



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009

Prepared by:
The City of The Dalles
Finance Department

CITY OF THE DALLES, OREGON

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INTRODUCTORY SECTION



CITY of THE DALLES

313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481

City Council
City of The Dalles
The Dalles, Oregon 97058

November 10, 2009

The Comprehensive Annual Financial Report (CAFR) of the City of The Dalles, Oregon, for the year ended June 30, 2009, is submitted herewith. This report presents a comprehensive and detailed picture of The Dalles' financial transactions during fiscal year 2008-2009 and the financial condition of the various funds and account groups at June 30, 2009. 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, 2009, and for the year then ended. Further, it is our belief that all disclosures necessary to enable the reader to gain an understanding of the City's financial operations have been included. The organization and content of this report, including the financial statements, supplementary information and statistical tables, follow the standards for annual financial reporting recommended by the Governmental Accounting Standards Board.

CITY HISTORY AND GEOGRAPHICAL AREA

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

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

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

ECONOMIC CONDITIONS

The City has a population currently estimated at 13,045, yet the City serves a trading area of about 90,000 persons in both Oregon and Washington. Principal economic activities are agriculture, fabrication of aluminum, high tech services, small industrial businesses, hydro and wind power generation/transmission, and tourism, along with healthcare, government, and retail services. Mid Columbia Medical Center is the area's largest employer with approximately 800 employees in all their affiliated activities.

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

The Port of The Dalles Industrial Center is the location of most local manufacturing, where there are 40 companies, employing over 550 people. Northwest Specialties, the last operating portion of the The Dalles Historic Aluminum smelter industry, employs about 80 employees. The old Aluminum Smelter was torn down for salvage in 2008. This freed up over 300 acres of industrial land. Internet giant Google is located in the Port Industrial Park and employs over 200 employees including contract employees.

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

Mid-Columbia Medical Center (MCMC) is the major hospital in the Mid-Columbia Region of Oregon and Washington. It is also the major trauma center in the region. This first class medical facility has attracted numerous health care professionals to The Dalles area. Their Oncology Center saves the region's population from traveling to Portland to receive those services and has become a multi-state option in the Northwest. MCMC recently became a certified Career Center.

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

Through a competitive process, The Dalles was selected as the site for a 151 bed Veterans' long-term nursing and care home. The facility opened in November 1997, currently providing 195 jobs and has 145 residents.

The Dalles is the major shopping center in the Mid-Columbia area. The last few years, several retail developments have been completed in the community. A 138,000 square foot regional Home Depot store opened in October 2004. This was followed by Walgreen's in 2005. Both the local Safeway and Fred Meyer stores completed multi-million dollar renovations in 2006. Fred Meyer expanded its retail space by 15,000 square feet, which included enclosing the existing garden area. A new 150,000 square foot super Wal-Mart store is planned for 2010 and will employ around four hundred people.

The City has an Urban Renewal District that is working to renovate the older commercial areas of the community. In June 2000, the City issued a \$3.4 million full faith and credit financing agreement to help finance programs. A ten block Downtown Renovation Project was completed during the summer of 2001. A \$7 million dollar reconnection of the Downtown to the Columbia River was completed in FY 2003-2004 using Urban Renewal dollars and they were matched two to one with other grant funds. Urban Renewal also caused the renovation of two major downtown structures that have been vacant for years. Several of the Downtown Urban Renewal projects are currently in various stages of Development, including a \$5 million dollar East Gateway public infrastructure project that will leverage \$25 million in private investment and a \$6 million dollar Downtown/Riverfront Connection project that includes a public dock planned for 2010.

State Tax limitation measures in 1990, 1996 and 1997 have limited property taxes. An upswing in the local economy has mitigated most of those impacts. The City, through prudent budgeting, is operating on a fiscally sound basis. The general fund balance remained relatively stable during the 2008-2009 fiscal year.

MAJOR INITIATIVES

Utilities Master Plan

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

Water Master Plan

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

Street Master Plan

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

Storm Water Master Plan

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

Regional Airport Authority

Klickitat County and the City of The Dalles have formed a Regional Airport Authority. A Regional Board is now operating the Airport. A new set of aircraft hangars were constructed in 2004. A second set of hangars was completed in 2009 through a partnership with local investors. Several other facility and operational plans are being developed at this time.

Public Works Facility Relocation

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

Columbia Gateway Urban Renewal Agency

The Columbia Gateway Urban Renewal Agency, a component unit of the City of the Dalles, operated throughout the 2008-2009 fiscal year. The Agency consists of an Urban Renewal District, formed by the citizens, to resolve issues of blight within the boundaries of the District. The Agency did levy and collect tax increment proceeds during FY08/09. Ordinance No. 09-1301 adopting an amendment to the plan was adopted on June 22, 2009. This amendment provided for a new maximum indebted amount that is expected to be reached by the year 2025, thus extending the original expiration date of 2015 for another ten years.

FINANCIAL INFORMATION

Accounting System and Budgetary Controls

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

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

A budget is prepared and legally adopted by the City Council for each fund. All changes to the budget must be approved by the City Council. These budgets are all prepared on the modified accrual basis of accounting, complying with Oregon Local Budget Law. The ordinance

authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. All funds except the General Fund establish the levels of budgetary control at the personal services, materials and services, capital outlay, operation contingencies, debt service and all other requirements levels. For the General Fund, appropriations are at the department level for personal services, materials and services, capital outlay and other uses.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. A supplemental budget requires hearings before the public, publications in newspapers and approval by the City Council, if the change is greater than, or equal to, 10% of the original budget. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. The City Council approved several appropriation transfer resolutions during the year ended June 30, 2009. Appropriations lapse at year-end.

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

Cash Management

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

RISK MANAGEMENT

The City continued to review and evaluate its risk management program during FY08/09. A citywide safety program with regular committee meetings and inspections is in force. A Safe Workplace Action Plan was adopted in July of 2009.

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

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

OTHER INFORMATION

Management Discussion and Analysis

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

Independent Audit

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

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of The Dalles for its comprehensive annual financial report for the fiscal year ended June 30, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

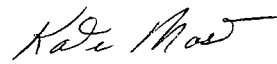
Acknowledgments

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

Respectfully submitted,



Nolan K. Young
City Manager



Kate Mast
Finance Director

**CITY OF THE DALLES
OFFICIALS OF THE CITY
AS OF JUNE 30, 2009**

MAYOR AND CITY COUNCIL

<u>Name and Address</u>	<u>Term Expires December 31,</u>
Nikki Lesich, Mayor 1625 Montana Street The Dalles, OR 97058	2010
Dan Spatz 2506 Jordan Street The Dalles, OR 97058	2012
Carolyn Wood 1709 Liberty Street The Dalles, OR 97058	2010
Jim Wilcox 416 West 7 th Street The Dalles, OR 97058	2010
Bill Dick 2520 East 14 th Street The Dalles, OR 97058	2010
Brian Ahier 1126 East 8 th Street The Dalles, OR 97058	2012

City Administration

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

Kate Mast, Finance Director
Gene E. Parker, City Attorney

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, 2008

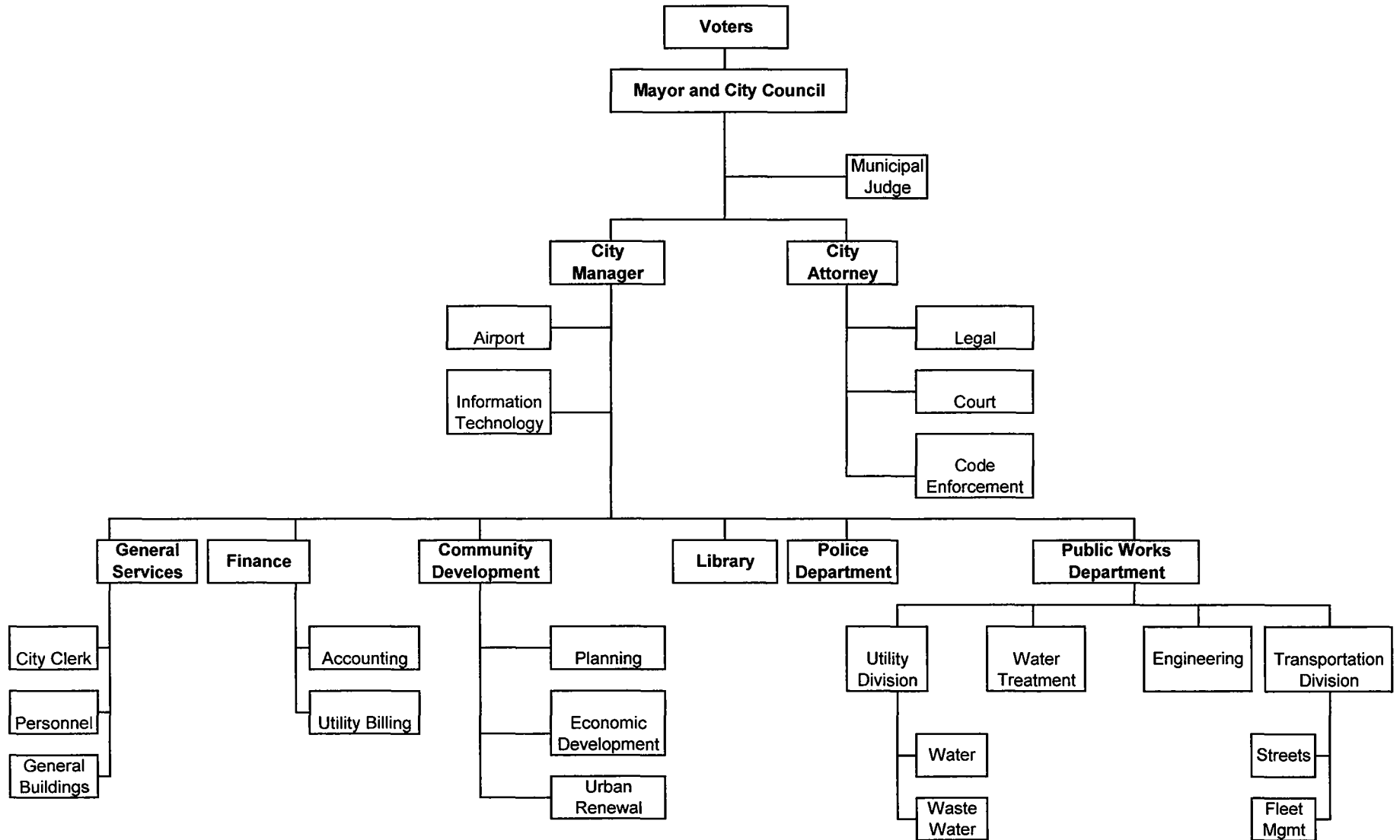
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**CITY OF THE DALLES
ORGANIZATIONAL CHART
June 30, 2009**





FINANCIAL SECTION



Dickey and Tremper, LLP

Certified Public Accountants and Business Advisors

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of The Dalles, Oregon, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of The Dalles, Oregon, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Street, Library, and Special Grants Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

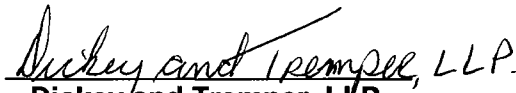
In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2009, on our consideration of the City of The Dalles, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A

INDEPENDENT AUDITOR'S REPORT (Continued)

The management's discussion and analysis on pages *a* through *g* is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, accompanying financial information listed as supplemental information in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The financial information listed as supplemental information in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the basic financial statements and, accordingly, we express no opinion on them.


Dickey and Tremper, LLP
Certified Public Accountants

November 9, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please read it in conjunction with the Transmittal Letter (page1) and the City's financial statements.

FINANCIAL HIGHLIGHTS

The City's assets exceeded its liability at June 30, 2009 by \$41,647,486 (net assets). Of this amount \$28,082,480 was invested in capital assets (net of related debt). \$8,160,635 was restricted for specific purposes, resulting in unrestricted net assets of \$5,404,371. The unrestricted net assets are made up of unrestricted governmental net assets of \$4,314,633 and unrestricted business-type net assets of \$1,089,738.

The City's net assets increased by \$3,641,190 (9.58%), primarily due to the construction and improvement of public infrastructure capital assets.

The City's Governmental Funds had a decrease in fund balances in the amount of \$3,060,775, due to completion of the Public Works Facilities Relocation project and other projects in the Capital Project Fund. That fund received over \$3 million in FY07/08 from FFCO bond proceeds that were expended in FY08/09 for the Public Works Facilities Relocation project and the remodel of portions of City Hall. The General Fund experienced an increase in fund balance of \$134,677, mostly due to an increase in fees paid to the City by the Public Utility District and Natural Gas provider caused by increased consumption by new industry, which produced revenues in excess of estimates. The Urban Renewal Fund balance decreased approximately \$872,084 due to increased expenditures in FY08/09.

The City's Enterprise Funds experienced an increase in net assets of \$3,584,463. This increase was due mostly to capitalization of completed projects that were financed within the Capital Project Fund, a governmental fund, but recorded as fixed assets in the enterprise funds. The most significant project treated in this manner was the Public Works Facilities Relocation Project, two thirds of which were added to the assets in the Water Utility Fund and Wastewater Funds, both Business-type funds, when completed in FY08/09.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Statements of Net Assets and Activities focus on an entity-wide presentation using the accrual basis of accounting and provide both long-term and short-term information about the City's financial status. The Governmental activities include most of the City's basic services such as police, street maintenance and improvement, community planning and governance. The Business-type activities include the operation of the City's water and sewer utilities and the operation of the City owned airport.

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

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

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

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

- Combining Statements of other governmental funds, which are classified as non-major. These statements include balance sheets and statements of revenues, expenditures and changes in fund balances.
- Budgetary Comparisons. Budgetary information for all funds, except General, Street, Library, and Special Grants Funds, which are presented within the Basic Financial Statements, are presented here.
- Other Financial Schedules complete the Financial Section of this report.

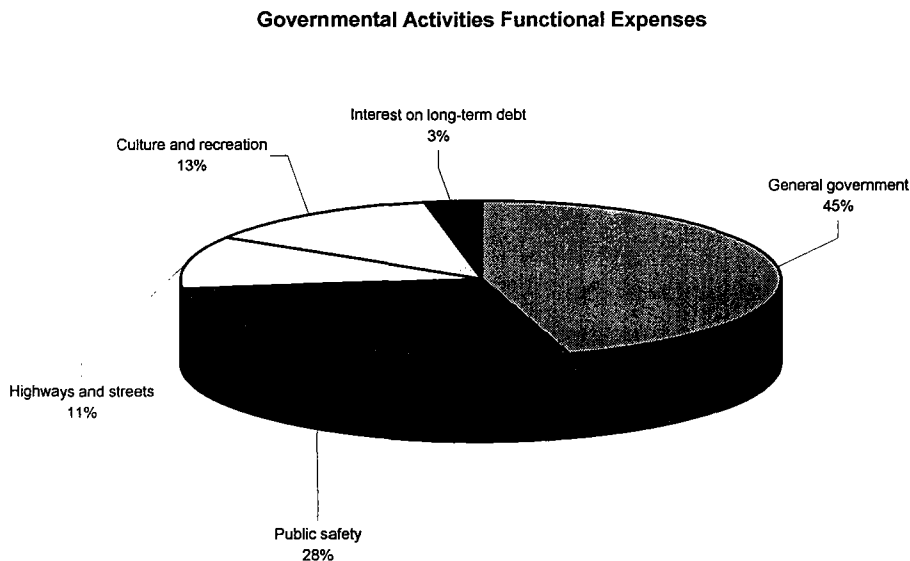
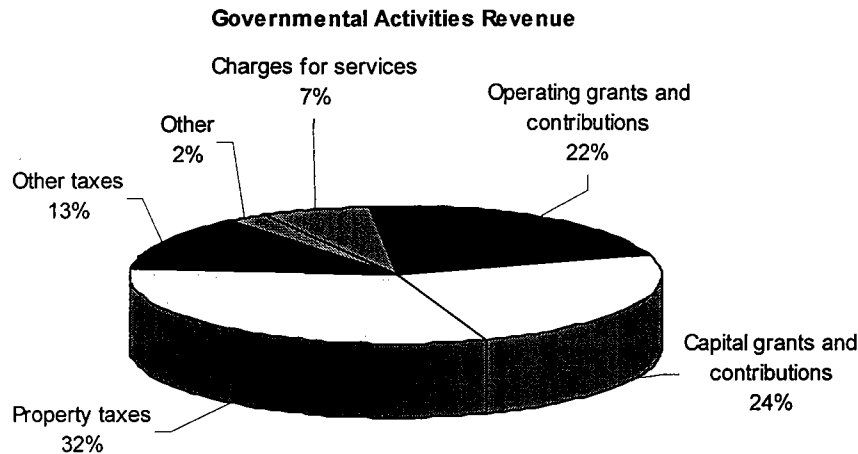
FINANCIAL SUMMARY AND ANALYSIS

As mentioned earlier, the City's net assets as of June 30, 2009 were \$41,647,486, an increase from June 30, 2008 of \$3,641,190. By far the largest portion of net assets is comprised of the City's investment in capital assets (e.g., land, building, equipment, and public infrastructure), less any related debt outstanding that was used to acquire those assets. The City uses capital assets to provide services to citizens; therefore these assets are not available for future spending. The resources to repay the related debt is not provided by capital assets, but will be provided from other sources.

City of The Dalles Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Assets						
Current and other assets	6,796,938	10,100,725	8,166,398	8,186,585	14,963,336	18,287,310
Capital assets	17,755,510	15,165,096	30,310,490	26,687,079	48,066,000	41,852,175
Total Assets	24,552,448	25,265,821	38,476,888	34,873,664	63,029,336	60,139,485
Liabilities						
Long-Term liabilities	6,457,712	6,928,159	416,873	14,349,112	6,874,585	21,277,271
Other liabilities	307,398	607,051	14,199,867	248,867	14,507,265	855,918
Total liabilities	6,765,110	7,535,210	14,616,740	14,597,979	21,381,850	22,133,189
Net assets invested in capital assets, net of related debt	11,762,990	8,487,617	16,319,490	12,686,680	28,082,480	21,174,297
Restricted	1,709,715	5,470,694	6,450,920	6,646,600	8,160,635	12,117,294
Unrestricted	4,314,633	3,772,300	1,089,738	942,405	5,404,371	4,714,705
Total net assets	17,787,338	17,730,611	23,860,148	20,275,685	41,647,486	38,006,296

The governmental activities revenue comes primarily from property taxes, franchise fees, charges for services, and various grants and contributions, including over \$900,000 from a Library Special District formed in 2006. During the year ending June 30, 2009, the City received a significant amount of revenue from capital grants and contributions that consist primarily of awards for specific special projects. These will not be a continuing source of revenue. The City's governmental expenses cover a wide variety of services, with general government, public safety and streets accounting for most of these expenses.



Property taxes are the City's primary on-going source of revenue. Property taxes comprising 32% of the City's governmental revenue are derived from the permanent tax rate and taxes levied for the repayment of bonded indebtedness.

For the fiscal year ending June 30, 2009, net assets of the Governmental activities increased by \$56,727, which represents a 0.3% increase. Net assets of the Business-type activities increased by \$3,584,463, which represents a 17.7% increase. Key elements of these changes, when compared to the year ending June 30, 2008 are as follows:

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
<u>Revenues</u>						
Program Revenues						
Charges for services	693,088	871,935	7,480,938	7,088,468	8,174,026	7,960,403
Operating grants and contributions	2,334,733	2,162,581	78,262	77,698	2,412,995	2,240,279
Capital grants and contributions	2,550,663	1,032,300	480,349	303,723	3,031,012	1,336,023
General Revenues					-	-
Property taxes	3,377,740	3,155,162	-	-	3,377,740	3,155,162
Other taxes	1,334,013	1,249,637	-	-	1,334,013	1,249,637
Other	259,945	481,394	153,474	483,983	413,419	965,377
Total revenues	10,550,182	8,953,009	8,193,023	7,953,872	18,743,205	16,906,881
<u>Expenses</u>						
General government	4,125,878	3,110,350	-	-	4,125,878	3,110,350
Public safety	2,614,704	2,383,926	-	-	2,614,704	2,383,926
Highways and streets	1,160,309	1,360,741	-	-	1,160,309	1,360,741
Culture and recreation	1,230,708	1,079,123	-	-	1,230,708	1,079,123
Interest on long-term debt	294,504	208,259	-	-	294,504	208,259
Water	-	-	2,824,800	2,943,966	2,824,800	2,943,966
Waste water	-	-	2,395,488	2,595,685	2,395,488	2,595,685
Airport	-	-	455,624	525,739	455,624	525,739
Total Expenses	9,426,103	8,142,399	5,675,912	6,065,390	15,102,015	14,207,789
Change net assets before transfers	1,124,079	810,610	2,517,111	1,888,482	3,641,190	2,699,092
Transfers	(1,067,352)	922,246	1,067,352	(922,246)	-	-
Change in net assets	56,727	1,732,856	3,584,463	966,236	3,641,190	2,699,092
Net assets-beginning	17,730,611	15,997,755	20,275,685	19,309,449	38,006,296	35,307,204
Total net assets	17,787,338	17,730,611	23,860,148	20,275,685	41,647,486	38,006,296

Governmental Activities

The increase in net assets is attributable to the various grants and contributions received and increases in other taxes, including \$968,138 for the Library operations, mostly from the new Special District, and over \$500,000 in Streets Capital Grants and contributions.

Business-type Activities

The increase in net assets of the Business-type activities is due primarily to the capitalization of completed projects that were financed in the governmental funds, but recorded as fixed assets in the enterprise funds, in particular the relocation of the Public Works facilities. Another factor in this increase was rate increases for water service (10%) and wastewater service (9%).

FINANCIAL ANALYSIS OF FUNDS

As of June 30, 2009 the City's governmental funds reported a combined fund balance of \$5,140,856, which is a decrease of \$3,060,775 from June 30, 2008.

The General Fund is the primary operating fund of the City. As of June 30, 2009, the General Fund balance was \$1,657,050, which is an increase of \$134,677 from June 30, 2008. This increase was the result of increasing revenues without a corresponding increase in costs.

The Street Fund balance as of June 30, 2009 was \$199,371, which is a decrease of \$63,293 from June 30, 2008. This decrease was primarily due to increases in operating expenses.

As of June 30, 2009, the Library Fund balance was \$479,659, reflecting an increase of \$220,745 from June 30, 2008. The City's Library Fund provides for the operations of the Library per a contract with the County, since the formation of the new County Library District which was approved in November of 2006. This increase in the Library Fund balance was due to the County's contribution of a share of the property taxes collected. The County contribution included funds for an Unappropriated Fund Balance so the City's other resources does not need to support the Library Fund cash flow until current year property taxes are collected.

The Special Grants Fund balance as of June 30, 2009 was \$145,100, which is a decrease of \$337,857 from June 30, 2008. This decrease was due primarily to engineering and construction of capital projects funded by special grants.

The Capital Projects Fund balance as of June 30, 2009 was \$302,765, which is a decrease of \$2,332,588 from June 30, 2008. This decrease is due mostly to the completion of the relocation of the Public Works facilities and the renovation of City Hall.

The Urban Renewal Capital Projects Fund balance as of June 30, 2009 was \$562,832, which is a decrease of \$872,084 from June 30, 2008. This decrease reflects an increase in construction projects.

The non-major governmental funds balance as of June 30, 2009 was \$1,794,079. This reflects an increase of \$189,625, primarily due to the delay of several capital projects in the Street and Bridge Replacement Fund as the Public Works Facility relocation project took priority.

Proprietary funds provide the same type of information as presented in the government-wide statements of net assets and activities, but in more detail. The proprietary funds net assets amounted to \$23,860,148 as of June 30, 2009, reflecting a \$3,584,463 increase over net assets as of June 30, 2008.

The combined Water Funds balance as of June 30, 2009 was \$2,927,391, which is a decrease of \$1,398,696 over June 30, 2008, and is due to the use of the 2007 Water Revenue Bond proceeds for improvements to the City's water system and infrastructure.

The combined Wastewater Funds balance as of June 30, 2009 was \$4,371,748, which is an increase of \$1,268,505 from June 30, 2008. This increase is primarily due to building reserves for Phase II of the treatment plant improvements.

The combined Airport Funds balance as of June 30, 2009 was \$299,978, which is a decrease of \$47,915 from June 30, 2008. This decrease is due to the City previously providing reserve funds for water system development to Klickitat County as a match for a Washington State loan/grant they have received.

BUDGETARY HIGHLIGHTS

The original legal appropriations for FY08/09 for the General Fund totaled \$6,314,782, with contingency of \$630,680. Budget amendments during the year resulted in a total budget of \$6,351,102, with a contingency of \$630,680. Expenditures were \$872,732 under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2009, the City had invested \$47,950,978 in capital assets of its governmental and business-type activities. This investment includes land and land improvements, buildings, equipment, and public infrastructure of roads and bridges. The investment in governmental activities capital assets increased by \$2,460,074 and business-type activities capital assets increased by \$3,638,729. Significant additions during the year ending June 30, 2009 were related to the improvements to water system and streets, and the completion and capitalization of the relocation of the Public Works facilities.

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

The total governmental long-term debt outstanding at June 30, 2009 was \$6,457,712. Business-type activities long-term debt outstanding was \$14,199,867.

During the year the City retired a total of \$1,049,351 in principle long-term debt.

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

Urban Renewal Agency Debt	\$ 2,400,000
2008 FFCO Bond	\$ 3,200,000
Premium on FFCO Bond	\$ 49,711
Loans Payable	\$ 392,520
Airport Facilities Revenue Bond	\$ 288,000
Airport Loan from Port	\$ 228,000
Wastewater Revenue Bond	\$ 5,545,000
Water Revenue Bond	\$ 7,930,000
Compensated Absences	\$ 372,349
Other Postemployment Benefits	\$ 251,998

In addition to the above, the City has acted as a conduit for debt for the QualityLife Intergovernmental Agency (QLife). The City obtained a Full Faith and Credit Loan from the Columbia River Bank in May of 2008 in the amount of \$1,079,978, which was used to pay off a prior QLife FFCO loan and two State Special Public Works loans. QLife has pledged to provide the full repayment of the loan

and, accordingly, the City has not recorded this debt as it is not anticipated that the City will be required to use its resources for repayment. The balance outstanding at June 30, 2009 was \$986,111.

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

ECONOMIC FACTORS

The QLife local area fiber optic loop project will enable any current business and any future business that needs high speed access to the Internet a reason to move into our area. Google, the search engine, has started operations in a new facility here in The Dalles. The Port has developed a new subdivision, again trying to attract business to our area. Home Depot, a Fortune 500 company, has opened a new retail and commercial outlet here. Wal-Mart is pursuing construction of a "super store" in the west end of the City. Removal and environmental cleanup of the aluminum plant facility within the City limits will make that property useable for other purposes. The foregoing will impact housing and the amount being spent by the local community in our local stores. This and increased levels of other retail and industrial business will create jobs that will decrease the City's and the county's unemployment, which has been one of the highest in the state. The Wasco County Assessor's rate of increase in appreciation of the housing and business units will increase revenue to the City in the near future. The voters approved creation of a regional Library District with its own tax rate. This has removed a financial burden from the City.

FINANCIAL CONTACT

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

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



BASIC FINANCIAL STATEMENTS

CITY OF THE DALLES, OREGON
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,833,654	\$ 494,181	\$ 3,327,835
Receivables:			
Property taxes	252,754	-	252,754
Accounts	352,465	842,229	1,194,694
Intergovernmental	84,477	-	84,477
Fines and forfeitures	742,432	-	742,432
Special assessments	30,755	3,369	34,124
Notes	328,485	-	328,485
Internal balances	199,423	(199,423)	-
Prepaid items	95,762	-	95,762
Inventories	135,071	341,368	476,439
Restricted assets (temporary):			
Cash and cash equivalents	1,709,715	6,450,920	8,160,635
Bond issuance costs	31,945	233,754	265,699
Capital assets:			
Land	547,445	5,707,215	6,254,660
Assets available for sale	210,917	-	210,917
Construction in progress	2,495,417	1,031,457	3,526,874
Depreciable assets, net of depreciation	14,501,731	23,571,818	38,073,549
Total assets	24,552,448	38,476,888	63,029,336
LIABILITIES			
Accounts payable and accrued expenses	164,556	333,427	497,983
Accrued interest payable	37,687	83,346	121,033
Deposits	-	100	100
Unearned revenue	105,155	-	105,155
Long-term obligations			
Due within one year	837,545	501,441	1,338,986
Due in more than one year	5,620,167	13,698,426	19,318,593
Total liabilities	6,765,110	14,616,740	21,381,850
NET ASSETS			
Invested in capital assets, net of related debt	11,762,990	16,319,490	28,082,480
Restricted for:			
Streets	199,371	-	199,371
Capital projects	1,045,820	6,070,674	7,116,494
Debt service	464,524	380,246	844,770
Unrestricted	4,314,633	1,089,738	5,404,371
Total net assets	\$ 17,787,338	\$ 23,860,148	\$ 41,647,486

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

CITY OF THE DALLES, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 4,125,878	\$ 383,838	\$ 817,306	\$ 289,464	\$ (2,635,270)	\$ -	\$ (2,635,270)
Public safety	2,614,704	283,213	24,743	-	(2,306,748)	-	(2,306,748)
Highways and streets	1,160,309	16,262	517,490	2,049,699	1,423,142	-	1,423,142
Culture and recreation	1,230,708	9,775	975,194	211,500	(34,239)	-	(34,239)
Interest on long-term obligations	294,504	-	-	-	(294,504)	-	(294,504)
Total governmental activities	9,426,103	693,088	2,334,733	2,550,663	(3,847,619)	-	(3,847,619)
Business-type activities:							
Water	2,824,800	3,153,707	3,249	120,826	-	452,982	452,982
Wastewater	2,395,488	4,149,530	3,249	359,158	-	2,116,449	2,116,449
Airport	455,624	177,701	71,764	365	-	(205,794)	(205,794)
Total business-type activities	5,675,912	7,480,938	78,262	480,349	-	2,363,637	2,363,637
Total primary government	\$ 15,102,015	\$ 8,174,026	\$ 2,412,995	\$ 3,031,012	(3,847,619)	2,363,637	(1,483,982)
General revenues:							
Property taxes levied for:							
General purposes					2,160,553	-	2,160,553
Debt service					1,217,187	-	1,217,187
Franchise and public service taxes					1,334,013	-	1,334,013
Interest and investment earnings					142,654	153,474	296,128
Miscellaneous					134,003	-	134,003
Gain (loss) on sale of property					(16,712)	-	(16,712)
Transfers					(1,067,352)	1,067,352	-
Total general revenues and transfers					3,904,346	1,220,826	5,125,172
Change in net assets					56,727	3,584,463	3,641,190
Net assets - beginning					17,730,611	20,275,685	38,006,296
Net assets - ending					\$ 17,787,338	\$ 23,860,148	\$ 41,647,486

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

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

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

Street Fund

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

Library Fund

The Library Fund accounts for the operation of the City library. Principal sources of revenues are state grants, county library funds, library fines, donations, and transfers.

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.

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.

Urban Renewal Capital Projects Fund

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

CITY OF THE DALLES, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	Street Fund	Library Fund	Special Grants Fund	Capital Projects Fund	Urban Renewal Capital Projects Fund	Other Governmental Funds	Totals
ASSETS								
Cash and cash equivalents	\$ 792,377	\$ -	\$ 485,918	\$ 456,512	\$ 343,822	\$ 562,578	\$ 1,902,162	\$ 4,543,369
Receivables:								
Property taxes	162,559	-	-	-	-	90,195	-	252,754
Accounts, net	302,983	41,659	-	-	-	704	7,119	352,465
Intergovernmental	22,370	43,216	4,621	14,270	-	-	-	84,477
Fines and forfeitures	742,432	-	-	-	-	-	-	742,432
Special assessments	-	-	-	-	-	-	30,755	30,755
Notes	-	-	-	46,040	-	282,445	-	328,485
Due from other funds	510,226	-	-	-	-	-	-	510,226
Prepaid items	95,762	-	-	-	-	-	-	95,762
Inventories	-	135,071	-	-	-	-	-	135,071
Total assets	<u>\$ 2,628,709</u>	<u>\$ 219,946</u>	<u>\$ 490,539</u>	<u>\$ 516,822</u>	<u>\$ 343,822</u>	<u>\$ 935,922</u>	<u>\$ 1,940,036</u>	<u>\$ 7,075,796</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and accrued liabilities	\$ 66,668	\$ 9,772	\$ 10,880	\$ 25,682	\$ 41,057	\$ 450	\$ 10,047	\$ 164,556
Due to other funds	-	10,803	-	300,000	-	-	-	310,803
Deferred revenue	904,991	-	-	46,040	-	372,640	135,910	1,459,581
Total liabilities	<u>971,659</u>	<u>20,575</u>	<u>10,880</u>	<u>371,722</u>	<u>41,057</u>	<u>373,090</u>	<u>145,957</u>	<u>1,934,940</u>
FUND BALANCES								
Reserved for:								
Inventories	-	135,071	-	-	-	-	-	135,071
Debt service	-	-	-	-	-	-	464,524	464,524
Unreserved, reported in:								
Major funds	1,657,050	64,300	479,659	145,100	302,765	562,832	-	3,211,706
Special revenue funds	-	-	-	-	-	-	628,787	628,787
Capital projects fund	-	-	-	-	-	-	700,768	700,768
Total fund balances	<u>1,657,050</u>	<u>199,371</u>	<u>479,659</u>	<u>145,100</u>	<u>302,765</u>	<u>562,832</u>	<u>1,794,079</u>	<u>5,140,856</u>
Total liabilities and fund balances	<u>\$ 2,628,709</u>	<u>\$ 219,946</u>	<u>\$ 490,539</u>	<u>\$ 516,822</u>	<u>\$ 343,822</u>	<u>\$ 935,922</u>	<u>\$ 1,940,036</u>	
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>								
Capital assets and bond issuance costs used in governmental activities are not financial resources and, therefore, are not reported in the funds.								17,787,455
Other long-term assets are not available for current-period expenditures and, therefore, are deferred in the funds.								1,354,426
Some liabilities, including bonds payable, accrued interest payable, and compensated absences, are not due and payable in the and payable in the current period and, therefore, are not reported in the funds.								
Bonds and loans payable							(6,042,231)	
Accrued interest payable							(37,687)	
Compensated absences							(252,908)	
Other postemployment benefits							(162,573)	
								(6,495,399)
NET ASSETS OF GOVERNMENTAL ACTIVITIES								<u>\$ 17,787,338</u>

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

CITY OF THE DALLES, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009

	General Fund	Street Fund	Library Fund	Special Grants Fund	Capital Projects Fund	Urban Renewal Capital Projects Fund	Other Governmental Funds	Total
REVENUES								
Property taxes	\$ 2,130,067	\$ -	\$ -	\$ -	\$ -	\$ 768,529	\$ 430,371	\$ 3,328,967
Other taxes	688,367	374,608	-	-	-	-	-	1,062,975
Franchise fees	324,727	-	-	-	-	-	32,913	357,640
Assessments	-	-	-	-	-	-	10,323	10,323
Licenses and fees	13,905	-	-	-	-	-	-	13,905
Charges for services	17,033	16,262	-	-	-	-	-	33,295
Intergovernmental	1,086,859	509,225	968,138	1,541,662	23,416	-	-	4,129,300
Fines and forfeitures	283,723	-	9,775	-	-	-	-	293,498
System development charges	-	-	-	-	-	-	281,081	281,081
Rental income	26,412	-	-	-	59,180	-	234,150	319,742
Interest on investments	27,165	1,241	4,217	18,177	38,364	9,923	40,744	139,831
Miscellaneous	130,704	8,265	7,056	-	42,181	8,770	2,000	198,976
TOTAL REVENUES	4,728,962	909,601	989,186	1,559,839	163,141	787,222	1,031,582	10,169,533
EXPENDITURES								
Current:								
General government	2,260,349	-	-	55,613	194,236	220,030	144,385	2,874,613
Public safety	2,470,968	-	-	-	-	-	-	2,470,968
Highways and streets	-	1,018,038	-	-	-	-	-	1,018,038
Culture and recreation	437,919	-	742,920	-	-	-	-	1,180,839
Capital outlay	131,897	7,186	37,422	1,868,583	2,255,115	1,439,276	131,029	5,870,508
Debt service	-	-	-	-	80,846	-	906,703	987,549
TOTAL EXPENDITURES	5,301,133	1,025,224	780,342	1,924,196	2,530,197	1,659,306	1,182,117	14,402,515
REVENUES OVER (UNDER) EXPENDITURES	(572,171)	(115,623)	208,844	(364,357)	(2,367,056)	(872,084)	(150,535)	(4,232,982)
OTHER FINANCING SOURCES (USES)								
Sale of property	1,000	-	-	-	10,000	-	-	11,000
Transfers in	883,085	213,082	13,901	30,000	59,231	-	349,390	1,548,689
Transfers out	(177,237)	(160,752)	(2,000)	(3,500)	(34,763)	-	(9,230)	(387,482)
TOTAL OTHER FINANCING SOURCES (USES)	706,848	52,330	11,901	26,500	34,468	-	340,160	1,172,207
NET CHANGE IN FUND BALANCE	134,677	(63,293)	220,745	(337,857)	(2,332,588)	(872,084)	189,625	(3,060,775)
FUND BALANCE, Beginning	1,522,373	262,664	258,914	482,957	2,635,353	1,434,916	1,604,454	8,201,631
FUND BALANCE, Ending	\$ 1,657,050	\$ 199,371	\$ 479,659	\$ 145,100	\$ 302,765	\$ 562,832	\$ 1,794,079	\$ 5,140,856

CITY OF THE DALLES, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

Net change in fund balance - governmental funds **\$(3,060,775)**

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlays and bond issuance costs as expenditures while governmental activities report depreciation expense and amortize the bond issuance costs to allocate those expenditures over the life of the assets and debt, respectively. The difference between these two amounts is:

Capital asset additions	3,062,813	
Basis of assets disposed	(27,712)	
Depreciation expense	<u>(444,686)</u>	
		2,590,415

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred revenues	38,278
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Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets.

667,221

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	(35,331)	
Change in accrued interest	19,520	
Amortization of bond discounts, bond premiums and bond issuance costs	(28)	
Change in other postemployment benefits	<u>(162,573)</u>	

Change in net assets - governmental activities **\$ 56,727**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,128,650	\$ 2,128,650	\$ 2,130,067	\$ 1,417
Other taxes	670,250	670,250	688,367	18,117
Franchise fees	318,112	318,112	324,727	6,615
Licenses and fees	11,000	11,000	13,905	2,905
Charges for services	19,200	19,200	17,033	(2,167)
Intergovernmental	1,099,618	1,099,618	1,086,859	(12,759)
Fines and forfeitures	314,400	314,400	283,723	(30,677)
Rental income	24,912	24,912	26,412	1,500
Interest on investments	42,000	42,000	27,165	(14,835)
Miscellaneous	28,000	33,380	130,704	97,324
TOTAL REVENUES	<u>4,656,142</u>	<u>4,661,522</u>	<u>4,728,962</u>	<u>67,440</u>
EXPENDITURES				
Current:				
General government	2,406,135	2,443,955	2,260,349	183,606
Public safety	2,497,001	2,497,001	2,470,968	26,033
Culture and recreation	447,919	438,329	437,919	410
Capital outlay	165,400	163,900	131,897	32,003
Contingency	630,680	630,680	-	630,680
TOTAL EXPENDITURES	<u>6,147,135</u>	<u>6,173,865</u>	<u>5,301,133</u>	<u>872,732</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,490,993)</u>	<u>(1,512,343)</u>	<u>(572,171)</u>	<u>940,172</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	1,000	1,000
Transfers in	883,085	883,085	883,085	-
Transfers out	(167,647)	(177,237)	(177,237)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>715,438</u>	<u>705,848</u>	<u>706,848</u>	<u>1,000</u>
NET CHANGE IN FUND BALANCE	<u>(775,555)</u>	<u>(806,495)</u>	<u>134,677</u>	<u>941,172</u>
FUND BALANCE, Beginning	<u>1,403,204</u>	<u>1,434,144</u>	<u>1,522,373</u>	<u>88,229</u>
FUND BALANCE, Ending	<u>\$ 627,649</u>	<u>\$ 627,649</u>	<u>\$ 1,657,050</u>	<u>\$ 1,029,401</u>

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

CITY OF THE DALLES, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
STREET FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Other taxes	\$ 400,176	\$ 400,176	\$ 374,608	\$ (25,568)
Charges for services	36,738	36,738	16,262	(20,476)
Intergovernmental	576,718	576,718	509,225	(67,493)
Interest on investments	6,000	6,000	1,241	(4,759)
Miscellaneous	500	500	8,265	7,765
TOTAL REVENUES	<u>1,020,132</u>	<u>1,020,132</u>	<u>909,601</u>	<u>(110,531)</u>
EXPENDITURES				
Current:				
Highway and streets:				
Personal services	670,205	681,895	674,827	7,068
Materials and services	607,863	602,863	343,211	259,652
Capital outlay	47,696	47,696	7,186	40,510
Contingency	2,668	2,668	-	2,668
TOTAL EXPENDITURES	<u>1,328,432</u>	<u>1,335,122</u>	<u>1,025,224</u>	<u>309,898</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(308,300)</u>	<u>(314,990)</u>	<u>(115,623)</u>	<u>199,367</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	213,082	213,082	213,082	-
Transfers out	(160,752)	(160,752)	(160,752)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>52,330</u>	<u>52,330</u>	<u>52,330</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(255,970)</u>	<u>(262,660)</u>	<u>(63,293)</u>	<u>199,367</u>
FUND BALANCE, Beginning	<u>255,970</u>	<u>262,660</u>	<u>262,664</u>	<u>4</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,371</u>	<u>\$ 199,371</u>

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

CITY OF THE DALLES, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LIBRARY FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 985,758	\$ 985,758	\$ 968,138	\$ (17,620)
Fines and forfeitures	7,000	7,000	9,775	2,775
Interest on investments	2,000	2,000	4,217	2,217
Miscellaneous	4,484	4,484	7,056	2,572
TOTAL REVENUES	<u>999,242</u>	<u>999,242</u>	<u>989,186</u>	<u>(10,056)</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personal services	570,216	570,216	517,120	53,096
Materials and services	301,793	301,793	225,800	75,993
Capital outlay	57,980	57,980	37,422	20,558
Contingency	13,365	13,365	-	13,365
TOTAL EXPENDITURES	<u>943,354</u>	<u>943,354</u>	<u>780,342</u>	<u>163,012</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>55,888</u>	<u>55,888</u>	<u>208,844</u>	<u>152,956</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	13,901	13,901	13,901	-
Transfers out	(2,000)	(2,000)	(2,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>11,901</u>	<u>11,901</u>	<u>11,901</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>67,789</u>	<u>67,789</u>	<u>220,745</u>	<u>152,956</u>
FUND BALANCE, Beginning	<u>212,891</u>	<u>212,891</u>	<u>258,914</u>	<u>46,023</u>
FUND BALANCE, Ending	<u>\$ 280,680</u>	<u>\$ 280,680</u>	<u>\$ 479,659</u>	<u>\$ 198,979</u>

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

CITY OF THE DALLES, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL GRANTS FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,772,064	\$ 2,772,064	\$ 1,541,662	\$ (1,230,402)
Interest on investments	-	-	18,177	18,177
TOTAL REVENUES	<u>2,772,064</u>	<u>2,772,064</u>	<u>1,559,839</u>	<u>(1,212,225)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	208,000	208,000	55,613	152,387
Capital outlay	3,040,564	3,040,564	1,868,583	1,171,981
TOTAL EXPENDITURES	<u>3,248,564</u>	<u>3,248,564</u>	<u>1,924,196</u>	<u>1,324,368</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(476,500)</u>	<u>(476,500)</u>	<u>(364,357)</u>	<u>112,143</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	30,000	30,000	30,000	-
Transfers out	(3,500)	(3,500)	(3,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>26,500</u>	<u>26,500</u>	<u>26,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(450,000)</u>	<u>(450,000)</u>	<u>(337,857)</u>	<u>112,143</u>
FUND BALANCE, Beginning	<u>450,000</u>	<u>450,000</u>	<u>482,957</u>	<u>32,957</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,100</u>	<u>\$ 145,100</u>

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

FUND FINANCIAL STATEMENTS

Proprietary Funds

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

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

- **Water**
- **Wastewater**
- **Airport**

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

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

CITY OF THE DALLES, OREGON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Business-type Activities - Enterprise Funds			
	All Water Funds	All Waste- water Funds	All Airport Funds	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 284,067	\$ 9,446	\$ 200,668	\$ 494,181
Restricted cash and cash equivalents	2,497,385	3,893,005	60,530	6,450,920
Receivables:				
Accounts, net	330,257	464,380	47,592	842,229
Special assessments	-	3,369	-	3,369
Inventories	205,794	135,574	-	341,368
Total current assets	<u>3,317,503</u>	<u>4,505,774</u>	<u>308,790</u>	<u>8,132,067</u>
Noncurrent assets:				
Deferred charges	159,236	73,729	789	233,754
Capital assets, net	13,548,834	12,930,232	3,831,424	30,310,490
Total noncurrent assets	<u>13,708,070</u>	<u>13,003,961</u>	<u>3,832,213</u>	<u>30,544,244</u>
Total assets	<u>\$ 17,025,573</u>	<u>\$ 17,509,735</u>	<u>\$ 4,141,003</u>	<u>\$ 38,676,311</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 288,092	\$ 12,355	\$ 8,712	\$ 309,159
Accrued interest payable	27,967	53,135	2,244	83,346
Deposits	-	-	100	100
Retainage payable	24,268	-	-	24,268
Due to other funds	77,752	121,671	-	199,423
Compensated absences payable	78,713	40,728	-	119,441
Current portion of long-term debt	-	340,000	42,000	382,000
Total current liabilities	496,792	567,889	53,056	1,117,737
Long-term debt, net of current portion:				
Bonds payable	7,930,000	5,205,000	474,000	13,609,000
Other postemployment benefits	58,704	30,722	-	89,426
Total liabilities	<u>8,485,496</u>	<u>5,803,611</u>	<u>527,056</u>	<u>14,816,163</u>
Net assets:				
Invested in capital assets, net of related debt	5,618,834	7,385,232	3,315,424	16,319,490
Restricted for capital projects	2,396,985	3,673,689	-	6,070,674
Restricted for debt service	100,400	219,316	60,530	380,246
Unrestricted	423,858	427,887	237,993	1,089,738
Total net assets	<u>8,540,077</u>	<u>11,706,124</u>	<u>3,613,947</u>	<u>23,860,148</u>
Total liabilities and net assets	<u>\$ 17,025,573</u>	<u>\$ 17,509,735</u>	<u>\$ 4,141,003</u>	<u>\$ 38,676,311</u>

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

CITY OF THE DALLES, OREGON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds			
	All Water Funds	All Waste- water Funds	All Airport Funds	Total
OPERATING REVENUES				
Charges for services	\$ 3,140,340	\$ 4,117,717	\$ 5,298	\$ 7,263,355
Rental income	4,080	-	165,135	169,215
Miscellaneous	8,137	31,813	7,268	47,218
TOTAL OPERATING REVENUES	3,152,557	4,149,530	177,701	7,479,788
OPERATING EXPENSES				
Personal services	1,595,564	693,366	-	2,288,930
Materials and services	687,738	1,114,311	168,576	1,970,625
Depreciation	198,969	362,072	266,323	827,364
TOTAL OPERATING EXPENSES	2,482,271	2,169,749	434,899	5,086,919
OPERATING INCOME (LOSS)	670,286	1,979,781	(257,198)	2,392,869
NONOPERATING INCOME (EXPENSES)				
Intergovernmental	3,249	3,249	71,764	78,262
Interest on investments	88,028	59,685	5,761	153,474
Gain (loss) on disposal	1,150	-	-	1,150
Interest expense	(342,529)	(225,739)	(20,725)	(588,993)
TOTAL NONOPERATING INCOME (EXPENSES)	(250,102)	(162,805)	56,800	(356,107)
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	420,184	1,816,976	(200,398)	2,036,762
CAPITAL CONTRIBUTIONS				
Intergovernmental	-	-	365	365
System development charges	120,826	359,158	-	479,984
Capital asset transfers	1,181,982	1,030,577	-	2,212,559
TRANSFERS				
Transfers in	532,482	2,320,207	80,515	2,933,204
Transfers out	(1,163,298)	(2,915,113)	-	(4,078,411)
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	671,992	794,829	80,880	1,547,701
CHANGE IN NET ASSETS	1,092,176	2,611,805	(119,518)	3,584,463
NET ASSETS, Beginning	7,447,901	9,094,319	3,733,465	20,275,685
NET ASSETS, Ending	\$ 8,540,077	\$ 11,706,124	\$ 3,613,947	\$ 23,860,148

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

CITY OF THE DALLES, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds			
	All Water Funds	All Wastewater Funds	All Airport Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 3,065,646	\$ 4,071,158	\$ 141,279	\$ 7,278,083
Receipts from interfund services provided	7,884	18,844	-	26,728
Payments to suppliers	(1,096,719)	(1,272,676)	(181,233)	(2,550,628)
Payments to employees	(1,017,725)	(597,994)	-	(1,615,719)
Payments for interfund services used	(4,656)	(2,845)	-	(7,501)
Net cash provided from (used by) operating activities	<u>954,430</u>	<u>2,216,487</u>	<u>(39,954)</u>	<u>3,130,963</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	532,482	2,320,207	80,515	2,933,204
Transfers out	(1,163,298)	(2,915,113)	-	(4,078,411)
Net cash provided from (used by) non-capital financing activities	<u>(630,816)</u>	<u>(594,906)</u>	<u>80,515</u>	<u>(1,145,207)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from intergovernmental revenue	3,249	3,249	72,129	78,627
System development charges	120,826	359,158	-	479,984
Proceeds from issuance of debt	-	-	125,000	125,000
Proceeds from sale of capital assets	1,150	-	-	1,150
Interfund loan proceeds	77,752	121,671	-	199,423
Acquisition of capital assets	(1,615,050)	(354,582)	(268,584)	(2,238,216)
Principal paid on long-term obligations	-	(330,000)	(51,000)	(381,000)
Interest paid on long-term obligations	(335,605)	(222,440)	(20,861)	(578,906)
Net cash provided from (used by) capital and related financing activities	<u>(1,747,678)</u>	<u>(422,944)</u>	<u>(143,316)</u>	<u>(2,313,938)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	<u>88,028</u>	<u>59,685</u>	<u>5,761</u>	<u>153,474</u>
Net cash provided from (used by) investing activities	<u>88,028</u>	<u>59,685</u>	<u>5,761</u>	<u>153,474</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,336,036)</u>	<u>1,258,322</u>	<u>(96,994)</u>	<u>(174,708)</u>
CASH AND CASH EQUIVALENTS, Beginning	<u>4,117,488</u>	<u>2,644,129</u>	<u>358,192</u>	<u>7,119,809</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 2,781,452</u>	<u>\$ 3,902,451</u>	<u>\$ 261,198</u>	<u>\$ 6,945,101</u>
COMPRISED AS FOLLOWS:				
Cash and cash equivalents	\$ 284,067	\$ 9,446	\$ 200,668	\$ 494,181
Restricted cash and cash equivalents	2,497,385	3,893,005	60,530	6,450,920
	<u>\$ 2,781,452</u>	<u>\$ 3,902,451</u>	<u>\$ 261,198</u>	<u>\$ 6,945,101</u>

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

CITY OF THE DALLES, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

Reconciliation of operating income (loss) to net cash provided from (used by) operating activities

Operating income (loss)	\$ 670,286	\$ 1,979,781	\$ (257,198)	\$ 2,392,869
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	198,969	362,072	266,323	827,364
(Increase) decrease in assets:				
Receivables	(79,027)	(59,528)	(36,422)	(174,977)
Inventories	(113,417)	(78,397)	-	(191,814)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	177,352	6,071	(12,657)	170,766
Compensated absences payable	41,563	(24,234)	-	17,329
Other postemployment benefits	58,704	30,722	-	89,426
Net cash provided from (used by) operating activities	<u>\$ 954,430</u>	<u>\$ 2,216,487</u>	<u>\$ (39,954)</u>	<u>\$ 3,130,963</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Transfer of capital assets between funds	<u>\$ 1,181,982</u>	<u>\$ 1,030,577</u>	<u>\$ -</u>	<u>\$ 2,212,559</u>
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NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF THE DALLES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

Columbia Gateway Urban Renewal Agency

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

B. Government – Wide and Fund Financial Statements

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

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

reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

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

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

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

federal and state grants. Other revenue items are considered to be measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

The *Library Fund* accounts for the operation of the City Library. Principal sources of revenues are state grants, county library funds, library fines, donations, and transfers.

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

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.

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

The City reports the following major proprietary funds:

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

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

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

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

Special revenue funds are primarily operating funds that account for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance

particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

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

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

D. Assets, Liabilities and Equity

1. Cash, Cash Equivalents, and Investments

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

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

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

2. Receivables and Payables

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

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

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

3. Inventories and Prepaid Expenses

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

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

4. Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Building and improvements	50
Plant in service	45
Machinery and equipment	5 - 20

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

5. Long-Term Obligations

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

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

6. Compensated Absences

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

Compensated absences are normally paid from the General, Library, Street, Water, and Wastewater funds.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Restricted net assets

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

9. Estimates

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

E. Adoption of New GASB Pronouncement

For the fiscal year ended June 30, 2009, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement addresses how state and local governments should account for and report their costs and obligations related to Other Postemployment Benefits (OPEB). The Statement generally requires that state and local governmental employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. These changes have been incorporated in the Other Information section of the Notes to the Basic Financial Statements (Note IV.B. Other

Postemployment Benefits) and a liability of \$89,426 was accrued in business-type activities and \$162,572 was accrued for governmental activities on the government-wide Statement of Net Assets.

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. All annual appropriations lapse at fiscal year end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget.

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

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

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

During the year ended June 30, 2009, 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. Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the following amounts:

Urban Renewal Capital Projects Fund:	
Capital outlay	\$ 6,712

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2009. If bank deposits at year end are not entirely insured or collateralized by the City or by its agent in the City's name, the City must disclose the custodial credit risk that exists. The City's deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. For deposits in excess of federal depository insurance, Oregon Revised Statutes require that Public officials report to the Office of the State Treasurer (OST) all bank depositories in which they deposit public funds and bank depositories will then report financial information and total public funds deposits quarterly to OST. OST will then calculate the required collateral that must be pledged by the bank based on this information and the depository's FDIC assigned capitalization category. Bank depositories will then have a shared liability in the event of a bank loss. For the fiscal year ended June 30, 2009, the carrying amount of the City's deposits was \$8,625,305 and the bank balance was \$9,593,641. All deposits are held in the name of the City or the Columbia Gateway Urban Renewal Agency (blended component unit). Of the bank balance, \$750,000 was covered by federal depository insurance. The remaining \$8,842,641 was collateralized under ORS 295.

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

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

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

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

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

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

Investments held by the City at June 30, 2009 are as follows:

	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Carrying Amount/ Fair Value</u>
Local Government Investment Pool	1 day	100%	\$ 2,838,271
Less amounts classified as cash equivalents			<u>(2,838,271)</u>
Total Investments			<u>\$ -</u>

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

Cash with County treasurer	\$ 24,544
Cash on hand	350
Carrying amounts of deposits	8,625,305
Local Government Investment Pool	<u>2,838,271</u>
Total cash and cash equivalents	<u>\$ 11,488,470</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</u>	<u>Street</u>	<u>Library</u>	<u>Special Grants</u>	<u>Urban Renewal Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Activities</u>
Property taxes	\$ 162,559	\$ -	\$ -	\$ -	\$ 90,195	\$ -	\$ 252,754
Accounts	302,983	41,659	-	-	704	7,119	352,465
Intergovernmental	22,370	43,216	4,621	14,270	-	-	84,477
Fines and forfeitures	742,432	-	-	-	-	-	742,432
Assessments	-	-	-	-	-	30,755	30,755
Notes	-	-	-	46,040	282,445	-	328,485
	<u>\$ 1,230,344</u>	<u>\$ 84,875</u>	<u>\$ 4,621</u>	<u>\$ 60,310</u>	<u>\$ 373,344</u>	<u>\$ 37,874</u>	<u>\$ 1,791,368</u>

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

	Water	Waste Water	Airport	Total Business-Type Activities
Accounts	\$ 344,016	\$ 493,649	\$ 50,092	\$ 887,757
Assessments	-	3,369	-	3,369
Allowance for doubtful accounts	(13,759)	(29,269)	(2,500)	(45,528)
	<u>\$ 330,257</u>	<u>\$ 467,749</u>	<u>\$ 47,592</u>	<u>\$ 845,598</u>

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

For the fiscal year 2008-2009, the City levied property taxes in the amount of \$2,267,665. After reductions for offsets and increases for additional taxes and penalties this resulted in a net levy of \$2,215,645. 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, 2008 was \$752,003,143. The Columbia Gateway Urban Renewal Agency, a blended component unit of the City, levied taxes at its maximum taxing authority of \$1,277,453. After reductions for offsets and additional taxes and penalties, this resulted in a net levy of \$1,248,365.

Following is a summary of property tax transactions for the year ended June 30, 2009:

	Balances July 1, 2008	2008-09 Levy	Adjustments	Interest (Discounts)	Collections	Balances June 30, 2009
2008-09	\$ -	\$ 3,464,010	\$ (13,042)	\$ (83,264)	\$ (3,221,917)	\$ 145,787
2007-08	124,915	-	(1,059)	26	(55,899)	67,983
2006-07	45,464	-	(270)	2	(16,574)	28,622
2005-06	25,199	-	(46)	1	(16,376)	8,778
2004-05	7,060	-	(15)	-	(6,413)	632
2003-04	399	-	(16)	-	(267)	116
2002-03	242	-	(14)	-	(94)	134
Prior years	702	-	-	-	-	702
	<u>\$ 203,981</u>	<u>\$ 3,464,010</u>	<u>\$ (14,462)</u>	<u>\$ (83,235)</u>	<u>\$ (3,317,540)</u>	<u>\$ 252,754</u>

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

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

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

C. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 328,445	\$ 219,000	\$ -	\$ 547,445
Construction in progress	1,056,357	5,008,043	(3,568,983)	2,495,417
Assets available for sale	210,917	-	-	210,917
Total capital assets, not being depreciated	1,595,719	5,227,043	(3,568,983)	3,253,779
Capital assets, being depreciated				
Land improvements	204,191	5,600	-	209,791
Buildings	3,651,527	1,148,247	-	4,799,774
Equipment	2,459,694	126,664	(63,305)	2,523,053
Infrastructure	11,724,181	124,241	-	11,848,422
Total capital assets, being depreciated	18,039,593	1,404,752	(63,305)	19,381,040
Accumulated depreciation for:				
Land improvements	(147,684)	(10,011)	-	(157,695)
Building	(1,201,733)	(72,053)	-	(1,273,786)
Equipment	(1,521,077)	(142,803)	35,593	(1,628,287)
Infrastructure	(1,599,722)	(219,819)	-	(1,819,541)
Total accumulated depreciation	(4,470,216)	(444,686)	35,593	(4,879,309)
Total capital assets, being depreciated, net	13,569,377	960,066	(27,712)	14,501,731
Governmental activities capital assets, net	<u>\$ 15,165,096</u>	<u>\$ 6,187,109</u>	<u>\$ (3,596,695)</u>	<u>\$ 17,755,510</u>

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

General government	\$ 67,641
Public safety	54,368
Highways and streets	308,731
Culture and recreation	<u>13,946</u>
Total depreciation expense - governmental activities	<u>\$ 444,686</u>

Capital asset activity for the business-type activities for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 5,707,215	\$ -	\$ -	\$ 5,707,215
Construction in progress	<u>3,903,789</u>	<u>1,210,660</u>	<u>(4,082,992)</u>	<u>1,031,457</u>
Total capital assets, not being depreciated	<u>9,611,004</u>	<u>1,210,660</u>	<u>(4,082,992)</u>	<u>6,738,672</u>
Capital assets, being depreciated				
Land improvements	5,678,405	4,596,659	527,933	10,802,997
Buildings	2,611,394	2,296,494	39,264	4,947,152
Equipment	883,972	146,950	(24,558)	1,006,364
Wastewater Treatment Plant	8,001,975	-	-	8,001,975
Dams and lines	<u>8,798,751</u>	<u>283,004</u>	<u>(567,197)</u>	<u>8,514,558</u>
Total capital assets, being depreciated	<u>25,974,497</u>	<u>7,323,107</u>	<u>(24,558)</u>	<u>33,273,046</u>
Less accumulated depreciation for:				
Land improvements	(2,655,874)	(308,880)	-	(2,964,754)
Building	(1,234,301)	(52,483)	(1,610)	(1,288,394)
Equipment	(711,423)	(17,344)	24,558	(704,209)
Wastewater Treatment Plant	(436,658)	(258,443)	-	(695,101)
Dams and lines	<u>(3,860,166)</u>	<u>(190,214)</u>	<u>1,610</u>	<u>(4,048,770)</u>
Total accumulated depreciation	<u>(8,898,422)</u>	<u>(827,364)</u>	<u>24,558</u>	<u>(9,701,228)</u>
Total capital assets, being depreciated, net	<u>17,076,075</u>	<u>6,495,743</u>	<u>-</u>	<u>23,571,818</u>
Business-type activities capital assets, net	<u>\$ 26,687,079</u>	<u>\$ 7,706,403</u>	<u>\$ (4,082,992)</u>	<u>\$ 30,310,490</u>

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

Water	\$ 198,969
Wastewater	362,072
Airport	<u>266,323</u>
Total depreciation expense - business-type activities	<u><u>\$ 827,364</u></u>

D. Deferred revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. The government-wide financial statements report deferred revenue only for amounts that have been received, but not earned. At the end of the current fiscal year, there was \$105,155 in unearned deferred revenue. The various components of unavailable deferred revenue reported in the governmental funds was as follows:

	General	Special Grants	Urban Renewal Capital Projects	Other Governmental Funds	Totals
Property taxes	\$ 162,559	\$ -	\$ 90,195	\$ -	\$ 252,754
Fines and forfeitures	742,432	-	-	-	742,432
Loans	-	46,040	282,445	-	328,485
Special assessments	-	-	-	135,910	135,910
	<u>\$ 904,991</u>	<u>\$ 46,040</u>	<u>\$ 372,640</u>	<u>\$ 135,910</u>	<u>\$ 1,459,581</u>

E. Long-term obligations

1. Revenue Bonds – Governmental Activities

The City had revenue bonds recorded in the Governmental Activities for improvements to police facilities. The bonds were paid in full during the year.

2. Limited Tax Issuances – Governmental Activities

Urban Renewal Bonds were issued in September of 2002 to fund capital projects within the Columbia Gateway Urban Renewal District. The bonds are secured by a pledge of tax increment revenues within the Urban Renewal area with interest rates ranging from 1.85% to 4.85%.

Future maturities are as follows:

Year Ending June 30	Principal	Interest
2010	\$ 360,000	\$ 108,427
2011	375,000	93,668
2012	390,000	77,542
2013	405,000	60,188
2014	425,000	41,558
2015	445,000	21,583
	<u>\$ 2,400,000</u>	<u>\$ 402,965</u>

3. Full Faith and Credit Obligation Bonds – Governmental Activities

The City issued full faith and credit obligation bonds during the year, 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. Future maturities are as follows:

Year Ending June 30	Principal	Interest
2010	\$ 175,000	\$ 128,930
2011	180,000	121,930
2012	190,000	114,730
2013	200,000	107,130
2014	205,000	99,130
2015-2019	1,150,000	366,650
2020-2023	1,100,000	115,370
	<u>\$ 3,200,000</u>	<u>\$ 1,053,870</u>

4. Loans Payable – Governmental Activities

The City has a loan payable to the Oregon Investment Board for riverfront improvements. The loan is payable semi-annually with installments of \$32,423, including interest at 4%. The final payment is due June 30, 2016. The loan is unsecured, and is payable from general government revenues.

In addition, the City had a loan payable to IBM for the purchase of computer equipment, software, and support. During the fiscal year, the City returned the equipment purchased under the loan and was forgiven for the remaining outstanding balance on the loan as allowed under the original agreement. All equipment has been returned and the loan is considered paid in full at the end of the year.

Future maturities of the loans payable are as follows:

Year Ending June 30	Oregon Investment Board	
	Principal	Interest
2010	\$ 49,637	\$ 15,209
2011	51,642	13,204
2012	53,728	11,118
2013	55,899	8,947
2014	58,157	6,689
2015-2016	123,457	6,234
	<u>\$ 392,520</u>	<u>\$ 61,401</u>

5. 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. Future maturities of the bonds are as follows:

Year Ending June 30	Principal	Interest
2010	\$ -	\$ 335,605
2011	230,000	335,605
2012	235,000	326,405
2013	250,000	317,005
2014	255,000	307,005
2015-2019	1,450,000	1,372,075
2020-2024	1,775,000	1,041,838
2025-2029	2,185,000	632,470
2030-2032	1,550,000	138,380
	<u>\$ 7,930,000</u>	<u>\$ 4,806,388</u>

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

6. Bonds Payable – Business-Type Activities – 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.

Future maturities of the bonds are as follows:

Year Ending June 30	Principal	Interest
2010	\$ 340,000	\$ 212,540
2011	350,000	201,830
2012	365,000	188,705
2013	380,000	174,105
2014	395,000	161,185
2015-2019	2,185,000	579,080
2020-2022	1,530,000	129,710
	<u>\$ 5,545,000</u>	<u>\$ 1,647,155</u>

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

7. Bonds Payable – Business-Type Activities – Airport Fund

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

Year Ending June 30	Principal	Interest
2010	\$ 42,000	\$ 13,751
2011	44,000	11,536
2012	46,000	9,219
2013	50,000	6,747
2014	52,000	4,120
2015	54,000	1,390
	<u>\$ 288,000</u>	<u>\$ 46,763</u>

8. Loan Payable – Business-Type Activities – Airport Fund

The City has a loan from the Port of The Dalles for rehabilitation of a well at the Columbia Gorge Regional Airport. The loan proceeds were received in two separate disbursements. The first portion, received during the prior fiscal year, is payable annually with installments of at least \$15,150, including interest at 4%. The final

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

Future maturities of the loan payable are as follows:

Year Ending June 30	Port of The Dalles	
	Principal	Interest
2010	\$ -	\$ -
2011	10,113	5,037
2012	11,500	3,650
2013	11,960	3,190
2014	12,438	2,712
2015-2019	67,139	10,668
2020-2024	57,175	18,575
2025-2028	57,675	6,063
	<u>\$ 228,000</u>	<u>\$ 49,895</u>

9. Conduit Debt

The City has acted as a conduit for debt issued by QualityLife Intergovernmental Agency and payable to the Columbia River Bank to refinance debt the City previously acted as a conduit for and payable to the Oregon Department of Economic and Community Development. In addition, the conduit debt issued by the Agency was used to refinance the Agency's previous loan from Columbia River Bank. The total amount of debt payable to Columbia River Bank at 6/30/09 is \$986,111. QualityLife Intergovernmental Agency has pledged security to repay the amount; however, the loan documents name the City as the borrower. This amount has not been reported as a liability on the City's financial statements as it is anticipated that Qualitylife Intergovernmental Agency will provide the full repayment.

10. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2009, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue Bonds	\$ 135,000	\$ -	\$ 135,000	\$ -	\$ -
Limited Tax Issuances	2,745,000	-	345,000	2,400,000	360,000
Full Faith and Credit Bonds	3,330,000	-	130,000	3,200,000	175,000
Premium on FFCO Bonds	50,841	-	1,130	49,711	-
Loans Payable	449,741	-	57,221	392,520	49,637
Compensated Absences	217,577	252,908	217,577	252,908	252,908
Other Postemployment Benefits	-	162,573	-	162,573	-
	<u>\$ 6,928,159</u>	<u>\$ 415,481</u>	<u>\$ 885,928</u>	<u>\$ 6,457,712</u>	<u>\$ 837,545</u>
Business - type activities:					
Revenue Bonds Payable	\$ 14,133,000	\$ -	\$ 370,000	\$ 13,763,000	\$ 382,000
Loans Payable	114,000	125,000	11,000	228,000	-
Compensated Absences	102,112	119,441	102,112	119,441	119,441
Other Postemployment Benefits	-	89,426	-	89,426	-
	<u>\$ 14,349,112</u>	<u>\$ 333,867</u>	<u>\$ 483,112</u>	<u>\$ 14,199,867</u>	<u>\$ 501,441</u>

F. Due To/Due From Other Funds

In the government-wide financial statements, the business-type activities had internal loans payable to the governmental activities in the amount of \$199,423. In the fund financial statements, the General Fund had \$10,803 due from the Street Fund, \$300,000 due from the Special Grants Fund, \$77,752 due from the Water Funds, and \$121,671 due from the Wastewater Funds. The internal loans are for temporary cash management requirements.

G. Transfers

Net transfers between governmental activities and business-type activities in the government-wide financial statements consist of transfers out of the governmental activities and transfers into the business-type activities in the amount of \$1,067,352.

A reconciliation of transfers in the fund financial statements is as follows:

	Transfers In	Transfers Out
Governmental activities		
General	\$ 883,085	\$ 177,237
Street	213,082	160,752
Library	13,901	2,000
Special grants	30,000	3,500
Capital projects	317,482	50,763
Other funds	349,390	9,230
Business-type activities		
Water	1,795,611	1,244,445
Waste water	3,527,887	3,092,216
Airport	80,515	-
Non-current resources	-	2,470,810
	<u>\$ 7,210,953</u>	<u>\$ 7,210,953</u>

Transfers out of the General Fund were for the City's contribution towards operation of the Library, Airport & Unemployment Reserve Funds. In addition, the General Fund transferred funds to the Capital Projects Fund for debt service purposes. Transfers into the General Fund consist of administrative overhead reimbursements from the Street, Water and Wastewater funds. Capital additions were constructed in the Capital Projects Fund and contributed to the Water and Wastewater Funds. In addition, the Water and Wastewater funds contributed labor and materials and services to the construction of the new Public Works facility. Finally, the Street, Water and Wastewater Funds transferred funds to the FFCO 2008 Bond Fund for debt service.

IV. Other Information

A. Risk Management

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

B. Other Postemployment Benefits

The City's only OPEB is that it provides an implicit rate subsidy for retiree Health Insurance Continuation premiums. The plan is offered under Oregon Revised Statutes (ORS) 243. ORS 243.303 requires the City provide retirees with group health insurance from the date of retirement to age 65, and the rate be calculated using claims experience from retirees and active employees for health plan rating purposes. Providing the same rate to retirees as provided to current employees constitutes an implicit rate subsidy for OPEB. 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. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's OPEB obligation to the plan.

	Health Insurance Continuation
Employer's normal cost	\$ 179,165
Interest on net OPEB obligation	-
One year's amortization of AAL	72,834
Adjustment to annual required contribution	-
Annual Required Contribution (ARC)	251,999
Less OPEB contributions (Amounts paid by the City during the year)	-
Contribution deficiency (ARC less current year payments)	251,999
Net OPEB obligation - beginning of year (Implementation date: 7/1/2008)	-
Net OPEB obligation - end of year	<u>\$ 251,999</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, 2009 was as follows:

Health Insurance Continuation			
Fiscal Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contributions	Net OPEB Obligation
6/30/2007	N/A*	N/A	N/A
6/30/2008	N/A*	N/A	N/A
6/30/2009	\$ 251,999	0%	\$ 251,999

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

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2009, was as follows:

	Health Insurance Continuation
Employer's normal cost	\$1,887,249
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	<u>\$1,887,249</u>
Funded ratio	0%
Covered payroll (active plan members)	\$4,747,277
UAAL as a percentage of covered payroll	40%

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, 2009 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return and an annual healthcare cost trend rate of 4.5 percent. The UAAL is being amortized over 30 years using the level percentage of payroll amortization method. Payroll growth increase assumption is 3.5 percent.

C. Employee Retirement Plans

1. Retirement plan for non-public safety employees

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

The payroll for non-public safety employees covered by the plan for the year ended June 30, 2009 was \$3,154,917. Total contributions to the plan for the year ended June 30, 2009 were \$466,599, including \$430,157 and \$36,443 for the City and employee contributions, respectively.

2. Retirement plan for public safety employees

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

The payroll for public safety employees covered by the plan for the year ended June 30, 2009 was \$1,111,590. Total contributions to the plan for the year ended June 30, 2009 were \$280,158, including \$273,974 and \$6,184 for the City and employee contributions, respectively.

D. Commitments and Contingencies

1. Construction in Progress

The City is committed under various, architectural, engineering, and construction contracts at June 30, 2009. Major projects in progress at June 30, 2009 are as follows:

There are several components to the East Gateway/Brewery Grade project. Total cost incurred to date on the various components is \$1,285,560, with total estimated costs of \$3,621,499. The projects are approximately 35% complete.

The City Hall Remodel project is approximately 84% complete. Costs incurred to date are \$438,074, with total estimated costs of \$524,240.

The Lone Pine Well Expansion design project is approximately 80% complete. Costs incurred to date are \$95,338, with total estimated costs of \$118,700. This project is currently on hold until the Terminal Reservoir project is completed.

The Terminal Reservoir design and engineering project is approximately 73% complete. Costs incurred to date are \$636,568, with total estimated costs of \$866,238.

The Eastside Lift Station project is 12% complete. Costs incurred to date are \$34,146, with total estimated costs of \$294,921.

The Downtown/Washington Street/Cruise Dock engineering project is 83% complete. Costs incurred to date are \$771,784, with total estimated costs of \$929,900.

2. Subsequent Events

After June 30, 2009, the City, in its normal course of business, has awarded contracts for projects to include:

• East Gateway/Brewery Grade II Project	\$ 162,610
• Brewery Grade Rock Scaling	\$ 99,759
• Scenic Drive Sanitary Sewer Slip Lining Project	\$ 121,366
• Installation of Flow Meters at Wicks Water Treatment Plant and Wastewater Treatment Plant	\$ 55,940

In September 2009, the City Council authorized the purchase of an Asphalt Zipper Machine. The equipment was purchased utilizing a five year payment schedule of \$26,727.53 per year.

In July 2009, the City Council authorized entering into a loan contract with the Oregon Economic and Community Development Department for a Safe Drinking Water Revolving Loan Fund in the amount of \$5,977,545. The loan proceeds will be used to address water system deficiencies.

Also in September 2009, the City Council authorized the issuance of Full Faith and Credit Obligations in an amount not to exceed \$14,000,000. The proceeds from the bonds will be used to pay off the existing indebtedness of the Columbia Gateway Urban Renewal Agency (a blended component unit of the City) and to fund various projects currently in various stages of progress throughout the City.

In November 2009, the City awarded contracts for the engineering and construction of a 2.7 million gallon upper elevation reservoir, 1,500 gallon per minute pump station and associated piping. The amount of the contracts awarded totaled \$4,772,314. This project will be funded through the Safe Drinking Water Revolving Loan Fund.



SUPPLEMENTAL INFORMATION

COMBINING STATEMENTS

Non-Major Governmental Funds

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

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

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

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

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

- *FFCO 2008 Bond* – accounts for the accumulation of resources for, and the repayment of, full faith and credit bonds relating to the relocation of the Public Works facilities and the remodel of City Hall.
- *Police Facility Revenue Bond* – accounts for the accumulation of resources for, and the repayment of, revenue bonds relating to the remodeling of the Police facilities.
- *Urban Renewal* – accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest relating to the Columbia Gateway Urban Renewal District.

CITY OF THE DALLES, OREGON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2009

Special Revenue Funds				
	Public Works Reserve Fund	Community Benevolence Fund	Street and Bridge Replacement Fund	State Office Building Fund
ASSETS				
Cash and cash equivalents	\$ 46,385	\$ 7,249	\$ 471,340	\$ 48,712
Receivables:				
Accounts	-	-	-	-
Special assessments	-	-	-	-
Total assets	<u>\$ 46,385</u>	<u>\$ 7,249</u>	<u>\$ 471,340</u>	<u>\$ 48,712</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 1,255
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,255</u>
Reserved for debt service	-	-	-	-
Unreserved, reported in:				
Special revenue funds	46,385	7,249	471,340	47,457
Capital projects fund	-	-	-	-
Total fund balances	<u>46,385</u>	<u>7,249</u>	<u>471,340</u>	<u>47,457</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 46,385</u>	<u>\$ 7,249</u>	<u>\$ 471,340</u>	<u>\$ 48,712</u>

See auditor's report.

Special Revenue Fund	Capital Project Fund	Debt Service Funds			
Unemployment Reserve Fund	Special Assessments	FFCO 2008 Bond Fund	Police Facility Revenue Bond Fund	Urban Renewal Debt Service Fund	Totals
\$ 65,148	\$ 798,804	\$ 10,017	\$ -	\$ 454,507	\$ 1,902,162
-	7,119	-	-	-	7,119
-	30,755	-	-	-	30,755
<u>\$ 65,148</u>	<u>\$ 836,678</u>	<u>\$ 10,017</u>	<u>\$ -</u>	<u>\$ 454,507</u>	<u>\$ 1,940,036</u>
\$ 8,792	\$ -	\$ -	\$ -	\$ -	\$ 10,047
-	135,910	-	-	-	135,910
<u>8,792</u>	<u>135,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,957</u>
-	-	10,017	-	454,507	464,524
56,356	-	-	-	-	628,787
-	700,768	-	-	-	700,768
<u>56,356</u>	<u>700,768</u>	<u>10,017</u>	<u>-</u>	<u>454,507</u>	<u>1,794,079</u>
<u>\$ 65,148</u>	<u>\$ 836,678</u>	<u>\$ 10,017</u>	<u>\$ -</u>	<u>\$ 454,507</u>	<u>\$ 1,940,036</u>

CITY OF THE DALLES, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009

	Special Revenue Funds			
	Public Works Reserve Fund	Community Benevolence Fund	Street and Bridge Replacement Fund	State Office Building Fund
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-
Assessments	-	-	-	-
System development charges	-	-	281,081	-
Rental income	-	-	-	107,632
Interest on investments	569	90	4,887	1,013
Miscellaneous	-	2,000	-	-
TOTAL REVENUES	<u>569</u>	<u>2,090</u>	<u>285,968</u>	<u>108,645</u>
EXPENDITURES				
Current:				
General government	-	-	-	131,157
Capital outlay	131,029	-	-	-
Debt service	-	-	-	-
TOTAL EXPENDITURES	<u>131,029</u>	<u>-</u>	<u>-</u>	<u>131,157</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(130,460)</u>	<u>2,090</u>	<u>285,968</u>	<u>(22,512)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	135,000	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>135,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>4,540</u>	<u>2,090</u>	<u>285,968</u>	<u>(22,512)</u>
FUND BALANCE, Beginning	<u>41,845</u>	<u>5,159</u>	<u>185,372</u>	<u>69,969</u>
FUND BALANCE, Ending	<u>\$ 46,385</u>	<u>\$ 7,249</u>	<u>\$ 471,340</u>	<u>\$ 47,457</u>

See auditor's report.

Special Revenue Fund	Capital Project Fund	Debt Service Funds			
Unemployment Reserve Fund	Special Assessments	FFCO 2008 Bond Fund	Police Facility Revenue	Urban Renewal Debt Service Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ 430,371	\$ 430,371
-	32,913	-	-	-	32,913
-	10,323	-	-	-	10,323
-	-	-	-	-	281,081
-	-	116,433	10,085	-	234,150
895	12,249	-	1,041	20,000	40,744
-	-	-	-	-	2,000
<u>895</u>	<u>55,485</u>	<u>116,433</u>	<u>11,126</u>	<u>450,371</u>	<u>1,031,582</u>
11,121	2,107	-	-	-	144,385
-	-	-	-	-	131,029
-	-	301,715	138,105	466,883	906,703
<u>11,121</u>	<u>2,107</u>	<u>301,715</u>	<u>138,105</u>	<u>466,883</u>	<u>1,182,117</u>
<u>(10,226)</u>	<u>53,378</u>	<u>(185,282)</u>	<u>(126,979)</u>	<u>(16,512)</u>	<u>(150,535)</u>
19,091	-	195,299	-	-	349,390
-	(9,230)	-	-	-	(9,230)
<u>19,091</u>	<u>(9,230)</u>	<u>195,299</u>	<u>-</u>	<u>-</u>	<u>340,160</u>
8,865	44,148	10,017	(126,979)	(16,512)	189,625
<u>47,491</u>	<u>656,620</u>	<u>-</u>	<u>126,979</u>	<u>471,019</u>	<u>1,604,454</u>
<u>\$ 56,356</u>	<u>\$ 700,768</u>	<u>\$ 10,017</u>	<u>\$ -</u>	<u>\$ 454,507</u>	<u>\$ 1,794,079</u>



BUDGETARY COMPARISON SCHEDULES

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

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



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

▪ **General Fund**

CITY OF THE DALLES, OREGON
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL, BY DEPARTMENT
GENERAL FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
EXPENDITURES				
General government:				
City council	\$ 216,242	\$ 217,742	\$ 203,109	\$ 14,633
City clerk	122,498	122,498	121,395	1,103
City manager	255,047	255,047	251,466	3,581
City attorney	239,238	248,938	233,312	15,626
Judicial	174,156	187,456	164,841	22,615
Finance	343,545	343,545	306,133	37,412
Utility billing	147,069	147,069	132,171	14,898
Personnel	11,800	11,800	5,506	6,294
Technology	168,264	169,764	166,284	3,480
Planning	565,466	564,966	521,837	43,129
City hall	199,079	203,079	181,944	21,135
Transportation center	28,031	34,851	20,053	14,798
Total general government	<u>2,470,435</u>	<u>2,506,755</u>	<u>2,308,051</u>	<u>198,704</u>
Public safety:				
Police	2,531,032	2,531,032	2,492,399	38,633
Codes enforcement	67,069	67,069	62,764	4,305
Total public safety	<u>2,598,101</u>	<u>2,598,101</u>	<u>2,555,163</u>	<u>42,938</u>
Culture and recreation:				
Nondepartmental	<u>447,919</u>	<u>438,329</u>	<u>437,919</u>	<u>410</u>
Total culture and recreation	<u>447,919</u>	<u>438,329</u>	<u>437,919</u>	<u>410</u>
Contingency	<u>630,680</u>	<u>630,680</u>	<u>-</u>	<u>630,680</u>
TOTAL EXPENDITURES	<u>6,147,135</u>	<u>6,173,865</u>	<u>5,301,133</u>	<u>872,732</u>
OTHER FINANCING USES				
Transfers out	<u>167,647</u>	<u>177,237</u>	<u>177,237</u>	<u>-</u>
TOTAL OTHER FINANCING USES	<u>167,647</u>	<u>177,237</u>	<u>177,237</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 6,314,782</u>	<u>\$ 6,351,102</u>	<u>\$ 5,478,370</u>	<u>\$ 872,732</u>

See auditor's report.

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

Governmental Funds

Special Revenue Funds

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

Debt Service Funds

- FFCO 2008 Bond
- Police Facility Revenue Bond
- Urban Renewal

Capital Project Funds

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

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PUBLIC WORKS RESERVE FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 1,500	\$ 1,500	\$ 569	\$ (931)
TOTAL REVENUES	<u>1,500</u>	<u>1,500</u>	<u>569</u>	<u>(931)</u>
EXPENDITURES				
Capital outlay	<u>189,453</u>	<u>189,453</u>	<u>131,029</u>	<u>58,424</u>
TOTAL EXPENDITURES	<u>189,453</u>	<u>189,453</u>	<u>131,029</u>	<u>58,424</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(187,953)</u>	<u>(187,953)</u>	<u>(130,460)</u>	<u>57,493</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>135,000</u>	<u>135,000</u>	<u>135,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>135,000</u>	<u>135,000</u>	<u>135,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(52,953)</u>	<u>(52,953)</u>	<u>4,540</u>	<u>57,493</u>
FUND BALANCE, Beginning	<u>52,953</u>	<u>52,953</u>	<u>41,845</u>	<u>(11,108)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,385</u>	<u>\$ 46,385</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
COMMUNITY BENEVOLENCE FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 40	\$ 40	\$ 90	\$ 50
Miscellaneous	4,000	4,000	2,000	(2,000)
TOTAL REVENUES	<u>4,040</u>	<u>4,040</u>	<u>2,090</u>	<u>(1,950)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	9,169	9,169	-	9,169
TOTAL EXPENDITURES	<u>9,169</u>	<u>9,169</u>	<u>-</u>	<u>9,169</u>
NET CHANGE IN FUND BALANCE	(5,129)	(5,129)	2,090	7,219
FUND BALANCE, Beginning	<u>5,129</u>	<u>5,129</u>	<u>5,159</u>	<u>30</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,249</u>	<u>\$ 7,249</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
STREET AND BRIDGE REPLACEMENT FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
System development charges	200,000	200,000	281,081	81,081
Interest on investments	5,000	5,000	4,887	(113)
TOTAL REVENUES	<u>305,000</u>	<u>305,000</u>	<u>285,968</u>	<u>(19,032)</u>
EXPENDITURES				
Capital outlay	<u>429,606</u>	<u>429,606</u>	<u>-</u>	<u>429,606</u>
TOTAL EXPENDITURES	<u>429,606</u>	<u>429,606</u>	<u>-</u>	<u>429,606</u>
NET CHANGE IN FUND BALANCE	(124,606)	(124,606)	285,968	410,574
FUND BALANCE, Beginning	<u>124,606</u>	<u>124,606</u>	<u>185,372</u>	<u>60,766</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 471,340</u>	<u>\$ 471,340</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
STATE OFFICE BUILDING FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Rental income	\$ 123,065	\$ 123,065	\$ 107,632	\$ (15,433)
Interest on investments	1,500	1,500	1,013	(487)
TOTAL REVENUES	<u>124,565</u>	<u>124,565</u>	<u>108,645</u>	<u>(15,920)</u>
EXPENDITURES				
Current:				
General government:				
Personal services	37,408	37,408	36,371	1,037
Materials and services	128,921	128,921	94,786	34,135
TOTAL EXPENDITURES	<u>166,329</u>	<u>166,329</u>	<u>131,157</u>	<u>35,172</u>
NET CHANGE IN FUND BALANCE	(41,764)	(41,764)	(22,512)	19,252
FUND BALANCE, Beginning	<u>41,764</u>	<u>41,764</u>	<u>69,969</u>	<u>28,205</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,457</u>	<u>\$ 47,457</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
UNEMPLOYMENT RESERVE FUND - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 250	\$ 250	\$ 895	\$ 645
TOTAL REVENUES	<u>250</u>	<u>250</u>	<u>895</u>	<u>645</u>
EXPENDITURES				
Current:				
General government:				
Personal services	<u>66,010</u>	<u>66,010</u>	<u>11,121</u>	<u>54,889</u>
TOTAL EXPENDITURES	<u>66,010</u>	<u>66,010</u>	<u>11,121</u>	<u>54,889</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(65,760)</u>	<u>(65,760)</u>	<u>(10,226)</u>	<u>55,534</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>19,091</u>	<u>19,091</u>	<u>19,091</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>19,091</u>	<u>19,091</u>	<u>19,091</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(46,669)</u>	<u>(46,669)</u>	<u>8,865</u>	<u>55,534</u>
FUND BALANCE, Beginning	<u>46,669</u>	<u>46,669</u>	<u>47,491</u>	<u>822</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,356</u>	<u>\$ 56,356</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FFCO 2008 BOND FUND - DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 34,763	\$ 34,763	\$ -	\$ (34,763)
Rental income	116,462	116,462	116,433	(29)
Interest on investments	1,000	1,000	-	(1,000)
TOTAL REVENUES	<u>152,225</u>	<u>152,225</u>	<u>116,433</u>	<u>(35,792)</u>
EXPENDITURES				
Debt service	<u>312,761</u>	<u>312,761</u>	<u>301,715</u>	<u>11,046</u>
TOTAL EXPENDITURES	<u>312,761</u>	<u>312,761</u>	<u>301,715</u>	<u>11,046</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(160,536)</u>	<u>(160,536)</u>	<u>(185,282)</u>	<u>(24,746)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>160,536</u>	<u>160,536</u>	<u>195,299</u>	<u>34,763</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>160,536</u>	<u>160,536</u>	<u>195,299</u>	<u>34,763</u>
NET CHANGE IN FUND BALANCE	-	-	10,017	10,017
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,017</u>	<u>\$ 10,017</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
POLICE FACILITY REVENUE BOND FUND - DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Rental income	\$ 11,540	\$ 11,540	\$ 10,085	\$ (1,455)
Interest on investments	1,000	1,000	1,041	41
TOTAL REVENUES	<u>12,540</u>	<u>12,540</u>	<u>11,126</u>	<u>(1,414)</u>
EXPENDITURES				
Debt service	<u>138,105</u>	<u>138,105</u>	<u>138,105</u>	<u>-</u>
TOTAL EXPENDITURES	<u>138,105</u>	<u>138,105</u>	<u>138,105</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(125,565)	(125,565)	(126,979)	(1,414)
FUND BALANCE, Beginning	<u>125,565</u>	<u>125,565</u>	<u>126,979</u>	<u>1,414</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
URBAN RENEWAL DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 430,371	\$ 430,371	\$ 430,371	\$ -
Interest on investments	20,000	20,000	20,000	-
TOTAL REVENUES	<u>450,371</u>	<u>450,371</u>	<u>450,371</u>	<u>-</u>
EXPENDITURES				
Debt service	<u>922,383</u>	<u>922,383</u>	<u>466,883</u>	<u>455,500</u>
TOTAL EXPENDITURES	<u>922,383</u>	<u>922,383</u>	<u>466,883</u>	<u>455,500</u>
NET CHANGE IN FUND BALANCE	(472,012)	(472,012)	(16,512)	455,500
FUND BALANCE, Beginning	<u>472,012</u>	<u>472,012</u>	<u>471,019</u>	<u>(993)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,507</u>	<u>\$ 454,507</u>

See auditor's report.

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 21,616	\$ 21,616	\$ 23,416	\$ 1,800
Rental income	36,429	65,339	59,180	(6,159)
Interest on investments	2,000	2,000	38,364	36,364
Miscellaneous	-	-	42,181	42,181
TOTAL REVENUES	<u>60,045</u>	<u>88,955</u>	<u>163,141</u>	<u>74,186</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	142,571	194,245	194,236	9
Capital outlay	2,574,583	2,517,056	2,255,115	261,941
Debt service	80,846	80,846	80,846	-
TOTAL EXPENDITURES	<u>2,798,000</u>	<u>2,792,147</u>	<u>2,530,197</u>	<u>261,950</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,737,955)</u>	<u>(2,703,192)</u>	<u>(2,367,056)</u>	<u>336,136</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	10,000	10,000
Transfers in	59,231	59,231	59,231	-
Transfers out	-	(34,763)	(34,763)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>59,231</u>	<u>24,468</u>	<u>34,468</u>	<u>10,000</u>
NET CHANGE IN FUND BALANCE	<u>(2,678,724)</u>	<u>(2,678,724)</u>	<u>(2,332,588)</u>	<u>346,136</u>
FUND BALANCE, Beginning	<u>2,678,724</u>	<u>2,678,724</u>	<u>2,635,353</u>	<u>(43,371)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,765</u>	<u>\$ 302,765</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL ASSESSMENTS FUND - CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Franchise fees	\$ 25,615	\$ 25,615	\$ 32,913	\$ 7,298
Special assessments	13,000	13,000	10,323	(2,677)
Interest on investments	15,000	15,000	12,249	(2,751)
TOTAL REVENUES	<u>53,615</u>	<u>53,615</u>	<u>55,485</u>	<u>1,870</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	<u>739,397</u>	<u>739,397</u>	<u>2,107</u>	<u>737,290</u>
TOTAL EXPENDITURES	<u>739,397</u>	<u>739,397</u>	<u>2,107</u>	<u>737,290</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(685,782)</u>	<u>(685,782)</u>	<u>53,378</u>	<u>739,160</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(9,230)</u>	<u>(9,230)</u>	<u>(9,230)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(9,230)</u>	<u>(9,230)</u>	<u>(9,230)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(695,012)</u>	<u>(695,012)</u>	<u>44,148</u>	<u>739,160</u>
FUND BALANCE, Beginning	<u>695,012</u>	<u>695,012</u>	<u>656,620</u>	<u>(38,392)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700,768</u>	<u>\$ 700,768</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
URBAN RENEWAL CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 772,959	\$ 772,959	\$ 768,529	\$ (4,430)
Interest on investments	30,000	30,000	9,923	(20,077)
Miscellaneous	2,824	2,824	8,770	5,946
TOTAL REVENUES	<u>805,783</u>	<u>805,783</u>	<u>787,222</u>	<u>(18,561)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	378,298	378,298	220,030	158,268
Capital outlay	1,432,564	1,432,564	1,439,276	(6,712)
TOTAL EXPENDITURES	<u>1,810,862</u>	<u>1,810,862</u>	<u>1,659,306</u>	<u>151,556</u>
NET CHANGE IN FUND BALANCE	(1,005,079)	(1,005,079)	(872,084)	132,995
FUND BALANCE, Beginning	<u>1,005,079</u>	<u>1,005,079</u>	<u>1,434,916</u>	<u>429,837</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 562,832</u>	<u>\$ 562,832</u>

See auditor's report.

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

Proprietary Funds

Enterprise Funds

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

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER UTILITY FUND - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 3,113,295	\$ 3,113,295	\$ 3,140,340	\$ 27,045
Intergovernmental	56,000	56,000	3,249	(52,751)
Rental income	4,080	4,080	4,080	-
Interest on investments	7,000	7,000	9,349	2,349
Miscellaneous	3,000	3,000	8,137	5,137
TOTAL REVENUES	<u>3,183,375</u>	<u>3,183,375</u>	<u>3,165,155</u>	<u>(18,220)</u>
EXPENDITURES				
Water treatment department:				
Current:				
Personal services	600,950	627,950	624,599	3,351
Materials and services	451,421	451,421	287,647	163,774
Capital outlay	103,247	96,247	60,853	35,394
Total water treatment department	<u>1,155,618</u>	<u>1,175,618</u>	<u>973,099</u>	<u>202,519</u>
Water distribution department:				
Current:				
Personal services	932,117	927,117	918,203	8,914
Materials and services	487,900	487,900	410,854	77,046
Capital outlay	173,259	158,259	31,411	126,848
Total water distribution department	<u>1,593,276</u>	<u>1,573,276</u>	<u>1,360,468</u>	<u>212,808</u>
Contingency	<u>12,048</u>	<u>12,048</u>	<u>-</u>	<u>12,048</u>
TOTAL EXPENDITURES	<u>2,760,942</u>	<u>2,760,942</u>	<u>2,333,567</u>	<u>427,375</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>422,433</u>	<u>422,433</u>	<u>831,588</u>	<u>409,155</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	1,150	1,150
Transfers out	(727,293)	(727,293)	(727,293)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(727,293)</u>	<u>(727,293)</u>	<u>(726,143)</u>	<u>1,150</u>
NET CHANGE IN FUND BALANCE	<u>(304,860)</u>	<u>(304,860)</u>	<u>105,445</u>	<u>410,305</u>
FUND BALANCE, Beginning	<u>304,860</u>	<u>304,860</u>	<u>324,561</u>	<u>19,701</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 430,006</u>	<u>\$ 430,006</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER CAPITAL RESERVE FUND - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
System development charges	\$ 115,850	\$ 115,850	\$ 120,826	\$ 4,976
Interest on investments	135,000	135,000	78,679	(56,321)
TOTAL REVENUES	<u>250,850</u>	<u>250,850</u>	<u>199,505</u>	<u>(51,345)</u>
EXPENDITURES				
Current:				
Materials and services	400,500	1,400,500	795,380	605,120
Capital outlay	2,652,823	1,652,823	669,138	983,685
TOTAL EXPENDITURES	<u>3,053,323</u>	<u>3,053,323</u>	<u>1,464,518</u>	<u>1,588,805</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,802,473)</u>	<u>(2,802,473)</u>	<u>(1,265,013)</u>	<u>1,537,460</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	96,477	96,477	96,477	-
Transfers out	(436,005)	(436,005)	(436,005)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(339,528)</u>	<u>(339,528)</u>	<u>(339,528)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(3,142,001)</u>	<u>(3,142,001)</u>	<u>(1,604,541)</u>	<u>1,537,460</u>
FUND BALANCE, Beginning	<u>3,142,001</u>	<u>3,142,001</u>	<u>4,001,526</u>	<u>859,525</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,396,985</u>	<u>\$ 2,396,985</u>

See auditor's report.

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
EXPENDITURES				
Debt service	\$ 436,005	\$ 436,005	\$ 335,605	\$ 100,400
TOTAL EXPENDITURES	<u>436,005</u>	<u>436,005</u>	<u>335,605</u>	<u>100,400</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(436,005)</u>	<u>(436,005)</u>	<u>(335,605)</u>	<u>100,400</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>436,005</u>	<u>436,005</u>	<u>436,005</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>436,005</u>	<u>436,005</u>	<u>436,005</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	100,400	100,400
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,400</u>	<u>\$ 100,400</u>

See auditor's report.

**CITY OF THE DALLES, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL WATER FUNDS
For the Fiscal Year Ended June 30, 2009**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Water Utility Fund	\$ 430,006
Water Capital Reserve Fund	2,396,985
Water Bond Debt Fund	<u>100,400</u>
	2,927,391

Adjustments:

Capital assets, net of depreciation	13,548,834
Bond issuance costs	197,532
Accrued interest payable	(27,967)
Premium on long-term debt	(38,296)
Compensated absences	(78,713)
Other postemployment benefits	(58,704)
Long-term debt	<u>(7,930,000)</u>

**GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES (GAAP) BASIS NET ASSETS**

\$ 8,540,077

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 4,089,278	\$ 4,089,278	\$ 4,117,717	\$ 28,439
Intergovernmental	6,000	6,000	3,249	(2,751)
System development charges	228,000	228,000	235,264	7,264
Interest on investments	8,000	8,000	4,823	(3,177)
Miscellaneous	5,000	5,000	31,813	26,813
TOTAL REVENUES	<u>4,336,278</u>	<u>4,336,278</u>	<u>4,392,866</u>	<u>56,588</u>
EXPENDITURES				
Current:				
Personal services	860,914	860,914	830,338	30,576
Materials and services	1,307,676	1,307,676	1,119,039	188,637
Capital outlay	270,042	270,042	109,175	160,867
Contingency	1,804	1,804	-	1,804
TOTAL EXPENDITURES	<u>2,440,436</u>	<u>2,440,436</u>	<u>2,058,552</u>	<u>381,884</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,895,842</u>	<u>1,895,842</u>	<u>2,334,314</u>	<u>438,472</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,362,673)	(2,362,673)	(2,362,673)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,362,673)</u>	<u>(2,362,673)</u>	<u>(2,362,673)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(466,831)</u>	<u>(466,831)</u>	<u>(28,359)</u>	<u>438,472</u>
FUND BALANCE, Beginning	<u>466,831</u>	<u>466,831</u>	<u>507,102</u>	<u>40,271</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 478,743</u>	<u>\$ 478,743</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WASTEWATER CAPITAL RESERVE FUND - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
System development charges	\$ 106,550	\$ 106,550	\$ 123,894	\$ 17,344
Interest on investments	10,000	10,000	12,250	2,250
TOTAL REVENUES	<u>116,550</u>	<u>116,550</u>	<u>136,144</u>	<u>19,594</u>
EXPENDITURES				
Current:				
Materials and services	140,600	140,600	-	140,600
Capital outlay	887,221	887,221	23,627	863,594
TOTAL EXPENDITURES	<u>1,027,821</u>	<u>1,027,821</u>	<u>23,627</u>	<u>1,004,194</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(911,271)</u>	<u>(911,271)</u>	<u>112,517</u>	<u>1,023,788</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	607,000	607,000	607,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>607,000</u>	<u>607,000</u>	<u>607,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(304,271)</u>	<u>(304,271)</u>	<u>719,517</u>	<u>1,023,788</u>
FUND BALANCE, Beginning	<u>304,271</u>	<u>304,271</u>	<u>433,490</u>	<u>129,219</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,153,007</u>	<u>\$ 1,153,007</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER PLANT CONSTRUCTION FUND - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 50,000	\$ 50,000	\$ 40,875	\$ (9,125)
TOTAL REVENUES	<u>50,000</u>	<u>50,000</u>	<u>40,875</u>	<u>(9,125)</u>
EXPENDITURES				
Current:				
Materials and services	48,877	48,877	27,348	21,529
Capital outlay	<u>2,474,996</u>	<u>2,474,996</u>	<u>46,244</u>	<u>2,428,752</u>
TOTAL EXPENDITURES	<u>2,523,873</u>	<u>2,523,873</u>	<u>73,592</u>	<u>2,450,281</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,473,873)</u>	<u>(2,473,873)</u>	<u>(32,717)</u>	<u>2,441,156</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,160,767	1,160,767	1,160,767	-
Transfers out	<u>(552,440)</u>	<u>(552,440)</u>	<u>(552,440)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>608,327</u>	<u>608,327</u>	<u>608,327</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(1,865,546)</u>	<u>(1,865,546)</u>	<u>575,610</u>	<u>2,441,156</u>
FUND BALANCE, Beginning	<u>1,865,546</u>	<u>1,865,546</u>	<u>1,945,072</u>	<u>79,526</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,520,682</u>	<u>\$ 2,520,682</u>

See auditor's report.

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 4,000	\$ 4,000	\$ 1,737	\$ (2,263)
TOTAL REVENUES	<u>4,000</u>	<u>4,000</u>	<u>1,737</u>	<u>(2,263)</u>
EXPENDITURES				
Debt service	552,990	552,990	552,440	550
Other	<u>218,950</u>	<u>218,950</u>	<u>-</u>	<u>218,950</u>
TOTAL EXPENDITURES	<u>771,940</u>	<u>771,940</u>	<u>552,440</u>	<u>219,500</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(767,940)</u>	<u>(767,940)</u>	<u>(550,703)</u>	<u>217,237</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>552,440</u>	<u>552,440</u>	<u>552,440</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>552,440</u>	<u>552,440</u>	<u>552,440</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(215,500)	(215,500)	1,737	217,237
FUND BALANCE, Beginning	<u>215,500</u>	<u>215,500</u>	<u>217,579</u>	<u>2,079</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,316</u>	<u>\$ 219,316</u>

See auditor's report.

**CITY OF THE DALLES, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL WASTEWATER FUNDS
For the Fiscal Year Ended June 30, 2009**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Wastewater Fund	\$ 478,743
Wastewater Capital Reserve Fund	1,153,007
Sewer Plant Construction Fund	2,520,682
Sewer Debt Service Fund	<u>219,316</u>
	4,371,748

Adjustments:

Capital assets, net of depreciation	12,930,232
Bond issuance costs	73,729
Accrued interest payable	(53,135)
Compensated absences	(40,728)
Other postemployment benefits	(30,722)
Long-term debt	<u>(5,545,000)</u>

**GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES (GAAP) BASIS NET ASSETS**

\$ 11,706,124

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 5,000	\$ 5,000	\$ 5,298	\$ 298
Intergovernmental	867,014	867,014	72,129	(794,885)
Rental income	90,000	90,000	98,250	8,250
Interest on investments	1,500	1,500	5,187	3,687
Miscellaneous	5,000	5,000	7,268	2,268
TOTAL REVENUES	<u>968,514</u>	<u>968,514</u>	<u>188,132</u>	<u>(780,382)</u>
EXPENDITURES				
Current:				
Materials and services	296,220	296,220	158,209	138,011
Capital outlay	1,503,125	1,503,125	278,950	1,224,175
TOTAL EXPENDITURES	<u>1,799,345</u>	<u>1,799,345</u>	<u>437,159</u>	<u>1,362,186</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(830,831)</u>	<u>(830,831)</u>	<u>(249,027)</u>	<u>581,804</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	500,000	500,000	125,000	(375,000)
Transfers in	64,515	64,515	64,515	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>564,515</u>	<u>564,515</u>	<u>189,515</u>	<u>(375,000)</u>
NET CHANGE IN FUND BALANCE	<u>(266,316)</u>	<u>(266,316)</u>	<u>(59,512)</u>	<u>206,804</u>
FUND BALANCE, Beginning	<u>266,316</u>	<u>266,316</u>	<u>298,960</u>	<u>32,644</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,448</u>	<u>\$ 239,448</u>

See auditor's report.

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Rental income	\$ 63,380	\$ 63,380	\$ 66,885	\$ 3,505
Interest on investments	500	500	574	74
TOTAL REVENUES	<u>63,880</u>	<u>63,880</u>	<u>67,459</u>	<u>3,579</u>
EXPENDITURES				
Debt service	<u>114,580</u>	<u>114,580</u>	<u>55,862</u>	<u>58,718</u>
TOTAL EXPENDITURES	<u>114,580</u>	<u>114,580</u>	<u>55,862</u>	<u>58,718</u>
NET CHANGE IN FUND BALANCE	(50,700)	(50,700)	11,597	62,297
FUND BALANCE, Beginning	<u>50,700</u>	<u>50,700</u>	<u>48,933</u>	<u>(1,767)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,530</u>	<u>\$ 60,530</u>

See auditor's report.

**CITY OF THE DALLES, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL AIRPORT FUNDS
For the Fiscal Year Ended June 30, 2009**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Airport Fund	\$ 239,448
Airport Debt Service Fund	<u>60,530</u>
	299,978

Adjustments:

Capital assets, net of depreciation	3,831,424
Bond issuance costs	789
Accrued interest payable	(2,244)
Long-term debt	<u>(516,000)</u>

**GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES (GAAP) BASIS NET ASSETS**

\$ 3,613,947



OTHER FINANCIAL SCHEDULES

CITY OF THE DALLES, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL
AND INTEREST TRANSACTIONS
For the Fiscal Year Ended June 30, 2009

				Principal					
	Interest Rates	Date of Issue	Original Amount	Outstanding July 1, 2008	Issued	Matured and Paid	Outstanding June 30, 2009	Interest Matured and Paid	
<u>Governmental Funds</u>									
1999 Police facilities revenue bond:	3.65-4.6%	2/1/1999	\$ 1,140,000	\$ 135,000	\$ -	\$ 135,000	\$ -	\$ 3,105	
2002 Urban renewal bonds	1.85-4.85%	9/24/2002	\$ 4,555,000	2,745,000	-	345,000	2,400,000	121,883	
2008 Full faith and credit bonds	4.0-4.2%	2/20/2008	\$ 3,330,000	3,330,000	-	130,000	3,200,000	171,715	
Premium on FFCO bonds		2/20/2008	\$ 51,971	50,841	-	1,130	49,711	-	
Oregon Investment Board loan	4.00%	9/19/2002	\$ 690,000	440,229	-	47,709	392,520	17,137	
IBM Credit note payable	4.8-7.93%	5/1/2005	\$ 38,117	9,512	-	9,512	-	156	
				<u>6,710,582</u>	<u>-</u>	<u>668,351</u>	<u>6,042,231</u>	<u>313,996</u>	
<u>Enterprise Funds</u>									
Airport hanger facilities revenue bonds	5.15%	4/1/2003	\$ 500,000	328,000	-	40,000	288,000	15,862	
Airport Port loan	4.00%	7/1/2007	\$ 125,000	114,000	125,000	11,000	228,000	5,000	
Wastewater system revenue bonds	2.0-4.2%	5/1/2003	\$ 7,345,000	5,875,000	-	330,000	5,545,000	222,440	
Water revenue bonds	4.0-4.4%	2/22/2007	\$ 7,930,000	7,930,000	-	-	7,930,000	335,605	
				<u>14,247,000</u>	<u>125,000</u>	<u>381,000</u>	<u>13,991,000</u>	<u>578,907</u>	
Total				<u>\$ 20,957,582</u>	<u>\$ 125,000</u>	<u>\$ 1,049,351</u>	<u>\$ 20,033,231</u>	<u>\$ 892,903</u>	

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF GOVERNMENTAL ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS
June 30, 2009

Year of Maturity	Urban Renewal Bonds		2008 Full Faith and Credit Bonds		Oregon Investment Board		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009-10	\$ 360,000	\$ 108,427	\$ 175,000	\$ 128,930	\$ 49,637	\$ 15,209	\$ 584,637	\$ 252,566
2010-11	375,000	93,668	180,000	121,930	51,642	13,204	606,642	228,802
2011-12	390,000	77,542	190,000	114,730	53,728	11,118	633,728	203,390
2012-13	405,000	60,188	200,000	107,130	55,899	8,947	660,899	176,265
2013-14	425,000	41,557	205,000	99,130	58,157	6,689	688,157	147,376
2014-15	445,000	21,583	210,000	90,930	60,507	4,339	715,507	116,852
2015-16	-	-	220,000	82,530	62,950	1,895	282,950	84,425
2016-17	-	-	230,000	73,730	-	-	230,000	73,730
2017-18	-	-	240,000	64,530	-	-	240,000	64,530
2018-19	-	-	250,000	54,930	-	-	250,000	54,930
2019-20	-	-	260,000	44,930	-	-	260,000	44,930
2020-21	-	-	270,000	34,530	-	-	270,000	34,530
2021-22	-	-	280,000	23,730	-	-	280,000	23,730
2022-23	-	-	290,000	12,180	-	-	290,000	12,180
	<u>\$ 2,400,000</u>	<u>\$ 402,965</u>	<u>\$ 3,200,000</u>	<u>\$ 1,053,870</u>	<u>\$ 392,520</u>	<u>\$ 61,401</u>	<u>\$ 5,992,520</u>	<u>\$ 1,518,236</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF BUSINESS-TYPE ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS
June 30, 2009

Year of Maturity	Airport Hanger Facilities Revenue Bonds		Airport Port Loan		Wastewater System Revenue Bonds		Water Revenue Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009-10	\$ 42,000	\$ 13,751	\$ -	\$ -	\$ 340,000	\$ 212,540	\$ -	\$ 335,605	\$ 382,000	\$ 561,896
2010-11	44,000	11,536	10,113	5,037	350,000	201,830	230,000	335,605	634,113	554,008
2011-12	46,000	9,219	11,500	3,650	365,000	188,705	235,000	326,405	657,500	527,979
2012-13	50,000	6,747	11,960	3,190	380,000	174,105	250,000	317,005	691,960	501,047
2013-14	52,000	4,120	12,438	2,712	395,000	161,185	255,000	307,005	714,438	475,022
2014-15	54,000	1,391	12,936	2,214	405,000	146,965	265,000	296,805	736,936	447,375
2015-16	-	-	13,453	1,697	420,000	132,385	280,000	286,205	713,453	420,287
2016-17	-	-	13,992	1,158	435,000	116,845	290,000	275,005	738,992	393,008
2017-18	-	-	16,608	616	455,000	100,315	300,000	263,405	771,608	364,336
2018-19	-	-	10,150	5,000	470,000	82,570	315,000	250,655	795,150	338,225
2019-20	-	-	10,556	4,594	490,000	63,770	325,000	237,268	825,556	305,632
2020-21	-	-	10,978	4,172	510,000	43,680	340,000	223,455	860,978	271,307
2021-22	-	-	11,417	3,733	530,000	22,260	355,000	209,005	896,417	234,998
2022-23	-	-	11,874	3,276	-	-	370,000	193,918	381,874	197,194
2023-24	-	-	12,349	2,801	-	-	385,000	178,193	397,349	180,994
2024-25	-	-	12,843	2,307	-	-	400,000	161,830	412,843	164,137
2025-26	-	-	13,357	1,793	-	-	420,000	145,030	433,357	146,823
2026-27	-	-	13,891	1,259	-	-	435,000	127,390	448,891	128,649
2027-28	-	-	17,585	703	-	-	455,000	109,120	472,585	109,823
2028-29	-	-	-	-	-	-	475,000	89,100	475,000	89,100
2029-30	-	-	-	-	-	-	495,000	68,200	495,000	68,200
2030-31	-	-	-	-	-	-	515,000	46,420	515,000	46,420
2031-32	-	-	-	-	-	-	540,000	23,760	540,000	23,760
	<u>\$ 288,000</u>	<u>\$ 46,764</u>	<u>\$ 228,000</u>	<u>\$ 49,912</u>	<u>\$ 5,545,000</u>	<u>\$ 1,647,155</u>	<u>\$ 7,930,000</u>	<u>\$ 4,806,389</u>	<u>\$ 13,991,000</u>	<u>\$ 6,550,220</u>

See auditor's report.

STATISTICAL INFORMATION SECTION (UNAUDITED)

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

- ◆ **Financial Trends** – These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.
- ◆ **Revenue Capacity** – These schedules contain information to help the reader assess the City's most significant local revenue sources; property taxes, charges for services and business taxes.
- ◆ **Debt Capacity** – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.
- ◆ **Economic and Demographic Information** – These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.
- ◆ **Operating Information** – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

CITY OF THE DALLES, OREGON

Net Assets By Component

Last Seven Fiscal Years

(accrual basis of accounting)

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

Source: Current and prior year's financial statements

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

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

(continued)

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

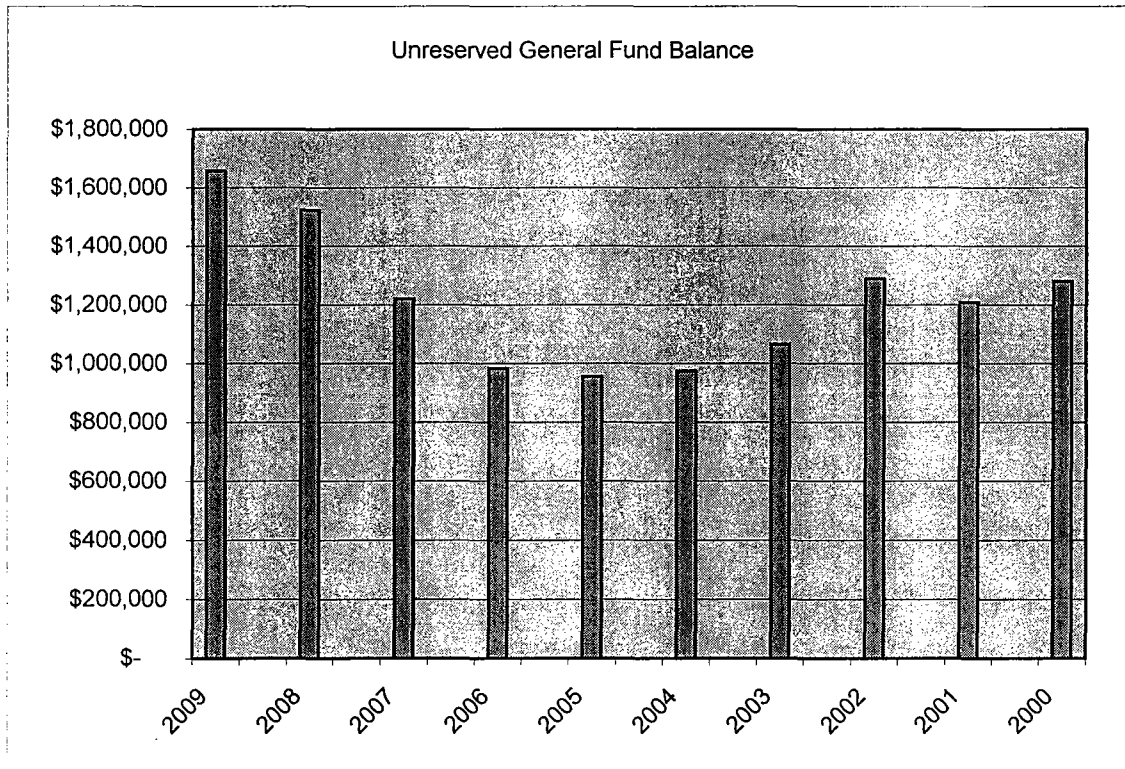
(continued)

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

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

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund				
Unreserved	\$ 1,657,050	\$ 1,522,373	\$ 1,218,851	\$ 982,436
Total general fund	<u>1,657,050</u>	<u>1,522,373</u>	<u>1,218,851</u>	<u>982,436</u>
All Other Governmental Funds				
Reserved:				
Inventories	135,071	57,535	57,187	44,174
Debt Service	464,524	597,998	594,747	587,605
Unreserved reported in:				
Major funds	1,554,656	5,190,932	2,125,573	1,915,131
Special Revenue Funds	628,787	832,793	283,646	347,968
Capital Projects funds	700,768	-	86,027	101,698
Total all other governmental funds	<u>3,483,806</u>	<u>6,679,258</u>	<u>3,147,180</u>	<u>2,996,576</u>
Total governmental funds	<u>\$ 5,140,856</u>	<u>\$ 8,201,631</u>	<u>\$ 4,366,031</u>	<u>\$ 3,979,012</u>



Source: Current and prior years' financial statements

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

2005	2004	2003	2002	2001	2000
<u>\$ 954,584</u>	<u>\$ 974,048</u>	<u>\$ 1,063,809</u>	<u>\$ 1,288,877</u>	<u>\$ 1,208,767</u>	<u>\$ 1,279,444</u>
<u>954,584</u>	<u>974,048</u>	<u>1,063,809</u>	<u>1,288,877</u>	<u>1,208,767</u>	<u>1,279,444</u>
66,157	58,056	99,851	126,584	48,089	-
571,348	568,370	570,467	432,981	510,304	72,713
1,875,583	1,736,795	1,911,200	-	-	-
384,710	430,272	384,080	953,299	1,218,105	1,138,395
19,427	563,275	547,836	974,609	1,764,020	890,068
<u>2,917,225</u>	<u>3,356,768</u>	<u>3,513,434</u>	<u>2,487,473</u>	<u>3,540,518</u>	<u>2,101,176</u>
<u><u>\$ 3,871,809</u></u>	<u><u>\$ 4,330,816</u></u>	<u><u>\$ 4,577,243</u></u>	<u><u>\$ 3,776,350</u></u>	<u><u>\$ 4,749,285</u></u>	<u><u>\$ 3,380,620</u></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)

	2009	2008	2007
Revenues			
Taxes	\$ 4,391,942	\$ 4,120,722	\$ 3,883,042
Inter-governmental	4,129,300	3,142,656	1,799,046
Rents and interest	459,573	546,745	546,403
Franchise Fees	357,640	341,373	320,293
Fines and forfeitures	293,498	343,146	293,095
Charges for services	33,295	100,555	51,806
System Development Charges	281,081	-	-
Special assessments	10,323	28,777	71,560
Other Revenues	212,881	89,367	60,832
Total revenues	<u>10,169,533</u>	<u>8,713,341</u>	<u>7,026,077</u>
Expenditures			
Current:			
General Government	2,874,613	2,802,945	2384742
Public safety	2,470,968	2,286,508	2,086,746
Highways and streets	1,018,038	1,046,162	967,521
Culture and recreation	1,180,839	1,045,711	749,698
Capital outlay	5,870,508	1,588,061	528,504
Debt service:			
Principal	668,709	530,856	499,076
Interest	318,840	163,381	181,208
Total expenditures	<u>14,402,515</u>	<u>9,463,624</u>	<u>7,397,495</u>
Revenues over (under) expenditures	<u>(4,232,982)</u>	<u>(750,283)</u>	<u>(371,418)</u>
Other Financing Sources (Uses)			
Proceeds from bonds	-	3,330,000	-
Bond premium		51,971	
Proceeds of refunding bonds	-	-	-
Proceeds of financing agreement	-	-	-
Payments to refund bonds	-	-	-
Repayment of financing agreement	-	-	-
Sale of fixed capital assets	11,000	240,046	-
Transfers in	1,548,689	1,490,131	1,391,124
Transfers out	(387,482)	(551,885)	(632,687)
Total other financing sources (uses)	<u>1,172,207</u>	<u>4,560,263</u>	<u>758,437</u>
Net change in fund balances	<u><u>\$(3,060,775)</u></u>	<u><u>\$ 3,809,980</u></u>	<u><u>\$ 387,019</u></u>
Debt service as a percentage of noncapital expenditures	<u><u>9.5%</u></u>	<u><u>9.2%</u></u>	<u><u>10.9%</u></u>

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

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)

2006	2005	2004	2003	2002	2001*	2000
\$ 3,480,345	\$ 3,210,462	\$ 3,204,061	\$ 2,994,287	\$ 2,898,063	\$ 3,044,017	\$ 2,323,162
1,890,303	1,808,354	3,600,045	5,165,349	1,544,527	4,064,228	1,310,477
512,524	380,304	377,487	398,435	397,940	449,511	204,914
315,756	357,888	287,277	293,154	299,604	295,004	274,541
262,586	301,926	243,023	235,838	282,389	253,112	178,734
186,576	130,896	73,099	66,858	50,990	34,914	52,667
-	-	-	-	-	-	-
129,261	34,443	34,562	53,655	241,091	10,918	40,712
75,785	58,225	58,433	57,799	92,618	386,934	387,337
<u>6,853,136</u>	<u>6,282,498</u>	<u>7,877,987</u>	<u>9,265,375</u>	<u>5,807,222</u>	<u>8,538,638</u>	<u>4,772,544</u>
2,096,835	2,393,538	2,386,803	1,915,628	1,812,116	1,578,697	1,422,397
1,937,095	1,835,348	1,847,535	1,734,055	1,676,229	1,653,271	1,493,080
987,453	855,464	955,540	859,660	667,542	892,326	880,165
815,881	708,990	640,457	642,046	563,839	529,487	544,536
882,084	964,615	2,155,293	5,343,336	2,128,423	6,673,875	876,624
472,364	460,719	444,138	400,476	326,807	640,818	442,291
197,970	212,898	226,011	289,850	227,452	242,198	78,319
<u>7,389,682</u>	<u>7,431,572</u>	<u>8,655,777</u>	<u>11,185,051</u>	<u>7,402,408</u>	<u>12,210,672</u>	<u>5,737,412</u>
<u>(536,546)</u>	<u>(1,149,074)</u>	<u>(777,790)</u>	<u>(1,919,676)</u>	<u>(1,595,186)</u>	<u>(3,672,034)</u>	<u>(964,868)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	38,117	-	5,238,646	-	-	-
-	-	-	-	-	-	-
-	-	-	(3,090,000)	-	-	-
1,350	12,772	-	-	-	-	10,283
1,205,561	1,127,518	1,026,676	1,178,603	963,148	1,210,139	1,002,688
(563,131)	(488,340)	(502,201)	(606,590)	(340,897)	(647,312)	(469,571)
<u>643,780</u>	<u>690,067</u>	<u>524,475</u>	<u>2,720,659</u>	<u>622,251</u>	<u>562,827</u>	<u>543,400</u>
<u>\$ 107,234</u>	<u>\$ (459,007)</u>	<u>\$ (253,315)</u>	<u>\$ 800,983</u>	<u>\$ (972,935)</u>	<u>\$ (3,109,207)</u>	<u>\$ (421,468)</u>
<u>11.0%</u>	<u>11.6%</u>	<u>11.5%</u>	<u>13.4%</u>	<u>11.7%</u>	<u>19.0%</u>	<u>12.0%</u>

Source: Current and prior years' financial statements

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Function/Program							
Governmental activities							
General government	\$ 1,490,608	\$ 1,249,537	\$ 1,284,971	\$ 946,261	\$ 1,145,119	\$ 358,850	\$ 340,631
Public safety	307,956	402,120	380,562	279,624	521,613	389,881	326,343
Highways and streets	2,583,451	1,621,414	1,045,676	1,406,445	935,106	2,284,981	2,865,238
Culture and recreation	<u>1,196,469</u>	<u>793,745</u>	<u>28,217</u>	<u>188,905</u>	<u>222,793</u>	<u>194,947</u>	<u>212,630</u>
Total governmental activities	<u>5,578,484</u>	<u>4,066,816</u>	<u>2,739,426</u>	<u>2,821,235</u>	<u>2,824,631</u>	<u>3,228,659</u>	<u>3,744,842</u>
Business-type activities							
Water	3,277,782	2,918,855	2,638,539	2,252,576	2,147,197	2,282,537	2,117,579
Waste water	4,511,937	4,048,683	3,631,213	3,204,070	2,758,996	2,403,918	2,026,236
Airport	<u>249,830</u>	<u>502,183</u>	<u>219,674</u>	<u>387,277</u>	<u>670,165</u>	<u>162,004</u>	<u>115,803</u>
Total business-type activities	<u>8,039,549</u>	<u>7,469,721</u>	<u>6,489,426</u>	<u>5,843,923</u>	<u>5,576,358</u>	<u>4,848,459</u>	<u>4,259,618</u>
Total Primary government	<u>\$ 13,618,033</u>	<u>\$ 11,536,537</u>	<u>\$ 9,228,852</u>	<u>\$ 8,665,158</u>	<u>\$ 8,400,989</u>	<u>\$ 8,077,118</u>	<u>\$ 8,004,460</u>

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
2000	\$ 1,736,472	\$ 294,469	\$ 292,221
2001*	2,737,875	318,524	282,622
2002	2,282,749	314,621	300,693
2003	2,640,204	354,083	301,238
2004	2,492,541	427,692	283,828
2005	2,532,266	388,031	290,165
2006	2,655,640	506,037	318,668
2007	3,016,064	560,854	306,124
2008	3,122,823	633,609	364,290
2009	3,328,967	688,367	374,608

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

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

Year	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Real Market Value
2000	\$ 481,335,658	2.9489	\$ 630,453,704
2001***	545,592,961	2.9510	670,701,097
2002	568,193,482	3.0155	689,937,698
2003	587,055,873	3.0155	681,805,787
2004	608,490,694	3.0155	703,928,628
2005	624,534,189	3.0155	749,478,665
2006	654,996,245	3.0155	999,867,545
2007	692,289,954	3.0155	1,278,646,377
2008	761,887,014	3.0155	1,644,318,481
2009	813,469,878	3.0155	1,721,569,341

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

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

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

Overlapping Rates

Year	City of The Dalles	Wasco County	Wasco County VA Bonds	Port of The Dalles	Mid-Columbia Fire and Rescue	Northern Wasco County Parks and Recreation District	Wasco County Library District	School District No. 12	School District No. 9	School District No. 21	Wasco County Educational Service District	Columbia Gorge Community College	Norcor
2000	3.6525	4.2284	0.4386	0.7223	2.3980	0.8643		5.4894	6.0915		0.4678	0.7755	0.3815
2001	3.6300	4.2400	0.3400	0.6600	2.3900	0.6800		6.6000	6.0000		0.4678	0.8000	0.4100
2002	3.0155	4.2523	0.3200	0.2007	2.1004	0.6799		5.4900	4.7200		0.4678	0.2700	0.3600
2003	3.0155	4.2523	0.2600	0.2007	2.1004	0.6799		7.6100	6.1700		0.4678	0.7600	0.4000
2004	3.0155	4.2523	0.3200	0.2007	2.1004	0.6799		7.6400	6.1200	(1)	0.4678	0.7800	0.4200
2005	3.0155	4.2523	0.3100	0.2007	2.1004	0.6799		2.0700	1.0600	5.2399	0.4678	0.7700	0.3200
2006	3.0155	4.2523	0.2399	0.2007	2.4171	0.6799		2.0694	1.0965	5.2399	0.4678	0.7222	0.3374
2007	3.0155	4.2521	0.3282	0.2007	2.3918	0.6799	(2)	2.0061	1.1309	5.2399	0.4678	0.7346	0.3285
2008	3.0155	4.2523	0.2725	0.2007	2.3897	0.6799	0.6800	1.8761	0.8094	5.2399	0.4678	0.6725	0.3008
2009	3.0155	4.2523	0.2417	0.2007	2.3877	0.6799	0.6800	1.7454	(1)	5.2399	0.4678	0.6839	0.3123

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

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

Source: Wasco County Department of Assessment and Taxation

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

Fiscal Year Ended June 30,	Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 1,756,647	\$ 1,644,212	93.60%	\$ 112,359	\$ 1,756,571	100.00%
2001*	2,551,828	2,351,450	92.15%	117,052	2,468,502	96.73%
2002	2,354,392	2,181,304	92.65%	110,113	2,291,417	97.33%
2003	2,475,658	2,231,726	90.15%	166,925	2,398,651	96.89%
2004	2,624,004	2,386,451	90.95%	168,868	2,555,319	97.38%
2005	2,654,643	2,415,879	91.01%	103,213	2,519,092	94.89%
2006	2,755,383	2,539,836	92.18%	131,335	2,671,171	96.94%
2007	2,939,125	2,767,621	94.16%	68,390	2,836,011	96.49%
2008	3,231,903	3,021,923	93.50%	55,899	3,077,823	95.23%
2009	3,464,010	3,221,917	93.01%	-	3,221,917	93.01%

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

CITY OF THE DALLES, OREGON
Principal Taxpayers
December 31, 2008 and December 31, 1999

December 31, 2008			
Taxpayer	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
United Telephone Northwest	\$ 13,395,000	1	1.65%
Metropolitan Life Insurance Co.	10,374,143	2	1.28%
Oregon Cherry Growers	11,553,532	3	1.42%
Northern Wasco County PUD	10,581,800	4	1.30%
Home Depot USA Inc	9,904,615	5	1.22%
Northwest Aluminum Co	8,868,904	6	1.09%
Union Pacific Railroad	6,438,669	7	0.79%
Safeway Inc	5,810,426	8	0.71%
Cascade Square LLC	5,786,434	9	0.71%
Troy Coolidge No 31 LLC	5,972,590	10	0.73%
	<u>\$ 88,686,113</u>		<u>10.90%</u>
Total Assessed Valuation	<u>\$ 813,469,878</u>		

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

Source: Wasco County Department of Assessment and Taxation

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

Fiscal Year	Governmental Activities						Business-type Activities			Percentage of Personal Income	Per Capita	Percentage of Actual Taxable Value of Property
	General Obligation Bonds	Limited Tax Increment Bonds*	Revenue Bonds	FFCO Bonds	Capital Lease	Loans Payable	Revenue Bonds	Loan Payable	Total Primary Government			
2000	\$ 330,000	\$ -	\$ 1,045,000	\$ -	\$ 50,483	\$ -	\$ -	\$420,000	\$ 1,895,966	N/A	156	
2001	-	3,300,000	950,000	-	34,665	-	-	300,000	4,584,665	N/A	377	0.84%
2002	-	3,090,000	850,000	-	17,858	-	-	180,000	4,137,858	N/A	338	0.73%
2003	-	4,315,000	745,000	-	-	652,382	7,845,000	-	13,557,382	N/A	1,107	2.31%
2004	-	4,020,000	635,000	-	-	613,244	7,598,000	-	12,866,244	N/A	1,042	2.11%
2005	-	3,715,000	520,000	-	-	609,932	7,261,000	-	12,105,932	N/A	983	1.94%
2006	-	3,405,000	400,000	-	-	558,789	6,917,000	-	11,280,789	N/A	910	1.72%
2007	-	3,080,000	270,000	-	-	505,425	14,496,000	-	18,351,425	N/A	1,407	2.65%
2008	-	2,745,000	135,000	3,330,000	-	449,741	14,133,000	114,000	20,906,741	N/A	1,594	2.74%
2009	-	2,400,000	-	3,200,000	-	392,520	13,763,000	228,000	19,983,520	N/A	1,517	2.46%

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

N/A Information is not available below County level.

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
2000	\$ 330,000	\$ 481,335,658	0.07%	27
2001	-	545,592,961	0.00%	-
2002	-	568,193,482	0.00%	-
2003	-	587,055,873	0.00%	-
2004	-	608,490,694	0.00%	-
2005	-	624,534,189	0.00%	-
2006	-	654,996,245	0.00%	-
2007	-	692,289,954	0.00%	-
2008	-	761,887,014	0.00%	-
2009	-	813,469,878	0.00%	-

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, 2009

<u>Governmental Unit</u>	<u>Gross Property-tax Backed Debt</u>	<u>Percentage Applicable to City of The Dalles</u>	<u>Amount Applicable to City of The Dalles</u>
Debt Repaid with Property Taxes			
Columbia Gorge Comm Coll (Treaty-Oak AED)	\$ 22,864,226	27.7725%	\$ 6,349,972
Mid-Columbia Fire and Rescue	1,580,000	79.4044%	1,254,590
Northern OR Regional Corrections	8,550,000	0.0000%	-
Wasco County	2,062,016	45.0972%	929,912
Wasco CTY SD 21 (The Dalles/Watonka)	31,675,982	42.0305%	13,313,589
Wasco CTY SD 29	3,750,000	1.0908%	40,905
			<hr/>
Subtotal, overlapping debt			21,888,968
City Direct Debt			<hr/>
			3,200,000
Total Direct and Overlapping Debt			<hr/> <hr/>
			\$ 25,088,968

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.

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

Wastewater Revenue Bonds

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

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.

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

Water Revenue Bonds

Fiscal Year	Gross Revenues (1)	Costs of Maintenance & Operation (2)	Net Revenue Available for Debt Service	Annual Debt Service (3)			Coverage Ratio
				Principal	Interest	Total	
2008	\$ 3,535,240	\$ 2,647,904	\$ 887,336	\$ -	\$ 427,896	\$ 427,896	2.07
2009	3,641,736	2,699,200	942,536	-	335,605	335,605	2.81

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.

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
2000	\$ 630,453,704	3%	\$ 18,913,611	\$ 330,000	\$ 18,583,611	0.05%
2001	670,701,097	3%	20,121,033	-	20,121,033	0.00%
2002	689,937,698	3%	20,698,131	-	20,698,131	0.00%
2003	681,805,787	3%	20,454,174	-	20,454,174	0.00%
2004	703,928,628	3%	21,117,859	-	21,117,859	0.00%
2005	749,478,665	3%	22,484,360	-	22,484,360	0.00%
2006	815,950,410	3%	24,478,512	-	24,478,512	0.00%
2007	1,278,646,377	3%	38,359,391	-	38,359,391	0.00%
2008	1,644,318,481	3%	49,329,554	-	49,329,554	0.00%
2009	1,721,569,341	3%	51,647,080	-	51,647,080	0.00%

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
2000	12,156	N/A	N/A	6.50%
2001	12,175	\$ 267,244,000	\$ 21,950	8.60%
2002	12,230	263,244,000	21,524	9.80%
2003	12,250	260,218,000	21,242	10.70%
2004	12,350	274,296,000	22,210	7.90%
2005	12,410	N/A	N/A	6.90%
2006	12,505	N/A	N/A	6.20%
2007	13,045	N/A	N/A	5.60%
2008	13,112	N/A	N/A	5.33%
2009	13,170	N/A	N/A	10.80%

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 Nine Years Ago

2008-09			
Employer	Employees	Rank	Percent of Total Employment
Mid Columbia Medical Center	801	1	10.73%
School District #21	400	2	5.36%
State of Oregon	247	3	3.31%
Kmart Corp	200	4	2.68%
Design LLC	200	5	2.68%
Columbia Gorge Community College	184	6	2.47%
Oregon Cherry Growers, Inc.	180	7	2.41%
Wasco County	175	8	2.35%
Oregon Veterans Home	170	9	2.28%
Safeway Food and Drug	160	10	2.14%
	<u>2717</u>		<u>36.41%</u>
Total employment	<u>7,462</u>		

1998-99

Information is not readily
available prior to FY05/06.

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

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

Function/Program	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Governmental activities:										
General government	14.00	13.75	10.50	9.50	9.50	9.00	9.25	9.18	9.50	8.85
Public safety and justice	24.50	24.25	26.00	25.00	25.00	25.00	26.00	25.00	25.00	25.00
Community services	6.00	6.50	6.00	4.00	4.00	4.00	4.00	4.00	4.00	3.80
Streets and highways	9.00	11.00	10.00	10.00	10.00	10.33	10.00	8.00	9.00	10.00
Library	11.00	10.00	9.50	5.25	5.25	5.25	5.15	5.15	5.15	5.15
Total governmental activities	<u>64.50</u>	<u>65.50</u>	<u>62.00</u>	<u>53.75</u>	<u>53.75</u>	<u>53.58</u>	<u>54.40</u>	<u>51.33</u>	<u>52.65</u>	<u>52.8</u>
Business-type activities:										
Water	17.00	20.00	19.00	19.50	21.50	20.84	22.50	21.50	22.50	22.50
Wastewater	15.00	11.00	10.00	10.50	10.50	9.83	8.50	8.50	7.50	7.50
Airport	0.50	0.25	0.25	0.25	0.50	0.45	0.30	0.30	0.30	0.70
Total business-type activities	<u>32.50</u>	<u>31.25</u>	<u>29.25</u>	<u>30.25</u>	<u>32.50</u>	<u>31.12</u>	<u>31.30</u>	<u>30.30</u>	<u>30.30</u>	<u>30.70</u>
Total primary government budgeted FTE	<u>97.00</u>	<u>96.75</u>	<u>91.25</u>	<u>84.00</u>	<u>86.25</u>	<u>84.70</u>	<u>85.70</u>	<u>81.63</u>	<u>82.95</u>	<u>83.50</u>
City of The Dalles Employees										
Management and exempt	<u>35.00</u>	<u>36.75</u>	<u>37</u>	<u>38</u>	<u>35</u>	<u>34</u>	<u>40</u>	<u>39</u>	<u>39</u>	<u>39</u>
Bargaining units										
SEIU (Local 503)	46.00	45.00	43	42	50	40	40	37	39	38
Police Association	16.00	15.00	15	14	13	13	9	14	13	15
Total bargaining units	<u>62.00</u>	<u>60.00</u>	<u>58</u>	<u>56</u>	<u>63</u>	<u>53</u>	<u>49</u>	<u>51</u>	<u>52</u>	<u>53</u>
Temporary City employees	-	-	-	0	3	1	0	0	3	0
Total actual City employees	<u>97</u>	<u>96.75</u>	<u>95</u>	<u>94</u>	<u>101</u>	<u>88</u>	<u>89</u>	<u>90</u>	<u>94</u>	<u>92</u>

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	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Governmental Activities:										
Public Safety and Justice										
Police (1)										
Calls for service	N/A	7,508	7,789	7,861	8,729	8,901	7,793	7,738	7,401	7,320
Crime reports	N/A	2,541	2,664	2,599	2,847	3,086	2,786	2,630	2,439	2,575
Number of arrests	N/A	1,144	1,036	1,013	1,326	1,502	1,192	1,361	1,307	1,302
Municipal Court										
Traffic cases	1,218	1,427	1,565	1,146	1,263	1,661	2,218	2,798	2,718	1,536
Criminal cases	331	440	501	377	486	444	407	381	425	338
Ordinance violations	15	37	25	6	14	11	28	28	27	37
Parking violations	164	162	208	218	228	299	358	294	341	-
Code enforcement cases	6	15	11	-	3	-	1	-	1	1
Library										
Number of registered borrowers	13,042	11,302	10,202	12,355	12,855	11,587	10,546	10,297	8,796	9,068
Total circulation	122,432	110,036	98,479	114,667	120,057	118,811	117,895	109,966	103,543	84,433
Public programs	457	224	74	102	72	67	85	74	67	70
Program attendance	8,996	6,573	3,574	3,556	2,679	2,163	2,920	2,834	2,657	1,929
Books added	4,079	11,045	4,481	5,440	5,831	5,788	7,450	6,662	6,650	6,252
Business-type Activities:										
Water										
Average active metered connections	4,598	4,562	4,537	4,520	4,470	4,457	4,450	4,413	4,411	4,404
Average daily water consumption	2,615,130	2,620,667	2,302,800	2,359,000	2,429,000	2,471,000	2,395,000	2,302,000	2,508,000	2,307,000
Average number of assistance accounts	150	176	162	179	175	153	145	125	87	130
Average daily water production	3,185,655	2,985,000	2,875,000	2,859,241	2,808,435	2,996,482	2,924,367	2,753,054	2,889,786	2,945,657

(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	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Governmental Activities										
General Government										
Buildings owned	7	7	7	7	7	7	7	7	7	7
Vehicles (excluding automobiles)	33	14	12	12	14	14	14	13	12	12
Heavy Equipment	18	16	16	16	16	14	14	15	15	15
Public Safty and Justice										
Police										
Police vehicles	15	14	14	14	14	13	13	13	14	14
Number of employees	23	23	23	22	22	22	22	23	23	23
Streets and Highways										
Miles of streets maintained by City:										
Paved	70.38	70.38	70.38	70.32	70.32	70.07	66.75	66.75	66.35	66.35
Unpaved	17.82	17.82	17.82	10.69	10.69	10.69	1.32	1.32	1.37	1.01
Bridges and underpasses	5	5	5	5	5	5	4	4	4	4
Business-type Activities										
Water										
Miles of water lines (estimated)	84.25	84.25	84	82.5	82	82	81	80.5	80	80
Reservoirs	5	5	5	5	5	5	5	5	5	5
Water treatment plant	1	1	1	1	1	1	1	1	1	1
Wells	3	3	3	3	3	3	3	3	3	3
Wastewater										
Treatment plant	1	1	1	1	1	1	1	1	1	1
Miles of sewer lines (estimated)	78	78	78	78	77	77	76	75	75	74.5
Lift stations	8	8	8	8	7	7	7	7	7	7
Airport										
Terminal	1	1	1	1	1	1	1	1	1	1
Maintenance and T-hangers	23	23	23	23	23	23	23	1	1	1
Other buildings	2	2	2	2	2	2	2	2	2	2

Source:City of The Dalles Departments

**REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITOR'S COMMENTS

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

1. ACCOUNTING SYSTEMS AND INTERNAL CONTROLS

We found the accounting system of the City of The Dalles, Oregon to be adequate for audit purposes. The internal controls for the City are generally operating as designed, however, there was a material weakness reported in accordance with SAS 112 and *Government Auditing Standards*. We noted other matters involving internal control, which we have reported to management of the City of The Dalles in a separate letter, dated November 10, 2009.

2. INVESTMENTS

Our review of deposit and investment balances during the year ended June 30, 2009, indicated that the City was in compliance with ORS 294 as it pertains to investment of public funds.

3. COLLATERAL

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

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

4. INDEBTEDNESS

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

5. BUDGET

We reviewed the preparation, adoption and execution of the City's budgets and supplemental budgets for 2008-09 and the preparation and adoption of the budget for 2009-10. The City has complied with statutory requirements in all material respects for the current and ensuing year's budget except for the following:

One of the supplemental budgets prepared by the City contained unbalanced budget transfers.

Expenditures exceeded appropriations for the 2008-09 budget in the following amounts:

Urban Renewal Capital Projects Fund:	
Capital Outlay	\$ 6,712

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

6. INSURANCE AND FIDELITY BONDS

We reviewed the City's insurance and fidelity bond coverage at June 30, 2009, and ascertained that such policies appeared to be in force. We are not competent by training to comment whether the insurance policies of the City in force at June 30, 2009, are adequate. The City has complied with provisions of ORS 221.903 regarding bonding of City personnel.

7. PROGRAMS FUNDED FROM OUTSIDE SOURCES

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

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

8. PUBLIC CONTRACTS AND PURCHASING

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

9. HIGHWAY FUNDS

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

10. STATEMENT OF ACCOUNTABILITY FOR INDEPENDANTLY ELECTED OFFICIALS

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



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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With Government Auditing Standards**

November 9, 2009

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of The Dalles, Oregon, as of and for the year ended June 30, 2009, which collectively comprise the City of The Dalles, Oregon's basic financial statements and have issued our report thereon dated November 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of The Dalles' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a

misstatement of the City of The Dalles' financial statements that is more than inconsequential will not be prevented or detected by the City of The Dalles internal control. We consider the following deficiency to be a significant deficiency in internal control.

The City's controls over the fiscal year end financial reporting process rely largely on manual adjustments to record activity on the modified accrual basis of accounting. We found significant adjustments required in the areas of revenue, accounts and retainage payable, and inventory which could be reduced in the future through additional secondary reviews of accruals and other year-end adjustments, improved communication between departments, and comparison of the June 30 account balances to the prior year amounts, while considering current year expectations.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of The Dalles' internal control. We consider the significant deficiency over fiscal year end financial reporting mentioned above to also be a material weakness.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the City of The Dalles in a separate letter dated November 10, 2009.

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


Dickey and Tremper, LLP
Certified Public Accountants