



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017

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

CITY OF THE DALLES, OREGON

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INTRODUCTORY SECTION



CITY of THE DALLES

313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481

City Council
City of The Dalles
The Dalles, Oregon 97058

December 29, 2017

The Comprehensive Annual Financial Report (CAFR) of the City of The Dalles, Oregon, for the year ended June 30, 2017, is submitted herewith. This report presents a comprehensive and detailed picture of The Dalles' financial transactions during fiscal year 2016-2017 and the financial condition of the various funds at June 30, 2017. 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, 2017, 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.

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.

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

The Port of The Dalles Industrial Center is the location of most local manufacturing, where there are 72 companies, employing over 1,500 people. The old Aluminum Smelter was torn down for salvage in 2008. This freed up over 300 acres of industrial land. Internet giant Google is located in the Port Industrial Park and employs over 150 employees, including contract employees. Google has recently completed construction that will double their investment at The Dalles facility and should add 50 employees to it's the Dalles operations. One of the newest addition to the Port Industrial Park is Columbia PhytoTechnology, also known as Powderpure, a company that specializes in powder production through its patented Radiant Zone Drying (RZD) technology, particularly of fruits and vegetables, for the food, beverage, nutritional, nutraceutical and pharmaceutical industries. Columbia PhytoTechnology relocated from Washington to The Dalles in late 2011, bringing approximately 36 jobs to the area, with plans to expand to 100 employees within the next few years. During FY14/15 two new businesses located in the Port Industrial Area: NuCulture Foods and Integrated 3-D, LLC. Also, the Port completed a new 50 acre, 25 lot Industrial Subdivision, called the Columbia Gorge Industrial Center. About halpf of the Industrial Center has been purchased by Google and is under development with facilities planned to go on-line December 2017.

The City is a strategic home base for year-round recreation. Water sport enthusiasts will find boating, excellent fishing, and one of the finest windsurfing and kite boarding areas in the United States on the Columbia River. To the east are substantial opportunities to camp, fish, hike, and sightsee. To the west, ski enthusiasts have the opportunity to challenge the ski slopes of magnificent Mt. Hood, and there are numerous resorts that lie on Mt. Hood and at its base. Construction of the Columbia Gorge Discovery Center and Wasco County Historical Museum was completed in May 1997. Thousands of people visit the Center annually and it has become a center for many community festivities and events. The Center is located along the Columbia River that borders the City. Historic Downtown The Dalles, has new breweries, new restaurants and retail shops, talking murals, St. Peters Landmark and other historical buildings, and is a strong visitor draw. 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. Over 100 cruise ships docked in The

Dalles during the 2016 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. During the summer of 2013, the new Fresenius Center opened for business, providing dialysis treatments on Mondays, Wednesdays and Fridays.

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. A new 150,000 square foot super Wal-Mart store is planned for 2017 that will employ around four hundred people. The Cascade Square shopping center will complete a multi-million dollar façade renovation in the fall of 2017.

An Urban Renewal District that is working to renovate the older commercial areas of the community. A ten block Downtown Renovation Project was completed during the summer of 2001. A \$7 million dollar reconnection of the Downtown to the Columbia River was completed in FY 2003-2004 using Urban Renewal dollars, and they were matched two to one with other grant funds. Urban Renewal also caused the renovation of two major downtown structures that had been vacant for years. In October 2009, a Full Faith and Credit Obligation Bond was obtained by the City, with over \$10 million of the proceeds going as a loan to the Urban Renewal Agency to refund their current bond and provide nearly \$8 million for Urban Renewal projects. The East Gateway public infrastructure, that included a round-about to manage traffic in a problem area, was completed in June 2010. That project leveraged approximately \$25 million in private investment, including a new winery now located in a vacant flour mill that employs 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 1929 Granada Building sold and with their renovations, they expect to have their grand opening in November 2017.

Renovation of the Elks Building is scheduled to be completed in the Spring of 2017. This will house a world class neon sign museum that is expected to draw more visitors to increase our tourism economy.

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. 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 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. An 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 2016-2017 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 16/17.

Housing Needs Analysis and Residential Buildable Land Needs Assessment

A comprehensive Housing Needs Analysis and Residential Buildable Land Needs Assessment was completed. In 2016/17, this project, in compliance with Oregon Planning Rules #10, identified types of housing needs and assessed future developable land needs

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, 2017. 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, 2016. 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, 2017**

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 th Street The Dalles OR 97058	2020
Tim McGlothlin 328 West 21 st Place The Dalles OR 97058	2018
Tanar Elliot 397 Summit Ridge Drive The Dalles OR 97058	2018
Russ Brown 903 East 14 th 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

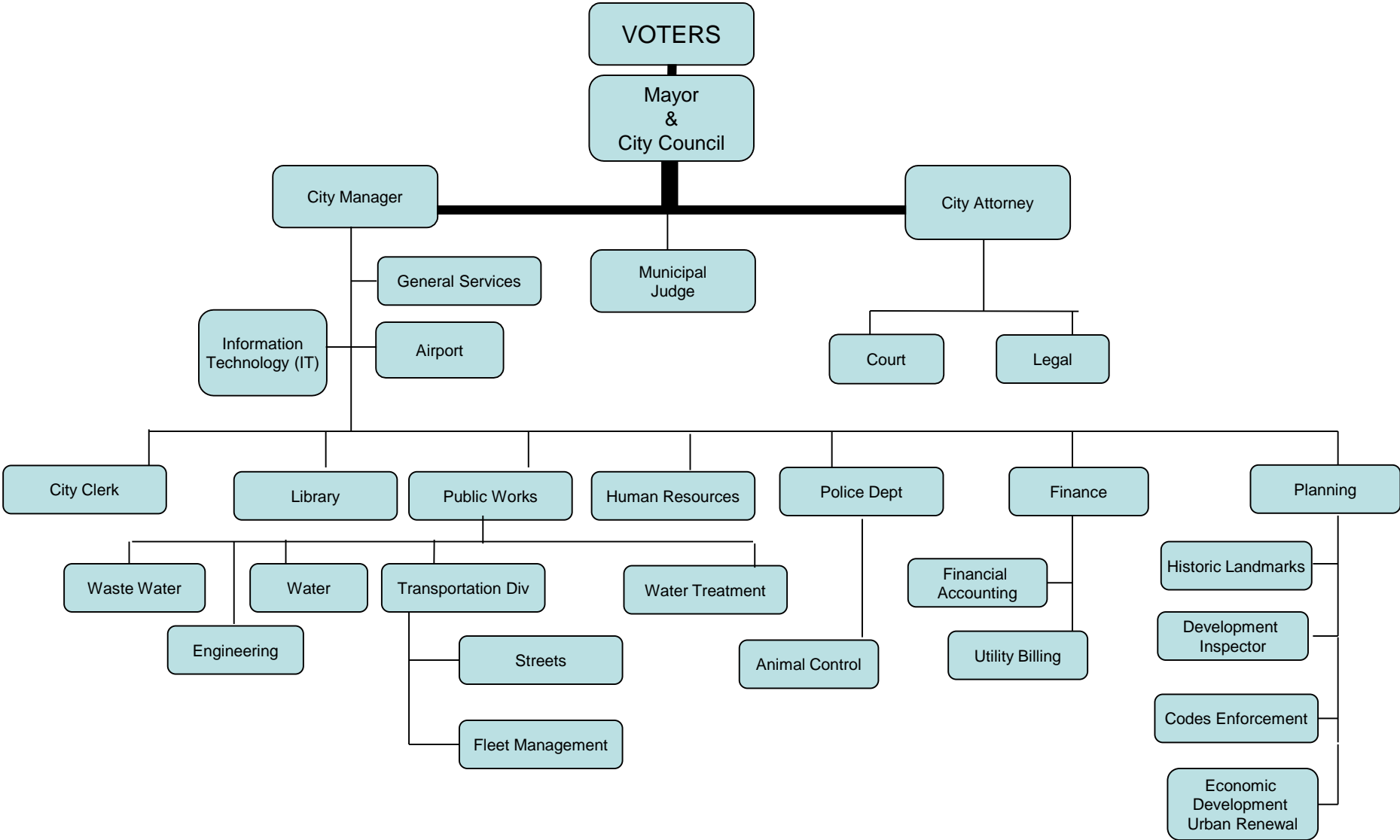
**City of The Dalles
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

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 the City of The Dalles, Oregon, as of and for the year ended June 30, 2017, 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 the City of The Dalles, Oregon, as of June 30, 2017, 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 to the financial statements, the City of The Dalles, Oregon adopted new accounting guidance, GASB Statement No. 77, Tax Abatement Disclosures. 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 and the other post employment benefits schedule of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and the other post employment benefits schedule of funding progress 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.

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 Standard*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017 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.¹⁰ The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting

or on compliance. That report is issued separately and 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 December 29, 2017, 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
West Linn, Oregon
December 29, 2017

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, 2017 by \$89,343,490 (net position). Of this amount \$54,107,613 was invested in capital assets (net of related debt). \$23,253,958 was restricted for specific purposes, resulting in unrestricted net position of \$11,981,919. The unrestricted net position is made up of unrestricted governmental net position of \$13,033,689 and unrestricted business-type net position of (\$1,051,770).

The City's net position increased by \$8,332,398 (10.29%), due primarily to the continuation of the Dog River Pipeline Replacement Project, The Sorosis and Columbia View Reservoirs painting project, WWTP Phase 1 Improvements and the 18-inch Port Water main project.

The City's Governmental Funds had an increase in fund balances in the amount of \$1,550,134. The General Fund balance increased by \$546,767. The Special Grants Fund balance decreased by \$45,107. The Urban Renewal Capital Projects Fund balance increased by \$382,183. The Special Assessment Fund balance increased by \$107,535. 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 \$5,337,150, due primarily to the ongoing Dog River Pipeline Replacement Project, The Sorosis and Columbia View Reservoirs painting project and the WWTP Phase 1 Improvements and the 18-inch Port Industrial water main 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, 2017 was \$89,343,490, an increase from June 30, 2016 of \$8,332,398. 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	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 22,788,934	\$ 20,473,476	\$ 16,716,618	\$ 14,378,821	\$ 39,505,552	\$ 34,852,297
Capital assets	36,427,552	36,460,549	40,089,225	37,420,012	76,516,777	73,880,561
Total Assets	59,216,486	56,934,025	56,805,843	51,798,833	116,022,329	108,732,858
Liabilities						
Long-Term liabilities	11,642,427	12,254,400	13,887,362	14,773,942	25,529,789	27,028,342
Other liabilities	405,040	505,854	744,010	187,570	1,149,050	693,424
Total liabilities	12,047,467	12,760,254	14,631,372	14,961,512	26,678,839	27,721,766
Net investment in capital assets	26,770,740	26,086,565	27,336,873	23,686,429	54,107,613	49,772,994
Restricted	7,364,590	6,606,540	15,889,368	12,505,094	23,253,958	19,111,634
Unrestricted	13,033,689	11,480,666	(1,051,770)	645,798	11,981,919	12,126,464
Total net position	\$ 47,169,019	\$ 44,173,771	\$ 42,174,471	\$ 36,837,321	\$ 89,343,490	\$ 81,011,092

The governmental activities revenue comes primarily from property taxes, franchise fees, charges for services, and various grants and contributions. Between FY15/16 and FY16/17, the City's Taxable Assessed Value (TAV) increased by 4.50%. When compared to the prior year, City property taxes collected increased by 7.11%. When compared to the prior year, Urban Renewal District property taxes collected increased by 6.23%.

Our natural gas franchise fees increased 18.3% over the prior year, primarily due to a severe winter. The electric franchise fees increased 15.7%, while CATV/internet franchise fees decreased .56%, and the garbage franchise fees increased 46.4%. The Street Fund realized a 3.32% increase in the local 3 cent per gallon gas tax. Transient Room Taxes collected increased 2.58% compared to the prior year. Total City charges for services revenue showed a 36% increase, due to an increase in planning, licensing and permit fees.

During the year ending June 30, 2017, 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 \$94,590 for design and construction of the new children's area at the Library, which was completed in July 2016.

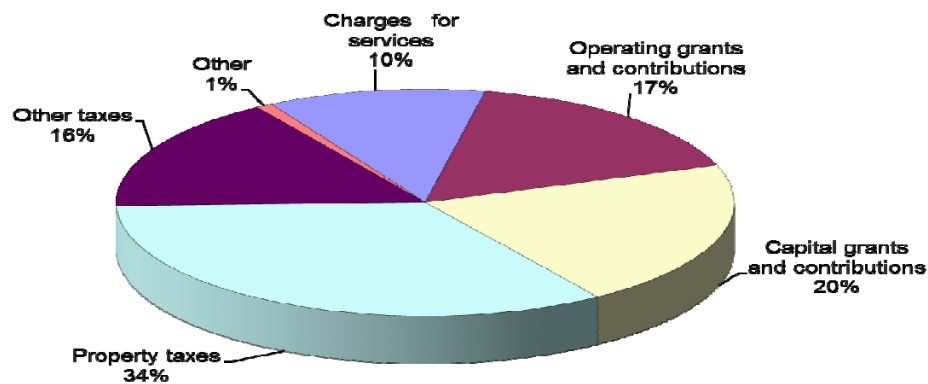
The City's governmental expenses cover a wide variety of services, with general government, public safety and streets accounting for most of these expenses. The 4.01% increase in governmental expenses was primarily due to capital outlay expenses for several projects, including the library and Lone Pine Well expansion project.

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

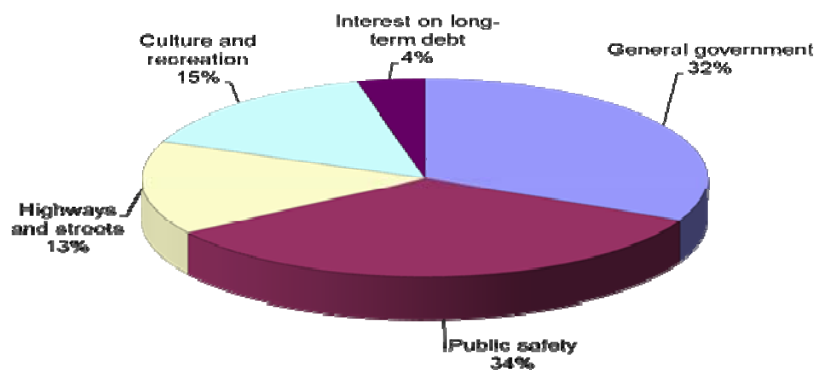
The most significant changes to business type activities expenses during the year are related to the ongoing Dog River Pipeline Replacement Project, The Sorosis and Columbia View Reservoirs painting project and the WWTP Phase 1 Improvements and the 18-inch Port Industrial water main project.

Property taxes are the City's primary on-going source of revenue and comprise 34% of the City's governmental revenue. Property taxes are derived from the permanent tax rate and taxes levied for the repayment of bonded indebtedness.

Governmental Activities Revenue



Governmental Activities Functional Expenses



For the fiscal year ending June 30, 2017, net position of the Governmental activities increased by \$2,995,248, which represents a 6.8% increase. Net position of the Business-type activities increased by \$5,337,150, which represents a 14.5% increase. Key elements of these changes, when compared to the year ending June 30, 2016 are as follows:

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for services	\$ 1,500,367	\$ 1,629,421	\$ 11,857,137	\$ 11,554,611	\$ 13,357,504	\$ 13,184,032
Operating grants and contributions	2,169,009	2,790,732	-	-	2,169,009	2,790,732
Capital grants and contributions	2,739,012	1,970,505	1,174,329	-	3,913,341	1,970,505
General Revenues						
Property taxes	4,436,057	4,092,764	-	-	4,436,057	4,092,764
Other taxes	2,132,956	1,873,949	-	-	2,132,956	1,873,949
Other	111,660	54,106	161,264	73,317	272,924	127,423
Total revenues	13,089,061	12,411,477	13,192,730	11,627,928	26,281,791	24,039,405
Expenses						
General government	3,661,829	3,576,391	-	-	3,661,829	3,576,391
Public safety	3,841,288	3,764,858	-	-	3,841,288	3,764,858
Highways and streets	1,765,029	1,614,145	-	-	1,765,029	1,614,145
Culture and recreation	1,716,486	1,579,320	-	-	1,716,486	1,579,320
Interest on long-term debt	443,633	453,321	-	-	443,633	453,321
Water	-	-	3,714,854	3,778,964	3,714,854	3,778,964
Waste water	-	-	2,806,274	3,139,369	2,806,274	3,139,369
Total Expenses	11,428,265	10,988,035	6,521,128	6,918,333	17,949,393	17,906,368
Change net position before transfers	1,660,796	1,423,442	6,671,602	4,709,595	8,332,398	6,133,037
Transfers	1,334,452	1,299,746	(1,334,452)	(1,299,746)	-	-
Change in net position	2,995,248	2,723,188	5,337,150	3,409,849	8,332,398	6,133,037
Net position-beginning	44,173,771	34,853,707	36,837,321	44,693,359	81,011,092	79,547,066
Prior Period Adjustment	-	6,596,876	-	(11,265,887)	-	(4,669,011)
Net position-beginning, as adjusted	44,173,771	41,450,583	36,837,321	33,427,472	81,011,092	74,878,055
Total net position	\$47,169,019	\$44,173,771	\$42,174,471	\$36,837,321	\$89,343,490	\$81,011,092

Governmental Activities

A significant portion of the increase in net position is due to the City's gain on investment in Qlife and the Airport, and increasing property taxes and franchise fees. LGIP rates have increased causing our investment earnings to increase. Capital outlay expenditures decreased over FY 2016/17.

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 and Columbia View Reservoirs painting project and the WWTP Phase 1 Improvements and the 18-inch Port Industrial water main project as described previously.

FINANCIAL ANALYSIS OF FUNDS

As of June 30, 2017, the City's governmental funds reported a combined fund balance of \$12,376,818, which is an increase of \$1,550,134 from June 30, 2016.

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, 2017, the combined General Fund – Generally Accepted Accounting Principles balance was \$3,967,064 which is an increase of \$546,767 from June 30, 2016. The combined revenues were \$6,906,465 and combined expenditures were \$7,486,441, resulting in a loss of \$579,976. However, the combined General Fund received transfers from other funds in the amount of \$1,280,037, and sent transfers out to other funds in the amount of \$165,111. This resulted in net "Other financing sources" totaling \$1,126,743.

The Street Fund balance as of June 30, 2017 was \$881,054, which is an increase of \$294,283 from June 30, 2016. Street Fund revenues were \$1,497,179, while expenditures were \$1,417,325, resulting in a gain of \$79,854. Transfers in from other funds in the amount of \$470,516, and transfers out to other funds in the amount of \$256,087. This resulted in net "Other financing sources" totaling \$214,429.

As of June 30, 2017, the Library Fund balance was \$1,488,866, reflecting an increase of \$140,977 from June 30, 2016. 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, 2017 was \$3,353,530, which is a decrease of \$45,107 from June 30, 2016. This decrease was due to the construction projects on hold.

The Urban Renewal Capital Projects Fund balance as of June 30, 2017 was \$981,520, which is an increase of \$382,183 from June 30, 2016. This increase is primarily due the fact that Urban Renewal only spent 27.3% of their budget.

The Special Assessments Fund balance as of June 30, 2017 was \$565,598, which is an increase of \$107,535 from June 30, 2016. This increase was due to the collection of assessments.

The non-major governmental funds balance as of June 30, 2017 was \$1,139,186. This reflects an increase of \$123,496, 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 \$42,174,471 as of June 30, 2017, reflecting a \$5,337,150 increase from net position as of June 30, 2016.

The combined Water Funds net position as of June 30, 2017 was \$17,151,798, which is an increase of \$2,503,575 over June 30, 2016. 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, 2017 was \$25,022,673, which is an increase of \$2,833,575 from June 30, 2016. This increase is primarily due to accumulating funds for the construction-in-progress projects.

BUDGETARY HIGHLIGHTS

The original legal appropriations for fiscal year 2016-2017 for the General Fund – Budgetary Basis totaled \$8,438,327, with contingency of \$692,255. The Unappropriated Ending Balance, which is not included in the legal appropriations, was \$771,930. Budget amendments during the year resulted in a total budget of 8,521,264, with a contingency of \$582,755. The changes to the budget were made to allocate funds to purchase a new software system for the Court and payroll, Enterprise Zone revenues to the Airport Flex Building, personal changes for retirement and for additional rate planner. Expenditures were \$1,039,312 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, 2017, the City had invested \$76,516,777 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 \$32,977 and business-type activities capital assets increased by \$2,669,213, significant additions during the year ending June 30, 2017 were related to the completion and capitalization of the Children's Wing Addition and the Thompson Street Sewer Line Project.

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

The total governmental long-term debt outstanding at June 30, 2017 was \$9,656,812. Business-type activities long-term debt outstanding was \$12,752,351. During the year the City did not add any long-term debt, and retired a total of \$1,698,402 in principle long-term debt. Skid Steer Debt was fully retired in FY16/17

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

2009 FFCO Bond	\$ 8,485,000
Premium on 2009 FFCO Bond	569,203
FFCO 2008 Bond	1,590,000
Premium on FFCO 2008 Bond	21,465
2003 Wastewater Revenue Bond	2,455,000
2007 Water Revenue Bond	6,125,000
Premium on Water Revenue Bond	24,977
Peterson Cat Lease - Skid Steer	-
SDWRLF Loan	2,231,292
ARRA Note	907,226
	TOTAL \$ 22,409,163

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, 2017 includes the following:

Airport Klickitat County Loan	\$ 150,000
Airport Klickitat County CERB Loan	450,000
Airport Taxable LOCAP Bond	1,875,000
Premium on Airport Taxable LOCAP Bond	15,912
Airport Loan from Port	120,788
	TOTAL AIRPORT \$ 2,611,700

Compensated Absences accruals totaled \$527,965 as of June 30, 2017. Governmental accruals totaled \$353,628, but are not recorded as a liability in the Governmental Funds. Business-type compensated absences accrual totaling \$174,337 are recorded as current period liabilities as of June 30, 2017, 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 \$2,592,661 the breakdown was \$1,631,987 for governmental activities and \$960,674 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

The City of The Dalles has a variety of projects, partnerships, and tools that have encouraged economic growth and resiliency.

The QLife local area fiber optic loop project enables any current and future business to have access to high speed internet. The development of the Port Industrial Area has created several shovel ready development sites. Through a partnership with Klickitat County in Washington, the Columbia Gorge Regional Airport has seen substantial growth and the development of a business park with stubbed in utilities.

Several new and expanding industries have invested in our community under the Enterprise Zone. These companies have added a substantial number of new jobs and, as a requirement of the Enterprise Zone; many of these jobs are at or above the County average.

The historic downtown is undergoing revitalization through the efforts of an Urban Renewal Agency, The Dalles Main Street Program, and a Vertical Housing Development Zone incentive program.

A new Fairfield Inn and Suites hotel has been completed with three other potential hotels in beginning stages. The Cascade Square mall underwent a four million plus façade and parking lot improvement project and is home to a new sushi restaurant amongst other businesses.

The Dalles continues to face challenges with housing (both rental and ownership), Urban Growth Boundary restrictions, District wide school facility and education improvements, utility infrastructure such as the 100+ year old Dog River Pipeline, a wood and steel pipeline that carries a majority of the City's water supply.

The City has recently completed a Residential Land Needs Assessment and Housing Study and will soon embark on an update to the Vision Action Plan. A Transportation System Plan update has been completed and work is underway to coordinate and implement the results and recommendations of these studies.

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, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 5,316,761	\$ -	\$ 5,316,761
Receivables:			
Accounts	716,500	1,092,765	1,809,265
Fines and forfeitures, net	549,825	-	549,825
Property taxes	307,059	-	307,059
Assessments	459,044	-	459,044
Internal balances	481,132	(481,132)	-
Prepaid items	146,177	-	146,177
Investment in joint ventures	7,701,011	-	7,701,011
Inventories	154,151	444,649	598,800
Total current assets	15,831,660	1,056,282	16,887,942
Noncurrent assets:			
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	5,894,882	15,660,336	21,555,218
Receivable	1,062,392	-	1,062,392
Capital assets:			
Land	661,261	4,299,879	4,961,140
Assets available for sale	1,743,331	-	1,743,331
Construction in progress	2,328,608	3,936,930	6,265,538
Depreciable assets, net of depreciation	31,694,352	31,852,416	63,546,768
Total noncurrent assets	43,384,826	55,749,561	99,134,387
Total assets	\$ 59,216,486	\$ 56,805,843	\$ 116,022,329
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued expenses	\$ 323,989	\$ 638,524	\$ 962,513
Unearned revenue	45,456	-	45,456
Accrued interest payable	35,168	105,486	140,654
Retainage payable	427	-	427
Total current liabilities	405,040	744,010	1,149,050
Noncurrent liabilities:			
Long-term obligations:			
Due within one year	1,074,628	1,195,095	2,269,723
Due in more than one year	10,567,799	12,692,267	23,260,066
Total noncurrent liabilities	11,642,427	13,887,362	25,529,789
Total liabilities	12,047,467	14,631,372	26,678,839
NET POSITION			
Net investment in capital assets	26,770,740	27,336,873	54,107,613
Restricted for:			
Capital projects	6,563,001	15,660,336	22,223,337
Debt service	801,589	229,032	1,030,621
Unrestricted	13,033,689	(1,051,770)	11,981,919
Total net position	47,169,019	42,174,471	89,343,490
Total liabilities and net position	\$ 59,216,486	\$ 56,805,843	\$ 116,022,329

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, 2017

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	\$ 3,661,829	\$ 1,207,216	\$ -	\$ 2,739,012	\$ 284,399	\$ -	\$ 284,399
Public safety	3,841,288	243,128	-	-	(3,598,160)	-	(3,598,160)
Culture and recreation	1,716,486	21,681	1,296,941	-	(397,864)	-	(397,864)
Highways and streets	1,765,029	28,342	872,068	-	(864,619)	-	(864,619)
Unallocated interest on long-term debt	443,633	-	-	-	(443,633)	-	(443,633)
Total governmental activities	<u>11,428,265</u>	<u>1,500,367</u>	<u>2,169,009</u>	<u>2,739,012</u>	<u>(5,019,877)</u>	<u>-</u>	<u>(5,019,877)</u>
Business type activities:							
All Water Funds	3,714,854	5,719,228	-	1,174,329	-	3,178,703	3,178,703
All Wastewater Funds	2,806,274	6,137,909	-	-	-	3,331,635	3,331,635
Total business type activities	<u>6,521,128</u>	<u>11,857,137</u>	<u>-</u>	<u>1,174,329</u>	<u>-</u>	<u>6,510,338</u>	<u>6,510,338</u>
Total government	<u>\$ 17,949,393</u>	<u>\$ 13,357,504</u>	<u>\$ 2,169,009</u>	<u>\$ 3,913,341</u>	<u>(5,019,877)</u>	<u>6,510,338</u>	<u>1,490,461</u>
General revenues:							
Taxes:							
Property taxes levied for:							
General purposes				2,950,205	-	2,950,205	
Urban renewal purposes				1,485,852	-	1,485,852	
Franchise and public service taxes				2,132,956	-	2,132,956	
Interest and investment earnings				111,660	161,264	272,924	
Transfers in (out)				1,334,452	(1,334,452)	-	
Total general revenues and transfers				<u>8,015,125</u>	<u>(1,173,188)</u>	<u>6,841,937</u>	
Change in net position				2,995,248	5,337,150	8,332,398	
Net position - beginning				<u>44,173,771</u>	<u>36,837,321</u>	<u>81,011,092</u>	
Net position - ending				<u>\$ 47,169,019</u>	<u>\$ 42,174,471</u>	<u>\$ 89,343,490</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, 2017**

	General Fund Generally Accepted Accounting Principles	Street Fund	Library Fund	Special Grants Fund	Urban Renewal Capital Projects Fund	Special Assessment Fund	Other Governmental	Total Governmental
ASSETS:								
Cash and cash equivalents	\$ 2,879,479	\$ 676,027	\$ 1,493,879	\$ 3,333,417	\$ 1,071,668	\$ 617,686	\$ 1,139,487	\$ 11,211,643
Receivables:								
Accounts	568,873	142,463	-	48,585	5,055	5,165	-	770,141
Intergovernmental	23,669	-	-	-	-	-	-	23,669
Fines and forfeitures, net	549,825	-	-	-	-	-	-	549,825
Reimbursement districts	-	-	-	-	-	1,061,949	-	1,061,949
Property taxes	204,049	-	-	-	103,010	-	-	307,059
Assessments	-	-	-	22,936	-	459,044	-	481,980
Notes	-	-	-	-	962,146	-	-	962,146
Due from other fund	481,132	-	-	-	-	-	-	481,132
Prepaid items	146,177	-	-	-	-	-	-	146,177
Inventories	-	154,151	-	-	-	-	-	154,151
Total assets	\$ 4,853,204	\$ 972,641	\$ 1,493,879	\$ 3,404,938	\$ 2,141,879	\$ 2,143,844	\$ 1,139,487	\$ 16,149,872
LIABILITIES:								
Accounts payable and accrued expenses	\$ 131,885	\$ 91,587	\$ 5,013	\$ -	\$ 95,203	\$ -	\$ 301	\$ 323,989
Reimbursement districts	-	-	-	-	-	1,061,949	-	1,061,949
Retainage payable	-	-	-	427	-	-	-	427
Total liabilities	131,885	91,587	5,013	427	95,203	1,061,949	301	1,386,365
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenue	754,255	-	-	50,981	1,065,156	516,297	-	2,386,689
Total deferred inflows of resources	754,255	-	-	50,981	1,065,156	516,297	-	2,386,689
FUND BALANCES:								
Nonspendable:								
Prepays	146,177	-	-	-	-	-	-	146,177
Inventory	-	154,151	-	-	-	-	-	154,151
Restricted for:								
Grant / contributor specific intent	-	-	-	3,353,530	-	-	12,182	3,365,712
State statute	-	726,903	-	-	981,520	-	801,589	2,510,012
Intergovernmental agreement	-	-	1,488,866	-	-	-	-	1,488,866
Committed for:								
Major capital facilities and associated debt	-	-	-	-	-	-	242,548	242,548
Local improvements and associated debt	-	-	-	-	-	565,598	-	565,598
Agreements with state agencies	-	-	-	-	-	-	82,867	82,867
Committed by ordinance or resolution	1,369,385	-	-	-	-	-	-	1,369,385
Unassigned	2,451,502	-	-	-	-	-	-	2,451,502
Total fund balances	3,967,064	881,054	1,488,866	3,353,530	981,520	565,598	1,139,186	12,376,818
Total liabilities, deferred inflows of resources and fund balances	\$ 4,853,204	\$ 972,641	\$ 1,493,879	\$ 3,404,938	\$ 2,141,879	\$ 2,143,844	\$ 1,139,487	

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.	36,427,552
Investments in joint ventures are not financial resources and, therefore are not reported in the funds.	7,701,011
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Earned but unavailable revenue	2,341,233
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt	(11,642,427)
Interest payable	(35,168)
Net position of governmental activities	\$ 47,169,019

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, 2017

	Generally Accepted Accounting Principles	Street Fund	Library Fund	Special Grants Fund	Urban Renewal Capital Projects Fund	Special Assessment Fund	Other Governmental	Total Governmental
REVENUES:								
Property taxes	\$ 2,948,706	\$ -	\$ -	\$ -	\$ 688,786	\$ -	\$ 796,588	\$ 4,434,080
Other taxes	1,283,089	591,450	-	-	-	-	-	1,874,539
Franchise fees	230,239	-	-	-	-	28,178	-	258,417
Assessments	-	-	-	-	-	191,204	-	191,204
Licenses and fees	14,715	-	-	-	-	-	-	14,715
Charges for services	50,701	15,894	-	-	-	-	-	66,595
Intergovernmental	1,690,275	872,068	1,200,821	136,051	-	-	-	3,899,215
Fines and forfeitures, net	243,128	-	14,921	-	-	-	-	258,049
Contributions	-	-	96,120	-	-	-	-	96,120
System development charges	239,963	-	-	-	-	-	-	239,963
Rental income	7,902	-	-	-	-	-	424,521	432,423
Interest on investments	34,708	5,319	13,865	27,185	17,662	5,107	7,814	111,660
Miscellaneous	163,039	12,448	6,760	-	154,709	-	-	336,956
Total revenues	6,906,465	1,497,179	1,332,487	163,236	861,157	224,489	1,228,923	12,213,936
EXPENDITURES:								
Current:								
General government	2,983,522	-	-	50,145	205,751	2,787	18,146	3,260,351
Public safety	3,579,057	-	-	-	-	-	159,685	3,738,742
Culture and recreation	702,563	-	978,146	-	-	-	-	1,680,709
Highways and streets	-	1,178,380	-	-	-	-	636	1,179,016
Capital outlay	221,299	238,945	124,799	155,198	273,223	-	-	1,013,464
Debt service:								
Principal	-	-	-	-	-	-	642,232	642,232
Interest	-	-	-	-	-	-	495,557	495,557
Total expenditures	7,486,441	1,417,325	1,102,945	205,343	478,974	2,787	1,316,256	12,010,071
Revenues over (under) expenditures	(579,976)	79,854	229,542	(42,107)	382,183	221,702	(87,333)	203,865
OTHER FINANCING SOURCES (USES):								
Sale of property	11,817	-	-	-	-	-	-	11,817
Transfers in	1,280,037	470,516	-	-	-	-	1,134,494	2,885,047
Transfers out	(165,111)	(256,087)	(88,565)	(3,000)	-	(114,167)	(923,665)	(1,550,595)
Total other financing sources (uses)	1,126,743	214,429	(88,565)	(3,000)	-	(114,167)	210,829	1,346,269
Net changes in fund balances	546,767	294,283	140,977	(45,107)	382,183	107,535	123,496	1,550,134
FUND BALANCES, BEGINNING	3,420,297	586,771	1,347,889	3,398,637	599,337	458,063	1,015,690	10,826,684
FUND BALANCES, ENDING	\$ 3,967,064	\$ 881,054	\$ 1,488,866	\$ 3,353,530	\$ 981,520	\$ 565,598	\$ 1,139,186	\$ 12,376,818

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, 2017

Amounts reported in the statement of activities are different because:

Net change in fund balances \$ 1,550,134

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	\$ (905,172)	
Capital asset additions	890,234	(14,938)

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.

912,686

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

(18,059)

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

Deferred revenues	(49,378)
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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	(49,493)	
Change in other postemployment benefits	(55,706)	
Change in accrued interest payable	49,094	(56,105)

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	668,078	
Accrued interest expense	2,830	670,908

Change in net position of governmental activities \$ 2,995,248

CITY OF THE DALLES, OREGON
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 2,715,981	\$ 2,715,981	\$ 2,948,706	\$ 232,725
Other taxes	1,280,900	1,280,900	1,283,089	2,189
Franchise fees	224,147	224,147	230,239	6,092
Licenses and fees	13,750	13,750	14,715	965
Charges for services	123,700	123,700	50,701	(72,999)
Intergovernmental	1,827,693	1,827,693	1,690,275	(137,418)
Fines and forfeitures, net	202,412	202,412	243,128	40,716
System development charges	100,000	100,000	239,963	139,963
Rental income	6,882	6,882	7,902	1,020
Interest on investments	12,800	12,800	34,708	21,908
Miscellaneous	70,000	123,737	163,039	39,302
Total revenues	<u>6,578,265</u>	<u>6,632,002</u>	<u>6,906,465</u>	<u>274,463</u>
EXPENDITURES:				
General government	3,240,465	3,347,902	2,983,522	364,380
Public safety	3,732,477	3,732,477	3,579,057	153,420
Culture and recreation	653,530	713,530	702,563	10,967
Capital outlay	1,604,369	1,629,369	221,299	1,408,070
Contingency	692,255	582,755	-	582,755
Total expenditures	<u>9,923,096</u>	<u>10,006,033</u>	<u>7,486,441</u>	<u>2,519,592</u>
Revenues over (under) expenditures	(3,344,831)	(3,374,031)	(579,976)	2,794,055
OTHER FINANCING SOURCES (USES):				
Sale of property	-	-	11,817	11,817
Transfers in	1,280,037	1,280,037	1,280,037	-
Transfers out	(165,111)	(165,111)	(165,111)	-
Total other financing sources (uses)	<u>1,114,926</u>	<u>1,114,926</u>	<u>1,126,743</u>	<u>11,817</u>
Net changes in fund balances	(2,229,905)	(2,259,105)	546,767	2,805,872
FUND BALANCES, BEGINNING GENERALLY ACCEPTED ACCOUNTING PRINCIPLES	<u>3,001,835</u>	<u>3,001,835</u>	<u>3,420,297</u>	<u>418,462</u>
FUND BALANCES, ENDING GENERALLY ACCEPTED ACCOUNTING PRINCIPLES	<u>\$ 771,930</u>	<u>\$ 742,730</u>	<u>\$ 3,967,064</u>	<u>\$ 3,224,334</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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 571,402	\$ 571,402	\$ 591,450	\$ 20,048
Charges for services	25,000	25,000	15,894	(9,106)
Intergovernmental	876,690	876,690	872,068	(4,622)
Interest on investments	1,000	1,000	5,319	4,319
Miscellaneous	500	500	12,448	11,948
Total revenues	<u>1,474,592</u>	<u>1,474,592</u>	<u>1,497,179</u>	<u>22,587</u>
EXPENDITURES:				
Personnel service	791,559	801,559	714,382	87,177
Materials and services	613,322	613,322	463,998	149,324
Capital outlay	702,633	826,736	238,945	587,791
Contingency	34,174	34,174	-	34,174
Total expenditures	<u>2,141,688</u>	<u>2,275,791</u>	<u>1,417,325</u>	<u>858,466</u>
Revenues over (under) expenditures	(667,096)	(801,199)	79,854	881,053
OTHER FINANCING SOURCES (USES):				
Transfers in	470,516	470,516	470,516	-
Transfers out	<u>(256,087)</u>	<u>(256,087)</u>	<u>(256,087)</u>	<u>-</u>
Total other financing sources (uses)	<u>214,429</u>	<u>214,429</u>	<u>214,429</u>	<u>-</u>
Net changes in fund balances	(452,667)	(586,770)	294,283	881,053
FUND BALANCES, BEGINNING	<u>452,667</u>	<u>586,770</u>	<u>586,771</u>	<u>1</u>
FUND BALANCES, ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 881,054</u></u>	<u><u>\$ 881,054</u></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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,200,657	\$ 1,200,657	\$ 1,200,821	\$ 164
Fines and forfeitures, net	11,000	11,000	14,921	3,921
Contributions	2,563	2,563	96,120	93,557
Interest on investments	3,804	3,804	13,865	10,061
Miscellaneous	100	100	6,760	6,660
Total revenues	1,218,124	1,218,124	1,332,487	114,363
EXPENDITURES:				
Personnel service	750,580	750,580	717,189	33,391
Materials and services	708,499	708,499	260,957	447,542
Capital outlay	10,000	148,000	124,799	23,201
Contingency	76,449	76,449	-	76,449
Total expenditures	1,545,528	1,683,528	1,102,945	580,583
Revenues over (under) expenditures	(327,404)	(465,404)	229,542	694,946
OTHER FINANCING SOURCES (USES):				
Transfers out	(88,565)	(88,565)	(88,565)	-
Total other financing sources (uses)	(88,565)	(88,565)	(88,565)	-
Net changes in fund balances	(415,969)	(553,969)	140,977	694,946
FUND BALANCES, BEGINNING	1,034,125	1,172,125	1,347,889	175,764
FUND BALANCES, ENDING	\$ 618,156	\$ 618,156	\$ 1,488,866	\$ 870,710

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, 2017

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 3,324,061	\$ 3,420,572	\$ 136,051	\$ (3,284,521)
Interest on investments	14,500	14,500	27,185	12,685
Total revenues	3,338,561	3,435,072	163,236	(3,271,836)
EXPENDITURES:				
Materials and services	56,000	56,000	50,145	5,855
Capital outlay	10,441,280	10,537,791	155,198	10,382,593
Total expenditures	10,497,280	10,593,791	205,343	10,388,448
Revenues over (under) expenditures	(7,158,719)	(7,158,719)	(42,107)	7,116,612
OTHER FINANCING SOURCES (USES):				
Loan proceeds	3,720,000	3,720,000	-	(3,720,000)
Transfers out	(3,000)	(3,000)	(3,000)	-
Total other financing sources (uses)	3,717,000	3,717,000	(3,000)	(3,720,000)
Net changes in fund balances	(3,441,719)	(3,441,719)	(45,107)	3,396,612
FUND BALANCES, BEGINNING	3,441,719	3,441,719	3,398,637	(43,082)
FUND BALANCES, ENDING	\$ -	\$ -	\$ 3,353,530	\$ 3,353,530

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

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.

CITY OF THE DALLES, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>All Water Funds</u>	<u>All Wastewater Funds</u>	<u>Total</u>
ASSETS:			
CURRENT ASSETS:			
Restricted cash and cash equivalents	\$ 6,242,777	\$ 9,417,559	\$ 15,660,336
Receivables:			
Accounts, net	479,869	612,896	1,092,765
Inventory	221,107	223,542	444,649
	<u>6,943,753</u>	<u>10,253,997</u>	<u>17,197,750</u>
NONCURRENT ASSETS:			
Capital assets:			
Land	2,887,016	1,412,863	4,299,879
Construction in progress	1,226,825	2,710,105	3,936,930
Depreciable assets, net of depreciation	17,119,471	14,732,945	31,852,416
	<u>21,233,312</u>	<u>18,855,913</u>	<u>40,089,225</u>
Total noncurrent assets	<u>21,233,312</u>	<u>18,855,913</u>	<u>40,089,225</u>
Total assets	<u>\$ 28,177,065</u>	<u>\$ 29,109,910</u>	<u>\$ 57,286,975</u>
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	\$ 72,669	\$ 565,855	\$ 638,524
Accrued interest payable	79,099	26,387	105,486
Compensated absences payable	97,618	76,721	174,339
Current portion of long-term debt	514,047	506,709	1,020,756
Due to other fund	278,440	202,692	481,132
	<u>1,041,873</u>	<u>1,378,364</u>	<u>2,420,237</u>
Total current liabilities	<u>1,041,873</u>	<u>1,378,364</u>	<u>2,420,237</u>
NONCURRENT LIABILITIES:			
Bonds and notes payable	9,402,879	2,328,715	11,731,594
Other postemployment benefits	580,515	380,158	960,673
	<u>9,983,394</u>	<u>2,708,873</u>	<u>12,692,267</u>
Total non current liabilities	<u>9,983,394</u>	<u>2,708,873</u>	<u>12,692,267</u>
Total liabilities	<u>11,025,267</u>	<u>4,087,237</u>	<u>15,112,504</u>
NET POSITION:			
Net investment in capital assets	11,316,385	16,020,488	27,336,873
Restricted for:			
System development	6,242,777	9,417,559	15,660,336
Debt service	-	229,032	229,032
Unrestricted	(407,364)	(644,406)	(1,051,770)
	<u>17,151,798</u>	<u>25,022,673</u>	<u>42,174,471</u>
Total net position	<u>17,151,798</u>	<u>25,022,673</u>	<u>42,174,471</u>
Total liabilities and net position	<u>\$ 28,177,065</u>	<u>\$ 29,109,910</u>	<u>\$ 57,286,975</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, 2017

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>All Water Funds</u>	<u>All Wastewater Funds</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$ 5,176,608	\$ 5,316,348	\$ 10,492,956
System development charges	335,035	531,472	866,507
Rental income	4,428	-	4,428
Miscellaneous	198,159	283,136	481,295
	<u>5,714,230</u>	<u>6,130,956</u>	<u>11,845,186</u>
OPERATING EXPENSES:			
Personal services	2,032,221	1,262,395	3,294,616
Materials and services	763,075	901,755	1,664,830
Depreciation and amortization	549,825	529,575	1,079,400
	<u>3,345,121</u>	<u>2,693,725</u>	<u>6,038,846</u>
Total operating expenses	<u>3,345,121</u>	<u>2,693,725</u>	<u>6,038,846</u>
Operating income (loss)	2,369,109	3,437,231	5,806,340
NON-OPERATING INCOME (EXPENSE):			
Gain (loss) on disposal of capital assets	4,998	6,953	11,951
Interest on investments	61,532	99,732	161,264
Interest expense	(369,733)	(112,549)	(482,282)
Contributions	1,174,329	-	1,174,329
	<u>871,126</u>	<u>(5,864)</u>	<u>865,262</u>
Total non-operating income (expenses)	<u>871,126</u>	<u>(5,864)</u>	<u>865,262</u>
Net income (loss) before transfers and capital contributions	3,240,235	3,431,367	6,671,602
TRANSFERS:			
Transfers in	2,865,005	4,111,839	6,976,844
Transfers out	(3,601,665)	(4,709,631)	(8,311,296)
	<u>(736,660)</u>	<u>(597,792)</u>	<u>(1,334,452)</u>
Total transfers	<u>(736,660)</u>	<u>(597,792)</u>	<u>(1,334,452)</u>
Change in net position	2,503,575	2,833,575	5,337,150
NET POSITION, BEGINNING	<u>14,648,223</u>	<u>22,189,098</u>	<u>36,837,321</u>
NET POSITION, ENDING	<u>\$ 17,151,798</u>	<u>\$ 25,022,673</u>	<u>\$ 42,174,471</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, 2017

	Business-Type Activities - Enterprise Funds		
	All Water Funds	All Wastewater Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 5,794,145	\$ 6,089,530	\$ 11,883,675
Payments to suppliers	(741,201)	(446,749)	(1,187,950)
Payments to employees	(1,992,565)	(1,207,398)	(3,199,963)
Net cash provided by operating activities	<u>3,060,379</u>	<u>4,435,383</u>	<u>7,495,762</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	2,865,005	4,111,839	6,976,844
Transfers (out)	(3,601,665)	(4,709,631)	(8,311,296)
Payment from (to) other funds	278,440	202,692	481,132
Net cash provided by non-capital financing activities	<u>(458,220)</u>	<u>(395,100)</u>	<u>(853,320)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	4,998	6,953	11,951
Contributions from donations	1,174,329	-	1,174,329
Acquisition of capital assets	(839,915)	(2,912,139)	(3,752,054)
Principal paid on long-term obligations	(493,606)	(484,184)	(977,790)
Interest paid on long-term obligations	(373,361)	(116,845)	(490,206)
Net cash provided by capital and related financing activities	<u>(527,555)</u>	<u>(3,506,215)</u>	<u>(4,033,770)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	61,532	99,732	161,264
Net cash provided by investing activities	<u>61,532</u>	<u>99,732</u>	<u>161,264</u>
Net increase in cash and cash equivalents	2,136,136	633,800	2,769,936
CASH AND CASH EQUIVALENTS, BEGINNING	<u>4,106,641</u>	<u>8,783,759</u>	<u>12,890,400</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 6,242,777</u>	<u>\$ 9,417,559</u>	<u>\$ 15,660,336</u>
COMPRISED AS FOLLOWS:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	6,242,777	9,417,559	15,660,336
Total cash and cash equivalents	<u>\$ 6,242,777</u>	<u>\$ 9,417,559</u>	<u>\$ 15,660,336</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 2,369,109	\$ 3,437,231	\$ 5,806,340
Adjustments			
Depreciation and amortization	549,825	529,575	1,079,400
Decrease (increase) in:			
Receivables	79,915	(41,426)	38,489
Inventories	8,938	(96,420)	(87,482)
Increase (decrease) in:			
Accounts payable and accrued expenses	12,936	551,426	564,362
Other postemployment benefits payable	29,505	50,054	79,559
Accrued compensated absences	10,151	4,943	15,094
Net cash provided by operating activities	<u>\$ 3,060,379</u>	<u>\$ 4,435,383</u>	<u>\$ 7,495,762</u>
NON-CASH CAPITAL FINANCING ACTIVITIES			
Transfer of long-term debt between funds	<u>(63,584)</u>	<u>(49,184)</u>	<u>(112,768)</u>
Total non-cash capital financing activities	<u>\$ (63,584)</u>	<u>\$ (49,184)</u>	<u>\$ (112,768)</u>

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

CITY OF THE DALLES, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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. At the beginning of FY 16/17 the Urban Renewal Board of Directors consisted of the Mayor and five elected City Council members, which received recommendations from a seven member advisory committee made up of representatives from local taxing districts. This structure was changed at the beginning of 2017. 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. The advisory committee was abolished. 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 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 the lower of cost (first in, first out) or market. Expenses are recognized when inventories are consumed. Other inventories are taken for control purposes only with no dollar value assigned.

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

9. 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.

10. 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.

11. 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.

12. 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, 2017, 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, 2017, no funds 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, 2017. 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, 2017, the book value of the City's deposits was \$1,783,088 and the bank balance was \$2,790,712. \$2,588,212 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, 2017 are as follows:

	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
Investments in the State Treasurer's Local Government Investment Pool	<u>0.00</u>	<u>\$ 24,391,017</u>
Total cash equivalents	<u>0.00</u>	<u>\$ 24,391,017</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	\$ 6,563,001	\$ 15,660,336	\$ 22,223,337
Restricted for debt service	801,589	229,032	1,030,621
Total restricted cash and cash equivalents	<u>\$ 7,364,590</u>	<u>\$ 15,889,368</u>	<u>\$ 23,253,958</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:

	<u>General Fund</u>	<u>Street Fund</u>	<u>Library Fund</u>	<u>Special Grants Fund</u>	<u>Urban Renewal Capital Projects Fund</u>	<u>Special Assessment Fund</u>	<u>Total Governmental</u>
Receivables:							
Accounts	\$ 568,873	\$ 142,463	\$ -	\$ 48,585	\$ 5,055	\$ 5,165	\$ 770,141
Intergovernmental	23,669	-	-	-	-	-	23,669
Fines and forfeitures, net	911,599	-	-	-	-	-	911,599
Reimbursement districts	-	-	-	-	-	1,061,949	1,061,949
Property taxes	204,049	-	-	-	103,010	-	307,059
Assessments	-	-	-	22,936	-	459,044	481,980
Notes	-	-	-	-	962,146	-	962,146
Allowance for doubtful accounts	(361,774)	-	-	-	-	-	(361,774)
Total receivables	<u>\$ 1,346,416</u>	<u>\$ 142,463</u>	<u>\$ -</u>	<u>\$ 71,521</u>	<u>\$ 1,070,211</u>	<u>\$ 1,526,158</u>	<u>\$ 4,156,769</u>

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

	<u>Water</u>	<u>Waste Water</u>	<u>Total Business-Type Activity</u>
Accounts	\$ 488,110	\$ 619,737	\$ 1,107,847
Allowance for doubtful accounts	(8,241)	(6,841)	(15,082)
	<u>\$ 479,869</u>	<u>\$ 612,896</u>	<u>\$ 1,092,765</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 2016-2017, the City levied property taxes in the amount of \$3,154,222. After reductions for offsets and increases for additional taxes and penalties this resulted in a net levy of \$3,014,384. 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, 2017 was \$1,045,982,781. The Columbia Gateway Urban Renewal Agency, a blended component unit of the City, levied taxes at its maximum taxing authority of \$1,589,806. After reductions for offsets and additional taxes and penalties, this resulted in a net levy of \$1,519,206.

Following is a summary of property tax transactions for the year ended June 30, 2017:

<u>Fiscal Year</u>	<u>Property Taxes Receivable June 30, 2016</u>	<u>Levy as Extended by Assessor</u>	<u>Collections</u>	<u>Cancellations Discounts and Adjustments</u>	<u>Property Taxes Receivable June 30, 2017</u>
2016-2017	\$ -	\$ 4,533,590	\$ (4,260,701)	\$ (120,625)	\$ 152,264
2015-2016	146,031	-	(65,156)	296	81,171
2014-2015	83,900	-	(33,763)	(6,414)	43,723
2013-2014	44,136	-	(29,760)	2,162	16,538
2012-2013	16,062	-	(12,461)	1,743	5,344
2011-2012	5,214	-	(2,145)	(68)	3,001
Prior years	9,740	-	(1,967)	(2,755)	5,018
Totals	\$ 305,083	\$ 4,533,590	\$ (4,405,953)	\$ (125,661)	\$ 307,059

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 \$45,456 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>Other Governmental</u>	<u>Total Governmental</u>
Property taxes	\$ 204,049	\$ -	\$ 103,010	\$ -	\$ 307,059
Fines and forfeitures	550,206	-	-	-	550,206
Loans	-	28,045	962,146	-	990,191
Special assessments	-	22,936	-	516,297	539,233
	<u>\$ 754,255</u>	<u>\$ 50,981</u>	<u>\$ 1,065,156</u>	<u>\$ 516,297</u>	<u>\$ 2,386,689</u>

D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, non-depreciable:					
Land	\$ 661,261	\$ -	\$ -	\$ -	\$ 661,261
Construction in progress	3,102,663	312,004	-	(1,086,059)	2,328,608
Assets available for sale	1,743,331	-	-	-	1,743,331
Total capital assets, non-depreciable	<u>5,507,255</u>	<u>312,004</u>	<u>-</u>	<u>(1,086,059)</u>	<u>4,733,200</u>
Capital assets, depreciable:					
Land improvements	8,110,792	198,668	-	-	8,309,460
Buildings	5,687,368	-	-	1,047,948	6,735,316
Equipment	3,348,544	69,922	(53,955)	11,381	3,375,892
Infrastructure	23,065,298	309,640	-	22,524	23,397,462
Total capital assets, depreciable	<u>40,212,002</u>	<u>578,230</u>	<u>(53,955)</u>	<u>1,081,853</u>	<u>41,818,130</u>
Less accumulated depreciation for:					
Land improvements	(649,771)	(166,455)	-	-	(816,226)
Buildings	(2,125,068)	(123,882)	-	-	(2,248,950)
Equipment	(2,186,735)	(154,445)	34,517	5,585	(2,301,078)
Infrastructure	(4,297,134)	(460,390)	-	-	(4,757,524)
Total accumulated depreciation	<u>(9,258,708)</u>	<u>(905,172)</u>	<u>34,517</u>	<u>5,585</u>	<u>(10,123,778)</u>
Net depreciable capital assets	<u>30,953,294</u>	<u>(326,942)</u>	<u>(19,438)</u>	<u>1,087,438</u>	<u>31,694,352</u>
Net capital assets	<u>\$ 36,460,549</u>	<u>\$ (14,938)</u>	<u>\$ (19,438)</u>	<u>\$ 1,379</u>	<u>\$ 36,427,552</u>

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

Governmental functions:

General government	\$ (251,245)
Public safety	(62,652)
Highways and streets	(573,432)
Culture and recreation	<u>(17,843)</u>
Total depreciation expense - governmental activities	<u>\$ (905,172)</u>

Capital asset activity for the business-type activities for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, non-depreciable:					
Land	\$ 4,296,515	\$ 3,364	\$ -	\$ -	\$ 4,299,879
Construction in progress	973,754	2,994,897	-	(31,721)	3,936,930
Total capital assets, non-depreciable	<u>5,270,269</u>	<u>2,998,261</u>	<u>-</u>	<u>(31,721)</u>	<u>8,236,809</u>
Capital assets, depreciable:					
Land improvements	9,281,023	177,791	-	18,226	9,477,040
Buildings	4,332,253	-	-	-	4,332,253
Equipment	5,378,660	152,618	-	18,618	5,549,896
Wastewater Treatment Plant	8,908,257	-	-	-	8,908,257
Dams and lines	17,532,713	415,940	-	13,495	17,962,148
Total capital assets, depreciable	<u>45,432,906</u>	<u>746,349</u>	<u>-</u>	<u>50,339</u>	<u>46,229,594</u>
Less accumulated depreciation for:					
Land improvements	(1,451,828)	(159,661)	-	-	(1,611,489)
Buildings	(1,983,554)	(110,497)	-	-	(2,094,051)
Equipment	(3,367,531)	(214,530)	-	(11,171)	(3,593,232)
Wastewater Treatment Plant	(2,524,885)	(230,084)	-	-	(2,754,969)
Dams and lines	(3,955,365)	(368,072)	-	-	(4,323,437)
Total accumulated depreciation	<u>(13,283,163)</u>	<u>(1,082,844)</u>	<u>-</u>	<u>(11,171)</u>	<u>(14,377,178)</u>
Net depreciable capital assets	<u>32,149,743</u>	<u>(336,495)</u>	<u>-</u>	<u>39,168</u>	<u>31,852,416</u>
Net capital assets	<u>\$ 37,420,012</u>	<u>\$ 2,661,766</u>	<u>\$ -</u>	<u>\$ 7,447</u>	<u>\$ 40,089,225</u>

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

Business-type activities:

Wastewater	\$ (529,890)
Water	<u>(552,954)</u>
Total depreciation expense - business-type activities	<u>\$ (1,082,844)</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 \$132,674 from a net gain in fiscal year ended June 30, 2017. The City's investment in QLife is \$1,390,802 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 \$780,013 from a net gain in fiscal year ended June 30, 2017. The City's investment in Airport is \$6,310,209, 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:

	2008 Full Faith and Credit Bonds		2009 Full Faith and Credit Bonds Urban Renewal portion	
	Principal	Interest	Principal	Interest
2018	\$ 145,536	\$ 39,130	\$ 465,000	\$ 338,788
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
2023-2027	175,856	7,386	3,160,000	851,088
2028-2032	-	-	1,485,000	112,250
Total	\$ 964,176	\$ 142,400	\$ 7,190,000	\$ 2,429,575

	2009 Full Faith and Credit Bonds Street LID portion		Full Faith & Credit Bonds Total Governmental	
	Principal	Interest	Principal	Interest
2018	\$ 61,370	\$ 44,096	\$ 671,906	\$ 422,014
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
2023-2027	415,150	110,698	3,751,006	969,172
2028-2032	191,330	14,440	1,676,330	126,690
Total	\$ 934,990	\$ 316,197	\$ 9,089,166	\$ 2,888,172

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

	Premium on 2008 Full Faith and Credit Bonds		Premium on 2009 Full Faith and Credit Bonds		Total Premium on Governmental Full Faith and Credit Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 3,578	\$ -	\$ 45,516	\$ -	\$ 49,094	\$ -
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	-
2023-2027	3,575	-	227,580	-	231,155	-
2028-2032	-	-	91,021	-	91,021	-
Total	\$ 21,465	\$ -	\$ 546,181	\$ -	\$ 567,646	\$ -

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

	2008 Full Faith and Credit Wastewater Bonds		2008 Full Faith and Credit Water Bonds		Credit Wastewater Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 47,232	\$ 12,700	\$ 47,232	\$ 12,700	\$ 4,165	\$ 2,993
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
2023-2027	57,072	2,397	57,072	2,397	28,175	7,514
2028-2032	-	-	-	-	12,985	980
Total	\$ 312,912	\$ 46,215	\$ 312,912	\$ 46,215	\$ 63,455	\$ 21,461

	2009 Full Faith and Credit Water Bonds		Full Faith and Credit Bonds Business Activity Total	
	Principal	Interest	Principal	Interest
2018	\$ 19,465	\$ 13,986	\$ 118,094	\$ 42,379
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
2023-2027	131,675	35,113	273,994	47,421
2028-2032	60,685	4,580	73,670	5,560
Total	\$ 296,555	\$ 100,292	\$ 985,834	\$ 214,183

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

	Premium on 2009 Full Faith and Credit Wastewater Bonds		Premium on 2009 Full Faith and Credit Water Bonds		Premium on Water Revenue Bonds		Premium on Business Type Bonds Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 313	\$ -	\$ 1,463	\$ -	\$ 1,665	\$ -	\$ 3,441	\$ -
2019	313	-	1,463	-	1,665	-	3,441	-
2020	313	-	1,463	-	1,665	-	3,441	-
2021	313	-	1,463	-	1,665	-	3,441	-
2022	313	-	1,463	-	1,665	-	3,441	-
2023-2027	1,565	-	7,315	-	8,325	-	17,205	-
2028-2032	928	-	4,335	-	8,326	-	13,589	-
Total	<u>\$ 4,058</u>	<u>\$ -</u>	<u>\$ 18,965</u>	<u>\$ -</u>	<u>\$ 24,976</u>	<u>\$ -</u>	<u>\$ 47,999</u>	<u>\$ -</u>

2. Loans Payable-Governmental Activities

The City currently has a loan payable to Peterson Cat for the purchase of equipment, which is payable in annual installments of \$26,672 including principal and interest at 3.20%. A final payment of \$1 is due on August 30, 2017. The loan is secured by the equipment and is payable from general government revenues.

Future maturities of the loans payable are as follows:

Peterson Cat - Skid Steer		
	Principal	Interest
2018	\$ 1	\$ -
	<u>\$ 1</u>	<u>\$ -</u>

3. Bonds Payable-Business-Type Activities

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

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

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

Water, and Wastewater system and have been split between the benefitting funds. \$433,955 (22.9%) was allocated to water improvements and has been reported in the Water Fund. The bonds are backed by the full faith and credit of the City and construction of public infrastructure improvements, Urban Renewal Projects, to refinance the Urban Renewal Bonds Series 2002, to fund an Urban Renewal debt reserve, and to pay the costs of issuance.

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

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

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

Future maturities of the bonds payable are as follows:

	Wastewater System Revenue Bonds		Water Revenue Bonds		Revenue Bonds Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 455,000	\$ 100,315	\$ 300,000	\$ 263,405	\$ 755,000	\$ 363,720
2019	470,000	82,570	315,000	250,655	785,000	333,225
2020	490,000	63,770	325,000	237,268	815,000	301,038
2021	510,000	43,680	340,000	223,455	850,000	267,135
2022	530,000	22,260	355,000	209,005	885,000	231,265
2023-2027	-	-	2,010,000	806,361	2,010,000	806,361
2028-2032	-	-	2,480,000	336,600	2,480,000	336,600
Total	<u>\$ 2,455,000</u>	<u>\$ 312,595</u>	<u>\$ 6,125,000</u>	<u>\$ 2,326,749</u>	<u>\$ 8,580,000</u>	<u>\$ 2,639,344</u>

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	
	Principal	Interest
2018	\$ 144,223	\$ 94,156
2019	148,550	89,829
2020	153,006	85,372
2021	157,596	80,782
2022	162,324	76,054
2023-2027	887,655	304,238
2028-2032	<u>1,485,164</u>	<u>183,483</u>
	<u>\$ 3,138,518</u>	<u>\$ 913,914</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 \$2,611,700.

6. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2017, is as follows:

	<u>6/30/16</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/17</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Full Faith and Credit Bonds	\$ 9,731,398	\$ -	\$ 642,232	\$ 9,089,166	\$ 671,906
Premium on FFCO Bonds	616,740	-	49,094	567,646	49,094
Loans Payable	25,846	-	25,845	-	-
Compensated Absences	304,135	49,493	-	353,628	353,628
Other Postemployment Benefits	1,576,281	55,706	-	1,631,987	-
	<u>\$ 12,254,400</u>	<u>\$ 105,199</u>	<u>\$ 717,171</u>	<u>\$ 11,642,427</u>	<u>\$ 1,074,628</u>
Business-Type Activities					
Revenue Bonds	\$ 9,305,000	\$ -	\$ 725,000	\$ 8,580,000	\$ 755,000
Full Faith and Credit Bonds	1,098,602	-	112,768	985,834	118,094
Premium on Bonds	51,440	-	3,441	47,999	3,441
Loans Payable	3,278,540	-	140,022	3,138,518	144,223
Compensated Absences	159,243	15,094	-	174,337	174,337
Other Postemployment Benefits	881,114	79,560	-	960,674	-
	<u>\$ 14,773,939</u>	<u>\$ 94,654</u>	<u>\$ 981,231</u>	<u>\$ 13,887,362</u>	<u>\$ 1,195,095</u>

G. Net Position

The government-wide statement of net position reports \$23,253,958 of restricted net position, of which \$1,030,621 is restricted by enabling legislation.

H. 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 \$1,299,746. A reconciliation of transfers in the fund financial statements is as follows:

	Transfers In	Transfers Out
Governmental activity:		
General fund	\$ 1,280,037	\$ 165,111
Street fund	470,516	256,087
Library fund	-	88,565
Special grants fund	-	3,000
Special assessment fund	-	114,167
Other governmental funds	1,134,494	923,665
Business-type activities:		
Water fund	2,865,005	3,601,665
Waste water fund	4,111,839	4,709,631
	<u>\$ 9,861,891</u>	<u>\$ 9,861,891</u>

Transfers out of the General Fund were primarily to the Street Fund for operations. Transfers into the General Fund consisted of administrative overhead reimbursements from the Library, Special Grants, Special Assessments, Street, Water, and Wastewater Funds. The Library Fund and Public Works Funds (Streets, Water and Wastewater) all also contributed to the Unemployment Reserve Fund. Transfers out of the General Fund to the Airport Fund for Contributions to the Flex Hanger project. Finally, the Street, Special Assessments, Water, and Wastewater Funds transferred funds to the FFCO Bond Funds for debt service.

I. 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 being used for any purpose other than the provision of low income housing, or 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, 2017, the foregone property tax revenue is \$12,505,832.

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. Other Postemployment Benefits

The City does not have a formal post-employment benefits plan for any employee groups. However, the City is required by Oregon revised Statutes 243.303 to provide retirees with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Although the City does not pay any portion of the retiree's health care insurance, a retired employee receives the implicit benefit of a lower healthcare premium which is subsidized among the premium cost of coverage for active employees, which is considered a single employer defined benefit plan. GASB Statement 45 is applicable to the City due only to this implicit rate subsidy. The general fund 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.

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

Annual required contributions	\$ 187,145
Interest on net OPEB obligation	24,574
Adjustment to annual required contributions	<u>(76,454)</u>
Annual OPEB cost	135,266
Less OPEB contributions (Amounts paid by the City during the year)	<u>-</u>
Change in net OPEB obligation	135,266
Net OPEB obligation - beginning of year	<u>2,457,395</u>
Net OPEB obligation - end of year	<u><u>\$2,592,661</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2017 was as follows:

Health Insurance Continuation			
Fiscal Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contributions	Net OPEB Obligation
June 30, 2011	\$ 368,720	\$ -	\$ 880,902
June 30, 2012	440,304	-	1,321,206
June 30, 2013	429,969	-	1,751,175
June 30, 2014	432,262	-	2,183,437
June 30, 2015	135,775	-	2,319,212
June 30, 2016	138,183	-	2,457,395
June 30, 2017	135,266	-	2,457,395

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2017, was as follows:

	Health Insurance Continuation
Employer's normal cost	\$ 1,234,695
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	<u>\$ 1,234,695</u>
Funded ratio	0.00%
Covered payroll (active plan members)	\$ 5,340,702
UAAL as a percentage of covered payroll	23.12%

The plan's actuarial valuation involves estimates of amounts and assumptions about the probability of events far into the future, such as, future employment, mortality, and healthcare cost trends. Amounts determined about the funding status of the plan and the annual required contributions are subject to periodic revision as actual results for each period are compared with past expectations and new assumptions are made about the future.

In the June 30, 2015 valuation, the entry age cost method was used. The investment return for the City was assumed to be 1% to reflect the long-term annual investment returns for the Oregon Local Government Investment Pool and comparable investment vehicles. Medical premium increases were assumed to be 8% in the first year, 7% in the second year, 6% in the third year, 5.5% in year four, 5.3% in year five, 5.2% in years six, seven, eight and nine, and 4.7% thereafter. Pharmacy increases were assumed to be 9%

in the first year, 8% in the second year, 7% in the third year, 6% in year four, 5.8% in year five, 5.6% in years six and seven, 5.5% in years eight and nine, and 4.7% thereafter. Dental premium increases were assumed to be 4% in the first year, 3.5% in the second year, and 3% thereafter. Vision premium increases were assumed to be 3% for all years.

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

The City meets the requirements to use the alternative measurement method and has chosen to use this method to value its OPEB liability. In the June 30, 2015 actuarial valuation, the entry age actuarial cost method was used. The UAAL is being amortized over 24 years on a closed basis using the level percentage of payroll amortization method. Payroll growth increase assumption is 2.9 percent. Age adjustment factor is 1.916354. The discount rate is 1.0 percent. The general rate of inflation assumption is 2.9%.

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

C. Employee Retirement Plans

1. Retirement plan for non-public safety employees

The City of The Dalles Retirement Plan is a defined contribution plan established by the City to provide benefits at retirement to the non-public safety employees of the City. 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, 2017 was \$3,742,760. Total contributions to the plan for the year ended June 30, 2017 were \$591,020, including \$511,153 for both the City and employee portions that is paid by the City, and \$79,868 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, 2017 was \$1,597,942. Total contributions to the plan for the year ended June 30, 2017 were \$382,121, including \$348,601 for both the City and employee portions that is paid by the City, and \$3,520 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 30th, 2017.

The Washington Street Underpass costs incurred to date is \$1,513,680 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 1st Street Parking Lot costs incurred to date are \$42,866.

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

The Downtown WIFI project - Phases 2, 3, 4, 5, 6, and 7 costs incurred to date are \$386,151.

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

The Port 18" Looped Water Main Project costs incurred to date are \$72,476.

The design portion of the Lone Pine Well Expansion costs incurred to date are \$830,429, with estimated construction costs of \$1 million.

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 \$28,774, with total estimated costs of \$733,598.

The Columbia View Reservoir Painting project costs incurred to date of \$12,461, with total estimated costs of \$327,818 .

There are various improvements in the early stages at the Wastewater Treatment Plant costs incurred to date is \$2,617,129, 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 \$7,208, with estimated costs of \$550,000.

Sewer Lines for 13th Street costs incurred to date are \$470.

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

The ODOT Three Mile Crossing project costs incurred to date are \$49,045, with estimated costs of \$18,700.

The 8th 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 29, 2017, 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 administration \$7,856, rent revenue \$7,752, and right of way \$16,350 and expenditures of \$9,840. QLife owes the City \$4,642 for current year rent and charges of administrative services rendered, and \$1,693 for right-of-way fees. The City owes QLife \$820. The City pays the Airport \$65,000 per year per the intergovernmental agreement.

F. GASB Pronouncements Implemented

GASB Statement 77, "Tax Abatement Disclosures". This statement requires state and local governments to disclose information about tax abatement agreements. The requirements of this statement are effective for financial statements for fiscal years beginning after December 15, 2015.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF THE DALLES, OREGON
OTHER POST EMPLOYMENT BENEFITS SCHEDULE OF FUNDING PROGRESS
For the Fiscal Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
06/30/12	\$ -	\$ 3,289,224	\$ 3,289,224	0%	\$ 5,035,113	65.33%
06/30/13	-	3,289,224	3,289,224	0%	5,228,715	62.91%
06/30/14	-	3,289,224	3,289,224	0%	5,020,026	65.52%
06/30/15	-	1,234,695	1,234,695	0%	5,067,937	24.36%
06/30/16	-	1,234,695	1,234,695	0%	5,426,600	22.75%
06/30/17	-	1,234,695	1,234,695	0%	5,340,702	23.12%



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 Funds

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

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, 2017

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total
ASSETS:				
Cash and cash equivalents	\$ 95,350	\$ 801,589	\$ 242,548	\$ 1,139,487
Total assets	<u>\$ 95,350</u>	<u>\$ 801,589</u>	<u>\$ 242,548</u>	<u>\$ 1,139,487</u>
LIABILITIES:				
Accounts payable and accrued expenses	\$ 301	\$ -	\$ -	\$ 301
Total liabilities	<u>301</u>	<u>-</u>	<u>-</u>	<u>301</u>
FUND BALANCES:				
Restricted for:				
Grant / contributor specific intent	12,182	-	-	12,182
State statute	-	801,589	-	801,589
Committed for:				
Major capital facilities and associated debt	-	-	242,548	242,548
Agreements with state agencies	<u>82,867</u>	<u>-</u>	<u>-</u>	<u>82,867</u>
Total fund balances	<u>95,049</u>	<u>801,589</u>	<u>242,548</u>	<u>1,139,186</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 95,350</u>	<u>\$ 801,589</u>	<u>\$ 242,548</u>	<u>\$ 1,139,487</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, 2017

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total
REVENUES:				
Property taxes	\$ -	\$ 796,588	\$ -	\$ 796,588
Franchise fees	-	-	-	-
Assessments	-	-	-	-
Rental income	194,938	124,408	105,175	424,521
Interest on investments	749	5,000	2,065	7,814
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	195,687	925,996	107,240	1,228,923
EXPENDITURES:				
General government	-	-	18,146	18,146
Public safety	159,685	-	-	159,685
Highways and streets	636	-	-	636
Debt service:				
Principal	-	642,232	-	642,232
Interest	-	494,592	965	495,557
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	160,321	1,136,824	19,111	1,316,256
Revenues over (under) expenditures	35,366	(210,828)	88,129	(87,333)
OTHER FINANCING SOURCES (USES):				
Transfers in	9,310	1,125,184	-	1,134,494
Transfers out	-	(914,355)	(9,310)	(923,665)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	9,310	210,829	(9,310)	210,829
Net changes in fund balances	44,676	1	78,819	123,496
FUND BALANCES, BEGINNING	<hr/>	<hr/>	<hr/>	<hr/>
	50,373	801,588	163,729	1,015,690
FUND BALANCES, ENDING	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 95,049	\$ 801,589	\$ 242,548	\$ 1,139,186

CITY OF THE DALLES, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2017

	Community Benevolence Fund	State Office Building Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash and cash equivalents	\$ 12,182	\$ 83,168	\$ 95,350
Total assets	<u>\$ 12,182</u>	<u>\$ 83,168</u>	<u>\$ 95,350</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ -	\$ 301	\$ 301
Total liabilities	<u>-</u>	<u>301</u>	<u>301</u>
FUND BALANCES:			
Restricted for:			
Grant / contributor specific intent	12,182	-	12,182
Committed for:			
Agreements with state agencies	<u>-</u>	<u>82,867</u>	<u>82,867</u>
Total fund balances	<u>12,182</u>	<u>82,867</u>	<u>95,049</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,182</u>	<u>\$ 83,168</u>	<u>\$ 95,350</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, 2017

	Community Benevolence Fund	State Office Building Fund	Total
REVENUES:			
Rental income	\$ -	\$ 194,938	\$ 194,938
Interest on investments	134	615	749
	<hr/>	<hr/>	<hr/>
Total revenues	134	195,553	195,687
EXPENDITURES:			
Public safety	-	159,685	159,685
Highways and streets	636	-	636
	<hr/>	<hr/>	<hr/>
Total expenditures	636	159,685	160,321
Revenues over (under) expenditures	(502)	35,868	35,366
OTHER FINANCING SOURCES (USES):			
Transfers in	-	9,310	9,310
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	9,310	9,310
Net changes in fund balances	(502)	45,178	44,676
FUND BALANCES, BEGINNING	<hr/>	<hr/>	<hr/>
	12,684	37,689	50,373
FUND BALANCES, ENDING	<hr/>	<hr/>	<hr/>
	\$ 12,182	\$ 82,867	\$ 95,049

CITY OF THE DALLES, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2017

	<u>FFCO 2008 Bond Fund</u>	<u>2009 FFCO Bond Fund</u>	<u>Urban Renewal Debt Fund</u>	<u>Total</u>
ASSETS:				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 801,589</u>	<u>\$ 801,589</u>
Total assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 801,589</u></u>	<u><u>\$ 801,589</u></u>
FUND BALANCES:				
Restricted for:				
State statute	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 801,589</u>	<u>\$ 801,589</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>801,589</u>	<u>801,589</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 801,589</u></u>	<u><u>\$ 801,589</u></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, 2017**

	FFCO 2008 Bond Fund	2009 FFCO Bond Fund	Urban Renewal Debt Fund	Total
REVENUES:				
Property taxes	\$ -	\$ -	\$ 796,588	\$ 796,588
Rental income	124,408	-	-	124,408
Interest on investments	-	-	5,000	5,000
Total revenues	124,408	-	801,588	925,996
EXPENDITURES:				
Debt service:				
Principal	139,472	502,760	-	642,232
Interest	73,730	420,862	-	494,592
Total expenditures	213,202	923,622	-	1,136,824
Revenues over (under) expenditures	(88,794)	(923,622)	801,588	(210,828)
OTHER FINANCING SOURCES (USES):				
Transfers in	179,322	945,862	-	1,125,184
Transfers out	(90,528)	(22,240)	(801,587)	(914,355)
Total other financing sources (uses)	88,794	923,622	(801,587)	210,829
Net changes in fund balances	-	-	1	1
FUND BALANCES, BEGINNING	-	-	801,588	801,588
FUND BALANCES, ENDING	\$ -	\$ -	\$ 801,589	\$ 801,589

CITY OF THE DALLES, OREGON
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
COMBINING BALANCE SHEET
June 30, 2017

	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
ASSETS:					
Cash and cash equivalents	\$ 1,507,921	\$ 323,275	\$ 948,188	\$ 100,095	\$ 2,879,479
Receivables:					
Accounts	568,873	-	-	-	568,873
Intergovernmental	23,669	-	-	-	23,669
Fines and forfeitures, net	549,825	-	-	-	549,825
Property taxes	204,049	-	-	-	204,049
Due from other fund	481,132	-	-	-	481,132
Prepaid items	146,177	-	-	-	146,177
	<u>3,481,646</u>	<u>323,275</u>	<u>948,188</u>	<u>100,095</u>	<u>4,853,204</u>
Total assets	<u>\$ 3,481,646</u>	<u>\$ 323,275</u>	<u>\$ 948,188</u>	<u>\$ 100,095</u>	<u>\$ 4,853,204</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ 129,712	\$ -	\$ -	\$ 2,173	\$ 131,885
Total liabilities	<u>129,712</u>	<u>-</u>	<u>-</u>	<u>2,173</u>	<u>131,885</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue	<u>754,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>754,255</u>
Total deferred inflows of resources	<u>754,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>754,255</u>
FUND BALANCES:					
Nonspendable:					
Prepays	146,177	-	-	-	146,177
Committed for:					
Committed by ordinance or resolution	-	323,275	948,188	97,922	1,369,385
Assigned for:					
Unassigned	<u>2,451,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,451,502</u>
Total fund balances	<u>2,597,679</u>	<u>323,275</u>	<u>948,188</u>	<u>97,922</u>	<u>3,967,064</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,481,646</u>	<u>\$ 323,275</u>	<u>\$ 948,188</u>	<u>\$ 100,095</u>	<u>\$ 4,853,204</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, 2017

	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
REVENUES:					
Property taxes	\$ 2,948,706	\$ -	\$ -	\$ -	\$ 2,948,706
Other taxes	1,283,089	-	-	-	1,283,089
Franchise fees	230,239	-	-	-	230,239
Licenses and fees	14,715	-	-	-	14,715
Charges for services	50,701	-	-	-	50,701
Intergovernmental	1,690,275	-	-	-	1,690,275
Fines and forfeitures, net	243,128	-	-	-	243,128
System development charges	-	-	239,963	-	239,963
Rental income	7,902	-	-	-	7,902
Interest on investments	21,010	3,568	9,002	1,128	34,708
Miscellaneous	163,039	-	-	-	163,039
Total revenues	<u>6,652,804</u>	<u>3,568</u>	<u>248,965</u>	<u>1,128</u>	<u>6,906,465</u>
EXPENDITURES:					
General government	2,974,184	-	-	9,338	2,983,522
Public safety	3,579,057	-	-	-	3,579,057
Culture and recreation	702,563	-	-	-	702,563
Capital outlay	61,034	127,152	33,113	-	221,299
Total expenditures	<u>7,316,838</u>	<u>127,152</u>	<u>33,113</u>	<u>9,338</u>	<u>7,486,441</u>
Revenues over (under) expenditures	(664,034)	(123,584)	215,852	(8,210)	(579,976)
OTHER FINANCING SOURCES (USES):					
Sale of property	11,817	-	-	-	11,817
Transfers in	1,101,917	148,000	-	30,120	1,280,037
Transfers out	(165,111)	-	-	-	(165,111)
Total other financing sources (uses)	<u>948,623</u>	<u>148,000</u>	<u>-</u>	<u>30,120</u>	<u>1,126,743</u>
Net changes in fund balances	284,589	24,416	215,852	21,910	546,767
FUND BALANCES, BEGINNING	<u>2,313,090</u>	<u>298,859</u>	<u>732,336</u>	<u>76,012</u>	<u>3,420,297</u>
FUND BALANCES, ENDING	<u>\$ 2,597,679</u>	<u>\$ 323,275</u>	<u>\$ 948,188</u>	<u>\$ 97,922</u>	<u>\$ 3,967,064</u>

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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 2,715,981	\$ 2,715,981	\$ 2,948,706	\$ 232,725
Other taxes	1,280,900	1,280,900	1,283,089	2,189
Franchise fees	224,147	224,147	230,239	6,092
Licenses and fees	13,750	13,750	14,715	965
Charges for services	123,700	123,700	50,701	(72,999)
Intergovernmental	1,514,337	1,514,337	1,690,275	175,938
Fines and forfeitures, net	202,412	202,412	243,128	40,716
Rental income	6,882	6,882	7,902	1,020
Interest on investments	8,500	8,500	21,010	12,510
Miscellaneous	70,000	123,737	163,039	39,302
Total revenues	<u>6,160,609</u>	<u>6,214,346</u>	<u>6,652,804</u>	<u>438,458</u>
EXPENDITURES:				
General government	3,126,954	3,234,391	2,974,184	260,207
Public safety	3,732,477	3,732,477	3,579,057	153,420
Culture and recreation	653,530	713,530	702,563	10,967
Capital outlay	68,000	93,000	61,034	31,966
Contingency	692,255	582,755	-	582,755
Total expenditures	<u>8,273,216</u>	<u>8,356,153</u>	<u>7,316,838</u>	<u>1,039,315</u>
Revenues over (under) expenditures	(2,112,607)	(2,141,807)	(664,034)	1,477,773
OTHER FINANCING SOURCES (USES):				
Sale of property	-	-	11,817	11,817
Transfers in	1,101,917	1,101,917	1,101,917	-
Transfers out	(165,111)	(165,111)	(165,111)	-
Total other financing sources (uses)	<u>936,806</u>	<u>936,806</u>	<u>948,623</u>	<u>11,817</u>
Net changes in fund balances	(1,175,801)	(1,205,001)	284,589	1,489,590
FUND BALANCES, BEGINNING				
BUDGETARY BASIS	<u>1,947,731</u>	<u>1,947,731</u>	<u>2,313,090</u>	<u>365,359</u>
				-
FUND BALANCES, ENDING BUDGETARY				
BASIS	<u>\$ 771,930</u>	<u>\$ 742,730</u>	<u>\$ 2,597,679</u>	<u>\$ 1,854,949</u>

CITY OF THE DALLES, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
City Council:				
Materials and services	\$ 320,520	\$ 428,457	\$ 350,319	\$ 78,138
Subtotal	320,520	428,457	350,319	78,138
City Clerk:				
Personnel services	114,577	117,077	116,145	932
Materials and services	6,315	6,315	6,245	70
Subtotal	120,892	123,392	122,390	1,002
City Manager / Economic Development:				
Personnel services	293,750	286,133	226,340	59,793
Materials and services	159,222	159,222	124,881	34,341
Subtotal	452,972	445,355	351,221	94,134
City Attorney / Judicial:				
Personnel services	331,559	331,559	332,775	(1,216) *
Materials and services	132,139	147,139	131,642	15,497
Subtotal	463,698	478,698	464,417	14,281
Finance / Utility Billing:				
Personnel services	446,405	453,405	466,340	(12,935) *
Materials and services	115,625	115,625	82,239	33,386
Subtotal	562,030	569,030	548,579	20,451
Personnel:				
Personnel services	108,204	115,821	93,265	22,556
Materials and services	12,116	12,116	16,655	(4,539) *
Subtotal	120,320	127,937	109,920	18,017
Technology:				
Personnel services	103,639	103,639	102,217	1,422
Materials and services	148,385	148,385	135,976	12,409
Capital outlay	7,000	32,000	17,781	14,219
Subtotal	259,024	284,024	255,974	28,050

CITY OF THE DALLES, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Continued				
Planning:				
Personnel services	436,457	436,457	411,553	24,904
Materials and services	73,710	48,710	48,773	(63) *
Subtotal	510,167	485,167	460,326	24,841
City Hall / Transportation Center:				
Personnel services	66,551	66,551	69,265	(2,714) *
Materials and services	257,780	257,780	259,554	(1,774) *
Capital outlay	6,000	6,000	-	6,000
Subtotal	330,331	330,331	328,819	1,512
Police:				
Personnel services	2,973,576	2,973,576	2,874,080	99,496
Materials and services	587,034	587,034	570,448	16,586
Capital outlay	55,000	55,000	43,253	11,747
Subtotal	3,615,610	3,615,610	3,487,781	127,829
Code Enforcement:				
Personnel services	63,735	63,735	63,773	(38) *
Materials and services	27,641	27,641	17,724	9,917
Subtotal	91,376	91,376	81,497	9,879
Animal control:				
Personnel services	47,991	47,991	36,767	11,224
Materials and services	32,500	32,500	16,265	16,235
Subtotal	80,491	80,491	53,032	27,459
Non-departmental:				
Materials and services	653,530	713,530	702,563	10,967
Subtotal	653,530	713,530	702,563	10,967
Total expenditures	<u>\$ 7,580,961</u>	<u>\$ 7,773,398</u>	<u>\$ 7,316,838</u>	<u>\$ 456,560</u>

*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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ 800	\$ 800	\$ 3,568	\$ 2,768
Total revenues	800	800	3,568	2,768
EXPENDITURES:				
Capital outlay	453,500	453,500	127,152	326,348
Total expenditures	453,500	453,500	127,152	326,348
Revenues over (under) expenditures	(452,700)	(452,700)	(123,584)	329,116
OTHER FINANCING SOURCES (USES):				
Transfers in	148,000	148,000	148,000	-
Total other financing sources (uses)	148,000	148,000	148,000	-
Net changes in fund balances	(304,700)	(304,700)	24,416	329,116
FUND BALANCES, BEGINNING BUDGETARY BASIS	304,700	304,700	298,859	(5,841)
FUND BALANCES, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 323,275	\$ 323,275

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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 313,356	\$ 313,356	\$ -	\$ (313,356)
System development charges	100,000	100,000	239,963	139,963
Interest on investments	3,000	3,000	9,002	6,002
	<u>416,356</u>	<u>416,356</u>	<u>248,965</u>	<u>(167,391)</u>
EXPENDITURES:				
Capital outlay	1,082,869	1,082,869	33,113	1,049,756
	<u>1,082,869</u>	<u>1,082,869</u>	<u>33,113</u>	<u>1,049,756</u>
Net changes in fund balances	(666,513)	(666,513)	215,852	882,365
FUND BALANCES, BEGINNING BUDGETARY BASIS	<u>666,513</u>	<u>666,513</u>	<u>732,336</u>	<u>65,823</u>
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 948,188</u>	<u>\$ 948,188</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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ 500	\$ 500	\$ 1,128	\$ 628
Total revenues	500	500	1,128	628
EXPENDITURES:				
Personnel service	113,511	113,511	9,338	104,173
Total expenditures	113,511	113,511	9,338	104,173
Revenues over (under) expenditures	(113,011)	(113,011)	(8,210)	104,801
OTHER FINANCING SOURCES (USES):				
Transfers in	30,120	30,120	30,120	-
Total other financing sources (uses)	30,120	30,120	30,120	-
Net changes in fund balances	(82,891)	(82,891)	21,910	104,801
FUND BALANCES, BEGINNING BUDGETARY BASIS	82,891	82,891	76,012	(6,879)
FUND BALANCES, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 97,922	\$ 97,922

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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 602,936	\$ 602,936	\$ 688,786	\$ 85,850
Interest on investments	2,000	2,000	17,662	15,662
Miscellaneous	444,666	444,666	154,709	(289,957)
Total revenues	1,049,602	1,049,602	861,157	(188,445)
EXPENDITURES:				
Materials and services	729,086	729,086	205,751	523,335
Capital outlay	1,026,393	1,026,393	273,223	753,170
Total expenditures	1,755,479	1,755,479	478,974	1,276,505
Revenues over (under) expenditures	(705,877)	(705,877)	382,183	1,088,060
OTHER FINANCING SOURCES (USES):				
Sale of property	285,000	285,000	-	(285,000)
Total other financing sources (uses)	285,000	285,000	-	(285,000)
Net changes in fund balances	(420,877)	(420,877)	382,183	803,060
FUND BALANCES, BEGINNING	420,877	420,877	599,337	178,460
FUND BALANCES, ENDING	\$ -	\$ -	\$ 981,520	\$ 981,520

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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Franchise fees	\$ 25,500	\$ 25,500	\$ 28,178	\$ 2,678
Assessments	52,155	52,155	191,204	139,049
Interest on investments	2,000	2,000	5,107	3,107
Miscellaneous	1,000	1,000	-	(1,000)
Total revenues	80,655	80,655	224,489	143,834
EXPENDITURES:				
Materials and services	106,700	106,700	2,787	103,913
Capital outlay	266,852	266,852	-	266,852
Total expenditures	373,552	373,552	2,787	370,765
Revenues over (under) expenditures	(292,897)	(292,897)	221,702	514,599
OTHER FINANCING SOURCES (USES):				
Transfers out	(114,167)	(114,167)	(114,167)	-
Total other financing sources (uses)	(114,167)	(114,167)	(114,167)	-
Net changes in fund balances	(407,064)	(407,064)	107,535	514,599
FUND BALANCES, BEGINNING	407,064	407,064	458,063	50,999
FUND BALANCES, ENDING	\$ -	\$ -	\$ 565,598	\$ 565,598

**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, 2017**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ 100	\$ 100	\$ 134	\$ 34
Miscellaneous	2,000	2,000	-	(2,000)
Total revenues	2,100	2,100	134	(1,966)
EXPENDITURES:				
Materials and services	14,714	14,714	636	14,078
Total expenditures	14,714	14,714	636	14,078
Net changes in fund balances	(12,614)	(12,614)	(502)	12,112
FUND BALANCES, BEGINNING	12,614	12,614	12,684	70
BUDGETARY BASIS	\$ -	\$ -	\$ 12,182	\$ 12,182

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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Rental income	\$ 236,783	\$ 236,783	\$ 194,938	\$ (41,845)
Interest on investments	100	100	615	515
Total revenues	236,883	236,883	195,553	(41,330)
EXPENDITURES:				
Personnel service	66,547	66,547	67,967	(1,420) *
Materials and services	129,222	129,222	91,718	37,504
Capital outlay	12,000	12,000	-	12,000
Contingency	54,823	54,823	-	54,823
Total expenditures	262,592	262,592	159,685	102,907
Revenues over (under) expenditures	(25,709)	(25,709)	35,868	61,577
OTHER FINANCING SOURCES (USES):				
Transfers in	9,310	9,310	9,310	-
Total other financing sources (uses)	9,310	9,310	9,310	-
Net changes in fund balances	(16,399)	(16,399)	45,178	61,577
FUND BALANCES, BEGINNING	16,399	16,399	37,689	21,290
FUND BALANCES, ENDING	\$ -	\$ -	\$ 82,867	\$ 82,867

* Appropriation level is all expenditures, not a budget violation

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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Rental income	\$ 95,875	\$ 95,875	\$ 105,175	\$ 9,300
Interest on investments	1,200	1,200	2,065	865
Total revenues	97,075	97,075	107,240	10,165
EXPENDITURES:				
Materials and services	5,000	5,000	1,500	3,500
Capital outlay	199,838	199,838	-	199,838
Debt service:				
Principal	16,646	16,646	16,646	-
Interest	965	965	965	-
Total expenditures	222,449	222,449	19,111	203,338
Revenues over (under) expenditures	(125,374)	(125,374)	88,129	213,503
OTHER FINANCING SOURCES (USES):				
Transfers out	(9,310)	(9,310)	(9,310)	-
Total other financing sources (uses)	(9,310)	(9,310)	(9,310)	-
Net changes in fund balances	(134,684)	(134,684)	78,819	213,503
FUND BALANCE, BEGINNING	134,684	134,684	163,729	29,045
FUND BALANCE, ENDING	\$ -	\$ -	\$ 242,548	\$ 242,548

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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Rental income	\$ 124,408	\$ 124,408	\$ 124,408	\$ -
Total revenues	124,408	124,408	124,408	-
EXPENDITURES:				
Debt service:				
Principal	230,000	230,000	230,000	-
Interest	73,731	73,731	73,730	1
Total expenditures	303,731	303,731	303,730	1
Revenues over (under) expenditures	(179,323)	(179,323)	(179,322)	1
OTHER FINANCING SOURCES (USES):				
Transfers in	179,323	179,323	179,322	(1)
Total other financing sources (uses)	179,323	179,323	179,322	(1)
Net changes in fund balances	-	-	-	-
FUND BALANCES, BEGINNING	-	-	-	-
FUND BALANCES, ENDING	\$ -	\$ -	\$ -	\$ -

CITY OF THE DALLES, OREGON
2009 FFCO BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
EXPENDITURES:				
Debt service:				
Principal	\$ 525,000	\$ 525,000	\$ 525,000	\$ -
Interest	420,863	420,863	420,862	1
Total expenditures	945,863	945,863	945,862	1
Revenues over (under) expenditures	(945,863)	(945,863)	(945,862)	1
OTHER FINANCING SOURCES (USES):				
Transfers in	945,863	945,863	945,862	(1)
Total other financing sources (uses)	945,863	945,863	945,862	(1)
Net changes in fund balances	-	-	-	-
FUND BALANCES, BEGINNING	-	-	-	-
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF THE DALLES, OREGON
URBAN RENEWAL DEBT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 796,588	\$ 796,588	\$ 796,588	\$ -
Interest on investments	5,000	5,000	5,000	-
Total revenues	<u>801,588</u>	<u>801,588</u>	<u>801,588</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(1,603,176)</u>	<u>(1,603,176)</u>	<u>(801,587)</u>	<u>801,589</u>
Total other financing sources (uses)	<u>(1,603,176)</u>	<u>(1,603,176)</u>	<u>(801,587)</u>	<u>801,589</u>
Net changes in fund balances	(801,588)	(801,588)	1	801,589
FUND BALANCES, BEGINNING	<u>801,588</u>	<u>801,588</u>	<u>801,588</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 801,589</u>	<u>\$ 801,589</u>

BUDGETARY COMPARISON SCHEDULES

Enterprise Funds

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

Enterprise Budgetary Comparison schedules include the following:

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

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

**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, 2017**

	Water Utility	Water Capital Reserve	Water Bond Debt	Total All Water Funds
REVENUES:				
Charges for services	\$ 5,176,608	\$ -	\$ -	\$ 5,176,608
Contributions	-	1,174,329	-	1,174,329
System development charges	-	335,035	-	335,035
Rental income	4,428	-	-	4,428
Interest on investments	1,022	60,510	-	61,532
Miscellaneous	198,159	-	-	198,159
Total revenues	5,380,217	1,569,874	-	6,950,091
EXPENDITURES:				
Personnel service	1,992,565	-	-	1,992,565
Materials and services	767,671	-	-	767,671
Capital outlay	129,500	702,097	-	831,597
Debt service:				
Principal	-	140,022	290,000	430,022
Interest	-	98,356	275,005	373,361
Total expenditures	2,889,736	940,475	565,005	4,395,216
Revenues over (under) expenditures	2,490,481	629,399	(565,005)	2,554,875
OTHER FINANCING SOURCES (USES):				
Sale of property	1,275	-	-	1,275
Transfers in	-	2,300,000	565,005	2,865,005
Transfers out	(3,067,205)	(598,044)	-	(3,665,249)
Total other financing sources (uses)	(3,065,930)	1,701,956	565,005	(798,969)
Net changes in fund balances	(575,449)	2,331,355	-	1,755,906
FUND BALANCE, BEGINNING BUDGETARY BASIS	931,177	3,905,556	-	4,836,733
FUND BALANCE, ENDING BUDGETARY BASIS	\$ 355,728	\$ 6,236,911	\$ -	\$ 6,592,639

	Revenues	Expenditures
Total revenue and expenditures above	\$ 6,950,091	\$ 4,395,216
Transfers in/out	-	736,660
Expenditures capitalized	-	(836,193)
Debt service principal payments	-	(430,022)
Other post employment benefits	-	29,505
Depreciation and amortization expense	-	549,825
Interest revenue/expense	-	(3,628)
Gain/loss on disposal of capital assets	-	(4,998)
Increase/decrease compensated absences	-	10,151
Total revenues and expenses - generally accepted accounting principles	\$ 6,950,091	4,446,516
Change in net position		\$ 2,503,575

**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, 2017**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 5,614,221	\$ 5,614,221	\$ 5,176,608	\$ (437,613)
Rental income	4,428	4,428	4,428	-
Interest on investments	4,500	4,500	1,022	(3,478)
Miscellaneous	72,660	72,660	198,159	125,499
Total revenues	<u>5,695,809</u>	<u>5,695,809</u>	<u>5,380,217</u>	<u>(315,592)</u>
EXPENDITURES:				
Personnel service	2,101,325	2,101,325	1,992,565	108,760
Materials and services	1,093,007	1,093,007	767,671	325,336
Capital outlay	212,200	212,200	129,500	82,700
Contingency	77,887	77,887	-	77,887
Total expenditures	<u>3,484,419</u>	<u>3,484,419</u>	<u>2,889,736</u>	<u>594,683</u>
Revenues over (under) expenditures	2,211,390	2,211,390	2,490,481	279,091
OTHER FINANCING SOURCES (USES):				
Sale of property	-	-	1,275	1,275
Transfers out	(3,067,205)	(3,067,205)	(3,067,205)	-
Total other financing sources (uses)	<u>(3,067,205)</u>	<u>(3,067,205)</u>	<u>(3,065,930)</u>	<u>1,275</u>
Net changes in fund balances	(855,815)	(855,815)	(575,449)	280,366
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>855,815</u>	<u>855,815</u>	<u>931,177</u>	<u>75,362</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 355,728</u>	<u>\$ 355,728</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, 2017**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 4,000,000	\$ 4,000,000	\$ -	\$ (4,000,000)
Contributions	3,100,000	3,100,000	1,174,329	(1,925,671)
System development charges	23,170	23,170	335,035	311,865
Interest on investments	13,000	13,000	60,510	47,510
Total revenues	<u>7,136,170</u>	<u>7,136,170</u>	<u>1,569,874</u>	<u>(5,566,296)</u>
EXPENDITURES:				
Capital outlay	12,201,938	12,201,938	702,097	11,499,841
Debt service:				
Principal	140,023	140,023	140,022	1
Interest	98,357	98,357	98,356	1
Total expenditures	<u>12,440,318</u>	<u>12,440,318</u>	<u>940,475</u>	<u>11,499,843</u>
Revenues over (under) expenditures	(5,304,148)	(5,304,148)	629,399	5,933,547
OTHER FINANCING SOURCES (USES):				
Transfers in	2,300,000	2,300,000	2,300,000	-
Transfers out	(598,044)	(598,044)	(598,044)	-
Total other financing sources (uses)	<u>1,701,956</u>	<u>1,701,956</u>	<u>1,701,956</u>	<u>-</u>
Net changes in fund balances	(3,602,192)	(3,602,192)	2,331,355	5,933,547
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>3,602,192</u>	<u>3,602,192</u>	<u>3,905,556</u>	<u>303,364</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,236,911</u>	<u>\$ 6,236,911</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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
EXPENDITURES:				
Debt service:				
Principal	\$ 290,000	\$ 290,000	\$ 290,000	\$ -
Interest	275,005	275,005	275,005	-
Total expenditures	565,005	565,005	565,005	-
Revenues over (under) expenditures	(565,005)	(565,005)	(565,005)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	565,005	565,005	565,005	-
Total other financing sources (uses)	565,005	565,005	565,005	-
Net changes in fund balances	-	-	-	-
FUND BALANCE, BEGINNING BUDGETARY BASIS	-	-	-	-
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF THE DALLES, OREGON
 ALL WASTEWATER FUNDS COMBINED
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2017**

	Wastewater	Wastewater Capital Reserve	Sewer Plant Construction	Sewer Debt Service	Total All Wastewater Funds
REVENUES:					
Charges for services	\$ 5,316,348	\$ -	\$ -	\$ -	\$ 5,316,348
System development charges	-	531,472	-	-	531,472
Interest on investments	141	35,114	61,967	2,510	99,732
Miscellaneous	251,096	32,040	-	-	283,136
Total revenues	5,567,585	598,626	61,967	2,510	6,230,688
EXPENDITURES:					
Personnel service	1,207,398	-	-	-	1,207,398
Materials and services	1,419,729	-	-	-	1,419,729
Capital outlay	29,125	149,409	2,211,909	-	2,390,443
Debt service:					
Principal	-	-	-	435,000	435,000
Interest	-	-	-	116,845	116,845
Total expenditures	2,656,252	149,409	2,211,909	551,845	5,569,415
Revenues over (under) expenditures	2,911,333	449,217	(2,149,942)	(549,335)	661,273
OTHER FINANCING SOURCES (USES):					
Sale of property	3,230	-	-	-	3,230
Transfers in	-	509,994	3,050,000	551,845	4,111,839
Transfers out	(3,199,901)	(1,007,069)	(551,845)	-	(4,758,815)
Total other financing sources (uses)	(3,196,671)	(497,075)	2,498,155	551,845	(643,746)
Net changes in fund balances	(285,338)	(47,858)	348,213	2,510	17,527
FUND BALANCE, BEGINNING BUDGETARY BASIS	868,385	3,198,980	5,174,036	226,522	9,467,923
FUND BALANCE, ENDING BUDGETARY BASIS	\$ 583,047	\$ 3,151,122	\$ 5,522,249	\$ 229,032	\$ 9,485,450

	Revenues	Expenditures
Total revenue and expenditures above	\$ 6,230,688	\$ 5,569,415
Transfers in/out	-	597,792
Expenditures capitalized	-	(2,908,417)
Debt service principal payments	-	(435,000)
Other post employment benefits	-	50,054
Depreciation and amortization expense	-	529,575
Interest revenue/expense	-	(4,296)
Gain/loss on disposal of capital assets	-	(6,953)
Increase/decrease compensated absences	-	4,943
Total revenues and expenses - generally accepted accounting principles	\$ 6,230,688	3,397,113
Change in net position		\$ 2,833,575

**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, 2017**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 5,264,688	\$ 5,264,688	\$ 5,316,348	\$ 51,660
Interest on investments	500	500	141	(359)
Miscellaneous	256,756	256,756	251,096	(5,660)
Total revenues	5,521,944	5,521,944	5,567,585	45,641
EXPENDITURES:				
Personnel service	1,255,840	1,255,840	1,207,398	48,442
Materials and services	1,748,157	1,748,157	1,419,729	328,428
Capital outlay	126,250	126,250	29,125	97,125
Contingency	60,180	60,180	-	60,180
Total expenditures	3,190,427	3,190,427	2,656,252	534,175
Revenues over (under) expenditures	2,331,517	2,331,517	2,911,333	579,816
OTHER FINANCING SOURCES (USES):				
Sale of property	-	-	3,230	3,230
Transfers out	(2,934,908)	(3,199,902)	(3,199,901)	1
Total other financing sources (uses)	(2,934,908)	(3,199,902)	(3,196,671)	3,231
Net changes in fund balances	(603,391)	(868,385)	(285,338)	583,047
FUND BALANCE, BEGINNING BUDGETARY BASIS	603,391	868,385	868,385	-
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 583,047	\$ 583,047

**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, 2017**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
System development charges	\$ 42,620	\$ 42,620	\$ 531,472	\$ 488,852
Interest on investments	13,000	13,000	35,114	22,114
Miscellaneous	-	-	32,040	32,040
Total revenues	55,620	55,620	598,626	543,006
EXPENDITURES:				
Capital outlay	2,286,786	2,757,524	149,409	2,608,115
Total expenditures	2,286,786	2,757,524	149,409	2,608,115
Revenues over (under) expenditures	(2,231,166)	(2,701,904)	449,217	3,151,121
OTHER FINANCING SOURCES (USES):				
Transfers in	245,000	509,994	509,994	-
Transfers out	(1,007,069)	(1,007,069)	(1,007,069)	-
Total other financing sources (uses)	(762,069)	(497,075)	(497,075)	-
Net changes in fund balances	(2,993,235)	(3,198,979)	(47,858)	3,151,121
FUND BALANCE, BEGINNING BUDGETARY BASIS	2,993,235	3,198,979	3,198,980	1
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 3,151,122	\$ 3,151,122

**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, 2017**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 831,000	\$ 831,000	\$ -	\$ (831,000)
Interest on investments	20,000	20,000	61,967	41,967
Total revenues	851,000	851,000	61,967	(789,033)
EXPENDITURES:				
Capital outlay	8,289,687	8,523,190	2,211,909	6,311,281
Total expenditures	8,289,687	8,523,190	2,211,909	6,311,281
Revenues over (under) expenditures	(7,438,687)	(7,672,190)	(2,149,942)	5,522,248
OTHER FINANCING SOURCES (USES):				
Transfers in	3,050,000	3,050,000	3,050,000	-
Transfers out	(551,845)	(551,845)	(551,845)	-
Total other financing sources (uses)	2,498,155	2,498,155	2,498,155	-
Net changes in fund balances	(4,940,532)	(5,174,035)	348,213	5,522,248
FUND BALANCE, BEGINNING BUDGETARY BASIS	4,940,532	5,174,035	5,174,036	1
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 5,522,249	\$ 5,522,249

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, 2017

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Interest on investments	\$ 1,175	\$ 1,175	\$ 2,510	\$ 1,335
Total revenues	1,175	1,175	2,510	1,335
EXPENDITURES:				
Debt service:				
Principal	435,000	435,000	435,000	-
Interest	116,845	116,845	116,845	-
Contingency	227,468	227,468	-	227,468
Total expenditures	779,313	779,313	551,845	227,468
Revenues over (under) expenditures	(778,138)	(778,138)	(549,335)	228,803
OTHER FINANCING SOURCES (USES):				
Transfers in	551,845	551,845	551,845	-
Total other financing sources (uses)	551,845	551,845	551,845	-
Net changes in fund balances	(226,293)	(226,293)	2,510	228,803
FUND BALANCE, BEGINNING BUDGETARY BASIS	226,293	226,293	226,522	229
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 229,032	\$ 229,032



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 79 - 85

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 86 - 91

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

Debt Capacity 92 - 99

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 100 - 102

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 103 - 104

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>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>	<u>2008</u>
Governmental Activities:										
Net investment in capital assets	\$ 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	\$ 8,487,617
Restricted	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	5,470,694
Unrestricted	<u>13,033,689</u>	<u>11,480,666</u>	<u>4,480,644</u>	<u>4,055,637</u>	<u>2,969,259</u>	<u>3,975,176</u>	<u>4,297,055</u>	<u>4,401,964</u>	<u>4,314,633</u>	<u>3,772,300</u>
Total governmental activities net position	<u>\$ 47,169,019</u>	<u>\$ 43,706,968</u>	<u>\$ 34,853,707</u>	<u>\$ 33,671,654</u>	<u>\$ 31,633,043</u>	<u>\$ 29,984,813</u>	<u>\$ 24,750,706</u>	<u>\$ 24,558,593</u>	<u>\$ 17,787,338</u>	<u>\$ 17,730,611</u>
Business-Type Activities:										
Net investment in capital assets	\$ 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	\$ 12,686,680
Restricted	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	6,646,601
Unrestricted	<u>(1,051,770)</u>	<u>645,798</u>	<u>2,373,161</u>	<u>942,037</u>	<u>1,301,239</u>	<u>1,179,693</u>	<u>862,477</u>	<u>1,284,163</u>	<u>1,089,738</u>	<u>942,405</u>
Total business-type activities net position	<u>\$ 42,174,471</u>	<u>\$ 36,837,321</u>	<u>\$ 44,693,359</u>	<u>\$ 41,118,338</u>	<u>\$ 33,814,251</u>	<u>\$ 27,901,210</u>	<u>\$ 25,809,727</u>	<u>\$ 24,031,749</u>	<u>\$ 23,860,148</u>	<u>\$ 20,275,686</u>
Primary Government:										
Net investment in capital assets	\$ 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	\$ 21,174,297
Restricted	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	12,117,295
Unrestricted	<u>11,981,919</u>	<u>12,126,464</u>	<u>6,853,805</u>	<u>4,997,674</u>	<u>4,270,498</u>	<u>5,154,869</u>	<u>5,159,532</u>	<u>5,686,127</u>	<u>5,404,371</u>	<u>4,714,705</u>
Total primary government net position	<u>\$ 89,343,490</u>	<u>\$ 80,544,289</u>	<u>\$ 79,547,066</u>	<u>\$ 74,789,992</u>	<u>\$ 65,447,294</u>	<u>\$ 57,886,023</u>	<u>\$ 50,560,433</u>	<u>\$ 48,590,342</u>	<u>\$ 41,647,486</u>	<u>\$ 38,006,297</u>

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Program Revenues										
Governmental activities:										
Charges for services, fees and fines										
General government	\$ 1,207,216	\$ 1,111,793	\$ 895,831	\$ 1,741,823	\$ 958,415	\$ 853,937	\$ 303,748	\$ 463,177	\$ 383,838	\$ 405,366
Public safety	243,128	235,252	222,585	229,428	194,454	224,448	255,320	306,615	283,213	381,661
Highways and streets	28,342	33,944	12,424	10,573	16,525	20,880	19,217	30,649	16,262	76,652
Culture and recreation	21,681	20,605	18,740	12,401	11,548	11,294	15,746	11,208	9,775	8,256
Operating grants and contributions	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	2,162,581
Capital grants and contributions	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	1,032,300
Total governmental activities program revenues	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	4,066,816
Business-type activities:										
Charges for services:										
Water	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	2,912,204
Wastewater	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	4,042,032
Airport	-	-	199,548	273,657	219,036	226,622	191,157	162,163	177,701	134,232
Operating grants	-	-	65,000	65,000	65,000	263,347	142,954	96,382	78,262	77,698
Capital grants	1,174,329	-	406,533	4,970,071	3,871,454	1,193,231	383,053	558,895	480,349	303,723
Total business-type activities program revenues	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	7,469,889
Total primary government program revenues	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	11,536,705
Expenses										
Governmental activities:										
General government	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	3,110,350
Public safety and justice	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	2,383,926
Highways and streets	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	1,360,741
Culture and recreation	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	1,079,123
Interest on long term obligations	443,633	453,321	517,776	528,148	559,591	578,874	595,104	443,576	294,504	208,259
Total governmental activities expenses	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	8,142,399
Business-type activities:										
Water	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	2,943,966
Wastewater	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	2,595,685
Airport	-	-	260,659	286,049	313,045	440,116	438,097	443,613	455,624	525,739
Total business-type activities expenses	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	6,065,390
Total primary government expenses	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	14,207,789
Net Expense										
Governmental activities	(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)	(4,075,583)
Business-type activities	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	1,404,499
Total primary government net expense	\$ 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)	\$ (2,671,084)

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)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Revenues and Other Changes in Net Position										
General revenues:										
Property taxes levied for:										
General purposes	\$ 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	\$ 2,032,760
Urban renewal purposes	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	1,122,402
Franchise and public service taxes	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	1,249,637
Interest and investment earnings	111,660	54,106	49,936	43,572	46,153	41,322	109,002	102,530	142,654	259,086
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	15,454	134,003	42,851
Gain (loss) on sale of property	-	-	-	-	-	-	-	-	(16,712)	179,457
Transfers	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)	922,246
Total governmental activities	<u>8,015,125</u>	<u>7,548,392</u>	<u>7,442,152</u>	<u>7,264,504</u>	<u>7,054,085</u>	<u>6,549,760</u>	<u>6,345,454</u>	<u>5,862,902</u>	<u>3,904,346</u>	<u>5,808,439</u>
Business-type activities:										
Interest and investment earnings	161,264	73,317	50,440	42,092	38,307	30,800	32,632	51,574	153,474	483,983
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	(37,152)	-	-	-	-	-	-
Transfers	(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	(922,246)
Total business-type activities	<u>(1,173,188)</u>	<u>(1,226,429)</u>	<u>(1,422,947)</u>	<u>(1,502,352)</u>	<u>(1,392,952)</u>	<u>(1,266,479)</u>	<u>(1,216,568)</u>	<u>(893,705)</u>	<u>1,220,826</u>	<u>(438,263)</u>
Total primary government	<u>6,841,937</u>	<u>6,321,963</u>	<u>6,019,205</u>	<u>5,762,152</u>	<u>5,661,133</u>	<u>5,283,281</u>	<u>5,128,886</u>	<u>4,969,197</u>	<u>5,125,172</u>	<u>5,370,176</u>
Change in Net Position										
Governmental activities	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	1,732,856
Prior Period Adjustments **	-	6,596,876	-	(165,050)	-	-	-	1,319,835	-	-
Governmental Activities, as adjusted	<u>2,995,248</u>	<u>8,853,261</u>	<u>1,182,053</u>	<u>2,038,611</u>	<u>1,648,230</u>	<u>5,234,107</u>	<u>192,113</u>	<u>6,771,255</u>	<u>56,727</u>	<u>1,732,856</u>
Business-type activities	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	966,236
Prior Period Adjustments	-	(11,265,887)	-	(214,006)	-	-	-	(1,259,520)	-	-
Business-type Activities, as adjusted	<u>5,337,150</u>	<u>(7,856,038)</u>	<u>3,575,021</u>	<u>(1,716,358)</u>	<u>5,913,041</u>	<u>2,091,483</u>	<u>1,777,978</u>	<u>171,601</u>	<u>3,584,463</u>	<u>966,236</u>
Total primary government change in net position	<u>8,332,398</u>	<u>997,223</u>	<u>4,757,074</u>	<u>322,253</u>	<u>7,561,271</u>	<u>7,325,590</u>	<u>1,970,091</u>	<u>6,942,856</u>	<u>3,641,190</u>	<u>2,699,092</u>
Net Position Beginning										
Governmental activities	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	15,997,755
Business-type activities	<u>36,837,321</u>	<u>44,693,359</u>	<u>41,118,338</u>	<u>33,600,245</u>	<u>27,901,210</u>	<u>25,809,727</u>	<u>24,031,749</u>	<u>23,860,148</u>	<u>20,275,685</u>	<u>19,309,449</u>
Total primary government net position-beginning	<u>81,011,092</u>	<u>79,547,066</u>	<u>74,789,992</u>	<u>65,068,238</u>	<u>57,886,023</u>	<u>50,560,433</u>	<u>48,590,342</u>	<u>41,647,486</u>	<u>38,006,296</u>	<u>35,307,204</u>
Net Position Ending										
Governmental activities	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	17,730,611
Business-type activities	<u>42,174,471</u>	<u>36,837,321</u>	<u>44,693,359</u>	<u>41,118,338</u>	<u>33,814,251</u>	<u>27,901,210</u>	<u>25,809,727</u>	<u>24,031,749</u>	<u>23,860,148</u>	<u>20,275,685</u>
Total Primary Government Net Position	<u>\$ 89,343,490</u>	<u>\$ 80,544,289</u>	<u>\$ 79,547,066</u>	<u>\$ 74,789,992</u>	<u>\$ 65,447,294</u>	<u>\$ 57,886,023</u>	<u>\$ 50,560,433</u>	<u>\$ 48,590,342</u>	<u>\$ 41,647,486</u>	<u>\$ 38,006,296</u>

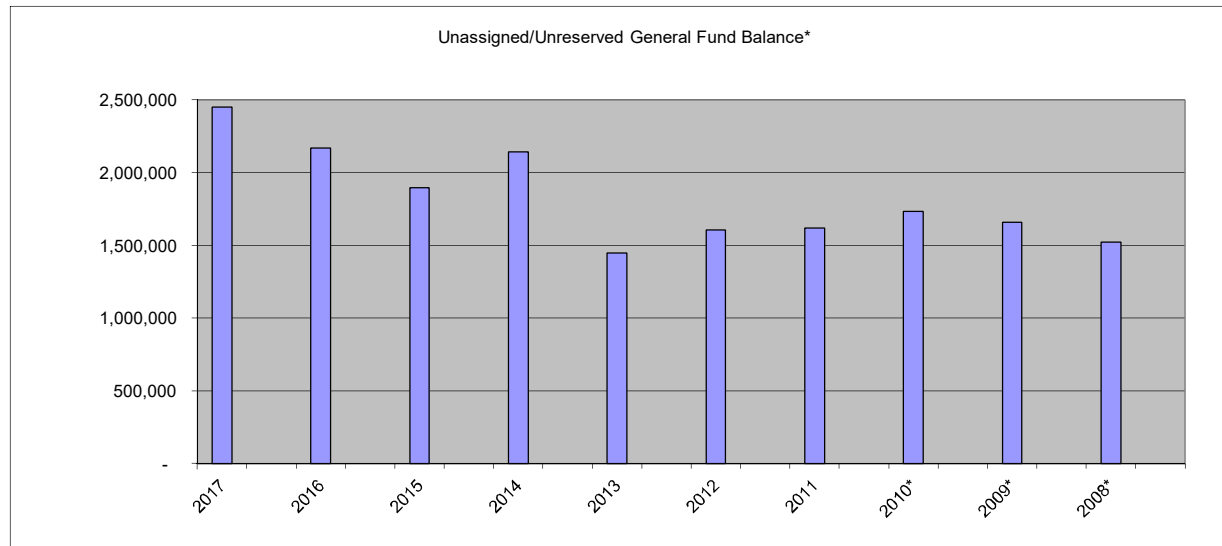
* 2014 net position-beginning are net of prior period adjustments of \$(165,050) governmental and \$(241,006) business-type activities.

** 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.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund						
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable:						
Prepays	146,177	144,028	132,551	130,172	123,820	116,297
Committed:						
Committed by ordinance or resolution	1,369,385	1,107,207	1,169,225	1,256,941	816,807	545,656
Unassigned	<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>	<u>1,606,569</u>
Total general fund	<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>	<u>2,268,522</u>
All Other Governmental Funds						
Reserved:						
Inventories	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
System Development	-	-	-	-	-	-
Unreserved reported in:						
Major funds	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	-
Capital Projects funds	-	-	-	-	-	-
Nonspendable:						
Inventory	154,151	140,366	177,245	148,191	138,798	136,002
Restricted:						
Grant / contributor specific intent	3,365,712	3,411,321	3,508,935	3,458,663	3,584,049	3,723,971
State statute	2,510,012	1,847,330	1,831,201	894,793	845,812	993,088
Full faith and credit debt	-	-	-	-	3	-
Intergovernmental agreement	1,488,866	1,347,889	1,251,473	1,868,231	1,774,671	1,620,088
Committed:						
Major capital facilities and associated debt	242,548	163,729	219,734	276,844	303,799	496,322
Local improvements and associated debt	565,598	458,063	107,657	18,401	18,401	677,218
Agreements with state agencies	<u>82,867</u>	<u>37,689</u>	<u>43,449</u>	<u>(2,166)</u>	<u>36,992</u>	<u>36</u>
Total all other governmental funds	<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>	<u>7,646,725</u>
Total governmental funds	<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>	<u>\$ 9,915,247</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>2011</u>	<u>2010*</u>	<u>2009*</u>	<u>2008*</u>
\$ -	\$ 1,735,195	\$ 1,657,050	\$ 1,522,373
115,143	-	-	-
618,743	-	-	-
<u>1,621,482</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,355,368</u>	<u>1,735,195</u>	<u>1,657,050</u>	<u>1,522,373</u>
-	210,933	135,071	57,535
-	1,141,490	464,524	597,998
-	8,103,852	-	-
-	640,793	1,554,656	5,190,932
-	84,268	628,787	832,793
-	772,281	700,768	-
137,768	-	-	-
5,730,710	-	-	-
566,535	-	-	-
-	-	-	-
1,468,405	-	-	-
428,769	-	-	-
730,557	-	-	-
1,168	-	-	-
<u>9,063,912</u>	<u>10,953,617</u>	<u>3,483,806</u>	<u>6,679,258</u>
<u>\$ 11,419,280</u>	<u>\$ 12,688,812</u>	<u>\$ 5,140,856</u>	<u>\$ 8,201,631</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues					
Taxes	\$ 6,308,619	\$ 6,025,127	\$ 5,661,611	\$ 5,359,205	\$ 5,219,096
Inter-governmental	3,899,215	3,848,504	4,235,990	3,161,324	3,954,537
Rents and interest	544,083	502,604	485,684	431,657	472,656
Franchise Fees	258,417	227,827	266,968	331,184	328,287
Fines and forfeitures	258,049	249,906	234,947	241,481	205,803
Charges for services	66,595	49,250	40,507	27,673	33,165
System Development Charges	239,963	84,850	35,334	95,479	276,341
Special assessments	191,204	469,501	82,657	580,919	28,521
Other Revenues	447,791	922,148	502,387	273,589	251,617
Total revenues	<u>12,213,936</u>	<u>12,379,717</u>	<u>11,546,085</u>	<u>10,502,511</u>	<u>10,770,023</u>
Expenditures					
Current:					
General Government	3,260,351	3,237,110	3,363,935	2,910,006	2,847,792
Public safety	3,738,742	3,685,123	3,526,407	3,337,983	3,365,059
Highways and streets	1,179,016	1,082,520	1,021,840	985,621	1,089,640
Culture and recreation	1,680,709	1,543,977	1,414,754	1,231,798	1,234,310
Capital outlay	1,013,464	2,516,214	2,413,193	1,205,442	3,265,453
Debt service:					
Principal	642,232	617,558	596,494	760,077	617,719
Interest	495,557	524,654	548,296	579,587	606,264
Total expenditures	<u>12,010,071</u>	<u>13,207,156</u>	<u>12,884,919</u>	<u>11,010,514</u>	<u>13,026,237</u>
Revenues over (under) expenditures	<u>203,865</u>	<u>(827,439)</u>	<u>(1,338,834)</u>	<u>(508,003)</u>	<u>(2,256,214)</u>
Other Financing Sources (Uses)					
Proceeds from bonds	-	-	-	-	-
Bond premium	-	-	-	-	-
Proceeds of financing agreement	-	-	-	101,829	-
Repayment of financing agreement	-	-	-	-	-
Sale of fixed capital assets	11,817	6,719	11,985	-	2,220
Transfers in	2,885,047	3,193,664	3,504,190	3,237,423	3,694,389
Transfers out	(1,550,595)	(1,893,918)	(2,030,803)	(1,730,131)	(2,263,130)
Total other financing sources (uses)	<u>1,346,269</u>	<u>1,306,465</u>	<u>1,485,372</u>	<u>1,609,121</u>	<u>1,433,479</u>
Net change in fund balances	<u>\$ 1,550,134</u>	<u>\$ 479,026</u>	<u>\$ 146,538</u>	<u>\$ 1,101,118</u>	<u>\$ (822,735)</u>
Debt service as a percentage of noncapital expenditure:	<u>10.2%</u>	<u>10.2%</u>	<u>10.1%</u>	<u>13.5%</u>	<u>11.9%</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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 4,888,001	\$ 4,674,232	\$ 4,586,114	\$ 4,391,942	\$ 4,120,722
7,577,757	3,416,732	10,350,588	4,129,300	3,142,656
398,415	477,926	485,217	459,573	546,745
308,704	345,733	313,191	357,640	341,373
235,699	269,448	268,603	293,498	343,146
28,774	42,078	28,070	33,295	100,555
168,629	39,010	99,119	281,081	-
51,641	143,689	61,544	10,323	28,777
264,486	88,956	820,386	212,881	89,367
<u>13,922,106</u>	<u>9,497,804</u>	<u>17,012,832</u>	<u>10,169,533</u>	<u>8,713,341</u>
2,861,157	2,996,122	2,884,919	2,874,613	2,802,945
3,206,256	2,995,877	2,565,847	2,470,968	2,286,508
1,343,365	979,615	1,079,593	1,018,038	1,046,162
1,009,676	1,300,663	1,263,268	1,180,839	1,045,711
7,077,246	2,518,236	12,522,325	5,870,508	1,588,061
595,874	678,222	641,848	668,709	530,856
629,844	648,299	446,355	318,840	163,381
<u>16,723,418</u>	<u>12,117,034</u>	<u>21,404,155</u>	<u>14,402,515</u>	<u>9,463,624</u>
<u>(2,801,312)</u>	<u>(2,619,230)</u>	<u>(4,391,323)</u>	<u>(4,232,982)</u>	<u>(750,283)</u>
-	-	13,147,632	-	3,330,000
-	-	-	-	51,971
-	-	-	-	-
-	-	(2,400,000)	-	-
-	-	15,454	11,000	240,046
2,703,091	2,627,706	1,571,988	1,548,689	1,490,131
<u>(1,405,812)</u>	<u>(1,278,008)</u>	<u>(456,112)</u>	<u>(387,482)</u>	<u>(551,885)</u>
<u>1,297,279</u>	<u>1,349,698</u>	<u>11,878,962</u>	<u>1,172,207</u>	<u>4,560,263</u>
<u>\$ (1,504,033)</u>	<u>\$ (1,269,532)</u>	<u>\$ 7,487,639</u>	<u>\$ (3,060,775)</u>	<u>\$ 3,809,980</u>
<u>12.6%</u>	<u>13.3%</u>	<u>5.9%</u>	<u>8.7%</u>	<u>8.4%</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)

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
General government	\$ 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	\$ 1,249,537
Public safety	243,128	235,252	222,585	229,428	194,454	224,448	255,320	329,265	307,956	402,120
Highways and streets	900,410	891,733	854,032	835,673	807,308	816,335	690,006	5,757,377	2,583,451	1,621,414
Culture and recreation	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	793,745
Total governmental activities	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	4,066,816
Business-type activities										
Water	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	2,918,855
Waste water	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	4,048,683
Airport *	-	-	647,988	2,308,048	4,153,884	1,460,514	309,825	476,669	249,830	502,183
Total business-type activities	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	7,469,721
Total Primary government	\$ 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	\$ 11,536,537

Source: Current and prior years' financial statements

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

Year	Property Taxes	Transient Room Taxes	City Gasoline Taxes
2008	3,122,823	633,609	364,290
2009	3,328,967	688,367	374,608
2010	3,524,712	652,591	405,097
2011	3,454,107	545,281	396,102
2012	3,594,046	545,711	434,025
2013	3,742,555	526,815	442,468
2014	3,812,124	589,919	449,660
2015	3,965,710	699,538	476,807
2016	3,914,828	774,459	485,409
2017	4,253,171	794,439	501,456

Source: Current and prior years' financial statements

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

Year	Real Property Assessed Value	Personal Property Assessed Value	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Real Market Value
2008	*	*	761,887,014	3.0155	1,644,318,481
2009	*	*	813,469,878	3.0155	1,721,569,341
2010	*	*	858,051,833	3.0155	1,751,436,903
2011	*	*	897,333,222	3.0155	1,381,912,299
2012	916,125,162	41,402,894	957,528,056	3.0155	1,488,289,123
2013	946,101,192	38,753,997	984,855,189	3.0155	1,418,883,503
2014	973,218,575	39,433,682	1,012,652,257	3.0155	1,608,434,442
2015	949,356,866	99,175,645	1,048,532,511	3.0155	1,298,752,196
2016	976,761,450	102,771,898	1,079,533,348	3.0155	1,625,848,326
2017	1,021,779,141	106,663,306	1,128,442,447	3.0155	1,795,227,733

* 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		
2008	2.7945	0.221	3.0155	4.2523	0.2725	0.2007	2.3897	0.6799	0	0.6800	1.8761	0.8094	5.2399	0.4678	0.6725	0.3008	20.86	
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	4.253	0	0.2007	2.2588	0.6799	0.2824	0.6800	1.6991	0	5.2399	0.4678	0.2703	0.01955		

(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)
Collected within the
Fiscal Year of the Levy

Fiscal Year Ended June 30,	Tax Levy for the Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2008	3,231,903	3,021,923	93.50%	119,458	3,141,381	97.20%
2009	3,464,010	3,221,917	93.01%	139,941	3,361,858	97.05%
2010	3,634,485	3,392,982	93.36%	241,064	3,634,046	99.99%
2011	3,734,344	3,472,350	92.98%	165,052	3,637,402	97.40%
2012	3,872,365	3,612,471	93.29%	155,294	3,767,765	97.30%
2013	4,054,361	3,766,990	92.91%	177,008	3,943,998	97.28%
2014	4,109,378	3,957,676	96.31%	147,023	4,104,699	99.89%
2015	4,236,498	3,914,828	92.41%	115,141	4,029,969	95.13%
2016	4,162,816	3,965,710	95.27%	65,156	4,030,867	96.83%
2017	4,533,590	4,253,171	93.81%	-	4,253,171	93.81%

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

CITY OF THE DALLES, OREGON
Principal Taxpayers
December 31, 2017 and December 31, 2008

December 31, 2017			
Taxpayer	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Metropolitan Life Insurance Co.	\$ 13,141,653	1	1.25%
Northern Wasco PUD	12,707,460		
Oregon Cherry Growers	12,008,756	2	1.15%
Home Depot USA, Inc.	10,414,150	3	1.21%
Union Pacific Railroad Co.	9,939,800	4	0.95%
CenturyLink	9,760,000	5	0.93%
Safeway Inc.	7,915,176	6	0.75%
Design LLC	7,813,888	7	0.75%
Northwest Natural Gas Co.	7,707,500	8	0.74%
Cascade Square LLC	7,526,788		0.72%
Total Assessed Valuator	\$ 98,935,171		9.44%
	\$ 1,048,532,511		

December 31, 2008			
Taxpayer	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Home Depot USA Inc			
Northern Wasco County PUD			
Kerr McGee Chemical, Inc.	\$ 7,410,860	1	1.71%
GFI The Dalles Investment, LTD	6,275,066	2	1.45%
Safeway, Inc.	5,964,690	3	1.38%
Oregon Cherry Growers, Inc.	4,845,110	4	1.12%
Union Pacific Railroad Company	4,864,730	5	1.12%
Portland Fixture, Ltd.	4,693,360	6	1.09%
Cascade Fruit Company	4,182,243	7	0.97%
George Gersham Family Trust	3,925,800	8	0.91%
	4,043,370	9	0.93%
	3,699,460	10	0.86%
Total Assessed Valuator	\$ 49,904,689		11.54%
	\$ 432,544,315		

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			Total Primary Government	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 **				
2008	-	2,745,000	135,000	3,330,000	449,741	14,133,000	-	114,000	20,906,741	N/A	1,594	2.74%
2009	-	2,400,000	-	3,200,000	392,520	13,763,000	-	228,000	19,983,520	N/A	1,517	2.46%
2010	-	-	-	13,153,960	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%

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.

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

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

Fiscal Year	General Obligation Bonds	Total Taxable Assessed Value	Percentage of Actual Taxable Value of Property	Per Capita
2008	-	761,887,014	0.00%	-
2009	-	813,469,878	0.00%	-
2010	-	858,051,833	0.00%	-
2011	-	897,333,222	0.00%	-
2012	-	957,528,056	0.00%	-
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%	-

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, 2016

Governmental Unit	Gross Property-tax Backed Debt (a)	Percentage Applicable to City of The Dalles	Amount Applicable to City of The Dalles
Debt Repaid with Property Taxes			
Columbia Gorge Comm. Coll (Treaty-Oak AED)	\$ 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) *
City Direct Debt			<u>9,656,812 (c)</u>
Total Direct and Overlapping Debt			<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.

* 2017 amounts not available by the time of issuance

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
2008	\$ 3,894,968	\$ 2,339,068	\$ 1,555,901	\$ 325,000	\$ 230,565	\$ 555,565	\$ 2.80	\$ 35.20	\$ 59.85
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
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
2016	5,589,726	2,964,038	2,625,688	420,000	132,385	552,385	4.75	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

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 Nine 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			
2009	\$ 3,641,736	\$2,699,200	\$ 942,536	\$ -	\$ 335,605	\$ 335,605	2.808	\$ 0.80	\$ 33.28
2010	3,831,124	2,839,648	991,476	-	335,605	335,605	2.954	0.88	36.60
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

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	
	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
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
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
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
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
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
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
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

* (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	
	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
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
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
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
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
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
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
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
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
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
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
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
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

** 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 is 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	
3/4 inch	1	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
1.5 inch	4	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
3 inch	14	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
6 inch	50	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
* 10 inch	122	-	-	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

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

Top Ten Water Customers for FY15/16

Top Ten Water Customers	Rank	2016-17		
		Number of Accounts	Annual Water Charges	Percent of Total Charges
Design LLC	1	19	419,468.30	7.94%
Oregon Cherry Growers, Inc.	2	8	400,111.30	7.57%
School District #21	3	10	126,079.31	2.39%
Mid-Columbia Medical Center	4	17	85,521.93	1.62%
NWC Parks & Recreation	5	19	74,579.07	1.41%
Shilo Inn	6	3	41,185.07	0.78%
Northern Oregon Corrections	7	2	38,353.65	0.73%
City of The Dalles	8	13	34,535.94	0.65%
Amerities	9	1	31,271.74	0.59%
Veterans Care Centers of Oregon	10	1	24,644.03	0.47%
Total			1,275,750.34	24.15%
Total Water Charges			5,283,647.67	100.00%

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

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

Fiscal Year Ended June 30	Real Market Value	Debt Limit Rate	Debt Limit	Less General Bonded Debt June 30	Legal Debt Margin	Total Net Bonded Debt Applicable to the Limit as a Percentage of Debt Limit
2008	1,644,318,481	3%	49,329,554	-	49,329,554	0.00%
2009	1,721,569,341	3%	51,647,080	-	51,647,080	0.00%
2010	1,751,436,903	3%	52,543,107	-	52,543,107	0.00%
2011	1,381,912,299	3%	41,457,369	-	41,457,369	0.00%
2012	1,488,289,123	3%	44,648,674	-	44,648,674	0.00%
2013	1,418,883,503	3%	42,566,505	-	42,566,505	0.00%
2014	1,608,434,442	3%	48,253,033	-	48,253,033	0.00%
2015	1,298,752,196	3%	38,962,566	-	38,962,566	0.00%
2016	1,625,848,326	3%	48,775,450	-	48,775,450	0.00%
2017	1,795,227,733	3%	53,856,832	-	53,856,832	0.00%

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

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

Year	Population	Personal Income	Per Capita Income	Unemployment Rate
2008	13,112	N/A	N/A	5.33%
2009	13,170	N/A	N/A	10.80%
2010	13,385	N/A	N/A	8.80%
2011	14,441	N/A	N/A	8.40%
2012	14,440	N/A	N/A	8.10%
2013	14,440	N/A	N/A	7.71%
2014	14,440	N/A	N/A	6.40%
2015	14,480	N/A	N/A	4.30%
2016	14,515	NA	NA	4.00%
2017	15,572	NA	NA	4.30%

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

	2016-17		
	Employees	Rank	Percent of Total Employment
Mid Columbia Medical Center	643	1	7.77%
School District #21	362	2	4.37%
Oregon Cherry Growers, Inc.	340	5	2.25%
State of Oregon	203	3	4.11%
Oregon Veterans Home	186	4	2.45%
Wasco County	138	6	1.67%
City of The Dalles	93	7	1.12%
Columbia Gorge Community College	93	8	1.12%
Safeway Food and Drug	85	9	1.03%
Sunshine Mill	54	10	0.65%
	<u>2,197</u>		<u>26.54%</u>
Total employment	<u>8,277</u>		

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

	2007-08		
	Employees	Rank	Percent of Total Employment
Mid Columbia Medical Center	801	1	10.81%
School District #21	385	2	5.20%
State of Oregon	247	3	3.33%
Fred Meyer	197	4	2.66%
Oregon Veterans Home	195	5	2.63%
Columbia River Bank	175	6	2.36%
Wasco County	157	7	2.12%
Oregon Cherry Growers, Inc.	150	8	2.02%
Columbia Gorge Community College	150	9	2.02%
Safeway Food and Drug	120	10	1.62%
	<u>2,577</u>		<u>34.78%</u>
Total employment	<u>7,410</u>		

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

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

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
General government	15.00	14.00	19.00	19.00	18.00	16.00	16.00	16.00	14.00	13.75
Public safety and justice	25.25	27.25	28.50	27.50	25.50	25.00	25.00	25.00	24.50	24.25
Community services	4.50	4.50	4.50	4.50	4.50	6.00	6.00	6.00	6.00	6.50
Streets and highways	7.00	7.00	8.50	10.50	11.00	11.00	9.00	10.00	11.00	11.00
Library	10.90	10.90	9.50	9.50	9.00	10.00	10.00	11.00	11.00	10.00
Total governmental activities	62.65	63.65	70.00	71.00	68.00	68.00	66.00	68.00	66.50	65.50
Business-type activities:										
Water	18.00	21.00	22.00	22.00	22.00	21.00	21.50	20.00	19.00	20.00
Wastewater	12.00	13.00	12.00	12.00	9.00	11.00	11.50	12.00	11.00	11.00
Airport	-	-	-	-	-	-	-	-	0.50	0.25
Total business-type activities	30.00	34.00	34.00	34.00	31.00	32.00	33.00	32.00	30.50	31.25
Total primary government budgeted FTE	92.65	97.65	104.00	105.00	99.00	100.00	99.00	100.00	97.00	96.75
City of The Dalles Employees										
Management and exempt	34.65	33.65	37.00	37.00	34.00	35.00	34.00	36.00	35.00	36.75
Bargaining units										
SEIU (Local 503)	43.00	44.00	44.00	46.00	45.00	44.00	45.00	47.00	46.00	45.00
Police Association	14.00	19.00	19.00	18.00	18.00	18.00	19.00	16.00	16.00	15.00
Total bargaining units	57.00	63.00	63.00	64.00	63.00	62.00	64.00	63.00	62.00	60.00
Temporary City employees	1.00	1.00	4.00	4.00	2.00	3.00	1.00	1.00	-	-
Total actual City employees	92.65	97.65	104.00	105.00	99.00	100.00	99.00	100.00	97.00	96.75

Source: City of The Dalles budgets and payroll records

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

FUNCTION/PROGRAM	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Public Safety and Justice										
Police (1)										
Calls for service	12,218	N/A*	11,166	11,187	11,447	10,340	9,359	7,846	8,008	7,508
Crime reports	2,220	N/A*	2,600	2,423	2,504	2,385	2,303	2,495	2,707	2,541
Number of arrests	1,793	N/A*	1,371	1,233	1,062	1,017	1,055	1,028	1,024	1,144
Municipal Court										
Traffic cases	1720	1,467	1,504	1,357	1,180	1,412	1,184	1,082	1,218	1,427
Criminal cases	279	429	364	511	445	342	375	358	331	440
Ordinance violations	30	19	40	65	78	25	22	15	15	37
Parking violations	47	99	57	44	44	60	76	88	164	162
Code enforcement cases	6	4	9	6	13	11	3	4	6	15
Library										
Number of registered borrowers	15,651	14,538	13,534	12,056	11,950	10,920	12,573	11,140	13,042	11,302
Total circulation	197,620	190,785	164,106	157,475	160,295	163,653	160,405	145,972	122,432	110,036
Public programs	340	472	264	418	462	466	607	490	457	224
Program attendance	3,617	5,759	4,706	6,978	7,864	7,226	9,775	8,143	8,996	6,573
Books added	5,425	6,563	8,995	4,688	4,005	3,644	6,526	6,283	4,079	11,045
Business-type Activities:										
Water										
Average active metered connections	4,825	4,617	4,590	4,591	4,604	4,598	4,618	4,613	4,598	4,562
Average daily water consumption	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	2,620,667
Average number of assistance accounts	134	183	149	187	166	162	153	168	150	176
Average daily water production	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	2,985,000

(1) Police statistics are for the calendar year.

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

Source: City of The Dalles Departments

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

FUNCTION/PROGRAM	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities										
General Government										
Buildings owned	13	13	13	13	13	12	12	7	7	7
Vehicles (excluding automobiles)	41	41	41	41	40	36	37	33	33	14
Heavy Equipment	18	18	18	17	16	15	15	18	18	16
Public Safety and Justice										
Police										
Police vehicles	18	17	17	17	17	16	16	15	15	14
Number of employees	21	25.75	25.5	25.5	25.5	25	25	23	23	23
Streets and Highways										
Miles of streets maintained by City:										
Paved	85.1	69.2	69.2	69.1	69.1	69.1	69.1 *	70.38	70.38	70.38
Unpaved	13.2	16.4	16.4	16.4	16.4	16.4	16.4 *	17.82	17.82	17.82
Bridges and underpasses	6	6	6	5	5	5	5	5	5	5
Business-type Activities										
Water										
Miles of water lines (estimated)	101.3	101.3	101.3	100.7	100.7 *	87.3	86.5 *	84.25	84.25	84.25
Reservoirs	5	5	5	5	5	5	6	5	5	5
Water treatment plant	1	1	1	1	1	1	1	1	1	1
Wells	3	3	3	3	3	3	3	3	3	3
Wastewater										
Treatment plant	1	1	1	1	1	1	1	1	1	1
Miles of sewer lines (estimated)	100	98.8	95.7	95.3	95.3	94.4	94.4 *	78	78	78
Lift stations	9	9	9	8	8	8	8	8	8	8
Airport										
Terminal	1	1	1	1	1	1	1	1	1	1
Maintenance and T-hangers	42	42	42 *	33 *	32 *	23	23	23	23	23
Other buildings	2	2	2	2 *	3	3	2	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 town.
* 2013 Built new Maintenance Hanger and private hanger with 8 T-hangers reverted to Airport c
* 2014 Now includes Life Flight Hanger and eliminated Electrical Bldg, which is now part of New I
* 2015 Purchased "D" Hanger with 9 T-Hangers.

Source: City of The Dalles Departments

**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 REGULATIONS***

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, 2017 and have issued our report thereon dated December 29, 2017. 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*.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
West Linn, Oregon
December 29, 2017

COLUMBIA GORGE REGIONAL AIRPORT

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017

COLUMBIA GORGE REGIONAL AIRPORT

Annual Financial Report For the Fiscal Year Ended June 30, 2017

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OFFICIALS

COLUMBIA GORGE REGIONAL AIRPORT

OFFICIALS OF THE AIRPORT

AS OF JUNE 30, 2017

BOARD OF DIRECTORS

Jim Wilcox
416 W. 7th Street
The Dalles OR 97058

David Sauter
205 S. Columbus Ms: CH-04
Goldendale WA 98620

Tim Urness
505 Cherry Heights Rd
The Dalles OR 97058

Terry Trapp
3111 Old Dufur Road
The Dalles OR 97058

David Griffith
PO Box 1787
The Dalles OR 97058

Norman Deo
PO Box 267
Bingen WA 98605

Tim McGlothlin
323 W 2nd Pl
The Dalles OR 97058

AIRPORT ADDRESS

Administrative Offices
313 Court Street
The Dalles OR 97058

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

City of The Dalles City Council and Columbia Gorge Regional Airport Board
Columbia Gorge Regional Airport
The Dalles, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the Columbia Gorge Regional Airport, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Columbia Gorge Regional Airport's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Columbia Gorge Regional Airport'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Columbia Gorge Regional Airport, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Columbia Gorge Regional Airport's basic financial statements. The officials of the airport and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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 officials of the airport has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Reports on Other Legal and Regulatory Requirements

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 December 29, 2017, on our consideration of Columbia Gorge Regional Airport'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
West Linn, Oregon
December 29, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT’S DISCUSSION AND ANALYSIS

This discussion is intended to be an easily readable analysis of the Columbia Gorge Regional Airport (the Airport) financial activities based on currently known facts, decisions and conditions. It focuses on current year activities and should be read in conjunction with the financial statements that follow.

REPORT CONTENTS

The report consists of enterprise fund financial statements, notes to the financial statements and individual fund schedules. The enterprise fund financial statements include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows.

STATEMENT OF NET POSITION

The Statement of Net Position focuses on the unrestricted net position of the Airport’s proprietary activities. The Statement reflects all assets and liabilities for the Agency.

STATEMENT OF ACTIVITIES

The Statement of Revenues, Expenses and Changes in Net Position focuses on the revenues and program costs of providing airport services to the region.

STATEMENT OF CASH FLOW

The Statement of Cash Flows presents information on the transactions resulting in cash being provided or used. The statement presents this information for Operating Activities and Capital and Related Financing Activities.

ENTERPRISE FUND FINANCIAL STATEMENTS

Summary Statements of Net Position at June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Assets		
Current and other assets	\$ 2,011,343	\$ 1,775,090
Capital assets, net of depreciation	<u>13,814,518</u>	<u>12,070,002</u>
Total assets	<u>15,825,861</u>	<u>13,845,092</u>
Liabilities		
Long-term liabilities	2,485,816	2,615,912
Other liabilities	<u>719,627</u>	<u>168,787</u>
Total liabilities	<u>3,205,443</u>	<u>2,784,699</u>
Net position		
Net investment in Capital Assets	11,202,818	9,315,771
Restricted	32,764	88,868
Unrestricted (deficit)	<u>1,384,836</u>	<u>1,655,754</u>
Total net position	<u>\$ 12,620,418</u>	<u>\$ 11,060,393</u>

The net position of the Airport is primarily invested in capital assets, net of related debt. New construction is primarily related to Taxiway improvements.

A summarized version of the Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Revenues		
Operating revenues	\$ 2,052,273	\$ 517,531
Capital grants and contributions	16,646	14,089
Other	<u>14,584</u>	<u>15,073</u>
Total revenues	<u>2,083,503</u>	<u>546,693</u>
Expenses		
Operating expenses	439,170	478,146
Other	84,308	99,584
Interest on long-term debt	<u>-</u>	<u>-</u>
Total expenses	<u>523,478</u>	<u>577,730</u>
Increase in net position	1,560,025	(31,037)
Net position - beginning	<u>11,060,393</u>	<u>11,091,430</u>
Net position - ending	<u>\$ 12,620,418</u>	<u>\$ 11,060,393</u>

Net position increased during the year by \$1,560,025 primarily due to the FFA Grant that we received for the Taxi Way Project.

BUDGETARY HIGHLIGHTS

The original legal appropriations for the Airport General Fund totaled \$4,621,288 with a contingency of \$384,242. During the year an additional \$60,000 from the City and \$166,786 from Klickitat County, giving a total of \$226,786 in additional revenue was given for additional funds for the Flex Building project. Expenditures were \$2,437,602 under budget.

The original legal appropriations for the Airport Debt Service Fund totaled \$238,657. No changes to the original budget were made to this fund. Expenditures were \$27,509 under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2017, the Airport had investment in capital assets, net of accumulated depreciation, \$13,814,518, consisting primarily of land improvements, such as runways and hangers. Construction in Progress in the amount of \$4,711,585 includes, Taxiway Rehab Project, Flex Hanger Project, and other Airport improvements.

Debt Outstanding

As of June 30, 2017, the Airport has long-term debt outstanding totaling of \$2,611,700. Details of the bond and loans that comprise this debt load can be found the Notes, Section III, items D and E.

ECONOMIC FACTORS

The Columbia Gorge Regional Airport will continue to be an important partner in economic development within the City of The Dalles and Klickitat County, providing a necessary gateway to air transportation for the Columbia Gorge Region. As the Airport expands their facilities, and develops of their business park, the economic viability of the region will increase. In addition, the airport houses Life Flight services, providing emergency medical services to the region.

FINANCIAL CONTACT

Beginning in fiscal year 2017, the City of The Dalles determined the Columbia Gorge Regional Airport should be treated as a joint venture, creating a separate financial statement for the Airport, separate from the City's.

The Airport's financial statements are designed to present citizens, taxpayers, investors, and creditors with a general overview of the Airport's finances and to demonstrate the Airport's accountability. If you have questions about the report or need additional financial information, please contact the Airport's Finance Director at 313 Court Street, The Dalles, Oregon 97058.

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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
 - 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.

**COLUMBIA GORGE REGIONAL/THE DALLES AIRPORT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 June 30, 2017**

ASSETS:

CURRENT ASSETS:

Cash and cash equivalents	\$ 1,154,046
Restricted cash and cash equivalents	112,027
Receivables:	
Accounts, net	740,596
Restricted intergovernmental	<u>4,674</u>
 Total current assets	 <u>2,011,343</u>

NONCURRENT ASSETS:

Capital assets:	
Land	1,498,200
Construction in progress	4,711,585
Depreciable assets, net of depreciation	<u>7,604,733</u>
 Total noncurrent assets	 <u>13,814,518</u>
 Total assets	 <u><u>\$ 15,825,861</u></u>

LIABILITIES:

CURRENT LIABILITIES:

Accounts payable	\$ 587,208
Accrued interest payable	6,535
Current portion of long-term debt	<u>125,884</u>
 Total current liabilities	 <u>719,627</u>

NONCURRENT LIABILITIES:

Bonds and notes payable	<u>2,485,816</u>
 Total non current liabilities	 <u>2,485,816</u>
 Total liabilities	 <u>3,205,443</u>

NET POSITION:

Net investment in capital assets	11,202,818
Restricted for:	
Debt service	32,764
Unrestricted	<u>1,384,836</u>
 Total net position	 <u>12,620,418</u>
 Total liabilities and net position	 <u><u>\$ 15,825,861</u></u>

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

**COLUMBIA GORGE REGIONAL/THE DALLES AIRPORT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 For the Fiscal Year Ended June 30, 2017**

OPERATING REVENUES:	
Charges for services	\$ 16,510
Rental income	247,908
Grant	1,350,099
Miscellaneous	<u>7,476</u>
Total operating revenues	<u>1,621,993</u>
OPERATING EXPENSES:	
Materials and services	226,827
Depreciation and amortization	<u>212,343</u>
Total operating expenses	<u>439,170</u>
Operating income (loss)	1,182,823
NON-OPERATING INCOME (EXPENSE):	
Gain (loss) on disposal of capital assets	881
Interest on investments	13,703
Interest expense	(84,308)
Intergovernmental	<u>430,280</u>
Total non-operating income (expenses)	<u>360,556</u>
Net income (loss) before contributions	1,543,379
CAPITAL CONTRIBUTIONS:	
Intergovernmental	<u>16,646</u>
Total capital contributions	<u>16,646</u>
Change in net position	1,560,025
NET POSITION, BEGINNING	<u>11,060,393</u>
NET POSITION, ENDING	<u><u>\$ 12,620,418</u></u>

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

**COLUMBIA GORGE REGIONAL/THE DALLES AIRPORT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended June 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 949,884
Payments to suppliers	336,517
	<u>1,286,401</u>
Net cash provided by operating activities	<u>1,286,401</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Proceeds from intergovernmental revenue	430,280
	<u>430,280</u>
Net cash provided by non-capital financing activities	<u>430,280</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from intergovernmental revenue	16,646
Proceeds from sale of capital assets	881
Acquisition of capital assets	(1,956,859)
Principal paid on long-term obligations	(141,646)
Interest paid on long-term obligations	(85,262)
	<u>(2,166,240)</u>
Net cash provided by capital and related financing activities	<u>(2,166,240)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	13,703
	<u>13,703</u>
Net cash provided by investing activities	<u>13,703</u>
Net increase in cash and cash equivalents	(435,856)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,701,929</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,266,073</u>
COMPRISED AS FOLLOWS:	
Cash and cash equivalents	\$ 1,154,046
Restricted cash and cash equivalents	112,027
	<u>\$ 1,266,073</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 1,182,823
Adjustments	
Depreciation and amortization	211,457
Decrease (increase) in:	
Receivables	(672,109)
Increase (decrease) in:	
Accounts payable and accrued expenses	564,230
	<u>\$ 1,286,401</u>
Net cash provided by operating activities	<u>\$ 1,286,401</u>
NON-CASH CAPITAL FINANCING ACTIVITIES	
Transfer of long-term debt between related parties	\$ (16,646)
	<u>\$ (16,646)</u>
Total non-cash capital financing activities	<u>\$ (16,646)</u>

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

COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Fund Structure

In June 1999, the City of The Dalles and Klickitat County entered into an Intergovernmental agreement establishing a Regional Management Authority for the Columbia Gorge Regional Airport (the Airport), which had previously been owned and operated by the City of The Dalles. The Airport Board consists of seven members; three positions appointed by the City, three positions appointed by the County, and one position appointed by the collective board members. In 2002, the City of The Dalles and Klickitat County entered into a joint operating agreement, establishing that the City and the County would each have a one-half undivided interest in the Columbia Gorge Regional Airport and that future costs and benefits would be split accordingly. The City of The Dalles remains fiscally responsible for the outstanding debt of the Columbia Gorge Regional Airport and the Columbia Gorge Regional Airport remains fiscally dependent on the grant revenues flowing through the City of The Dalles.

The accompanying financial statements present all funds for which the Airport is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of these criteria, the Airport is a primary government with no includable component units.

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

The Airport is accounted for as a business-type activity for financial reporting purposes and its basic financial statements are prepared on the accrual basis of accounting. Under this method, revenues were recorded when earned and expenses are recorded at the time liabilities are incurred.

The Airport distinguishes operating revenues and expenses from non-operation items. Operating revenues generally result from providing services relating to ongoing operations. Operating expenses include the cost of services relating to ongoing operations and administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenue and expense.

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

For financial reporting purposes, management considers the activities relating to the operation of the Airport as those of a unitary nature and those activities are reported as such. For operating and budgetary purposes, the accounts of the Airport are organized on the basis of funds, each of which is considered a separate accounting entity.

The funds of the Airport are as follows:

Fund Type - Enterprise	Principal Revenue Source	Primary Expenditure Purpose
General	Grants and Service Fees	General operating expenses
Debt Service	Interest and Property Rental Fees	Loan Payments

C. Cash and Cash Equivalents

The Airport’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

D. Customer Accounts Receivables

Customer accounts receivable are stated at the amount management expects to collect on balances outstanding at year-end. Management has determined that an allowance for doubtful accounts of \$2,500 is needed as of June 30, 2017 which represents the portion of receivables not expected to be collected.

E. Capital Assets

Capital assets are defined by the Airport as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Maintenance and repairs are expensed as incurred. Replacements that improve or extend the lives of property are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income. The estimated useful lives of capital assets are as follows:

Land Improvements	50 years
Buildings	50 years
Equipment	5-20 years

It is the Airport’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.

F. Long-Term Obligations

Long-term debt obligations are reported as liabilities in the applicable 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.

G. Net Position

Net position comprises the various net earnings from operating and non-operating revenues, expenses, and contributions of capital. Net position is classified in the following three components: net investment in capital assets; restricted net position; and unrestricted net position.

Net investment in capital assets consists of all capital assets, net of accumulated depreciation, and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Restricted net position consists of net earnings for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, or enabling legislation, including self-imposed mandates. Unrestricted net position consists of all other net earnings not included in the above categories.

H. Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted as part of the City of The Dalles 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.

B. Deficit Fund Balances

At June 30, 2017, no funds had a deficit fund balance.

III. DETAILED NOTES

A. Deposits and Investments

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the Airport's deposits may not be returned. The Airport does not have a deposit policy for custodial credit risk. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Airport'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, 2017, the book value of the Airport's deposits was \$668,885 and the bank balance was \$654,611. \$607,111 of the Airport's bank balances were exposed to custodial credit risk as they were collateralized under PFCP.

B. Receivables

Receivables represent amounts due to the Airport at June 30, 2017 from service charges.

C. Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital Assets, non-depreciable:					
Land	\$ 1,498,200	\$ -	\$ -	\$ -	\$ 1,498,200
Construction in progress	2,754,726	1,956,859	-	-	4,711,585
Total capital assets, non-depreciable	<u>4,252,926</u>	<u>1,956,859</u>	<u>-</u>	<u>-</u>	<u>6,209,785</u>
Capital assets, depreciable:					
Land improvements	10,389,187	-	-	-	10,389,187
Buildings	1,634,429	-	-	-	1,634,429
Equipment	92,098	-	-	-	92,098
Total capital assets, depreciable	<u>12,115,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,115,714</u>
Less accumulated depreciation for:					
Land improvements	(4,023,076)	(174,168)	-	-	(4,197,244)
Buildings	(231,253)	(32,782)	-	-	(264,035)
Equipment	(44,309)	(5,393)	-	-	(49,702)
Total accumulated depreciation	<u>(4,298,638)</u>	<u>(212,343)</u>	<u>-</u>	<u>-</u>	<u>(4,510,981)</u>
Net depreciable capital assets	<u>7,817,076</u>	<u>(212,343)</u>	<u>-</u>	<u>-</u>	<u>7,604,733</u>
Net capital assets	<u>\$ 12,070,002</u>	<u>\$ 1,744,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,814,518</u>

D. Long-Term Obligations

1. Full Faith and Credit Obligation Bond

The City issued full faith and credit obligation bonds for the Airport in February 2015 in the amount of \$2,017,682, with interest ranging from 2.0% to 4.55%. The funds were to be used for the purchase of Hanger D, the construction of Hanger F, and the design and construction of a new Flex Hanger. Payments will be repaid from Airport rental income. Principal payments will be made annually, while interest payments will be made semiannually, with the final payments due June 1, 2035. The bonds are direct obligations and pledge the full faith and credit of the City of The Dalles.

**2015 Full Faith and Credit Taxable
Airport Bonds**

	Principal	Interest
2018	\$ 75,000	\$ 76,925
2019	75,000	75,425
2020	80,000	73,550
2021	80,000	71,550
2022	85,000	69,150
2023-2027	475,000	292,500
2028-2032	585,000	176,400
2033-2037	<u>420,000</u>	<u>38,250</u>
Total	<u>\$ 1,875,000</u>	<u>\$ 873,750</u>

2. Loans Payable

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

The Airport, through the City of The Dalles, received a \$250,000 loan from Klickitat County, Washington in November 2012, for construction of new maintenance hangar at the Airport. The loan term is for ten years, with annual principal payments of \$25,000 to be paid by August 13 of each year. Klickitat County will calculate interest to be paid and notify the Airport at least 14 days prior to the due date each year. The interest will be calculated on the average rate of the Local Government Investment Pool (LGIP) over the period since the last payment, plus .05% as an administration fee.

The Airport, through the City of The Dalles, agreed to make payments for the CERB Loan received by Klickitat County in the amount of \$500,000 to make improvements to the Airport Industrial Park. While Klickitat County received the funds and administered the project, the Airport booked the loan proceeds, assumed the debt and capitalized the portion of the project funded by the loan. Payments will be funded by Airport rent revenues. The final payment will be due in 2023.

Future maturities of the loans payable are as follows:

Airport Port Loan			Airport Klickitat Loan			Airport/Klickitat CERB Loan		
	Principal	Interest		Principal	Interest		Principal	Interest
2018	\$ -	\$ -	2018	\$ 25,000	\$ -	2018	\$ 25,000	\$ 6,750
2019	10,150	10,150	2019	25,000	-	2019	25,000	6,375
2020	10,556	10,556	2020	25,000	-	2020	25,000	6,000
2021	10,978	10,978	2021	25,000	-	2021	25,000	5,625
2022	11,417	11,417	2022	25,000	-	2022	25,000	5,250
2023-2027	64,314	11,436	2023-2027	25,000	-	2023-2027	125,000	20,625
2028-2032	13,373	703	2028-2032	-	-	2028-2032	125,000	11,250
2033-2037	-	-	2033-2037	-	-	2033-2037	75,000	2,250
	<u>\$ 120,788</u>	<u>\$ 55,240</u>	Total	<u>\$ 150,000</u>	<u>\$ -</u>	Total	<u>\$ 450,000</u>	<u>\$ 64,125</u>

E. Change in Long-Term Obligation

Long-term obligation activity for the year ended June 30, 2017, is as follows:

	June 30, 2016			June 30, 2017		Due Within
	Balance	Additions	Reductions	Balance		One Year
Full Faith and Credit Bonds	\$ 1,950,000	\$ -	\$ 75,000	\$ 1,875,000	\$	75,000
Premium on Debt	16,798	-	886	15,912		884
Loans	787,434	-	66,646	720,788		50,000
	<u>\$ 2,754,232</u>	<u>\$ -</u>	<u>\$ 142,532</u>	<u>\$ 2,611,700</u>	<u>\$</u>	<u>125,884</u>

F. Related Party Transactions

The City of The Dalles, Oregon and Klickitat County are considered related parties of The Columbia Gorge Regional Airport. Each party pays the airport \$65,000 per year per the intergovernmental agreement.

G. Risk Management

The Airport 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 of The Dalles 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.

H. Construction in Progress

There are various projects in progress at the Airport. A well project, with costs to date of \$254,782, is currently on hold, waiting for completion of an agreement with the Dallesport Water District. The Airport Taxiway Project, started in FY 13/14 is 98% complete, with costs incurred to date of \$3,986,900. The City of The Dalles is also still in the early design stages of a flex hangar at the airport, with costs incurred to date of \$461,000, and total estimated costs of \$1.25 million. The City of The Dalles is also in the early design stages of a new Hangar F at the airport, with costs incurred to date of \$8,902, and total estimated costs of \$1,250,000.

I. Subsequent Events

Management has evaluated subsequent events through December 29, 2017, the date on which the financial statements were available to be issued and determined nothing should be recognized.

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SUPPLEMENTARY INFORMATION

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:

- Airport General Fund
- Airport Debt Service Fund

**COLUMBIA GORGE REGIONAL/THE DALLES AIRPORT
 ALL AIRPORT FUNDS COMBINED
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2017**

	Airport General Fund	Airport Debt Service Fund	Total All Airport Funds
REVENUES:			
Charges for services	\$ 16,510	\$ -	\$ 16,510
Intergovernmental	430,280	-	430,280
Rental income	94,811	153,097	247,908
Interest on investments	11,756	1,947	13,703
Grant	1,350,099	-	1,350,099
Miscellaneous	7,476	-	7,476
	<u>1,910,932</u>	<u>155,044</u>	<u>2,065,976</u>
EXPENDITURES:			
Materials and services	226,827	-	226,827
Capital outlay	1,956,859	-	1,956,859
Debt service:			
Principal	-	125,000	125,000
Interest	-	86,148	86,148
	<u>2,183,686</u>	<u>211,148</u>	<u>2,394,834</u>
Total expenditures	<u>2,183,686</u>	<u>211,148</u>	<u>2,394,834</u>
Revenues over (under) expenditures	(272,754)	(56,104)	(328,858)
OTHER FINANCING SOURCES (USES):			
Sale of property	881	-	881
	<u>881</u>	<u>-</u>	<u>881</u>
Total other financing sources (uses)	<u>881</u>	<u>-</u>	<u>881</u>
Net changes in fund balances	(271,873)	(56,104)	(327,977)
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>1,663,241</u>	<u>88,868</u>	<u>1,752,109</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 1,391,368</u>	<u>\$ 32,764</u>	<u>\$ 1,424,132</u>

	Revenues	Expenditures
Total revenue and expenditures above	\$ 2,065,976	\$ 2,394,834
Expenditures capitalized	-	(1,956,859)
Debt service principal payments	-	(125,000)
Depreciation and amortization expense	-	212,343
Interest revenue/expense	-	(1,840)
Contributed capital	16,646	-
Gain/loss on disposal of capital assets	881	-
	<u>\$ 2,083,503</u>	<u>523,478</u>
Total revenues and expenses - generally accepted accounting principles	<u>\$ 2,083,503</u>	<u>523,478</u>
Change in net position		<u>\$ 1,560,025</u>

**COLUMBIA GORGE REGIONAL/THE DALLES AIRPORT
AIRPORT GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 13,000	\$ 13,000	\$ 16,510	\$ 3,510
Intergovernmental	370,000	680,000	430,280	(249,720)
Rental income	127,263	127,263	94,811	(32,452)
Interest on investments	1,000	1,000	11,756	10,756
Grants	2,155,000	2,155,000	1,350,099	(804,901)
Miscellaneous	8,000	8,000	7,476	(524)
Total revenues	<u>2,674,263</u>	<u>2,984,263</u>	<u>1,910,932</u>	<u>(1,073,331)</u>
EXPENDITURES:				
Materials and services	257,570	257,570	226,827	30,743
Capital outlay	3,979,476	4,289,476	1,956,859	2,332,617
Contingency	384,242	384,242	-	384,242
Total expenditures	<u>4,621,288</u>	<u>4,931,288</u>	<u>2,183,686</u>	<u>2,747,602</u>
Revenues over (under) expenditures	(1,947,025)	(1,947,025)	(272,754)	1,674,271
OTHER FINANCING SOURCES (USES):				
Sale of property	-	-	881	881
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>881</u>	<u>881</u>
Net changes in fund balances	(1,947,025)	(1,947,025)	(271,873)	1,675,152
FUND BALANCE, BEGINNING BUDGETARY	<u>1,947,025</u>	<u>1,947,025</u>	<u>1,663,241</u>	<u>(283,784)</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,391,368</u>	<u>\$ 1,391,368</u>

**COLUMBIA GORGE REGIONAL/THE DALLES AIRPORT
 AIRPORT DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2017**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Rental income	\$ 148,920	\$ 148,920	\$ 153,097	\$ 4,177
Interest on investments	700	700	1,947	1,247
Total revenues	<u>149,620</u>	<u>149,620</u>	<u>155,044</u>	<u>5,424</u>
EXPENDITURES:				
Debt service:				
Principal	125,000	125,000	125,000	-
Interest	<u>113,657</u>	<u>113,657</u>	<u>86,148</u>	<u>27,509</u>
Total expenditures	<u>238,657</u>	<u>238,657</u>	<u>211,148</u>	<u>27,509</u>
Net changes in fund balances	(89,037)	(89,037)	(56,104)	32,933
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>89,037</u>	<u>89,037</u>	<u>88,868</u>	<u>(169)</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,764</u>	<u>\$ 32,764</u>

**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**

City of The Dalles City Council and Columbia Gorge Regional Airport Board
Columbia Gorge Regional Airport
The Dalles, Oregon

We have audited the basic financial statements of Columbia Gorge Regional Airport, as of and for the year ended June 30, 2017 and have issued our report thereon dated December 29, 2017. 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.

Compliance

As part of obtaining reasonable assurance about whether Columbia Gorge Regional Airport'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. The Airport does not receive highway funds.
- 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 Airport 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 Columbia Gorge Regional Airport 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*.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered Columbia Gorge Regional Airport's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for

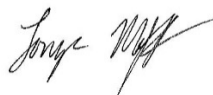
the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Columbia Gorge Regional Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of Columbia Gorge Regional Airport's internal 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
West Linn, Oregon
December 29, 2017