



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2018**

**Prepared by:  
The City of The Dalles  
Finance Department**

# **CITY OF THE DALLES, OREGON**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2018**

**Prepared by:  
The City of The Dalles  
Finance Department**

**CITY OF THE DALLES, OREGON**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2018**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

Introductory Letter	i – viii
Officials of the City of The Dalles	ix
GFOA Certificate of Achievement	x
Organizational Chart	xi

<b>INDEPENDENT AUDITOR’S REPORT</b>	<b>A - C</b>
-------------------------------------	--------------

<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	<b>a - i</b>
---	--------------

**FINANCIAL SECTION**

**BASIC FINANCIAL STATEMENTS**

Government-wide Financial Statements:	1
Statement of Net Position	2
Statement of Activities	3
Fund Financial Statements:	4
Governmental Funds	
Balance Sheet	5
Statement of Revenues, Expenditures, and Changes in Fund Balances	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
General Fund – Generally Accepted Accounting Principles	8
Street Fund	9
Library Fund	10
Special Grants Fund	11
Proprietary Funds:	12
Statement of Net Position	13
Statement of Revenues, Expenses and Changes in Net Position	14
Statement of Cash Flows	15

<b>NOTES TO THE BASIC FINANCIAL STATEMENTS</b>	<b>16 - 41</b>
--	----------------

## REQUIRED SUPPLEMENTAL INFORMATION

Schedule of Contributions OPEB	42
Schedule Changes in the City's Total OPEB Liability and Related Ratio's	43

## OTHER SUPPLEMENTAL INFORMATION 44-45

Combining Statements:	
Nonmajor Governmental Funds Combining Balance Sheet	46
Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	47
Nonmajor Special Revenue Funds Combining Balance Sheet	48
Nonmajor Special Revenue Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	49
Nonmajor Debt Service Funds Combining Balance Sheet	50
Nonmajor Debt Service Funds Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	51
General Fund – Generally Accepted Accounting Principles Combining Balance Sheet	52
General Fund – Generally Accepted Accounting Principles Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	53
Budgetary Comparison Schedules:	54
General Fund – Budgetary Basis – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	55
General Fund – Budgetary Basis – Schedule of Expenditures – Budget and Actual	56-57
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Governmental Funds:	
Budgetary Basis (Combined into General Fund for Generally Accepted Accounting Principles and required for Oregon Budget Law):	
Public Works Reserve Fund – Budgetary Basis	58
Transportation System Reserve Fund – Budgetary Basis	59
Unemployment Reserve Fund – Budgetary Basis	60
Urban Renewal Capital Projects Fund	61
Special Assessment Fund	62
Non-major Special Revenue Funds:	
Community Benevolence Fund	63
State Office Building Fund	64
Capital Projects Fund	65
Debt Service Funds:	
FFCO 2008 Bond Fund	66
2009 FFCO Bond Fund	67
Urban Renewal Debt Fund	68
Proprietary Funds:	
Enterprise Funds:	69
All Water Funds Combined	70

Water Utility	71
Water Capital Reserve	72
Water Bond Debt	73
All Wastewater Funds Combined	74
Wastewater	75
Wastewater Capital Reserve	76
Sewer Plant Construction	77
Sewer Debt Service	78
2018 Utility Bond Fund	79

## STATISTICAL SECTION

Net Position by Component – Last Ten Fiscal Years	80
Changes in Net Position – Last Ten Fiscal Years	81 - 82
Fund Balances, Governmental Funds – Last Ten Fiscal Years	83 - 84
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	85 - 86
Program Revenues by Function/Program – Last Ten Fiscal Years	87
Tax Revenues by Source, Governmental Funds – Last Ten Fiscal Years	88
Assessed Valuation and Actual Values of Taxable Property – Last Ten Fiscal Years	89
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	90
Property Tax Levies and Collections – Last Ten Fiscal Years	91
Principal Taxpayers – December 31, 2018 and December 31, 2009	92
Ratios of Outstanding Debt By Type – Last Ten Fiscal Years	93
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	94
Direct and Overlapping Governmental Activities Debt	95
Pledged Revenue Coverage – Wastewater Revenue Bonds – Last Ten Fiscal Years	96
Pledged Revenue Coverage – Water Revenue Bonds – Last Eight Fiscal Years	97
2007 Water Revenue Bond – Required Rate Disclosure	98
2007 Water Revenue Bond – Required SDC Disclosure & Top Ten Customers	99
Legal Debt Margin Information – Last Ten Fiscal Years	100
Demographic and Economic Statistics – Last Ten Years	101
Principal Employers – Current and Ten Years Ago	102
Full-Time Equivalent City Employees by Function/Program and Bargaining Unit – Last Ten Fiscal Years	103
Operating Indicators by Function/Program – Last Ten Fiscal Years	104
Capital Asset and Infrastructure Statistics by Function/Program – Last Ten Fiscal Years	105

<b>INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENTAL AUDITING STANDARDS</i></b>	106 – 107
--	-----------

<b>SCHEDULE OF FINDINGS AND RESPONSES</b>	108
---	-----

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *OREGON*  
*STATE REGULATION***

109 - 110

**REPORTS OF INDEPENDENT CERTIFIED PUBLIC  
ACCOUNTANTS**

---

## **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 18, 2018

The Comprehensive Annual Financial Report (CAFR) of the City of The Dalles, Oregon, for the year ended June 30, 2018, is submitted herewith. This report presents a comprehensive and detailed picture of The Dalles' financial transactions during fiscal year 2017-2018 and the financial condition of the various funds at June 30, 2018. 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, 2018, and for the year then ended. Further, it is our belief that all disclosures necessary to enable the reader to gain an understanding of the City's financial operations have been included. The organization and content of this report, including the financial statements, supplementary information and statistical tables, follow the standards for annual financial reporting recommended by the Governmental Accounting Standards Board.

### **CITY HISTORY AND GEOGRAPHICAL AREA**

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

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

In accordance with the City Charter of 1899, revised in 1994, the City of The Dalles is governed by a City Council. This Council consists of an elected mayor and five council members. The City operates under a council-manager form of government.

The City has eight departments: Administration, Finance, Legal/Judicial, Police, Planning, Human Resources, Library, and Public Works, that collaborate to provide a wide range of services to our citizens. These services include general administrative services, police, code enforcement, municipal court, planning and development, water treatment and distribution, wastewater collection, transportation systems, and stormwater management. Fire services are provided by the Mid-Columbia Fire & Rescue District, and building services and inspections are provided by Wasco County through the Mid-Columbia Council of Governments (MCCOG). However, last year MCCOG dissolved and currently the State of Oregon provides buildings services and inspections on a temporary basis pending a decision by local partners on whether or not to provide such services themselves or continue to let the State do so.

## **ECONOMIC CONDITIONS**

The City has a population currently estimated at 15,500, 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 1,000 employees in all their affiliated activities.

Major agricultural products of the City are wheat and sweet cherries, with a growing sector of grape production. The Dalles is a primary producer for both domestic and overseas cherry markets. There are in excess of 6,000 acres of sweet cherry trees around the City. Wheat has roughly 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 72 companies, employing over 1,500 people. In large part, the old Aluminum Smelter was torn down for salvage in 2008, however a company called Hydro Extrusions USA continues to produce aluminum billets. The removal of the aluminum smelter freed up over 300 acres of industrial land. Internet giant Google is located in the Port Industrial Park and employs over 150 employees, including contract employees. Google currently has three different Enterprise Zone agreements and has completed 4 different project phases with more anticipated. The Port Industrial Park is seeing significant expansion and investment in other existing businesses such as Columbia PhytoTechnology, also known as PowderPure, which was purchased by a larger company called International Flavors and Fragrances. Other businesses include Integrated 3-D, and Hydro Extrusions USA. These expansions involve millions of dollars and scores of jobs. A major City project is also nearing completion, a new 18 inch waterline, and will provide enhanced service and redundancy to the Port area.

The City is a strategic home base for year-round recreation. Water sport enthusiasts will find boating, excellent fishing, and one of the finest windsurfing and kite boarding areas in the United States on the Columbia River. To the east are substantial opportunities to camp, fish, hike, and sightsee. To the west, ski enthusiasts have the opportunity to challenge the ski slopes of magnificent Mt. Hood and then relax at the 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 that borders the City. Historic Downtown The Dalles has new breweries, new restaurants and retail shops, murals (including the completion of two additional murals in 2018), St. Peters Landmark and other historical buildings, and is a strong visitor draw. A recent addition, and major accomplishment for the City, the Urban Renewal Agency, and the investor, is the opening of the National Neon Sign Museum located in the historic Elks building in the downtown. There are also three mixed use vertical housing projects at various stages of negotiation and development totaling over 110 rooms. With roughly 15 apartments currently downtown, this represents a 7 fold increase in downtown housing.

In 2012 the City completed the construction of a Columbia River Marine Terminal, adjacent to the downtown area. The Marine Dock is used by four cruise lines with five ships, including the 300 foot long Queen of the West. There were over 110 cruise ship dockings in The Dalles during the 2018 season. While docked in The Dalles, passengers are able to book visits to various attractions, such as the Discovery Center and Fort Dalles Museum, or they can walk two blocks past the Festival Park to stroll through the downtown area.

Mid-Columbia Medical Center (MCMC) is the major hospital in the Mid-Columbia Region of Oregon and Washington. It is also the major trauma center in the region. This first class medical facility has attracted numerous health care professionals to The Dalles area. Their Oncology Center saves the region's population from traveling to Portland to receive those services and provides a multi-state option in the Northwest. MCMC opened a new wellness center called Waters Edge in 2010 that offers exercise equipment, lap and therapy pools, spa services, exercise and nutrition classes, and a bistro, along with cardiac and pulmonary rehab, outpatient therapies, and sleep medicine and labs. This expansion of comprehensive wellness services into a convenient, community-based setting makes it easier for residents to access the programs they need and enjoy for healthier living. Furthermore, the Columbia Gorge Regional Airport recently completed a "flex space" hangar that is home to the new Fixed Base Operator (FBO) as well as Life Flight, which bases a helicopter and Polaris aircraft in the "flex space" hangar, providing emergency transport for medical emergencies

The Dalles is the site of a 151 bed Veterans' long-term nursing and care home that opened in November 1997. It currently provides 180 jobs and has 145 residents. In 2011 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 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.

The Dalles is the major shopping center in the Mid-Columbia area. During the past fifteen years, several retail developments have been completed in the community. A 138,000 square foot regional Home Depot store opened in October 2004. This was followed by Walgreen's in 2005. Both the local Safeway and Fred Meyer stores completed multi-million dollar renovations in 2006. Fred Meyer expanded its retail space by 15,000 square feet, which included enclosing the existing garden area. A new Coastal Farm Supply store opened in The Dalles during the summer of 2012, and a new modern Goodwill retail and job center opened in 2014. In addition a

Fairfield in was constructed and opened June 30, 2014, with 80 rooms, creating 28 new jobs. The Cascade Square shopping center completed a 4+ million dollar façade renovation in the fall of 2018 and is home to a new, and only, sushi restaurant in the city. These developments are balanced with the closure of JC Penney’s as well as Tony’s Town and Country, a clothing store located in the downtown. This significantly reduces the options for clothing type items for local residents.

The Urban Renewal Agency 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. In October 2009, a Full Faith and Credit Obligation Bond was obtained by the City, with over \$10 million of the proceeds going as a loan to the Urban Renewal Agency to refund their current bond and provide nearly \$8 million for Urban Renewal projects. The East Gateway public infrastructure, that included a round-about to manage traffic in a problem area, was completed in June 2010. That project leveraged approximately \$25 million in private investment, including a new winery now located in a vacant flour mill that employs close to 100 people. The new Marine Terminal Dock and the new Lewis & Clark Festival Area, both Downtown/Riverfront Connection projects, were completed in the summer of 2012, at a cost of \$6.6 million.

Negotiations are currently underway for three Urban Renewal Developments in the downtown area, including a proposed hotel development and a mixed use development for both retail and residential space. The 1<sup>st</sup> St., streetscaping project is still under development.

The 1929 Granada Building sold in 2017 and is now holding shows at least every month with acts by artists such as Billy Bob Thornton as well as hosting events such as medieval dinner theaters. The agency is actively marketing two other properties, the “Blue building” and the old Recreation bowling lanes, with multiple interested parties.

State Tax limitation measures in 1990, 1996 and 1997 have limited property taxes. An upswing in the local economy up until the 2008 recession mitigated most of those impacts.

## **ECONOMIC CLIMATE AND FUTURE**

The City of The Dalles, due to many years of prudent management, was able to withstand the economic impacts of the financial crisis of the past few years without impacting services to our citizens. During the recession, some changes were made to reduce expenses, while continuing to maintain service levels. Currently, the community is facing challenges with school facility maintenance and construction and as a result a bonding authority is on the November ballot. School facility conditions have been attributed to the challenge of retaining highly qualified staff most notably for the hospital. Like many other communities in Oregon, affordable/attainable housing is an increasing challenge. During the past year, revenues from water and sewer rates were determined to be adequate to maintain operations and fund reserves without implementing previously scheduled rate increases. Overall the financial position of the City in the past year has been improved.

The City's management conditions are strong and supported by good financial practices and policies. The City's historical maintenance of strong and stable reserves and support of balanced operations continues. The City provides for long term financial planning by maintaining annually updated five year Capital Improvement Plans for all departments, and long range improvement plans for City infrastructure, including water, wastewater, transportation systems. The City maintains a 20 Year Vision Plan, and has an annual goal setting process and identifies those goals that will have a financial impact on subsequent budget development.

## **MAJOR INITIATIVES**

### **Wastewater Master Plan**

The City updated its wastewater master plan for the treatment plant site and collection system in 2002 and again in 2013. A 5-year wastewater capital improvement plan, updated annually is being utilized. Phase I design and construction for the wastewater plant and collection system improvements were completed in 2006. Phase II improvements are currently underway through a design-build contract to improve the wastewater plant's influent pumping, screening grit removal, and anaerobic digestion systems. The project is also installing systems to be fueled by methane gas, which is produced as a byproduct of the treatment processes, to generate heat and electricity. The plant upgrade is scheduled for completion in late 2018.

### **Water Master Plan**

A Water Master Plan update was completed in 2006. A \$7.9 million water revenue bond was issued in 2007. A new reservoir and associated pipelines were constructed in fiscal year 2010-2011, utilizing about \$6 million in grant and loan funds under the American Recovery and Reinvestment Act of 2009. The City completed a review of its water rates and capital needs in 2011 and adopted a rate plan to meet those needs. Additional revenue bonds that was planned to be issued in fiscal years 2016-2017 was not needed because increases in water utility rate revenues from increased residential, commercial and industrial water usage were sufficient to fund identified system improvements. Construction of a new Port Industrial Water Main expansion of the Lone Pine Well and repainting of Columbia View and Sorosis Reservoir are scheduled for completion in 2017-2018, utilizing rate revenues, system development charges, and outside private funding.

### **Transportation System Plan**

A Transportation System Plan drafted in 1999 was updated and implemented in 2006. The plan was updated again in 2017 utilizing a Transportation Growth Management grant and Transportation System Development Charges. 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.

### **Columbia Gateway Urban Renewal Agency**

The Columbia Gateway Urban Renewal Agency, a component unit of the City of the Dalles, operated throughout the 2017-2018 fiscal year. The Agency consists of an Urban Renewal District, formed by the citizens, to resolve issues of blight within the boundaries of the District. Ordinance No. 09-1301 adopted an amendment to the plan on June 22, 2009. This amendment

provided for a new maximum indebted amount that is expected to be reached by the year 2025, thus extending the original expiration date of 2015 for another ten years. The Agency did levy and collect tax increment proceeds during FY 17/18.

### **Housing Needs Analysis and Residential Buildable Land Needs Assessment**

A comprehensive Housing Needs Analysis and Residential Buildable Land Needs Assessment were completed in 2016/17, this project, in compliance with Oregon Planning Rules #10, identified types of housing needs and assessed future developable land needs. The City is utilizing state assistance to make necessary code changes and insure they are compatible with the recently updated Transportation System Plan.

## **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, special payments, 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, 2018. Appropriations lapse at year-end.

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

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

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

## **OTHER INFORMATION**

### **Management Discussion and Analysis**

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

### **Independent Audit**

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

### **GFOA Certificate of Achievement for Excellence in Financial Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of The Dalles for its comprehensive annual financial report for the fiscal year ended June 30, 2017. 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,

Julie Krueger  
City Manager

Angie Wilson  
Finance Director



**CITY OF THE DALLES  
OFFICIALS OF THE CITY AS  
OF JUNE 30, 2018**

**MAYOR AND CITY COUNCIL**

<u>Name and Address</u>	<u>Term Expires December 31</u>
Steve Lawrence, Mayor 2017 View Court The Dalles OR 97058	2018
Darcy Long-Curtiss 2409 Mount Hood St. The Dalles OR 97058	2020
Linda Miller 1534 East 9 <sup>th</sup> Street The Dalles OR 97058	2020
Tim McGlothlin 328 West 21 <sup>st</sup> Place The Dalles OR 97058	2018
Tanar Elliot 397 Summit Ridge Drive The Dalles OR 97058	2018
Russ Brown 903 East 14 <sup>th</sup> Street The Dalles OR 97058	2018

**City Administration**

Julie Krueger, City Manager – Budget Officer  
Izetta Grossman, City Clerk  
Gene E. Parker, City Attorney  
Angie Wilson, Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of The Dalles  
Oregon**

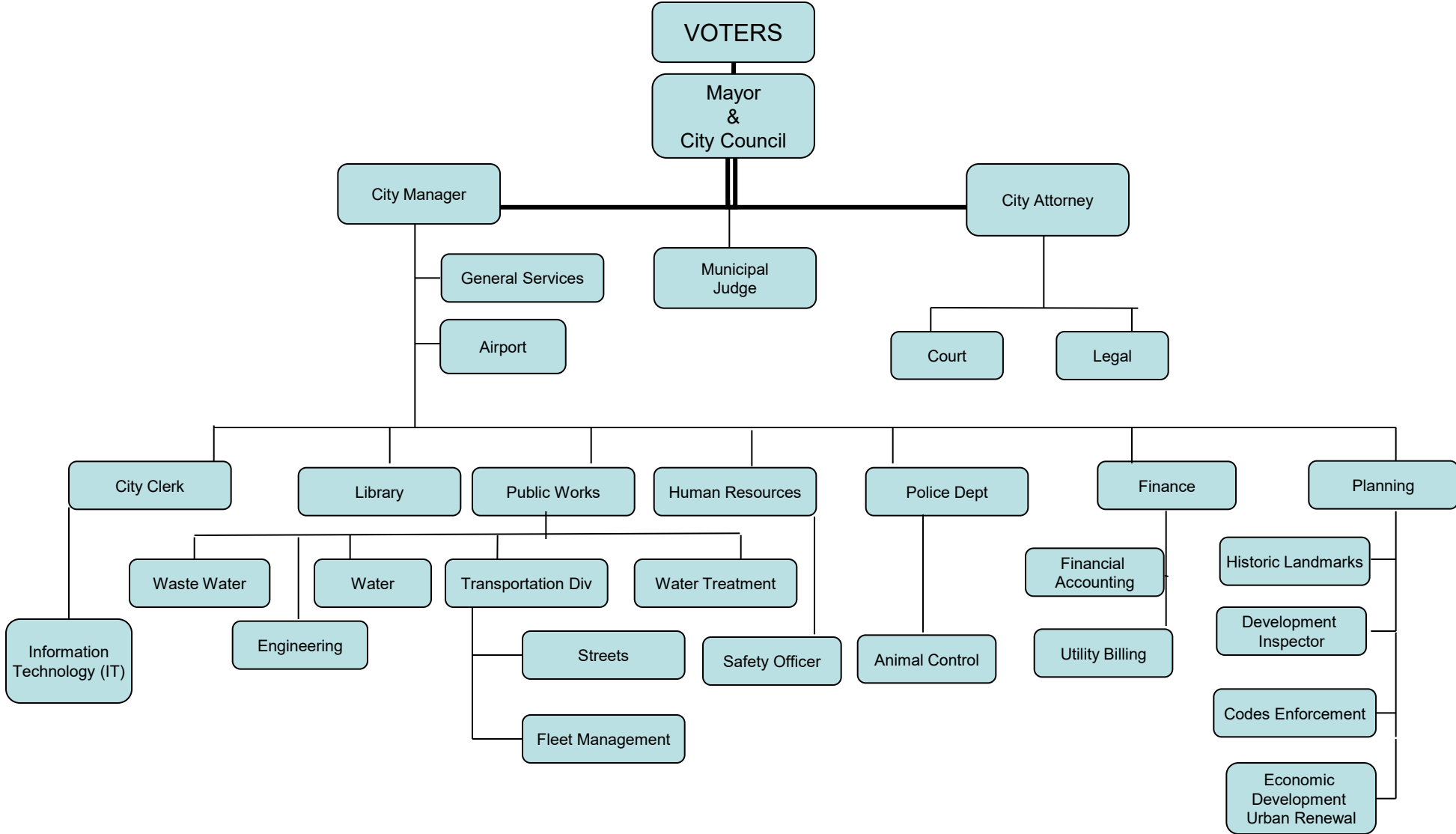
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO

# City of The Dalles – Organizational Flow Chart



## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and City Council  
City of The Dalles, Oregon

### **Report on the Financial Statements**

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 City of The Dalles, Oregon, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise City of The Dalles, Oregon's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

City of The Dalles, Oregon's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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 City of The Dalles, Oregon, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison statements for the General Fund, Street Fund, Library Fund, and Special Grants Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note IV GASB Pronouncement Implemented to the financial statements, the City of The Dalles adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, schedule of contributions OPEB, and schedule of changes in the City's total OPEB liability and related ratio's, as listed in the table of contents under required supplementary information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, schedule of contributions OPEB, and schedule of changes in the City's total OPEB liability and related ratio's, as listed in the table of contents under required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplemental and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of The Dalles, Oregon's basic financial statements. The introductory section, other supplemental information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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.

## **Reports on Other Legal and Regulatory Requirements**

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2019 on our consideration of 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 solely 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 effectiveness of the City of The Dalles, Oregon's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of The Dalles, Oregon's internal control over financial reporting and compliance.

### **Other Reporting Required by Oregon Minimum Standards**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated January 3, 2019, on our consideration of City of The Dalles, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Merina & Company, LLP  
Tualatin, Oregon  
January 3, 2019

## 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 liabilities at June 30, 2018 by \$97,922,366 (net position). Of this amount \$75,640,072 was invested in capital assets (net of related debt). \$13,306,013 was restricted for specific purposes, resulting in unrestricted net position of \$8,976,281. The unrestricted net position is made up of unrestricted governmental net position of \$14,512,094 and unrestricted business-type net position of (\$5,535,813).

The City's net position increased by \$8,578,876 (9.60%), due primarily to the continuation of the Dog River Pipeline Replacement Project, The Sorosis Reservoir painting project, the WWTP Phase 1 Improvements, the 18-inch Port Water main project, the Lone Pine Well Expansion, and the West 2nd Joint Utility Sanitary and Storm Drain.

The City's Governmental Funds had an increase in fund balances in the amount of \$1,692,004. The General Fund balance increased by \$688,154. The Special Grants Fund balance increased by \$35,641. The Urban Renewal Capital Projects Fund balance increased by \$489,220. The Special Assessment Fund balance decreased by \$29,923. The City prepares a budget for all governmental funds on an annual basis.

The City's Enterprise Funds experienced an increase in net position of \$5,262,233, due primarily to the ongoing Dog River Pipeline Replacement Project, The Sorosis Reservoir painting project, the WWTP Phase 1 Improvements, the 18-inch Port Industrial water main project, the Lone Well Expansion, and the West 2nd Joint Utility Sanitary and Storm Drain project, as stated above. The City prepares a budget for all enterprise funds on an annual basis.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

## **FINANCIAL SUMMARY AND ANALYSIS**

As mentioned earlier, the City's net position as of June 30, 2018 was \$97,922,366, an increase from June 30, 2017 of \$8,578,876. By far the largest portion of the net position is comprised of the City's investment in capital assets (e.g., land, building, equipment, and public infrastructure), less any related debt outstanding that was used to acquire those assets. The City uses capital assets to provide services to citizens; therefore, these assets are not available for future spending. The resources to repay the related debt is not provided by capital assets, but will be provided from other sources.



## City of The Dalles Net Position

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current and other assets	\$ 24,401,919	\$ 22,788,934	\$ 13,108,889	\$ 16,716,618	\$ 37,510,808	\$ 39,505,552
Capital assets	36,139,987	36,427,552	53,753,105	40,089,225	89,893,092	76,516,777
<b>Total Assets</b>	<b>60,541,906</b>	<b>59,216,486</b>	<b>66,861,994</b>	<b>56,805,843</b>	<b>127,403,900</b>	<b>116,022,329</b>
<b>Liabilities</b>						
Long-Term liabilities	8,188,748	11,642,427	15,295,011	13,887,362	23,483,759	25,529,789
Other liabilities	2,340,213	405,040	3,670,250	744,010	6,010,463	1,149,050
<b>Total liabilities</b>	<b>10,528,961</b>	<b>12,047,467</b>	<b>18,965,261</b>	<b>14,631,372</b>	<b>29,494,222</b>	<b>26,678,839</b>
Net investment in capital assets	27,204,175	26,770,740	48,435,897	27,336,873	75,640,072	54,107,613
Restricted	8,309,364	7,364,590	4,996,649	15,889,368	13,306,013	23,253,958
Unrestricted	14,499,406	13,033,689	(5,535,813)	(1,051,770)	8,963,593	11,981,919
<b>Total net position</b>	<b>\$ 50,012,945</b>	<b>\$ 47,169,019</b>	<b>\$ 47,896,733</b>	<b>\$ 42,174,471</b>	<b>\$ 97,909,678</b>	<b>\$ 89,343,490</b>

The governmental activities revenue comes primarily from property taxes, franchise fees, charges for services, and various grants and contributions. Between FY16/17 and FY17/18, the City's Taxable Assessed Value (TAV) increased by 4.60%. When compared to the prior year, City property taxes collected increased by 4.21%. When compared to the prior year, Urban Renewal District property taxes collected increased by 2.61%.

Our natural gas franchise fees decreased 9.5% over the prior year. This is primarily due to not having such a severe winter as the previous year. The electric franchise fees increased 18.8%, while CATV/internet franchise fees increased 26.13%, and the garbage franchise fees increased 9.38%. The Street Fund realized a 3.32% increase in the local 3 cent per gallon gas tax. Transient Room Taxes collected increased 0.98% compared to the prior year. Total City charges for services revenue showed a 0.95% increase, due to an increase in planning, licensing and permit fees.

During the year ending June 30, 2018, the City received revenue from capital grants and contributions that consist primarily of awards for specific special projects. These will not be a continuing source of revenue. Grants and contributions received during the fiscal year included \$6,322 for Tactical Vest for the Police Department

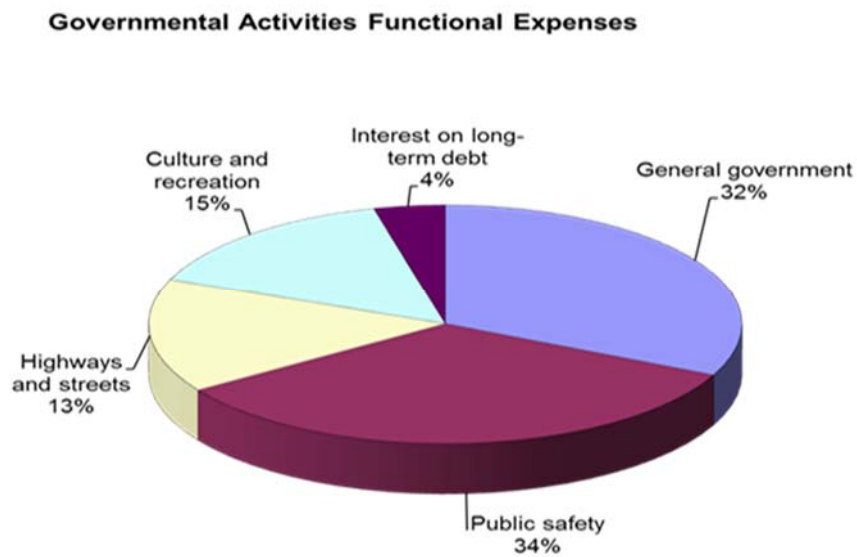
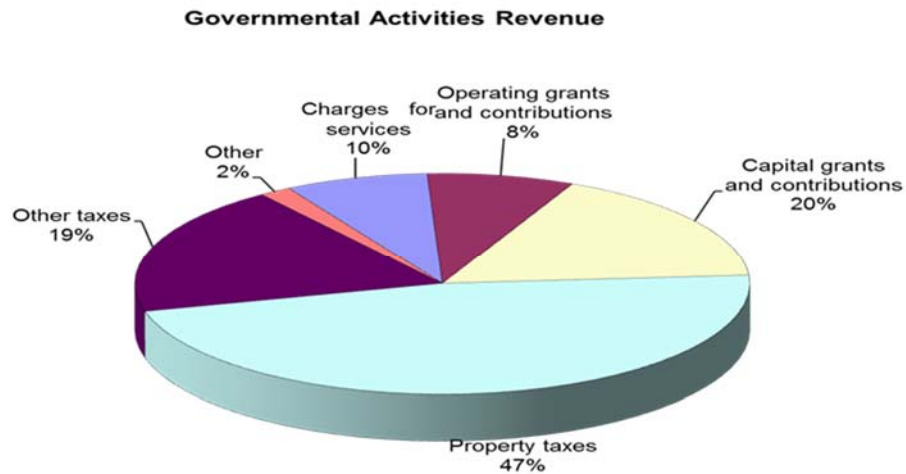
The City's governmental expenses cover a wide variety of services, with general government, public safety and streets accounting for most of these expenses. The 1.69% increase in governmental expenses was primarily due to The Business Type activities revenues come mostly from charges for services and various grants for capital outlay expenses for several projects, including the State Office

Building Restroom Remodel, The Downtown WIFI Phases 2-7, The Mindsplash Exhibit at the Library, and the Chip Seal 2018 project.

The Business-type activities revenue come mostly from charges for services and various grants for capital projects. No water or wastewater rate increases were implemented during the fiscal year.

The most significant changes to business type activities expenses during the year are related to the ongoing Dog River Pipeline Replacement Project, The Sorosis Reservoir painting project, the WWTP Phase 1 Improvements, the 18-inch Port Industrial water main project, the Lone Pine Well Expansion, and the West 2<sup>nd</sup> Joint Utility Sanitary and Storm Drain project.

Property taxes are the City's primary on-going source of revenue and comprise 47% of the City's governmental revenue. Property taxes are derived from the permanent tax rate and taxes levied for the repayment of bonded indebtedness.



For the fiscal year ending June 30, 2018, net position of the Governmental activities increased by \$2,856,614, which represents a 6.06% increase. Net position of the Business-type activities increased by \$5,722,262, which represents a 13.57% increase. Key elements of these changes, when compared to the year ending June 30, 2017 are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 935,214	\$ 1,500,367	\$ 11,753,106	\$ 11,857,137	\$ 12,688,320	\$ 13,357,504
Operating grants and contributions	960,217	2,169,009	-	-	960,217	2,169,009
Capital grants and contributions	2,090,339	2,739,012	1,061,609	1,174,329	3,151,948	3,913,341
General Revenues						
Property taxes	5,837,155	4,436,057	-	-	5,837,155	4,436,057
Other taxes	2,366,189	2,132,956	-	-	2,366,189	2,132,956
Other	206,646	111,660	908,467	161,264	1,115,113	272,924
<b>Total revenues</b>	<b>12,395,760</b>	<b>13,089,061</b>	<b>13,723,182</b>	<b>13,192,730</b>	<b>26,118,942</b>	<b>26,281,791</b>
<b>Expenses</b>						
General government	3,763,261	3,661,829	-	-	3,763,261	3,661,829
Public safety	3,951,495	3,841,288	-	-	3,951,495	3,841,288
Highways and streets	1,803,579	1,765,029	-	-	1,803,579	1,765,029
Culture and recreation	1,690,671	1,716,486	-	-	1,690,671	1,716,486
Interest on long-term debt	412,621	443,633	-	-	412,621	443,633
Water	-	-	3,655,523	3,714,854	3,655,523	3,714,854
Waste water	-	-	3,293,026	2,806,274	3,293,026	2,806,274
2018 Utility Bond	-	-	211,414	-	211,414	-
<b>Total Expenses</b>	<b>11,621,627</b>	<b>11,428,265</b>	<b>7,159,963</b>	<b>6,521,128</b>	<b>18,781,590</b>	<b>17,949,393</b>
Change net position before transfers	774,133	1,660,796	6,563,219	6,671,602	7,337,352	8,332,398
Transfers	1,300,986	1,334,452	(1,300,986)	(1,334,452)	-	-
Change in net position	2,075,119	2,995,248	5,262,233	5,337,150	7,337,352	8,332,398
Net position-beginning	47,169,019	44,173,771	42,174,471	36,837,321	89,343,490	81,011,092
Restatement per GASB 75	781,495	-	460,029	-	1,241,524	-
Net position-beginning, as adjusted	47,950,514	44,173,771	42,634,500	36,837,321	90,585,014	81,011,092
<b>Total net position</b>	<b>\$ 50,025,633</b>	<b>\$ 47,169,019</b>	<b>\$ 47,896,733</b>	<b>\$ 42,174,471</b>	<b>\$ 97,922,366</b>	<b>\$ 89,343,490</b>

## **Governmental Activities**

A significant portion of the increase in net position is due to the City's gain on additional late fees for transient room taxes, and increasing property taxes and franchise fees. LGIP rates have increased causing our investment earnings to increase. Due to our rating for Workers Comp, we received substantial dividends for improved safety rating. Capital outlay expenditures decreased over FY 2017/18.

## **Business-type Activities**

The increase in net position of the business-type activities is due primarily to the ongoing Dog River Pipeline Replacement Project, The Sorosis Reservoir painting project, the WWTP Phase 1 Improvements, the 18-inch Port Industrial water main project, the Lone Pine Expansion, and the West 2<sup>nd</sup> Joint Utility Sanitary and Storm Drain project, as described previously.

## **FINANCIAL ANALYSIS OF FUNDS**

As of June 30, 2018, the City's governmental funds reported a combined fund balance of \$14,068,822, which is an increase of \$1,692,004 from June 30, 2017.

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, 2018, the combined General Fund – Generally Accepted Accounting Principles balance was \$4,655,218 which is an increase of \$688,154 from June 30, 2017. The combined revenues were \$7,250,749 and combined expenditures were \$7,725,914, resulting in a loss of \$475,165. However, the combined General Fund received transfers from other funds in the amount of \$1,273,317, and sent transfers out to other funds in the amount of \$150,000. This resulted in net "Other financing sources" totaling \$1,163,319.

The Street Fund balance as of June 30, 2018 was \$1,185,074, which is an increase of \$304,020 from June 30, 2017. Street Fund revenues were \$1,584,015, while expenditures were \$1,450,353, resulting in a gain of \$133,662. Transfers in from other funds in the amount of \$461,876, and transfers out to other funds in the amount of \$291,518. This resulted in net "Other financing sources" totaling \$170,358.

As of June 30, 2018, the Library Fund balance was \$1,596,044, reflecting an increase of \$107,178 from June 30, 2017. 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. The County contributes a share of the property taxes collected, which includes funds for an Unappropriated Fund Balance so the City's other resources do 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, 2018 was \$3,389,171, which is an increase of \$35,641 from June 30, 2017. This decrease was due to the construction projects on hold.

The Urban Renewal Capital Projects Fund balance as of June 30, 2018 was \$1,470,740, which is an increase of \$489,220 from June 30, 2017. This increase is primarily due the fact that Urban Renewal only spent 13.687% of their budget.

The Special Assessments Fund balance as of June 30, 2018 was \$535,675, which is a decrease of \$29,923 from June 30, 2017. This decrease was due to the collection of assessments.

The non-major governmental funds balance as of June 30, 2018 was \$1,236,900. This reflects an increase of \$97,714, primarily due to rental revenues.

Proprietary funds provide the same type of information as presented in the government-wide statements of net position and activities, but in more detail. The proprietary funds net position amounted to \$47,896,733 as of June 30, 2018, reflecting a \$5,262,233 increase from net position as of June 30, 2017.

The combined Water Funds net position as of June 30, 2018 was \$25,804,084, which is an increase of \$8,374,300 over June 30, 2017. This increase is primarily due to accumulating funds in the Water Capital Reserve to implement the capital improvement plan.

The combined Wastewater Funds net position as of June 30, 2018 was \$32,742,112, which is an increase of \$7,537,396 from June 30, 2017. This increase is primarily due to accumulating funds for the construction-in-progress projects.

## **BUDGETARY HIGHLIGHTS**

The original legal appropriations for fiscal year 2017-2018 for the General Fund – Budgetary Basis totaled \$8,726,302, with contingency of \$685,065. The Unappropriated Ending Balance, which is not included in the legal appropriations, was \$728,336. Budget amendments during the year resulted in a total budget of 8,726,302, with a contingency of \$579,875. The changes to the budget were made to allocate funds for the Court Management Program, added additional funds for the Judicial department for Court appointed counsel and payroll, Funding for the Columbia Gorge Community College for Campus Housing Study, personal changes for Veba and for additional Safety Officer Position. Expenditures were \$2,767,651 under budget. The General Fund contains the City Administration, Legal, Finance, Planning, Police, and General Maintenance Departments, and budgets for certain anticipated levels of operations, maintenance and projects, along with a 10% Contingency. Some departments, such as Police, budget some items at a worst-case level. Department Managers are expected to work within their budgets and to try to return an average of 4 to 5% of their budgets to roll into the next year. It is also anticipated that the contingency will not be spent and will be available for the beginning fund balance in the new fiscal year. At the end of this fiscal year we had

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

As of June 30, 2018, the City had invested \$89,893,092 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 decreased by \$287,565 and business-type activities capital assets increased by \$13,663,880, significant additions during the year ending June 30, 2018 were related to the completion and capitalization of the painting of the Columbia View Reservoir, The ODOT Three Mile crossing, Line Basin/Replace Basin Baffling Project, and purchase of Elgin Crosswind Sweeper.

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

The total governmental long-term debt outstanding at June 30, 2018 was \$8,935,812. Business-type activities long-term debt outstanding was \$16,647,068. During the year the City did add long-term debt in the amount of \$13,623,497 and retired a total of \$10,373,933 in principle long-term debt. The long term debt was for the Utility Revenue and Refunding Bond.

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

2009 FFCO Bond	\$7,935,000
Premium on 2009 FFCO Bond	518,166
FFCO 2008 Bond	1,350,000
Premium on FFCO 2008 Bond	17,887
2003 Wastewater Revenue Bond	-
2007 Water Revenue Bond	-
Premium on Water Revenue Bond	-
2018 Utility Revenue and Refunding Bond	11,329,860
CWSRF Loan	1,433,927
SDWRLF Loan	2,128,758
ARRA Note	865,537
<b>TOTAL</b>	<b>\$25,579,135</b>

The City operates the Mid-Columbia Regional Airport as a joint venture with Klickitat County, Washington. The City has acted as a conduit for debt for the Airport. The City has not recorded this debt as it was not anticipated that the City would be required to use its resources for repayment. The balance outstanding at June 30, 2018 includes the following:

Airport Klickitat County Loan	\$ 125,000
Airport Klickitat County CERB Loan	425,000
Airport Taxable LOCAP Bond	1,800,000
Premium on Airport Taxable LOCAP Bond	15,028
Airport Loan from Port	120,788
<b>TOTAL AIRPORT</b>	<b>\$ 2,485,816</b>

Compensated Absences accruals totaled \$545,721 as of June 30, 2018. Governmental accruals totaled \$359,641, but are not recorded as a liability in the Governmental Funds. Business-type compensated absences accrual totaling \$186,080 are recorded as current period liabilities as of June 30, 2018, 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 postemployment benefits totaled \$1,370,083 the breakdown was \$843,629 for governmental activities and \$526,454 for business-type activities.

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

**ECONOMIC FACTORS**

Each year, the City of The Dalles has a variety of projects and partnerships to tackle challenges facing the community and encourage economic growth, sustainability, and resiliency.

To begin, the City has continued to work on and completed several different infrastructure projects. One of the largest project is the replacement of the Dog River Pipeline which is over 100 years old and carries nearly 54% of the City’s water supply. The funding for this project is nearly secured through grants and loans from the Safe Drinking Water Revolving Loan Fund, the Oregon Water Resources Department, and local funds. A new Port Water Main project has been completed bringing resiliency to the major industrial area of the City. An Aquifer Storage and Recovery system is being explored to address City water needs in a critical ground water area and well as mitigate climate impacts. The Public Works Department is also nearing completion of the Waste Water Treatment Plant expansion and is re-painting several water storage reservoirs.

The Urban Renewal Agency is working with three mixed use housing developments in the downtown. While each of these projects is at a different phase, if they all come to pass they will add nearly 110 housing units to the downtown. This is a substantial increase in downtown housing which will help revitalization efforts as well as local housing challenges. The Urban Renewal Agency is also moving forward on the 1st St. Streetscaping project as well as a connection corridor to the Mill Creek Greenway project which is being spearheaded by the Parks and Recreation District. These projects will create pedestrian and bike corridors from the Riverfront Trail, through the Downtown Area, and into residential areas. In partnership with the Wasco County PUD, the URA has identified a study area to see if the downtown utilities' can be both upgraded and placed underground.

The City took over management of the Vertical Housing Zone from the State of Oregon and successfully re-designated the enterprise zone which included an expansion of the zone into other communities in Wasco County. This was done in partnership with the Wasco County Economic Development Commission. The past year has seen several enterprise zone applications from businesses in the City such as Hydro USA, PowderPure, and several hotels. All of these agreements require job creation and most of them have average wage and compensation requirements. Design LLC, also completed Phase I of their Taylor Lakes site and has already started construction on Phase II.

The City also completed a Transportation System Update and Residential Lands Needs Assessment and Housing Study in the last few years which has led to an Economic Opportunities Analysis. Finally, the Columbia Gorge Regional Airport, which is jointly managed by Klickitat County and the City of The Dalles and is also the only Oregon airport located in the State of Washington, transitioned to new airport management and brought on a new Fixed Base Operator (FBO) which handles fuel, training, and other airport services. There is also interest in the Airport Business Park and three new hangars, measuring 80x80, are the early stages of negotiation and development. The Airport also saw the completion of the, "Flex Hangar" which already has two tenants, Tac-Aero and Life Flight.

The Dalles continues to face challenges with housing, school infrastructure, homelessness, and limited industrial and commercial land as a result of the Urban Growth Boundary. The UGB is a complicated process because the City is also located in the National Scenic Area and a process for expanding the UGB has been challenging to establish

## **FINANCIAL CONTACT**

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

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

## **FINANCIAL SECTION**

---



## **BASIC FINANCIAL STATEMENTS**

---

## **BASIC FINANCIAL STATEMENTS**

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

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

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

**CITY OF THE DALLES, OREGON**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 6,707,396	\$ 5,605,162	\$ 12,312,558
Receivables:			
Accounts	633,193	1,419,744	2,052,937
Fines and forfeitures, net	369,541	-	369,541
Property taxes	314,108	-	314,108
Assessments	430,992	-	430,992
Internal balances	35,799	-	35,799
Prepaid items	159,388	-	159,388
Investment in joint ventures	8,016,457	-	8,016,457
Inventories	159,269	381,730	540,999
	<u>16,826,143</u>	<u>7,406,636</u>	<u>24,232,779</u>
Total current assets			
Noncurrent assets:			
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	6,605,595	4,996,649	11,602,244
Receivable	970,181	-	970,181
Capital assets:			
Land	661,261	4,299,879	4,961,140
Assets available for sale	1,743,331	-	1,743,331
Construction in progress	2,043,353	17,499,454	19,542,807
Depreciable assets, net of depreciation	31,692,042	31,953,772	63,645,814
	<u>43,715,763</u>	<u>58,749,754</u>	<u>102,465,517</u>
Total noncurrent assets			
Total assets			
	<u>60,541,906</u>	<u>66,156,390</u>	<u>126,698,296</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred charge on refunding	-	705,604	705,604
	<u>-</u>	<u>705,604</u>	<u>705,604</u>
Total deferred outflows of resources			
	<u>-</u>	<u>705,604</u>	<u>705,604</u>
Total asset and deferred outflows of resources			
	<u>\$ 60,541,906</u>	<u>\$ 66,861,994</u>	<u>\$ 127,403,900</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 311,508	\$ 1,524,936	\$ 1,836,444
Unearned revenue	45,455	-	45,455
Accrued interest payable	32,490	80,723	113,213
Retainage payable	426	-	426
Current portion of long-term obligations	1,106,705	1,539,913	2,646,618
	<u>1,496,584</u>	<u>3,145,572</u>	<u>4,642,156</u>
Total current liabilities			
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	8,188,748	15,293,235	23,481,983
Net other postemployment benefit liability	843,629	526,454	1,370,083
	<u>9,032,377</u>	<u>15,819,689</u>	<u>24,852,066</u>
Total noncurrent liabilities			
Total liabilities			
	<u>10,528,961</u>	<u>18,965,261</u>	<u>29,494,222</u>
<b>NET POSITION</b>			
Net investment in capital assets	27,204,175	48,435,897	75,640,072
Restricted for:			
Capital projects	7,493,405	4,996,649	12,490,054
Debt service	815,959	-	815,959
Unrestricted	14,499,406	(5,535,813)	8,963,593
	<u>50,012,945</u>	<u>47,896,733</u>	<u>97,909,678</u>
Total net position			
	<u>50,012,945</u>	<u>47,896,733</u>	<u>97,909,678</u>
Total liabilities and net position			
	<u>\$ 60,541,906</u>	<u>\$ 66,861,994</u>	<u>\$ 127,403,900</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, 2018**

Functions/Programs	Expenses	Program Revenues			Net Expense Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:							
General government	\$ 3,763,261	\$ 662,698	\$ -	\$ 2,077,651	\$ (1,022,912)	\$ -	\$ (1,022,912)
Public safety	3,951,495	241,242	-	-	(3,710,253)	-	(3,710,253)
Culture and recreation	1,690,671	18,346	3,697	-	(1,668,628)	-	(1,668,628)
Highways and streets	1,803,579	12,928	956,520	-	(834,131)	-	(834,131)
Unallocated interest on long-term debt	412,621	-	-	-	(412,621)	-	(412,621)
Total governmental activities	<u>11,621,627</u>	<u>935,214</u>	<u>960,217</u>	<u>2,077,651</u>	<u>(7,648,545)</u>	<u>-</u>	<u>(7,648,545)</u>
Business type activities:							
All Water Funds	3,655,523	5,890,309	-	1,048,631	-	3,283,417	3,283,417
All Wastewater Funds	3,293,026	5,862,797	-	12,978	-	2,582,749	2,582,749
2018 Utility Bond Fund	211,414	-	-	-	-	(211,414)	(211,414)
Total business type activities	<u>7,159,963</u>	<u>11,753,106</u>	<u>-</u>	<u>1,061,609</u>	<u>-</u>	<u>5,654,752</u>	<u>5,654,752</u>
Total government	<u>\$ 18,781,590</u>	<u>\$ 12,688,320</u>	<u>\$ 960,217</u>	<u>\$ 3,139,260</u>	<u>(7,648,545)</u>	<u>5,654,752</u>	<u>(1,993,793)</u>
General revenues:							
Taxes:							
Property taxes levied for:							
General purposes					4,311,291	-	4,311,291
Urban renewal purposes					1,525,864	-	1,525,864
Franchise and public service taxes					2,366,189	-	2,366,189
Interest and investment earnings					206,646	202,863	409,509
Miscellaneous revenues					-	705,604	705,604
Transfers in (out)					1,300,986	(1,300,986)	-
Total general revenues and transfers					<u>9,710,976</u>	<u>(392,519)</u>	<u>9,318,457</u>
Change in net position					2,062,431	5,262,233	7,324,664
Net position - beginning					47,169,019	42,174,471	89,343,490
Restatement per GASB 75 implementation					781,495	460,029	1,241,524
Net position - beginning as restated					<u>47,950,514</u>	<u>42,634,500</u>	<u>90,585,014</u>
Net position - ending					<u>\$ 50,012,945</u>	<u>\$ 47,896,733</u>	<u>\$ 97,909,678</u>

*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.

#### **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 principle and interest collected.

**CITY OF THE DALLES, OREGON**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**June 30, 2018**

	General Fund	Street Fund	Library Fund	Special Grants Fund	Urban Renewal Capital Projects Fund	Special Assessment Fund	Other Governmental	Total Governmental
<b>ASSETS:</b>								
Cash and cash equivalents	\$ 4,076,418	\$ 937,558	\$ 1,605,427	\$ 3,389,597	\$ 1,465,202	\$ 616,198	\$ 1,222,591	\$ 13,312,991
Receivables:								
Accounts	613,794	151,787	-	28,045	13,678	4,782	14,617	826,703
Fines and forfeitures, net	369,541	-	-	-	-	-	-	369,541
Reimbursement districts	-	-	-	-	-	1,061,949	-	1,061,949
Property taxes	209,315	-	-	-	104,793	-	-	314,108
Assessments	-	-	-	22,936	-	430,992	-	453,928
Notes	-	-	-	-	753,735	-	-	753,735
Due from other fund	35,799	-	-	-	-	-	-	35,799
Prepaid items	159,388	-	-	-	-	-	-	159,388
Inventories	-	159,269	-	-	-	-	-	159,269
<b>Total assets</b>	<b>\$ 5,464,255</b>	<b>\$ 1,248,614</b>	<b>\$ 1,605,427</b>	<b>\$ 3,440,578</b>	<b>\$ 2,337,408</b>	<b>\$ 2,113,921</b>	<b>\$ 1,237,208</b>	<b>\$ 17,447,411</b>
<b>LIABILITIES:</b>								
Accounts payable and accrued expenses	\$ 230,137	\$ 63,540	\$ 9,383	\$ -	\$ 8,140	\$ -	\$ 308	\$ 311,508
Reimbursement districts	-	-	-	-	-	1,061,949	-	1,061,949
Retainage payable	-	-	-	426	-	-	-	426
<b>Total liabilities</b>	<b>230,137</b>	<b>63,540</b>	<b>9,383</b>	<b>426</b>	<b>8,140</b>	<b>1,061,949</b>	<b>308</b>	<b>1,373,883</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Unavailable revenue	578,900	-	-	50,981	858,528	516,297	-	2,004,706
<b>Total deferred inflows of resources</b>	<b>578,900</b>	<b>-</b>	<b>-</b>	<b>50,981</b>	<b>858,528</b>	<b>516,297</b>	<b>-</b>	<b>2,004,706</b>
<b>FUND BALANCES:</b>								
Nonspendable:								
Prepays	159,388	-	-	-	-	-	-	159,388
Inventory	-	159,269	-	-	-	-	-	159,269
Restricted for:								
Grant / contributor specific intent	-	-	-	3,389,171	-	-	11,645	3,400,816
State statute	-	1,025,805	-	-	1,470,740	-	801,589	3,298,134
Intergovernmental agreement	-	-	1,596,044	-	-	-	-	1,596,044
Committed for:								
Major capital facilities and associated debt	-	-	-	-	-	-	299,191	299,191
Local improvements and associated debt	-	-	-	-	-	535,675	-	535,675
Agreements with state agencies	-	-	-	-	-	-	110,105	110,105
Committed by ordinance or resolution by council	1,352,126	-	-	-	-	-	-	1,352,126
Unassigned	3,143,704	-	-	-	-	-	-	3,143,704
<b>Total fund balances</b>	<b>4,655,218</b>	<b>1,185,074</b>	<b>1,596,044</b>	<b>3,389,171</b>	<b>1,470,740</b>	<b>535,675</b>	<b>1,236,900</b>	<b>14,068,822</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,464,255</b>	<b>\$ 1,248,614</b>	<b>\$ 1,605,427</b>	<b>\$ 3,440,578</b>	<b>\$ 2,337,408</b>	<b>\$ 2,113,921</b>	<b>\$ 1,237,208</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	36,139,987
Investments in joint ventures are not financial resources and, therefore are not reported in the funds.	8,016,457
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Earned but unavailable revenue	1,959,251
Long-term liabilities, other postemployment benefits liability, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt	(9,295,453)
Interest payable	(32,490)
Other postemployment benefits	(843,629)
<b>Net position of governmental activities</b>	<b>\$ 50,012,945</b>

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

CITY OF THE DALLES, OREGON  
 GOVERNMENTAL FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 For the Fiscal Year Ended June 30, 2018

	General Fund	Street Fund	Library Fund	Special Grants Fund	Urban Renewal Capital Projects Fund	Special Assessment Fund	Other Governmental	Total Governmental
<b>REVENUES:</b>								
Property taxes	\$ 3,072,708	\$ -	\$ 1,233,315	\$ -	\$ 725,293	\$ -	\$ 798,788	\$ 5,830,104
Other taxes	1,476,979	518,183	-	-	-	-	-	1,995,162
Franchise fees	263,711	81,390	-	-	-	25,926	-	371,027
Assessments	-	-	-	-	-	50,493	-	50,493
Licenses and fees	15,433	-	-	-	-	-	-	15,433
Charges for services	45,992	-	-	-	-	-	-	45,992
Intergovernmental	1,762,205	956,520	3,469	-	-	-	-	2,722,194
Fines and forfeitures, net	241,242	-	16,580	-	-	-	-	257,822
Contributions	-	-	228	-	-	-	-	228
System development charges	72,261	-	-	-	-	-	-	72,261
Rental income	8,752	-	-	-	-	-	468,942	477,694
Interest on investments	77,105	14,994	21,467	38,382	35,455	9,124	10,119	206,646
Miscellaneous	214,361	12,928	1,766	-	135,495	-	-	364,550
<b>Total revenues</b>	<b>7,250,749</b>	<b>1,584,015</b>	<b>1,276,825</b>	<b>38,382</b>	<b>896,243</b>	<b>85,543</b>	<b>1,277,849</b>	<b>12,409,606</b>
<b>EXPENDITURES:</b>								
Current:								
General government	2,873,253	-	-	-	378,875	-	4,071	3,256,199
Public safety	3,725,793	-	-	-	-	-	159,013	3,884,806
Culture and recreation	642,915	-	1,003,097	-	-	-	-	1,646,012
Highways and streets	-	1,218,164	-	-	-	-	719	1,218,883
Capital outlay	483,953	232,189	81,551	2,741	28,148	-	87,809	916,391
Debt service:								
Principal	-	-	-	-	-	-	671,906	671,906
Interest	-	-	-	-	-	-	464,393	464,393
<b>Total expenditures</b>	<b>7,725,914</b>	<b>1,450,353</b>	<b>1,084,648</b>	<b>2,741</b>	<b>407,023</b>	<b>-</b>	<b>1,387,911</b>	<b>12,058,590</b>
Revenues over (under) expenditures	(475,165)	133,662	192,177	35,641	489,220	85,543	(110,062)	351,016
<b>OTHER FINANCING SOURCES (USES):</b>								
Sale of property	40,002	-	-	-	-	-	-	40,002
Transfers in	1,273,317	461,876	-	-	-	-	1,138,968	2,874,161
Transfers out	(150,000)	(291,518)	(84,999)	-	-	(115,466)	(931,192)	(1,573,175)
<b>Total other financing sources (uses)</b>	<b>1,163,319</b>	<b>170,358</b>	<b>(84,999)</b>	<b>-</b>	<b>-</b>	<b>(115,466)</b>	<b>207,776</b>	<b>1,340,988</b>
Net changes in fund balances	688,154	304,020	107,178	35,641	489,220	(29,923)	97,714	1,692,004
<b>FUND BALANCES, BEGINNING</b>	<b>3,967,064</b>	<b>881,054</b>	<b>1,488,866</b>	<b>3,353,530</b>	<b>981,520</b>	<b>565,598</b>	<b>1,139,186</b>	<b>12,376,818</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 4,655,218</b>	<b>\$ 1,185,074</b>	<b>\$ 1,596,044</b>	<b>\$ 3,389,171</b>	<b>\$ 1,470,740</b>	<b>\$ 535,675</b>	<b>\$ 1,236,900</b>	<b>\$ 14,068,822</b>

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, 2018**

---

Amounts reported in the statement of activities are different because:

Net change in fund balances \$ 1,692,004

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	\$ (941,631)	
Capital asset additions	708,695	(232,936)

The City has equity interests in two joint ventures. The allocated gain or (loss) from these investments in not a current financial resources and therefore is not reported in the governmental funds.

315,446

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

(54,629)

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.

Deferred revenues	(381,982)
-------------------	-----------

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	(6,013)	
Change in other postemployment benefits	6,863	
Change in debt premium	49,094	49,944

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

Debt service principal payments	671,906	
Accrued interest expense	2,678	674,584

Change in net position of governmental activities \$ 2,062,431

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



**CITY OF THE DALLES, OREGON**  
**GENERAL FUND**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 2,922,812	\$ 2,922,812	\$ 3,072,708	\$ 149,896
Other taxes	1,298,295	1,298,295	1,476,979	178,684
Franchise fees	224,898	224,898	263,711	38,813
Licenses and fees	14,100	14,100	15,433	1,333
Charges for services	27,105	27,105	45,992	18,887
Intergovernmental	1,767,681	1,767,681	1,762,205	(5,476)
Fines and forfeitures, net	229,000	229,000	241,242	12,242
System development charges	100,000	100,000	72,261	(27,739)
Rental income	7,752	7,752	8,752	1,000
Interest on investments	16,500	16,500	77,105	60,605
Miscellaneous	125,000	125,000	214,361	89,361
Total revenues	<u>6,733,143</u>	<u>6,733,143</u>	<u>7,250,749</u>	<u>517,606</u>
<b>EXPENDITURES:</b>				
General government	3,190,542	3,268,895	2,873,253	395,642
Public safety	3,996,418	3,999,255	3,725,793	273,462
Culture and recreation	684,844	684,844	642,915	41,929
Capital outlay	1,926,696	1,960,696	483,953	1,476,743
Contingency	685,065	579,875	-	579,875
Total expenditures	<u>10,483,565</u>	<u>10,493,565</u>	<u>7,725,914</u>	<u>2,767,651</u>
Revenues over (under) expenditures	(3,750,422)	(3,760,422)	(475,165)	3,285,257
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of property	-	-	40,002	40,002
Transfers in	1,351,347	1,361,347	1,273,317	(88,030)
Transfers out	(150,000)	(150,000)	(150,000)	-
Total other financing sources (uses)	<u>1,201,347</u>	<u>1,211,347</u>	<u>1,163,319</u>	<u>(48,028)</u>
Net changes in fund balances	(2,549,075)	(2,549,075)	688,154	3,237,229
<b>FUND BALANCES, BEGINNING</b>				
<b>GENERALLY ACCEPTED ACCOUNTING</b>				
<b>PRINCIPLES</b>	<u>3,277,411</u>	<u>3,277,411</u>	<u>3,967,064</u>	<u>689,653</u>
<b>FUND BALANCES, ENDING GENERALLY</b>				
<b>ACCEPTED ACCOUNTING PRINCIPLES</b>	<u>\$ 728,336</u>	<u>\$ 728,336</u>	<u>\$ 4,655,218</u>	<u>\$ 3,926,882</u>

*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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Other taxes	\$ 500,000	\$ 500,000	\$ 518,183	\$ 18,183
Franchise fees	81,402	81,402	81,390	(12)
Intergovernmental	867,046	867,046	956,520	89,474
Interest on investments	2,000	2,000	14,994	12,994
Miscellaneous	800	800	12,928	12,128
Total revenues	<u>1,451,248</u>	<u>1,451,248</u>	<u>1,584,015</u>	<u>132,767</u>
<b>EXPENDITURES:</b>				
Personnel service	834,624	834,624	748,849	85,775
Materials and services	661,023	661,023	469,315	191,708
Capital outlay	147,060	900,919	232,189	668,730
Contingency	92,000	92,000	-	92,000
Total expenditures	<u>1,734,707</u>	<u>2,488,566</u>	<u>1,450,353</u>	<u>1,038,213</u>
Revenues over (under) expenditures	(283,459)	(1,037,318)	133,662	1,170,980
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	461,876	461,876	461,876	-
Transfers out	<u>(295,625)</u>	<u>(305,625)</u>	<u>(291,518)</u>	<u>14,107</u>
Total other financing sources (uses)	<u>166,251</u>	<u>156,251</u>	<u>170,358</u>	<u>14,107</u>
Net changes in fund balances	(117,208)	(881,067)	304,020	1,185,087
<b>FUND BALANCES, BEGINNING</b>	<u>117,208</u>	<u>881,067</u>	<u>881,054</u>	<u>(13)</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,185,074</u>	<u>\$ 1,185,074</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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 1,233,315	\$ 1,233,315	\$ 1,233,315	\$ -
Intergovernmental	3,264	3,264	3,469	205
Fines and forfeitures, net	12,500	12,500	16,580	4,080
Contributions	1,000	1,000	228	(772)
Interest on investments	7,000	7,000	21,467	14,467
Miscellaneous	100	100	1,766	1,666
Total revenues	<u>1,257,179</u>	<u>1,257,179</u>	<u>1,276,825</u>	<u>19,646</u>
<b>EXPENDITURES:</b>				
Personnel service	775,161	775,161	712,478	62,683
Materials and services	569,776	569,776	290,619	279,157
Capital outlay	85,000	85,000	81,551	3,449
Contingency	208,135	877,475	-	877,475
Total expenditures	<u>1,638,072</u>	<u>2,307,412</u>	<u>1,084,648</u>	<u>1,222,764</u>
Revenues over (under) expenditures	(380,893)	(1,050,233)	192,177	1,242,410
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(84,999)</u>	<u>(85,619)</u>	<u>(84,999)</u>	<u>620</u>
Total other financing sources (uses)	<u>(84,999)</u>	<u>(85,619)</u>	<u>(84,999)</u>	<u>620</u>
Net changes in fund balances	(465,892)	(1,135,852)	107,178	1,243,030
<b>FUND BALANCES, BEGINNING</b>	<u>1,135,852</u>	<u>1,135,852</u>	<u>1,488,866</u>	<u>353,014</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 669,960</u>	<u>\$ -</u>	<u>\$ 1,596,044</u>	<u>\$ 1,596,044</u>

*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, 2018**

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 1,936,834	\$ 1,936,834	\$ -	\$ (1,936,834)
Interest on investments	25,000	25,000	38,382	13,382
Total revenues	1,961,834	1,961,834	38,382	(1,923,452)
<b>EXPENDITURES:</b>				
Materials and services	8,000	8,000	-	8,000
Capital outlay	8,976,294	8,976,294	2,741	8,973,553
Total expenditures	8,984,294	8,984,294	2,741	8,981,553
Revenues over (under) expenditures	(7,022,460)	(7,022,460)	35,641	7,058,101
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan proceeds	3,720,000	3,720,000	-	(3,720,000)
Transfers out	(5,000)	(5,000)	-	5,000
Total other financing sources (uses)	3,715,000	3,715,000	-	(3,715,000)
Net changes in fund balances	(3,307,460)	(3,307,460)	35,641	3,343,101
<b>FUND BALANCES, BEGINNING</b>	3,307,460	3,307,460	3,353,530	46,070
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 3,389,171	\$ 3,389,171

*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 and wastewater facilities. These funds are entirely or predominately self-supported through user charges to the customer. Funds included are:

- Water
- Wastewater
- 2018 Utility Bond Fund

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.

#### **2018 Utility Bond Fund**

The 2018 Utility Bond Fund accounts for the accumulation of resources for, and the repayment of, general long-term debt principal and interest relating to the Series 2018 Revenue and Refunding Bond issued to payoff previously issued Water and Wastewater Revenue Bonds and further sewer system improvements.

**CITY OF THE DALLES, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

	Business-Type Activities - Enterprise Funds			
	All Water Funds	All Wastewater Funds	2018 Utility Bond Fund	Total
<b>ASSETS:</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 4,151,984	\$ 1,453,178	\$ -	\$ 5,605,162
Restricted cash and cash equivalents	1,058,519	3,938,130	-	4,996,649
Receivables:				
Accounts, net	791,364	628,380	-	1,419,744
Inventory	234,007	147,723	-	381,730
Total current assets	<u>6,235,874</u>	<u>6,167,411</u>	<u>-</u>	<u>12,403,285</u>
<b>NONCURRENT ASSETS:</b>				
Capital assets:				
Land	2,887,016	1,412,863	-	4,299,879
Construction in progress	3,503,444	13,996,010	-	17,499,454
Depreciable assets, net of depreciation	<u>17,567,753</u>	<u>14,386,019</u>	<u>-</u>	<u>31,953,772</u>
Total noncurrent assets	<u>23,958,213</u>	<u>29,794,892</u>	<u>-</u>	<u>53,753,105</u>
Total assets	<u>30,194,087</u>	<u>35,962,303</u>	<u>-</u>	<u>66,156,390</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred charge on refunding	<u>-</u>	<u>-</u>	<u>705,604</u>	<u>705,604</u>
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>705,604</u>	<u>705,604</u>
Total assets and deferred outflows of resources	<u>\$ 30,194,087</u>	<u>\$ 35,962,303</u>	<u>\$ 705,604</u>	<u>\$ 66,861,994</u>
<b>LIABILITIES:</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 346,809	\$ 1,178,127	\$ -	\$ 1,524,936
Accrued interest payable	54,384	1,132	25,207	80,723
Compensated absences payable	114,033	72,047	-	186,080
Current portion of long-term debt	<u>218,678</u>	<u>95,272</u>	<u>1,039,883</u>	<u>1,353,833</u>
Total current liabilities	<u>733,904</u>	<u>1,346,578</u>	<u>1,065,090</u>	<u>3,145,572</u>
<b>NONCURRENT LIABILITIES:</b>				
Bonds and notes payable	3,335,888	1,667,370	10,289,977	15,293,235
Other postemployment benefits	<u>320,211</u>	<u>206,243</u>	<u>-</u>	<u>526,454</u>
Total non current liabilities	<u>3,656,099</u>	<u>1,873,613</u>	<u>10,289,977</u>	<u>15,819,689</u>
Total liabilities	<u>4,390,003</u>	<u>3,220,191</u>	<u>11,355,067</u>	<u>18,965,261</u>
<b>NET POSITION:</b>				
Net investment in capital assets	18,969,720	29,466,177	-	48,435,897
Restricted for:				
System development	1,058,519	3,938,130	-	4,996,649
Unrestricted	<u>5,775,845</u>	<u>(662,195)</u>	<u>(10,649,463)</u>	<u>(5,535,813)</u>
Total net position	<u>25,804,084</u>	<u>32,742,112</u>	<u>(10,649,463)</u>	<u>47,896,733</u>
Total liabilities and net position	<u>\$ 30,194,087</u>	<u>\$ 35,962,303</u>	<u>\$ 705,604</u>	<u>\$ 66,861,994</u>

*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 NET POSITION  
 For the Fiscal Year Ended June 30, 2018**

	Business-Type Activities - Enterprise Funds			
	All Water Funds	All Wastewater Funds	2018 Utility Bond Fund	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 5,816,093	\$ 5,351,687	\$ -	\$ 11,167,780
System development charges	61,980	268,141	-	330,121
Rental income	4,428	-	-	4,428
Miscellaneous	7,808	239,718	-	247,526
	<u>5,890,309</u>	<u>5,859,546</u>	<u>-</u>	<u>11,749,855</u>
<b>OPERATING EXPENSES:</b>				
Personal services	2,093,024	1,197,876	-	3,290,900
Materials and services	756,279	1,475,438	77,719	2,309,436
Depreciation and amortization	536,299	551,897	-	1,088,196
	<u>3,385,602</u>	<u>3,225,211</u>	<u>77,719</u>	<u>6,688,532</u>
Total operating expenses				
Operating income (loss)	2,504,707	2,634,335	(77,719)	5,061,323
<b>NON-OPERATING INCOME (EXPENSE):</b>				
Gain (loss) on disposal of capital assets	-	3,251	-	3,251
Interest on investments	106,415	96,448	-	202,863
Interest expense	(269,921)	(67,815)	(133,695)	(471,431)
Issuance of debt	-	-	705,604	705,604
	<u>(163,506)</u>	<u>31,884</u>	<u>571,909</u>	<u>440,287</u>
Total non-operating income (expenses)				
Net income (loss) before transfers and capital contributions	2,341,201	2,666,219	494,190	5,501,610
<b>TRANSFERS:</b>				
Transfers in	13,838,344	11,159,235	970,698	25,968,277
Transfers out	(8,853,876)	(6,301,036)	(12,114,351)	(27,269,263)
	<u>4,984,468</u>	<u>4,858,199</u>	<u>(11,143,653)</u>	<u>(1,300,986)</u>
Total transfers				
Net income (loss) before contributions	7,325,669	7,524,418	(10,649,463)	4,200,624
<b>CAPITAL CONTRIBUTIONS:</b>				
Intergovernmental	1,048,631	12,978	-	1,061,609
	<u>1,048,631</u>	<u>12,978</u>	<u>-</u>	<u>1,061,609</u>
Total capital contributions				
Change in net position	8,374,300	7,537,396	(10,649,463)	5,262,233
<b>NET POSITION, BEGINNING</b>	17,151,798	25,022,673	-	42,174,471
<b>RESTATEMENT PER GASB 75 IMPLEMENTATION</b>	277,986	182,043	-	460,029
<b>NET POSITION, BEGINNING AS RESTATED</b>	<u>17,429,784</u>	<u>25,204,716</u>	<u>-</u>	<u>42,634,500</u>
<b>NET POSITION, ENDING</b>	<u>\$ 25,804,084</u>	<u>\$ 32,742,112</u>	<u>\$ (10,649,463)</u>	<u>\$ 47,896,733</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, 2018**

	Business-Type Activities - Enterprise Funds			
	All Water Funds	All Wastewater Funds	2018 Utility Bond Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 5,578,814	\$ 5,844,062	\$ -	\$ 11,422,876
Payments to suppliers	(495,040)	(787,347)	(77,719)	(1,360,106)
Payments to employees	(2,058,927)	(1,194,422)	-	(3,253,349)
Net cash provided by operating activities	<u>3,024,847</u>	<u>3,862,293</u>	<u>(77,719)</u>	<u>6,809,421</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	13,838,344	11,159,235	970,698	25,968,277
Transfers (out)	(8,853,876)	(6,301,036)	(12,114,351)	(27,269,263)
Payment from (to) other funds	(278,440)	(202,692)	-	(481,132)
Net cash provided by non-capital financing activities	<u>4,706,028</u>	<u>4,655,507</u>	<u>(11,143,653)</u>	<u>(1,782,118)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from intergovernmental revenue	1,048,631	12,978	-	1,061,609
Proceeds from capital debt	-	1,433,928	12,189,570	13,623,498
Proceeds from sale of capital assets	-	3,251	-	3,251
Acquisition of capital assets	(3,287,639)	(11,491,189)	-	(14,778,828)
Principal paid on long-term obligations	(6,335,920)	(2,506,397)	(859,710)	(9,702,027)
Interest paid on long-term obligations	(294,636)	(93,070)	(108,488)	(496,194)
Net cash provided by capital and related financing activities	<u>(8,869,564)</u>	<u>(12,640,499)</u>	<u>11,221,372</u>	<u>(10,288,691)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	106,415	96,448	-	202,863
Net cash provided by investing activities	<u>106,415</u>	<u>96,448</u>	<u>-</u>	<u>202,863</u>
Net increase in cash and cash equivalents	(1,032,274)	(4,026,251)	-	(5,058,525)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>6,242,777</u>	<u>9,417,559</u>	<u>-</u>	<u>15,660,336</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 5,210,503</u>	<u>\$ 5,391,308</u>	<u>\$ -</u>	<u>\$ 10,601,811</u>
<b>COMPRISED AS FOLLOWS:</b>				
Cash and cash equivalents	\$ 4,151,984	\$ 1,453,178	\$ -	\$ 5,605,162
Restricted cash and cash equivalents	1,058,519	3,938,130	-	4,996,649
Total cash and cash equivalents	<u>\$ 5,210,503</u>	<u>\$ 5,391,308</u>	<u>\$ -</u>	<u>\$ 10,601,811</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income	\$ 2,504,707	\$ 2,634,335	\$ (77,719)	\$ 5,061,323
Adjustments				
Depreciation and amortization	536,299	551,897	-	1,088,196
Decrease (increase) in:				
Receivables	(311,495)	(15,484)	-	(326,979)
Inventories	(12,901)	75,819	-	62,918
Increase (decrease) in:				
Accounts payable and accrued expenses	274,140	612,272	-	886,412
Other postemployment benefits payable	17,682	8,128	-	25,810
Accrued compensated absences	16,415	(4,674)	-	11,741
Net cash provided by operating activities	<u>\$ 3,024,847</u>	<u>\$ 3,862,293</u>	<u>\$ (77,719)</u>	<u>\$ 6,809,421</u>
<b>NON-CASH CAPITAL FINANCING ACTIVITIES</b>				
Transfer of long-term debt between funds	\$ (66,697)	\$ (51,397)	\$ -	\$ (118,094)
Total non-cash capital financing activities	<u>\$ (66,697)</u>	<u>\$ (51,397)</u>	<u>\$ -</u>	<u>\$ (118,094)</u>

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





## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

---

**CITY OF THE DALLES, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**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. Evaluation of the reporting entity was in accordance with GASB Statement No. 61.

The governmental reporting entity consists of the City, the primary government, and its component units. Component units are legally separate organizations for which the City is financially accountable, or other organizations whose nature and significant relationship with the City are such that the exclusion would cause the City's financial statements to be misleading or incomplete. Based upon the evaluation of this criteria, the basic financial statements include the following blended component units. The blended component units are considered part of the City's operations, and so financial information from these units are combined with the information of the City.

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 Urban Renewal Board of Directors is currently a 9 member body made up of representatives from local taxing districts, the City Council, and citizens at large. Since the City Council acts as its governing board, it has been included as a blended component unit in the financial statements. Complete financial statements for the Agency may be obtained at the City's administrative offices, 313 Court Street, The Dalles, OR 97058.

**B. Government-Wide and Fund Financial Statements**

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

*primary government* is reported separately from certain legally separate *components units* for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

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

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

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 *2018 Utility Bond Fund* accounts for the accumulation of resources for, and the repayment of, general long-term debt principal and interest relating to the Series 2018 Revenue and Refunding Bond.

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 Fund Balance**

### **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, and Wastewater, 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 cost. 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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

#### **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 their acquisition 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>
Dams	150
Bridges and Improvements	100
Buildings and Improvements	50
Plant in Service	45
Machinery and Equipment	5-20

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

#### **5. Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **6. Compensated Absences**

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

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

## **7. Investment in Joint Ventures**

Investment in joint ventures with other governments is reported at cost plus or minus the City's share of operating income or loss utilizing the equity method of account for investments.

## **8. Postemployment Benefits Other than Pensions (OPEB)**

For purposes of measuring the net OPEB liability and OPEB expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined using the alternative measurement method. For this purpose, the City recognizes benefit payments when due and payable in accordance with the benefit terms.

## **9. Deferred Outflows/Inflows of Resources.**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenditure) until then. The City does not have deferred outflows of resources.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category, which arises only under the modified accrual basis of accounting. Accordingly, the item "unavailable revenue," is reported only in the governmental funds balance sheet. The governmental funds report unavailable



revenues from property taxes and notes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## **10. Fund Balance**

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 Agency 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 amounts not immediately converted to cash, such as prepaid items and inventory.

**Restricted** – Includes amounts that are restricted by external creditors, grantors or contributors, or restricted by enabling legislation.

**Committed** – Includes amounts that have been committed by resolution by the City Council which is the City’s “highest level of decision-making authority.” Committed amounts may not be used for any other purpose unless the City Council removes the constraint by similar board action. Commitments of fund balance must be made prior to the end of the fiscal year.

**Assigned** – Includes amounts assigned for specific purposes by Council action who authorizes, by resolution, the City Manager to assign fund balance. Assigned fund balance is also established by the Council through adoption or amendment of the budget as intended for specific purpose.

**Unassigned** – This is the residual classification used for those balances not assigned to another category in the General Fund. Deficit fund balance in other governmental funds are also presented as unassigned.

## **11. 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.

## **12. Restricted net position**

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

## **13. 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, 2018, 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.

### B. Deficit Fund Balances

At June 30, 2018, 2018 Utility Bond Fund had a deficit fund balance.

### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

##### 1. Deposits

*Custodial Credit Risk.* 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, 2018. 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.

Custodial credit risk 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 up to \$250,000 for the combined total of all deposit accounts at each financial institution. The remaining deposits are covered by the Public Funds Collateralization program (PFCP) of the State of Oregon in accordance with ORS 295. Depositories qualified under this program are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank failure or loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. As of June 30, 2018, the book value of the City's deposits was \$3,469,223 and the bank balance was \$4,062,338. \$3,562,838 of the City's bank balances were exposed to custodial credit risk as they were collateralized under PFCP.

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.

##### 2. 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, 2018 are as follows:

	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
Investments in the State Treasurer's Local Government Investment Pool	<u>0.54</u>	<u>\$ 20,444,949</u>
Total cash equivalents	<u>0.54</u>	<u>\$ 20,444,949</u>

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

	Governmental Activities	Business-type Activities	Total
Restricted for capital projects	\$ 5,804,006	\$ 4,996,649	\$ 10,800,655
Restricted for debt service	801,589	-	801,589
Total restricted cash and cash equivalents	<u>\$ 6,605,595</u>	<u>\$ 4,996,649</u>	<u>\$ 11,602,244</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	Special Assessment Fund	Total Governmental
Receivables:							
Accounts	\$ 613,794	\$ 151,787	\$ -	\$ 28,045	\$ 13,678	\$ 4,782	\$ 826,703
Fines and forfeitures, net	731,415	-	-	-	-	-	731,415
Reimbursement districts	-	-	-	-	-	1,061,949	1,061,949
Property taxes	209,315	-	-	-	104,793	-	314,108
Assessments	-	-	-	22,936	-	430,992	453,928
Notes	-	-	-	-	753,735	-	753,735
Allowance for doubtful accounts	(361,874)	-	-	-	-	-	(361,874)
Total receivables	<u>\$ 1,192,650</u>	<u>\$ 151,787</u>	<u>\$ -</u>	<u>\$ 50,981</u>	<u>\$ 872,206</u>	<u>\$ 1,497,723</u>	<u>\$ 3,779,964</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	2018 Utility Bond	Total Business-Type Activity
Receivables:				
Accounts	\$ 798,375	\$ 635,084	\$ -	\$ 1,433,459
Allowance for doubtful accounts	(7,011)	(6,704)	-	(13,715)
	<u>\$ 791,364</u>	<u>\$ 628,380</u>	<u>\$ -</u>	<u>\$ 1,419,744</u>

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

For the fiscal year 2017-2018, the City levied property taxes in the amount of \$3,299,438. After reductions for offsets and increases for additional taxes and penalties this resulted in a net levy of \$3,128,565. 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, 2018 was \$1,094,144,137. The Columbia Gateway Urban Renewal Agency, a blended component unit of the City, levied taxes at its maximum taxing authority of \$1,634,910. After reductions for offsets and additional taxes and penalties, this resulted in a net levy of \$1,551,080.

Following is a summary of property tax transactions for the year ended June 30, 2018:

<u>Fiscal Year</u>	<u>Property Taxes Receivable June 30, 2017</u>	<u>Levy as Extended by Assessor</u>	<u>Collections</u>	<u>Cancellations Discounts and Adjustments</u>	<u>Property Taxes Receivable June 30, 2018</u>
2017-2018	\$ -	\$ 4,679,644	\$ (4,386,307)	\$ (141,982)	\$ 151,355
2016-2017	152,265	-	(68,096)	6,825	90,994
2015-2016	81,171	-	(35,333)	(2,985)	42,853
2014-2015	43,723	-	(23,928)	(5,337)	14,458
2013-2014	16,538	-	(12,182)	2,179	6,535
2012-2013	5,344	-	(841)	720	5,223
Prior years	8,019	-	(117)	(5,210)	2,692
Totals	<u>\$ 307,060</u>	<u>\$ 4,679,644</u>	<u>\$ (4,526,804)</u>	<u>\$ (145,790)</u>	<u>\$ 314,110</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. Unavailable and Unearned 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 only unearned income. At the end of the current fiscal year, there was \$45,455 of unearned revenue reported on the Statement of Net Position. The various components of unavailable deferred revenue reported in the governmental funds was as follows:

	<u>General Fund</u>	<u>Special Grants Fund</u>	<u>Urban Renewal Capital Projects Fund</u>	<u>Special Assessment Fund</u>	<u>Total Governmental</u>
Property taxes	\$ 209,316	\$ -	\$ 104,793	\$ -	\$ 314,109
Fines and forfeitures	369,584	-	-	-	369,584
Loans	-	28,045	753,735	-	781,780
Special assessments	-	22,936	-	516,297	539,233
	<u>\$ 578,900</u>	<u>\$ 50,981</u>	<u>\$ 858,528</u>	<u>\$ 516,297</u>	<u>\$ 2,004,706</u>

## D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2018, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Capital assets, non-depreciable:</b>					
Land	\$ 661,261	\$ -	\$ -	\$ -	\$ 661,261
Construction in progress	2,328,608	125,465	-	(410,720)	2,043,353
Assets available for sale	1,743,331	-	-	-	1,743,331
Total capital assets, non-depreciable	<u>4,733,200</u>	<u>125,465</u>	<u>-</u>	<u>(410,720)</u>	<u>4,447,945</u>
<b>Capital assets, depreciable:</b>					
Land improvements	8,309,460	85,790	-	386,151	8,781,401
Buildings	6,735,316	-	-	-	6,735,316
Equipment	3,375,892	262,080	(177,011)	12,772	3,473,733
Infrastructure	23,397,462	235,360	-	-	23,632,822
Total capital assets, depreciable	<u>41,818,130</u>	<u>583,230</u>	<u>(177,011)</u>	<u>398,923</u>	<u>42,623,272</u>
<b>Less accumulated depreciation for:</b>					
Land improvements	(816,226)	(163,368)	-	-	(979,594)
Buildings	(2,248,950)	(144,841)	-	-	(2,393,791)
Equipment	(2,301,078)	(165,971)	127,779	6,400	(2,332,870)
Infrastructure	(4,757,524)	(467,451)	-	-	(5,224,975)
Total accumulated depreciation	<u>(10,123,778)</u>	<u>(941,631)</u>	<u>127,779</u>	<u>6,400</u>	<u>(10,931,230)</u>
Net depreciable capital assets	<u>31,694,352</u>	<u>(358,401)</u>	<u>(49,232)</u>	<u>405,323</u>	<u>31,692,042</u>
<b>Net capital assets</b>	<u>\$ 36,427,552</u>	<u>\$ (232,936)</u>	<u>\$ (49,232)</u>	<u>\$ (5,397)</u>	<u>\$ 36,139,987</u>

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

### Governmental functions:

General government	\$ (249,643)
Public safety	(64,354)
Highways and streets	(583,964)
Culture and recreation	(43,670)
Total depreciation expense - governmental activities	<u>\$ (941,631)</u>

Capital asset activity for the business-type activities for the year ended June 30, 2018 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Capital assets, non-depreciable:</b>					
Land	\$ 4,299,879	\$ -	\$ -	\$ -	\$ 4,299,879
Construction in progress	3,936,930	14,453,885	-	(891,361)	17,499,454
Total capital assets, non-depreciable	<u>8,236,809</u>	<u>14,453,885</u>	<u>-</u>	<u>(891,361)</u>	<u>21,799,333</u>
<b>Capital assets, depreciable:</b>					
Land improvements	9,477,040	91,506	(14,412)	891,361	10,445,495
Buildings	4,332,253	-	-	-	4,332,253
Equipment	5,549,896	237,779	-	629	5,788,304
Wastewater Treatment Plant	8,908,257	-	-	-	8,908,257
Dams and lines	17,962,148	9,442	-	-	17,971,590
Total capital assets, depreciable	<u>46,229,594</u>	<u>338,727</u>	<u>(14,412)</u>	<u>891,990</u>	<u>47,445,899</u>
<b>Less accumulated depreciation for:</b>					
Land improvements	(1,611,489)	(163,581)	-	-	(1,775,070)
Buildings	(2,094,051)	(110,497)	-	-	(2,204,548)
Equipment	(3,593,232)	(226,803)	-	(6,400)	(3,826,435)
Wastewater Treatment Plant	(2,754,969)	(230,082)	-	-	(2,985,051)
Dams and lines	(4,323,437)	(377,586)	-	-	(4,701,023)
Total accumulated depreciation	<u>(14,377,178)</u>	<u>(1,108,549)</u>	<u>-</u>	<u>(6,400)</u>	<u>(15,492,127)</u>
Net depreciable capital assets	<u>31,852,416</u>	<u>(769,822)</u>	<u>(14,412)</u>	<u>885,590</u>	<u>31,953,772</u>
<b>Net capital assets</b>	<u>\$ 40,089,225</u>	<u>\$ 13,684,063</u>	<u>\$ (14,412)</u>	<u>\$ (5,771)</u>	<u>\$ 53,753,105</u>

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

**Business-type activities:**

Wastewater	\$ (549,010)
Water	<u>(559,539)</u>
Total depreciation expense - business-type activities	<u>\$ (1,108,549)</u>

**E. Investment in Joint Ventures**

The QualityLife Intergovernmental Agency (QLife) is jointly owned by the City of The Dalles and Wasco County, Oregon, each party owning 50 percent. QLife operates a fiber optic network to the residents of The Dalles and Wasco County and new Maupin project. The Maupin project was started in fiscal year ended June 30, 2016 and will be a separate operating network from the one that services the City and Wasco County. Revenues earned by QLife are expended for the continued operations and maintenance of the network. Upon dissolution of QLife, the net position would be shared 50 percent each to the City and Wasco County. QLife is governed by a five-member board comprised of two appointees



from the City, two appointees from Wasco County, and the fifth member is appointed by the other four. The City's net investment and its share of the operating results of QLife are reported in the City's governmental activities. Net position of the City's governmental fund increased \$248,617 from a net gain in fiscal year ended June 30, 2018. The City's investment in QLife is \$1,639,419 is accounted for using the equity method.

The Columbia Gorge Regional/The Dalles Airport (Airport) is a joint venture created to operate the Columbia Gorge Regional Airport and Business Park. The joint venture is between the City of The Dalles and Klickitat County, Washington, each party owning 50 percent. Revenues earned by the Airport are expended for the continued operations and maintenance of the Airport. Upon dissolution of the Airport, the net position would be shared 50 percent each to the City and Klickitat County. The Airport is governed by a seven-member board comprised of three appointees from the City, three appointees from Klickitat County, and the seventh member is appointed by the other six. The City develops and adopts the budget for the Airport. The City's net investment and its share of the operating results of the Airport are reported in the City's governmental activities. Net position of the City's governmental fund increased \$66,829 from a net gain in fiscal year ended June 30, 2018. The City's investment in Airport is \$6,377,038 is accounted for using the equity method.

Complete financial statements for QLife and the Airport can be obtained from the City of The Dalles' administrative offices, 313 Court Street, The Dalles, OR 97058.

## **F. Long-Term Obligations**

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

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

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

The City filed “financial operating” and “material event” notices, as required by full disclosure and requirements of the bond issue, during the fiscal year, including posting annual adopted budgets and the audited City of The Dalles Comprehensive Annual Financial Statement (CAFR), which includes the Columbia Gateway Urban Renewal Agency as a blended component.

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

	<b>2008 Full Faith and Credit Bonds</b>		<b>2009 Full Faith and Credit Bonds Urban Renewal portion</b>	
	Principal	Interest	Principal	Interest
2019	\$ 151,600	\$ 33,310	\$ 485,000	\$ 315,537
2020	157,664	27,246	510,000	291,287
2021	163,728	20,938	535,000	270,887
2022	169,792	14,390	550,000	249,738
2023	175,856	7,386	575,000	227,738
2024-2028	-	-	3,310,000	697,600
2029-2033	-	-	760,000	38,000
<b>Total</b>	<b>\$ 818,640</b>	<b>\$ 103,270</b>	<b>\$ 6,725,000</b>	<b>\$ 2,090,787</b>

	<b>2009 Full Faith and Credit Bonds Street LID portion</b>		<b>Full Faith &amp; Credit Bonds Total Governmental</b>	
	Principal	Interest	Principal	Interest
2019	\$ 61,370	\$ 41,028	\$ 697,970	\$ 389,875
2020	64,980	37,959	732,644	356,492
2021	68,590	35,360	767,318	327,185
2022	72,200	32,616	791,992	296,744
2023	75,810	29,728	826,666	264,852
2024-2028	433,200	90,537	3,743,200	788,137
2029-2033	97,470	4,873	857,470	42,873
<b>Total</b>	<b>\$ 873,620</b>	<b>\$ 272,101</b>	<b>\$ 8,417,260</b>	<b>\$ 2,466,158</b>

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

	<b>Premium on 2008 Full Faith and Credit Bonds</b>		<b>Premium on 2009 Full Faith and Credit Bonds</b>		<b>Total Premium on Governmental Full Faith and Credit Bonds</b>	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 3,578	\$ -	\$ 45,516	\$ -	\$ 49,094	\$ -
2020	3,578	-	45,516	-	49,094	-
2021	3,578	-	45,516	-	49,094	-
2022	3,578	-	45,516	-	49,094	-
2023	3,575	-	45,516	-	49,091	-
2024-2028	-	-	227,580	-	227,580	-
2029-2033	-	-	45,505	-	45,505	-
<b>Total</b>	<b>\$ 17,887</b>	<b>\$ -</b>	<b>\$ 500,665</b>	<b>\$ -</b>	<b>\$ 518,552</b>	<b>\$ -</b>

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

	<b>2008 Full Faith and Credit Wastewater Bonds</b>		<b>2008 Full Faith and Credit Water Bonds</b>		<b>2009 Full Faith and Credit Wastewater Bonds</b>	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 49,200	\$ 10,810	\$ 49,200	\$ 10,810	\$ 4,165	\$ 2,784
2020	51,168	8,842	51,168	8,842	4,410	2,576
2021	53,136	6,796	53,136	6,796	4,655	2,400
2022	55,104	4,670	55,104	4,670	4,900	2,214
2023	57,072	2,397	57,072	2,397	5,145	2,018
2024-2028	-	-	-	-	29,400	6,145
2029-2033	-	-	-	-	6,615	331
<b>Total</b>	<b>\$ 265,680</b>	<b>\$ 33,515</b>	<b>\$ 265,680</b>	<b>\$ 33,515</b>	<b>\$ 59,290</b>	<b>\$ 18,468</b>

	<b>2009 Full Faith and Credit Water Bonds</b>		<b>Full Faith and Credit Bonds Business Activity Total</b>	
	Principal	Interest	Principal	Interest
2019	\$ 19,465	\$ 13,013	\$ 122,030	\$ 37,417
2020	20,610	12,040	127,356	32,300
2021	21,755	11,215	132,682	27,207
2022	22,900	10,345	138,008	21,899
2023	24,045	9,429	143,334	16,241
2024-2028	137,400	28,718	166,800	34,863
2029-2033	30,915	1,546	37,530	1,877
<b>Total</b>	<b>\$ 277,090</b>	<b>\$ 86,306</b>	<b>\$ 867,740</b>	<b>\$ 171,804</b>

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

	<b>Premium on 2009 Full Faith and Credit Wastewater Bonds</b>		<b>Premium on 2009 Full Faith and Credit Water Bonds</b>		<b>Premium on Business Type Bonds Total</b>	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 313	\$ -	\$ 1,463	\$ -	\$ 1,776	\$ -
2020	313	-	1,463	-	1,776	-
2021	313	-	1,463	-	1,776	-
2022	313	-	1,463	-	1,776	-
2023	313	-	1,463	-	1,776	-
2024-2028	1,565	-	7,315	-	8,880	-
2029-2033	615	-	2,872	-	3,487	-
<b>Total</b>	<b>\$ 3,745</b>	<b>\$ -</b>	<b>\$ 17,502</b>	<b>\$ -</b>	<b>\$ 21,247</b>	<b>\$ -</b>

## 2. 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. During fiscal year 2017-18, the City included this Water Revenue Bond in an advance refunding.

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. During fiscal year 2017-18, the City included this Wastewater Revenue Bond in an advance refunding.

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.

*2018 Utility Bond Fund* - The 2018 Utility Bond Fund has revenue bonds payable used to refund the Wastewater Revenue Bonds, Series 2003, Water Revenue Bonds, Series 2007, and fund additional wastewater projects. The bond principal is payable annually and the interest is payable semiannually with interest rate of 2.67%. Final payment is due June 1, 2032.

Future maturities of the bonds payable are as follows:

<b>Utility Revenue and Refunding Bonds</b>		
	Principal	Interest
2019	\$ 1,039,883	\$ 302,507
2020	1,065,460	274,742
2021	1,095,005	246,295
2022	1,123,372	217,058
2023	621,108	187,064
2024-2028	3,360,071	677,763
2029-2033	<u>3,024,961</u>	<u>204,538</u>
Total	<u>\$ 11,329,860</u>	<u>\$ 2,109,967</u>

### **3. Advance Refunding**

The City issued \$12,189,570 in revenue bonds with an interest rate of 2.67%. The proceeds were used to advance refund \$8,580,000 of outstanding Series 2003 Wastewater Revenue Bonds which had interest rates ranging from 4.0% to 4.4% and Series 2007 Water Revenue Bonds which had interest rates ranging from 2.0% to 4.2%. \$8,691,691 of the net proceeds of \$12,266,909 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. The remaining \$3,500,000 (after \$75,219 of underwriting fees and other issuance costs) was disbursed to the City to be used on the Wastewater Treatment Plant project. As a result, the Series 2003 Wastewater Revenue Bonds and Series 2007 Water Revenue Bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$705,604. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt.

### **4. Loan Payable-Business-Type Activities**

*Water Fund* - The City received approvals of three loans through the State of Oregon for water system improvements. The loans consist of the ARRA Forgivable Note for up to \$2,988,773, the ARRA F-1 Note for up to \$1,025,149, and the SDWRLF-2 Loan for up to \$2,553,101. The loan proceeds are disbursed on an expense reimbursement basis in the order listed above. Proceeds from the ARRA Forgivable Note, ARRA F-1, and SDWRLF-2 loan have been accrued in the amount of \$2,988,773, \$1,025,149, and \$2,521,321 respectively to match the budgetary revenues to the Federal expenditures reported. The ARRA F-1 Note bears interest at 3% per annum. The SDWRLF F-2 Loan

originally carried interest at 3.83% but was reduced to 3% when the State received EPA approval of an amended Oregon Safe Drinking Water Intended Use Plan that allows the interest rate to be reduced. Repayment of the ARRA F-1 and SDWRLF-2 began December 1, 2014. The principal and interest of these two loans shall be payable from the Net Revenues of the Water System and the full faith and credit of the City.

The City complied with the loan terms, completed the project as budgeted, and no defaults occurred. This resulted in the ARRA Forgivable Note being forgiven in FY13/14.

Future maturities of the loans payable are as follows:

	ARRA Note		CWSRF Loan		Loans Payable Business Activity Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 148,550	\$ 89,829	\$ 41,594	\$ 51,570	\$ 190,144	\$ 141,399
2020	153,006	85,372	84,528	41,460	237,534	126,832
2021	157,596	80,782	86,347	39,641	243,943	120,423
2022	162,324	76,054	88,204	37,784	250,528	113,838
2023	167,194	71,185	90,102	35,886	257,296	107,071
2024-2028	914,284	277,608	480,434	149,506	1,394,718	427,114
2029-2033	1,059,906	138,928	534,387	95,553	1,594,293	234,481
2034-2038	231,435	6,943	594,404	35,541	825,839	42,484
	<u>\$ 2,994,295</u>	<u>\$ 826,701</u>	<u>\$ 2,000,000</u>	<u>\$ 486,941</u>	<u>\$ 4,994,295</u>	<u>\$ 1,313,642</u>

## 5. Conduit Debt

The City has acted as a conduit for debt issued by the Airport and payable to the Port of The Dalles for rehabilitation of a well at the Airport. The City has also acted as a conduit for a loan from Klickitat County for construction of a new maintenance hangar at the Airport. Additionally, the City has acted as a conduit for repayment of a loan received by Klickitat County to make improvements to the Airport Industrial Park. The total conduit debt outstanding is \$2,485,816.

## 6. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2018, is as follows:

	6/30/17 Balance	Additions	Reductions	6/30/18 Balance	Due Within One Year
<b>Governmental Activities</b>					
Full Faith and Credit Bonds	\$ 9,089,166	\$ -	\$ 671,906	\$ 8,417,260	\$ 697,970
Premium on FFCO Bonds	567,646	-	49,094	518,552	49,094
Compensated Absences	353,628	6,013	-	359,641	359,641
Total Governmental activity Long-term obligations	<u>\$ 10,010,440</u>	<u>\$ 6,013</u>	<u>\$ 721,000</u>	<u>\$ 9,295,453</u>	<u>\$ 1,106,705</u>
<b>Business-Type Activities</b>					
Revenue Bonds	\$ 8,580,000	\$ 12,189,570	\$ 9,439,710	\$ 11,329,860	\$ 1,039,883
Full Faith and Credit Bonds	985,834	-	118,094	867,740	122,030
Premium on Bonds	47,999	-	26,753	21,246	1,776
Loans Payable	3,138,518	1,433,927	144,223	4,428,222	190,144
Compensated Absences	174,337	11,743	-	186,080	186,080
Total Business-type activity Long-term obligations	<u>\$ 12,926,688</u>	<u>\$ 1,445,670</u>	<u>\$ 9,728,780</u>	<u>\$ 16,833,148</u>	<u>\$ 1,539,913</u>

## **G. Post Employment Benefits Other than Pensions**

### **1. Plan Description**

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. The general fund typically has been and will 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.

### **2. Benefits Provided**

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Subscribers by Status:	
Active	99
Retired	-
Terminated	-
Deceased	-
Total	<u>99</u>

### **3. Total OPEB Liability and OPEB Expense Related to OPEB**

The City's OPEB liability of \$1,370,083 was measured as of June 30, 2018 and was determined by an actuarial valuation using the alternative measurement method.

For the fiscal year ended June 30, 2018, the City recognized OPEB expense from this plan of \$18,947.

### **4. Actuarial Assumptions and Other Inputs**

The total OPEB liability in the June 30, 2018 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Assumptions:	
Age Adjustment Factor	1.934881
Average Retirement Age	64
Employer Future Premium Contribution	Remain a level % of the total cost over time
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Assets Backing OPEB Liability	\$0
Plan Asset Return	0.000%
Bond Yield	2.980%
Discount Rate	2.980%
Measurement Date	June 30, 2018
Prior Measurement Date	June 30, 2018
Prior Year Discount Rate	3.130%
Projected Salary Increases	2.90%
Amortization Period	20
Percentage Participation	100.00%
NOL and ADC	Calculated using the Alternative Measurement Method in accordance with GASB methodology
Mortality Table	RP2000 Mortality Table for Males and Females Projected 18 years; this assumption does not include a margin for future improvement in longevity
Turnover Assumptions	Derived from data maintained by the U. S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System

The discount rate was based on 20-year tax exempt municipal bond yield.

##### **5. Sensitivity of the Total OPEB Liability**

The following presents the City's OPEB liability calculated using the discount rate of 2.98%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.98%) or 1-percentage-point higher (3.98%) than the current discount rate.



A similar sensitivity analysis is then presented for changes in the healthcare trend assumption:

Discount Rate	Current Discount Rate		
	1% Decrease (1.98%)	(2.98%)	1% Increase (3.98%)
Net OPEB Liability	\$1,507,764	\$1,370,083	\$1,251,088
Healthcare Cost Trend	Current Health Care		
	1% Decrease (6.6% decreasing to 2.0%)	Trend Rates (7.6% decreasing to 3.0%)	1% Increase (8.6% decreasing to 4.0%)
Net OPEB Liability	\$1,192,671	\$1,370,083	\$1,582,042

## H. Net Position

The government-wide statement of net position reports \$13,306,013 of restricted net position, of which \$815,959 is restricted by enabling legislation.

## I. 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 \$1,300,986. A reconciliation of transfers in the fund financial statements is as follows:

	Transfers In	Transfers Out
Governmental activity:		
General fund	\$ 1,273,317	\$ 150,000
Street fund	461,876	291,518
Library fund	-	84,999
Special assessment fund	-	115,466
Other governmental funds	1,138,968	931,192
Business-type activities		
Water fund	13,838,344	8,853,876
Wastewater fund	11,159,235	6,301,036
2018 Utility Bond Fund	970,698	12,114,351
Total Transfers	<u>\$ 28,842,438</u>	<u>\$28,842,438</u>

Transfers between funds provide support for various City programs in accordance with budgetary authorizations and are utilized to provide for additional funding for reserve purposes, contribute towards the cost of capital projects, and to provide for other operational resources.

## **J. Tax Abatements**

The City has authorized tax-exempt status for five qualified firms within the City: Escape The Dalles, Integrated 3D, NuCulture, 15 Mile Ventures, LLC, and Design, LLC. All properties are required to meet State and Federal funding requirements which include annual physical inspections and an annual audit of financial activity and programmatic compliance. The property tax exemption may be removed if the property is no longer eligible under the stated provisions of ORS 307.540 to 307.548. Section E of the renewal application requires the applicant to acknowledge compliance with the requirements annually. For fiscal year ending June 30, 2018, the foregone property tax revenue is \$2,915,223.

## **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 four years.

### **B. 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. Standard Retirement Services, Inc., administers this retirement plan. 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, 2018 was \$3,408,071. Total contributions to the plan for the year ended June 30, 2018 were \$530,327, including \$457,057 for both the City and employee portions that is paid by the City, and \$73,270 in employee loan repayments and additional employee voluntary contributions.

#### **2. Retirement plan for public safety employees**

The City of The Dalles Public Safety Employees Retirement Plan is defined contribution plan established by the City to provide benefits at retirement to the public safety employees of the City. Standard Retirement Services, Inc., administers this retirement plan. 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, 2018 was \$1,415,714. Total contributions to the plan for the year ended June 30, 2018 were \$337,932, including \$312,867 for both the City and employee portions that is paid by the City, and \$25,066 in employee loan repayments and additional employee voluntary contributions.

**D. Commitments, contingencies, and subsequent events**

**1. Construction in Progress**

The City is committed under various, architectural, engineering, and construction contracts at June 30, 2018.

The Washington Street Underpass costs incurred to date is \$1,516,421 with total estimated costs of \$4.5-5.5 million.

The 3rd Street Streetscape project costs incurred to date are \$52,668, with estimated costs of \$3 million.

The Downtown Parking Structure Project costs incurred to date are \$19,680, with estimated costs of \$5.5-6 million.

The 1<sup>st</sup> Street Parking Lot costs incurred to date are \$42,866.

The ODOT- Welcome signs costs incurred to date are \$4,219.

The Granada Block project costs incurred to date are \$284,774.

The Port 18” Looped Water Main Project costs incurred to date are \$1,826,962.

The Lone Pine Well Expansion costs incurred to date are \$1,234,525.

The Dog River Pipeline project costs incurred to date are \$209,550, with total estimated costs of \$7.883 million.

The Water Shed Seeding Burn project costs incurred to date of \$73,134, with total estimated costs of \$1,100,000.

The Sorosis Reservoir Painting project costs incurred to date of \$129,835, with total estimated costs of \$733,598.

There are various improvements at the Wastewater Treatment Plant. Costs incurred to date is \$12,104,955, with total estimated project costs of about \$13.4 million.

The 4th Street Grade Sanitary Survey costs incurred to date are \$6,550, with estimated costs of \$555,000.

West 2nd Street Joint Utility project costs incurred to date are \$1,838,984.

Sewer Lines for 13<sup>th</sup> Street costs incurred to date are \$470.

The Storm Bike Grates project costs incurred to date are \$14,936.

The 8<sup>th</sup> Street Lift Station Removal project costs incurred to date are \$14,766, with estimated costs of \$150,000.

## 2. Subsequent Events

Management has evaluated subsequent events through December 28, 2018, the date on which the financial statements were available to be issued and determined that nothing should be recognized.

### E. Related Parties

During the year the City had the following related party transactions. QLife revenues from rent revenue \$7,752 and right of way \$15,468 and expenditures of \$9,840. QLife owes the City \$5,226 for current year rent and right-of-way fees. The City pays the Airport \$65,000 per year per the intergovernmental agreement.

### F. GASB Pronouncement Implemented

The Governmental Accounting Standards Board (GASB) has issued *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement 75 replaces GASB Statement 45, GASB Statement 57, and GASB Statement 74 and establishes new accounting and financial reporting requirements for OPEB plans. GASB Statement 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The City implemented Statement 75 for the City's two post-employment benefit plans for the year ending June 30, 2018.

### G. Restatement

In implementing GASB Statement No. 75, the City has restated beginning net position in order to recognize the correct total OPEB liability for the City's plan. The City had previously reported a net OPEB obligation in accordance with GASB Statement No. 45 related to the plan, which has been replaced with the total OPEB liability.

	Governmental Activities	Business-Type Activities	Total
Net position – beginning (as reported)	\$ 47,169,035	\$ 42,174,471	\$ 89,343,506
Cumulative effect of change in accounting principle	781,495	460,029	1,241,524
Net position – beginning (as restated)	<u>\$ 47,950,530</u>	<u>\$ 42,634,500</u>	<u>\$ 90,585,030</u>

**REQUIRED SUPPLEMENTAL INFORMATION**

---

**CITY OF THE DALLES, OREGON**  
**SCHEDULE OF CONTRIBUTIONS OPEB**  
**Last 10 Fiscal Years\***

	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 131,046	\$ 143,658
Contributions in relation to the contractually required contributions	<u>(131,046)</u>	<u>(143,658)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,823,785	\$ 5,340,702
Contributions as a percentage of covered employee payroll	3%	3%

\* 10-year trend information required by GASB Statement 75 will be presented prospectively

**NOTES TO SCHEDULE**

**Actuarial Assumptions and Methods Used to Actuarially Determine Contributions:**

Actuarial Valuation	June 30, 2018
Effective	July 2017 - June 2019
Actuarial cost method:	Entry Age Normal
Actuarial valuation method:	Level Percentage of Payroll
Actuarial assumption:	
Inflation rate	0.00%
Projected salary increases	2.90%
Investment rate of return	2.98%
Healthcare cost inflation	Ranging from 7.6% in 2017 to 3.0% in 2027

There are no assets in a trust to pay related benefits

**CITY OF THE DALLES, OREGON**  
**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIO'S**  
**Last 10 Fiscal Years\***

	<u>2018</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 102,501
Benefit payments	<u>(83,554)</u>
Net change in OPEB liability	18,947
Total OPEB Liability - beginning	<u>1,351,136</u>
Total OPEB Liability - ending	<u>\$ 1,370,083</u>
Covered employee payroll	\$ 4,823,785
Total OPEB liability as a percentage of covered- employee payroll	28%

\* 10-year trend information required by GASB Statement 75 will be presented prospectively

**NOTES TO SCHEDULE**

Change in Benefit Terms

None

Change in Assumptions

None

## **OTHER SUPPLEMENTAL INFORMATION**

---



## OTHER 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

## 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 Fund**

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:

#### **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.

## **General Fund Combining**

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.

### **Public Works Reserve Fund - Budgetary Basis Only**

The Public Works Reserve Fund provides for the accumulation of financial resources to pay for equipment, machinery and vehicles for the Public Works Departments: streets, water and sewer operations. Contributions are received from the operating funds of the Street Fund, Water Utility Fund, Wastewater Utility Fund, and the sale of Public Works' surplus property.

### **Transportation System Reserve Fund - Budgetary Basis Only**

The Transportation System Reserve Fund provides for the accumulation of funds to pay for upgrade and expansion of the street systems.

### **Unemployment Reserve Fund - Budgetary Basis Only**

The Unemployment Reserve Fund provides for the accumulation of financial resources of the City to pay claims of unemployment. Contributions are received from the operating funds of the General Fund, Library Fund, Street Fund, Water Utility Fund, and Wastewater Utility Fund.

**CITY OF THE DALLES, OREGON  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2018**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 107,441	\$ 815,959	\$ 299,191	\$ 1,222,591
Receivables:				
Accounts	14,617	-	-	14,617
Total assets	<u>\$ 122,058</u>	<u>\$ 815,959</u>	<u>\$ 299,191</u>	<u>\$ 1,237,208</u>
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	\$ 308	\$ -	\$ -	\$ 308
Total liabilities	<u>308</u>	<u>-</u>	<u>-</u>	<u>308</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Grant / contributor specific intent	11,645	-	-	11,645
State statute	-	801,589	-	801,589
Full faith and credit debt	-	14,370	-	14,370
Committed for:				
Major capital facilities and associated debt	-	-	299,191	299,191
Agreements with state agencies	110,105	-	-	110,105
Total fund balances	<u>121,750</u>	<u>815,959</u>	<u>299,191</u>	<u>1,236,900</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 122,058</u>	<u>\$ 815,959</u>	<u>\$ 299,191</u>	<u>\$ 1,237,208</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, 2018**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total
<b>REVENUES:</b>				
Property taxes	\$ -	\$ 798,788	\$ -	\$ 798,788
Rental income	233,162	139,105	96,675	468,942
Interest on investments	1,065	5,000	4,054	10,119
	<u>234,227</u>	<u>942,893</u>	<u>100,729</u>	<u>1,277,849</u>
<b>EXPENDITURES:</b>				
General government	-	-	4,071	4,071
Public safety	159,013	-	-	159,013
Highways and streets	719	-	-	719
Capital outlay	57,104	-	30,705	87,809
Debt service:				
Principal	-	671,906	-	671,906
Interest	-	464,393	-	464,393
	<u>216,836</u>	<u>1,136,299</u>	<u>34,776</u>	<u>1,387,911</u>
Total expenditures	<u>216,836</u>	<u>1,136,299</u>	<u>34,776</u>	<u>1,387,911</u>
Revenues over (under) expenditures	17,391	(193,406)	65,953	(110,062)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	9,310	1,129,658	-	1,138,968
Transfers out	-	(921,882)	(9,310)	(931,192)
	<u>9,310</u>	<u>207,776</u>	<u>(9,310)</u>	<u>207,776</u>
Total other financing sources (uses)	<u>9,310</u>	<u>207,776</u>	<u>(9,310)</u>	<u>207,776</u>
Net changes in fund balances	26,701	14,370	56,643	97,714
<b>FUND BALANCES, BEGINNING</b>	<u>95,049</u>	<u>801,589</u>	<u>242,548</u>	<u>1,139,186</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 121,750</u>	<u>\$ 815,959</u>	<u>\$ 299,191</u>	<u>\$ 1,236,900</u>

**CITY OF THE DALLES, OREGON**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2018**

---

	Community Benevolence Fund	State Office Building Fund	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 11,645	\$ 95,796	\$ 107,441
Receivables:			
Accounts	-	14,617	14,617
Total assets	<u>\$ 11,645</u>	<u>\$ 110,413</u>	<u>\$ 122,058</u>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	\$ -	\$ 308	\$ 308
Total liabilities	-	308	308
<b>FUND BALANCES:</b>			
Restricted for:			
Grant / contributor specific intent	11,645	-	11,645
Committed for:			
Agreements with state agencies	-	110,105	110,105
Total fund balances	<u>11,645</u>	<u>110,105</u>	<u>121,750</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,645</u>	<u>\$ 110,413</u>	<u>\$ 122,058</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, 2018**

---

	Community Benevolence Fund	State Office Building Fund	Total
<b>REVENUES:</b>			
Rental income	\$ -	\$ 233,162	\$ 233,162
Interest on investments	182	883	1,065
	<hr/>	<hr/>	<hr/>
Total revenues	182	234,045	234,227
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>			
Public safety	-	159,013	159,013
Highways and streets	719	-	719
Capital outlay	-	57,104	57,104
	<hr/>	<hr/>	<hr/>
Total expenditures	719	216,117	216,836
	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	(537)	17,928	17,391
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	9,310	9,310
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	9,310	9,310
	<hr/>	<hr/>	<hr/>
Net changes in fund balances	(537)	27,238	26,701
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES, BEGINNING</b>	12,182	82,867	95,049
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES, ENDING</b>	<u>\$ 11,645</u>	<u>\$ 110,105</u>	<u>\$ 121,750</u>

**CITY OF THE DALLES, OREGON**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2018**

---

	<u>FFCO 2008 Bond Fund</u>	<u>2009 FFCO Bond Fund</u>	<u>Urban Renewal Debt Fund</u>	<u>Total</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 14,370	\$ -	\$ 801,589	\$ 815,959
Total assets	<u>\$ 14,370</u>	<u>\$ -</u>	<u>\$ 801,589</u>	<u>\$ 815,959</u>
<b>FUND BALANCES:</b>				
Restricted for:				
State statute	\$ -	\$ -	\$ 801,589	\$ 801,589
Full faith and credit debt	<u>14,370</u>	<u>-</u>	<u>-</u>	<u>14,370</u>
Total fund balances	<u>14,370</u>	<u>-</u>	<u>801,589</u>	<u>815,959</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,370</u>	<u>\$ -</u>	<u>\$ 801,589</u>	<u>\$ 815,959</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, 2018**

	FFCO 2008 Bond Fund	2009 FFCO Bond Fund	Urban Renewal Debt Fund	Total
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ 798,788	\$ 798,788
Rental income	139,105	-	-	139,105
Interest on investments	-	-	5,000	5,000
<b>Total revenues</b>	<b>139,105</b>	<b>-</b>	<b>803,788</b>	<b>942,893</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	145,536	526,370	-	671,906
Interest	64,530	399,863	-	464,393
<b>Total expenditures</b>	<b>210,066</b>	<b>926,233</b>	<b>-</b>	<b>1,136,299</b>
Revenues over (under) expenditures	(70,961)	(926,233)	803,788	(193,406)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	179,795	949,863	-	1,129,658
Transfers out	(94,464)	(23,630)	(803,788)	(921,882)
<b>Total other financing sources (uses)</b>	<b>85,331</b>	<b>926,233</b>	<b>(803,788)</b>	<b>207,776</b>
Net changes in fund balances	14,370	-	-	14,370
<b>FUND BALANCES, BEGINNING</b>	<b>-</b>	<b>-</b>	<b>801,589</b>	<b>801,589</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 14,370</b>	<b>\$ -</b>	<b>\$ 801,589</b>	<b>\$ 815,959</b>



**CITY OF THE DALLES, OREGON**  
**GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**  
**COMBINING BALANCE SHEET**  
**June 30, 2018**

	General Fund - Budgetary Basis	Public Works Reserve Fund - Budgetary Basis	Transportation System Reserve Fund - Budgetary Basis	Unemployment Reserve Fund - Budgetary Basis	Total General Fund Generally Accepted Accounting Principles
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 2,648,799	\$ 408,558	\$ 943,938	\$ 75,123	\$ 4,076,418
Receivables:					
Accounts	613,794	-	-	-	613,794
Fines and forfeitures, net	369,541	-	-	-	369,541
Property taxes	209,315	-	-	-	209,315
Due from other fund	35,799	-	-	-	35,799
Prepaid items	159,388	-	-	-	159,388
	<u>4,036,636</u>	<u>408,558</u>	<u>943,938</u>	<u>75,123</u>	<u>5,464,255</u>
Total assets	<u>\$ 4,036,636</u>	<u>\$ 408,558</u>	<u>\$ 943,938</u>	<u>\$ 75,123</u>	<u>\$ 5,464,255</u>
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	\$ 154,644	\$ -	\$ 65,899	\$ 9,594	\$ 230,137
Total liabilities	<u>154,644</u>	<u>-</u>	<u>65,899</u>	<u>9,594</u>	<u>230,137</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue	578,900	-	-	-	578,900
Total deferred inflows of resources	<u>578,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>578,900</u>
<b>FUND BALANCES:</b>					
Nonspendable:					
Prepays	159,388	-	-	-	159,388
Committed for:					
Committed by ordinance or resolution	-	408,558	878,039	65,529	1,352,126
Unassigned	3,143,704	-	-	-	3,143,704
Total fund balances	<u>3,303,092</u>	<u>408,558</u>	<u>878,039</u>	<u>65,529</u>	<u>4,655,218</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,036,636</u>	<u>\$ 408,558</u>	<u>\$ 943,938</u>	<u>\$ 75,123</u>	<u>\$ 5,464,255</u>

**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, 2018**

	General Fund - Budgetary Basis	Public Works Reserve Fund - Budgetary Basis	Transportation System Reserve Fund - Budgetary Basis	Unemployment Reserve Fund - Budgetary Basis	Total General Fund Generally Accepted Accounting Principles
<b>REVENUES:</b>					
Property taxes	\$ 3,072,708	\$ -	\$ -	\$ -	\$ 3,072,708
Other taxes	1,476,979	-	-	-	1,476,979
Franchise fees	263,711	-	-	-	263,711
Licenses and fees	15,433	-	-	-	15,433
Charges for services	45,992	-	-	-	45,992
Intergovernmental	1,762,205	-	-	-	1,762,205
Fines and forfeitures, net	241,242	-	-	-	241,242
System development charges	-	-	72,261	-	72,261
Rental income	8,752	-	-	-	8,752
Interest on investments	52,837	8,342	14,601	1,325	77,105
Miscellaneous	214,361	-	-	-	214,361
<b>Total revenues</b>	<b>7,154,220</b>	<b>8,342</b>	<b>86,862</b>	<b>1,325</b>	<b>7,250,749</b>
<b>EXPENDITURES:</b>					
General government	2,839,535	-	-	33,718	2,873,253
Public safety	3,725,793	-	-	-	3,725,793
Culture and recreation	642,915	-	-	-	642,915
Capital outlay	139,883	187,059	157,011	-	483,953
<b>Total expenditures</b>	<b>7,348,126</b>	<b>187,059</b>	<b>157,011</b>	<b>33,718</b>	<b>7,725,914</b>
Revenues over (under) expenditures	(193,906)	(178,717)	(70,149)	(32,393)	(475,165)
<b>OTHER FINANCING SOURCES (USES):</b>					
Sale of property	40,002	-	-	-	40,002
Transfers in	1,009,317	264,000	-	-	1,273,317
Transfers out	(150,000)	-	-	-	(150,000)
<b>Total other financing sources (uses)</b>	<b>899,319</b>	<b>264,000</b>	<b>-</b>	<b>-</b>	<b>1,163,319</b>
Net changes in fund balances	705,413	85,283	(70,149)	(32,393)	688,154
<b>FUND BALANCES, BEGINNING</b>	<b>2,597,679</b>	<b>323,275</b>	<b>948,188</b>	<b>97,922</b>	<b>3,967,064</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 3,303,092</b>	<b>\$ 408,558</b>	<b>\$ 878,039</b>	<b>\$ 65,529</b>	<b>\$ 4,655,218</b>

## **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
- Transportation System Reserve 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 - Budgetary Basis Schedule of Revenues, Expenditures and Changes in Fund Balance
- Special Assessment Fund - Budgetary Basis Schedule of Revenues, Expenditures and Changes in Fund Balance

Non-major Governmental Budgetary Comparison schedules included the following:

- Special Revenue Funds
  - Community Benevolence Fund
  - State Office Building Fund
- Capital Project 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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 2,922,812	\$ 2,922,812	\$ 3,072,708	\$ 149,896
Other taxes	1,298,295	1,298,295	1,476,979	178,684
Franchise fees	224,898	224,898	263,711	38,813
Licenses and fees	14,100	14,100	15,433	1,333
Charges for services	27,105	27,105	45,992	18,887
Intergovernmental	1,503,783	1,503,783	1,762,205	258,422
Fines and forfeitures, net	229,000	229,000	241,242	12,242
Rental income	7,752	7,752	8,752	1,000
Interest on investments	6,000	6,000	52,837	46,837
Miscellaneous	125,000	125,000	214,361	89,361
Total revenues	6,358,745	6,358,745	7,154,220	795,475
<b>EXPENDITURES:</b>				
General government	3,084,225	3,254,176	2,839,535	414,641
Public safety	3,996,418	4,030,859	3,725,793	305,066
Culture and recreation	684,844	684,844	642,915	41,929
Capital outlay	125,750	149,750	139,883	9,867
Contingency	685,065	456,673	-	456,673
Total expenditures	8,576,302	8,576,302	7,348,126	1,228,176
Revenues over (under) expenditures	(2,217,557)	(2,217,557)	(193,906)	2,023,651
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of property	-	-	40,002	40,002
Transfers in	1,097,347	1,097,347	1,009,317	(88,030)
Transfers out	(150,000)	(150,000)	(150,000)	-
Total other financing sources (uses)	947,347	947,347	899,319	(48,028)
Net changes in fund balances	(1,270,210)	(1,270,210)	705,413	1,975,623
<b>FUND BALANCES, BEGINNING</b>				
<b>BUDGETARY BASIS</b>	1,998,546	1,998,546	2,597,679	599,133
<b>FUND BALANCES, ENDING BUDGETARY</b>				
<b>BASIS</b>	\$ 728,336	\$ 728,336	\$ 3,303,092	\$ 2,574,756

**CITY OF THE DALLES, OREGON**  
**GENERAL FUND - BUDGETARY BASIS**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
City Council:				
Materials and services	\$ 235,772	\$ 290,772	\$ 220,814	\$ 69,958
Subtotal	235,772	290,772	220,814	69,958
City Clerk:				
Personnel services	123,451	123,451	124,112	(661) *
Materials and services	24,065	24,065	20,725	3,340
Subtotal	147,516	147,516	144,837	2,679
City Manager / Economic Development:				
Personnel services	272,841	273,340	264,292	9,048
Materials and services	76,584	76,584	65,928	10,656
Subtotal	349,425	349,924	330,220	19,704
City Attorney / Judicial:				
Personnel services	337,211	337,211	329,898	7,313
Materials and services	139,417	178,550	169,302	9,248
Subtotal	476,628	515,761	499,200	16,561
Finance / Utility Billing:				
Personnel services	442,322	444,668	425,949	18,719
Materials and services	127,866	127,866	87,454	40,412
Subtotal	570,188	572,534	513,403	59,131
Personnel:				
Personnel services	117,521	176,869	154,488	22,381
Materials and services	30,360	30,360	31,989	(1,629) *
Subtotal	147,881	207,229	186,477	20,752
Technology:				
Personnel services	106,255	106,255	103,618	2,637
Materials and services	100,718	114,018	104,374	9,644
Capital outlay	12,000	12,000	8,256	3,744
Subtotal	218,973	232,273	216,248	16,025

**CITY OF THE DALLES, OREGON**  
**GENERAL FUND - BUDGETARY BASIS**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Continued				
Planning:				
Personnel services	454,657	454,982	332,330	122,652
Materials and services	138,717	138,717	71,642	67,075
Subtotal	593,374	593,699	403,972	189,727
City Hall / Transportation Center:				
Personnel services	69,908	69,908	61,566	8,342
Materials and services	286,560	286,560	271,054	15,506
Capital outlay	53,000	53,000	49,174	3,826
Subtotal	409,468	409,468	381,794	27,674
Police:				
Personnel services	3,069,408	3,103,849	2,893,490	210,359
Materials and services	765,804	765,804	712,285	53,519
Capital outlay	60,750	84,750	82,453	2,297
Subtotal	3,895,962	3,954,403	3,688,228	266,175
Code Enforcement:				
Personnel services	65,555	65,555	57,423	8,132
Materials and services	27,445	27,445	9,129	18,316
Subtotal	93,000	93,000	66,552	26,448
Animal control:				
Personnel services	36,406	36,406	38,006	(1,600) *
Materials and services	31,800	31,800	15,460	16,340
Subtotal	68,206	68,206	53,466	14,740
Non-departmental:				
Materials and services	684,844	684,844	642,915	41,929
Subtotal	684,844	684,844	642,915	41,929
Total expenditures	\$ 7,891,237	\$ 8,119,629	\$ 7,348,126	\$ 771,503

\*Departments are appropriated at the subtotal level. Negative amount is not a budget violation.

**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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ 2,500	\$ 2,500	\$ 8,342	\$ 5,842
Total revenues	2,500	2,500	8,342	5,842
<b>EXPENDITURES:</b>				
Capital outlay	577,485	587,485	187,059	400,426
Total expenditures	577,485	587,485	187,059	400,426
Revenues over (under) expenditures	(574,985)	(584,985)	(178,717)	406,268
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	254,000	264,000	264,000	-
Total other financing sources (uses)	254,000	264,000	264,000	-
Net changes in fund balances	(320,985)	(320,985)	85,283	406,268
<b>FUND BALANCES, BEGINNING BUDGETARY BASIS</b>	320,985	320,985	323,275	2,290
<b>FUND BALANCES, ENDING BUDGETARY BASIS</b>	\$ -	\$ -	\$ 408,558	\$ 408,558

**CITY OF THE DALLES, OREGON**  
**TRANSPORTATION SYSTEM RESERVE FUND - BUDGETARY BASIS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 263,898	\$ 263,898	\$ -	\$ (263,898)
System development charges	100,000	100,000	72,261	(27,739)
Interest on investments	7,000	7,000	14,601	7,601
Total revenues	<u>370,898</u>	<u>370,898</u>	<u>86,862</u>	<u>(284,036)</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>1,223,461</u>	<u>1,223,461</u>	<u>157,011</u>	<u>1,066,450</u>
Total expenditures	<u>1,223,461</u>	<u>1,223,461</u>	<u>157,011</u>	<u>1,066,450</u>
Net changes in fund balances	(852,563)	(852,563)	(70,149)	782,414
<b>FUND BALANCES, BEGINNING BUDGETARY BASIS</b>	<u>852,563</u>	<u>852,563</u>	<u>948,188</u>	<u>95,625</u>
<b>FUND BALANCES, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 878,039</u>	<u>\$ 878,039</u>



**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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ 1,000	\$ 1,000	\$ 1,325	\$ 325
Total revenues	1,000	1,000	1,325	325
<b>EXPENDITURES:</b>				
Personnel service	106,317	106,317	33,718	72,599
Total expenditures	106,317	106,317	33,718	72,599
Net changes in fund balances	(105,317)	(105,317)	(32,393)	72,924
<b>FUND BALANCES, BEGINNING BUDGETARY BASIS</b>	105,317	105,317	97,922	(7,395)
<b>FUND BALANCES, ENDING BUDGETARY BASIS</b>	\$ -	\$ -	\$ 65,529	\$ 65,529

**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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 722,881	\$ 722,881	\$ 725,293	\$ 2,412
Interest on investments	6,012	6,012	35,455	29,443
Miscellaneous	669,430	669,430	135,495	(533,935)
Total revenues	1,398,323	1,398,323	896,243	(502,080)
<b>EXPENDITURES:</b>				
Materials and services	903,934	903,934	378,875	525,059
Capital outlay	2,009,972	2,009,972	28,148	1,981,824
Total expenditures	2,913,906	2,913,906	407,023	2,506,883
Revenues over (under) expenditures	(1,515,583)	(1,515,583)	489,220	2,004,803
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of property	365,000	365,000	-	(365,000)
Total other financing sources (uses)	365,000	365,000	-	(365,000)
Net changes in fund balances	(1,150,583)	(1,150,583)	489,220	1,639,803
<b>FUND BALANCES, BEGINNING</b>	1,150,583	1,150,583	981,520	(169,063)
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 1,470,740	\$ 1,470,740

**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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Franchise fees	\$ 25,500	\$ 25,500	\$ 25,926	\$ 426
Assessments	43,873	43,873	50,493	6,620
Interest on investments	3,900	3,900	9,124	5,224
Miscellaneous	1,000	1,000	-	(1,000)
Total revenues	<u>74,273</u>	<u>74,273</u>	<u>85,543</u>	<u>11,270</u>
<b>EXPENDITURES:</b>				
Materials and services	56,700	56,700	-	56,700
Capital outlay	304,863	304,863	-	304,863
Total expenditures	<u>361,563</u>	<u>361,563</u>	<u>-</u>	<u>361,563</u>
Revenues over (under) expenditures	(287,290)	(287,290)	85,543	372,833
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(115,466)	(115,466)	(115,466)	-
Total other financing sources (uses)	<u>(115,466)</u>	<u>(115,466)</u>	<u>(115,466)</u>	<u>-</u>
Net changes in fund balances	(402,756)	(402,756)	(29,923)	372,833
<b>FUND BALANCES, BEGINNING</b>	<u>402,756</u>	<u>402,756</u>	<u>565,598</u>	<u>162,842</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 535,675</u>	<u>\$ 535,675</u>

**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, 2018**

---

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ 100	\$ 100	\$ 182	\$ 82
Total revenues	100	100	182	82
<b>EXPENDITURES:</b>				
Materials and services	12,262	12,262	719	11,543
Total expenditures	12,262	12,262	719	11,543
Net changes in fund balances	(12,162)	(12,162)	(537)	11,625
<b>FUND BALANCES, BEGINNING</b>	12,162	12,162	12,182	20
<b>BUDGETARY BASIS</b>	\$ -	\$ -	\$ 11,645	\$ 11,645

**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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Rental income	\$ 212,508	\$ 212,508	\$ 233,162	\$ 20,654
Interest on investments	800	800	883	83
Total revenues	213,308	213,308	234,045	20,737
<b>EXPENDITURES:</b>				
Personnel service	69,908	69,908	61,262	8,646
Materials and services	105,388	105,388	97,751	7,637
Capital outlay	85,000	85,000	57,104	27,896
Contingency	32,093	32,093	-	32,093
Total expenditures	292,389	292,389	216,117	76,272
Revenues over (under) expenditures	(79,081)	(79,081)	17,928	97,009
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	9,310	9,310	9,310	-
Total other financing sources (uses)	9,310	9,310	9,310	-
Net changes in fund balances	(69,771)	(69,771)	27,238	97,009
<b>FUND BALANCES, BEGINNING</b>	69,771	69,771	82,867	13,096
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 110,105	\$ 110,105

**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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Rental income	\$ 95,875	\$ 95,875	\$ 96,675	\$ 800
Interest on investments	1,200	1,200	4,054	2,854
Total revenues	97,075	97,075	100,729	3,654
<b>EXPENDITURES:</b>				
Materials and services	5,000	5,000	4,071	929
Capital outlay	262,773	262,773	30,705	232,068
Total expenditures	267,773	267,773	34,776	232,997
Revenues over (under) expenditures	(170,698)	(170,698)	65,953	236,651
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(9,310)	(9,310)	(9,310)	-
Total other financing sources (uses)	(9,310)	(9,310)	(9,310)	-
Net changes in fund balances	(180,008)	(180,008)	56,643	236,651
<b>FUND BALANCE, BEGINNING</b>	180,008	180,008	242,548	62,540
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,191</u>	<u>\$ 299,191</u>

**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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Rental income	\$ 124,735	\$ 124,735	\$ 139,105	\$ 14,370
Total revenues	124,735	124,735	139,105	14,370
<b>EXPENDITURES:</b>				
Debt service:				
Principal	240,000	240,000	240,000	-
Interest	64,530	64,530	64,530	-
Total expenditures	304,530	304,530	304,530	-
Revenues over (under) expenditures	(179,795)	(179,795)	(165,425)	14,370
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	179,795	179,795	179,795	-
Total other financing sources (uses)	179,795	179,795	179,795	-
Net changes in fund balances	-	-	14,370	14,370
<b>FUND BALANCES, BEGINNING</b>	-	-	-	-
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 14,370	\$ 14,370

**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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>EXPENDITURES:</b>				
Debt service:				
Principal	\$ 550,000	\$ 550,000	\$ 550,000	\$ -
Interest	399,863	399,863	399,863	-
Contingency	-	-	-	-
Total expenditures	<u>949,863</u>	<u>949,863</u>	<u>949,863</u>	<u>-</u>
Revenues over (under) expenditures	(949,863)	(949,863)	(949,863)	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>949,863</u>	<u>949,863</u>	<u>949,863</u>	<u>-</u>
Total other financing sources (uses)	<u>949,863</u>	<u>949,863</u>	<u>949,863</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
<b>FUND BALANCES, BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 798,788	\$ 798,788	\$ 798,788	\$ -
Interest on investments	5,000	5,000	5,000	-
Total revenues	803,788	803,788	803,788	-
<b>EXPENDITURES:</b>				
Contingency	801,588	801,588	-	801,588
Total expenditures	801,588	801,588	-	801,588
Revenues over (under) expenditures	2,200	2,200	803,788	801,588
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(803,788)	(803,788)	(803,788)	-
Total other financing sources (uses)	(803,788)	(803,788)	(803,788)	-
Net changes in fund balances	(801,588)	(801,588)	-	801,588
<b>FUND BALANCES, BEGINNING</b>	801,588	801,588	801,589	1
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 801,589	\$ 801,589

## **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
  
- 2018 Utility Bond Fund

**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, 2018**

	Water Utility	Water Capital Reserve	Water Bond Debt	Total All Water Funds
<b>REVENUES:</b>				
Charges for services	\$ 5,816,093	\$ -	\$ -	\$ 5,816,093
Intergovernmental	8,499	43,593	-	52,092
Contributions	-	996,539	-	996,539
System development charges	-	61,980	-	61,980
Rental income	4,428	-	-	4,428
Interest on investments	14,565	91,850	-	106,415
Miscellaneous	7,808	-	-	7,808
	<u>5,851,393</u>	<u>1,193,962</u>	<u>-</u>	<u>7,045,355</u>
<b>EXPENDITURES:</b>				
Personnel service	2,058,927	-	-	2,058,927
Materials and services	771,709	-	-	771,709
Capital outlay	163,473	3,108,736	-	3,272,209
Debt service:				
Principal	-	144,223	6,125,000	6,269,223
Interest	-	94,156	200,480	294,636
	<u>2,994,109</u>	<u>3,347,115</u>	<u>6,325,480</u>	<u>12,666,704</u>
Total expenditures	2,994,109	3,347,115	6,325,480	12,666,704
Revenues over (under) expenditures	2,857,284	(2,153,153)	(6,325,480)	(5,621,349)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	7,511,614	6,326,730	13,838,344
Transfers out	(2,096,100)	(6,823,223)	(1,250)	(8,920,573)
	<u>(2,096,100)</u>	<u>688,391</u>	<u>6,325,480</u>	<u>4,917,771</u>
Total other financing sources (uses)	(2,096,100)	688,391	6,325,480	4,917,771
Net changes in fund balances	761,184	(1,464,762)	-	(703,578)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>355,728</u>	<u>6,236,911</u>	<u>-</u>	<u>6,592,639</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ 1,116,912</u>	<u>\$ 4,772,149</u>	<u>\$ -</u>	<u>\$ 5,889,061</u>

	Revenues	Expenditures
Total revenue and expenditures above	\$ 7,045,355	\$ 12,666,704
Transfers in/out	4,984,468	-
Expenditures capitalized	-	(3,287,639)
Debt service principal payments	-	(6,269,223)
Other post employment benefits	-	17,682
Depreciation and amortization expense	-	536,299
Interest revenue/expense	-	(24,715)
Increase/decrease compensated absences	-	16,415
	<u>\$ 12,029,823</u>	<u>3,655,523</u>
Total revenues and expenses - generally accepted accounting principles	\$ 12,029,823	3,655,523
Change in net position		<u>\$ 8,374,300</u>

**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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 5,422,510	\$ 5,422,510	\$ 5,816,093	\$ 393,583
Intergovernmental	6,850	6,850	8,499	1,649
Rental income	4,428	4,428	4,428	-
Interest on investments	1,500	1,500	14,565	13,065
Miscellaneous	635	635	7,808	7,173
Total revenues	<u>5,435,923</u>	<u>5,435,923</u>	<u>5,851,393</u>	<u>415,470</u>
<b>EXPENDITURES:</b>				
Personnel service	2,148,930	2,148,930	2,058,927	90,003
Materials and services	1,094,116	1,094,116	771,709	322,407
Capital outlay	274,663	274,663	163,473	111,190
Contingency	138,502	138,502	-	138,502
Total expenditures	<u>3,656,211</u>	<u>3,656,211</u>	<u>2,994,109</u>	<u>662,102</u>
Revenues over (under) expenditures	1,779,712	1,779,712	2,857,284	1,077,572
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(1,873,716)</u>	<u>(2,135,453)</u>	<u>(2,096,100)</u>	<u>39,353</u>
Total other financing sources (uses)	<u>(1,873,716)</u>	<u>(2,135,453)</u>	<u>(2,096,100)</u>	<u>39,353</u>
Net changes in fund balances	(94,004)	(355,741)	761,184	1,116,925
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>94,004</u>	<u>355,741</u>	<u>355,728</u>	<u>(13)</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,116,912</u>	<u>\$ 1,116,912</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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 43,593	\$ 43,593
Contributions	1,500,000	1,500,000	996,539	(503,461)
System development charges	23,170	58,670	61,980	3,310
Interest on investments	40,000	82,900	91,850	8,950
Total revenues	<u>1,563,170</u>	<u>1,641,570</u>	<u>1,193,962</u>	<u>(447,608)</u>
<b>EXPENDITURES:</b>				
Capital outlay	7,521,567	8,328,906	3,108,736	5,220,170
Debt service:				
Principal	144,223	144,223	144,223	-
Interest	94,156	94,156	94,156	-
Total expenditures	<u>7,759,946</u>	<u>8,567,285</u>	<u>3,347,115</u>	<u>5,220,170</u>
Revenues over (under) expenditures	(6,196,776)	(6,925,715)	(2,153,153)	4,772,562
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,100,000	7,511,614	7,511,614	-
Transfers out	(596,444)	(6,822,809)	(6,823,223)	(414)
Total other financing sources (uses)	<u>503,556</u>	<u>688,805</u>	<u>688,391</u>	<u>(414)</u>
Net changes in fund balances	(5,693,220)	(6,236,910)	(1,464,762)	4,772,148
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>5,693,220</u>	<u>6,236,910</u>	<u>6,236,911</u>	<u>1</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,772,149</u>	<u>\$ 4,772,149</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, 2018**

---

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>EXPENDITURES:</b>				
Debt service:				
Principal	\$ 300,000	\$ 6,125,000	\$ 6,125,000	\$ -
Interest	263,406	200,480	200,480	-
	<u>563,406</u>	<u>6,325,480</u>	<u>6,325,480</u>	<u>-</u>
Total expenditures				
	563,406	6,325,480	6,325,480	-
Revenues over (under) expenditures	(563,406)	(6,325,480)	(6,325,480)	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	563,406	6,326,730	6,326,730	-
Transfers out	-	(1,250)	(1,250)	-
	<u>563,406</u>	<u>6,325,480</u>	<u>6,325,480</u>	<u>-</u>
Total other financing sources (uses)				
	563,406	6,325,480	6,325,480	-
Net changes in fund balances	-	-	-	-
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<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, 2018**

	Wastewater	Wastewater Capital Reserve	Sewer Plant Construction	Sewer Debt Service	Total All Wastewater Funds
<b>REVENUES:</b>					
Charges for services	\$ 5,351,687	\$ -	\$ -	\$ -	\$ 5,351,687
Intergovernmental	12,978	-	-	-	12,978
System development charges	-	268,141	-	-	268,141
Interest on investments	254	40,975	53,321	1,898	96,448
Miscellaneous	239,718	-	-	-	239,718
<b>Total revenues</b>	<b>5,604,637</b>	<b>309,116</b>	<b>53,321</b>	<b>1,898</b>	<b>5,968,972</b>
<b>EXPENDITURES:</b>					
Personnel service	1,194,423	-	-	-	1,194,423
Materials and services	1,599,967	-	-	-	1,599,967
Capital outlay	47,057	1,831,777	9,487,826	-	11,366,660
Debt service:					
Principal	-	-	-	2,455,000	2,455,000
Interest	-	-	-	93,070	93,070
<b>Total expenditures</b>	<b>2,841,447</b>	<b>1,831,777</b>	<b>9,487,826</b>	<b>2,548,070</b>	<b>16,709,120</b>
Revenues over (under) expenditures	2,763,190	(1,522,661)	(9,434,505)	(2,546,172)	(10,740,148)
<b>OTHER FINANCING SOURCES (USES):</b>					
Sale of property	3,251	-	-	-	3,251
Loan proceeds	-	-	1,433,927	-	1,433,927
Transfers in	-	245,000	8,364,916	2,549,319	11,159,235
Transfers out	(2,683,620)	(382,158)	(3,054,476)	(232,179)	(6,352,433)
<b>Total other financing sources (uses)</b>	<b>(2,680,369)</b>	<b>(137,158)</b>	<b>6,744,367</b>	<b>2,317,140</b>	<b>6,243,980</b>
Net changes in fund balances	82,821	(1,659,819)	(2,690,138)	(229,032)	(4,496,168)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<b>583,062</b>	<b>6,236,911</b>	<b>5,522,249</b>	<b>229,032</b>	<b>12,571,254</b>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<b>\$ 665,883</b>	<b>\$ 4,577,092</b>	<b>\$ 2,832,111</b>	<b>\$ -</b>	<b>\$ 8,075,086</b>

	Revenues	Expenditures
Total revenue and expenditures above	\$ 5,968,972	\$ 16,709,120
Transfers in/out	4,858,199	-
Expenditures capitalized	-	(11,491,189)
Debt service principal payments	-	(2,455,000)
Other post employment benefits	-	8,127
Depreciation and amortization expense	-	551,897
Interest revenue/expense	-	(25,255)
Gain/loss on disposal of capital assets	-	(3,251)
Increase/decrease compensated absences	-	(4,674)
<b>Total revenues and expenses - generally accepted accounting principles</b>	<b>\$ 10,827,171</b>	<b>3,289,775</b>
Change in net position		<b>\$ 7,537,396</b>

**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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 5,272,365	\$ 5,272,365	\$ 5,351,687	\$ 79,322
Intergovernmental	21,225	21,225	12,978	(8,247)
Interest on investments	500	500	254	(246)
Miscellaneous	218,000	218,000	239,718	21,718
Total revenues	5,512,090	5,512,090	5,604,637	92,547
<b>EXPENDITURES:</b>				
Personnel service	1,287,372	1,287,372	1,194,423	92,949
Materials and services	1,800,408	1,800,408	1,599,967	200,441
Capital outlay	209,600	209,600	47,057	162,543
Contingency	84,582	84,582	-	84,582
Total expenditures	3,381,962	3,381,962	2,841,447	540,515
Revenues over (under) expenditures	2,130,128	2,130,128	2,763,190	633,062
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of property	-	-	3,251	3,251
Transfers out	(2,368,678)	(2,713,190)	(2,683,620)	29,570
Total other financing sources (uses)	(2,368,678)	(2,713,190)	(2,680,369)	32,821
Net changes in fund balances	(238,550)	(583,062)	82,821	665,883
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	238,550	583,062	583,062	-
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -	\$ 665,883	\$ 665,883



**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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
System development charges	\$ 42,620	\$ 42,620	\$ 268,141	\$ 225,521
Interest on investments	25,000	25,000	40,975	15,975
Total revenues	67,620	67,620	309,116	241,496
<b>EXPENDITURES:</b>				
Capital outlay	2,235,980	2,235,980	1,831,777	404,203
Total expenditures	2,235,980	2,235,980	1,831,777	404,203
Revenues over (under) expenditures	(2,168,360)	(2,168,360)	(1,522,661)	645,699
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	245,000	245,000	245,000	-
Transfers out	(382,158)	(1,227,761)	(382,158)	845,603
Total other financing sources (uses)	(137,158)	(982,761)	(137,158)	845,603
Net changes in fund balances	(2,305,518)	(3,151,121)	(1,659,819)	1,491,302
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<b>2,305,518</b>	<b>3,151,121</b>	<b>6,236,911</b>	<b>3,085,790</b>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,577,092</b>	<b>\$ 4,577,092</b>

**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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 746,073	\$ 846,073	\$ -	\$ (846,073)
Interest on investments	30,000	30,000	53,321	23,321
Total revenues	776,073	876,073	53,321	(822,752)
<b>EXPENDITURES:</b>				
Capital outlay	9,407,914	13,548,668	9,487,826	4,060,842
Total expenditures	9,407,914	13,548,668	9,487,826	4,060,842
Revenues over (under) expenditures	(8,631,841)	(12,672,595)	(9,434,505)	3,238,090
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan proceeds	1,433,927	1,433,927	1,433,927	-
Transfers in	1,825,000	8,364,916	8,364,916	-
Transfers out	(555,315)	(3,054,477)	(3,054,476)	1
Total other financing sources (uses)	2,703,612	6,744,366	6,744,367	1
Net changes in fund balances	(5,928,229)	(5,928,229)	(2,690,138)	3,238,091
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	5,928,229	5,928,229	5,522,249	(405,980)
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ -	\$ 2,832,111	\$ 2,832,111

**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, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest on investments	\$ 2,312	\$ 2,312	\$ 1,898	\$ (414)
Total revenues	2,312	2,312	1,898	(414)
<b>EXPENDITURES:</b>				
Debt service:				
Principal	455,000	2,455,000	2,455,000	-
Interest	100,316	93,070	93,070	-
Total expenditures	555,316	2,548,070	2,548,070	-
Revenues over (under) expenditures	(553,004)	(2,545,758)	(2,546,172)	(414)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	555,315	2,549,319	2,549,319	-
Transfers out	(229,741)	(461,920)	(232,179)	229,741
Total other financing sources (uses)	325,574	2,087,399	2,317,140	229,741
Net changes in fund balances	(227,430)	(458,359)	(229,032)	229,327
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	227,430	228,618	229,032	414
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	\$ -	\$ (229,741)	\$ -	\$ 229,741

**CITY OF THE DALLES, OREGON**  
**2018 UTILITY BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>EXPENDITURES:</b>				
Materials and services	\$ -	\$ 77,720	\$ 77,719	\$ 1
Debt service:				
Principal	-	859,711	859,710	1
Interest	-	108,487	108,487	-
Total expenditures	-	1,045,918	1,045,916	2
Revenues over (under) expenditures	-	(1,045,918)	(1,045,916)	2
<b>OTHER FINANCING SOURCES (USES):</b>				
Refunding bonds	-	12,189,570	12,189,570	-
Transfers in	-	970,699	970,698	(1)
Transfers out	-	(12,114,351)	(12,114,351)	-
Total other financing sources (uses)	-	1,045,918	1,045,917	(1)
Net changes in fund balances	-	-	1	1
<b>FUND BALANCE, BEGINNING BUDGETARY</b>	-	-	-	-
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

	Revenues	Expenditures
Total revenue and expenditures above	\$ -	\$ 1,045,916
Transfers in/out	-	11,143,653
Debt service principal payments	-	(859,710)
Issuance of debt	-	(705,604)
Interest revenue/expense	-	25,208
Total revenues and expenses - generally accepted accounting principles	<u>\$ -</u>	<u>10,649,463</u>
Change in net position		<u>\$ (10,649,463)</u>

## **STATISTICAL SECTION**

---

## STATISTICAL SECTION

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

Contents Page:

### **Financial Trends 80 - 86**

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

### **Revenue Capacity 87 - 92**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property taxes.

### **Debt Capacity 93 - 100**

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

### **Demographic and Economic Information 101 - 103**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

### **Financial Trends 104 - 105**

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted the information in these schedules is derived from the City's comprehensive annual financial reports for the relevant year.



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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 27,204,175	\$ 26,770,740	\$ 25,619,762	\$ 23,781,454	\$ 23,394,331	\$ 22,459,249	\$ 19,672,490	\$ 12,688,001	\$ 17,096,182	\$ 11,762,990
Restricted	8,309,364	7,364,590	6,606,540	6,591,609	6,221,686	6,204,535	6,337,147	7,765,650	3,060,447	1,709,715
Unrestricted	14,499,406	13,033,689	11,480,666	4,480,644	4,055,637	2,969,259	3,975,176	4,297,055	4,401,964	4,314,633
<b>Total governmental activities net position</b>	<b>\$ 50,012,945</b>	<b>\$ 47,169,019</b>	<b>\$ 43,706,968</b>	<b>\$ 34,853,707</b>	<b>\$ 33,671,654</b>	<b>\$ 31,633,043</b>	<b>\$ 29,984,813</b>	<b>\$ 24,750,706</b>	<b>\$ 24,558,593</b>	<b>\$ 17,787,338</b>
<b>Business-Type Activities:</b>										
Net investment in capital assets	\$ 48,435,897	\$ 27,336,873	\$ 23,686,429	\$ 31,902,082	\$ 31,669,652	\$ 25,695,435	\$ 19,854,285	\$ 18,412,767	\$ 16,246,937	\$ 16,319,490
Restricted	4,996,649	15,889,368	12,505,094	10,418,116	8,506,649	6,817,577	6,867,232	6,534,483	6,500,649	6,450,920
Unrestricted	(5,535,813)	(1,051,770)	645,798	2,373,161	942,037	1,301,239	1,179,693	862,477	1,284,163	1,089,738
<b>Total business-type activities net position</b>	<b>\$ 47,896,733</b>	<b>\$ 42,174,471</b>	<b>\$ 36,837,321</b>	<b>\$ 44,693,359</b>	<b>\$ 41,118,338</b>	<b>\$ 33,814,251</b>	<b>\$ 27,901,210</b>	<b>\$ 25,809,727</b>	<b>\$ 24,031,749</b>	<b>\$ 23,860,148</b>
<b>Primary Government:</b>										
Net investment in capital assets	\$ 75,640,072	\$ 54,107,613	\$ 49,306,191	\$ 55,683,536	\$ 55,063,983	\$ 48,154,684	\$ 39,526,775	\$ 31,100,768	\$ 33,343,119	\$ 28,082,480
Restricted	13,306,013	23,253,958	19,111,634	17,009,725	14,728,335	13,022,112	13,204,379	14,300,133	9,561,096	8,160,635
Unrestricted	8,963,593	11,981,919	12,126,464	6,853,805	4,997,674	4,270,498	5,154,869	5,159,532	5,686,127	5,404,371
<b>Total primary government net position</b>	<b>\$ 97,909,678</b>	<b>\$ 89,343,490</b>	<b>\$ 80,544,289</b>	<b>\$ 79,547,066</b>	<b>\$ 74,789,992</b>	<b>\$ 65,447,294</b>	<b>\$ 57,886,023</b>	<b>\$ 50,560,433</b>	<b>\$ 48,590,342</b>	<b>\$ 41,647,486</b>

Source: Current and prior year's financial statements



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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Program Revenues</b>										
Governmental activities:										
Charges for services, fees and fines										
General government	\$ 662,698	\$ 1,207,216	\$ 1,111,793	\$ 895,831	\$ 1,741,823	\$ 958,415	\$ 853,937	\$ 303,748	\$ 463,177	\$ 383,838
Public safety	241,242	243,128	235,252	222,585	229,428	194,454	224,448	255,320	306,615	283,213
Highways and streets	12,928	28,342	33,944	12,424	10,573	16,525	20,880	19,217	30,649	16,262
Culture and recreation	18,346	21,681	20,605	18,740	12,401	11,548	11,294	15,746	11,208	9,775
Operating grants and contributions	960,217	2,169,009	2,790,732	1,988,624	1,920,600	1,815,072	1,790,012	1,635,994	2,823,915	2,334,733
Capital grants and contributions	2,077,651	2,739,012	1,970,505	2,318,755	1,286,046	2,144,707	5,816,031	1,780,738	4,814,797	2,550,663
Total governmental activities program revenues	3,973,082	6,408,388	6,162,831	5,456,959	5,200,871	5,140,721	8,716,602	4,010,763	8,450,361	5,578,484
Business-type activities:										
Charges for services:										
Water	5,890,309	5,719,228	5,820,678	5,707,603	5,161,655	4,530,792	4,404,696	3,655,158	3,408,136	3,153,707
Wastewater	5,862,797	6,137,909	5,733,933	5,533,259	5,697,344	5,316,269	5,024,672	4,828,073	4,517,642	4,149,530
Airport	-	-	-	199,548	273,657	219,036	226,622	191,157	162,163	177,701
Operating grants	-	-	-	65,000	65,000	65,000	263,347	142,954	96,382	78,262
Capital grants	1,061,609	1,174,329	-	406,533	4,970,071	3,871,454	1,193,231	383,053	558,895	480,349
Total business-type activities program revenues	12,814,715	13,031,466	11,554,611	11,911,943	16,167,727	14,002,551	11,112,568	9,200,395	8,743,218	8,039,549
Total primary government program revenues	16,787,797	19,439,854	17,717,442	17,368,902	21,368,598	19,143,272	19,829,170	13,211,158	17,193,579	13,618,033
<b>Expenses</b>										
Governmental activities:										
General government	3,763,261	3,661,829	4,043,194	4,643,056	3,528,182	3,620,305	3,225,677	3,631,219	2,957,295	4,125,878
Public safety and justice	3,951,495	3,841,288	3,764,858	3,599,408	3,502,386	3,534,026	3,304,009	3,088,742	2,715,894	2,614,704
Highways and streets	1,803,579	1,765,029	1,614,145	1,505,435	1,292,997	1,559,911	1,405,744	1,034,392	1,296,096	1,160,309
Culture and recreation	1,690,671	1,716,486	1,579,320	1,451,383	1,409,998	1,272,743	1,517,951	1,814,647	1,448,982	1,230,708
Interest on long term obligations	412,621	443,633	453,321	517,776	528,148	559,591	578,874	595,104	443,576	294,504
Total governmental activities expenses	11,621,627	11,428,265	11,454,838	11,717,058	10,261,711	10,546,576	10,032,255	10,164,104	8,861,843	9,426,103
Business-type activities:										
Water	3,655,523	3,714,854	3,778,964	3,659,726	3,713,333	3,315,325	4,092,914	2,656,862	3,148,144	2,824,800
Wastewater	3,293,026	2,806,274	3,139,369	2,993,590	3,147,900	3,068,188	3,221,576	3,110,890	2,826,635	2,395,488
2018 Utility Bond	211,414	-	-	-	-	-	-	-	-	-
Airport	-	-	-	260,659	286,049	313,045	440,116	438,097	443,613	455,624
Total business-type activities expenses	7,159,963	6,521,128	6,918,333	6,913,975	7,147,282	6,696,558	7,754,606	6,205,849	6,418,392	5,675,912
Total primary government expenses	18,781,590	17,949,393	18,373,171	18,631,033	17,408,993	17,243,134	17,786,861	16,369,953	15,280,235	15,102,015
<b>Net Expense</b>										
Governmental activities	(7,648,545)	(5,019,877)	(5,292,007)	(6,260,099)	(5,060,840)	(5,405,855)	(1,315,653)	(6,153,341)	(411,482)	(3,847,619)
Business-type activities	5,654,752	6,510,338	4,636,278	4,997,968	9,020,445	7,305,993	3,357,962	2,994,546	2,324,826	2,363,637
Total primary government net expense	\$ (1,993,793)	\$ 1,490,461	\$ (655,729)	\$ (1,262,131)	\$ 3,959,605	\$ 1,900,138	\$ 2,042,309	\$ (3,158,795)	\$ 1,913,344	\$ (1,483,982)

Source: Current and prior years' financial statements

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

(continued)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Revenues and Other Changes in Net Position</b>										
General revenues:										
Property taxes levied for:										
General purposes	\$ 4,311,291	\$ 2,950,205	\$ 2,714,277	\$ 2,753,785	\$ 2,657,460	\$ 2,591,274	\$ 2,578,241	\$ 2,334,460	\$ 2,287,915	\$ 2,160,553
Urban renewal purposes	1,525,864	1,485,852	1,378,487	1,407,564	1,327,601	1,353,346	1,218,544	1,239,842	1,261,296	1,217,187
Franchise and public service taxes	2,366,189	2,132,956	2,101,776	1,757,480	1,728,579	1,632,053	1,414,374	1,412,950	1,250,428	1,334,013
Interest and investment earnings	206,646	111,660	54,106	49,936	43,572	46,153	41,322	109,002	102,530	142,654
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	15,454	134,003
Gain (loss) on sale of property	-	-	-	-	-	-	-	-	-	(16,712)
Transfers	1,300,986	1,334,452	1,299,746	1,473,387	1,507,292	1,431,259	1,297,279	1,249,200	945,279	(1,067,352)
<b>Total governmental activities</b>	<b>9,710,976</b>	<b>8,015,125</b>	<b>7,548,392</b>	<b>7,442,152</b>	<b>7,264,504</b>	<b>7,054,085</b>	<b>6,549,760</b>	<b>6,345,454</b>	<b>5,862,902</b>	<b>3,904,346</b>
Business-type activities:										
Interest and investment earnings	202,863	161,264	73,317	50,440	42,092	38,307	30,800	32,632	51,574	153,474
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	705,604	-	-	-	(37,152)	-	-	-	-	-
Transfers	(1,300,986)	(1,334,452)	(1,299,746)	(1,473,387)	(1,507,292)	(1,431,259)	(1,297,279)	(1,249,200)	(945,279)	1,067,352
<b>Total business-type activities</b>	<b>(392,519)</b>	<b>(1,173,188)</b>	<b>(1,226,429)</b>	<b>(1,422,947)</b>	<b>(1,502,352)</b>	<b>(1,392,952)</b>	<b>(1,266,479)</b>	<b>(1,216,568)</b>	<b>(893,705)</b>	<b>1,220,826</b>
<b>Total primary government</b>	<b>9,318,457</b>	<b>6,841,937</b>	<b>6,321,963</b>	<b>6,019,205</b>	<b>5,762,152</b>	<b>5,661,133</b>	<b>5,283,281</b>	<b>5,128,886</b>	<b>4,969,197</b>	<b>5,125,172</b>
<b>Change in Net Position</b>										
Governmental activities	2,062,431	2,995,248	2,256,385	1,182,053	2,203,661	1,648,230	5,234,107	192,113	5,451,420	56,727
Prior Period Adjustments **	781,495	-	6,596,876	-	(165,050)	-	-	-	1,319,835	-
Governmental Activities, as adjusted	2,843,926	2,995,248	8,853,261	1,182,053	2,038,611	1,648,230	5,234,107	192,113	6,771,255	56,727
Business-type activities	5,262,233	5,337,150	3,409,849	3,575,021	(1,502,352)	5,913,041	2,091,483	1,777,978	1,431,121	3,584,463
Prior Period Adjustments	460,029	-	(11,265,887)	-	(214,006)	-	-	-	(1,259,520)	-
Business-type Activities, as adjusted	5,722,262	5,337,150	(7,856,038)	3,575,021	(1,716,358)	5,913,041	2,091,483	1,777,978	171,601	3,584,463
<b>Total primary government change in net position</b>	<b>8,566,188</b>	<b>8,332,398</b>	<b>997,223</b>	<b>4,757,074</b>	<b>322,253</b>	<b>7,561,271</b>	<b>7,325,590</b>	<b>1,970,091</b>	<b>6,942,856</b>	<b>3,641,190</b>
<b>Net Position Beginning</b>										
Governmental activities	47,169,019	44,173,771	34,853,707	33,671,654	31,467,993	29,984,813	24,750,706	24,558,593	17,787,338	17,730,611
Business-type activities	42,174,471	36,837,321	44,693,359	41,118,338	33,600,245	27,901,210	25,809,727	24,031,749	23,860,148	20,275,685
<b>Total primary government net position-beginning</b>	<b>89,343,490</b>	<b>81,011,092</b>	<b>79,547,066</b>	<b>74,789,992</b>	<b>65,068,238</b>	<b>57,886,023</b>	<b>50,560,433</b>	<b>48,590,342</b>	<b>41,647,486</b>	<b>38,006,296</b>
<b>Net Position Ending</b>										
Governmental activities	50,012,945	47,169,019	43,706,968	34,853,707	33,671,654	31,633,043	29,984,813	24,750,706	24,558,593	17,787,338
Business-type activities	47,896,733	42,174,471	36,837,321	44,693,359	41,118,338	33,814,251	27,901,210	25,809,727	24,031,749	23,860,148
<b>Total Primary Government Net Position</b>	<b>\$ 97,909,678</b>	<b>\$ 89,343,490</b>	<b>\$ 80,544,289</b>	<b>\$ 79,547,066</b>	<b>\$ 74,789,992</b>	<b>\$ 65,447,294</b>	<b>\$ 57,886,023</b>	<b>\$ 50,560,433</b>	<b>\$ 48,590,342</b>	<b>\$ 41,647,486</b>

\* 2014 net position-beginning are net of prior period adjustments of \$(165,050) governmental and \$(241,006) business-type activities.

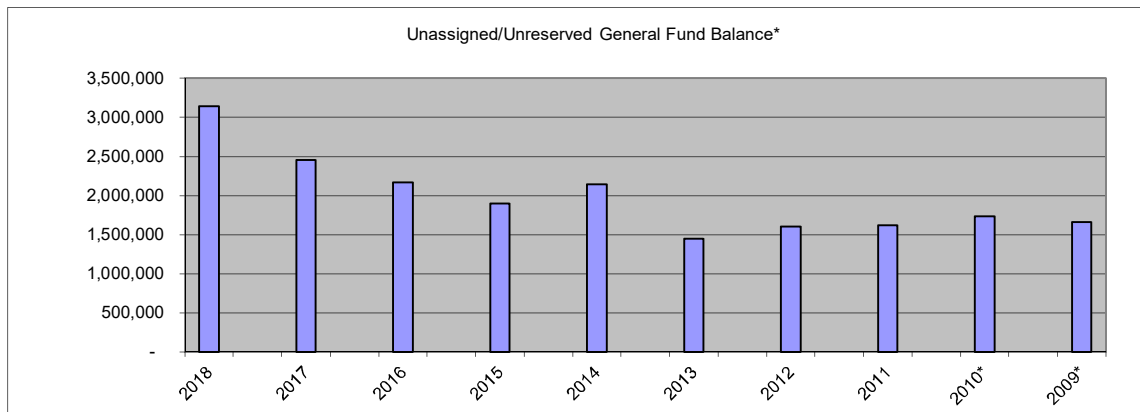
\*\* 2016 prior period adjustments are due to the Airport being reclassified as a joint venture, and being separated from the City as a business activity, and one half of the Airport assets being added to the governmental activities

Source: Current and prior years' financial statements

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund						
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable:						
Prepays	159,388	146,177	144,028	132,551	130,172	123,820
Committed:						
Committed by ordinance or resolution	1,352,126	1,369,385	1,107,207	1,169,225	1,256,941	816,807
Unassigned	<u>3,143,704</u>	<u>2,451,502</u>	<u>2,169,062</u>	<u>1,898,698</u>	<u>2,143,561</u>	<u>1,449,360</u>
Total general fund	<u>4,655,218</u>	<u>3,967,064</u>	<u>3,420,297</u>	<u>3,200,474</u>	<u>3,530,674</u>	<u>2,389,987</u>
All Other Governmental Funds						
Reserved:						
Inventories	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
System Development	-	-	-	-	-	-
Unreserved reported in:						
Major funds	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	-
Capital Projects funds	-	-	-	-	-	-
Nonspendable:						
Inventory	159,269	154,151	140,366	177,245	148,191	138,798
Restricted:						
Grant / contributor specific intent	3,400,816	3,365,712	3,411,321	3,508,935	3,458,663	3,584,049
State statute	3,298,134	2,510,012	1,847,330	1,831,201	894,793	845,812
Full faith and credit debt	14,370	-	-	-	-	3
Intergovernmental agreement	1,596,044	1,488,866	1,347,889	1,251,473	1,868,231	1,774,671
Committed:						
Major capital facilities and associated debt	299,191	242,548	163,729	219,734	276,844	303,799
Local improvements and associated debt	535,675	565,598	458,063	107,657	18,401	18,401
Agreements with state agencies	110,105	82,867	37,689	43,449	(2,166)	36,992
Total all other governmental funds	<u>9,413,604</u>	<u>8,409,754</u>	<u>7,406,387</u>	<u>7,139,694</u>	<u>6,662,956</u>	<u>6,702,525</u>
Total governmental funds	<u>\$ 14,068,822</u>	<u>\$ 12,376,818</u>	<u>\$ 10,826,684</u>	<u>\$ 10,340,168</u>	<u>\$ 10,193,630</u>	<u>\$ 9,092,512</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)**

<u>2012</u>	<u>2011</u>	<u>2010*</u>	<u>2009*</u>
\$ -	\$ -	\$ 1,735,195	\$ 1,657,050
116,297	115,143	-	-
545,656	618,743	-	-
<u>1,606,569</u>	<u>1,621,482</u>	-	-
<u>2,268,522</u>	<u>2,355,368</u>	1,735,195	1,657,050
-	-	210,933	135,071
-	-	1,141,490	464,524
-	-	8,103,852	-
-	-	640,793	1,554,656
-	-	84,268	628,787
-	-	772,281	700,768
136,002	137,768	-	-
3,723,971	5,730,710	-	-
993,088	566,535	-	-
-	-	-	-
1,620,088	1,468,405	-	-
496,322	428,769	-	-
677,218	730,557	-	-
36	1,168	-	-
<u>7,646,725</u>	<u>9,063,912</u>	<u>10,953,617</u>	<u>3,483,806</u>
<u>\$ 9,915,247</u>	<u>\$ 11,419,280</u>	<u>\$ 12,688,812</u>	<u>\$ 5,140,856</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)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>					
Taxes	\$ 7,825,266	\$ 6,308,619	\$ 6,025,127	\$ 5,661,611	\$ 5,359,205
Inter-governmental	2,722,194	3,899,215	3,848,504	4,235,990	3,161,324
Rents and interest	477,694	544,083	502,604	485,684	431,657
Franchise Fees	371,027	258,417	227,827	266,968	331,184
Fines and forfeitures	257,822	258,049	249,906	234,947	241,481
Charges for services	45,992	66,595	49,250	40,507	27,673
System Development Charges	72,261	239,963	84,850	35,334	95,479
Special assessments	50,493	191,204	469,501	82,657	580,919
Other Revenues	586,857	447,791	922,148	502,387	273,589
Total revenues	<u>12,409,606</u>	<u>12,213,936</u>	<u>12,379,717</u>	<u>11,546,085</u>	<u>10,502,511</u>
<b>Expenditures</b>					
Current:					
General Government	3,256,199	3,260,351	3,237,110	3,363,935	2,910,006
Public safety	3,884,806	3,738,742	3,685,123	3,526,407	3,337,983
Highways and streets	1,218,883	1,179,016	1,082,520	1,021,840	985,621
Culture and recreation	1,646,012	1,680,709	1,543,977	1,414,754	1,231,798
Capital outlay	916,391	1,013,464	2,516,214	2,413,193	1,205,442
Debt service:					
Principal	671,906	642,232	617,558	596,494	760,077
Interest	464,393	495,557	524,654	548,296	579,587
Total expenditures	<u>12,058,590</u>	<u>12,010,071</u>	<u>13,207,156</u>	<u>12,884,919</u>	<u>11,010,514</u>
Revenues over (under) expenditures	<u>351,016</u>	<u>203,865</u>	<u>(827,439)</u>	<u>(1,338,834)</u>	<u>(508,003)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from bonds	-	-	-	-	-
Bond premium	-	-	-	-	-
Proceeds of financing agreement	-	-	-	-	101,829
Repayment of financing agreement	-	-	-	-	-
Sale of fixed capital assets	40,002	11,817	6,719	11,985	-
Transfers in	2,874,161	2,885,047	3,193,664	3,504,190	3,237,423
Transfers out	(1,573,175)	(1,550,595)	(1,893,918)	(2,030,803)	(1,730,131)
Total other financing sources (uses)	<u>1,340,988</u>	<u>1,346,269</u>	<u>1,306,465</u>	<u>1,485,372</u>	<u>1,609,121</u>
Net change in fund balances	<u>\$ 1,692,004</u>	<u>\$ 1,550,134</u>	<u>\$ 479,026</u>	<u>\$ 146,538</u>	<u>\$ 1,101,118</u>
Debt service as a percentage of noncapital expenditure	<u>10.2%</u>	<u>10.2%</u>	<u>10.2%</u>	<u>10.1%</u>	<u>13.5%</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)**

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
\$	5,219,096	\$ 4,888,001	\$ 4,674,232	\$ 4,586,114	\$ 4,391,942
	3,954,537	7,577,757	3,416,732	10,350,588	4,129,300
	472,656	398,415	477,926	485,217	459,573
	328,287	308,704	345,733	313,191	357,640
	205,803	235,699	269,448	268,603	293,498
	33,165	28,774	42,078	28,070	33,295
	276,341	168,629	39,010	99,119	281,081
	28,521	51,641	143,689	61,544	10,323
	251,617	264,486	88,956	820,386	212,881
	<u>10,770,023</u>	<u>13,922,106</u>	<u>9,497,804</u>	<u>17,012,832</u>	<u>10,169,533</u>
	2,847,792	2,861,157	2,996,122	2,884,919	2,874,613
	3,365,059	3,206,256	2,995,877	2,565,847	2,470,968
	1,089,640	1,343,365	979,615	1,079,593	1,018,038
	1,234,310	1,009,676	1,300,663	1,263,268	1,180,839
	3,265,453	7,077,246	2,518,236	12,522,325	5,870,508
	617,719	595,874	678,222	641,848	668,709
	606,264	629,844	648,299	446,355	318,840
	<u>13,026,237</u>	<u>16,723,418</u>	<u>12,117,034</u>	<u>21,404,155</u>	<u>14,402,515</u>
	<u>(2,256,214)</u>	<u>(2,801,312)</u>	<u>(2,619,230)</u>	<u>(4,391,323)</u>	<u>(4,232,982)</u>
	-	-	-	13,147,632	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	(2,400,000)	-
	2,220	-	-	15,454	11,000
	3,694,389	2,703,091	2,627,706	1,571,988	1,548,689
	(2,263,130)	(1,405,812)	(1,278,008)	(456,112)	(387,482)
	<u>1,433,479</u>	<u>1,297,279</u>	<u>1,349,698</u>	<u>11,878,962</u>	<u>1,172,207</u>
\$	<u>(822,735)</u>	<u>\$ (1,504,033)</u>	<u>\$ (1,269,532)</u>	<u>\$ 7,487,639</u>	<u>\$ (3,060,775)</u>
	<u>11.9%</u>	<u>12.6%</u>	<u>13.3%</u>	<u>5.9%</u>	<u>8.7%</u>

Source: Current and prior years' financial statements

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

<b>Function/Program</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Governmental activities</b>										
General government	\$ 2,740,349	\$ 3,946,228	\$ 3,082,298	\$ 3,214,586	\$ 3,027,869	\$ 3,103,122	\$ 6,669,968	\$ 2,084,486	\$ 1,423,341	\$ 1,490,608
Public safety	241,242	243,128	235,252	222,585	229,428	194,454	224,448	255,320	329,265	307,956
Highways and streets	969,448	900,410	891,733	854,032	835,673	807,308	816,335	690,006	5,757,377	2,583,451
Culture and recreation	22,043	1,318,622	1,953,548	1,165,756	1,107,901	1,035,837	1,005,851	980,951	940,378	1,196,469
<b>Total governmental activities</b>	<b>3,973,082</b>	<b>6,408,388</b>	<b>6,162,831</b>	<b>5,456,959</b>	<b>5,200,871</b>	<b>5,140,721</b>	<b>8,716,602</b>	<b>4,010,763</b>	<b>8,450,361</b>	<b>5,578,484</b>
<b>Business-type activities</b>										
Water	6,938,940	6,893,557	5,820,678	5,730,696	8,162,335	4,531,595	4,615,212	3,736,008	3,449,258	3,277,782
Waste water	5,875,775	6,137,909	5,733,933	5,533,259	5,697,344	5,317,072	5,036,842	5,154,562	4,817,291	4,511,937
Airport *	-	-	-	647,988	2,308,048	4,153,884	1,460,514	309,825	476,669	249,830
<b>Total business-type activities</b>	<b>12,814,715</b>	<b>13,031,466</b>	<b>11,554,611</b>	<b>11,911,943</b>	<b>16,167,727</b>	<b>14,002,551</b>	<b>11,112,568</b>	<b>9,200,395</b>	<b>8,743,218</b>	<b>8,039,549</b>
<b>Total Primary government</b>	<b>\$ 16,787,797</b>	<b>\$ 19,439,854</b>	<b>\$ 17,717,442</b>	<b>\$ 17,368,902</b>	<b>\$ 21,368,598</b>	<b>\$ 19,143,272</b>	<b>\$ 19,829,170</b>	<b>\$ 13,211,158</b>	<b>\$ 17,193,579</b>	<b>\$ 13,618,033</b>

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)**

<b>Year</b>	<b>Property Taxes</b>	<b>Transient Room Taxes</b>	<b>City Gasoline Taxes</b>
<b>2009</b>	3,328,967	688,367	374,608
<b>2010</b>	3,524,712	652,591	405,097
<b>2011</b>	3,454,107	545,281	396,102
<b>2012</b>	3,594,046	545,711	434,025
<b>2013</b>	3,742,555	526,815	442,468
<b>2014</b>	3,812,124	589,919	449,660
<b>2015</b>	3,965,710	699,538	476,807
<b>2016</b>	3,914,828	774,459	485,409
<b>2017</b>	4,253,171	794,439	501,456
<b>2018</b>	4,359,755	807,020	518,183



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

<b>Year</b>	<b>Real Property Assessed Value</b>	<b>Personal Property Assessed Value</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Real Market Value</b>
<b>2009</b>	*	*	813,469,878	3.0155	1,721,569,341
<b>2010</b>	*	*	858,051,833	3.0155	1,751,436,903
<b>2011</b>	*	*	897,333,222	3.0155	1,381,912,299
<b>2012</b>	916,125,162	41,402,894	957,528,056	3.0155	1,488,289,123
<b>2013</b>	946,101,192	38,753,997	984,855,189	3.0155	1,418,883,503
<b>2014</b>	973,218,575	39,433,682	1,012,652,257	3.0155	1,608,434,442
<b>2015</b>	949,356,866	99,175,645	1,048,532,511	3.0155	1,298,752,196
<b>2016</b>	976,761,450	102,771,898	1,079,533,348	3.0155	1,625,848,326
<b>2017</b>	1,021,779,141	106,663,306	1,128,442,447	3.0155	1,795,227,733
<b>2018</b>	1,061,276,720	110,567,256	1,171,843,976	3.0155	1,933,064,130

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

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

Year	City			Overlapping Governments														Total Direct and Overlapping Rates
	District Adjusted Tax Rate	Urban Renewal Tax Rate	City of The Dalles Direct Rate	Wasco County	Wasco County VA Bonds	Port of The Dalles	Mid-Columbia Fire and Rescue	Northern Wasco County Parks and Recreation District	Northern Wasco Co Parks and Recreation District Bond	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		
2009	2.7945	0.221	3.0155	4.2523	0.2417	0.2007	2.3877	0.6799	0	0.6800	1.7454	(1)	5.2399	0.4678	0.6839	0.3123	19.91	
2010	2.7945	0.221	3.0155	4.2523	0.2750	0.2007	2.2790	0.6799	0	0.6800	1.7834	0	5.2399	0.4678	0.6962	0.2772	19.85	
2011	2.7945	0.221	3.0155	4.2523	0.2717	0.2007	2.2436	0.6799	0	0.6800	1.8357	0	5.2399	0.4678	0.6893	0.2780	19.85	
2012	2.7945	0.221	3.0155	4.2523	0.2559	0.2007	2.2533	0.6799	0	0.6800	1.8238	0	5.2399	0.4678	0.6854	0.2750	19.83	
2013	2.7945	0.221	3.0155	4.2523	0.2536	0.2007	2.2533	0.6799	0	0.6800	1.8104	0	5.2399	0.4678	0.2703	0.2510	19.37	
2014	2.7945	0.221	3.0155	4.2523	0	0.2007	2.2528	0.6799	0	0.6800	1.7765	0	5.2399	0.4678	0.2703	0.2564	19.09	
2015	2.7945	0.221	3.0155	4.2523	0	0.2007	2.2449	0.6799	0.3228	0.6800	1.7588	0	5.2399	0.4678	0.2703	0.2450	19.38	
2016	2.7961	0.2194	3.0155	4.2523	0	0.2007	2.2656	0.6799	0.2953	0.6800	1.7052	0	5.2399	0.4678	0.2703	0.2487	19.32	
2017	2.7952	0.2203	3.0155	4.2523	0	0.2007	2.2588	0.6799	0.2824	0.6800	1.6991	0	5.2399	0.4678	0.2703	0.0196	19.07	
2018	2.797	0.2185	3.0155	4.2523	0	0.2007	2.1841	0.6799	0.2954	0.6800	1.6485	0	5.2390	0.4678	0.2703	0.0000	18.93	

(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)**

<b>Fiscal Year Ended June 30,</b>	<b>Tax Levy for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>	<b>Amount</b>	<b>Percentage of Levy</b>
<b>2009</b>	3,464,010	3,221,917	93.01%	139,941	97.05%
<b>2010</b>	3,634,485	3,392,982	93.36%	241,064	99.99%
<b>2011</b>	3,734,344	3,472,350	92.98%	165,052	97.40%
<b>2012</b>	3,872,365	3,612,471	93.29%	155,411	97.30%
<b>2013</b>	4,054,361	3,766,990	92.91%	177,849	97.30%
<b>2014</b>	4,109,378	3,957,676	96.31%	159,205	100.18%
<b>2015</b>	4,236,498	3,914,828	92.41%	139,069	95.69%
<b>2016</b>	4,162,816	3,965,710	95.27%	100,490	97.68%
<b>2017</b>	4,533,590	4,253,171	93.81%	68,096	95.32%
<b>2018</b>	4,679,644	4,359,755	93.16%	-	93.16%

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

CITY OF THE DALLES, OREGON  
Principal Taxpayers  
December 31, 2018 and December 31, 2009

<b>December 31, 2018</b>			
<b>Taxpayer</b>	<b>Real Property Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
Northern Wasco PUD	\$ 20,029,060	1	1.71%
Metropolitan Life Insurance Co.	13,535,903	2	1.16%
Union Pacific Railroad Co.	10,564,800	3	0.90%
Oregon Cherry Growers	10,553,877	4	0.90%
Home Depot USA, Inc.	10,270,675	5	0.88%
Charter Communications	9,839,800	6	0.84%
CenturyLink	9,687,700	7	0.83%
Northwest Natural Gas Co.	8,252,000	8	0.70%
Safeway Inc.	8,152,631	9	0.70%
Design LLC	7,899,658	10	0.67%
Total Assessed Valuation	<u>\$ 108,786,104</u>		9.28%
	<u><u>\$ 1,171,843,976</u></u>		

<b>December 31, 2009</b>			
<b>Taxpayer</b>	<b>Real Property Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
Metropolitan Life Insurance Co.	\$ 13,141,653	1	1.62%
Northern Wasco PUD	12,707,460	2	1.56%
Oregon Cherry Growers	12,008,756	3	1.48%
Home Depot USA, Inc.	10,414,150	4	1.28%
Union Pacific Railroad Co.	9,939,800	5	1.22%
CenturyLink	9,760,000	6	1.20%
Safeway Inc.	7,915,176	7	0.97%
Design LLC	7,813,888	8	0.96%
Northwest Natural Gas Co.	7,707,500	9	0.95%
Cascade Square LLC	7,526,788	10	0.93%
Total Assessed Valuation	<u>\$ 98,935,171</u>		12.16%
	<u><u>\$ 813,469,878</u></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	Loans Payable	Revenue Bonds	FFCO Bonds	Loan Payable **	Total Primary Government			
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	460,699	13,381,000	1,691,040	1,905,285	30,591,984	N/A	2,286	3.57%
2011	-	-	-	12,627,878	387,352	12,757,000	1,602,122	1,804,787	29,179,139	N/A	2,021	3.25%
2012	-	-	-	12,085,732	311,028	12,111,000	1,509,268	6,664,443	32,681,471	N/A	2,263	3.41%
2013	-	-	-	12,287,934	231,604	11,356,637	1,441,215	6,963,339	32,280,729	N/A	2,236	3.28%
2014	-	-	-	11,660,378	100,655	10,704,972	1,337,901	3,936,540	27,740,446	N/A	1,921	2.74%
2015	-	-	-	11,014,790	50,890	10,033,307	3,250,301	4,266,008	28,615,296	N/A	1,976	2.73%
2016	-	-	-	10,348,138	25,846	9,331,642	3,090,198	4,065,974	26,861,798	N/A	1,851	2.49%
2017	-	-	-	9,656,812	-	8,604,977	1,008,856	3,138,518	22,409,163	N/A	1,439	1.99%
2018	-	-	-	8,935,812	-	11,329,860	888,986	4,428,222	25,582,880	N/A	1,635	2.18%

**Note: Presented net of original issuance discounts and premiums.**

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

\*\* Amount includes proceeds for the ARRA Forgivable Loan (\$2,988,773) that were accrued on a reimbursement basis in 2012 and 2013. This loan was forgiven in 2014.

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Total Taxable Assessed Value</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2009	-	813,469,878	0.00%	-
2010	-	858,051,833	0.00%	-
2011	-	897,333,222	0.00%	-
2012	-	957,528,056	0.00%	-
2013	-	984,855,189	0.00%	-
2014	-	1,012,652,257	0.00%	-
2015	-	1,048,532,511	0.00%	-
2016	-	1,079,533,348	0.00%	-
2017	-	1,128,442,447	0.00%	-
2018	-	1,179,634,596	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, 2018**

<u>Governmental Unit</u>	<u>Gross Property-tax Backed Debt (a)</u>	<u>Percentage Applicable to City of The Dalles</u>	<u>Amount Applicable to City of The Dalles</u>
<b>Debt Repaid with Property Taxes</b>			
Columbia Gorge Comm. Coll (Treaty-Oak AED)	\$ 16,194,834	20.7912%	\$ 3,367,104
Mid-Columbia Fire and Rescue	470,000	76.5104%	359,599
Northern OR Regional Corrections	1,330,000	0.0000%	-
Northern Wasco Co. Parks & Rec District	3,660,108		260,574
Port of The Dalles	2,137,500		1,419,200
Wasco CTY SD 12 (The Dalles) Bonds	17,160,513	84.0903%	14,430,327
Wasco CTY SD 21 (The Dalles/Watonka)	4,590,000	69.6591%	3,197,353
Wasco CTY SD 29	1,138,664	0.8376%	<u>9,537</u>
Subtotal, overlapping debt			23,043,694 (b)
<b>City Direct Debt</b>			<u>9,656,812 (c)</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 32,700,506</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.
- c) City Direct Debt includes property-tax backed debt for the Full Faith & Credit Bonds, but excludes self-supporting revenue bonds.

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 Ten Fiscal Years**  
**(accrual basis of accounting)**

**Wastewater Revenue Bonds**

Fiscal Year	Gross Revenues (1)	Costs of Maintenance & Operation (2)	Net Revenue Available for Debt Service	Annual Debt Service (3)			Coverage Ratio	Monthly Sewer Rates (4)	
				Principal	Interest	Total		In City	Out of City
2009	4,404,352	2,255,673	2,148,679	330,000	222,440	552,440	3.89	35.20	59.85
2010	4,749,653	2,507,936	2,241,717	340,000	212,540	552,540	4.06	38.40	65.25
2011	5,057,186	2,789,443	2,267,742	350,000	201,830	551,830	4.11	41.85	71.15
2012	4,936,360	2,789,136	2,147,224	365,000	188,705	553,705	3.88	41.85	71.15
2012	4,936,360	2,789,136	2,147,224	365,000	188,705	553,705	3.88	41.85	71.15
2013	5,001,193	2,848,953	2,152,240	380,000	174,105	554,105	3.88	43.29	73.59
2014	5,227,464	2,967,877	2,259,587	395,000	161,185	556,185	4.06	44.78	76.13
2015	5,463,123	3,009,891	2,453,232	405,000	146,965	551,965	4.44	46.32	78.74
2017	7,293,790	3,017,487	4,276,303	435,000	116,845	551,845	7.75	46.32	78.74
2018	\$ 6,762,931	\$ 3,166,625	\$ 3,596,306	\$ 2,455,000	\$ 93,070	\$ 2,548,070	1.41	\$ 46.32	\$ 78.74

Notes:

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

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

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

(4) Resolution No. 13-003, set Sewer Rates with annual increases through FY21/22. Sewer Rates are based on 'one residential dwelling' unit and whether the account is within or outside the City Limits. Commercial rates are based on one 'unit' per listed criteria, such as number of employees, seating capacity, etc. Resolution No. 11-026 amended the Sewer rates as of January 28, 2013.



**CITY OF THE DALLES, OREGON**  
**Pledged-Revenue Coverage**  
**Last Eight 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	Monthly Metered Rate per 1,000 gallons (over 10,000)	Monthly Flat Rate (up to 10,000 gallons)
				Principal	Interest	Total			
2010	3,831,124	2,839,648	991,476	-	335,605	335,605	2.954	0.88	36.60
2011	4,157,198	3,093,516	1,063,682	230,000	335,605	565,605	1.881	0.96	40.28
2012	4,991,317	3,095,876	1,895,441	235,000	326,405	561,405	3.376	1.01	42.67
2013	4,815,101	3,163,757	1,651,345	250,000	317,005	567,005	2.912	1.45	47.88
2014	5,030,272	3,189,530	1,840,742	255,000	307,005	562,005	3.275	1.60	52.67
2015	5,689,218	3,229,056	2,460,162	265,000	296,805	561,805	4.379	1.68	52.67
2016	5,768,925	3,380,153	2,388,772	280,000	286,205	566,205	4.219	1.68	52.67
2017	5,435,427	3,304,515	2,130,912	290,000	275,005	565,005	3.771	1.68	55.30
2018	\$ 5,934,744	\$3,334,987	\$ 2,599,757	\$ 300,000	\$ 263,405	\$ 563,406	4.614	\$ 1.68	\$ 55.30

Notes:

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

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

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

(4) Resolution No. 11-026, set Water Rates with annual increases through FY20/21. Residential Water Rates are based on a flat rate per meter size and include the first 10,000 gallons of water used. An additional rate is charged per 1,000 gallons used over the 10,000 gallons covered by the flat monthly rate. Commercial rates are based on a flat rate per meter size and includes the first 5,000 gallons used, with an additional per 1,000 gallon rate added for usage over the first 5,000 gallons. Both residential and commercial rates also are adjusted for whether the account is within or outside the City Limits. The rates used in the table above are in-city residential.

## City of The Dalles, Oregon 2007 Water Revenue Bond- Required Rate Disclosures

Customer Class*	FY 2010		FY 2011		FY 2012		FY 2013		FY 2014		FY 2015		FY 2016		FY 2017		FY 2018	
	Quantity Allowance (gal)	Volume Charge (\$/1,000 gal)	Quantity Allowance (gal)	Volume Charge (\$/1,000 gal)	Quantity Allowance (gal)	Volume Charge (\$/1,000 gal)	Quantity Allowance (gal)	Volume Charge (\$/1,000 gal)	Quantity Allowance (gal)	Volume Charge (\$/1,000 gal)	Quantity Allowance (gal)	Volume Charge (\$/1,000 gal)	Quantity Allowance (gal)	Volume Charge (\$/1,000 gal)	Quantity Allowance (gal)	Volume Charge (\$/1,000 gal)	Quantity Allowance (gal)	Volume Charge (\$/1,000 gal)
Residential - (I)	10,000	0.88	10,000	0.96	10,000	1.01	10,000	1.45	10,000	1.60	10,000	1.68	10,000	1.68	10,000	1.68	10,000	1.68
Income Discount A - (I)	15,000	0.54	15,000	0.54	15,000	0.54	15,000	0.54	10,000	0.54	10,000	1.68	10,000	1.68	10,000	1.68	10,000	1.68
Income Discount B - (I)	15,000	0.39	15,000	0.39	15,000	0.39	15,000	0.39	10,000	0.39	10,000	1.68	10,000	1.68	10,000	1.68	10,000	1.68
Commercial - (I)	5,000	2.34	5,000	12.57	5,000	2.72	5,000	3.12	5,000	3.44	5,000	3.61	5,000	3.61	5,000	3.61	5,000	3.61
Residential - (O)	10,000	1.33	10,000	1.46	10,000	1.54	10,000	2.17	10,000	2.39	10,000	2.52	10,000	2.52	10,000	2.52	10,000	2.52
Income Discount A - (O)	15,000	0.81	15,000	0.81	15,000	0.81	15,000	0.81	15,000	0.81	15,000	2.52	15,000	2.52	15,000	2.52	15,000	2.52
Income Discount B - (O)	15,000	0.59	15,000	0.59	15,000	0.59	15,000	0.59	15,000	0.59	15,000	2.52	15,000	2.52	15,000	2.52	15,000	2.52
Commercial - (O)	5,000	3.52	5,000	3.87	5,000	4.10	5,000	4.68	5,000	5.15	5,000	5.42	5,000	5.42	5,000	5.42	5,000	5.42

\* (I) = Inside City Limits;  
(O) = Outside City Limits

Customer Class & Meter Size **	FY 2010		FY 2011		FY 2012		FY 2013		FY 2014		FY 2015		FY 2016		FY 2017		FY 2018	
	Inside City Limits	Outside City Limits	Inside City Limits	Outside City Limits	Inside City Limits	Outside City Limits	Inside City Limits	Outside City Limits	Inside City Limits	Outside City Limits	Inside City Limits	Outside City Limits	Inside City Limits	Outside City Limits	Inside City Limits	Outside City Limits	Inside City Limits	Outside City Limits
Residential 3/4"	36.60	54.91	40.26	60.40	42.67	64.02	47.88	71.81	52.67	79.00	52.67	82.95	52.67	82.95	55.30	82.95	55.30	82.95
Residential 1"	36.60	54.91	40.26	60.40	42.67	64.02	47.88	71.81	52.67	79.00	52.67	82.95	52.67	82.95	55.30	82.95	55.30	82.95
Residential 1.5"	43.92	65.89	48.31	72.47	51.20	76.81	57.45	86.17	63.20	94.79	63.20	99.53	63.20	99.53	66.36	99.53	66.36	99.53
Residential 2"	55.63	83.45	61.19	91.79	64.86	97.29	72.78	109.17	80.06	120.09	80.06	126.09	80.06	126.09	84.06	126.09	84.06	126.09
Residential 3"	80.53	120.79	88.58	132.86	93.89	140.83	105.35	158.03	115.89	173.84	115.89	182.53	115.89	182.53	121.68	182.53	121.68	182.53
Commercial 3/4"	28.93	43.40	31.82	47.74	33.72	50.60	38.58	57.88	42.44	63.67	42.44	66.85	42.44	66.85	44.56	66.85	44.56	66.85
Commercial 1"	32.65	48.98	35.91	53.87	38.06	57.10	43.54	65.31	47.90	71.85	47.90	75.44	47.90	75.44	50.30	75.44	50.30	75.44
Commercial 1.5"	39.97	59.97	43.96	65.96	46.59	69.91	53.30	79.95	58.63	87.95	58.63	92.35	58.63	92.35	61.56	92.35	61.56	92.35
Commercial 2"	51.24	76.97	56.36	84.66	59.74	89.73	68.35	102.52	75.19	112.78	75.19	118.42	75.19	118.42	78.95	118.42	78.95	118.42
Commercial 2.5"	66.11	90.15	72.72	99.16	77.08	105.10	88.18	132.27	97.00	145.50	97.00	152.78	97.00	152.78	101.85	152.78	101.85	152.78
Commercial 3"	77.24	115.87	84.96	127.45	90.05	135.09	103.02	154.53	113.33	169.99	113.33	178.49	113.33	178.49	119.00	178.49	119.00	178.49
Commercial 4"	118.09	177.13	129.89	194.84	137.68	206.53	157.51	236.27	173.27	259.90	173.27	272.90	173.27	272.90	181.93	272.90	181.93	272.90
Commercial 6"	210.99	316.48	232.08	348.12	246.00	369.00	281.43	422.14	309.58	464.36	309.58	487.58	309.58	487.58	325.06	487.58	325.06	487.58

\*\* Includes "Quantity Allowance" shown in previous table

### Scheduled Water Rate Increases Per Resolution No. 14-035

Fiscal Year	Base Increase	Volume Increase
FY 2015	5%	5%
FY 2016	5%	5%
FY 2017	5%	5%
FY 2018	5%	5%
FY 2019	5%	5%
FY 2020	5%	5%
FY 2021	5%	5%

City Council directed that increase not be implemented.

**City of The Dalles, Oregon  
2007 Water Revenue Bond Required SDC Disclosures**

**Water System Development Charges** **\$2,317.00 per unit (Resolution No. 06-018)**

Service or Water Meter Size	Unit Equivalent	Charge									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	
3/4 inch	1	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317	2,317
1 inch	2	4,634	4,634	4,634	4,634	4,634	4,634	4,634	4,634	4,634	4,634
1.5 inch	4	9,268	9,268	9,268	9,268	9,268	9,268	9,268	9,268	9,268	9,268
2 inch	7	16,219	16,219	16,219	16,219	16,219	16,219	16,219	16,219	16,219	16,219
3 inch	14	32,438	32,438	32,438	32,438	32,438	32,438	32,438	32,438	32,438	32,438
4 inch	25	57,925	57,925	57,925	57,925	57,925	57,925	57,925	57,925	57,925	57,925
6 inch	50	115,850	115,850	115,850	115,850	115,850	115,850	115,850	115,850	115,850	115,850
8 inch	80	185,360	185,360	185,360	185,360	185,360	185,360	185,360	185,360	185,360	185,360
* 10 inch	122	-	-	282,674	282,674	282,674	282,674	282,674	282,674	282,674	282,674
* 12 inch	172	-	-	398,524	398,524	398,524	398,524	398,524	398,524	398,524	398,524

\* 10" & 12" meter sizes added 12/01/11 via Resolution No. 11-026

**2017-18**

<b>Top Ten Water Customers</b>	<b>Rank</b>	<b>Number of Accounts</b>	<b>Annual Water Charges</b>	<b>Percent of Total Charges</b>
Design LLC	1	19	528,482.21	10.00%
Oregon Cherry Growers, Inc.	2	8	458,719.65	8.68%
School District #21	3	10	134,973.26	2.55%
Mid-Columbia Medical Center	4	17	65,738.89	1.24%
Northern Oregon Corrections	5	2	40,790.55	0.77%
Whiting Turner	6	2	40,577.31	0.77%
City of The Dalles	7	17	26,825.87	0.51%
Shilo Inn The Dalles	8	2	26,440.33	0.50%
NWC Parks & Recreation	9	19	26,182.48	0.50%
Amerities West	10	1	26,159.98	0.50%
Total			<u>1,374,890.53</u>	<u>26.02%</u>
Total Water Charges			<u>5,383,605.70</u>	<u>100.00%</u>

**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.

<b>Fiscal Year Ended June 30</b>	<b>Real Market Value</b>	<b>Debt Limit Rate</b>	<b>Debt Limit</b>	<b>Less General Bonded Debt June 30</b>	<b>Legal Debt Margin</b>	<b>Total Net Bonded Debt Applicable to the Limit as a Percentage of Debt Limit</b>
<b>2009</b>	1,721,569,341	3%	51,647,080	-	51,647,080	0.00%
<b>2010</b>	1,751,436,903	3%	52,543,107	-	52,543,107	0.00%
<b>2011</b>	1,381,912,299	3%	41,457,369	-	41,457,369	0.00%
<b>2012</b>	1,488,289,123	3%	44,648,674	-	44,648,674	0.00%
<b>2013</b>	1,418,883,503	3%	42,566,505	-	42,566,505	0.00%
<b>2014</b>	1,608,434,442	3%	48,253,033	-	48,253,033	0.00%
<b>2015</b>	1,298,752,196	3%	38,962,566	-	38,962,566	0.00%
<b>2016</b>	1,625,848,326	3%	48,775,450	-	48,775,450	0.00%
<b>2017</b>	1,795,227,733	3%	53,856,832	-	53,856,832	0.00%
<b>2018</b>	1,933,064,130	3%	57,991,924	-	57,991,924	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**

<b>Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Income</b>	<b>Unemployment Rate</b>
<b>2009</b>	13,170	N/A	N/A	10.80%
<b>2010</b>	13,385	N/A	N/A	8.80%
<b>2011</b>	14,441	N/A	N/A	8.40%
<b>2012</b>	14,440	N/A	N/A	8.10%
<b>2013</b>	14,440	N/A	N/A	7.71%
<b>2014</b>	14,440	N/A	N/A	6.40%
<b>2015</b>	14,480	N/A	N/A	4.30%
<b>2016</b>	14,515	NA	NA	4.00%
<b>2017</b>	15,572	NA	NA	4.30%
<b>2018</b>	15,646	NA	NA	3.70%

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**

	<b>2017-2018</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>
Mid Columbia Medical Center	936	1	11.86%
School District #21	385	2	4.88%
Oregon Cherry Growers, Inc.	375	3	4.75%
Fred Meyer	255	4	3.23%
State of Oregon	240	5	3.04%
Oregon Veterans Home	214	6	2.71%
Columbia Gorge Community College	186	7	2.36%
Google	150	8	1.90%
Azure Standard	106	9	1.34%
U.S. Army Corps of Engineers	140	10	1.77%
	2,987		37.84%
Total employment	7,894		

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

	<b>2008-09</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>
Mid Columbia Medical Center	801	1	10.73%
School District #21	400	2	5.36%
State of Oregon	247	3	3.31%
Kmart Corp	200	4	2.68%
Design LLC	200	5	2.68%
Columbia Gorge Community College	184	6	2.47%
Oregon Cherry Growers	180	7	2.41%
Wasco County	175	8	2.35%
Oregon Veterans Home	170	9	2.28%
Safeway Food and Drug	160	10	2.14%
	2,717		36.41%
Total employment	7,462		

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

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

<b>Function/Program</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Governmental activities:</b>										
General government	15.00	15.00	14.00	19.00	19.00	18.00	16.00	16.00	16.00	14.00
Public safety and justice	26.25	25.25	27.25	28.50	27.50	25.50	25.00	25.00	25.00	24.50
Community services	3.00	4.50	3.00	4.50	4.50	4.50	6.00	6.00	6.00	6.00
Streets and highways	10.00	7.00	10.00	8.50	10.50	11.00	11.00	9.00	10.00	11.00
Library	10.00	10.90	10.00	9.50	9.50	9.00	10.00	10.00	11.00	11.00
<b>Total governmental activities</b>	<b>64.25</b>	<b>62.65</b>	<b>64.25</b>	<b>70.00</b>	<b>71.00</b>	<b>68.00</b>	<b>68.00</b>	<b>66.00</b>	<b>68.00</b>	<b>66.50</b>
<b>Business-type activities:</b>										
Water	20.50	18.00	21.00	22.00	22.00	22.00	21.00	21.50	20.00	19.00
Wastewater	13.50	12.00	13.00	12.00	12.00	9.00	11.00	11.50	12.00	11.00
Airport		-	-	-	-	-	-	-	-	0.50
<b>Total business-type activities</b>	<b>34.00</b>	<b>30.00</b>	<b>34.00</b>	<b>34.00</b>	<b>34.00</b>	<b>31.00</b>	<b>32.00</b>	<b>33.00</b>	<b>32.00</b>	<b>30.50</b>
<b>Total primary government budgeted FTE</b>	<b>98.25</b>	<b>92.65</b>	<b>98.25</b>	<b>104.00</b>	<b>105.00</b>	<b>99.00</b>	<b>100.00</b>	<b>99.00</b>	<b>100.00</b>	<b>97.00</b>
<b>City of The Dalles Employees</b>										
Management and exempt	34.75	34.65	33.65	37.00	37.00	34.00	35.00	34.00	36.00	35.00
Bargaining units										
SEIU (Local 503)	45.50	43.00	44.00	44.00	46.00	45.00	44.00	45.00	47.00	46.00
Police Association	17.00	14.00	19.00	19.00	18.00	18.00	18.00	19.00	16.00	16.00
Total bargaining units	62.50	57.00	63.00	63.00	64.00	63.00	62.00	64.00	63.00	62.00
Temporary City employees	1.00	1.00	1.00	4.00	4.00	2.00	3.00	1.00	1.00	-
<b>Total actual City employees</b>	<b>98.25</b>	<b>92.65</b>	<b>97.65</b>	<b>104.00</b>	<b>105.00</b>	<b>99.00</b>	<b>100.00</b>	<b>99.00</b>	<b>100.00</b>	<b>97.00</b>

Source: City of The Dalles budgets and payroll records

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

<b>FUNCTION/PROGRAM</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Governmental Activities:</b>										
<b>Public Safety and Justice</b>										
<b>Police (1)</b>										
Calls for service	13,375	12,218	N/A*	11,166	11,187	11,447	10,340	9,359	7,846	8,008
Crime reports	2,060	2,220	N/A*	2,600	2,423	2,504	2,385	2,303	2,495	2,707
Number of arrests	837	1,793	N/A*	1,371	1,233	1,062	1,017	1,055	1,028	1,024
<b>Municipal Court</b>										
Traffic cases	1,374	1,720	1,467	1,504	1,357	1,180	1,412	1,184	1,082	1,218
Criminal cases	372	279	429	364	511	445	342	375	358	331
Ordinance violations	1	30	19	40	65	78	25	22	15	15
Parking violations	81	47	99	57	44	44	60	76	88	164
Code enforcement cases	5	6	4	9	6	13	11	3	4	6
<b>Library</b>										
Number of registered borrowers	15,562	15,651	14,538	13,534	12,056	11,950	10,920	12,573	11,140	13,042
Total circulation	219,628	197,620	190,785	164,106	157,475	160,295	163,653	160,405	145,972	122,432
Public programs	362	340	472	264	418	462	466	607	490	457
Program attendance	4,194	3,617	5,759	4,706	6,978	7,864	7,226	9,775	8,143	8,996
Books added	6,315	5,425	6,563	8,995	4,688	4,005	3,644	6,526	6,283	4,079
<b>Business-type Activities:</b>										
<b>Water</b>										
Average active metered connections	4,443	4,825	4,617	4,590	4,591	4,604	4,598	4,618	4,613	4,598
Average daily water consumption	2,994,521	3,121,860	2,969,589	3,475,890	2,711,309	2,574,885	2,633,408	2,598,893	2,674,413	2,615,130
Average number of assistance accounts	139	134	183	149	187	166	162	153	168	150
Average daily water production	3,341,700	3,300,000	3,360,415	3,303,658	3,301,370	3,196,986	3,115,781	3,102,250	3,209,003	3,185,655

(1) Police statistics are for the calendar year.

\* N/A: Data was not available for this year.



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

<b>FUNCTION/PROGRAM</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Governmental Activities</b>										
<b>General Government</b>										
Buildings owned	13	13	13	13	13	13	12	12	7	7
Vehicles (excluding automobiles)	41	41	41	41	41	40	36	37	33	33
Heavy Equipment	18	18	18	18	17	16	15	15	18	18
<b>Public Safety and Justice</b>										
Police										
Police vehicles	18	18	17	17	17	17	16	16	15	15
Number of employees	26.25	21	25.75	25.5	25.5	25.5	25	25	23	23
<b>Streets and Highways</b>										
Miles of streets maintained by City:										
Paved	87.5	85.1	69.2	69.2	69.1	69.1	69.1	69.1 *	70.38	70.38
Unpaved	10.8	13.2	16.4	16.4	16.4	16.4	16.4	16.4 *	17.82	17.82
Bridges and underpasses	6	6	6	6	5	5	5	5	5	5
<b>Business-type Activities</b>										
<b>Water</b>										
Miles of water lines (estimated)	104	101.3	101.3	101.3	100.7	100.7 *	87.3	86.5 *	84.25	84.25
Reservoirs	5	5	5	5	5	5	5	6	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
<b>Wastewater</b>										
Treatment plant	1	1	1	1	1	1	1	1	1	1
Miles of sewer lines (estimated)	100	100	98.8	95.7	95.3	95.3	94.4	94.4 *	78	78
Lift stations	9	9	9	9	8	8	8	8	8	8
<b>Airport</b>										
Terminal	1	1	1	1	1	1	1	1	1	1
Maintenance and T-hangers	42	42	42	42 *	33 *	32 *	23	23	23	23
Other buildings	4 *	2	2	2	2 *	3	3	2	2	2

\* 2011 miles based on GIS mapping data. Prior to 2011, mileage was manually calculated.  
\* 2013 Added in out of City limits Transmission Pipelines from Treatment Plant to t  
\* 2013 Built new Maintenance Hanger and private hanger with 8 T-hangers revert  
\* 2014 Now includes Life Flight Hanger and eliminated Electrical Bldg, which is now  
\* 2015 Purchased "D" Hanger with 9 T-Hangers.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

---

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

Honorable Mayor and City Council  
City of The Dalles, Oregon

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of The Dalles, Oregon as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise City of The Dalles, Oregon's basic financial statements, and have issued our report thereon dated January 3, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of The Dalles, Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of The Dalles, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of City of The Dalles, Oregon's internal control.

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. 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.

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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be material weakness as item 2018-1.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of The Dalles, Oregon's financial statements are free from 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*.

### **City of The Dalles, Oregon's Response to Findings**

City of The Dalles, Oregon's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. City of The Dalles, Oregon's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina & Company, LLP  
Tualatin, Oregon  
January 3, 2019

## **SCHEDULE OF FINDINGS AND RESPONSES**

---

**CITY OF THE DALLES, OREGON**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2018**

---

2018-1

Condition: Several internal controls within the City were not being followed. Internal controls help prevent or detect and correct misstatements in a timely manner.

Criteria: Municipal court internal controls need to be followed and have additional oversight and review. Year-end adjustments should be reviewed to ensure there are no errors.

Effect: Adjustments were required to correct the accounting records and financial reporting for the affected areas and an adjustment was material, resulting in a material weakness to be reported.

Cause: Municipal court and year-end adjustments are done through manual processes, which increases the risk of errors. Municipal court tasks were not completed in a timely manner and were not following proper procedures. The new GASB 75 pronouncement year-end OPEB adjustment contained a formula error.

Recommendation: We recommend that management review its internal controls processes to incorporate additional oversight and review of municipal court. We also recommend that management review new pronouncements and year-end adjustment worksheets to ensure amounts and formulas are correct. This will help ensure that the accounting records are properly maintained for accurate financial reporting.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the findings. The Finance Department has already implemented additional oversight and review of the Municipal Court and corrected the formula error with year-end adjustments.



**SCCHEDULE OF FINDINGS AND RESPONSES INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *OREGON*  
*STATE REGULATION***

---



**INDEPENDENT AUDITOR’S REPORT  
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH OREGON STATE REGULATION**

Honorable Mayor and City Council  
City of The Dalles, Oregon

We have audited the basic financial statements of City of The Dalles, Oregon, as of and for the year ended June 30, 2018 and have issued our report thereon dated January 3, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether 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 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:

- 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.

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. In connection with our testing, nothing came to our attention that caused us to believe City of The Dalles, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows.

Expenditures in excess of appropriations:

<u>Fund</u>	<u>Appropriations Level</u>	<u>Excess of Appropriations</u>
Water Capital Reserve	Transfer Out	414

## **OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered City of The Dalles, Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of The Dalles, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of City of The Dalles, Oregon's internal control.

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 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control and described in the accompanying schedule of findings and responses that we consider to be a material weakness as item 2018-1.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina & Company, LLP  
Tualatin, Oregon  
January 3, 2019