 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. For deposits in excess of federal depository insurance, Oregon Revised Statutes require that Public officials report to the Office of the State Treasurer (OST) all bank depositories in which they deposit public funds and bank depositories will then report financial information and total public funds deposits quarterly to OST. OST will then calculate the required collateral that must be pledged by the bank based on this information and the depository's FDIC assigned capitalization category. Bank depositories will then have a shared liability in the event of a bank loss. For the fiscal year ended June 30, 2010, the carrying amount of the City's deposits was $15,672,523 and the bank balance was $16,214,601. All deposits are held in the name of the City or the Columbia Gateway Urban Renewal Agency (blended component unit). Of the bank balance, $4,170,396 was covered by federal depository insurance. The remaining $12,044,208 was collateralized under ORS 295.

Custodial credit risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. The City does not have a formal deposit 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 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 US 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 represent 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, 2010 are as follows:

	Maturity	Percentage of Portfolio	Carrying Amount/ Fair Value
Local Government Investment Pool	1 day	100%	$ 3,076,553
Less amounts classified as cash equivalents			(3,076,553)
Total Investments			$ -

A reconciliation of cash and cash equivalents as shown on the Statement of Net Assets is as follows:

Cash with County treasurer	$ 26,118
Cash on hand	400
Carrying amounts of deposits	15,672,523
Local Government Investment Pool	3,076,553
Total cash and cash equivalents	$ 18,775,594

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

	Governmental Activities	Business-type Activities	Total
Restricted for system development:			
Unspent bond proceeds	$ 6,184,895	$ -	$ 6,184,895
SDC's and other improvement revenues	1,979,272	4,412,110	6,391,382
Restricted for debt service	1,141,490	286,186	1,427,676
Total cash and cash equivalents	$ 9,305,657	$ 4,698,296	$14,003,953

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	Street	Library	Special Grants	Urban Renewal Capital Projects	Other Governmental Funds	Total Governmental Activities
Property taxes	$ 176,132	$ -	$ -	$ -	$ 97,407	$ -	$ 273,539
Accounts	295,322	37,993	2,508	14,351	704	10,227	361,105
Intergovernmental	52,381	46,733	-	13,550	-	-	112,664
Fines and forfeitures	791,541	-	-	-	-	-	791,541
Assessments	-	-	-	22,936	-	290,909	313,845
Notes	-	-	-	45,570	282,445	-	328,015
	$ 1,315,376	$ 84,726	$ 2,508	$ 96,407	$ 380,556	$ 301,136	$ 2,180,709

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 Activities
Accounts	$ 328,597	$ 608,571	$ 19,279	$ 956,447
Intergovernmental	2,007,132	-	193,214	2,200,346
Assessments	-	3,086	-	3,086
Allowance for doubtful accounts	(7,887)	(29,269)	(2,500)	(39,656)
	$ 2,327,842	$ 582,388	$ 209,993	$ 3,120,223

Uncollected property taxes in governmental funds are shown on the statement of net assets 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 2009-2010, the City levied property taxes in the amount of $2,395,697. After reductions for offsets and increases for additional taxes and penalties this resulted in a net levy of $2,342,892. 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, 2009 was $794,460,819. The Columbia Gateway Urban Renewal Agency, a blended component unit of the City, levied taxes at its maximum taxing authority of $1,320,581. After reductions for offsets and additional taxes and penalties, this resulted in a net levy of $1,291,594.

Following is a summary of property tax transactions for the year ended June 30, 2010:

	Balances July 1, 2009	2009-10 Levy	Adjustments	Interest (Discounts)	Collections	Balances June 30, 2010
2009-10	$ -	$ 3,634,486	$ (4,511)	$ (86,261)	$ (3,392,982)	$ 150,732
2008-09	145,787	-	(4,421)	31	(65,069)	76,328
2007-08	67,983	-	(3,315)	9	(28,636)	36,041
2006-07	28,622	-	(373)	11	(20,265)	7,995
2005-06	8,778	-	(307)	9	(6,933)	1,547
2004-05	632	-	(274)	6	(172)	192
2003-04	116	-	(174)	5	81	28
Prior years	836	-	(88)	-	(72)	676
	$ 252,754	$ 3,634,486	$ (13,463)	$ (86,190)	$ (3,514,048)	$ 273,539

Assessment liens receivable represent 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, an 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. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	$ 547,445	$ 113,816	$ -	$ 661,261
Construction in progress	2,495,417	2,339,609	(1,285,560)	3,549,466
Assets available for sale	210,917	387,098.00	-	598,015
Total capital assets, not being depreciated	3,253,779	2,840,523	(1,285,560)	4,808,742
Capital assets, being depreciated				
Land improvements	209,791	-	-	209,791
Buildings	4,799,774	3,176	-	4,802,950
Equipment	2,523,053	199,483	(18,087)	2,704,449
Infrastructure	11,848,422	6,071,333	-	17,919,755
Total capital assets, being depreciated	19,381,040	6,273,992	(18,087)	25,636,945
Accumulated depreciation for:				
Land improvements	(157,695)	(10,123)	-	(167,818)
Building	(1,273,787)	(110,328)	-	(1,384,115)
Equipment	(1,628,286)	(157,388)	18,087	(1,767,587)
Infrastructure	(1,819,540)	(222,255)	-	(2,041,795)
Total accumulated depreciation	(4,879,308)	(500,094)	18,087	(5,361,315)
Total capital assets, being depreciated, net	14,501,732	5,773,898	-	20,275,630
Governmental activities capital assets, net	$ 17,755,511	$ 8,614,421	$ (1,285,560)	$ 25,084,372

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

General government	$ 66,497
Public safety	66,954
Highways and streets	349,942
Culture and recreation	16,701
Total depreciation expense - governmental activities	$ 500,094

Capital asset activity for the business-type activities for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	$ 5,707,215	$ 75,000	$ -	$ 5,782,215
Construction in progress	1,031,457	3,065,587	(34,146)	4,062,898
Total capital assets, not being depreciated	6,738,672	3,140,587	(34,146)	9,845,113
Capital assets, being depreciated				
Land improvements	10,802,997	199,745	-	11,002,742
Buildings	4,947,152	6,443	-	4,953,595
Equipment	1,006,364	245,400	(65,028)	1,186,736
Wastewater Treatment Plant	8,001,975	-	-	8,001,975
Dams and lines	8,514,558	747,775	-	9,262,333
Total capital assets, being depreciated	33,273,046	1,199,363	(65,028)	34,407,381
Less accumulated depreciation for:				
Land improvements	(2,964,754)	(382,898)	-	(3,347,652)
Building	(1,288,394)	(129,033)	-	(1,417,427)
Equipment	(704,209)	(30,541)	65,028	(669,722)
Wastewater Treatment Plant	(695,101)	(258,443)	-	(953,544)
Dams and lines	(4,048,770)	(202,938)	-	(4,251,708)
Total accumulated depreciation	(9,701,228)	(1,003,853)	65,028	(10,640,053)
Total capital assets, being depreciated, net	23,571,818	195,510	-	23,767,328
Business-type activities capital assets, net	$ 30,310,490	$ 3,336,097	$ (34,146)	$ 33,612,441

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

Water	$ 324,293
Wastewater	411,468
Airport	268,092
Total depreciation expense - business-type activities	$ 1,003,853

D. 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	Special Grants	Urban Renewal Capital Projects	Other Governmental Funds	Totals
Property taxes	$ 176,132	$ -	$ 97,408	$ -	$ 273,540
Fines and forfeitures	791,541	-	-	-	791,541
Loans	-	45,570	282,445	-	328,015
Special assessments	-	22,936	-	343,856	366,792
	$ 967,673	$ 68,506	$ 379,853	$ 343,856	$1,759,888

E. Long-term obligations

1. Limited Tax Issuances – Governmental Activities

Urban Renewal Bonds were issued in September of 2002 to fund capital projects within the Columbia Gateway Urban Renewal District. The bonds are secured by a pledge of tax increment revenues within the Urban Renewal area with interest rates ranging from 1.85% to 4.85%. These bonds were paid off at face value, plus accrued interest during the year with the issuance of the 2009 Full Faith and Credit Obligations.

2. Full Faith and Credit Obligation Bonds – Governmental 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 within 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 system 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.

Future maturities of the combined issues are as follows:

Year Ending June 30	Principal	Interest
2011	$ 526,082	$ 561,902
2012	542,146	549,197
2013	561,820	531,781
2014	578,462	513,713
2015	596,494	491,575
2016-2020	3,362,310	2,088,493
2021-2025	3,778,426	1,309,613
2026-2029	3,208,220	410,178
	$ 13,153,960	$ 6,456,452

3. 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:

Year Ending June 30	Principal	Interest
2011	$ 73,346	$ 18,046
2012	76,324	15,068
2013	79,424	11,968
2014	82,649	8,744
2015	86,006	5,387
2016	62,950	1,895
	$ 460,699	$ 61,108

4. 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 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.

Year Ending June 30	Principal	Interest
2011	$ 280,309	$ 377,434
2012	287,277	366,520
2013	305,390	355,177
2014	312,519	343,122
2015	323,503	330,621
2016-2020	1,841,195	1,444,806
2021-2025	2,135,537	1,026,631
2026-2030	2,396,790	553,726
2031-2032	1,055,000	70,180
	$ 8,937,520	$ 4,868,217

The City filed a "material event notice", as required by full disclosure requirements of the bond issue, at various times 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.

5. Bonds Payable – Business-Type Activities – 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.

Future maturities of the bonds are as follows:

Year Ending June 30	Principal	Interest
2011	$ 388,609	$ 229,642
2012	405,577	215,036
2013	422,790	198,845
2014	439,019	184,248
2015	450,003	168,267
2016-2020	2,526,495	573,787
2021-2025	1,231,037	89,725
2026-2029	24,990	3,186
	$ 5,888,520	$ 1,662,736

The City filed a "material event notice", as required by full disclosure requirements of the bond issue, at various times 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.

6. Bonds Payable – Business-Type Activities – 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 are as follows:

Year Ending June 30	Principal	Interest
2011	$ 44,000	$ 11,536
2012	46,000	9,219
2013	50,000	6,747
2014	52,000	4,120
2015	54,000	1,391
	$ 246,000	$ 33,013

7. 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 $435,671, 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 have been accrued in the amount of $2,007,132 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 loan 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.

8. Loan Payable – Business-Type Activities – 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 loan payable are as follows:

Year Ending June 30	Port of The Dalles Principal	Port of The Dalles Interest
2011	$ 11,580	$ 4,570
2012	12,044	3,107
2013	12,525	2,625
2014	13,026	2,124
2015	13,547	1,603
2016-2020	47,229	11,152
2021-2025	59,461	16,289
2026-2028	44,833	3,755
	$ 214,245	$ 45,225

9. Conduit Debt

The City has acted as a conduit for debt issued by QualityLife Intergovernmental Agency and payable to the Columbia River 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 River Bank. The total amount of debt payable to Columbia River Bank at June 30, 2010 is $897,766. QualityLife 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 Qualitylife Intergovernmental Agency will provide the full repayment.

10. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2010, is as follows:

	Beginning Balance	Prior Period Adjustment	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:						
Limited Tax Issuances	$ 2,400,000	$ -	$ -	$2,400,000	$ -	$ -
Full Faith and Credit Bonds	3,200,000	(1,259,520)	11,573,190	359,710	13,153,960	526,082
Premium on FFCO Bonds	49,711	-	893,102	33,999	908,814	46,604
Loans Payable	392,520	-	117,815	49,636	460,699	78,188
Compensated Absences	252,908	-	248,019	252,908	248,019	248,019
Other Postemployment Benefits	162,573	-	167,852	-	330,425	-
Governmental activity Long-term obligations	$ 6,457,712	$(1,259,520)	$12,999,978	$3,096,253	$15,101,917	$ 898,893
Business - type activities:						
Revenue Bonds Payable	$13,763,000	$ -	$ -	$ 382,000	$13,381,000	$ 624,000
Full Faith and Credit Bonds	-	1,259,520	526,810	95,290	1,691,040	88,918
Premium on FFCO Bonds	38,297	-	36,714	2,924	72,087	3,441
Loans Payable	228,000	2,007,132	-	13,755	2,221,377	11,580
Compensated Absences	119,441	-	132,229	119,441	132,229	132,229
Other Postemployment Benefits	89,426	-	92,331	-	181,757	-
Business-type activity Long-term obligations	$14,238,164	$ 3,266,652	$ 788,084	$ 613,410	$17,679,490	$ 860,168

F. 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 $945,279. A reconciliation of transfers in the fund financial statements is as follows:

	Transfers In	Transfers Out
Governmental activities		
General	$ 974,774	$ 119,173
Street	236,753	170,828
Library	5,575	-
Special grants	-	3,500
Capital projects	-	-
Other funds	354,886	162,611
Business-type activities		
Water	585,249	1,132,959
Waste water	2,383,868	2,861,587
Airport	80,150	-
Non-current resources	-	170,597
	$ 4,621,255	$ 4,621,255

Transfers out of the General Fund were for the City's contribution towards operation of the Library, Airport & Unemployment Reserve Funds. In addition, the General Fund transferred funds to the Capital Projects Fund for debt service purposes. Transfers into the General Fund consist of administrative overhead reimbursements from the Street, Water and Wastewater funds. Capital additions and the related debt 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 and Special Assessments 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 a 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. 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 contribution (ARC)	$ 259,559
Interest on net OPEB obligation	11,340
Adjustment to annual required contribution	(10,716)
Annual OPEB cost	260,183
Less OPEB contribtutions (Amounts paid by the City during the year)	-
Change in net OPEB obligation	260,183
Net OPEB obligation - beginning of year	251,999
Net OPEB obligation - end of year	$ 512,182

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, 2010 was as follows:

Health Insurance Continuation			
Fiscal Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contributions	Net OPEB Obligation
6/30/2008	N/A*	N/A	N/A
6/30/2009	$ 251,999	0%	$ 251,999
6/30/2010	$ 260,183	0%	$ 260,183

* Annual OPEB costs are not available for fiscal years prior to the fiscal year ended June 30, 2009.

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2010, was as follows:

	Health Insurance Continuation
Employer's normal cost	$1,887,249
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	$1,887,249
Funded ratio	0%
Covered payroll (active plan members)	$4,943,973
UAAL as a percentage of covered payroll	38%

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, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return and an annual healthcare cost trend rate of 4.5 percent. The UAAL is being amortized over 30 years on a closed basis using the level percentage of payroll amortization method. Payroll growth increase assumption is 3.0 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, 2010 was $3,425,178. Total contributions to the plan for the year ended June 30, 2010 were $495,762, including $468,648 and $27,114 for the City and employee contributions, respectively.

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, 2010 was $1,184,244. Total contributions to the plan for the year ended June 30, 2010 were $276,462, including $262,599 and $13,863 for the City and employee contributions, respectively.

D. Commitments, contingencies, and subsequent events

1. Construction in Progress

The City is committed under various, architectural, engineering, and construction contracts at June 30, 2010. Funding for the majority of the projects are anticipated from the $6.2 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.

During the year, the Columbia Gateway Urban Renewal Agency contributed $7.5 million of it's bond proceeds to the City as it's contribution to projects in progress below:

The Washington Street Underpass is approximately 9% complete. Costs incurred to date are $881,257, with total estimated costs of $9.36 million.

The Marine Terminal Project (Cruise Dock) is about 12% complete. Costs incurred to date are $480,090, with total estimated costs of $3.856 million.

The East Gateway Project phase 2 is substantially complete. Costs incurred to date are $857,051.

The Flour Mill project is approximately 81% complete. Costs incurred to date are $484,561, with total estimated costs of $.6 million.

Improvements to the Waldron Building are approximately 91% complete. Costs incurred to date are $178,179, with total estimated costs of $195,070.

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 $48,921, with total estimated costs of $3 million.

Other major projects in progress at June 30, 2010 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 completed.

The Terminal Reservoir project is approximately 34% complete. Costs incurred to date are $3,043,471, with total estimated costs of $9 million.

The Dog River Pipeline project is in the design stage. Costs incurred to date are $20,543, with total estimated costs of $4 million. The project is less than 1% complete.

There are various improvements in the early stages at the Wastewater Treatment Plant. Costs incurred to date are $201,020, with total estimated project costs of about $13.7 million.

The Watershed Fuels Reduction project is also in the early stages. Costs incurred to date are $20,703, with total estimated costs of $260,000.

The East 10th Street Sewer Project is expected to start in July 2010. Total estimated costs are approximately $500,000. The East Gateway Streetscape Project is also planned in the near future with total estimated costs of $4.87 million.

There are various projects in progress at the airport. The airport master plan was 99% complete with costs to date of $206,822 and was awaiting approval from the FAA. There is also a well project with costs to date of $253,325. The project is currently on hold waiting for completion of an agreement with the Dallesport Water District. The City is also in the early stages of the airport runway rehabilitation. At June 30, 2010, $58,567 had been spent on project design and there was approximately $5.5 million in Connect Oregon III and FAA grants awarded after year end to fund construction.

2. Subsequent Events

After June 30, 2010, the City, in its normal course of business, has awarded contracts for projects to include:

- East Tenth Street Sewer Project $ 457,173
- Wastewater Treatment Plant electrical upgrade $ 212,580

- Bidding and construction services for the Marine Terminal And Festival Area Projects to provide scope of work $ 251,795
- Sanitary Sewer Lining Project $ 197,279
- Kennedy/Jenks Engineering $ 60,900

The City has also received grant approvals for a number of projects to be completed after year end. Significant items include:

- The City has been awarded a $2 million Federal grant and $2,055,300 Connect Oregon III State grant to use toward construction of a Cruise Dock, adjacent park, restrooms, and parking lot.
- City signed ODOT agreement 27066 to accept funds exchanged under the Surface Transportation Program for street and traffic signal improvements not to exceed $358,644.
- At the September 27, 2010 meeting, the City Council authorized staff to sign the Connect Oregon III grant agreement for airport runway rehabilitation with ODOT. The grant will reimburse 80% of project costs up to $3,503,184 and is accompanied by a $2 million grant from the FAA.
- The City was awarded an ARRA funds grant of $2.682 million for Phase 2 of the East Gateway Project.
- There was a USDA forest grant awarded in a prior year of $200,000, which has been extended until 2012.

At the September 20, 2010 meeting, the City accepted an offer to sell the Mesplie Reservoir property in exchange for an easement for the future construction of a new water transmission pipe. The City will also continue to provide domestic water service for the one inch service at no charge.

The City also sold a parcel of land on contract for $30,000, with a provision for a reduction of $6,000 in the sale price conditional upon purchaser completing stipulated improvements.

The Columbia Gateway Urban Renewal Agency is a blended component unit of the City. Significant subsequent events effecting the Agency are as follows:

In July, the Agency approved an amendment to the loan with James Martin for an additional $100,000 for additional exterior work on the Flour Mill property. In September, the Agency approved an interest rate subsidy request by Dong Xi at 100% of interest charged, not to exceed 12% per annum, effective for the duration of the loan or until June 30, 2019, whichever occurs first.

There are two other ongoing interest rate subsidies for property owner improvement projects: MJG Development and Sigman. The commitments extend through June 30, 2015 and August 1, 2014, respectively.

In October 2010, the Agency authorized staff to proceed with the purchase of six lots for $12,500 each to ensure that development does not occur on the lots, which is inconsistent with the development of the Mill Creek Greenway Trail.

At the November 8, 2010 meeting, the Agency authorized staff to proceed with an amendment of the agreement with Terry Cook to reduce his loan by $142,000 and remove the requirement that the City will provide a parking lot with at least 38 parking spaces.

At the November 22, 2010 meeting the Agency approved signing the land sale contract with Discover Development, LLC for the property commonly known as the Sunshine Mill property for the sum of $305,124. $22,936 of the purchase price will be allocated for the reimbursement for the costs advanced by the City for the streetscape improvements constructed in connection with the East Gateway/Brewery Grade Project.

The Agency purchased the Granada Building in the current year for refurbishment and subsequent sale. The Agency has entered negotiations to sell the building to a local developer. Additionally, the Agency is negotiating the purchase of other properties on the block to sell to the same developer.

E. Prior period adjustment

The City reported a prior period adjustment in non-major governmental funds and governmental activities to recognized improvement fees received in prior periods of $60,315, which were originally reported as deferred revenues. The adjustment increased beginning fund balance and governmental activities net assets.

The City also reported a prior period adjustment between the governmental activities and business-type activities to record a portion of the 2008 Full Faith and Credit bond proceeds received in the year ended June 30, 2009 that was used for the Public Works Facility Project. The Water Fund and Wastewater Fund own a portion of the assets and are expected to repay a portion of the bonds. The adjustment increased beginning net assets of the governmental activities by $1,259,520 and decreased the beginning net assets of the business-type activities by the same amount. Inside the business type activities, the bonds payable increased and net assets decreased for both the Water Fund and Wastewater fund by $629,760.

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

SUPPLEMENTAL INFORMATION

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

COMBINING STATEMENTS

Non-Major 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:

- ***Public Works Reserve*** – replacing or adding to the machinery and equipment of the Public Works Department. Resources are provided through operating transfers from the Street and Storm Sewer Fund and from interest earned on the investments.
- ***Community Benevolence*** – preservation, enhancement, protection, maintenance, repair, replacement or restoration of the Mid-Columbia Vietnam Veterans' Memorial and its surroundings. Revenues consist primarily of donations and interest earnings.
- ***Street and Bridge Replacement*** – accounts for the replacement of streets and bridges. Resources consist of transfers and interest earned on investments.
- ***State Office Building*** – accounts for resources received and expended for the operation, repairs and maintenance of the State Office Building owned by the City. Revenues consist of a portion of the building's lease payments collected by the City.
- ***Unemployment Reserve*** – accounts for resources received and expended for the payment of unemployment benefits. Revenues consist primarily of interest on deposits and transfers from other funds.

Capital Project 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 Assessments 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*** – 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 long-term indebtedness. Funds included in this category are:

- ***FFCO 2008 Bond*** – 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*** – accounts for the accumulation of resources for, and the repayment of, full faith and credit bonds relating to the West 1st Street, Terminal Way and Bargeway Road Reconstruction LID and to provide a loan to the Columbia Gateway Urban Renewal Agency to pay off the current Urban Renewal bond, fund a reserve for the loan, and provide funds for additional projects.
- ***Urban Renewal*** – 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
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2010

	Special Revenue Funds				
	Public Works Reserve Fund	Community Benevolence Fund	Street and Bridge Replacement Fund	State Office Building Fund	Unemployment Reserve Fund
ASSETS					
Cash and cash equivalents	$ 18,347	$ 7,341	$ 542,140	$ 12,835	$ 48,784
Receivables:					
Accounts	-	-	-	5,764	-
Assessments	-	-	-	-	-
Total assets	$ 18,347	$ 7,341	$ 542,140	$ 18,599	$ 48,784
LIABILITIES					
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 2,394	$ 6,409
Deferred revenue	-	-	-	-	-
Total liabilities	-	-	-	2,394	6,409
FUND BALANCES					
Reserved for:					
Debt service	-	-	-	-	-
System development	-	-	542,140	-	-
Unreserved, reported in:					
Special revenue funds	18,347	7,341	-	16,205	42,375
Capital projects funds	-	-	-	-	-
Total fund balances	18,347	7,341	542,140	16,205	42,375
Total liabilities and fund balances	$ 18,347	$ 7,341	$ 542,140	$ 18,599	$ 48,784

See auditor's report.

Capital Projects Funds		Debt Service Funds			
Special Assessments Fund	Capital Projects Fund	FFCO 2008 Debt Service Fund	2009 FFCO Debt Service Fund	Urban Renewal Debt Service Fund	Totals
$ 784,539	$ 386,226	$ 18	$ -	$ 1,141,472	$ 2,941,702
4,463	-	-	-	-	10,227
290,909	-	-	-	-	290,909
$ 1,079,911	$ 386,226	$ 18	$ -	$ 1,141,472	$ 3,242,838
$ 14,468	$ -	$ -	$ -	$ -	$ 23,271
343,856	-	-	-	-	343,856
358,324	-	-	-	-	367,127
-	-	18	-	1,141,472	1,141,490
115,515	220,017	-	-	-	877,672
-	-	-	-	-	84,268
606,072	166,209	-	-	-	772,281
721,587	386,226	18	-	1,141,472	2,875,711
$ 1,079,911	$ 386,226	$ 18	$ -	$ 1,141,472	$ 3,242,838

See auditor's report.

CITY OF THE DALLES, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2010

	Special Revenue Funds				
	Public Works Reserve Fund	Community Benevolence Fund	Street and Bridge Replacement Fund	State Office Building Fund	Unemployment Reserve Fund
REVENUES					
Property taxes	$ -	$ -	$ -	$ -	$ -
Franchise fees	-	-	-	-	-
Assessments	-	-	-	-	-
Intergovernmental	-	-	85,906	-	-
Contributions	-	-	-	-	-
System development charges	-	-	99,119	-	-
Rental income	-	-	-	129,968	-
Interest on investments	115	42	2,942	190	316
Miscellaneous	-	2,000	-	-	-
TOTAL REVENUES	115	2,042	187,967	130,158	316
EXPENDITURES					
Current:					
General govrenment	-	1,950	-	161,411	14,297
Capital outlay	188,897	-	117,167	-	-
Debt service	-	-	-	-	-
TOTAL EXPENDITURES	188,897	1,950	117,167	161,411	14,297
REVENUES OVER (UNDER) EXPENDITURES	(188,782)	92	70,800	(31,253)	(13,981)
OTHER FINANCING SOURCES (USES)					
Sale of property	10,744	-	-	-	-
Issuance of debt	-	-	-	-	-
Premium on issuance of debt	-	-	-	-	-
Payment to refund debt	-	-	-	-	-
Transfers in	150,000	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	160,744	-	-	-	-
NET CHANGE IN FUND BALANCE	(28,038)	92	70,800	(31,253)	(13,981)
FUND BALANCE, Beginning	46,385	7,249	471,340	47,458	56,356
Prior period adjustment	-	-	-	-	-
FUND BALANCE, Beginning, as adjusted	46,385	7,249	471,340	47,458	56,356
FUND BALANCE, Ending	$ 18,347	$ 7,341	$ 542,140	$ 16,205	$ 42,375

See auditor's report.

Capital Projects Funds		Debt Service Funds			
Special Assessments Fund	Capital Projects Fund	FFCO 2008 Debt Service Fund	2009 FFCO Debt Service Fune	Urban Renewal Debt Service Fund	Totals
$ -	$ -	$ -	$ -	$ 792,960	$ 792,960
24,372	-	-	-	-	24,372
61,544	-	-	-	-	61,544
-	21,615	-	-	-	107,521
-	-	-	-	-	-
-	-	-	-	-	99,119
-	101,318	124,490	-	-	355,776
4,687	4,723	-	-	3,316	16,331
40	-	-	-	-	2,040
90,643	127,656	124,490	-	796,276	1,459,663
66	16,500	-	-	-	194,224
15,663	1,969,793	-	-	-	2,291,520
-	79,996	190,965	105,179	501,384	877,524
15,729	2,066,289	190,965	105,179	501,384	3,363,268
74,914	(1,938,633)	(66,475)	(105,179)	294,892	(1,903,605)
-	-	-	-	-	10,744
-	1,895,000	-	-	2,792,073	4,687,073
-	132,065	-	-	-	132,065
-	-	-	-	(2,400,000)	(2,400,000)
-	43,231	56,476	105,179	-	354,886
(114,409)	(48,202)	-	-	-	(162,611)
(114,409)	2,022,094	56,476	105,179	392,073	2,622,157
(39,495)	83,461	(9,999)	-	686,965	718,552
700,767	302,765	10,017	-	454,507	2,096,844
60,315	-	-	-	-	60,315
761,082	302,765	10,017	-	454,507	2,157,159
$ 721,587	$ 386,226	$ 18	$ -	$ 1,141,472	$ 2,875,711

See auditor's report.

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

BUDGETARY COMPARISON SCHEDULES

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

In accordance with GASB Statement #34, the City's General Fund and any major special revenue fund (currently only the Street, Library, and Special Grants Funds) are presented as the third of the basic governmental fund financial statements. All other budgetary comparisons are displayed in the following pages as supplemental information.

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL, BY DEPARTMENT

- **General Fund**

CITY OF THE DALLES, OREGON
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL, BY DEPARTMENT
GENERAL FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
EXPENDITURES				
General government:				
City council	$ 206,627	$ 233,627	$ 227,661	$ 5,966
City clerk	130,293	130,293	124,435	5,858
City manager	275,284	283,484	282,695	789
City attorney	248,417	248,417	241,315	7,102
Judicial	175,089	175,089	163,337	11,752
Finance	358,396	355,396	292,660	62,736
Utility billing	153,058	153,058	140,098	12,960
Personnel	10,200	10,200	4,771	5,429
Technology	170,482	170,482	164,523	5,959
Planning	541,488	541,488	512,198	29,290
City hall	198,012	198,012	186,179	11,833
Transportation center	26,640	26,640	7,774	18,866
Total general government	2,493,986	2,526,186	2,347,646	178,540
Public safety:				
Police	2,735,796	2,735,796	2,585,159	150,637
Codes enforcement	70,611	70,611	52,736	17,875
Total public safety	2,806,407	2,806,407	2,637,895	168,512
Culture and recreation:				
Nondepartmental	442,013	442,013	415,872	26,141
Total culture and recreation	442,013	442,013	415,872	26,141
Contingency	629,273	602,273	-	602,273
TOTAL EXPENDITURES	6,371,679	6,376,879	5,401,413	975,466
OTHER FINANCING USES				
Transfers out	113,806	113,806	113,806	-
TOTAL OTHER FINANCING USES	113,806	113,806	113,806	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 6,485,485	$ 6,490,685	$ 5,515,219	$ 975,466

See auditor's report.

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

Governmental Funds

Special Revenue Funds

- Public Works Reserve
- Community Benevolence
- Street and Bridge Replacement
- State Office Building
- Unemployment Reserve

Debt Service Funds

- FFCO 2008 Bond
- 2009 FFCO Bond
- Urban Renewal

Capital Project Funds

- Capital Projects
- Special Assessments
- Urban Renewal Capital Projects (Major Fund)

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC WORKS RESERVE FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Interest on investments	$ 2,000	$ 2,000	$ 115	$ (1,885)
TOTAL REVENUES	2,000	2,000	115	(1,885)
EXPENDITURES				
Capital outlay	200,895	200,895	188,897	11,998
TOTAL EXPENDITURES	200,895	200,895	188,897	11,998
REVENUES OVER (UNDER) EXPENDITURES	(198,895)	(198,895)	(188,782)	10,113
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	10,744	10,744
Transfers in	150,000	150,000	150,000	-
TOTAL OTHER FINANCING SOURCES (USES)	150,000	150,000	160,744	10,744
NET CHANGE IN FUND BALANCE	(48,895)	(48,895)	(28,038)	20,857
FUND BALANCE, Beginning	48,895	48,895	46,385	(2,510)
FUND BALANCE, Ending	$ -	$ -	$ 18,347	$ 18,347

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY BENEVOLENCE FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Interest on investments	$ 40	$ 40	$ 42	$ 2
Miscellaneous	2,000	2,000	2,000	-
TOTAL REVENUES	2,040	2,040	2,042	2
EXPENDITURES				
Current:				
General government:				
Materials and services	7,340	7,340	1,950	5,390
TOTAL EXPENDITURES	7,340	7,340	1,950	5,390
REVENUES OVER (UNDER) EXPENDITURES	(5,300)	(5,300)	92	5,392
NET CHANGE IN FUND BALANCE	(5,300)	(5,300)	92	5,392
FUND BALANCE, Beginning	5,300	5,300	7,249	1,949
FUND BALANCE, Ending	$ -	$ -	$ 7,341	$ 7,341

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET AND BRIDGE REPLACEMENT FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Intergovernmental	$ 415,000	$ 415,000	$ 85,906	$ (329,094)
System development charges	200,000	200,000	99,119	(100,881)
Interest on investments	5,000	5,000	2,942	(2,058)
TOTAL REVENUES	620,000	620,000	187,967	(432,033)
EXPENDITURES				
Capital outlay	1,010,372	1,010,372	117,167	893,205
TOTAL EXPENDITURES	1,010,372	1,010,372	117,167	893,205
REVENUES OVER (UNDER) EXPENDITURES	(390,372)	(390,372)	70,800	461,172
NET CHANGE IN FUND BALANCE	(390,372)	(390,372)	70,800	461,172
FUND BALANCE, Beginning	390,372	390,372	471,340	80,968
FUND BALANCE, Ending	$ -	$ -	$ 542,140	$ 542,140

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE OFFICE BUILDING FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Rental income	$ 179,400	$ 179,400	$ 129,968	$ (49,432)
Interest on investments	1,500	1,500	190	(1,310)
TOTAL REVENUES	180,900	180,900	130,158	(50,742)
EXPENDITURES				
Current:				
General government:				
Personal services	42,175	42,175	39,039	3,136
Materials and services	143,987	143,987	122,372	21,615
Contingency	13,208	13,208	-	13,208
TOTAL EXPENDITURES	199,370	199,370	161,411	37,959
REVENUES OVER (UNDER) EXPENDITURES	(18,470)	(18,470)	(31,253)	(12,783)
NET CHANGE IN FUND BALANCE	(18,470)	(18,470)	(31,253)	(12,783)
FUND BALANCE, Beginning	18,470	18,470	47,458	28,988
FUND BALANCE, Ending	$ -	$ -	$ 16,205	$ 16,205

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
UNEMPLOYMENT RESERVE FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Interest on investments	$ 250	$ 250	$ 316	$ 66
TOTAL REVENUES	250	250	316	66
EXPENDITURES				
Current:				
General government:				
Personal services	66,832	66,832	14,297	52,535
TOTAL EXPENDITURES	66,832	66,832	14,297	52,535
REVENUES OVER (UNDER) EXPENDITURES	(66,582)	(66,582)	(13,981)	52,601
NET CHANGE IN FUND BALANCE	(66,582)	(66,582)	(13,981)	52,601
FUND BALANCE, Beginning	66,582	66,582	56,356	(10,226)
FUND BALANCE, Ending	$ -	$ -	$ 42,375	$ 42,375

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL ASSESSMENTS FUND - CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Franchise fees	$ 22,732	$ 22,732	$ 24,372	$ 1,640
Assessments	167,459	167,459	61,544	(105,915)
Interest on investments	15,000	15,000	4,687	(10,313)
Miscellaneous	1,000	1,000	40	(960)
TOTAL REVENUES	206,191	206,191	90,643	(115,548)
EXPENDITURES				
Current:				
General government:				
Materials and services	34,500	34,500	66	34,434
Capital outlay	853,693	853,693	15,663	838,030
TOTAL EXPENDITURES	888,193	888,193	15,729	872,464
REVENUES OVER (UNDER) EXPENDITURES	(682,002)	(682,002)	74,914	756,916
OTHER FINANCING SOURCES (USES)				
Transfers out	(158,757)	(158,757)	(114,409)	44,348
TOTAL OTHER FINANCING SOURCES (USES)	(158,757)	(158,757)	(114,409)	44,348
NET CHANGE IN FUND BALANCE	(840,759)	(840,759)	(39,495)	801,264
FUND BALANCE, Beginning	840,759	840,759	700,767	(139,992)
Prior period adjustment	-	-	60,315	60,315
FUND BALANCE, Beginning, as adjusted	840,759	840,759	761,082	(79,677)
FUND BALANCE, Ending	$ -	$ -	$ 721,587	$ 721,587

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Intergovernmental	$ 21,616	$ 21,616	$ 21,615	$ (1)
Rental income	63,352	63,352	101,318	37,966
Interest on investments	2,000	2,000	4,723	2,723
TOTAL REVENUES	86,968	86,968	127,656	40,688
EXPENDITURES				
Current:				
General government:				
Materials and services	-	25,125	16,500	8,625
Capital outlay	3,307,413	2,231,669	1,969,793	261,876
Debt service	79,997	79,997	79,996	1
TOTAL EXPENDITURES	3,387,410	2,336,791	2,066,289	270,502
REVENUES OVER (UNDER) EXPENDITURES	(3,300,442)	(2,249,823)	(1,938,633)	311,190
OTHER FINANCING SOURCES (USES)				
Issuance of debt	3,075,744	12,803,523	1,895,000	(10,908,523)
Premium on issuance of debt	-	-	132,065	132,065
Transfers in	43,231	43,231	43,231	-
Special payments	-	(10,792,073)	-	10,792,073
Transfers out	(48,202)	(48,202)	(48,202)	-
TOTAL OTHER FINANCING SOURCES (USES)	3,070,773	2,006,479	2,022,094	15,615
NET CHANGE IN FUND BALANCE	(229,669)	(243,344)	83,461	326,805
FUND BALANCE, Beginning	229,669	243,344	302,765	59,421
FUND BALANCE, Ending	$ -	$ -	$ 386,226	$ 386,226

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
URBAN RENEWAL CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Property taxes	$ 804,887	$ 470,354	$ 461,124	$ (9,230)
Interest on investments	32,825	32,825	8,917	(23,908)
Miscellaneous	-	-	445	445
TOTAL REVENUES	837,712	503,179	470,486	(32,693)
EXPENDITURES				
Current:				
General government:				
Materials and services	322,183	392,183	284,552	107,631
Capital outlay	1,236,883	8,832,350	7,908,713	923,637
Debt service	-	-	210,679	(210,679) **
TOTAL EXPENDITURES	1,559,066	9,224,533	8,403,944	820,589
REVENUES OVER (UNDER) EXPENDITURES	(721,354)	(8,721,354)	(7,933,458)	787,896
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	8,000,000	7,412,927	(587,073)
Premium on issuance of debt	-	-	797,752	797,752
TOTAL OTHER FINANCING SOURCES (USES)	-	8,000,000	8,210,679	210,679
NET CHANGE IN FUND BALANCE	(721,354)	(721,354)	277,221	998,575
FUND BALANCE, Beginning	721,354	721,354	562,832	(158,522)
FUND BALANCE, Ending	$ -	$ -	$ 840,053	$ 840,053

**Exempt from Oregon Budget Law

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FFCO 2008 BOND FUND - DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Rental income	$ 124,490	$ 124,490	$ 124,490	$ -
TOTAL REVENUES	124,490	124,490	124,490	-
EXPENDITURES				
Debt service	314,930	314,930	303,912	11,018
TOTAL EXPENDITURES	314,930	314,930	303,912	11,018
REVENUES OVER (UNDER) EXPENDITURES	(190,440)	(190,440)	(179,422)	11,018
OTHER FINANCING SOURCES (USES)				
Transfers in	179,440	179,440	169,423	(10,017)
TOTAL OTHER FINANCING SOURCES (USES)	179,440	179,440	169,423	(10,017)
NET CHANGE IN FUND BALANCE	(11,000)	(11,000)	(9,999)	1,001
FUND BALANCE, Beginning	11,000	11,000	10,017	(983)
FUND BALANCE, Ending	$ -	$ -	$ 18	$ 18

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
2009 FFCO BOND FUND - DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Rental income	$ 37,960	$ 37,960	$ -	$ (37,960)
Contributions	837,007	837,007	-	(837,007)
TOTAL REVENUES	874,967	874,967	-	(874,967)
EXPENDITURES				
Debt service	1,082,167	1,082,167	145,677	936,490
TOTAL EXPENDITURES	1,082,167	1,082,167	145,677	936,490
REVENUES OVER (UNDER) EXPENDITURES	(207,200)	(207,200)	(145,677)	61,523
OTHER FINANCING SOURCES (USES)				
Transfers in	207,200	207,200	145,677	(61,523)
TOTAL OTHER FINANCING SOURCES (USES)	207,200	207,200	145,677	(61,523)
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	$ -	$ -	$ -	$ -

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
URBAN RENEWAL DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Property Taxes	$ 458,427	$ 792,960	$ 792,960	$ -
Interest on investments	10,000	10,000	3,316	(6,684)
TOTAL REVENUES	468,427	802,960	796,276	(6,684)
EXPENDITURES				
Debt service	562,934	1,649,540	501,384	1,148,156
TOTAL EXPENDITURES	562,934	1,649,540	501,384	1,148,156
REVENUES OVER (UNDER) EXPENDITURES	(94,507)	(846,580)	294,892	1,141,472
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	2,792,073	2,792,073	-
Payment to refund debt	(360,000)	(2,400,000)	(2,400,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(360,000)	392,073	392,073	-
NET CHANGE IN FUND BALANCE	(454,507)	(454,507)	686,965	1,141,472
FUND BALANCE, Beginning	454,507	454,507	454,507	-
FUND BALANCE, Ending	$ -	$ -	$ 1,141,472	$ 1,141,472

See auditor's report.

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

Proprietary Funds

Enterprise Funds

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

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER UTILITY FUND - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Charges for services	$ 3,554,413	$ 3,554,413	$ 3,367,506	$ (186,907)
Intergovernmental	175,000	175,000	16,307	(158,693)
Rental income	4,080	4,080	4,420	340
Interest on investments	10,000	10,000	3,072	(6,928)
Miscellaneous	500	500	36,210	35,710
TOTAL REVENUES	3,743,993	3,743,993	3,427,515	(316,478)
EXPENDITURES				
Current:				
Personal services	1,659,441	1,659,441	1,613,709	45,732
Materials and services	928,095	928,095	743,213	184,882
Capital outlay	395,637	395,637	70,861	324,776
Contingency	9,498	9,498	-	9,498
TOTAL EXPENDITURES	2,992,671	2,992,671	2,427,783	564,888
REVENUES OVER (UNDER) EXPENDITURES	751,322	751,322	999,732	248,410
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	68	68
Transfers out	(957,567)	(957,567)	(954,227)	3,340
TOTAL OTHER FINANCING SOURCES (USES)	(957,567)	(957,567)	(954,159)	3,408
NET CHANGE IN FUND BALANCE	(206,245)	(206,245)	45,573	251,818
FUND BALANCE, Beginning	206,245	206,245	430,006	223,761
FUND BALANCE, Ending	$ -	$ -	$ 475,579	$ 475,579

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER CAPITAL RESERVE FUND - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Intergovernmental	$ 6,000,000	$ 22,455	$ -	$ (22,455)
System development charges	57,925	57,925	24,815	(33,110)
Interest on investments	20,000	20,000	20,899	899
TOTAL REVENUES	6,077,925	100,380	45,714	(54,666)
EXPENDITURES				
Current:				
Materials and services	35,000	735,000	467,124	267,876
Capital outlay	7,535,352	6,835,352	2,191,545	4,643,807
Contingency	400,000	400,000	-	400,000
TOTAL EXPENDITURES	7,970,352	7,970,352	2,658,669	5,311,683
REVENUES OVER (UNDER) EXPENDITURES	(1,892,427)	(7,869,972)	(2,612,955)	5,257,017
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	5,977,545	2,007,132	(3,970,413)
Transfers in	279,756	279,756	279,756	-
Transfers out	(483,491)	(483,491)	(268,565)	214,926
TOTAL OTHER FINANCING SOURCES (USES)	(203,735)	5,773,810	2,018,323	(3,755,487)
NET CHANGE IN FUND BALANCE	(2,096,162)	(2,096,162)	(594,632)	1,501,530
FUND BALANCE, Beginning	2,096,162	2,096,162	2,396,985	300,823
FUND BALANCE, Ending	$ -	$ -	$ 1,802,353	$ 1,802,353

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER BOND DEBT FUND - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Interest on investments	$ 1,000	$ 1,000	$ -	$ (1,000)
TOTAL REVENUES	1,000	1,000	-	(1,000)
EXPENDITURES				
Debt service	537,405	537,405	335,605	201,800
TOTAL EXPENDITURES	537,405	537,405	335,605	201,800
REVENUES OVER (UNDER) EXPENDITURES	(536,405)	(536,405)	(335,605)	200,800
OTHER FINANCING SOURCES (USES)				
Transfers in	436,005	436,005	235,205	(200,800)
TOTAL OTHER FINANCING SOURCES (USES)	436,005	436,005	235,205	(200,800)
NET CHANGE IN FUND BALANCE	(100,400)	(100,400)	(100,400)	-
FUND BALANCE, Beginning	100,400	100,400	100,400	-
FUND BALANCE, Ending	$ -	$ -	$ -	$ -

See auditor's report.

CITY OF THE DALLES, OREGON
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
ALL WATER FUNDS
For the Fiscal Year Ended June 30, 2010

BUDGETARY BASIS FUND BALANCE (NON-GAAP):	
Water Utility Fund	$ 475,579
Water Capital Reserve Fund	1,802,353
Water Bond Debt Fund	-
	2,277,932
Adjustments:	
Capital assets, net of depreciation	16,467,297
Bond issuance costs	188,944
Compensated absences	(85,222)
Other post employment benefits	(119,316)
Accrued interest payable	(31,453)
Premium on long-term debt	(65,838)
Long-term debt	(10,944,652)
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS (GAAP) NET ASSETS	$ 7,687,692

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WASTEWATER FUND - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Charges for services	$ 4,370,379	$ 4,370,379	$ 4,426,513	$ 56,134
Intergovernmental	20,000	20,000	15,111	(4,889)
System development charges	234,000	234,000	235,050	1,050
Interest on investments	8,000	8,000	2,900	(5,100)
Miscellaneous	2,000	2,000	91,129	89,129
TOTAL REVENUES	4,634,379	4,634,379	4,770,703	136,324
EXPENDITURES				
Current:				
Personal services	869,843	869,843	839,702	30,141
Materials and services	1,384,659	1,384,659	1,292,455	92,204
Capital outlay	181,255	181,255	47,890	133,365
Contingency	25,734	25,734	-	25,734
TOTAL EXPENDITURES	2,461,491	2,461,491	2,180,047	281,444
REVENUES OVER (UNDER) EXPENDITURES	2,172,888	2,172,888	2,590,656	417,768
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,368,861)	(2,368,861)	(2,365,521)	3,340
TOTAL OTHER FINANCING SOURCES (USES)	(2,368,861)	(2,368,861)	(2,365,521)	3,340
NET CHANGE IN FUND BALANCE	(195,973)	(195,973)	225,135	421,108
FUND BALANCE, Beginning	195,973	195,973	478,743	282,770
FUND BALANCE, Ending	$ -	$ -	$ 703,878	$ 703,878

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WASTEWATER CAPITAL RESERVE FUND - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
System development charges	$ 89,456	$ 94,823	$ 49,488	$ (45,335)
Interest on investments	13,000	13,000	7,881	(5,119)
TOTAL REVENUES	102,456	107,823	57,369	(50,454)
EXPENDITURES				
Current:				
Materials and services	600	600	-	600
Capital outlay	1,765,213	1,770,580	163,309	1,607,271
TOTAL EXPENDITURES	1,765,813	1,771,180	163,309	1,607,871
REVENUES OVER (UNDER) EXPENDITURES	(1,663,357)	(1,663,357)	(105,940)	1,557,417
OTHER FINANCING SOURCES (USES)				
Transfers in	586,054	586,054	591,421	5,367
Transfers out	(10,187)	(10,187)	(7,138)	3,049
TOTAL OTHER FINANCING SOURCES (USES)	575,867	575,867	584,283	8,416
NET CHANGE IN FUND BALANCE	(1,087,490)	(1,087,490)	478,343	1,565,833
FUND BALANCE, Beginning	1,087,490	1,087,490	1,153,007	65,517
FUND BALANCE, Ending	$ -	$ -	$ 1,631,350	$ 1,631,350

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER PLANT CONSTRUCTION FUND - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Interest on investments	$ 72,000	$ 72,000	$ 14,708	$ (57,292)
TOTAL REVENUES	72,000	72,000	14,708	(57,292)
EXPENDITURES				
Current:				
Materials and services	450,400	450,400	66	450,334
Capital outlay	2,191,947	2,191,947	356,771	1,835,176
TOTAL EXPENDITURES	2,642,347	2,642,347	356,837	2,285,510
REVENUES OVER (UNDER) EXPENDITURES	(2,570,347)	(2,570,347)	(342,129)	2,228,218
OTHER FINANCING SOURCES (USES)				
Transfers in	1,154,748	1,154,748	1,154,748	-
Transfers out	(552,540)	(552,540)	(552,540)	-
TOTAL OTHER FINANCING SOURCES (USES)	602,208	602,208	602,208	-
NET CHANGE IN FUND BALANCE	(1,968,139)	(1,968,139)	260,079	2,228,218
FUND BALANCE, Beginning	1,968,139	1,968,139	2,520,681	552,542
FUND BALANCE, Ending	$ -	$ -	$ 2,780,760	$ 2,780,760

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER DEBT SERVICE FUND - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Interest on investments	$ 2,000	$ 2,000	$ 549	$ (1,451)
TOTAL REVENUES	2,000	2,000	549	(1,451)
EXPENDITURES				
Debt service	552,540	552,540	552,540	-
Contingency	220,500	220,500	-	220,500
TOTAL EXPENDITURES	773,040	773,040	552,540	220,500
REVENUES OVER (UNDER) EXPENDITURES	(771,040)	(771,040)	(551,991)	219,049
OTHER FINANCING SOURCES (USES)				
Transfers in	552,540	552,540	552,540	-
TOTAL OTHER FINANCING SOURCES (USES)	552,540	552,540	552,540	-
NET CHANGE IN FUND BALANCE	(218,500)	(218,500)	549	219,049
FUND BALANCE, Beginning	218,500	218,500	219,316	816
FUND BALANCE, Ending	$ -	$ -	$ 219,865	$ 219,865

See auditor's report.

CITY OF THE DALLES, OREGON
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
ALL WASTEWATER FUNDS
For the Fiscal Year Ended June 30, 2010

BUDGETARY BASIS FUND BALANCE (NON-GAAP):	
Wastewater Fund	$ 703,878
Wastewater Capital Reserve Fund	1,631,350
Sewer Plant Construction Fund	2,780,760
Sewer Debt Service Fund	219,865
	5,335,853
Adjustments:	
Capital assets, net of depreciation	13,268,524
Bond issuance costs	67,954
Compensated absences	(47,007)
Other postemployment benefits	(62,441)
Accrued interest payable	(52,775)
Premium on long-term debt	(6,249)
Long-term debt	(5,888,520)
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS (GAAP) NET ASSETS	$ 12,615,339

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
AIRPORT FUND - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive / (Negative)
REVENUES				
Charges for services	$ 5,000	$ 5,000	$ 6,396	$ 1,396
Intergovernmental	392,500	392,500	314,506	(77,994)
Rental income	90,000	90,000	87,740	(2,260)
Interest on investments	1,500	1,500	1,369	(131)
Miscellaneous	5,000	5,000	6,681	1,681
TOTAL REVENUES	494,000	494,000	416,692	(77,308)
EXPENDITURES				
Current:				
Materials and services	559,738	559,738	441,140	118,598
Capital outlay	50,000	50,000	47,922	2,078
Contingency	1,500	1,500	-	1,500
TOTAL EXPENDITURES	611,238	611,238	489,062	122,176
REVENUES OVER (UNDER) EXPENDITURES	(117,238)	(117,238)	(72,370)	44,868
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	14,954	14,954
Transfers in	65,000	65,000	65,000	-
TOTAL OTHER FINANCING SOURCES (USES)	65,000	65,000	79,954	14,954
NET CHANGE IN FUND BALANCE	(52,238)	(52,238)	7,584	59,822
FUND BALANCE, Beginning	52,238	52,238	239,448	187,210
FUND BALANCE, Ending	$ -	$ -	$ 247,032	$ 247,032

See auditor's report.

CITY OF THE DALLES, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AIRPORT DEBT SERVICE FUND FUND
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Rental income	$ 64,061	$ 64,061	$ 61,346	$ (2,715)
Interest on investments	500	500	196	(304)
TOTAL REVENUES	64,561	64,561	61,542	(3,019)
EXPENDITURES				
Debt service	125,612	125,612	55,751	69,861
TOTAL EXPENDITURES	125,612	125,612	55,751	69,861
REVENUES OVER (UNDER) EXPENDITURES	(61,051)	(61,051)	5,791	66,842
NET CHANGE IN FUND BALANCE	(61,051)	(61,051)	5,791	66,842
FUND BALANCE, Beginning	61,051	61,051	60,530	(521)
FUND BALANCE, Ending	$ -	$ -	$ 66,321	$ 66,321

See auditor's report.

CITY OF THE DALLES, OREGON
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
ALL AIRPORT FUNDS
For the Fiscal Year Ended June 30, 2010

BUDGETARY BASIS FUND BALANCE (NON-GAAP):	
Airport Fund	$ 247,032
Airport Debt Service Fund	66,321
	313,353
Adjustments:	
Capital assets, net of depreciation	3,876,620
Bond issuance costs	641
Accrued interest payable	(1,651)
Long-term debt	(460,245)
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS (GAAP) NET ASSETS	$ 3,728,718

See auditor's report.

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

OTHER FINANCIAL SCHEDULES

CITY OF THE DALLES, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL
AND INTEREST TRANSACTIONS
For the Fiscal Year Ended June 30, 2010

	Interest Rates	Date of Issue	Original Amount	Principal: Outstanding July 1, 2009	Principal: Prior Period Adjustment	Principal: Issued	Principal: Matured and Paid	Principal: Outstanding June 30, 2010	Interest Matured and Paid
Governmental Funds									
2002 Urban renewal bonds	1.85-4.85%	9/24/2002	$ 4,555,000	$ 2,400,000	$ -	$ -	$ 2,400,000	$ -	$ 41,865
2008 Full faith and credit bonds	4.0-4.2%	2/20/2008	$ 2,019,312	3,200,000	(1,259,520)	-	106,120	1,834,360	78,173
Premium on 2008 FFCO bonds		2/20/2008	$ 51,971	49,711	-	-	3,389	46,322	-
2009 Full faith and credit bonds								-	
Urban Renewal portion	2.0-5.0%	10/15/2009	$ 10,205,000	-	-	10,205,000	185,000	10,020,000	274,519
Street LID portion	2.0-5.0%	10/15/2009	$ 1,368,190	-	-	1,368,190	68,590	1,299,600	36,589
Premium on 2009 FFCO bonds			$ 893,102	-	-	893,102	30,610	862,492	-
Oregon Investment Board loan	4.00%	9/19/2002	$ 690,000	392,520	-	-	49,636	342,884	15,209
Oklahoma State Bank	4.11%	11/4/2009	$ 117,815	-	-	117,815	-	117,815	-
				6,042,231	(1,259,520)	12,584,107	2,843,345	14,523,473	446,355
Enterprise Funds									
Airport hanger facilities revenue bonds	5.15%	4/1/2003	$ 500,000	288,000	-	-	42,000	246,000	13,751
Airport Port loan	4.00%	7/1/2007	$ 125,000	228,000	-	-	13,755	214,245	1,395
Wastewater system revenue bonds	2.0-4.2%	5/1/2003	$ 7,345,000	5,545,000	-	-	340,000	5,205,000	212,540
2008 FF&C Wastewater portion	4.0-4.2%	2/20/2008	$ 655,344	-	629,760	-	34,440	595,320	25,370
2009 FF&C Wastewater portion	2.0-5.0%	10/15/2009	$ 92,855	-	-	92,855	4,655	88,200	2,483
Premium on 2009 FF&C bonds		10/15/2009	$ 6,471	-	-	6,471	222	6,249	-
Water revenue bonds	4.0-4.4%	2/22/2007	$ 7,930,000	7,930,000	-	-	-	7,930,000	335,605
Premium on water revenue bonds		2/22/2007	$ 42,182	38,297	-	-	1,665	36,632	-
ARRA Forgivable Note	3.00%	8/31/2009	$ 2,988,773	-	-	2,007,132	-	2,007,132	-
2008 FF&C Water portion	4.0-4.2%	2/20/2008	$ 655,344	-	629,760	-	34,440	595,320	25,370
2009 FF&C Water portion	2.0-5.0%	10/15/2009	$ 433,955	-	-	433,955	21,755	412,200	11,605
Premium on 2009 FF&C bonds		10/15/2009	$ 30,243	-	-	30,243	1,037	29,206	-
				14,029,297	1,259,520	2,570,656	493,969	17,365,504	628,119
Total				$ 20,071,528	$ -	$ 15,154,763	$ 3,337,314	$ 31,888,977	$ 1,074,474

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF GOVERNMENTAL ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS
June 30, 2010

Year of	2008 Full Faith and Credit Bonds		2009 Full Faith and Credit Bonds Urban Renewal portion		2009 Full Faith and Credit Bonds Street LID portion		Oregon Investment Board		Oklahoma State Bank		Totals	
Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010-11	$ 109,152	$ 73,938	$ 370,000	$ 431,738	$ 46,930	$ 56,226	$ 51,642	$ 13,204	$ 21,704	$ 4,842	$ 599,428	$ 579,948
2011-12	115,216	69,572	380,000	424,338	46,930	55,287	53,728	11,118	22,596	3,950	618,470	564,265
2012-13	121,280	64,964	390,000	412,938	50,540	53,879	55,899	8,947	23,525	3,021	641,244	543,749
2013-14	124,312	60,112	400,000	401,238	54,150	52,363	58,157	6,689	24,492	2,055	661,111	522,457
2014-15	127,344	55,140	415,000	386,238	54,150	50,197	60,508	4,339	25,498	1,048	682,500	496,962
2015-16	133,408	50,046	430,000	373,788	54,150	48,573	62,950	1,895	-	-	680,508	474,302
2016-17	139,472	44,710	445,000	356,588	57,760	46,407	-	-	-	-	642,232	447,705
2017-18	145,536	39,130	465,000	338,788	61,370	44,096	-	-	-	-	671,906	422,014
2018-19	151,600	33,310	485,000	315,537	61,370	41,028	-	-	-	-	697,970	389,875
2019-20	157,664	27,246	510,000	291,287	64,980	37,959	-	-	-	-	732,644	356,492
2020-21	163,728	20,938	535,000	270,887	68,590	35,360	-	-	-	-	767,318	327,185
2021-22	169,792	14,390	550,000	249,738	72,200	32,616	-	-	-	-	791,992	296,744
2022-23	175,856	7,386	575,000	227,738	75,810	29,728	-	-	-	-	826,666	264,852
2023-24	-	-	600,000	200,425	79,420	26,127	-	-	-	-	679,420	226,552
2024-25	-	-	630,000	171,925	83,030	22,355	-	-	-	-	713,030	194,280
2025-26	-	-	660,000	142,000	86,640	18,410	-	-	-	-	746,640	160,410
2026-27	-	-	695,000	109,000	90,250	14,078	-	-	-	-	785,250	123,078
2027-28	-	-	725,000	74,250	93,860	9,567	-	-	-	-	818,860	83,817
2028-29	-	-	760,000	38,000	97,470	4,873	-	-	-	-	857,470	42,873
	$ 1,834,360	$ 560,882	$ 10,020,000	$ 5,216,441	$ 1,299,500	$ 679,129	$ 342,884	$ 46,192	$ 117,815	$ 14,916	$ 13,614,659	$ 6,517,560

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF AIRPORT FUND
DEBT SERVICE FUTURE REQUIREMENTS
June 30, 2010

Year of Maturity	Airport Hanger Facilities Revenue Bonds		Airport Port Loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2010-11	$ 44,000	$ 11,536	$ 11,580	$ 4,570	$ 55,580	$ 16,106
2011-12	46,000	9,219	12,044	3,107	58,044	12,326
2012-13	50,000	6,747	12,525	2,625	62,525	9,372
2013-14	52,000	4,120	13,026	2,124	65,026	6,244
2014-15	54,000	1,391	13,547	1,603	67,547	2,994
2015-16	-	-	14,089	1,061	14,089	1,061
2016-17	-	-	12,434	497	12,434	497
2017-18	-	-	-	-	-	-
2018-19	-	-	10,150	5,000	10,150	5,000
2019-20	-	-	10,556	4,594	10,556	4,594
2020-21	-	-	10,978	4,172	10,978	4,172
2021-22	-	-	11,417	3,733	11,417	3,733
2022-23	-	-	11,874	3,276	11,874	3,276
2023-24	-	-	12,349	2,801	12,349	2,801
2024-25	-	-	12,843	2,307	12,843	2,307
2025-26	-	-	13,357	1,793	13,357	1,793
2026-27	-	-	13,891	1,259	13,891	1,259
2027-28	-	-	17,585	703	17,585	703
	$ 246,000	$ 33,013	$ 214,245	$ 45,225	$ 460,245	$ 78,238

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF WASTEWATER FUND
DEBT SERVICE FUTURE REQUIREMENTS
June 30, 2010

Year of Maturity	Wastewater System Revenue Bonds		2008 Full Faith and Credit Bonds		2009 Full Faith and Credit Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010-11	$ 350,000	$ 201,830	$ 35,424	$ 23,996	$ 3,185	$ 3,816	$ 388,609	$ 229,642
2011-12	365,000	188,705	37,392	22,579	3,185	3,752	405,577	215,036
2012-13	380,000	174,105	39,360	21,083	3,430	3,657	422,790	198,845
2013-14	395,000	161,185	40,344	19,509	3,675	3,554	439,019	184,248
2014-15	405,000	146,965	41,328	17,895	3,675	3,407	450,003	168,267
2015-16	420,000	132,385	43,296	16,242	3,675	3,296	466,971	151,923
2016-17	435,000	116,845	45,264	14,510	3,920	3,149	484,184	134,504
2017-18	455,000	100,315	47,232	12,700	4,165	2,993	506,397	116,008
2018-19	470,000	82,570	49,200	10,810	4,165	2,784	523,365	96,164
2019-20	490,000	63,770	51,168	8,842	4,410	2,576	545,578	75,188
2020-21	510,000	43,680	53,136	6,796	4,655	2,400	567,791	52,876
2021-22	530,000	22,260	55,104	4,670	4,900	2,214	590,004	29,144
2022-23	-	-	57,072	2,397	5,145	2,018	62,217	4,415
2023-24	-	-	-	-	5,390	1,773	5,390	1,773
2024-25	-	-	-	-	5,635	1,517	5,635	1,517
2025-26	-	-	-	-	5,880	1,250	5,880	1,250
2026-27	-	-	-	-	6,125	956	6,125	956
2027-28	-	-	-	-	6,370	649	6,370	649
2028-29	-	-	-	-	6,615	331	6,615	331
	$ 5,205,000	$ 1,434,615	$ 595,320	$ 182,029	$ 88,200	$ 46,092	$ 5,888,520	$ 1,662,736

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF WATER FUND
DEBT SERVICE FUTURE REQUIREMENTS
June 30, 2010

Year of Maturity	Water Revenue Bonds		2008 Full Faith and Credit Bonds		2009 Full Faith and Credit Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010-11	$ 230,000	$ 335,605	$ 35,424	$ 23,996	$ 14,885	$ 17,833	$ 280,309	$ 377,434
2011-12	235,000	326,405	37,392	22,579	14,885	17,536	287,277	366,520
2012-13	250,000	317,005	39,360	21,083	16,030	17,089	305,390	355,177
2013-14	255,000	307,005	40,344	19,509	17,175	16,608	312,519	343,122
2014-15	265,000	296,805	41,328	17,895	17,175	15,921	323,503	330,621
2015-16	280,000	286,205	43,296	16,242	17,175	15,406	340,471	317,853
2016-17	290,000	275,005	45,264	14,510	18,320	14,719	353,584	304,234
2017-18	300,000	263,405	47,232	12,700	19,465	13,986	366,697	290,091
2018-19	315,000	250,655	49,200	10,810	19,465	13,013	383,665	274,478
2019-20	325,000	237,268	51,168	8,842	20,610	12,040	396,778	258,150
2020-21	340,000	223,455	53,136	6,796	21,755	11,215	414,891	241,466
2021-22	355,000	209,005	55,104	4,670	22,900	10,345	433,004	224,020
2022-23	370,000	193,918	57,072	2,397	24,045	9,429	451,117	205,744
2023-24	385,000	178,193	-	-	25,190	8,287	410,190	186,480
2024-25	400,000	161,830	-	-	26,335	7,091	426,335	168,921
2025-26	420,000	145,030	-	-	27,480	5,840	447,480	150,870
2026-27	435,000	127,390	-	-	28,625	4,466	463,625	131,856
2027-28	455,000	109,120	-	-	29,770	3,034	484,770	112,154
2028-29	475,000	89,100	-	-	30,915	1,546	505,915	90,646
2029-30	495,000	68,200	-	-	-	-	495,000	68,200
2030-31	515,000	46,420	-	-	-	-	515,000	46,420
2031-32	540,000	23,760	-	-	-	-	540,000	23,760
	$ 7,930,000	$ 4,470,784	$ 595,320	$ 182,029	$ 412,200	$ 215,404	$ 8,937,520	$ 4,868,217

Amortization of the ARRA Forgivable note is not yet available.

See auditor's report.

STATISTICAL INFORMATION SECTION
(UNAUDITED)

This part of the City of The Dalles comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health. This section contains the following tables and information.

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

- **Revenue Capacity** – These schedules contain information to help the reader assess the City's most significant local revenue sources; property taxes, charges for services and business taxes.

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

- **Economic and Demographic Information** – These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

- **Operating Information** – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information contained in these schedules is derived from the comprehensive annual financial report for the relevant year. Note that the City implemented Governmental Accounting Standards Board Statement No. 34 in 2003; therefore schedules presenting government-wide information include only information beginning in that fiscal year and going forward.

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

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

	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:								
Invested in capital assets, net of related debt	$ 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	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	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 assets	$ 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	$ 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	6,500,649	6,450,920	6,646,601	3,014,966	2,759,840	6,848,340	2,640,941	10,549,281
Unrestricted	1,284,163	1,089,738	942,405	616,007	848,910	904,094	1,286,774	(6,162,685)
Total business-type activities net assets	$ 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	$ 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	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	5,686,127	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 assets	$ 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 Assets
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	2010	2009	2008	2007	2006	2005	2004	2003
Program Revenues								
Governmental activities:								
Charges for services,fees and fines								
General government	$ 463,177	$ 383,838	$ 405,366	$ 464,980	$ 468,999	$ 432,237	$ 328,627	$ 295,443
Public safety	306,615	283,213	381,661	358,683	253,504	415,666	379,210	313,767
Highways and streets	30,649	16,262	76,652	35,102	34,318	29,927	1,043	2,795
Culture and recreation	11,208	9,775	8,256	6,081	7,244	7,996	7,024	7,256
Operating grants and contributions	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	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	8,450,361	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	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	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	162,163	177,701	134,232	130,694	122,021	103,815	162,004	111,692
Operating grants	96,382	78,262	77,698	15,430	17,999	6,188	-	-
Capital grants	558,895	480,349	303,723	88,980	265,256	566,350	64,897	4,111
Total business-type activities program revenues	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	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	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	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	1,296,096	1,160,309	1,360,741	1,264,372	1,357,785	1,129,313	1,645,515	1,939,110
Culture and recreation	1,448,982	1,230,708	1,079,123	764,592	836,038	730,140	655,938	677,054
Interest on long term obligations	443,576	294,504	208,259	181,684	199,136	213,268	224,780	286,808
Total governmental actvities expenses	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	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	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	443,613	455,624	525,739	440,756	320,789	342,058	383,133	344,383
Total business-type activities expenses	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	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	(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 activites	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	$ 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 Assets
Last Eight Fiscal Years
(Accrual Basis of Accounting)

(continued)

	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes In Net Assets								
General revenues:								
Property taxes levied for:								
General purposes	$ 2,287,915	$ 2,160,553	$ 2,032,760	$ 1,849,162	$ 1,706,294	$ 2,143,861	$ 2,056,701	$ 1,879,957
Debt service	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	1,250,428	1,334,013	1,249,637	1,132,588	1,081,091	963,617	955,082	869,608
Interest and investment earnings	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	945,279	(1,067,352)	922,246	778,104	642,400	639,178	535,216	589,285
Total governmental activities	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	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	(945,279)	1,067,352	(922,246)	(778,104)	(642,400)	(639,178)	(535,216)	(589,285)
Total business-type activities	(893,705)	1,220,826	(438,263)	(543,808)	(462,930)	(442,037)	(240,163)	(451,250)
Total primary government	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 Assets								
Governmental activities	5,451,420	56,727	1,732,856	809,011	504,374	340,454	1,603,421	2,133,839
Business-type activities	1,431,121	3,584,463	966,236	462,664	601,520	534,450	182,700	(632,224)
Total primary government change in net assets	6,882,541	3,641,190	2,699,092	1,271,675	1,105,894	874,904	1,786,121	1,501,615
Net Assets Beginning								
Governmental activities	19,107,173 #	17,730,611	15,997,755	15,188,744	14,684,370	14,343,916	12,740,495 *	10,317,413
Business-type activities	22,600,628 #	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 assets-beginning	41,707,801	38,006,296	35,307,204	34,035,529	32,929,635	32,054,731	30,268,610	28,484,550
Net Assets Ending								
Governmental activities	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	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 Assets	$ 48,590,342	$ 41,647,486	$ 38,006,296	$ 35,307,204	$34,035,529	$32,929,635	$32,054,731	$29,986,165

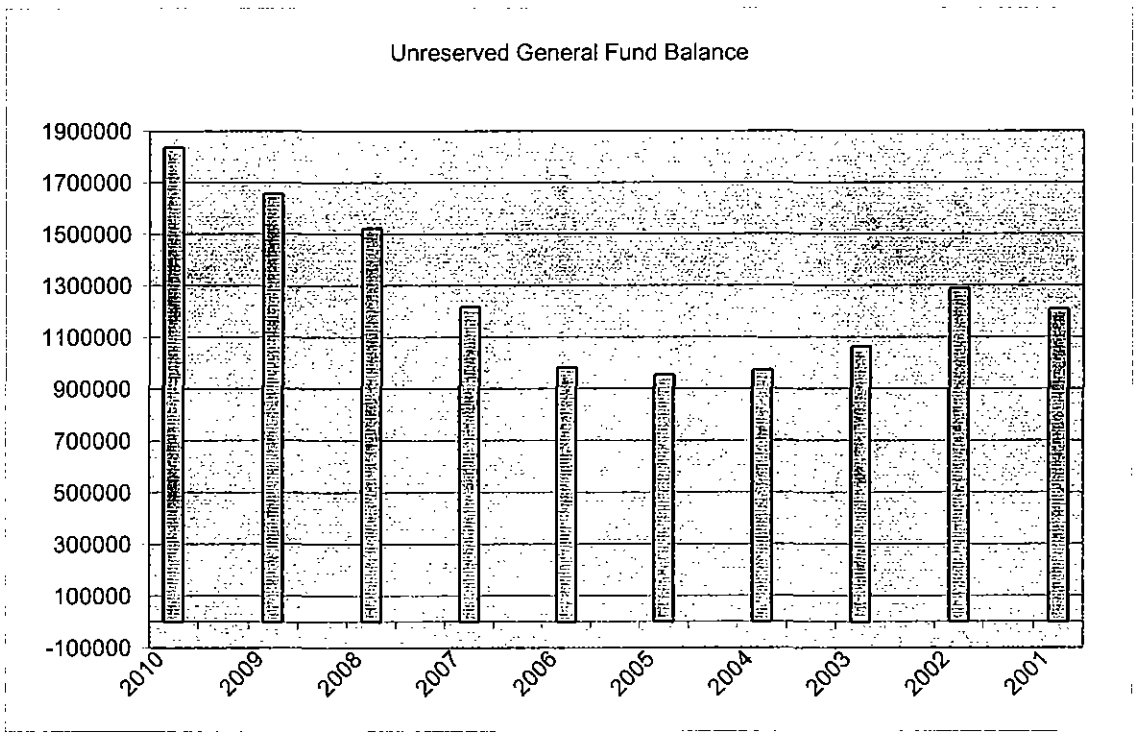
* 2004 net assets-beginning are net of prior period adjustments of $289,243 governmental and $(6,798) business-type activities.

\# 2010 net assets-beginning are net of prior period adjustments of $1,319,835 governmental and $(1,259,520) 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)

	2010	2009	2008	2007
General Fund				
Unreserved	$ 1,835,898	$ 1,657,050	$ 1,522,373	$ 1,218,851
Total general fund	1,835,898	1,657,050	1,522,373	1,218,851
All Other Govermental Funds				
Reserved:				
Inventories	110,230	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
Total all other governmental funds	10,852,914	3,483,806	6,679,258	3,147,180
Total governmental funds	$ 12,688,812	$ 5,140,856	$ 8,201,631	$ 4,366,031



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	2002	2001
$ 982,436	$ 954,584	$ 974,048	$ 1,063,809	$ 1,288,877	$ 1,208,767
982,436	954,584	974,048	1,063,809	1,288,877	1,208,767
44,174	66,157	58,056	99,851	126,584	48,089
587,605	571,348	568,370	570,467	432,981	510,304
1,915,131	1,875,583	1,736,795	1,911,200	-	-
347,968	384,710	430,272	384,080	953,299	1,218,105
101,698	19,427	563,275	547,836	974,609	1,764,020
2,996,576	2,917,225	3,356,768	3,513,434	2,487,473	3,540,518
$ 3,979,012	$ 3,871,809	$ 4,330,816	$ 4,577,243	$ 3,776,350	$ 4,749,285

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)

	2010	2009	2008
Revenues			
Taxes	$ 4,586,114	$ 4,391,942	$ 4,120,722
Inter-governmental	10,350,588	4,129,300	3,142,656
Rents and interest	485,217	459,573	546,745
Franchise Fees	313,191	357,640	341,373
Fines and forfeitures	268,603	293,498	343,146
Charges for services	28,070	33,295	100,555
System Development Charges	99,119	281,081	-
Special assessments	61,544	10,323	28,777
Other Revenues	820,386	212,881	89,367
Total revenues	17,012,832	10,169,533	8,713,341
Expenditures			
Curent:			
General Government	2,884,919	2,874,613	2,802,945
Public safety	2,565,847	2,470,968	2,286,508
Highways and streets	1,079,593	1,018,038	1,046,162
Culture and recreation	1,263,268	1,180,839	1,045,711
Capital outlay	12,522,325	5,870,508	1,588,061
Debt service:			
Principal	641,848	668,709	530,856
Interest	446,355	318,840	163,381
Total expenditures	21,404,155	14,402,515	9,463,624
Revenues over (under) expenditures	(4,391,323)	(4,232,982)	(750,283)
Other Financing Sources (Uses)			
Issuance of debt	12,217,815	-	3,330,000
Bond premium	929,817	-	51,971
Proceeds of refunding bonds	-	-	-
Proceeds of financing agreement	-	-	-
Payments to refund bonds	(2,400,000)	-	-
Repayment of financing ageement	-	-	-
Sale of capital assets	15,454	11,000	240,046
Transfers in	1,571,988	1,548,689	1,490,131
Transfers out	(456,112)	(387,482)	(551,885)
Total other financing sources (uses)	11,878,962	1,172,207	4,560,263
Net change in fund balances	$ 7,487,639	$ (3,060,775)	$ 3,809,980
Debt service as a percentage of noncapital expenditures	11.3% #	9.5%	9.2%

*Beginning in 2001, the schedule includes the City's blended component unit.
Prior years did not include the City's component unit as it was discretely presented.
For 2010 = $1,088,203 / (21,404,155 - 7,521,615 -3,566,495 - 718,971) as part of the capital outlay was eliminated on conversion and some capital additions were contributed
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)

2007	2006	2005	2004	2003	2002	2001*
$ 3,883,042	$ 3,480,345	$ 3,210,462	$ 3,204,061	$ 2,994,287	$ 2,898,063	$ 3,044,017
1,799,046	1,890,303	1,808,354	3,600,045	5,165,349	1,544,527	4,064,228
546,403	512,524	380,304	377,487	398,435	397,940	449,511
320,293	315,756	357,888	287,277	293,154	299,604	295,004
293,095	262,586	301,926	243,023	235,838	282,389	253,112
51,806	186,576	130,896	73,099	66,858	50,990	34,914
-	-	-	-	-	-	-
71,560	129,261	34,443	34,562	53,655	241,091	10,918
60,832	75,785	58,225	58,433	57,799	92,618	386,934
7,026,077	6,853,136	6,282,498	7,877,987	9,265,375	5,807,222	8,538,638
2384742	2,096,835	2,393,538	2,386,803	1,915,628	1,812,116	1,578,697
2,086,746	1,937,095	1,835,348	1,847,535	1,734,055	1,676,229	1,653,271
967,521	987,453	855,464	955,540	859,660	667,542	892,326
749,698	815,881	708,990	640,457	642,046	563,839	529,487
528,504	882,084	964,615	2,155,293	5,343,336	2,128,423	6,673,875
499,076	472,364	460,719	444,138	400,476	326,807	640,818
181,208	197,970	212,898	226,011	289,850	227,452	242,198
7,397,495	7,389,682	7,431,572	8,655,777	11,185,051	7,402,408	12,210,672
(371,418)	(536,546)	(1,149,074)	(777,790)	(1,919,676)	(1,595,186)	(3,672,034)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	38,117	-	5,238,646	-	-
-	-	-	-	-	-	-
-	-	-	-	(3,090,000)	-	-
-	1,350	12,772	-	-	-	-
1,391,124	1,205,561	1,127,518	1,026,676	1,178,603	963,148	1,210,139
(632,687)	(563,131)	(488,340)	(502,201)	(606,590)	(340,897)	(647,312)
758,437	643,780	690,067	524,475	2,720,659	622,251	562,827
$ 387,019	$ 107,234	$ (459,007)	$ (253,315)	$ 800,983	$ (972,935)	$ (3,109,207)
10.9%	11.0%	11.6%	11.5%	13.4%	11.7%	19.0%

Source: Current and prior years' financial statements

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

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities								
General government	$ 1,423,341	$ 1,490,608	$ 1,249,537	$ 1,284,971	$ 946,261	$ 1,145,119	$ 358,850	$ 340,631
Public safety	329,265	307,956	402,120	380,562	279,624	521,613	389,881	326,343
Highways and streets	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	940,378	1,196,469	793,745	28,217	188,905	222,793	194,947	212,630
Total governmental activities	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	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	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	476,669	249,830	502,183	219,674	387,277	670,165	162,004	115,803
Total business-type activities	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	$ 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
2001*	$ 2,737,875	$ 318,524	$ 282,622
2002	2,282,749	314,621	300,693
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	3,528,426	652,591	405,097

*Beginning in 2001, the schedule includes the City's blended component unit. Prior years do not include the component unit as it was discretely presented.

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	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Real Market Value
2001* **	$ 545,592,961	2.9510	$ 670,701,097
2002	568,193,482	3.0155	689,937,698
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

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.

*** Beginning in 2001, the schedule includes the City's blended component unit. Prior years do not include the City's component unit as it was discretely presented.

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**	**Wasco County Educational Service District**	**Columbia Gorge Community College**	**Norcor**
2001	3.6300	4.2400	0.3400	0.6600	2.3900	0.6800		6.6000	6.0000		0.4678	0.8000	0.4100
2002	3.0155	4.2523	0.3200	0.2007	2.1004	0.6799		5.4900	4.7200		0.4678	0.2700	0.3600
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	0.3800	1.7834	0	5.2399	0.4678	0.6962	0.2772

(1) School Districts 9 and 12 merged into District 21 for the 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
2001*	$ 2,551,828	$ 2,351,450	92.15%	$ 117,052	$ 2,468,502	96.73%
2002	2,354,392	2,181,304	92.65%	110,113	2,291,417	97.33%
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%	168,787	2,555,238	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%	138,268	2,678,104	97.20%
2007	2,939,125	2,767,621	94.16%	88,655	2,856,276	97.18%
2008	3,231,903	3,021,923	93.50%	84,535	3,106,458	96.12%
2009	3,464,010	3,221,917	93.01%	65,069	3,286,986	94.89%
2010	3,634,486	3,392,982	93.36%	-	3,392,982	93.36%

*Beginning in 2001, the schedule includes the City's blended component unit.
Prior years do not include the component unit as it was discretely presented.

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

CITY OF THE DALLES, OREGON
Principal Taxpayers
December 31, 2009 and December 31, 1999

	December 31, 2009		
Taxpayer	**Real Property Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**
United Telephone Northwest	$ 13,228,500	1	1.54%
Metropolitan Life Insurance Co.	10,685,367	2	1.25%
Oregon Cherry Growers	11,365,468	3	1.32%
Northern Wasco County PUD	10,986,700	4	1.28%
Home Depot USA Inc	10,201,752	5	1.19%
Northwest Aluminum Co	8,744,461	6	1.02%
Union Pacific Railroad	6,698,619	7	0.78%
Safeway Inc	6,091,907	8	0.71%
Cascade Square LLC	5,975,576	9	0.70%
Northwest Natural Gas	6,902,054	10	0.80%
	$ 90,880,404		10.59%
Total Assessed Valuation	$ 858,051,833		

	December 31, 1999		
Taxpayer	**Real Property Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**
Sprint, Inc	$ 10,314,576	1	1.90%
Northern Wasco County PUD	9,360,302	2	1.73%
Oregon Cherry Growers, Inc.	6,419,074	3	1.19%
Kerr McGee Chemical, Inc.	6,394,010	4	1.18%
Union Pacific Railroad Company	6,117,043	5	1.13%
GFI The Dalles Investment, LTD	5,140,173	6	0.95%
Cascade Fruit Co.	4,664,961	7	0.86%
Portland Fixture Ltd.	4,164,886	8	0.77%
Gershman Harold Family Trust	3,924,762	9	0.72%
Stadelman, George P et al	3,855,916	10	0.71%
	$ 60,355,703		11.14%
Total Assessed Valuation	$ 541,692,361		

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 (1)	Loan Payable	Forgivable Loan ARRA ***	Total Primary Government	Percentage of Personal Income **	Per Capita	Percentage of Actual Taxable Value of Property
2001	$ -	$ 3,300,000	$ 950,000	$ -	$ 34,665	$ -	$ -	$ -	$ 300,000	$ -	$ 4,584,665	N/A	377	0.84%
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	2,007,132	30,908,076	N/A	2,309	3.60%

* Beginning in 2001, the schedule includes the City's blended component unit.
Prior years' did not include the City's component unit as it was discretely presented.

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

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

(1) A portion of the 2008 FFCO Bonds were reclassified to business-type activities through a prior period adjustment in fiscal year 2010.

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
2001	-	$ 545,592,961	0.00%	-
2002	-	568,193,482	0.00%	-
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%	-

Source: Current and prior years' financial statements, Wasco County Department of Assessmenr 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, 2010

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)	$ 21,636,825	32.3099%	$ 6,990,847
Mid-Columbia Fire and Rescue	1,465,000	82.7683%	1,212,556
Northern OR Regional Corrections	7,710,000	0.0000%	-
Wasco County	1,654,051	46.5437%	769,857
Wasco CTY SD 12 (The Dalles) Bonds	25,866,242	40.6226%	10,507,548
Wasco CTY SD 21 (The Dalles/Watonka)	4,495,000	77.4130%	3,479,714
Wasco CTY SD 29	3,470,000	1.0018%	34,762
Subtotal, overlapping debt			22,995,284
City Direct Debt			14,845,000
Total Direct and Overlapping Debt			$ 37,840,284

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 Seven 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) Principal	Interest	Total	Coverage Ratio	Monthly Rates (4) 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

Notes:

(1) Under Resolution No. 03-013, authorizing the issuance and sale of wastewater revenue bonds, series 2003, to reconstruct the Ctiy'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 intergovemmental agreements. Gross Revenues also shall include any state or public corporation reimbursemetns 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 expneses 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 attributeable to operatons of the Wastewater System. Costs of Maintenance and Operaton 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 Three 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	0.88	36.60

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 revneue 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 reimbursemetns 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 expneses 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 attributeable to operatons of the Water System. Costs of Maintenance and Operaton 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 useage 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
2001	$ 670,701,097	3%	$ 20,121,033	-	$ 20,121,033	0.00%
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%

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
2001	12,175	$ 267,244,000	$ 21,950	8.60%
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%

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

	2009-10		
Employer	**Employees**	**Rank**	**Percent of Total Employment**
Mid Columbia Medical Center	587	1	7.57%
School District #21	360	2	4.64%
State of Oregon	201	3	2.59%
Design LLC	200	4	2.58%
Fred Meyers	196	5	2.53%
Oregon Cherry Growers, Inc.	190	6	2.45%
Oregon Veterans Home	172	7	2.22%
Wasco County	151	8	1.95%
Safeway Food and Drug	135	9	1.74%
Columbia Gorge Community College	126	10	1.62%
	2192		29.89%
Total employment	7,755		

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

1999-00
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	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Governmental activities:										
General government	16.00	14.00	13.75	10.50	9.50	9.50	9.00	9.25	9.18	9.50
Public safety and justice	25.00	24.50	24.25	26.00	25.00	25.00	25.00	26.00	25.00	25.00
Community services	6.00	6.00	6.50	6.00	4.00	4.00	4.00	4.00	4.00	4.00
Streets and highways	10.00	11.00	11.00	10.00	10.00	10.00	10.33	10.00	8.00	9.00
Library	11.00	11.00	10.00	9.50	5.25	5.25	5.25	5.15	5.15	5.15
Total governmental activities	68.00	66.50	65.50	62.00	53.75	53.75	53.58	54.40	51.33	52.65
Business-type activities:										
Water	20.00	19.00	20.00	19.00	19.50	21.50	20.84	22.50	21.50	22.50
Wastewater	12.00	11.00	11.00	10.00	10.50	10.50	9.83	8.50	8.50	7.50
Airport	-	0.50	0.25	0.25	0.25	0.50	0.45	0.30	0.30	0.30
Total business-type activities	32.00	30.50	31.25	29.25	30.25	32.50	31.12	31.30	30.30	30.30
Total primary government budgeted FTE	100.00	97.00	96.75	91.25	84.00	86.25	84.70	85.70	81.63	82.95
City of The Dalles Employees										
Management and exempt	36.00	35.00	36.75	37	38	35	34	40	39	39
Bargaining units										
SEIU (Local 503)	47.00	46.00	45.00	43	42	50	40	40	37	39
Police Association	16.00	16.00	15.00	15	14	13	13	9	14	13
Total bargaining units	63.00	62.00	60.00	58	56	63	53	49	51	52
Temporary City employees	1.00	-	-	-	0	3	1	0	0	3
Total actual City employees	100.00	97.00	96.75	95	94	101	88	89	90	94

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	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Governmental Activities:										
Public Safety and Justice										
Police (1)										
Calls for service	N/A*	8008	7508	7789	7861	8729	8901	7793	7738	7401
Crime reports	N/A*	2707	2541	2664	2599	2847	3086	2786	2630	2439
Number of arrests	N/A*	1024	1144	1036	1013	1326	1502	1192	1361	1307
Municipal Court										
Traffic cases	1,082	1,218	1,427	1,565	1,146	1,263	1,661	2,218	2,798	2,718
Criminal cases	358	331	440	501	377	486	444	407	381	425
Ordinance violations	15	15	37	25	6	14	11	28	28	27
Parking violations	88	164	162	208	218	228	299	358	294	341
Code enforcement cases	4	6	15	11	-	3	-	1	-	1
Library										
Number of registered borrowers	11,140	13,042	11,302	10,202	12,355	12,855	11,587	10,546	10,297	8,796
Total circulation	145,972	122,432	110,036	98,479	114,667	120,057	118,811	117,895	109,966	103,543
Public programs	490	457	224	74	102	72	67	85	74	67
Program attendance	8,143	8,996	6,573	3,574	3,556	2,679	2,163	2,920	2,834	2,657
Books added	6,283	4,079	11,045	4,481	5,440	5,831	5,788	7,450	6,662	6,650
Business-type Activities:										
Water										
Average active metered connections	4,613	4,598	4,562	4,537	4,520	4,470	4,457	4,450	4,413	4,411
Average daily water consumption	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	2,508,000
Average number of assistance accounts	168	150	176	162	179	175	153	145	125	87
Average daily water production	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	2,889,786

(1) Police statstics 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/Progrram
Last Ten Fiscal Years

FUNCTION/PROGRAM	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Governmental Activities										
General Government										
Buildings owned	7	7	7	7	7	7	7	7	7	7
Vehicles (excluding automobiles)	33	33	14	12	12	14	14	14	13	12
Heavy Equipment	18	18	16	16	16	16	14	14	15	15
Public Safty and Justice										
Police										
Police vehicles	15	15	14	14	14	14	13	13	13	14
Number of employees	23	23	23	23	22	22	22	22	23	23
Streets and Highwys										
Miles of streets maintained by City:										
Paved	70.38	70.38	70.38	70.38	70.32	70.32	70.07	66.75	66.75	66.35
Unpaved	17.82	17.82	17.82	17.82	10.69	10.69	10.69	1.32	1.32	1.37
Bridges and underpasses	5	5	5	5	5	5	5	4	4	4
Business-type Activities										
Water										
Miles of water lines (estimated)	84.25	84.25	84.25	84	82.5	82	82	81	80.5	80
Reservoirs	5	5	5	5	5	5	5	5	5	5
Water treatment plant	1	1	1	1	1	1	1	1	1	1
Wells	3	3	3	3	3	3	3	3	3	3
Wastewater										
Treatment plant	1	1	1	1	1	1	1	1	1	1
Miles of sewer lines (estimated)	78	78	78	78	78	77	77	76	75	75
Lift stations	8	8	8	8	8	7	7	7	7	7
Airport										
Terminal	1	1	1	1	1	1	1	1	1	1
Maintenance and T-hangers	23	23	23	23	23	23	23	23	1	1
Other buildings	2	2	2	2	2	2	2	2	2	2

Source:City of The Dalles Departments

REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

INDEPENDENT AUDITOR'S COMMENTS

Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations,* prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in audit reports. The required schedules, comments, and disclosures not included in the preceding section of this report are set forth following:

1. ACCOUNTING SYSTEMS AND INTERNAL CONTROLS

We found the accounting system of the City of The Dalles, Oregon to be adequate for audit purposes. The internal controls for the City are generally operating as designed; however, there were material weaknesses reported in accordance with *SAS 115* and *Government Auditing Standards.*

2. INVESTMENTS

Our review of deposit and investment balances during the year ended June 30, 2010, indicated that the City was in compliance with ORS 294 as it pertains to investment of public funds.

3. COLLATERAL

Oregon Revised Statutes (ORS) Chapter 295 provides that public officials must ensure the banks they are doing business with are on the Office of the State Treasurer's (OST) list of qualified depositories. Public officials are also required to report to OST all bank depositories in which they deposit public funds.

Our review of the City's deposited funds did not disclose any instances where the City deposited funds with unapproved depositories or did not properly notify the OST of what depositories held their public funds, as required by ORS 295.

4. INDEBTEDNESS

We reviewed compliance relating to short-term and long-term debt, including limitations on the amount of debt, which may be incurred, liquidation of debt within the prescribed period of time, and compliance with provisions of bond indentures or other agreements. We found no instances in which the City had not complied with these legal or contractual provisions relating to short-term or long-term debt.

5. BUDGET

We reviewed the preparation, adoption and execution of the City's budgets and supplemental budgets for 2009-10 and the preparation and adoption of the budget for 2010-11. The City has complied with statutory requirements in all material respects for the current and ensuing year's budget except, the budget hearing publication for the City had a publication error for the special grants funds, which listed capital outlay as $4,887,106, but the actual capital outlay approved by the budget committed and adopted at the budget hearing was $13,593,872. The error appears to be in the publication and in not republishing the corrected amount.

The City established the levels of budgetary control at the personal services, materials and services, capital outlay, contingency, interfund transfers, debt service, and other uses as levels for all funds except the General Fund. For the General Fund, budgetary control was set at the department level.

6. INSURANCE AND FIDELITY BONDS

We reviewed the City's insurance and fidelity bond coverage at June 30, 2010, and ascertained that such policies appeared to be in force. We are not competent by training to comment whether the insurance policies of the City in force at June 30, 2010, are adequate. The City has complied with provisions of ORS 221.903 regarding bonding of City personnel.

7. PROGRAMS FUNDED FROM OUTSIDE SOURCES

We selected and tested, to the extent deemed appropriate, transactions, records, and reports relative to programs funded wholly or partially by other governmental agencies.

The results of our tests indicate, for the items tested, the City complied with the laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies, and, for the items tested, financial reports and related data were materially in agreement with and supported by the accounting records.

Separate reports have been issued to report on compliance with appropriate laws and regulations pertaining to Federal Financial Assistance Programs funded from Outside Services.

8. PUBLIC CONTRACTS AND PURCHASING

We have reviewed the City's compliance with ORS 279, pertaining to the awarding of public contracts and the construction of public improvements. Our review disclosed conditions, which we considered to be matters of noncompliance with the City's quote procedures.

9. HIGHWAY FUNDS

The City appears to have complied with the provisions of Article IX, Section 3a of the Oregon Constitution and ORS Sections 294, 368 and 373 in regards to the expenditures of motor vehicle use funds.

10. STATEMENT OF ACCOUNTABILITY FOR INDEPENDANTLY ELECTED OFFICIALS

This statement is not applicable to the City of The Dalles.

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON

Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

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

December 3, 2010

To the Honorable Mayor and
Members of the City Council
City of 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, 2010, which collectively comprise the City of The Dalles, Oregon's basic financial statements and have issued our report thereon dated December 3, 2010. 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

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 our opinions on the effectiveness of the City of The Dalles' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of The Dalles' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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,

Members of: American Institute of Certified Public Accountants
National Association of Certified Valuation Analysts
Oregon Society of Certified Public Accountants

or detected and corrected on a timely basis. We consider the significant deficiencies described in the accompanying schedule of findings and questioned costs as 2010-01 to 2010-05 to also be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs as 2010-01 to 2010-05 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of The Dalles' 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 that are required to be reported under *Government Auditing Standards.*

We noted certain other matters that we reported to management of the City of The Dalles in a separate letter dated December 3, 2010.

The City of Dalles, Oregon's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of the Dalles, Oregon's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor and Members of City Council, management of the City of The Dalles, others within the City, 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.

Dickey and Trempel, LLP

Dickey and Trempel, LLP
Certified Public Accountants

Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

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

December 3, 2010

To the Governing Body of the City of The Dalles, Oregon:

Compliance

We have audited the compliance of the City of The Dalles with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The City of The Dalles'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's management. Our responsibility is to express an opinion on the City of The Dalles'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 occurred. An audit includes examining, on a test basis, evidence about the City of The Dalles'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's compliance with those requirements.

In our opinion the City of The Dalles complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

Management of the City of The Dalles 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 the City of the Dalles'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

Members of: American Institute of Certified Public Accountants
National Association of Certified Valuation Analysts
Oregon Society of Certified Public Accountants

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'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 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 the City Council, management of the City of The Dalles, Oregon, Federal awarding agencies, pass-through agencies, the Secretary of State, Division of Audits, and the State of Oregon and is not intended to be and should not be used by anyone other than these specified parties.

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants

CITY OF THE DALLES, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010

GRANTOR AND PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURE	Total Award
Federal Emergency Management Agency (FEMA)			
Passed through the State of Oregon			
Oregon Oregon Military Department, Oregon Emergency Management			
Brewery Grade Rock Slope Hazard Mitigation Project	97.039	$ 85,906	$ 85,906
U.S. Housing and Urban Development (HUD)			
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	49,653	48,000
U.S. Department of Homeland Security			
Passed through the State of Oregon			
Oregon Emergency Management			
Police Interoperable Equipment	97.073	17,497	17,750
U.S. Department of Transportation			
Direct Programs			
Federal Aviation Administration - AIP 3-41-0059-006			
Airport Master Plan	20.106	150,000	150,000
Federal Aviation Administration - AIP 3-41-0059-007			
Airport Master Plan	20.106	44,302	75,000
Federal Aviation Administration - AIP 3-41-0059-008			
Runway Pavement Rehavitlitation - Phase 1: Pavement Study	20.106	55,638	100,000
Passed through the State of Oregon			
Oregon Department of Transportation			
East Gateway/Brewery Grade Streetscape	ARRAS-20.205	58,691	2,681,926
National Highway Traffic Safety Administration			
State & Highway Safety - Traffic Safety Division DUII Grant	20.601	3,720	10,500
U.S. Evironmental Protection Agency			
Passed through the State of Oregon			
Business Development Department - ARRA Forgivable Loan			
Capitialization Grants for Drinking Water State Revolving Funds			
Terminal Reservoir Project	ARRAS-66.468	2,101,048 **	2,988,773
National Foundation of the Arts and Humanities			
Passed through the State of Oregon			
Oregon State Library			
Library Services & Technology Act (LSTA)			
Wasco County Outreach Project	45.310	24,839	58,330
National Parks Service			
Passed through the State of Oregon			
Oregon Parks and Recreation Department			
State Historic Preservation Office (SHPO)			
Certified Local Governmeln Grant OR-09-23			
Review and Compliance - The Dalles Historic Landmarks Commission	15.904	3,000	3,000
TOTAL EXPENDITURES OF FEDERAL AWARDS		**$ 2,594,294**	

** Signifies Major Program

See notes to the schedule of expenditures of federal awards.

CITY OF THE DALLES, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2010

Note A – Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of The Dalles and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note B – Basis of Accounting

Amounts on this schedule represent current expenditures of Federal Funds under the State of Oregon Business Development Department loan program under CFDA number 66.468. The total Federal loan balance as of June 30, 2010, including accrued proceeds was $2,007,132.

CITY OF THE DALLES, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2010

There were no prior year audit findings to report

CITY OF THE DALLES, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2010

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

01 The auditor's report expresses an unqualified opinion on the basic financial statements of the City of The Dalles.

02 Significant deficiencies in internal control were discovered by the audit of the basic financial statements of the City of The Dalles. The deficiencies described below as 2010-01 through 2010-05 are reported as material weaknesses.

03 No instances of noncompliance material to the financial statements of the City of The Dalles, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.

Federal Awards

04 No material weaknesses or significant deficiencies in internal control over compliance for major federal programs were disclosed by the audit.

05 The auditor's report on compliance for the major federal program for the City of The Dalles expresses an unqualified opinion.

06 The audit did not disclose any audit findings that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133.

07 The program tested as a major program was:

Capitalization Grants for Drinking Water State Revolving Funds CFDA # 66.468

08 The threshold for distinguishing Types A and B programs was $300,000.

09 The City of The Dalles was not determined to be a low-risk auditee.

SECTION II - FINDINGS – FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESSES

2010-01

Condition and criteria: The City financed capital projects related to governmental funds and enterprise funds through Full Faith and Credit Obligations, which were recorded as proceeds and expended in the Capital Projects Fund. The Water and Wastewater Funds benefited from the loan proceeds and are repaying a portion of the debt. However, the capital assets, bond issuance costs, debt and bond premiums relating to the Water and Wastewater Funds were not properly reported as enterprise fund assets and liabilities.

Effect: A material current year and a prior period adjustment was required to reclassify a portion of the capital assets, bond issuance costs, debt, and bond premiums to the Water and Wastewater Funds.

Cause: The reconciling and recording of capital assets, debt, and the related assets and liabilities is done each year through a manual process and management was not aware of the requirement to report the amounts related to Water and Wastewater as assets and liabilities of the individual funds.

Auditor's recommendation: We recommend that management maintain the revised debt schedules and record future payments of debt service from the individual funds. We also recommend that management consider the use of consultants on the proper reporting of debt issuances in the future.

Management's response: Management agrees with the condition and the auditor's recommendation and will maintain the revised debt schedule. Payments for the debt allocated to the enterprise funds will continue to be recorded as transfers to the debt service fund on the budgetary basis of accounting, but GAAP adjustments will be made each year to reclassify the amounts for external reporting.

2010-02

Condition and criteria: Improvement fees received in prior years have been recorded as deferred revenues, but it was determined in the current year that most of the receipts are non-refundable with no guarantee that the projects would be performed. As such, the receipts should have been recorded as revenue upon receipt.

Effect: A prior period adjustment of $60,315 and current year adjustment of $62,568 was recorded to recognize the additional revenues and the balances on hand were reported as restricted cash.

Cause: Documentation and discussions in prior years caused the understanding that the projects were guaranteed to be performed and subject to refund if not completed. Additional discussions were held with management regarding the improvement fees and it was determined that most of the fees were non-refundable and should have been reported as revenue at the time of receipt. .

Auditor's recommendation: We recommend that the improvement fees be accounted for as revenues upon receipt as soon as the government has established an enforceable legal claim to the resources (typically at the point the fee becomes nonrefundable). We also recommend that management continue to track the payments/projects and the amounts restricted to use for future development.

Management's response: Management agrees with the condition and the auditor's recommendation and will monitor the assets restricted for future development.

2010-03

Condition and criteria: The City issued 2009 Full Faith and Credit Obligations for $12.1 million and approximately $10.2 million was issued for and will be repaid by the Columbia Gateway Urban Renewal Agency. The City originally recorded the full amount of the loan proceeds in the Capital Projects Fund and then recorded a special payment loaning funds to the Urban Renewal Agency. The full debt service payment was recorded in the Debt Service Fund for the bonds along with income from the Urban Renewal Agency reimbursing their portion, which was again reported as debt service. The loan was also shown as two loans on the debt schedule overstating the long term debt. In addition, only the net proceeds were recorded on the budgetary basis and supplemental schedules prepared by management did not accurately report the bond issuance costs and premiums that should be reported for the individual opinion units.

Effect: This method double counts debt proceeds, debt service, and the loan balances outstanding. Large adjustments were recorded to remove the duplication of debt balances, debt proceeds, and debt service payments. Adjustments and additional reconciliation was also required to properly report the premium, issuance costs, and long term debt in accordance with Generally Accepted Accounting Principles (GAAP).

Cause: The reconciling and recording of debt and the related assets and liabilities are done each year through a manual process and this transaction was unusually complicated due to the debt being used for several funds and by both the City and Urban Renewal Agency. Management was not aware of all of the requirement to properly report the debt between funds and in accordance with GAAP requirements.

Auditor's recommendation: We recommend that management maintain the revised debt schedules and record future payments of debt service by the Urban Renewal Agency as reimbursement of expenditures reducing the debt service costs in the Debt Service fund, rather than as an additional revenue source. We also recommend that management consider the use of consultants on the proper reporting of debt issuances in the future.

Management's response: Management agrees with the condition and the auditor's recommendation and will maintain the revised debt schedule.

2010-04

Condition and criteria: The City started using project codes to track capital projects across multiple expense accounts and records expenses related to engineering costs in materials and services line items, rather than capital outlay, expecting the project coding to track the total asset construction. However, there was about $718,000 in engineering and design costs for various projects that did not originally get included in capital asset additions because they were not coded to a project. We also determined during our review of the projects that there was approximately $289,000 in capital expenditures, which will be reimbursed by the benefitting property owners, which had not been recorded as a receivable or reduction of expenditures. In addition, there were other large adjustments required to properly reconcile and report the additions to capital assets.

Effect: A large adjustment was required to the amount reported as additions to capital assets and to recognize the reimbursement of costs from the benefitting property owners.

Cause: The reconciling and recording of activity related to capital assets is done each year through a manual process and the City currently has a large volume of projects in progress. The use of project codes was implemented during the year and was not consistently used. In addition, project expenses from early in the year were less likely to have been reported under a project code due to the new system.

Auditor's recommendation: In most Cities, that we audit, the engineering and design costs are recorded as capital outlay if it is for a capital project, as the materials and services description indicates that the expense is for current expenditures, not long term investments in capital assets. We encourage the City to use project codes to track individual projects as the project progresses, but recommend additional procedures be put in place to ensure that all capital expenditures are properly coded to the projects and included in the capital asset additions in the future.

Management's response: Management agrees with the condition and the auditor's recommendation and will continue to improve the procedures over capital assets. Several new procedures were put in effect during the 2010 fiscal year and management took a more active role in reconciling and recording the capital asset activity.

2010-05

Condition and criteria: Inventory reported in the Street Fund was overstated by approximately $46,000 and it does not appear that the review process is adequate to ensure that the errors would be discovered by management.

Effect: A material adjustment was required to properly report the inventory value and related expenditures in the Street Fund.

Cause: The misstatement was caused by a mathematical error in the inventory spreadsheet prepared by Public Works and the review process did not discover the error.

Auditor's recommendation: We recommend that the inventory spreadsheet be reviewed for completeness, appropriate costs, and mathematical accuracy by a second party knowledgeable in the inventory items and processes prior to providing the year end schedule to Finance. In addition, we recommend Finance double check the schedule prior to posting the year end adjustment.

Management's response: Management agrees with the condition and the auditor's recommendation and will ensure that inventory is properly reported in the future.

SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

The Hub of the Pacific Northwest

CITY of THE DALLES

OREGON