



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

Prepared by:
The City of The Dalles
Finance Department

CITY OF THE DALLES, OREGON

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INTRODUCTORY SECTION



CITY of THE DALLES

313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481

City Council
City of The Dalles
The Dalles, Oregon 97058

November 16, 2011

The Comprehensive Annual Financial Report (CAFR) of the City of The Dalles, Oregon, for the year ended June 30, 2011, is submitted herewith. This report presents a comprehensive and detailed picture of The Dalles' financial transactions during fiscal year 2010-2011 and the financial condition of the various funds at June 30, 2011. 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, 2011, 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.

ECONOMIC CONDITIONS

The City has a population currently estimated at 14,441, 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. Historic Downtown The Dalles, with its talking murals, St. Peters Landmark and other historical buildings, and antique shops is a strong visitor draw.

Mid-Columbia Medical Center (MCMC) is the major hospital in the Mid-Columbia Region of Oregon and Washington. It is also the major trauma center in the region. This first class medical facility has attracted numerous health care professionals to The Dalles area. Their Oncology Center saves the region's population from traveling to Portland to receive those services and 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 is the site of a 151 bed Veterans' long-term nursing and care home that opened in November 1997. It currently provides 175 jobs and has 145 residents. Recently the Oregon Department of Veteran Affairs added a new 9,300 square foot community center and out patient clinic next to the Veterans' home.

The Dalles is the major shopping center in the Mid-Columbia area. The last few years, several retail developments have been completed in the community. A 138,000 square foot regional Home Depot store opened in October 2004. This was followed by Walgreen's in 2005. Both the local Safeway and Fred Meyer stores completed multi-million dollar renovations in 2006. Fred Meyer expanded its retail space by 15,000 square feet, which included enclosing the existing garden area. A new 150,000 square foot super Wal-Mart store is planned for 2012 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. In October 2009, a Full Faith and Credit Obligation Bond was obtained by the City, with over \$10 million of the proceeds going as a loan to the Urban Renewal Agency to refund their current bond and provide nearly \$8 million for Urban Renewal projects. The East Gateway public infrastructure, that included a round-about to manage traffic in a problem area, was completed in June 2010. That project leveraged approximately \$25 million in private investment, including new winery now located in a vacant flour mill that employs over 20 people. Three Downtown/Riverfront Connection projects are moving forward. \$5.5 million in contracts for a public dock and public festival area have been awarded and should be complete in mid 2012. Construction plans for a \$10 million dollar Washington Street Railroad undercrossing and plaza will be completed in May of 2012, and constructed in fiscal year 2012-2013.

State Tax limitation measures in 1990, 1996 and 1997 have limited property taxes. An upswing in the local economy up until 2008 mitigated most of those impacts. Although the economic situation the past few years has been bleak, the City, through prudent budgeting, is operating on a fiscally sound basis. The general fund balance remained relatively stable during the 2010-2011 fiscal year.

MAJOR INITIATIVES

Wastewater Master Plan

The City updated its wastewater master plan for the treatment plant site and collection system in 2002 and is currently in the process of updating the master plan again in fiscal year 2011-2012. A 5-year wastewater capital improvement plan, updated annually is being utilized. Phase I design and construction for the wastewater plant and collection system improvements were completed in 2006. Phase II should take place in the next two to three years.

Water Master Plan

A Water Master Plan update was completed in 2006. A \$7.9 million water revenue bond was issued in 2007. Several of the improvement projects were started in FY 2007-2008 and were or will be completed in fiscal year 2011-2012. A new reservoir and associated pipelines were constructed in fiscal year 2010-2011, utilizing about \$6 million in grant and loan funds under the American Recovery and Reinvestment Act of 2009. The City completed a review of its water rates and capital needs in 2011 and adopted a rate plan to meet those needs. Additional revenue bonds are planned to be issued in fiscal years 2014-2015, 2016-2017 and 2019-2020 to fund identified system improvements.

Street Master Plan

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

Storm Water Master Plan

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

Regional Airport Authority

Klickitat County and the City of The Dalles 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 hangars 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 fiscal year 2011-2012.

Columbia Gateway Urban Renewal Agency

The Columbia Gateway Urban Renewal Agency, a component unit of the City of the Dalles, operated throughout the 2010-2011 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 FY10/11. Ordinance No. 09-1301 adopted an amendment to the plan on June 22, 2009. This amendment provided for a new maximum indebted amount that is expected to be reached by the year 2025, thus extending the original expiration date of 2015 for another ten years.

FINANCIAL INFORMATION

Accounting System and Budgetary Controls

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

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

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

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. A supplemental budget requires hearings before the public, publications in newspapers and approval by the City Council, if the change is greater than, or equal to, 10% of the original budget. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. The City Council approved several appropriation transfer resolutions during the year ended June 30, 2011. 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.

The City Council adopted a comprehensive set of Fiscal Management Policies in June 2011. These policies updated and compiled existing policies on budgeting, revenues and expenditures, public contracting, purchasing authority levels, capital asset and capital improvements, cash management and investments, debt, risk management, and accounting and financial reporting. The new policies also addressed intangible capital assets as required by GASB 51, and the new fund balance structures as required by GASB 54.

These policies, in particular the new fund balance structure, were applied in the preparation of this Comprehensive Annual Financial Report for the fiscal year ending June 30, 2011. The most significant change to the financial reporting is that the fund balances will now indicate how much of each of the governmental funds balance is restricted or committed to specific purposes, such as grant funds or bond proceeds being restricted for use for a particular project.

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, 2010. 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, 2011**

MAYOR AND CITY COUNCIL

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

City Administration

Nolan Young, City Manager – Budget Officer
Julie Krueger, City Clerk
Gene 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, 2010

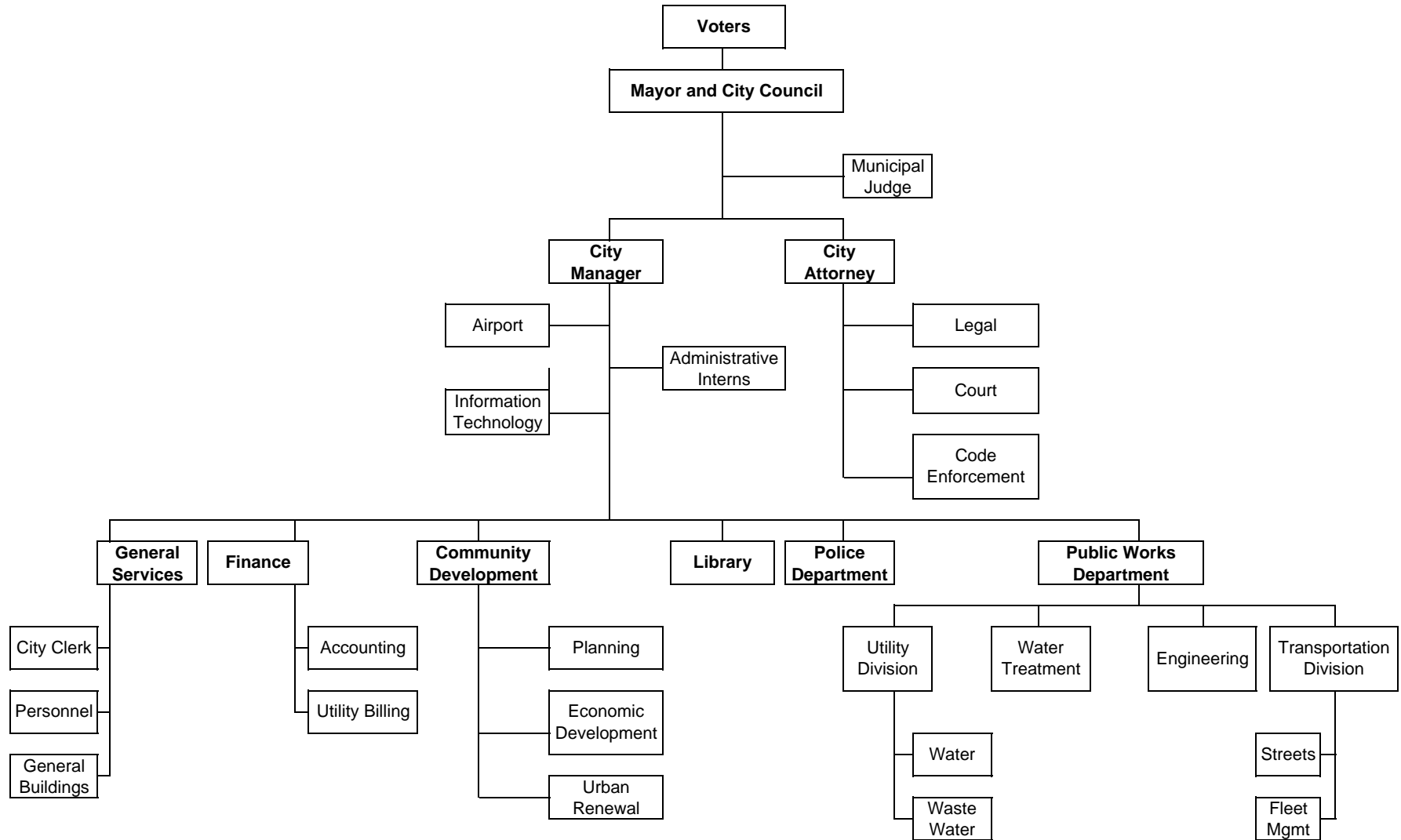
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**CITY OF THE DALLES
ORGANIZATIONAL CHART
June 30, 2011**





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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of The Dalles, Oregon, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of The Dalles, Oregon's management. Our responsibility is to express opinions on these financial statements based on our audit.


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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of The Dalles, Oregon, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof 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 November 16, 2011, on our consideration of the City of The Dalles, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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


Merina & Company, LLP
West Linn, Oregon
November 16, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

The City's assets exceeded its liability at June 30, 2011 by \$50,560,433 (net assets). Of this amount \$31,100,768 was invested in capital assets (net of related debt). \$14,300,133 was restricted for specific purposes, resulting in unrestricted net assets of \$5,159,532. The unrestricted net assets are made up of unrestricted governmental net assets of \$4,297,055 and unrestricted business-type net assets of \$862,477.

The City's net assets increased by \$1,970,091 (4.05%) 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 a decrease in fund balances in the amount of \$1,269,532, which was due primarily to expenditure of funds for capital projects, including the design and engineering of the Washington Street Tunnel Project, the design of the Marine Terminal Dock Project, final work on the East Gateway Project, the Flour Mill Project. The Urban Renewal Fund balance decreased approximately \$501,085 mainly due to the purchase of buildings that are part of an Urban Renewal project to redevelop a portion of the downtown area.

The City's Enterprise Funds experienced an increase in net assets of \$1,777,978, due mostly to capitalization of completed projects, including the Sewer Slipline Project, the Airport Master Plan, and continuing work on the Terminal Reservoir Project.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Basic Financial Statements. Includes a Statement of Net 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 – General Accepted Accounting Principles, Street Fund, Library Fund, and Special Grants Fund, which comprise the City's General and Major Special Revenue Funds.

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

FINANCIAL SUMMARY AND ANALYSIS

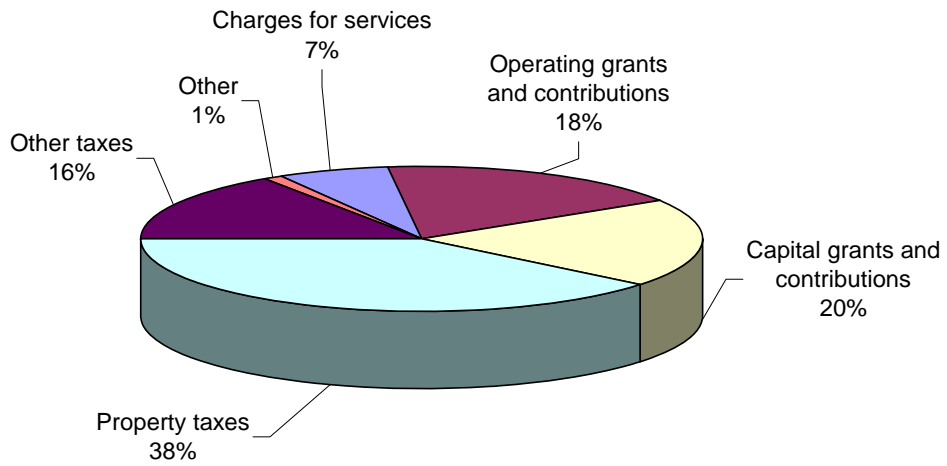
As mentioned earlier, the City's net assets as of June 30, 2011 were \$50,560,433, an increase from June 30, 2010 of \$1,970,091. By far the largest portion of net assets is comprised of the City's investment in capital assets (e.g., land, building, equipment, and public infrastructure), less any related 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

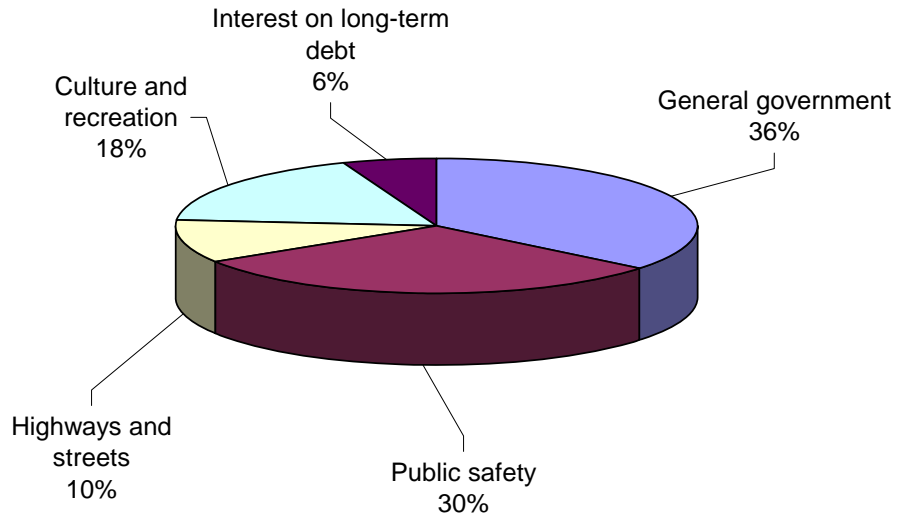
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>						
Current and other assets	13,161,017	15,064,386	8,996,891	9,973,114	22,157,908	25,037,500
Capital assets	26,565,441	25,084,372	38,464,767	33,612,441	65,030,208	58,696,813
Total Assets	39,726,458	40,148,758	47,461,658	43,585,555	87,188,116	83,734,313
<u>Liabilities</u>						
Long-Term liabilities	14,715,348	15,101,917	20,521,851	17,679,490	35,237,199	32,781,407
Other liabilities	260,404	488,248	1,130,080	1,874,316	1,390,484	2,362,564
Total liabilities	14,975,752	15,590,165	21,651,931	19,553,806	36,627,683	35,143,971
Net assets invested in capital assets, net of related debt	12,688,001	17,096,182	18,412,767	16,246,937	31,100,768	33,343,119
Restricted	7,765,650	3,060,447	6,534,483	6,500,649	14,300,133	9,561,096
Unrestricted	4,297,055	4,401,964	862,477	1,284,163	5,159,532	5,686,127
Total net assets	24,750,706	24,558,593	25,809,727	24,031,749	50,560,433	48,590,342

The governmental activities revenue comes primarily from property taxes, franchise fees, charges for services, and various grants and contributions, including over \$950,000 from a Library Special District formed in 2006. During the year ending June 30, 2011, 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 38% of the City’s governmental revenue are derived from the permanent tax rate.

For the fiscal year ending June 30, 2011, net assets of the Governmental activities increased by \$192,113, which represents a 0.78% increase. Net assets of the Business-type activities increased by \$1,777,978, which represents a 7.4% increase. Key elements of these changes, when compared to the year ending June 30, 2010 are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues						
Charges for services	594,031	811,649	8,674,388	8,087,941	9,268,419	8,899,590
Operating grants and contributions	1,635,994	2,823,915	142,954	96,382	1,778,948	2,920,297
Capital grants and contributions	1,780,738	4,814,797	383,053	558,895	2,163,791	5,373,692
General Revenues					-	-
Property taxes	3,574,302	3,549,211	-	-	3,574,302	3,549,211
Other taxes	1,412,950	1,250,428	-	-	1,412,950	1,250,428
Other	109,002	117,984	32,632	51,574	141,634	169,558
Total revenues	9,107,017	13,367,984	9,233,027	8,794,792	18,340,044	22,162,776
Expenses						
General government	3,631,219	2,957,295	-	-	3,631,219	2,957,295
Public safety	3,088,742	2,715,894	-	-	3,088,742	2,715,894
Highways and streets	1,034,392	1,448,982	-	-	1,034,392	1,448,982
Culture and recreation	1,814,647	1,296,096	-	-	1,814,647	1,296,096
Interest on long-term debt	595,104	443,576	-	-	595,104	443,576
Water	-	-	2,656,862	3,148,144	2,656,862	3,148,144
Waste water	-	-	3,110,890	2,826,635	3,110,890	2,826,635
Airport	-	-	438,097	443,613	438,097	443,613
Total Expenses	10,164,104	8,861,843	6,205,849	6,418,392	16,369,953	15,280,235
Change net assets before transfers	(1,057,087)	4,506,141	3,027,178	2,376,400	1,970,091	6,882,541
Transfers	1,249,200	945,279	(1,249,200)	(945,279)	-	-
Change in net assets	192,113	5,451,420	1,777,978	1,431,121	1,970,091	6,882,541
Net assets-beginning	24,558,593	17,787,338	24,031,749	23,860,148	48,590,342	41,647,486
Prior Period Adjustment	-	1,319,835	-	(1,259,520)	-	60,315
Net assets-beginning, as adjusted	24,558,593	19,107,173	24,031,749	22,600,628	48,590,342	41,707,801
Total net assets	24,750,706	24,558,593	25,809,727	24,031,749	50,560,433	48,590,342

Governmental Activities

A portion of the increase in net assets is due to an increase in revenues from property taxes and some franchise fees over the prior year.

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, and to rate increases for water services (10%) and wastewater services (9%).

FINANCIAL ANALYSIS OF FUNDS

As of June 30, 2011 the City's governmental funds reported a combined fund balance of \$11,419,280, which is a decrease of \$1,269,532 from June 30, 2010.

The General Fund is the primary operating fund of the City. Beginning June 30, 2011, the General Fund has been combined with the Public Works Reserve Fund, the Street/Bridge Replacement Fund and the Unemployment Fund, as required by GASB 54. As of June 30, 2011, the combined General Fund – Generally Accepted Accounting Principles balance was \$2,355,368, which is a decrease of \$83,392 from June 30, 2010. The combined revenues were \$5,204,094 and combined expenditures were \$6,316,914, resulting in a loss of \$1,112,820. However, the combined General Fund received from other funds in the amount of \$1,169,659, and sent transfers out to other funds in the amount of \$140,231. This resulted in net "Other financing sources" totaling \$1,029,428.

The Street Fund balance as of June 30, 2011 was \$365,335, which is an increase of \$181,593 from June 30, 2010. Street Fund revenues increased by \$80,031, while expenditures decreased by \$225,104, resulting in a gain \$104,766. An increase in transfers in from other funds resulted in net "Other financing sources" totaling \$76,827.

As of June 30, 2011, the Library Fund balance was \$657,645, reflecting an increase of \$90,364 from June 30, 2010. 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, 2011 was \$5,721,335, which is a decrease of \$664,792 from June 30, 2010. This decrease was due to expenditures for several ongoing projects accounted for within that fund.

The Urban Renewal Capital Projects Fund balance as of June 30, 2011 was \$338,968, which is a decrease of \$501,085 from June 30, 2010. This decrease is primarily due to the purchase of land involved in a downtown development Urban Renewal project.

The non-major governmental funds balance as of June 30, 2011 was \$1,980,629. This reflects a decrease of \$292,220, primarily due to the reduction of property tax revenue in the Urban Renewal Debt Service Fund so that fund balance could be used to make a large portion of the annual debt payment.

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 \$25,809,727 as of June 30, 2011, reflecting a \$1,778,008 increase over net assets as of June 30, 2010.

The combined Water Funds net assets as of June 30, 2011 were \$8,089,881, which is an increase of \$402,189 over June 30, 2010. This increase is primarily due to the capitalization of facilities constructed and infrastructure improvements completed in fiscal year 2010-2011.

The combined Wastewater Funds net assets as of June 30, 2011 were \$14,041,758, which is an increase of \$1,426,419 from June 30, 2010. This increase is primarily due to building reserves for Phase II of the treatment plant improvements.

The combined Airport Funds net assets as of June 30, 2011 were \$3,678,088 which is a decrease of \$50,630 from June 30, 2010. This decrease is due to expected capital outlay spending during fiscal year 2010-2011.

BUDGETARY HIGHLIGHTS

The original legal appropriations for fiscal year 2010-2011 for the General Fund – Budgetary Basis totaled \$6,893,608, with contingency of \$706,378. Budget amendments during the year resulted in a total budget of \$6,943,918, with a contingency of \$706,378. The changes to the budget were made to allocate unanticipated additional beginning fund balance funds. Expenditures were \$985,552 under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2011, the City had invested \$65,030,208 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 \$1,481,069 and business-type activities capital assets increased by \$4,852,326. Significant additions during the year ending June 30, 2011 were related to the completion and capitalization of the Terminal Reservoir Project, and purchase of property involved in an Urban Renewal redevelopment project.

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

The total governmental long-term debt outstanding at June 30, 2011 was \$14,715,348. Business-type activities long-term debt outstanding was \$20,521,851. During the year the City retired a total of \$1,754,220 in principle long-term debt, and added \$4,210,012.

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

2009 FFCO Bond	\$ 11,385,000
Premium on 2009 FFCO Bond	\$ 852,956
2008 FFCO Bond	\$ 2,845,000
Premium on 2008 FFCO Bond	\$ 42,933
Loans Payable (OIB)	\$ 291,241
Airport Facilities Revenue Bond	\$ 202,000
Airport Loan from Port	\$ 202,665
Wastewater Revenue Bond	\$ 4,855,000
Water Revenue Bond	\$ 7,700,000
Premium on Water Revenue Bonds	\$ 34,967

Oklahoma State Bank (Lease Option)	\$ 96,111
SDWRLF Loan	\$ 1,997,123
ARRA Note	\$ 435,671
ARRA Forgivable Note	\$ 2,988,773
TOTAL	\$ 33,929,440

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, 2011 was \$803,097.

Compensated Absences accruals totaled \$426,857 as of June 30, 2011. Governmental accruals totaled \$273,466, but are not recorded as a liability in the Governmental Funds. Business-type compensated absences accrual totaling \$153,391 are recorded as current period liabilities as of June 30, 2011, 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 \$564,442 for governmental activities and \$316,460 for business-type activities.

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

ECONOMIC FACTORS

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

BASIC FINANCIAL STATEMENTS

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

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

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

CITY OF THE DALLES, OREGON
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,828,550	\$ 737,790	\$ 4,566,340
Receivables:			
Accounts	334,385	859,762	1,194,147
Intergovernmental	19,529	735	20,264
Fines and forfeitures, net	441,982	-	441,982
Property taxes	306,251	-	306,251
Assessments	199,905	-	199,905
Notes	17,685	-	17,685
Prepaid items	115,143	-	115,143
Inventories	137,768	187,882	325,650
Total current assets	<u>5,401,198</u>	<u>1,786,169</u>	<u>7,187,367</u>
Noncurrent assets:			
Bond issuance costs	208,642	243,029	451,671
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	6,929,077	6,264,338	13,193,415
Receivable	622,100	703,355	1,325,455
Capital assets:			
Land	661,261	5,782,215	6,443,476
Assets available for sale	1,530,311	-	1,530,311
Construction in progress	3,467,010	8,761,632	12,228,642
Depreciable assets, net of depreciation	20,906,859	23,920,920	44,827,779
Total noncurrent assets	<u>34,325,260</u>	<u>45,675,489</u>	<u>80,000,749</u>
Total assets	<u>\$ 39,726,458</u>	<u>\$ 47,461,658</u>	<u>\$ 87,188,116</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 163,994	\$ 700,905	\$ 864,899
Unearned revenue	52,947	-	52,947
Accrued interest payable	43,463	169,579	213,042
Retainage payable	-	259,596	259,596
Total current liabilities	<u>260,404</u>	<u>1,130,080</u>	<u>1,390,484</u>
Noncurrent liabilities:			
Long-term obligations:			
Due within one year	941,029	1,018,959	1,959,988
Due in more than one year	13,774,319	19,502,892	33,277,211
Total noncurrent liabilities	<u>14,715,348</u>	<u>20,521,851</u>	<u>35,237,199</u>
Total liabilities	<u>14,975,752</u>	<u>21,651,931</u>	<u>36,627,683</u>
NET ASSETS			
Invested in capital assets, net of related debt	12,688,001	18,412,767	31,100,768
Restricted for:			
Capital projects	6,954,890	6,235,303	13,190,193
Debt Service	810,760	299,180	1,109,940
Unrestricted	4,297,055	862,477	5,159,532
Total net assets	<u>24,750,706</u>	<u>25,809,727</u>	<u>50,560,433</u>
Total liabilities and net assets	<u>\$ 39,726,458</u>	<u>\$ 47,461,658</u>	<u>\$ 87,188,116</u>

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

CITY OF THE DALLES, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net Expense Revenue and Change in Net Asset		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:							
General government	\$ 3,631,219	\$ 303,748	\$ -	\$ 1,780,738	\$ (1,546,733)	\$ -	\$ (1,546,733)
Public safety	3,088,742	255,320	-	-	(2,833,422)	-	(2,833,422)
Culture and recreation	1,814,647	15,746	965,205	-	(833,696)	-	(833,696)
Highways and streets	1,034,392	19,217	670,789	-	(344,386)	-	(344,386)
Interest on long-term debt	595,104	-	-	-	(595,104)	-	(595,104)
Total governmental activities	10,164,104	594,031	1,635,994	1,780,738	(6,153,341)	-	(6,153,341)
Business type activities:							
All Water Funds	2,656,862	3,655,158	12,143	68,707	-	1,079,146	1,079,146
All Wastewater Funds	3,110,890	4,828,073	12,143	314,346	-	2,043,672	2,043,672
All Airport Funds	438,097	191,157	118,668	-	-	(128,272)	(128,272)
Total business type activities	6,205,849	8,674,388	142,954	383,053	-	2,994,546	2,994,546
Total government	\$ 16,369,953	\$ 9,268,419	\$ 1,778,948	\$ 2,163,791	(6,153,341)	2,994,546	(3,158,795)
General revenues:							
Taxes:							
Property taxes levied for:							
General purposes					2,334,460	-	2,334,460
Urban renewal purposes					1,239,842	-	1,239,842
Franchise and public service taxes					1,412,950	-	1,412,950
Interest and investment earnings					109,002	32,632	141,634
Transfers in (out)					1,249,200	(1,249,200)	-
Total general revenues and transfers					6,345,454	(1,216,568)	5,128,886
Change in net assets					192,113	1,777,978	1,970,091
Net assets - beginning					24,558,593	24,031,749	48,590,342
Net assets - ending					\$ 24,750,706	\$ 25,809,727	\$ 50,560,433

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

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

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

Street Fund

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

Library Fund

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

Special Grants Fund

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

Urban Renewal Capital Projects Fund

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

CITY OF THE DALLES, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2011

	General Fund Generally Accepted Accounting Principles	Street Fund	Library Fund	Special Grants Fund	Urban Renewal Capital Projects Fund	Other Governmental	Total Governmental
ASSETS							
Cash and cash equivalents	\$ 1,945,175	\$ 168,906	\$ 668,781	\$ 5,594,355	\$ 345,681	\$ 2,034,729	\$ 10,757,627
Receivables:							
Accounts	329,519	36,012	29	207,321	704	4,837	578,422
Intergovernmental	19,447	64,555	-	-	8,127	82	92,211
Fines and forfeitures, net	441,982	-	-	-	-	-	441,982
Property taxes	198,915	-	-	-	107,336	-	306,251
Assessments	-	-	-	22,936	-	199,905	222,841
Notes	-	-	-	-	282,445	17,685	300,130
Prepaid items	115,143	-	-	-	-	-	115,143
Inventories	-	137,768	-	-	-	-	137,768
Total assets	\$ 3,050,181	\$ 407,241	\$ 668,810	\$ 5,824,612	\$ 744,293	\$ 2,257,238	\$ 12,952,375
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable and accrued expenses	\$ 53,916	\$ 41,906	\$ 11,165	\$ 35,393	\$ 15,544	\$ 6,070	\$ 163,994
Deferred revenue	640,897	-	-	67,884	389,781	270,539	1,369,101
Total liabilities	694,813	41,906	11,165	103,277	405,325	276,609	1,533,095
FUND BALANCES:							
Nonspendable:							
Prepays	115,143	-	-	-	-	-	115,143
Inventory	-	137,768	-	-	-	-	137,768
Restricted for:							
Grant / contributor specific intent	-	-	-	5,721,335	-	9,375	5,730,710
State statute	-	227,567	-	-	338,968	-	566,535
Intergovernmental agreement	-	-	657,645	-	-	810,760	1,468,405
Committed for:							
Major capital facilities and associated debt	-	-	-	-	-	428,769	428,769
Local improvements and associated debt	-	-	-	-	-	730,557	730,557
Agreements with state agencies	-	-	-	-	-	1,168	1,168
Committed by ordinance or resolution	618,743	-	-	-	-	-	618,743
Unassigned	1,621,482	-	-	-	-	-	1,621,482
Total fund balance	2,355,368	365,335	657,645	5,721,335	338,968	1,980,629	11,419,280
Total liabilities and fund balance	\$ 3,050,181	\$ 407,241	\$ 668,810	\$ 5,824,612	\$ 744,293	\$ 2,257,238	

Amounts reported in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	26,565,441
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Deferred revenue	1,316,154
Bond issuance costs are not financial resources, and therefore, are not reported in the funds	208,642
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt	(14,715,348)
Interest payable	(43,463)
Net Assets	\$ 24,750,706

CITY OF THE DALLES, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2011

	General Fund Generally Accepted Accounting	Street Fund	Library Fund	Special Grants Fund	Urban Renewal Capital Projects Fund	Other Governmental	Total Governmental
REVENUES:							
Property taxes	\$ 2,357,244	\$ -	\$ -	\$ -	\$ 787,195	\$ 462,576	\$ 3,607,015
Other taxes	671,115	396,102	-	-	-	-	1,067,217
Franchise fees	322,737	-	-	-	-	22,996	345,733
Assessments	-	-	-	-	-	143,689	143,689
Licenses and fees	13,022	-	-	-	-	-	13,022
Charges for services	13,474	15,582	-	-	-	-	29,056
Intergovernmental	1,429,388	670,789	960,196	199,734	-	21,616	3,281,723
Fines and forfeitures, net	255,320	-	14,128	-	-	-	269,448
Contributions	-	-	5,009	130,000	-	-	135,009
System development charges	39,010	-	-	-	-	-	39,010
Rental income	11,105	-	-	-	5,422	352,397	368,924
Interest on investments	17,853	439	2,330	74,451	-	13,929	109,002
Miscellaneous	73,826	3,635	1,618	2,853	3,302	3,722	88,956
Total revenues	5,204,094	1,086,547	983,281	407,038	795,919	1,020,925	9,497,804
EXPENDITURES:							
Current:							
General government	2,417,204	-	-	239,841	324,559	14,518	2,996,122
Public safety	2,830,324	-	-	-	-	165,553	2,995,877
Culture and recreation	444,746	-	855,917	-	-	-	1,300,663
Highways and streets	-	979,615	-	-	-	-	979,615
Not used	-	-	-	-	-	-	-
Not used	-	-	-	-	-	-	-
Not used	-	-	-	-	-	-	-
Capital outlay	624,640	2,166	-	860,489	972,445	58,496	2,518,236
Debt service:							
Principal	-	-	-	-	-	678,222	678,222
Interest	-	-	-	-	-	648,299	648,299
Total expenditures	6,316,914	981,781	855,917	1,100,330	1,297,004	1,565,088	12,117,034
Revenues over (under) expenditures	(1,112,820)	104,766	127,364	(693,292)	(501,085)	(544,163)	(2,619,230)
OTHER FINANCING SOURCES (USES):							
Sale of property	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-
Premium on issuance of debt	-	-	-	-	-	-	-
Payment of refund debt	-	-	-	-	-	-	-
Transfers in	1,169,659	254,980	-	32,000	-	1,171,067	2,627,706
Transfers out	(140,231)	(178,153)	(37,000)	(3,500)	-	(919,124)	(1,278,008)
Total other financing sources (uses)	1,029,428	76,827	(37,000)	28,500	-	251,943	1,349,698
Net changes in fund balances	(83,392)	181,593	90,364	(664,792)	(501,085)	(292,220)	(1,269,532)
FUND BALANCES, BEGINNING	2,438,760	183,742	567,281	6,386,127	840,053	2,272,849	12,688,812
FUND BALANCES, ENDING	\$ 2,355,368	\$ 365,335	\$ 657,645	\$ 5,721,335	\$ 338,968	\$ 1,980,629	\$ 11,419,280

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

CITY OF THE DALLES, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

Amounts reported in the statement of activities are different because:

Net change in fund balances \$ (1,269,532)

The statement of revenues, expenditures, and changes in fund balances report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Current year depreciation	\$	(609,220)	
Capital asset additions		2,107,805	1,498,585

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net assets. (17,516)

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.
 Deferred revenues (390,787)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences		(25,447)	
Change in other postemployment benefits		(234,017)	
Change in accrued interest payable		46,605	
Amortization of bond issue cost		(21,796)	(234,655)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the amount by which proceeds exceeded repayments.

Debt service principal payments		599,428	
Accrued interest expense		6,590	606,018

Change in net assets of governmental activities \$ 192,113

CITY OF THE DALLES, OREGON
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 2,311,924	\$ 2,311,924	\$ 2,357,244	\$ 45,320
Other taxes	641,295	641,295	671,115	29,820
Franchise fees	328,068	328,068	322,737	(5,331)
Licenses and fees	11,400	11,400	13,022	1,622
Charges for services	14,500	14,500	13,474	(1,026)
Intergovernmental	1,367,967	1,367,967	1,429,388	61,421
Fines and forfeitures, net	291,126	291,126	255,320	(35,806)
System development charges	200,000	200,000	39,010	(160,990)
Rental income	24,912	24,912	11,105	(13,807)
Interest on investments	13,500	13,500	17,853	4,353
Miscellaneous	18,000	18,000	73,826	55,826
Total revenues	5,222,692	5,222,692	5,204,094	(18,598)
EXPENDITURES:				
General government	2,645,240	2,647,640	2,417,204	230,436
Public safety	2,869,214	2,905,124	2,830,324	74,800
Culture and recreation	462,851	449,851	444,746	5,105
Capital outlay	1,204,601	1,197,601	624,640	572,961
Contingency	706,378	706,378	-	706,378
Total expenditures	7,888,284	7,906,594	6,316,914	1,589,680
Revenues over (under) expenditures	(2,665,592)	(2,683,902)	(1,112,820)	1,571,082
OTHER FINANCING SOURCES (USES):				
Transfers in	1,169,659	1,169,659	1,169,659	-
Transfers out	(108,231)	(140,231)	(140,231)	-
Total other financing sources (uses)	1,061,428	1,029,428	1,029,428	-
Net changes in fund balances	(1,604,164)	(1,654,474)	(83,392)	1,571,082
FUND BALANCES, BEGINNING GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
	2,364,851	2,415,161	2,438,760	23,599
FUND BALANCES, ENDING GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
	\$ 760,687	\$ 760,687	\$ 2,355,368	\$ 1,594,681

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

CITY OF THE DALLES, OREGON
STREET FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 417,000	\$ 417,000	\$ 396,102	\$ (20,898)
Charges for services	35,538	35,538	15,582	(19,956)
Intergovernmental	674,785	674,785	670,789	(3,996)
Interest on investments	100	100	439	339
Miscellaneous	500	500	3,635	3,135
Total revenues	<u>1,127,923</u>	<u>1,127,923</u>	<u>1,086,547</u>	<u>(41,376)</u>
EXPENDITURES:				
Personal service	614,883	614,883	591,582	23,301
Materials and service	707,365	707,365	388,033	319,332
Capital outlay	2,167	2,167	2,166	1
Total expenditures	<u>1,324,415</u>	<u>1,324,415</u>	<u>981,781</u>	<u>342,634</u>
Revenues over (under) expenditures	(196,492)	(196,492)	104,766	301,258
OTHER FINANCING SOURCES (USES):				
Transfers in	254,980	254,980	254,980	-
Transfers out	(178,160)	(178,160)	(178,153)	7
Total other financing sources (uses)	<u>76,820</u>	<u>76,820</u>	<u>76,827</u>	<u>7</u>
Net changes in fund balances	(119,672)	(119,672)	181,593	301,265
FUND BALANCES, BEGINNING	<u>119,672</u>	<u>119,672</u>	<u>183,742</u>	<u>64,070</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 365,335</u>	<u>\$ 365,335</u>

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

CITY OF THE DALLES, OREGON
LIBRARY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 961,670	\$ 961,670	\$ 960,196	\$ (1,474)
Fines and forfeitures, net	7,500	7,500	14,128	6,628
Contributions	5,247	5,247	5,009	(238)
Interest on investments	1,700	1,700	2,330	630
Miscellaneous	100	100	1,618	1,518
Total revenues	976,217	976,217	983,281	7,064
EXPENDITURES:				
Personal service	618,906	618,906	598,275	20,631
Materials and service	304,324	304,324	257,642	46,682
Contingency	24,701	24,701	-	24,701
Total expenditures	947,931	947,931	855,917	92,014
Revenues over (under) expenditures	28,286	28,286	127,364	99,078
OTHER FINANCING SOURCES (USES):				
Transfers out	(37,000)	(37,000)	(37,000)	-
Total other financing sources (uses)	(37,000)	(37,000)	(37,000)	-
Net changes in fund balances	(8,714)	(8,714)	90,364	99,078
FUND BALANCES, BEGINNING	493,334	493,334	567,281	73,947
FUND BALANCES, ENDING	\$ 484,620	\$ 484,620	\$ 657,645	\$ 173,025

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

CITY OF THE DALLES, OREGON
SPECIAL GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 7,574,970	\$ 7,574,970	\$ 199,734	\$ (7,375,236)
Contributions	-	-	130,000	130,000
Interest on investments	10,000	10,000	74,451	64,451
Miscellaneous	-	-	2,853	2,853
Total revenues	<u>7,584,970</u>	<u>7,584,970</u>	<u>407,038</u>	<u>(7,177,932)</u>
EXPENDITURES:				
Materials and service	245,350	245,350	239,841	5,509
Capital outlay	13,733,872	13,733,872	860,489	12,873,383
Total expenditures	<u>13,979,222</u>	<u>13,979,222</u>	<u>1,100,330</u>	<u>12,878,892</u>
Revenues over (under) expenditures	(6,394,252)	(6,394,252)	(693,292)	5,700,960
OTHER FINANCING SOURCES (USES):				
Transfers in	32,000	32,000	32,000	-
Transfers out	(3,500)	(3,500)	(3,500)	-
Total other financing sources (uses)	<u>28,500</u>	<u>28,500</u>	<u>28,500</u>	<u>-</u>
Net changes in fund balances	(6,365,752)	(6,365,752)	(664,792)	5,700,960
FUND BALANCES, BEGINNING	<u>6,365,752</u>	<u>6,365,752</u>	<u>6,386,127</u>	<u>20,375</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,721,335</u>	<u>\$ 5,721,335</u>

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

FUND FINANCIAL STATEMENTS

Proprietary Funds

Enterprise Funds

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

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

- Water
- Wastewater
- Airport

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

All Water Funds

Water Utility

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

Water Capital Reserve

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

Water Bond Debt

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

All Wastewater Funds

Wastewater

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

Wastewater Capital Reserve

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

Sewer Plant Construction

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

Sewer Debt Service

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

All Airport Funds

Airport

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

Airport Debt Service

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

CITY OF THE DALLES, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2011

	Business-Type Activities - Enterprise Funds			
	All Water Funds	All Wastewater Funds	All Airport Funds	Total
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 523,314	\$ 2,114	\$ 212,362	\$ 737,790
Restricted cash and cash equivalents	943,895	5,240,752	79,691	6,264,338
Receivables:				
Accounts, net	311,106	536,223	12,433	859,762
Intergovernmental	-	735	-	735
Restricted intergovernmental	608,433	-	94,922	703,355
Inventory	107,203	80,679	-	187,882
Total current assets	2,493,951	5,860,503	399,408	8,753,862
NONCURRENT ASSETS:				
Bond issuance costs	180,356	62,179	494	243,029
Capital assets:				
Land	2,874,516	1,409,499	1,498,200	5,782,215
Construction in progress	7,659,519	605,261	496,852	8,761,632
Depreciable assets, net of depreciation	9,922,385	12,176,118	1,822,417	23,920,920
Total noncurrent assets	20,636,776	14,253,057	3,817,963	38,707,796
Total assets	\$ 23,130,727	\$ 20,113,560	\$ 4,217,371	\$ 47,461,658
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	\$ 253,039	\$ 314,963	\$ 132,903	\$ 700,905
Accrued interest payable	118,493	49,371	1,715	169,579
Retainage payable	230,173	29,423	-	259,596
Compensated absences payable	93,585	59,806	-	153,391
Current portion of long-term debt	401,634	405,890	58,044	865,568
Total current liabilities	1,096,924	859,453	192,662	2,149,039
NONCURRENT LIABILITIES:				
Bonds and notes payable	13,739,854	5,099,957	346,621	19,186,432
Other postemployment benefits	204,068	112,392	-	316,460
Total non current liabilities	13,943,922	5,212,349	346,621	19,502,892
Total liabilities	15,040,846	6,071,802	539,283	21,651,931
NET ASSETS:				
Invested in capital assets, net of related debt	6,314,932	8,685,031	3,412,804	18,412,767
Restricted for:				
System development	1,552,329	4,682,974	-	6,235,303
Debt service	-	220,684	78,496	299,180
Unrestricted	222,620	453,069	186,788	862,477
Total net assets	8,089,881	14,041,758	3,678,088	25,809,727
Total liabilities and net assets	\$ 23,130,727	\$ 20,113,560	\$ 4,217,371	\$ 47,461,658

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

CITY OF THE DALLES, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds			
	All Water Funds	All Wastewater Funds	All Airport Funds	Total
OPERATING REVENUES:				
Charges for services	\$ 3,642,639	\$ 4,742,835	\$ 9,724	\$ 8,395,198
System development charges	52,392	311,473	-	363,865
Rental income	4,080	-	178,990	183,070
Miscellaneous	8,439	85,238	2,443	96,120
Total operating revenues	<u>3,707,550</u>	<u>5,139,546</u>	<u>191,157</u>	<u>9,038,253</u>
OPERATING EXPENSES:				
Personal services	1,851,828	1,055,105	-	2,906,933
Materials and services	29,995	1,420,557	155,064	1,605,616
Depreciation and amortization	352,394	436,802	271,433	1,060,629
Total operating expenses	<u>2,234,217</u>	<u>2,912,464</u>	<u>426,497</u>	<u>5,573,178</u>
Operating income (loss)	1,473,333	2,227,082	(235,340)	3,465,075
NON-OPERATING INCOME (EXPENSE):				
Gain (loss) on disposal of capital assets	4,825	-	-	4,825
Interest on investments	9,328	22,242	1,062	32,632
Interest expense	(422,645)	(198,426)	(11,600)	(632,671)
Total non-operating income (expenses)	<u>(408,492)</u>	<u>(176,184)</u>	<u>(10,538)</u>	<u>(595,214)</u>
Net income (loss) before transfers and capital contributions	1,064,841	2,050,898	(245,878)	2,869,861
TRANSFERS:				
Transfers in	963,780	2,549,805	76,580	3,590,165
Transfers out	(1,650,065)	(3,189,300)	-	(4,839,365)
Total transfers	<u>(686,285)</u>	<u>(639,495)</u>	<u>76,580</u>	<u>(1,249,200)</u>
Net income (loss) before contributions	378,556	1,411,403	(169,298)	1,620,661
CAPITAL CONTRIBUTIONS:				
Intergovernmental	12,143	12,143	118,668	142,954
Capital asset transfers	11,490	2,873	-	14,363
Total capital contributions	<u>23,633</u>	<u>15,016</u>	<u>118,668</u>	<u>157,317</u>
Change in net assets	402,189	1,426,419	(50,630)	1,777,978
NET ASSETS, BEGINNING	<u>7,687,692</u>	<u>12,615,339</u>	<u>3,728,718</u>	<u>24,031,749</u>
NET ASSETS, ENDING	<u>\$ 8,089,881</u>	<u>\$ 14,041,758</u>	<u>\$ 3,678,088</u>	<u>\$ 25,809,727</u>

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

CITY OF THE DALLES, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2011

	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	\$ 5,115,853	\$ 5,184,976	\$ 293,695	\$ 10,594,524
Payments to suppliers	(1,165,074)	(1,076,269)	(117,927)	(2,359,270)
Payments to employees	(1,758,713)	(992,355)	-	(2,751,068)
Net cash provided by operating activities	<u>2,192,066</u>	<u>3,116,352</u>	<u>175,768</u>	<u>5,484,186</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in (out)	(686,285)	(639,495)	76,580	(1,249,200)
Net cash provided by non-capital financing activities	<u>(686,285)</u>	<u>(639,495)</u>	<u>76,580</u>	<u>(1,249,200)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from intergovernmental revenue	12,143	12,143	118,668	142,954
Proceeds from capital debt	3,414,435	-	-	3,414,435
Proceeds from sale of capital assets	4,825	-	-	4,825
Acquisition of capital assets	(4,324,567)	(1,350,821)	(212,135)	(5,887,523)
Principal paid on long-term obligations	(280,309)	(388,609)	(55,580)	(724,498)
Interest paid on long-term obligations	(335,605)	(201,830)	(11,536)	(548,971)
Net cash provided by capital and related financing activities	<u>(1,509,078)</u>	<u>(1,929,117)</u>	<u>(160,583)</u>	<u>(3,598,778)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	9,328	22,242	1,062	32,632
Net cash provided by investing activities	<u>9,328</u>	<u>22,242</u>	<u>1,062</u>	<u>32,632</u>
Net increase in cash and cash equivalents	6,031	569,982	92,827	668,840
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,461,178</u>	<u>4,672,884</u>	<u>199,226</u>	<u>6,333,288</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,467,209</u>	<u>\$ 5,242,866</u>	<u>\$ 292,053</u>	<u>\$ 7,002,128</u>
COMPRISED AS FOLLOWS:				
Cash and cash equivalents	\$ 523,314	\$ 2,114	\$ 212,362	\$ 737,790
Restricted cash and cash equivalents	943,895	5,240,752	79,691	6,264,338
Total cash and cash equivalents	<u>\$ 1,467,209</u>	<u>\$ 5,242,866</u>	<u>\$ 292,053</u>	<u>\$ 7,002,128</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	\$ 1,473,333	\$ 2,227,082	\$ (235,340)	\$ 3,465,075
Adjustments				
Depreciation and amortization	352,394	436,802	271,433	1,060,629
Decrease (increase) in:				
Receivables	1,408,303	45,430	102,638	1,556,371
Inventories	39,175	35,007	-	74,182
Increase (decrease) in:				
Accounts payable and accrued expenses	(1,174,254)	309,281	37,137	(827,836)
Other postemployment benefits payable	84,752	49,951	-	134,703
Deposits	-	-	(100)	(100)
Accrued compensated absences	8,363	12,799	-	21,162
Net cash provided by operating activities	<u>\$ 2,192,066</u>	<u>\$ 3,116,352</u>	<u>\$ 175,768</u>	<u>\$ 5,484,186</u>
NON-CASH CAPITAL FINANCING ACTIVITIES				
Transfer of capital assets between funds	\$ 11,490	\$ 2,873	\$ -	\$ 14,363
Transfer of long-term debt between funds	(50,309)	(38,609)	(11,580)	(100,498)
Total non-cash capital financing activities	<u>\$ (38,819)</u>	<u>\$ (35,736)</u>	<u>\$ (11,580)</u>	<u>\$ (86,135)</u>

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



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NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF THE DALLES, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

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

Columbia Gateway Urban Renewal Agency

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net 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. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from the *business-types activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *components units* for which the City is financially accountable.

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

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

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

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

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 cost and program revenues reported for the various functions concerned.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be 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 of primarily of grants and interest on investments.

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

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

D. Assets, Liabilities and Equity

1. Cash, Cash Equivalents, and Investments

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

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

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

2. Receivables and Payables

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

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

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

3. Inventories and Prepaid Expenses

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

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

4. Capital Assets

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

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

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

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

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

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

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

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

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

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

8. Use of Restricted Resources

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

9. Restricted net 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.

10. Estimates

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

supplemental budget process to increase appropriations. Management must obtain City Council authorization for all appropriation transfers and supplementary budgetary appropriations.

During the year ended June 30, 2011, 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, 2011. If bank deposits at year end are not entirely insured or collateralized by the City or by its agent in the City's name, the City must disclose the custodial credit risk that exists. The City's deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 for the combined total of all savings deposits and unlimited coverage for non-interest bearing transaction accounts. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2011, none of the City's bank balances were exposed to credit risk.

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

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

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

Credit risk. State statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The City has no formal investment policy that further restricts its investment choices.

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

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

Investments held by the City at June 30, 2011 are as follows:

	Weighted Average Maturity	Fair Value
Local Government Investment Pool	0.00	\$ 2,014,511
Less amount classified as cash equivalents		<u>(2,014,511)</u>
Total investments		<u>\$ -</u>

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	\$ 3,980,962	\$ -	\$ 3,980,962
SDC's and other improvement revenue	2,137,355	5,965,158	8,102,513
Restricted for debt service	<u>810,760</u>	<u>299,180</u>	<u>1,109,940</u>
Total cash and cash equivalents	<u>\$ 6,929,077</u>	<u>\$ 6,264,338</u>	<u>\$13,193,415</u>

B. Receivables

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

	General Fund	Street Fund	Library Fund	Special Grants Fund	Urban Renewal Capital Projects Fund	Other Governmental	Total Governmental
Receivables:							
Accounts	\$ 329,519	\$ 36,012	\$ 29	\$ 207,321	\$ 704	\$ 4,837	\$ 578,422
Intergovernmental	19,447	64,555	-	-	8,127	82	92,211
Fines and forfeitures, net	803,756	-	-	-	-	-	803,756
Property taxes	198,915	-	-	-	107,336	-	306,251
Assessments	-	-	-	22,936	-	199,905	222,841
Notes	-	-	-	-	282,445	17,685	300,130
Allowance for doubtful accounts	(361,774)	-	-	-	-	-	(361,774)
Total receivables	<u>\$ 989,863</u>	<u>\$ 100,567</u>	<u>\$ 29</u>	<u>\$ 230,257</u>	<u>\$ 398,612</u>	<u>\$ 222,509</u>	<u>\$ 1,941,837</u>

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

	Water	Waste Water	Airport	Total Business-Type Activity
Accounts	\$ 316,606	\$ 543,458	\$ 14,933	\$ 874,997
Intergovernmental	-	735	-	735
Restricted intergovernmental	608,433	-	94,922	703,355
Allowance for doubtful accounts	(5,500)	(7,235)	(2,500)	(15,235)
	<u>\$ 919,539</u>	<u>\$ 536,958</u>	<u>\$ 107,355</u>	<u>\$ 1,563,852</u>

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 2010-2011, the City levied property taxes in the amount of \$2,508,605. After reductions for offsets and increases for additional taxes and penalties this resulted in a net levy of \$2,442,060. 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, 2010 was \$831,903,391. The Columbia Gateway Urban Renewal Agency, a blended component unit of the City, levied taxes at its maximum taxing authority of \$1,327,096. After reductions for offsets and additional taxes and penalties, this resulted in a net levy of \$1,292,284.

Following is a summary of property tax transactions for the year ended June 30, 2011:

Fiscal Year	Property Taxes Receivable June 30, 2010	Levy as Extended by Assessor	Collections	Cancellations Discounts and Adjustments	Property Taxes Receivable June 30, 2011
2010-2011	\$ -	\$ 3,734,344	\$ (3,472,350)	\$ (92,981)	\$ 169,013
2009-2010	150,731	-	(72,592)	(127)	78,012
2008-2009	76,328	-	(29,704)	(89)	46,535
2007-2008	36,041	-	(26,734)	(8)	9,299
2006-2007	7,994	-	(6,254)	(8)	1,732
2005-2006	1,546	-	(735)	(7)	804
Prior years	897	-	(41)	-	856
Totals	<u>\$ 273,537</u>	<u>\$ 3,734,344</u>	<u>\$ (3,608,410)</u>	<u>\$ (93,220)</u>	<u>\$ 306,251</u>

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

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

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

C. Deferred Revenue

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

	General Fund	Special Grants Fund	Urban Renewal Capital Projects Fund	Other Governmental	Total Governmental
Property taxes	\$ 198,915	\$ -	\$ 107,336	\$ -	\$ 306,251
Fines and forfeitures	441,982	-	-	-	441,982
Loans	-	44,948	282,445	17,686	345,079
Special assessments	-	22,936	-	252,853	275,789
	<u>\$ 640,897</u>	<u>\$ 67,884</u>	<u>\$ 389,781</u>	<u>\$ 270,539</u>	<u>\$ 1,369,101</u>

D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital Assets, non-depreciable:					
Land	\$ 661,261	\$ -	\$ -	\$ -	\$ 661,261
Construction in progress	3,549,466	1,001,577	-	(1,084,033)	3,467,010
Assets available for sale	598,015	932,296	-	-	1,530,311
Total capital assets, non-depreciable	<u>4,808,742</u>	<u>1,933,873</u>	<u>-</u>	<u>(1,084,033)</u>	<u>5,658,582</u>
Capital assets, depreciable:					
Land improvements	209,791	-	-	-	209,791
Buildings	4,802,949	-	-	875,791	5,678,740
Equipment	2,704,449	173,932	(41,877)	(46,930)	2,789,574
Infrastructure	17,919,755	-	-	208,242	18,127,997
Total capital assets, depreciable	<u>25,636,944</u>	<u>173,932</u>	<u>(41,877)</u>	<u>1,037,103</u>	<u>26,806,102</u>
Less accumulated depreciation for:					
Land improvements	(167,818)	(10,123)	-	-	(177,941)
Buildings	(1,384,116)	(110,391)	-	-	(1,494,507)
Equipment	(1,767,585)	(145,025)	38,724	32,567	(1,841,319)
Infrastructure	(2,041,795)	(343,681)	-	-	(2,385,476)
Total accumulated depreciation	<u>(5,361,314)</u>	<u>(609,220)</u>	<u>38,724</u>	<u>32,567</u>	<u>(5,899,243)</u>
Net depreciable capital assets	<u>20,275,630</u>	<u>(435,288)</u>	<u>(3,153)</u>	<u>1,069,670</u>	<u>20,906,859</u>
Net capital assets	<u>\$ 25,084,372</u>	<u>\$ 1,498,585</u>	<u>\$ (3,153)</u>	<u>\$ (14,363)</u>	<u>\$ 26,565,441</u>

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

General government	\$ (62,973)
Public safety	(55,521)
Highways and streets	(473,188)
Culture and recreation	<u>(17,538)</u>
Total depreciation expense - governmental activities	<u>\$ (609,220)</u>

Capital asset activity for the business-type activities for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital Assets, non-depreciable:					
Land	\$ 5,782,215	\$ -	\$ -	\$ -	\$ 5,782,215
Construction in progress	4,062,898	5,444,503	-	(745,769)	8,761,632
Total capital assets, non-depreciable	<u>9,845,113</u>	<u>5,444,503</u>	<u>-</u>	<u>(745,769)</u>	<u>14,543,847</u>
Capital assets, depreciable:					
Land improvements	11,532,815	6,700	-	233,996	11,773,511
Buildings	4,953,595	-	-	-	4,953,595
Equipment	4,164,556	155,073	-	46,930	4,366,559
Wastewater Treatment Plant	8,001,975	-	-	302,915	8,304,890
Dams and lines	5,754,440	281,247	-	208,858	6,244,545
Total capital assets, depreciable	<u>34,407,381</u>	<u>443,020</u>	<u>-</u>	<u>792,699</u>	<u>35,643,100</u>
Less accumulated depreciation for:					
Land improvements	(3,347,652)	(397,304)	-	-	(3,744,956)
Buildings	(1,417,427)	(129,162)	-	-	(1,546,589)
Equipment	(2,373,774)	(147,815)	-	(32,567)	(2,554,156)
Wastewater Treatment Plant	(953,544)	(258,443)	-	-	(1,211,987)
Dams and lines	(2,547,656)	(116,836)	-	-	(2,664,492)
Total accumulated depreciation	<u>(10,640,053)</u>	<u>(1,049,560)</u>	<u>-</u>	<u>(32,567)</u>	<u>(11,722,180)</u>
Net depreciable capital assets	<u>23,767,328</u>	<u>(606,540)</u>	<u>-</u>	<u>760,132</u>	<u>23,920,920</u>
Net capital assets	<u>\$ 33,612,441</u>	<u>\$ 4,837,963</u>	<u>\$ -</u>	<u>\$ 14,363</u>	<u>\$ 38,464,767</u>

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

Wastewater	\$ (431,340)
Water	(346,934)
Airport	(271,286)
Total depreciation expense - business-type activities	<u>\$ (1,049,560)</u>

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 and Business-Type Activities

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

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

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

	2008 Full Faith and Credit Bonds		2009 Full Faith and Credit Bonds Urban Renewal portion	
	Principal	Interest	Principal	Interest
2012	\$ 115,216	\$ 69,572	\$ 380,000	\$ 424,338
2013	121,280	64,964	390,000	412,938
2014	124,312	60,112	400,000	401,238
2015	127,344	55,140	415,000	386,238
2016	133,408	50,046	430,000	373,788
2017-2021	758,000	165,334	2,440,000	1,573,087
2022-2026	345,648	21,776	3,015,000	991,826
2027-2031	-	-	2,180,000	221,250
Total	<u>\$ 1,725,208</u>	<u>\$ 486,944</u>	<u>\$9,650,000</u>	<u>\$4,784,703</u>

	2009 Full Faith and Credit Bonds Street LID portion		Full Faith & Credit Bonds Total Governmental	
	Principal	Interest	Principal	Interest
2012	\$ 46,930	\$ 55,287	\$ 542,146	\$ 549,197
2013	50,540	53,879	561,820	531,781
2014	54,150	52,363	578,462	513,713
2015	54,150	50,197	596,494	491,575
2016	54,150	48,573	617,558	472,407
2017-2021	314,070	204,850	3,512,070	1,943,271
2022-2026	397,100	129,236	3,757,748	1,142,838
2027-2031	281,580	28,518	2,461,580	249,768
Total	<u>\$ 1,252,670</u>	<u>\$ 622,903</u>	<u>\$ 12,627,878</u>	<u>\$ 5,894,550</u>

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

	Premium on 2008 Full Faith and Credit Bonds		Premium on 2009 Full Faith and Credit Bonds		Total Premium on Governmental Full Faith and Credit Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 3,578	\$ -	\$ 45,516	\$ -	\$ 49,094	\$ -
2013	3,578	-	45,516	-	49,094	-
2014	3,578	-	45,516	-	49,094	-
2015	3,578	-	45,516	-	49,094	-
2016	3,578	-	45,516	-	49,094	-
2017-2021	17,890	-	227,580	-	245,470	-
2022-2026	7,153	-	227,580	-	234,733	-
2027-2031	-	-	136,537	-	136,537	-
Total	<u>\$ 42,933</u>	<u>\$ -</u>	<u>\$ 819,277</u>	<u>\$ -</u>	<u>\$ 862,210</u>	<u>\$ -</u>

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

	2008 Full Faith and Credit Wastewater Bonds		2008 Full Faith and Credit Water Bonds		2009 Full Faith and Credit Wastewater Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 37,392	\$ 22,579	\$ 37,392	\$ 22,579	\$ 3,185	\$ 3,752
2013	39,360	21,083	39,360	21,093	3,430	3,657
2014	40,344	19,509	40,344	19,509	3,675	3,554
2015	41,328	17,895	41,328	17,895	3,675	3,407
2016	43,296	16,242	43,296	16,242	3,675	3,296
2017-2021	246,000	53,658	246,000	53,658	21,315	13,902
2022-2026	112,176	7,067	112,176	7,067	26,950	8,772
2027-2031	-	-	-	-	19,110	1,936
Total	\$ 559,896	\$ 158,033	\$ 559,896	\$ 158,043	\$ 85,015	\$ 42,276

	2009 Full Faith and Credit Water Bonds		Full Faith and Credit Bonds Business Activity Total	
	Principal	Interest	Principal	Interest
2012	\$ 14,885	\$ 17,536	\$ 92,854	\$ 66,446
2013	16,030	17,089	98,180	62,922
2014	17,175	16,608	101,538	59,180
2015	17,175	15,921	103,506	55,118
2016	17,175	15,406	107,442	51,186
2017-2021	99,615	64,973	612,930	186,191
2022-2026	125,950	40,992	377,252	63,898
2027-2031	89,310	9,046	108,420	10,982
Total	\$ 397,315	\$ 197,571	\$ 1,602,122	\$ 555,923

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

	Premium on 2009 Full Faith and Credit Wastewater Bonds			Premium on 2009 Full Faith and Credit Water Bonds		
	Principal	Interest		Principal	Interest	
2012	\$ 313	\$ -	-	\$ 1,463	\$ -	-
2013	313	-	-	1,463	-	-
2014	313	-	-	1,463	-	-
2015	313	-	-	1,463	-	-
2016	313	-	-	1,463	-	-
2017-2021	1,565	-	-	7,315	-	-
2022-2026	1,565	-	-	7,315	-	-
2027-2031	1,241	-	-	5,798	-	-
Total	\$ 5,936	\$ -		\$ 27,743	\$ -	

	Premium on Water Revenue Bonds		Premium on Business Type Bonds Total	
	Principal	Interest	Principal	Interest
2012	\$ 1,665	\$ -	\$ 3,441	\$ -
2013	1,665	-	3,441	-
2014	1,665	-	3,441	-
2015	1,665	-	3,441	-
2016	1,665	-	3,441	-
2017-2021	8,325	-	17,205	-
2022-2026	8,325	-	17,205	-
2027-2031	8,325	-	15,364	-
2032-2036	1,667	-	1,667	-
Total	<u>\$ 34,967</u>	<u>\$ -</u>	<u>\$ 68,646</u>	<u>\$ -</u>

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:

	Oregon Investment Board		Oklahoma State Bank		Loans Payable - Governmental Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 53,727	\$ 11,118	\$ 22,596	\$ 3,950	\$ 76,323	\$ 15,068
2013	55,899	8,947	23,525	3,021	79,424	11,968
2014	58,157	6,689	24,492	2,055	82,649	8,744
2015	60,508	4,339	25,498	1,048	86,006	5,387
2016	62,950	1,895	-	-	62,950	1,895
Total	<u>\$ 291,241</u>	<u>\$ 32,988</u>	<u>\$ 96,111</u>	<u>\$ 10,074</u>	<u>\$ 387,352</u>	<u>\$ 43,062</u>

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 construction of public infrastructure improvements, Urban Renewal Projects, to refinance the Urban Renewal Bonds Series 2002, to fund an Urban Renewal debt reserve, and to pay the costs of issuance.

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

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

The City issued \$12,100,000 in 2009 Full Faith and Credit Obligations in October of 2009. \$1,895,000 of the bonds was issued to finance improvements to the Street, Water, and Wastewater system and have been split between the benefitting funds. \$92,855 (4.9%) was allocated to wastewater improvements and has been reported in the wastewater fund. The bonds are backed by the full faith and credit of the City and carry interest rates ranging from 2% to 5%. The total bonds were issued to finance construction of public infrastructure improvements, Urban Renewal Projects, to refinance the Urban Renewal Bonds Series 2002, to fund an Urban Renewal debt reserve, and to pay the costs of issuance.

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

Future maturities of the bonds payable are as follows:

	Airport Hanger Facilities Revenue Bonds		Wastewater System Revenue Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 46,000	\$ 9,219	\$ 365,000	\$ 188,705
2013	50,000	6,747	380,000	174,105
2014	52,000	4,120	395,000	161,185
2015	54,000	1,391	405,000	146,965
2016	-	-	420,000	132,385
2017-2021	-	-	2,360,000	407,180
2022-2026	-	-	530,000	22,260
Total	\$ 202,000	\$ 21,477	\$4,855,000	\$ 1,232,785

	Water Revenue Bonds		Revenue Bonds Total	
	Principal	Interest	Principal	Interest
2012	\$ 235,000	\$ 326,405	\$ 646,000	\$ 524,329
2013	250,000	317,005	680,000	497,857
2014	255,000	307,005	702,000	472,310
2015	265,000	296,805	724,000	445,161
2016	280,000	286,205	700,000	418,590
2017-2021	1,570,000	1,249,788	3,930,000	1,656,968
2022-2026	1,930,000	887,976	2,460,000	910,236
2027-2031	2,375,000	440,230	2,375,000	440,230
2032-2036	540,000	23,760	540,000	23,760
Total	\$7,700,000	\$4,135,179	\$ 12,757,000	\$ 5,389,441

5. 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, ARRA F-1, and SDWRLF-2 loan have been accrued in the amount of \$2,988,773, \$435,671, and \$1,997,123 respectively to match the budgetary revenues to the Federal expenditures reported. The ARRA Forgivable Note and the ARRA F-1 Note bear interest at 3% per annum, but if the City complies with the loan terms, completes the project as budgeted, and no event of defaults occur, the State shall forgive repayment of all or a portion of the ARRA Forgivable Note. The SDWRLF F-2 Loan bears interest at 3.83%, but will be reduced to 3% if the State receives EPA approval of an amended Oregon Safe Drinking Water Intended Use Plan that allows the interest rate to be reduced. Repayment is not required until December 1 following the project completion date and amortization of the ARRA F-1 and SDWRLF-2 is not yet available. The principal and interest of all loans shall be

payable from the Net Revenues of the Water System and the full faith and credit of the City.

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

Future maturities of the loans payable are as follows:

	Airport Port Loan		ARRA Forgivable Note		Loans Payable Business Activity Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 12,044	\$ 3,107	\$ 111,229	\$ 89,663	\$ 123,273	\$ 92,770
2013	12,525	2,625	114,566	86,326	127,091	88,951
2014	13,026	2,124	118,003	82,889	131,029	85,013
2015	13,547	1,603	121,543	79,349	135,090	80,952
2016	14,089	1,061	125,190	75,703	139,279	76,764
2017-2021	44,118	14,263	684,588	319,874	728,706	334,137
2022-2026	61,840	13,910	793,624	210,838	855,464	224,748
2027-2031	31,476	1,962	920,030	84,433	951,506	86,395
Total	<u>\$ 202,665</u>	<u>\$ 40,655</u>	<u>\$2,988,773</u>	<u>\$ 1,029,075</u>	3,191,438	<u>\$ 1,069,730</u>
				ARRA F-1 Note	435,671	*
				SDWRLF-2 Loan	1,997,123	*
					<u>\$5,624,232</u>	

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

6. Conduit Debt

The City has acted as a conduit for debt issued by Quality Life Intergovernmental Agency and payable to the Columbia State Bank to refinance debt the City previously acted as a conduit for and payable to the Oregon Department of Economic and Community Development. In addition, the conduit debt issued by the Agency was used to refinance the Agency's previous loan from Columbia State Bank. The total amount of debt payable to Columbia State Bank at June 30, 2011 is \$803,097. Quality Life Intergovernmental Agency has pledged security to repay the amount;

however, the loan documents name the City as the borrower. This amount has not been reported as a liability on the City's financial statements as it is anticipated that Quality Life Intergovernmental Agency will provide the full repayment.

7. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2011, is as follows:

	<u>6/30/10</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/11</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Full Faith and Credit Bonds	\$ 13,153,960	\$ -	\$ 526,082	\$ 12,627,878	\$ 542,146
Premium on FFCO Bonds	908,814	-	46,604	862,210	49,094
Loans Payable	460,699	-	73,347	387,352	76,323
Compensated Absences	248,019	273,466	248,019	273,466	273,466
Other Postemployment Benefits	330,425	234,017	-	564,442	-
	<u>330,425</u>	<u>234,017</u>	<u>-</u>	<u>564,442</u>	<u>-</u>
Total Governmental activity Long-term obligations	<u>\$ 15,101,917</u>	<u>\$ 507,483</u>	<u>\$ 894,052</u>	<u>\$ 14,715,348</u>	<u>\$ 941,029</u>
Business-Type Activities					
Revenue Bonds	\$ 13,381,000	\$ -	\$ 624,000	\$ 12,757,000	\$ 646,000
Full Faith and Credit Bonds	1,691,040	-	88,918	1,602,122	92,854
Premium on Bonds	72,087	-	3,441	68,646	3,441
Loans Payable:	2,221,377	3,414,435	11,580	5,624,232	123,273
Compensated Absences	132,229	153,391	132,229	153,391	153,391
Other Postemployment Benefits	181,757	134,703	-	316,460	-
	<u>181,757</u>	<u>134,703</u>	<u>-</u>	<u>316,460</u>	<u>-</u>
Total Business-type activity Long-term obligations	<u>\$ 17,679,490</u>	<u>\$ 3,702,529</u>	<u>\$ 860,168</u>	<u>\$ 20,521,851</u>	<u>\$ 1,018,959</u>

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 \$1,249,200. A reconciliation of transfers in the fund financial statements is as follows:

	Transfers In	Transfers Out
Governmental activity:		
General fund	\$ 1,169,659	\$ 140,231
Street fund	254,980	178,153
Library fund	-	37,000
Special grants fund	32,000	3,500
Other governmental funds	1,171,067	919,124
Business-type activities		
Water fund	963,780	1,650,065
Waste water fund	2,549,805	3,189,300
Airport fund	76,580	-
Budgetary to GAAP adjustment	<u>-</u>	<u>100,498</u>
Total Transfers	<u>\$ 6,217,871</u>	<u>\$ 6,217,871</u>

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

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

Annual required contributions	\$ 376,017
Interest on net OPEB obligation	5,122
Adjustment to annual required contributions	<u>(12,419)</u>
Annual OPEB cost	368,720
Less OPEB contributions (Amounts paid by the City during the year)	<u>-</u>
Change in net OPEB obligation	368,720
Net OPEB obligation - beginning of year	<u>512,182</u>
Net OPEB obligation - end of year	<u><u>\$ 880,902</u></u>

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, 2011 was as follows:

Health Insurance Continuation			
Fiscal Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contributions	Net OPEB Obligation
06/30/2009	\$ 251,999	0%	\$ 251,999
06/30/2010	260,183	0%	512,182
06/30/2011	368,720	0%	880,902

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2011, was as follows:

	Health Insurance Continuation
Employer's normal cost	\$ 2,622,780
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability	<u><u>\$ 2,622,780</u></u>
Funded ratio	0.00%
Covered payroll (active plan members)	\$ 5,072,673
UAAL as a percentage of covered payroll	51.70%

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, 2011 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, 2011 was \$4,837,943. Total contributions to the plan for the year ended June 30, 2011 were \$524,822, including \$483,307 and \$41,515 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, 2011 was \$1,295,238. Total contributions to the plan for the year ended June 30, 2011 were \$304,628, including \$287,708 and \$16,920 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, 2011. Funding for the majority of the projects are anticipated from the \$5.6 million in unspent bond proceeds from the 2009 Full Faith and Credit Obligations issued to the City and Columbia Gateway Urban Renewal Agency and numerous grants, as detailed in subsequent events.

The Washington Street Underpass is approximately 13% complete. Costs incurred to date are \$1,170,758, with total estimated costs of \$8.053 million.

The Marine Terminal Project (Cruise Dock) is about 15% complete. Costs incurred to date are \$652,416, with total estimated costs of \$3.816 million.

The East Gateway Project Phase 2 is substantially complete. Costs incurred to date are \$944,354.

The Flour Mill project is approximately 90% complete. Costs incurred to date are \$610,288, with total estimated costs of \$680,000.

The 3rd Street Streetscape project is in the final stages of design and engineering and the project is waiting on final approval for construction. Costs incurred to date are \$51,421, with the estimated costs of \$3 million.

Other major projects in progress at June 30, 2011 are as follows:

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

The Terminal Reservoir Project is approximately 82% complete. Costs incurred to date are \$7,356,811, with total estimated costs of \$9 million.

The Dog River Pipeline project is in the design stage. Costs incurred to date are \$25,530, with total estimated costs of \$6.8 million. This project is less than 1% complete.

There are various improvements in the early stages at the Wastewater Treatment Plant. Costs incurred to date are \$271,090, with total estimated project costs of about \$13.4 million.

The Watershed Fuels Reduction project is also in the early stages. Costs incurred to date are \$26,946, with total estimated costs of \$260,000.

The East 10th Street Sewer Project costs to date are \$325,955, with total estimated costs are approximately \$500,000.

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

The 10th Street Widening Project costs to date are \$15,991, with total estimated costs of \$230,000.

The Dalles Dam Tour/Shuttle Project costs to date are \$789, with total estimated costs of \$400,000.

The SCADA system upgrade project costs to date are \$29,508, with total estimated costs of \$31,908.

There are various projects in progress at the airport. There is also a well project with costs to date of \$254,782. The project is currently on hold waiting for completion of an agreement with the Dallesport Water District. The City is also in the early stages of the airport runway rehabilitation. At June 30, 2011, \$242,070 had been spent on project design and there was approximately \$5.5 million in Connect Oregon III (\$3.5 million) and FAA (\$2 million) grants awarded during the year to fund construction.

2. Subsequent Events

After June 30, 2011, the City, in its normal course of business, has awarded contracts for projects to include:

• The Dalles Dam Tours Project	\$ 43,800
• Sanitary Sewer Slipline Project	\$ 329,740
• Airport Runway 12-30 Rehabilitation Project	\$ 3,295,930
• Marine Terminal/Commercial Dock Project	\$ 2,949,409
• Lewis & Clark Festival Area Project	\$2,564,464

At the July 25, 2011 meeting the City authorized a new Memorandum of Understanding with the same terms as the expiring MOU, for development of a golf course on airport property and purchase of property from the airport, with a new expiration date of June 30, 2012.

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

In September, the Agency approved using \$80,000 previously designated for demolition of the warehouse building at the Sunshine Mill, for stabilization of that warehouse building, with conditions and requiring payments based on a redevelopment style agreement with the developer.

The Agency also approved an interest rate subsidy for Canton Wok at 100% of interest charged on a \$55,000 loan at 6% over 120 months.

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.

E. Reclassifications

Certain beginning balances from prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

F. New Accounting Pronouncement – GASB Statement No. 54

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The City implemented GASB 54 in the year ending June 30, 2011.



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SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION

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

Such statements and schedules include:

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

COMBINING STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

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

Community Benevolence Fund

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

State Office Building Fund

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

Capital Projects Funds

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

Special Assessment Fund

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

Capital Projects Fund

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

Debt Service Funds

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

FFCO 2008 Bond Fund

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

2009 FFCO Bond Fund

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

Urban Renewal Debt Fund

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

CITY OF THE DALLES, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2011

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
ASSETS				
Cash and cash equivalents	\$ 12,046	\$ 810,760	\$ 1,211,923	\$ 2,034,729
Receivables:				
Accounts	-	-	4,837	4,837
Intergovernmental	82	-	-	82
Assessments	-	-	199,905	199,905
Notes	-	-	17,685	17,685
	<u>12,128</u>	<u>810,760</u>	<u>1,434,350</u>	<u>2,257,238</u>
Total assets	<u>\$ 12,128</u>	<u>\$ 810,760</u>	<u>\$ 1,434,350</u>	<u>\$ 2,257,238</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 1,585	\$ -	\$ 4,485	\$ 6,070
Deferred revenue	-	-	270,539	270,539
	<u>1,585</u>	<u>-</u>	<u>275,024</u>	<u>276,609</u>
Total liabilities	<u>1,585</u>	<u>-</u>	<u>275,024</u>	<u>276,609</u>
FUND BALANCES:				
Restricted for:				
Grant / contributor specific intent	9,375	-	-	9,375
Intergovernmental agreement	-	810,760	-	810,760
Committed for:				
Major capital facilities and associated debt	-	-	428,769	428,769
Local improvements and associated debt	-	-	730,557	730,557
Agreements with state agencies	1,168	-	-	1,168
	<u>10,543</u>	<u>810,760</u>	<u>1,159,326</u>	<u>1,980,629</u>
Total fund equity	<u>10,543</u>	<u>810,760</u>	<u>1,159,326</u>	<u>1,980,629</u>
Total liabilities and fund equity	<u>\$ 12,128</u>	<u>\$ 810,760</u>	<u>\$ 1,434,350</u>	<u>\$ 2,257,238</u>

CITY OF THE DALLES, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2011

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
REVENUES:				
Property taxes	\$ -	\$ 462,576	\$ -	\$ 462,576
Franchise fees	-	-	22,996	22,996
Assessments	-	-	143,689	143,689
Intergovernmental	-	-	21,616	21,616
Rental income	145,407	123,671	83,319	352,397
Interest on investments	143	8,450	5,336	13,929
Miscellaneous	2,000	-	1,722	3,722
Other	-	-	-	-
Total revenues	<u>147,550</u>	<u>594,697</u>	<u>278,678</u>	<u>1,020,925</u>
EXPENDITURES:				
General government	-	-	14,518	14,518
Public safety	165,553	-	-	165,553
Capital outlay	-	-	58,496	58,496
Debt service:				
Principal	-	615,000	63,222	678,222
Interest	-	631,525	16,774	648,299
Total expenditures	<u>165,553</u>	<u>1,246,525</u>	<u>153,010</u>	<u>1,565,088</u>
Revenues over (under) expenditures	(18,003)	(651,828)	125,668	(544,163)
OTHER FINANCING SOURCES (USES):				
Transfers in	5,000	1,122,836	43,231	1,171,067
Transfers out	-	(801,738)	(117,386)	(919,124)
Total other financing sources (uses)	<u>5,000</u>	<u>321,098</u>	<u>(74,155)</u>	<u>251,943</u>
Net changes in fund balances	(13,003)	(330,730)	51,513	(292,220)
FUND BALANCES, BEGINNING	<u>23,546</u>	<u>1,141,490</u>	<u>1,107,813</u>	<u>2,272,849</u>
FUND BALANCES, ENDING	<u>\$ 10,543</u>	<u>\$ 810,760</u>	<u>\$ 1,159,326</u>	<u>\$ 1,980,629</u>

**CITY OF THE DALLES, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2011**

	Community Benevolence Fund	State Office Building Fund	Total
ASSETS			
Cash and cash equivalents	\$ 9,375	\$ 2,671	\$ 12,046
Receivables:			
Intergovernmental	-	82	82
Total assets	<u>\$ 9,375</u>	<u>\$ 2,753</u>	<u>\$ 12,128</u>
 LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts payable and accrued expenses	<u>\$ -</u>	<u>\$ 1,585</u>	<u>\$ 1,585</u>
Total liabilities	<u>-</u>	<u>1,585</u>	<u>1,585</u>
 FUND BALANCES:			
Restricted for:			
Grant / contributor specific intent	9,375	-	9,375
Committed for:			
Agreements with state agencies	<u>-</u>	<u>1,168</u>	<u>1,168</u>
Total fund equity	<u>9,375</u>	<u>1,168</u>	<u>10,543</u>
Total liabilities and fund equity	<u>\$ 9,375</u>	<u>\$ 2,753</u>	<u>\$ 12,128</u>

**CITY OF THE DALLES, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2011**

	Community Benevolence Fund	State Office Building Fund	Total
REVENUES:			
Rental income	\$ -	\$ 145,407	\$ 145,407
Interest on investments	34	109	143
Miscellaneous	2,000	-	2,000
	<hr/>	<hr/>	<hr/>
Total revenues	2,034	145,516	147,550
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Public safety	-	165,553	165,553
	<hr/>	<hr/>	<hr/>
Total expenditures	-	165,553	165,553
	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	2,034	(20,037)	(18,003)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	5,000	5,000
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	5,000	5,000
	<hr/>	<hr/>	<hr/>
Net changes in fund balances	2,034	(15,037)	(13,003)
	<hr/>	<hr/>	<hr/>
FUND BALANCES, BEGINNING	7,341	16,205	23,546
	<hr/>	<hr/>	<hr/>
FUND BALANCES, ENDING	<u>\$ 9,375</u>	<u>\$ 1,168</u>	<u>\$ 10,543</u>

CITY OF THE DALLES, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2011

	Special Assessment Fund	Capital Projects Fund	Total
ASSETS			
Cash and cash equivalents	\$ 783,153	\$ 428,770	\$ 1,211,923
Receivables:			
Accounts	4,837	-	4,837
Assessments	199,905	-	199,905
Notes	-	17,685	17,685
	<u> -</u>	<u> 17,685</u>	<u> 17,685</u>
Total assets	<u>\$ 987,895</u>	<u>\$ 446,455</u>	<u>\$ 1,434,350</u>
 LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts payable and accrued expenses	\$ 4,485	\$ -	\$ 4,485
Deferred revenue	252,853	17,686	270,539
	<u> -</u>	<u> 17,686</u>	<u> 270,539</u>
Total liabilities	<u>257,338</u>	<u>17,686</u>	<u>275,024</u>
 FUND BALANCES:			
Committed for:			
Major capital facilities and associated debt	-	428,769	428,769
Local improvements and associated debt	730,557	-	730,557
	<u> 730,557</u>	<u> -</u>	<u> 730,557</u>
Total fund equity	<u>730,557</u>	<u>428,769</u>	<u>1,159,326</u>
Total liabilities and fund equity	<u>\$ 987,895</u>	<u>\$ 446,455</u>	<u>\$ 1,434,350</u>

CITY OF THE DALLES, OREGON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2011

	Special Assessment Fund	Capital Projects Fund	Total
REVENUES:			
Franchise fees	\$ 22,996	\$ -	\$ 22,996
Assessments	143,689	-	143,689
Intergovernmental	-	21,616	21,616
Rental income	-	83,319	83,319
Interest on investments	3,411	1,925	5,336
Miscellaneous	(5,710)	7,432	1,722
	<u>164,386</u>	<u>114,292</u>	<u>278,678</u>
EXPENDITURES:			
General government	14,518	-	14,518
Capital outlay	28,512	29,984	58,496
Debt service:			
Principal	-	63,222	63,222
Interest	-	16,774	16,774
	<u>43,030</u>	<u>109,980</u>	<u>153,010</u>
Total expenditures	<u>43,030</u>	<u>109,980</u>	<u>153,010</u>
Revenues over (under) expenditures	121,356	4,312	125,668
OTHER FINANCING SOURCES (USES):			
Transfers in	-	43,231	43,231
Transfers out	(112,386)	(5,000)	(117,386)
	<u>(112,386)</u>	<u>38,231</u>	<u>(74,155)</u>
Total other financing sources (uses)	<u>(112,386)</u>	<u>38,231</u>	<u>(74,155)</u>
Net changes in fund balances	8,970	42,543	51,513
FUND BALANCES, BEGINNING	<u>721,587</u>	<u>386,226</u>	<u>1,107,813</u>
FUND BALANCES, ENDING	<u>\$ 730,557</u>	<u>\$ 428,769</u>	<u>\$ 1,159,326</u>

**CITY OF THE DALLES, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2011**

	<u>FFCO 2008 Bond Fund</u>	<u>2009 FFCO Bond Fund</u>	<u>Urban Renewal Debt Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 810,760	\$ 810,760
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,760</u>	<u>\$ 810,760</u>
 LIABILITIES AND FUND EQUITY				
LIABILITIES:				
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 FUND BALANCES:				
Restricted for:				
Intergovernmental agreement	<u>-</u>	<u>-</u>	<u>810,760</u>	<u>810,760</u>
Total fund equity	<u>-</u>	<u>-</u>	<u>810,760</u>	<u>810,760</u>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,760</u>	<u>\$ 810,760</u>

**CITY OF THE DALLES, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2011**

	FFCO 2008 Bond Fund	2009 FFCO Bond Fund	Urban Renewal Debt Fund	Total
REVENUES:				
Property taxes	\$ -	\$ -	\$ 462,576	\$ 462,576
Rental income	123,671	-	-	123,671
Interest on investments	-	-	8,450	8,450
	<u>123,671</u>	<u>-</u>	<u>471,026</u>	<u>594,697</u>
EXPENDITURES:				
Debt service:				
Principal	180,000	435,000	-	615,000
Interest	121,927	509,598	-	631,525
	<u>301,927</u>	<u>944,598</u>	<u>-</u>	<u>1,246,525</u>
Revenues over (under) expenditures	(178,256)	(944,598)	471,026	(651,828)
OTHER FINANCING SOURCES (USES):				
Transfers in	178,238	944,598	-	1,122,836
Transfers out	-	-	(801,738)	(801,738)
	<u>178,238</u>	<u>944,598</u>	<u>(801,738)</u>	<u>321,098</u>
Net changes in fund balances	(18)	-	(330,712)	(330,730)
FUND BALANCES, BEGINNING	<u>18</u>	<u>-</u>	<u>1,141,472</u>	<u>1,141,490</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,760</u>	<u>\$ 810,760</u>

CITY OF THE DALLES, OREGON
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
COMBINING BALANCE SHEET
June 30, 2011

	General Fund - Budgetary Basis	Public Works Reserve Fund - Budgetary Basis	Street and Bridge Replacement Fund - Budgetary Basis	Unemployment Reserve Fund - Budgetary Basis	Total General Fund Generally Accepted Accounting Principles
ASSETS					
Cash and cash equivalents	\$ 1,317,843	\$ 47,237	\$ 542,189	\$ 37,906	\$ 1,945,175
Receivables:					
Accounts	329,519	-	-	-	329,519
Intergovernmental	19,447	-	-	-	19,447
Fines and forfeitures, net	441,982	-	-	-	441,982
Property taxes	198,915	-	-	-	198,915
Prepaid items	115,143	-	-	-	115,143
Total assets	\$ 2,422,849	\$ 47,237	\$ 542,189	\$ 37,906	\$ 3,050,181
LIABILITIES AND FUND EQUITY					
LIABILITIES:					
Accounts payable and accrued expenses	\$ 45,327	\$ -	\$ 7,722	\$ 867	\$ 53,916
Deferred revenue	640,897	-	-	-	640,897
Total liabilities	686,224	-	7,722	867	694,813
FUND BALANCES:					
Nonspendable:					
Prepays	115,143	-	-	-	115,143
Committed for:					
Committed by ordinance or resolution	-	47,237	534,467	37,039	618,743
Unassigned	1,621,482	-	-	-	1,621,482
Total fund equity	1,736,625	47,237	534,467	37,039	2,355,368
Total liabilities and fund equity	\$ 2,422,849	\$ 47,237	\$ 542,189	\$ 37,906	\$ 3,050,181

CITY OF THE DALLES, OREGON
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2011

	General Fund - Budgetary Basis	Public Works Reserve Fund - Budgetary Basis	Street and Bridge Replacement Fund - Budgetary Basis	Unemployment Reserve Fund - Budgetary Basis	Total General Fund Generally Accepted Accounting Principles
REVENUES:					
Property taxes	\$ 2,357,244	\$ -	\$ -	\$ -	\$ 2,357,244
Other taxes	671,115	-	-	-	671,115
Franchise fees	322,737	-	-	-	322,737
Assessments	-	-	-	-	-
Licenses and fees	13,022	-	-	-	13,022
Charges for services	13,474	-	-	-	13,474
Intergovernmental	1,126,187	-	303,201	-	1,429,388
Fines and forfeitures, net	255,320	-	-	-	255,320
System development charges	-	-	39,010	-	39,010
Rental income	11,105	-	-	-	11,105
Interest on investments	15,404	200	2,076	173	17,853
Miscellaneous	73,826	-	-	-	73,826
Total revenues	4,859,434	200	344,287	173	5,204,094
EXPENDITURES:					
General government	2,411,695	-	-	5,509	2,417,204
Public safety	2,830,324	-	-	-	2,830,324
Culture and recreation	444,746	-	-	-	444,746
Capital outlay	131,370	141,310	351,960	-	624,640
Total expenditures	5,818,135	141,310	351,960	5,509	6,316,914
Revenues over (under) expenditures	(958,701)	(141,110)	(7,673)	(5,336)	(1,112,820)
OTHER FINANCING SOURCES (USES):					
Transfers in	999,659	170,000	-	-	1,169,659
Transfers out	(140,231)	-	-	-	(140,231)
Total other financing sources (uses)	859,428	170,000	-	-	1,029,428
Net changes in fund balances	(99,273)	28,890	(7,673)	(5,336)	(83,392)
FUND BALANCES, BEGINNING	1,835,898	18,347	542,140	42,375	2,438,760
FUND BALANCES, ENDING	\$ 1,736,625	\$ 47,237	\$ 534,467	\$ 37,039	\$ 2,355,368

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

BUDGETARY COMPARISON SCHEDULES

Nonmajor Governmental Funds

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

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

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

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

Non-major Governmental Budgetary Comparison schedules included the following:

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

CITY OF THE DALLES, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Property taxes	\$ 2,311,924	\$ 2,311,924	\$ 2,357,244	\$ 45,320
Other taxes	641,295	641,295	671,115	29,820
Franchise fees	328,068	328,068	322,737	(5,331)
Licenses and fees	11,400	11,400	13,022	1,622
Charges for services	14,500	14,500	13,474	(1,026)
Intergovernmental	1,219,887	1,219,887	1,126,187	(93,700)
Fines and forfeitures, net	291,126	291,126	255,320	(35,806)
Rental income	24,912	24,912	11,105	(13,807)
Interest on investments	10,150	10,150	15,404	5,254
Miscellaneous	18,000	18,000	73,826	55,826
Total revenues	4,871,262	4,871,262	4,859,434	(11,828)
EXPENDITURES:				
General government	2,588,384	2,590,784	2,411,695	179,089
Public safety	2,869,214	2,905,124	2,830,324	74,800
Culture and recreation	462,851	449,851	444,746	5,105
Capital outlay	158,550	151,550	131,370	20,180
Contingency	706,378	706,378	-	706,378
Total expenditures	6,785,377	6,803,687	5,818,135	985,552
Revenues over (under) expenditures	(1,914,115)	(1,932,425)	(958,701)	973,724
OTHER FINANCING SOURCES (USES):				
Transfers in	999,659	999,659	999,659	-
Transfers out	(108,231)	(140,231)	(140,231)	-
Total other financing sources (uses)	891,428	859,428	859,428	-
Net changes in fund balances	(1,022,687)	(1,072,997)	(99,273)	973,724
FUND BALANCES, BEGINNING BUDGETARY BASIS				
	1,783,374	1,833,684	1,835,898	2,214
FUND BALANCES, ENDING BUDGETARY BASIS				
	\$ 760,687	\$ 760,687	\$ 1,736,625	\$ 975,938



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CITY OF THE DALLES, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
City council:				
Personal services	\$ 1,677	\$ 1,677	\$ 1,677	\$ -
Materials and services	214,280	223,280	209,838	13,442
Subtotal	215,957	224,957	211,515	13,442
City clerk:				
Personal services	128,044	128,044	125,780	2,264
Materials and services	9,240	9,240	6,966	2,274
Subtotal	137,284	137,284	132,746	4,538
City manager:				
Personal services	266,300	266,300	261,211	5,089
Materials and services	27,254	27,254	20,047	7,207
Subtotal	293,554	293,554	281,258	12,296
City attorney:				
Personal services	224,316	224,316	212,136	12,180
Materials and services	34,275	39,875	36,548	3,327
Subtotal	258,591	264,191	248,684	15,507
Judicial:				
Personal services	108,087	110,074	96,777	13,297
Materials and services	71,958	86,358	88,032	(1,674)
Subtotal	180,045	196,432	184,809	11,623
Finance:				
Personal services	282,387	270,800	243,329	27,471
Materials and services	51,593	42,593	30,109	12,484
Subtotal	333,980	313,393	273,438	39,955
Utility billing:				
Personal services	121,567	121,567	112,152	9,415
Materials and services	37,802	37,802	31,650	6,152
Subtotal	159,369	159,369	143,802	15,567
Personnel:				
Materials and services	9,900	9,900	5,776	4,124
Subtotal	9,900	9,900	5,776	4,124

CITY OF THE DALLES, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Technology:				
Materials and services	189,192	193,192	188,612	4,580
Capital outlay	13,000	13,000	12,427	573
Subtotal	202,192	206,192	201,039	5,153
Planning:				
Personal services	499,880	499,880	476,936	22,944
Materials and services	94,163	82,163	64,235	17,928
Capital outlay	5,900	5,900	5,304	596
Subtotal	599,943	587,943	546,475	41,468
City hall:				
Personal services	50,372	50,372	50,643	(271)
Materials and services	153,912	153,912	145,349	8,563
Subtotal	204,284	204,284	195,992	8,292
Transportation center:				
Materials and services	12,185	12,185	3,892	8,293
Subtotal	12,185	12,185	3,892	8,293
Police:				
Personal services	2,328,030	2,351,940	2,307,009	44,931
Materials and services	474,241	486,241	464,030	22,211
Capital outlay	139,650	132,650	113,639	19,011
Subtotal	2,941,921	2,970,831	2,884,678	86,153
Code enforcement:				
Personal services	45,972	45,972	45,270	702
Materials and services	20,971	20,971	14,015	6,956
Subtotal	66,943	66,943	59,285	7,658
Non-departmental:				
Materials and services	462,851	449,851	444,746	5,105
Subtotal	462,851	449,851	444,746	5,105
Total expenditures	\$ 6,078,999	\$ 6,097,309	\$ 5,818,135	\$ 279,174

CITY OF THE DALLES, OREGON
PUBLIC WORKS RESERVE FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ 100	\$ 100	\$ 200	\$ 100
Total revenues	100	100	200	100
EXPENDITURES:				
Capital outlay	178,420	178,420	141,310	37,110
Total expenditures	178,420	178,420	141,310	37,110
Revenues over (under) expenditures	(178,320)	(178,320)	(141,110)	37,210
OTHER FINANCING SOURCES (USES):				
Transfers in	170,000	170,000	170,000	-
Total other financing sources (uses)	170,000	170,000	170,000	-
Net changes in fund balances	(8,320)	(8,320)	28,890	37,210
FUND BALANCES, BEGINNING BUDGETARY BASIS	8,320	8,320	18,347	10,027
FUND BALANCES, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 47,237	\$ 47,237

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

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 148,080	\$ 148,080	\$ 303,201	\$ 155,121
System development charges	200,000	200,000	39,010	(160,990)
Interest on investments	3,000	3,000	2,076	(924)
Total revenues	351,080	351,080	344,287	(6,793)
EXPENDITURES:				
Capital outlay	867,631	867,631	351,960	515,671
Total expenditures	867,631	867,631	351,960	515,671
Net changes in fund balances	(516,551)	(516,551)	(7,673)	508,878
FUND BALANCES, BEGINNING BUDGETARY BASIS	516,551	516,551	542,140	25,589
FUND BALANCES, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 534,467	\$ 534,467

CITY OF THE DALLES, OREGON
UNEMPLOYMENT RESERVE FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ 250	\$ 250	\$ 173	\$ (77)
Total revenues	250	250	173	(77)
EXPENDITURES:				
Personal service	56,856	56,856	5,509	51,347
Total expenditures	56,856	56,856	5,509	51,347
Net changes in fund balances	(56,606)	(56,606)	(5,336)	51,270
FUND BALANCES, BEGINNING BUDGETARY BASIS	56,606	56,606	42,375	(14,231)
FUND BALANCES, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 37,039	\$ 37,039

CITY OF THE DALLES, OREGON
URBAN RENEWAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 835,042	\$ 835,042	\$ 787,195	\$ (47,847)
Rental income	-	-	5,422	5,422
Interest on investments	5,000	5,000	-	(5,000)
Miscellaneous	2,825	2,825	3,302	477
Total revenues	842,867	842,867	795,919	(46,948)
EXPENDITURES:				
Materials and service	551,472	551,472	324,559	226,913
Capital outlay	1,432,523	1,432,523	972,445	460,078
Total expenditures	1,983,995	1,983,995	1,297,004	686,991
Net changes in fund balances	(1,141,128)	(1,141,128)	(501,085)	640,043
FUND BALANCES, BEGINNING	1,141,128	1,141,128	840,053	(301,075)
FUND BALANCES, ENDING	\$ -	\$ -	\$ 338,968	\$ 338,968

**CITY OF THE DALLES, OREGON
COMMUNITY BENEVOLENCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ 30	\$ 30	\$ 34	\$ 4
Miscellaneous	2,000	2,000	2,000	-
Total revenues	2,030	2,030	2,034	4
EXPENDITURES:				
Materials and service	10,559	10,559	-	10,559
Total expenditures	10,559	10,559	-	10,559
Net changes in fund balances	(8,529)	(8,529)	2,034	10,563
FUND BALANCES, BEGINNING	8,529	8,529	7,341	(1,188)
BUDGETARY BASIS	\$ -	\$ -	\$ 9,375	\$ 9,375

CITY OF THE DALLES, OREGON
STATE OFFICE BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Rental income	188,817	188,817	145,407	(43,410)
Interest on investments	250	250	109	(141)
Total revenues	189,067	189,067	145,516	(43,551)
EXPENDITURES:				
Personal service	49,817	49,817	47,477	2,340
Materials and service	143,287	143,287	118,076	25,211
Contingency	1,844	1,844	-	1,844
Total expenditures	194,948	194,948	165,553	29,395
Revenues over (under) expenditures	(5,881)	(5,881)	(20,037)	(14,156)
OTHER FINANCING SOURCES (USES):				
Transfers in	5,000	5,000	5,000	-
Total other financing sources (uses)	5,000	5,000	5,000	-
Net changes in fund balances	(881)	(881)	(15,037)	(14,156)
FUND BALANCES, BEGINNING	881	881	16,205	15,324
FUND BALANCES, ENDING	\$ -	\$ -	\$ 1,168	\$ 1,168

CITY OF THE DALLES, OREGON
SPECIAL ASSESSMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Franchise fees	\$ 33,484	\$ 33,484	\$ 22,996	\$ (10,488)
Assessments	87,000	87,000	143,689	56,689
Interest on investments	5,000	5,000	3,411	(1,589)
Miscellaneous	1,000	1,000	(5,710)	(6,710)
Total revenues	126,484	126,484	164,386	37,902
EXPENDITURES:				
Materials and service	24,500	24,500	14,518	9,982
Capital outlay	-	30,000	28,512	1,488
Total expenditures	24,500	54,500	43,030	11,470
Revenues over (under) expenditures	101,984	71,984	121,356	49,372
OTHER FINANCING SOURCES (USES):				
Transfers out	(906,369)	(876,369)	(112,386)	763,983
Total other financing sources (uses)	(906,369)	(876,369)	(112,386)	763,983
Net changes in fund balances	(804,385)	(804,385)	8,970	813,355
FUND BALANCE, BEGINNING	-	-	721,587	721,587
FUND BALANCE, ENDING	<u>\$ (804,385)</u>	<u>\$ (804,385)</u>	<u>\$ 730,557</u>	<u>\$ 1,534,942</u>

CITY OF THE DALLES, OREGON
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 21,616	\$ 21,616	\$ 21,616	\$ -
Rental income	102,312	102,312	83,319	(18,993)
Interest on investments	1,000	1,000	1,925	925
Miscellaneous	-	-	7,432	7,432
Total revenues	124,928	124,928	114,292	(10,636)
EXPENDITURES:				
Capital outlay	1,264,901	1,264,901	29,984	1,234,917
Debt service:				
Principal	61,757	61,757	63,222	(1,465)
Interest	18,243	18,243	16,774	1,469
Total expenditures	1,344,901	1,344,901	109,980	1,234,921
Revenues over (under) expenditures	(1,219,973)	(1,219,973)	4,312	1,224,285
OTHER FINANCING SOURCES (USES):				
Transfers in	837,214	837,214	43,231	(793,983)
Transfers out	(5,000)	(5,000)	(5,000)	-
Total other financing sources (uses)	832,214	832,214	38,231	(793,983)
Net changes in fund balances	(387,759)	(387,759)	42,543	430,302
FUND BALANCE, BEGINNING	387,759	387,759	386,226	(1,533)
FUND BALANCE, ENDING	\$ -	\$ -	\$ 428,769	\$ 428,769

CITY OF THE DALLES, OREGON
FFCO 2008 BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Rental income	\$ 123,671	\$ 123,671	\$ 123,671	\$ -
Total revenues	123,671	123,671	123,671	-
EXPENDITURES:				
Debt service:				
Principal	180,000	180,000	180,000	-
Interest	121,931	121,931	121,927	4
Total expenditures	301,931	301,931	301,927	4
Revenues over (under) expenditures	(178,260)	(178,260)	(178,256)	4
OTHER FINANCING SOURCES (USES):				
Transfers in	178,260	178,260	178,238	(22)
Total other financing sources (uses)	178,260	178,260	178,238	(22)
Net changes in fund balances	-	-	(18)	(18)
FUND BALANCES, BEGINNING	-	-	18	18
FUND BALANCES, ENDING	\$ -	\$ -	\$ -	\$ -

CITY OF THE DALLES, OREGON
2009 FFCO BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
EXPENDITURES:				
Debt service:				
Principal	\$ 435,000	\$ 435,000	\$ 435,000	\$ -
Interest	509,614	509,614	509,598	16
Total expenditures	944,614	944,614	944,598	16
Revenues over (under) expenditures	(944,614)	(944,614)	(944,598)	16
OTHER FINANCING SOURCES (USES):				
Transfers in	944,614	944,614	944,598	(16)
Total other financing sources (uses)	944,614	944,614	944,598	(16)
Net changes in fund balances	-	-	-	-
FUND BALANCES, BEGINNING	-	-	-	-
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF THE DALLES, OREGON
URBAN RENEWAL DEBT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 462,576	\$ 462,576	\$ 462,576	\$ -
Interest on investments	3,000	3,000	8,450	5,450
Total revenues	<u>465,576</u>	<u>465,576</u>	<u>471,026</u>	<u>5,450</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(1,608,048)</u>	<u>(1,608,048)</u>	<u>(801,738)</u>	<u>806,310</u>
Total other financing sources (uses)	<u>(1,608,048)</u>	<u>(1,608,048)</u>	<u>(801,738)</u>	<u>806,310</u>
Net changes in fund balances	(1,142,472)	(1,142,472)	(330,712)	811,760
FUND BALANCES, BEGINNING	<u>1,142,472</u>	<u>1,142,472</u>	<u>1,141,472</u>	<u>(1,000)</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,760</u>	<u>\$ 810,760</u>

BUDGETARY COMPARISON SCHEDULES

Enterprise Funds

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

Enterprise Budgetary Comparison schedules include the following:

- All Water Funds
 - Water Utility
 - Water Capital Reserve
 - Water Bond Debt

- All Wastewater Funds
 - Wastewater
 - Wastewater Capital Reserve
 - Sewer Plant Construction
 - Sewer Debt Service

- All Airport Funds
 - Airport
 - Airport Debt Service

CITY OF THE DALLES, OREGON
ALL WATER FUNDS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2011

	Water Utility	Water Capital Reserve	Water Bond Debt	Total All Water Funds
REVENUES:				
Charges for services	\$ 3,642,639	\$ -	\$ -	\$ 3,642,639
Intergovernmental	12,143	-	-	12,143
System development charges	-	52,392	-	52,392
Rental income	4,080	-	-	4,080
Interest on investments	1,750	7,578	-	9,328
Miscellaneous	8,439	-	-	8,439
Total revenues	3,669,051	59,970	-	3,729,021
EXPENDITURES:				
Personal service	1,758,713	-	-	1,758,713
Materials and service	776,163	46,446	-	822,609
Capital outlay	54,107	3,477,849	-	3,531,956
Debt service:				
Principal	-	-	230,000	230,000
Interest	-	-	335,605	335,605
Total expenditures	2,588,983	3,524,295	565,605	6,678,883
Revenues over (under) expenditures	1,080,068	(3,464,325)	(565,605)	(2,949,862)
OTHER FINANCING SOURCES (USES):				
Sale of property	4,825	-	-	4,825
Loan proceeds	-	3,414,434	-	3,414,434
Transfers in	-	398,175	565,605	963,780
Transfers out	(1,102,066)	(598,308)	-	(1,700,374)
Total other financing sources (uses)	(1,097,241)	3,214,301	565,605	2,682,665
Net changes in fund balances	(17,173)	(250,024)	-	(267,197)
FUND BALANCE, BEGINNING BUDGETARY BASIS	475,579	1,802,353	-	2,277,932
FUND BALANCE, ENDING BUDGETARY BASIS	\$ 458,406	\$ 1,552,329	\$ -	\$ 2,010,735

	Revenues	Expenditures
Total revenue and expenditures above	\$ 3,729,021	\$ 6,678,883
Transfers in/out	-	686,285
Expenditures capitalized	-	(4,324,570)
Debt service principal payments	-	(230,000)
Other post employment benefits	-	84,752
Depreciation and amortization expense	-	352,394
Interest revenue/expense	-	87,040
Capital assets transferred	-	(11,490)
Gain/loss on disposal of capital assets	-	(4,825)
Increase/decrease compensated absences	-	8,363
Total revenues and expenses - generally accepted accounting principles	\$ 3,729,021	3,326,832
Change in net assets		\$ 402,189

**CITY OF THE DALLES, OREGON
WATER UTILITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 3,739,185	\$ 3,739,185	\$ 3,642,639	\$ (96,546)
Intergovernmental	205,000	205,000	12,143	(192,857)
Rental income	4,080	4,080	4,080	-
Interest on investments	3,000	3,000	1,750	(1,250)
Miscellaneous	5,500	5,500	8,439	2,939
Total revenues	<u>3,956,765</u>	<u>3,956,765</u>	<u>3,669,051</u>	<u>(287,714)</u>
EXPENDITURES:				
Personal service	1,839,627	1,839,627	1,758,713	80,914
Materials and service	1,008,179	1,008,179	776,163	232,016
Capital outlay	378,949	378,949	54,107	324,842
Contingency	20,468	20,468	-	20,468
Total expenditures	<u>3,247,223</u>	<u>3,247,223</u>	<u>2,588,983</u>	<u>658,240</u>
Revenues over (under) expenditures	709,542	709,542	1,080,068	370,526
OTHER FINANCING SOURCES (USES):				
Sale of property	100	100	4,825	4,725
Transfers out	(1,102,073)	(1,102,073)	(1,102,066)	7
Total other financing sources (uses)	<u>(1,101,973)</u>	<u>(1,101,973)</u>	<u>(1,097,241)</u>	<u>4,732</u>
Net changes in fund balances	(392,431)	(392,431)	(17,173)	375,258
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>392,431</u>	<u>392,431</u>	<u>475,579</u>	<u>83,148</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 458,406</u>	<u>\$ 458,406</u>

**CITY OF THE DALLES, OREGON
WATER CAPITAL RESERVE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
System development charges	\$ 34,755	\$ 34,755	\$ 52,392	\$ 17,637
Interest on investments	10,000	10,000	7,578	(2,422)
Total revenues	44,755	44,755	59,970	15,215
EXPENDITURES:				
Materials and service	70,000	130,000	46,446	83,554
Capital outlay	5,048,790	4,988,790	3,477,849	1,510,941
Contingency	400,000	400,000	-	400,000
Total expenditures	5,518,790	5,518,790	3,524,295	1,994,495
Revenues over (under) expenditures	(5,474,035)	(5,474,035)	(3,464,325)	2,009,710
OTHER FINANCING SOURCES (USES):				
Loan proceeds	3,988,772	3,988,772	3,414,434	(574,338)
Transfers in	398,175	398,175	398,175	-
Transfers out	(598,323)	(598,323)	(598,308)	15
Total other financing sources (uses)	3,788,624	3,788,624	3,214,301	(574,323)
Net changes in fund balances	(1,685,411)	(1,685,411)	(250,024)	1,435,387
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>1,685,411</u>	<u>1,685,411</u>	<u>1,802,353</u>	<u>116,942</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,552,329</u>	<u>\$ 1,552,329</u>

CITY OF THE DALLES, OREGON
WATER BOND DEBT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
EXPENDITURES:				
Debt service:				
Principal	\$ 230,000	\$ 230,000	\$ 230,000	\$ -
Interest	335,605	335,605	335,605	-
Total expenditures	565,605	565,605	565,605	-
Revenues over (under) expenditures	(565,605)	(565,605)	(565,605)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	565,605	565,605	565,605	-
Total other financing sources (uses)	565,605	565,605	565,605	-
Net changes in fund balances	-	-	-	-
FUND BALANCE, BEGINNING BUDGETARY BASIS	-	-	-	-
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF THE DALLES, OREGON
 ALL WASTEWATER FUNDS COMBINED
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2011**

	Wastewater	Wastewater Capital Reserve	Sewer Plant Construction	Sewer Debt Service	Total All Wastewater Funds
REVENUES:					
Charges for services	\$ 4,742,835	\$ -	\$ -	\$ -	\$ 4,742,835
Intergovernmental	12,143	-	-	-	12,143
System development charges	238,950	72,523	-	-	311,473
Interest on investments	1,361	7,778	12,284	819	22,242
Miscellaneous	85,238	-	-	-	85,238
Total revenues	5,080,527	80,301	12,284	819	5,173,931
EXPENDITURES:					
Personal service	992,355	-	-	-	992,355
Materials and service	1,405,714	38,188	-	-	1,443,902
Capital outlay	104,797	842,991	379,685	-	1,327,473
Debt service:					
Principal	-	-	-	350,000	350,000
Interest	-	-	-	201,830	201,830
Total expenditures	2,502,866	881,179	379,685	551,830	4,315,560
Revenues over (under) expenditures	2,577,661	(800,878)	(367,401)	(551,011)	858,371
OTHER FINANCING SOURCES (USES):					
Transfers in	-	900,000	1,097,975	551,830	2,549,805
Transfers out	(2,669,077)	(7,002)	(551,830)	-	(3,227,909)
Total other financing sources (uses)	(2,669,077)	892,998	546,145	551,830	(678,104)
Net changes in fund balances	(91,416)	92,120	178,744	819	180,267
FUND BALANCE, BEGINNING BUDGETARY BASIS	703,878	1,631,350	2,780,760	219,865	5,335,853
FUND BALANCE, ENDING BUDGETARY BASIS	\$ 612,462	\$ 1,723,470	\$ 2,959,504	\$ 220,684	\$ 5,516,120

	Revenues	Expenditures
Total revenue and expenditures above	\$ 5,173,931	\$ 4,315,560
Transfers in/out	-	639,495
Expenditures capitalized	-	(1,350,818)
Debt service principal payments	-	(350,000)
Other post employment benefits	-	49,951
Depreciation and amortization expense	-	436,802
Interest revenue/expense	-	(3,404)
Capital assets transferred	-	(2,873)
Increase/decrease compensated absences	-	12,799
Total revenues and expenses - generally accepted accounting principles	\$ 5,173,931	3,747,512
Change in net assets		\$ 1,426,419

**CITY OF THE DALLES, OREGON
WASTEWATER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 4,730,975	\$ 4,730,975	\$ 4,742,835	\$ 11,860
Intergovernmental	5,000	5,000	12,143	7,143
System development charges	235,000	235,000	238,950	3,950
Interest on investments	3,000	3,000	1,361	(1,639)
Miscellaneous	22,000	22,000	85,238	63,238
Total revenues	<u>4,995,975</u>	<u>4,995,975</u>	<u>5,080,527</u>	<u>84,552</u>
EXPENDITURES:				
Personal service	1,029,909	1,029,909	992,355	37,554
Materials and service	1,468,545	1,468,545	1,405,714	62,831
Capital outlay	234,073	234,073	104,797	129,276
Contingency	16,745	16,745	-	16,745
Total expenditures	<u>2,749,272</u>	<u>2,749,272</u>	<u>2,502,866</u>	<u>246,406</u>
Revenues over (under) expenditures	2,246,703	2,246,703	2,577,661	330,958
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(2,727,144)</u>	<u>(2,727,144)</u>	<u>(2,669,077)</u>	<u>58,067</u>
Total other financing sources (uses)	<u>(2,727,144)</u>	<u>(2,727,144)</u>	<u>(2,669,077)</u>	<u>58,067</u>
Net changes in fund balances	(480,441)	(480,441)	(91,416)	389,025
FUND BALANCE, BEGINNING BUDGETARY BASIS				
	<u>480,441</u>	<u>480,441</u>	<u>703,878</u>	<u>223,437</u>
FUND BALANCE, ENDING BUDGETARY BASIS				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 612,462</u>	<u>\$ 612,462</u>

**CITY OF THE DALLES, OREGON
WASTEWATER CAPITAL RESERVE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
System development charges	\$ 42,740	\$ 42,740	\$ 72,523	\$ 29,783
Interest on investments	8,000	8,000	7,778	(222)
Total revenues	50,740	50,740	80,301	29,561
EXPENDITURES:				
Materials and service	50,000	50,000	38,188	11,812
Capital outlay	2,523,643	2,523,643	842,991	1,680,652
Total expenditures	2,573,643	2,573,643	881,179	1,692,464
Revenues over (under) expenditures	(2,522,903)	(2,522,903)	(800,878)	1,722,025
OTHER FINANCING SOURCES (USES):				
Transfers in	900,000	900,000	900,000	-
Transfers out	(7,002)	(7,002)	(7,002)	-
Total other financing sources (uses)	892,998	892,998	892,998	-
Net changes in fund balances	(1,629,905)	(1,629,905)	92,120	1,722,025
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>1,629,905</u>	<u>1,629,905</u>	<u>1,631,350</u>	<u>1,445</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,723,470</u>	<u>\$ 1,723,470</u>

**CITY OF THE DALLES, OREGON
SEWER PLANT CONSTRUCTION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ 15,000	\$ 15,000	\$ 12,284	\$ (2,716)
Total revenues	15,000	15,000	12,284	(2,716)
EXPENDITURES:				
Materials and service	425,000	425,000	-	425,000
Capital outlay	2,865,702	2,865,702	379,685	2,486,017
Total expenditures	3,290,702	3,290,702	379,685	2,911,017
Revenues over (under) expenditures	(3,275,702)	(3,275,702)	(367,401)	2,908,301
OTHER FINANCING SOURCES (USES):				
Transfers in	1,156,033	1,156,033	1,097,975	(58,058)
Transfers out	(551,830)	(551,830)	(551,830)	-
Total other financing sources (uses)	604,203	604,203	546,145	(58,058)
Net changes in fund balances	(2,671,499)	(2,671,499)	178,744	2,850,243
FUND BALANCE, BEGINNING BUDGETARY BASIS	2,671,499	2,671,499	2,780,760	109,261
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 2,959,504	\$ 2,959,504

CITY OF THE DALLES, OREGON
SEWER DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ 400	\$ 400	\$ 819	\$ 419
Total revenues	400	400	819	419
EXPENDITURES:				
Debt service:				
Principal	350,000	350,000	350,000	-
Interest	201,830	201,830	201,830	-
Contingency	219,919	219,919	-	219,919
Total expenditures	771,749	771,749	551,830	219,919
Revenues over (under) expenditures	(771,349)	(771,349)	(551,011)	220,338
OTHER FINANCING SOURCES (USES):				
Transfers in	551,830	551,830	551,830	-
Total other financing sources (uses)	551,830	551,830	551,830	-
Net changes in fund balances	(219,519)	(219,519)	819	220,338
FUND BALANCE, BEGINNING BUDGETARY BASIS				
	219,519	219,519	219,865	346
FUND BALANCE, ENDING BUDGETARY BASIS				
	\$ -	\$ -	\$ 220,684	\$ 220,684

CITY OF THE DALLES, OREGON
ALL AIRPORT FUNDS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2011

	<u>Airport</u>	<u>Airport Debt Service</u>	<u>Total All Airport Funds</u>
REVENUES:			
Charges for services	\$ 9,724	\$ -	\$ 9,724
Intergovernmental	118,668	-	118,668
Rental income	111,533	67,457	178,990
Interest on investments	808	254	1,062
Miscellaneous	2,443	-	2,443
	<u>243,176</u>	<u>67,711</u>	<u>310,887</u>
EXPENDITURES:			
Materials and service	367,068	-	367,068
Capital outlay	131	-	131
Debt service:			
Principal	-	44,000	44,000
Interest	-	11,536	11,536
	<u>367,199</u>	<u>55,536</u>	<u>422,735</u>
Revenues over (under) expenditures	(124,023)	12,175	(111,848)
OTHER FINANCING SOURCES (USES):			
Transfers in	65,000	-	65,000
	<u>65,000</u>	<u>-</u>	<u>65,000</u>
Net changes in fund balances	(59,023)	12,175	(46,848)
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>247,032</u>	<u>66,321</u>	<u>313,353</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u><u>\$ 188,009</u></u>	<u><u>\$ 78,496</u></u>	<u><u>\$ 266,505</u></u>

	<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above	\$ 310,887	\$ 422,735
Transfers in/out	76,580	-
Expenditures capitalized	-	(212,135)
Debt service principal payments	-	(44,000)
Depreciation and amortization expense	-	271,433
Interest revenue/expense	-	64
	<u>387,467</u>	<u>438,097</u>
Total revenues and expenses - generally accepted accounting principles	\$ 387,467	438,097
Change in net assets		<u><u>\$ (50,630)</u></u>

CITY OF THE DALLES, OREGON
AIRPORT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 5,000	\$ 5,000	\$ 9,724	\$ 4,724
Intergovernmental	5,515,000	5,515,000	118,668	(5,396,332)
Rental income	90,000	90,000	111,533	21,533
Interest on investments	1,500	1,500	808	(692)
Miscellaneous	5,000	5,000	2,443	(2,557)
Total revenues	5,616,500	5,616,500	243,176	(5,373,324)
EXPENDITURES:				
Materials and service	933,841	933,841	367,068	566,773
Capital outlay	4,800,000	4,800,000	131	4,799,869
Contingency	1,500	1,500	-	1,500
Total expenditures	5,735,341	5,735,341	367,199	5,368,142
Revenues over (under) expenditures	(118,841)	(118,841)	(124,023)	(5,182)
OTHER FINANCING SOURCES (USES):				
Transfers in	65,000	65,000	65,000	-
Total other financing sources (uses)	65,000	65,000	65,000	-
Net changes in fund balances	(53,841)	(53,841)	(59,023)	(5,182)
FUND BALANCE, BEGINNING BUDGETARY BASIS	53,841	53,841	247,032	193,191
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 188,009	\$ 188,009

**CITY OF THE DALLES, OREGON
AIRPORT DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Rental income	\$ 60,000	\$ 60,000	\$ 67,457	\$ 7,457
Interest on investments	400	400	254	(146)
Total revenues	<u>60,400</u>	<u>60,400</u>	<u>67,711</u>	<u>7,311</u>
EXPENDITURES:				
Debt service:				
Principal	113,783	113,783	44,000	69,783
Interest	11,536	11,536	11,536	-
Total expenditures	<u>125,319</u>	<u>125,319</u>	<u>55,536</u>	<u>69,783</u>
Net changes in fund balances	(64,919)	(64,919)	12,175	77,094
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>64,919</u>	<u>64,919</u>	<u>66,321</u>	<u>1,402</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,496</u>	<u>\$ 78,496</u>



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STATISTICAL SECTION

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

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

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

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

(continued)

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

(continued)

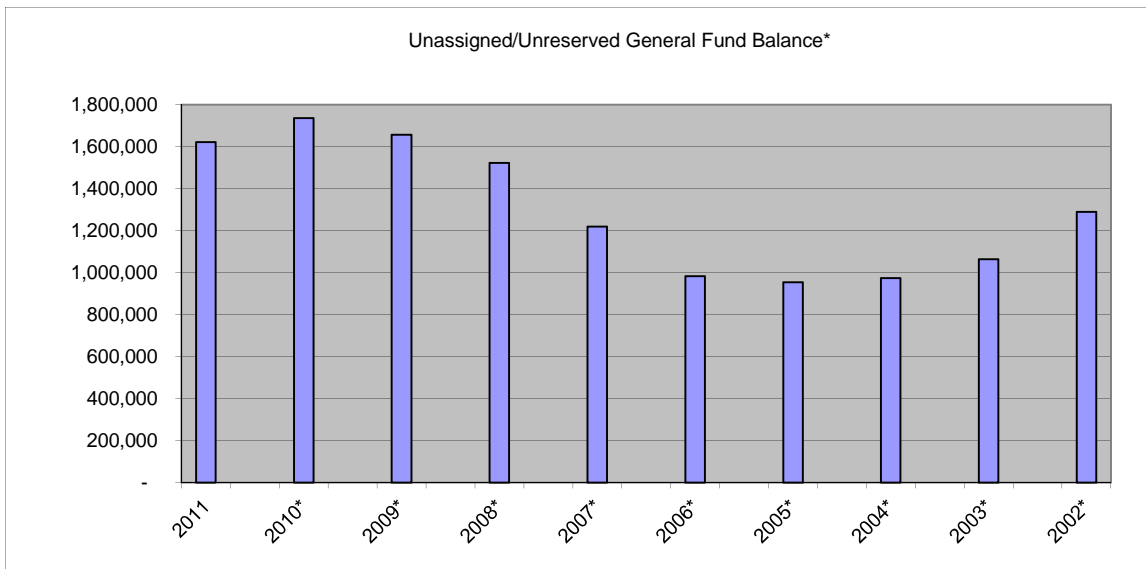
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets									
General revenues:									
Property taxes levied for:									
General purposes	\$ 2,334,460	\$ 2,287,915	\$ 2,160,553	\$ 2,032,760	\$ 1,849,162	\$ 1,706,294	\$ 2,143,861	\$ 2,056,701	\$ 1,879,957
Urban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

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

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

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

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



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

2006*	2005*	2004*	2003*	2002*
\$ 982,436	954,584	974,048	1,063,809	\$ 1,288,877
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>982,436</u>	<u>954,584</u>	<u>974,048</u>	<u>1,063,809</u>	<u>1,288,877</u>
44,174	66,157	58,056	99,851	126,584
587,605	571,348	568,370	570,467	432,981
1,915,131	1,875,583	1,736,795	1,911,200	-
347,968	384,710	430,272	384,080	953,299
101,698	19,427	563,275	547,836	974,609
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>2,996,576</u>	<u>2,917,225</u>	<u>3,356,768</u>	<u>3,513,434</u>	<u>2,487,473</u>
<u>\$ 3,979,012</u>	<u>3,871,809</u>	<u>4,330,816</u>	<u>4,577,243</u>	<u>\$ 3,776,350</u>

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues			
Taxes	\$ 4,674,232	\$ 4,586,114	\$ 4,391,942
Inter-governmental	3,416,732	10,350,588	4,129,300
Rents and interest	477,926	485,217	459,573
Franchise Fees	345,733	313,191	357,640
Fines and forfeitures	269,448	268,603	293,498
Charges for services	42,078	28,070	33,295
System Development Charges	39,010	99,119	281,081
Special assessments	143,689	61,544	10,323
Other Revenues	88,956	820,386	212,881
Total revenues	<u>9,497,804</u>	<u>17,012,832</u>	<u>10,169,533</u>
Expenditures			
Current:			
General Government	2,996,122	2,884,919	2,874,613
Public safety	2,995,877	2,565,847	2,470,968
Highways and streets	979,615	1,079,593	1,018,038
Culture and recreation	1,300,663	1,263,268	1,180,839
Capital outlay	2,518,236	12,522,325	5,870,508
Debt service:			
Principal	678,222	641,848	668,709
Interest	648,299	446,355	318,840
Total expenditures	<u>12,117,034</u>	<u>21,404,155</u>	<u>14,402,515</u>
Revenues over (under) expenditures	<u>(2,619,230)</u>	<u>(4,391,323)</u>	<u>(4,232,982)</u>
Other Financing Sources (Uses)			
Proceeds from bonds	-	13,147,632	-
Bond premium	-	-	-
Proceeds of refunding bonds	-	-	-
Proceeds of financing agreement	-	-	-
Payments to refund bonds	-	-	-
Repayment of financing agreement	-	(2,400,000)	-
Sale of fixed capital assets	-	15,454	11,000
Transfers in	2,627,706	1,571,988	1,548,689
Transfers out	(1,278,008)	(456,112)	(387,482)
Total other financing sources (uses)	<u>1,349,698</u>	<u>11,878,962</u>	<u>1,172,207</u>
Net change in fund balances	<u>\$ (1,269,532)</u>	<u>\$ 7,487,639</u>	<u>\$ (3,060,775)</u>
Debt service as a percentage of noncapital expenditures	<u>15.1%</u>	<u>6.3%</u>	<u>9.5%</u>

Source: Current and prior years' financial statements

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

2008	2007	2006	2005	2004	2003	2002
\$ 4,120,722	\$ 3,883,042	\$ 3,480,345	\$ 3,210,462	\$ 3,204,061	\$ 2,994,287	\$ 2,898,063
3,142,656	1,799,046	1,890,303	1,808,354	3,600,045	5,165,349	1,544,527
546,745	546,403	512,524	380,304	377,487	398,435	397,940
341,373	320,293	315,756	357,888	287,277	293,154	299,604
343,146	293,095	262,586	301,926	243,023	235,838	282,389
100,555	51,806	186,576	130,896	73,099	66,858	50,990
-	-	-	-	-	-	-
28,777	71,560	129,261	34,443	34,562	53,655	241,091
89,367	60,832	75,785	58,225	58,433	57,799	92,618
<u>8,713,341</u>	<u>7,026,077</u>	<u>6,853,136</u>	<u>6,282,498</u>	<u>7,877,987</u>	<u>9,265,375</u>	<u>5,807,222</u>
2,802,945	2,384,742	2,096,835	2,393,538	2,386,803	1,915,628	1,812,116
2,286,508	2,086,746	1,937,095	1,835,348	1,847,535	1,734,055	1,676,229
1,046,162	967,521	987,453	855,464	955,540	859,660	667,542
1,045,711	749,698	815,881	708,990	640,457	642,046	563,839
1,588,061	528,504	882,084	964,615	2,155,293	5,343,336	2,128,423
530,856	499,076	472,364	460,719	444,138	400,476	326,807
163,381	181,208	197,970	212,898	226,011	289,850	227,452
<u>9,463,624</u>	<u>7,397,495</u>	<u>7,389,682</u>	<u>7,431,572</u>	<u>8,655,777</u>	<u>11,185,051</u>	<u>7,402,408</u>
<u>(750,283)</u>	<u>(371,418)</u>	<u>(536,546)</u>	<u>(1,149,074)</u>	<u>(777,790)</u>	<u>(1,919,676)</u>	<u>(1,595,186)</u>
3,330,000	-	-	-	-	-	-
51,971	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	38,117	-	5,238,646	-
-	-	-	-	-	-	-
-	-	-	-	-	(3,090,000)	-
240,046	-	1,350	12,772	-	-	-
1,490,131	1,391,124	1,205,561	1,127,518	1,026,676	1,178,603	963,148
(551,885)	(632,687)	(563,131)	(488,340)	(502,201)	(606,590)	(340,897)
<u>4,560,263</u>	<u>758,437</u>	<u>643,780</u>	<u>690,067</u>	<u>524,475</u>	<u>2,720,659</u>	<u>622,251</u>
<u>\$ 3,809,980</u>	<u>\$ 387,019</u>	<u>\$ 107,234</u>	<u>\$ (459,007)</u>	<u>\$ (253,315)</u>	<u>\$ 800,983</u>	<u>\$ (972,935)</u>
<u>9.2%</u>	<u>10.9%</u>	<u>11.0%</u>	<u>11.6%</u>	<u>11.5%</u>	<u>13.4%</u>	<u>11.7%</u>

Source: Current and prior years' financial statements

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

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

Source: Current and prior years' financial statements

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

Year	Property Taxes	Transient Room Taxes	City Gasoline Taxes
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	3,524,712	652,591	405,097
2011	3,454,107	545,281	396,102

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
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
2011	897,333,222	3.0155	1,381,912,299

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.

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

Overlapping Rates

Year	City of The Dalles	Wasco County	Wasco County VA Bonds	Port of The Dalles	Mid-Columbia Fire and Rescue	Northern Wasco County Parks and Recreation District	Wasco County Library District	School District No. 12	School District No. 9	School District No. 21	Columbia Gorge Educational Service District	Columbia Gorge Community College	Norcor
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	0.6800	1.7834	0	5.2399	0.4678	0.6962	0.2772
2011	3.0155	4.2523	0.2717	0.2007	2.2436	0.6799	0.6800	1.8357	0	5.2399	0.4678	0.6893	0.2780

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

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

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	Collected in Subsequent Years	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	168,868	2,555,319	97.38%
2005	2,654,643	2,415,879	91.01%	103,385	2,519,264	94.90%
2006	2,755,383	2,539,836	92.18%	139,002	2,678,838	97.22%
2007	2,939,125	2,767,621	94.16%	94,909	2,862,530	97.39%
2008	3,231,903	3,021,923	93.50%	111,269	3,133,193	96.95%
2009	3,464,010	3,221,917	93.01%	94,773	3,316,690	95.75%
2010	3,634,485	3,392,982	93.36%	72,592	3,465,574	95.35%
2011	3,734,344	3,472,350	92.98%	-	3,472,350	92.98%

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

CITY OF THE DALLES, OREGON
Principal Taxpayers
December 31, 2010 and December 31, 2000

December 31, 2010			
Taxpayer	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
CenturyLink	\$ 13,219,000	1	1.47%
Northern Wasco County PUD	13,043,000	2	1.45%
Metropolitan Life Insurance Co	11,005,928	3	1.23%
Oregon Cherry Growers, Inc.	11,277,531	4	1.26%
Home Depot USA, Inc.	10,507,804	5	1.17%
Union Pacific Railroad	6,903,867	6	0.77%
Safeway, Inc.	6,629,483	7	0.74%
SHNW Properties, LLC	6,488,810	8	0.72%
Wasco Assisted Living, LLC	6,405,652	9	0.71%
Cascade Square, LLC	6,154,841	10	0.69%
	<u>\$ 91,635,916</u>		<u>10.21%</u>
Total Assessed Valuation	<u>\$ 897,333,222</u>		

December 31, 2000			
Taxpayer	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Sprint, Inc	\$ 9,227,430	1	1.81%
Northern Wasco County PUD	9,999,953	2	1.96%
Oregon Cherry Growers, Inc.	6,482,054	3	1.27%
Kerr McGee Chemical, Inc.	8,433,670	4	1.66%
Union Pacific Railroad Company	4,927,326	5	0.97%
GFI The Dalles Investment, LTD	5,453,209	6	1.07%
Cascade Fruit Co.	5,144,341	7	1.01%
Portland Fixture Ltd.	4,416,522	8	0.87%
Gershman Harold Family Trust	4,163,778	9	0.82%
Northwest Natural Gas	5,228,535	10	1.03%
	<u>\$ 63,476,818</u>		<u>12.47%</u>
Total Assessed Valuation	<u>\$ 509,069,413</u>		

Source: Wasco County Department of Assessment and Taxation

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

Fiscal Year	Governmental Activities						Business-type Activities					Percentage of Personal Income *	Per Capita	Percentage of Actual Taxable Value of Property
	General Obligation Bonds	Limited Tax Increment Bonds	Revenue Bonds	FFCO Bonds	Capital Lease	Loans Payable	Revenue Bonds	FFCO Bonds	Loan Payable	Forgivable Loan ARRA **	Total Primary Government			
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	13,153,960	214,245	1,691,040	42,054,904	N/A	3,142	4.90%
2011	-	-	-	12,627,878	96,111	291,241	12,757,000	12,627,878	202,665	1,602,122	40,204,895	N/A	2,784	4.48%

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

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

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
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%	-
2011	-	897,333,222	0.00%	-

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

CITY OF THE DALLES, OREGON
Direct and Overlapping Governmental Activities Debt
June 30, 2011

<u>Governmental Unit</u>	<u>Gross Property-tax Backed Debt</u>	<u>Percentage Applicable to City of The Dalles</u>	<u>Amount Applicable to City of The Dalles</u>
Debt Repaid with Property Taxes			
Columbia Gorge Comm. Coll (Treaty-Oak AED)	\$ 20,333,234	19.8188%	\$ 4,029,802
Mid-Columbia Fire and Rescue	1,335,000	71.6963%	957,146
Northern OR Regional Corrections	6,815,000	0.0000%	-
Wasco County	1,234,388	32.2684%	398,317
Wasco CTY SD 12 (The Dalles) Bonds	24,643,215	82.7565%	20,393,862
Wasco CTY SD 21 (The Dalles/Watonka)	4,310,000	64.2730%	2,770,166
Wasco CTY SD 29	3,135,000	1.0515%	<u>32,965</u>
Subtotal, overlapping debt			28,582,258
City Direct Debt			<u>14,230,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 42,812,258</u></u>

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 Eight Fiscal Years
(accrual basis of accounting)

Wastewater Revenue Bonds

Fiscal Year	Gross Revenues (1)	Costs of Maintenance & Operation (2)	Net Revenue Available for Debt Service	Annual Debt Service (3)			Coverage Ratio
				Principal	Interest	Total	
2004	\$ 2,380,171	\$ 1,748,633	\$ 631,538	\$ 215,000	\$ 233,787	\$ 448,787	1.41
2005	2,740,572	1,893,835	846,737	305,000	250,740	555,740	1.52
2006	3,111,896	2,006,485	1,105,411	310,000	244,640	554,640	1.99
2007	3,547,245	2,243,533	1,303,712	315,000	238,440	553,440	2.36
2008	3,894,968	2,339,068	1,555,901	325,000	230,565	555,565	2.80
2009	4,404,352	2,255,673	2,148,679	330,000	222,440	552,440	3.89
2010	4,749,653	2,507,936	2,241,717	340,000	212,540	552,540	4.06
2011	5,057,186	2,789,443	2,267,742	350,000	201,830	551,830	4.11

Notes:

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

(2) Under Resolution No. 03-013, "Costs of Maintenance and Operation shall mean all expenses incurred for the operation of the Wastewater System, including but not limited to administrative expenses, financial and auditing expenses, insurance premiums (where monies are not available from proceeds of insurance), taxes, franchise fees, legal and engineering expenses relating to operations, payments and reserves for pension, retirement, health, hospitalization, and sick leave benefits, and any other similar expenses properly and directly attributable to operations of the Wastewater System. Costs of Maintenance and Operation do not include penalties from Gross Revenues under Section 148 of the Code, payments for the settlement of litigation and payments to contractors; depreciation and amortization of property, values or losses, and all amounts treated for accounting purposes as payments for debt service payments (including amounts treated for accounting purposes as debt service payments), or capital transfers 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 unit' whether the account is within or outside the City Limits. Commercial rates are based on one 'unit' per listed criteria, such as:

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

Water Revenue Bonds

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Annual Debt Service			Coverage Ratio
				Principal	Interest	Total	
2008	\$ 3,535,240	\$ 2,647,904	\$ 887,336	\$ -	\$ 427,896	\$ 427,896	2.074
2009	\$ 3,641,736	\$ 2,699,200	942,536	\$ -	335,605	335,605	2.808
2010	\$ 3,831,124	\$ 2,839,648	991,476	\$ -	335,605	335,605	2.954
2011	\$ 4,157,198	\$ 3,093,516	1,063,682	\$ 230,000	335,605	565,605	1.881

Notes:

(1) Under Resolution No. 07-006, establishing provisions relating to the issuance of water revenue bonds and aut and sale of water revenue bonds, series 2007, to construct water reservoirs and improve the City's water system, " mean all fees charges, earnings, revenues and moneys received by the City from or on account of the operation of including system development charges and the income from investments of money in the Debt Service Account ar Subaccount or from any other investment thereof, but excluding assessment payments and collections on behalf o pursuant to intergovernmental agreements. Gross Revenues also shall include any state or public corporation reir operating expenses to the extent such expenses are included as Costs of Maintenance and Operation of the Wate withdrawals from the Rate Stabilization Account within a given fiscal year but in no case later than ninety days afte fiscal year as provided in Section 14 hereof." However, for the purposes of the calculations above, system developo 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 c and repair of the Water System, including but not limited to administrative expenses, financial and auditing expens (to the extent monies are not available from proceeds of insurance), taxes, franchise fees, legal and engineering e: operation and maintenance, payments and reserves for pension, debt service on pension obligation borrowings th: unfunded pension or post-employment liabilities, retirement, health, hospitalization, and sick leave benefits, and ar expenses to be paid to the extent properly and directly attributable to operations of the Water System. Costs of M: Operation do not include any rebates or penalties from Gross Revenues under Section 148 of the Code, payments litigation and payments to any liability reserve fund, depreciation and amortization of property, values or losses, an for accounting purposes as payments for capital expenditures, debt service payments other than those attributable employment liabilities identified herein (including amounts treated for accounting purposes as debt service paymer City's Street Fund, or capital transfers and capital outlays including without limitation transfers to capital constructi

(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 meter size and include the first 10,000 gallons of water used. An additional rate is charged per 1,000 gallons used gallons covered by the flat monthly rate. Commercial rates are based on a flat rate per meter size and includes the used, with an additional per 1,000 gallon rate added for usage over the first 5,000 gallons. Both residential and cc are adjusted for whether the account is within or outside the City Limits. The rates used in the table above are in-c

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

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

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

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

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

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

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.

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

	2010-11		
Employer	Employees	Rank	Percent of Total Employment
Mid Columbia Medical Center	692	1	8.99%
School District #21	312	2	4.05%
State of Oregon	247	3	3.21%
Design LLC	200	4	2.60%
Fred Meyers	195	5	2.53%
Oregon Veterans Home	160	6	2.08%
Oregon Cherry Growers, Inc.	145	7	1.88%
Wasco County	88	8	1.14%
Safeway Food and Drug	83	9	1.08%
Columbia Gorge Community College	77	10	1.00%
	2,199		28.57%
Total employment	7,696		

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

2000-01

Information is not readily available prior to FY05/06.

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

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

Source: City of The Dalles budgets and payroll records

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

FUNCTION/PROGRAM	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities:										
Public Safety and Justice										
Police (1)										
Calls for service	N/A*	7846	8008	7508	7789	7861	8729	8901	7793	7738
Crime reports	N/A*	2495	2707	2541	2664	2599	2847	3086	2786	2630
Number of arrests	N/A*	1028	1024	1144	1036	1013	1326	1502	1192	1361
Municipal Court										
Traffic cases	1,184	1,082	1,218	1,427	1,565	1,146	1,263	1,661	2,218	2,798
Criminal cases	375	358	331	440	501	377	486	444	407	381
Ordinance violations	22	15	15	37	25	6	14	11	28	28
Parking violations	76	88	164	162	208	218	228	299	358	294
Code enforcement cases	3	4	6	15	11	-	3	-	1	-
Library										
Number of registered borrowers	12,573	11,140	13,042	11,302	10,202	12,355	12,855	11,587	10,546	10,297
Total circulation	160,405	145,972	122,432	110,036	98,479	114,667	120,057	118,811	117,895	109,966
Public programs	607	490	457	224	74	102	72	67	85	74
Program attendance	9,775	8,143	8,996	6,573	3,574	3,556	2,679	2,163	2,920	2,834
Books added	6,526	6,283	4,079	11,045	4,481	5,440	5,831	5,788	7,450	6,662
Business-type Activities:										
Water										
Average active metered connections	4,738	4,613	4,598	4,562	4,537	4,520	4,470	4,457	4,450	4,413
Average daily water consumption	2,598,893	2,674,413	2,615,130	2,620,667	2,302,800	2,359,000	2,429,000	2,471,000	2,395,000	2,302,000
Average number of assistance accounts	153	168	150	176	162	179	175	153	145	125
Average daily water production	3,102,250	3,209,003	3,185,655	2,985,000	2,875,000	2,859,241	2,808,435	2,996,482	2,924,367	2,753,054

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

Source: City of The Dalles Departments

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

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

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

**REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATION**

We have audited the basic financial statements of the City of The Dalles, Oregon, as of and for the year ended June 30, 2011 and have issued our report thereon dated November 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations.

Compliance

As part of obtaining reasonable assurance about whether the City of The Dalles, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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

OAR 162-10-0230 Internal Control

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

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 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. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We identified a certain deficiency in internal control that we consider to be material weakness and have communicated it in a separately issued letter dated November 16, 2011.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might significant deficiencies or material weaknesses and therefore, there can be no assurance that all such deficiencies have been identified.

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



Merina & Company, LLP
West Linn, Oregon
November 16, 2011

**GOVERNMENT AUDITING STANDARDS
COMPLIANCE REPORTS**

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of The Dalles, Oregon, as of and for the year ended June 30, 2011, which collectively comprise the City of The Dalles, Oregon's basic financial statements and have issued our report thereon dated November 16, 2011. 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 an opinion on the effectiveness of the City of The Dalles, Oregon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of The Dalles, Oregon's internal control over financial reporting.

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 that might 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, or detected and corrected on a timely basis. We consider the deficiency 2011-1 described in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of The Dalles, Oregon, in a separate letter dated November 16, 2011.

The City of The Dalles, Oregon's response to the finding identified in our audit is 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 management, the Mayor and City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Merina & Company, LLP
West Linn, Oregon
November 16, 2011

**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**

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

Compliance

We have audited the City of The Dalles, Oregon's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of The Dalles, Oregon's major federal programs for the year ended June 30, 2011. The City of The Dalles, Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of The Dalles, Oregon's management. Our responsibility is to express an opinion on the City of The Dalles, Oregon's compliance based on our audit.

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

In our opinion, the City of The Dalles, Oregon complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

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

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



Merina & Company, LLP
West Linn, Oregon
November 16, 2011

CITY OF THE DALLES, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

GRANTOR AND PROGRAM TITLE	FEDERAL CFDA NUMBER	FY10/11 FEDERAL EXPENDITURE
U.S. Department of Agriculture Direct Programs National Fire Plan Wildland Urban Interface Watershed Fuels Reduction	10.664	-
U.S. Department of Commerce Direct Programs Economic Development Administration Recipients: City of The Dalles and Port of The Dalles Public Works and Development Facilities Program (Marine Dock Project)	11.300	-
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	48,017
U.S. Department of Transportation Direct Programs Federal Aviation Administration - AIP 3-41-0059-007 Airport Master Plan	20.106	14,694
Federal Aviation Administration - AIP 3-41-0059-008 Runway Pavement Rehabilitation - Phase 1: Pavement Study Total CFDA 20.106	20.106	<u>38,576</u> 53,270
Passed through the State of Oregon Oregon Department of Transportation The Dalles Riverfront Access Project (Wa St. Tunnel, Plaza & 1st St.)	20.205	-
National Highway Traffic Safety Administration State & Highway Safety - Traffic Safety Division DUI Grant	20.601	1,680
U.S. Environmental Protection Agency Passed through the State of Oregon Business Development Department - Terminal Reservoir Project ARRA Forgivable Loan ARRA F-1 Loan SDWRLF F-2 Loan Total CFDA 66.468	ARRAS-66.468 ARRAS-66.468 66.468	887,725 435,671 <u>1,950,674</u> 3,274,070 **
National Parks Service Passed through the State of Oregon Oregon Parks and Recreation Department State Historic Preservation Office (SHPO) Certified Local Government Grant OR-10-19 Review and Compliance - The Dalles Historic Landmarks Commission	15.904	1,350
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>3,378,387</u></u>

** Signifies Major Program

CITY OF THE DALLES, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2011

Note 1. General

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

Note 2. Significant Accounting Policies

Reporting Entity: The reporting entity is fully described in Note 1 to the City's basic financial statements. The schedule includes all federal financial assistance programs administered by the City for the year ended June 30, 2011.

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

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

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

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

CITY OF THE DALLES, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(s) identified that are
Not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency (s) identified that are
Not considered to be material weaknesses? Yes None reported

Type of auditor’s report issued on compliance for major
Programs: Unqualified

Any audit findings disclosed that are required to be
Reported in accordance with OMB Circular A-133,
Section 510(a)? Yes No

Identification of major programs:

CFDA Number **Name of Federal Program or Cluster**
66.468 Capitalization Grants for Drinking Water State Revolving Funds (ARRA)

Dollar threshold used to distinguish between Type A
Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

CITY OF THE DALLES, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011

Section II – Financial Statement Findings

2011-01

Condition: Inadequate controls over the capital asset financial reporting process at the end of year, including controls to record capital assets to ensure that they are properly recorded and depreciated.

Criteria: The auditor assisted in the recording of period end financial statement adjustments for capital assets on behalf of the City of The Dalles.

Effect: A material journal entry for capital assets was required during the course of the audit.

Cause: The City controls around the asset listing and booking of capital assets asset adjustments had not yet been established.

Recommendation: We recommend that the City reviews the internal controls and incorporate controls around the recording of capital assets.

Response: Management agrees with the condition and the auditor's recommendation and will review the internal controls and will continue to improve the procedures and controls over capital assets.

Section III – Federal Awards Findings and Questioned Costs

None

Section IV – Schedule of Prior Federal Award Findings and Questioned Costs for the Years Ended June 30, 2010

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

CITY OF THE DALLES, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011

to report the amounts related to Water and Wastewater as assets and liabilities of the individual funds.

Recommendation: Prior year auditors recommended that management maintain the revised debt schedules and record future payments of debt service from the individual funds. They also recommended that management consider the use of consultants on the proper reporting of debt issuances in the future.

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.

Status: Corrective action was taken.

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 as 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 were 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.

Recommendation: Prior year auditors recommended that improvement fees be accounted for as revenues upon receipt as soon as the government has established an enforceable legal claim to the resources. They also recommended that management continue to track the payments/projects and the amounts restricted to use for future development.

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

Status: Corrective action was taken.

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

CITY OF THE DALLES, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011

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 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 accordant 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 the requirements to properly report the debt between funds in accordance with GAAP requirements.

Recommendation: Prior year auditors recommended 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 issuance in the future.

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

Status: Corrective action was taken.

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. It was also determined during 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.

CITY OF THE DALLES, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011

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.

Recommendation: Prior year auditors recommended that the City use project codes to track individual projects as the project progresses, but recommended that 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.

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.

Status: Partial corrective action was taken, see 2011-01 finding.

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 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.

Recommendation: Prior year auditors recommended 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, it was recommended that Finance double check the schedule prior to posting the year end adjustment.

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

Status: Corrective action was taken.



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