



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2007**

Prepared by:  
The City of The Dalles  
Finance Department

**CITY OF THE DALLES, OREGON**

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**TABLE OF CONTENTS**

	<u><b>Page</b></u>
<u><b>INTRODUCTORY SECTION</b></u>	
Introductory Letter	i - v
Officials of the City	vi
GFOA Certificate of Achievement	vii
Organizational Chart	viii
<u><b>FINANCIAL SECTION</b></u>	
<b>INDEPENDENT AUDITOR'S REPORT</b>	A, B
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	a - g
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements:	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements:	
Governmental Funds:	3
Balance Sheet	4
Statement of Revenues, Expenditures, and Changes in Fund Balances	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
General Fund	7
Street Fund	8
Library	9
Proprietary Funds:	10
Statement of Net Assets	11
Statement of Revenues, Expenses and Changes in Fund Net Assets	12
Statement of Cash Flows	13
Notes to the Basic Financial Statements	14 - 32
<b>SUPPLEMENTAL INFORMATION</b>	
Combining Statements – Non-Major Governmental Funds:	33
Combining Balance Sheet	34
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	35

	<u>Page</u>
Budgetary Comparison Schedules:	36
Schedule of Expenditures and Other Financing Uses – Budget and Actual,	
By Department:	37
General Fund	38
Schedules of Revenues, Expenditures and Changes in Fund Balance –	
Budget and Actual:	
Governmental Funds:	39
Special Revenue Funds:	
Public Works Reserve	40
Community Benevolence	41
Street and Bridge Replacement	42
Special Grants	43
State Office Building	44
Debt Service Funds:	
Police Facility Revenue Bond	45
Urban Renewal	46
Capital Projects Funds:	
Capital Projects	47
Special Assessments	48
Urban Renewal Capital Projects	49
Proprietary Funds:	50
Enterprise Funds:	
All Water Funds:	
Water Utility	51
Water Capital Reserve	52
Reconciliation to Generally Accepted Accounting Principles	53
All Waste Water Funds:	
Waste Water	54
Waste Water Capital Reserve	55
Sewer Plant Construction	56
Sewer Debt Service	57
Reconciliation to Generally Accepted Accounting Principles	58
All Airport Funds:	
Airport	59
Airport Debt Service	60
Reconciliation to Generally Accepted Accounting Principles	61
Internal Service Fund:	
Unemployment Reserve	62
Other Financial Schedules:	
Schedule of Outstanding Debt Principal and Interest Transactions	63
Schedule of Governmental Activities Debt Service Future Requirements	64
Schedule of Business-Type Activities Debt Service Future Requirements	65

### **STATISTICAL INFORMATION SECTION**

Net Assets By Component – Last Five Fiscal Years	67
Changes in Net Assets – Last Five Fiscal Years	68
Fund Balances, Governmental Funds – Last Ten Fiscal Years	69
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	70

	<u>Page</u>
Program Revenues by Function/Program – Last Five Fiscal Years	71
Tax Revenues by Source, Governmental Funds – Last Ten Fiscal Years	72
Assessed Valuation and Actual Values of Taxable Property – Last Ten Fiscal Years	73
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	74
Property Tax Levies and Collections – Last Ten Fiscal Years	75
Principal Taxpayers – December 31, 2006 and December 31, 1997	76
Ratios of Outstanding Debt By Type – Last Ten Fiscal Years	77
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	78
Direct and Overlapping Governmental Activities Debt	79
Legal Debt Margin Information – Last Ten Fiscal Years	80
Demographic and Economic Statistics – Last Ten Fiscal Years	81
Principal Employers – Current and Nine Years Ago	82
Full Time Equivalent City Employees by Function/Program and Bargaining Unit – Last Ten Fiscal Years	83
Operating Indicators by Function/Program – Last Ten Fiscal Years	84
Capital Asset and Infrastructure Statistics by Function/Program – Last Ten Fiscal Years	85

**REPORTS OF INDEPENDENT CERTIFIED  
PUBLIC ACCOUNTANTS**

<b>INDEPENDENT AUDITOR'S COMMENTS</b>	86 - 87
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**GOVERNMENT AUDITING STANDARDS COMPLIANCE REPORTS**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	88 - 89
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## **INTRODUCTORY SECTION**

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## **CITY of THE DALLES**

313 COURT STREET  
THE DALLES, OREGON 97058

(541) 296-5481

City Council  
City of The Dalles  
The Dalles, Oregon 97058

December 28, 2007

The Comprehensive Annual Financial Report (CAFR) of the City of The Dalles, Oregon, for the year ended June 30, 2007, is submitted herewith. This report presents a comprehensive and detailed picture of The Dalles' financial transactions during fiscal year 2006-2007 and the financial condition of the various funds and account groups at June 30, 2007. 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, 2007, 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, power generation/transmission and tourism, along with healthcare, government, and retail services. Mid Columbia Medical Center is the areas largest employer with approximately 700 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 100 employees. The old Aluminum Smelter is currently being torn down for salvage and, when that is completed by the end of 2008, it will free up over 200 acres of industrial land. Internet giant Google is located in the Port Industrial Park and employs over 175 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 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. Over 50,000 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 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. They have added a new Oncology Center that will save the region's population from traveling to Portland to receive those services and has become a multi-state option in the Northwest.

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 150 bed Veterans' long-term nursing and care home. The facility opened in November 1997, currently providing 151 jobs and has 100 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. Most recently 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.

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.

The City is working with a Columbia River Tour Boat firm to construct a dock and bring tour boats to the Downtown/Riverfront area.

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 2006-2007 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 is scheduled for fiscal year 2007-2008 with a similar amount in 5 years. A \$7.9 water revenue bond was issued in 2007. Several of the improvement projects are underway.

### **Street Master Plan**

A transportation master plan drafted in 1999 was updated and implemented in 2006. A 5-year capital improvement plan has been implemented for street development and to provide preventative maintenance. A Transportation System Development Charge has 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. Several other facility and operational plans are being developed at this time.

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

The Columbia Gateway Urban Renewal Agency, a component unit of the City of the Dalles, operated throughout the 2006-2007 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 fiscal year 2006-2007.

## **Storm Water Master Plan**

Storm Water Master Plan was completed in 2007. A System Development Charge will be implemented in January of 2008.

## **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, 2007. 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 2005-2006. A citywide safety program with regular committee meetings and inspections is in force.

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**

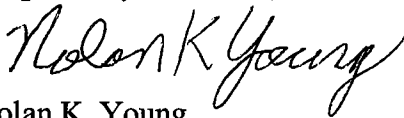
#### **Independent Audit**

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.

#### **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, 2007**

**MAYOR AND CITY COUNCIL**

<u>Name and Address</u>	<u>Term Expires December 31</u>
Robb Van Cleave, Mayor 912 East 15 <sup>th</sup> Place The Dalles OR 97058	2008
Carolyn Wood 1709 Liberty Street The Dalles OR 97058	2008
Jim Broehl 318 West 12 <sup>th</sup> Street The Dalles OR 97058	2008
Rob Kovacich 1401 East 19 <sup>th</sup> Street The Dalles OR 97058	2008
Jim Wilcox 416 West 7 <sup>th</sup> Street The Dalles OR 97058	2010
Bill Dick 2520 East 14 <sup>th</sup> Street The Dalles OR 97058	2010

**City Administration**

Nolan Young, City Manager – Budget Officer

Julie Krueger, City Clerk

Gene E. Parker, City Attorney

Kate Mast, Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of The Dalles  
Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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

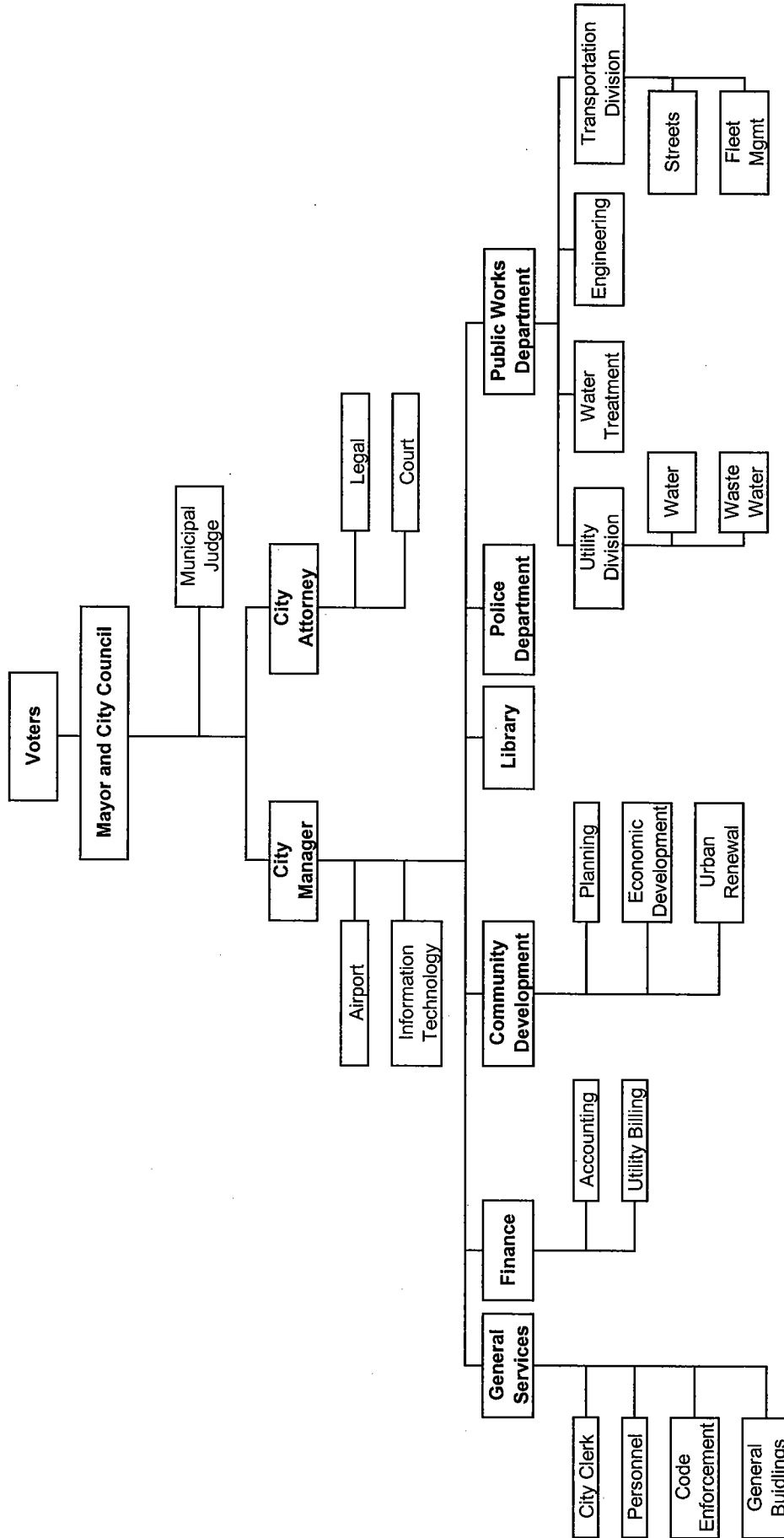
Executive Director



CITY OF THE DALLES

ORGANIZATIONAL CHART

June 30, 2007





**FINANCIAL SECTION**

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## 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](http://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, 2007, 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, 2007, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Street, and Library Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2007, 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**

December 28, 2007

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

### FINANCIAL HIGHLIGHTS

The City's assets exceeded its liability at June 30, 2007 by \$35,307,204 (net assets). Of this amount \$26,240,917 was invested in capital assets (net of related debt). \$5,448,764 was restricted for specific purposes, resulting in unrestricted net assets of \$3,617,523. The unrestricted net assets are made up of unrestricted governmental net assets of \$3,001,516 and unrestricted business-type net assets of \$616,007.

The City's net assets increased by \$1,271,675 (3.7%), primarily due to the construction and improvement of public infrastructure capital assets.

The City's Governmental Funds had an increase in fund balances in the amount of \$387,019, with the General Fund experiencing an increase in fund balance of \$236,415. An increase in fees paid to the City by the Public Utility District and Natural Gas provider, based on increased consumption by new industry, produced revenues in excess of estimates. The Urban Renewal Fund balance increased approximately \$500,000 due to decreased expenditures in fiscal year 2006-2007 and in increase in property tax revenues from recent commercial and industrial development.

The City's Enterprise Funds experienced an increase in net assets of \$462,664. This was partly due to rate increases (water 10% and sewer 9%) and partly a new high volume industrial customer.

### 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 financials 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 and Library 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 and Library 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, 2007 were \$35,307,204, an increase from June 30, 2006 of \$1,271,675. 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.

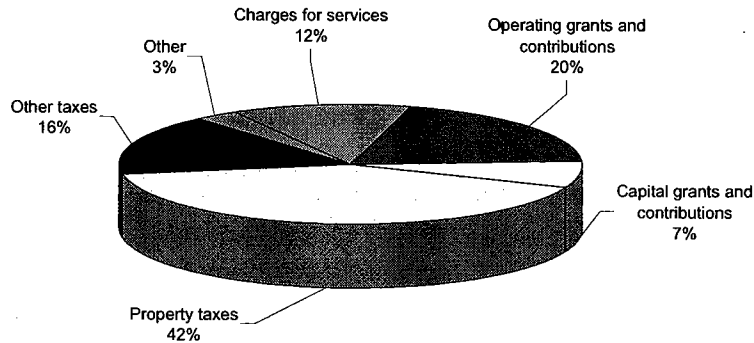
### City of The Dalles Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Current and other assets	\$ 5,868,610	\$ 6,081,074	\$ 12,291,763	\$ 4,034,491	\$ 18,160,373	\$ 10,115,565
Capital assets	14,413,854	14,422,238	22,158,113	22,155,035	36,571,967	36,577,273
<b>Total Assets</b>	<b>20,282,464</b>	<b>20,503,312</b>	<b>34,449,876</b>	<b>26,189,526</b>	<b>54,732,340</b>	<b>46,692,838</b>
<b>Liabilities</b>						
Long-Term liabilities	4,056,948	4,566,424	14,594,105	7,014,942	18,651,053	11,581,366
Other liabilities	227,761	748,144	546,322	327,799	774,083	1,075,943
<b>Total liabilities</b>	<b>4,284,709</b>	<b>5,314,568</b>	<b>15,140,427</b>	<b>7,342,741</b>	<b>19,425,136</b>	<b>12,657,309</b>
Net assets invested in capital assets, net of related debt	10,562,441	10,062,961	15,678,476	15,238,035	26,240,917	25,300,996
Restricted	2,433,798	1,985,594	3,014,966	2,759,840	5,448,764	4,745,434
Unrestricted	3,001,516	3,140,189	616,007	848,910	3,617,523	3,989,099
<b>Total net assets</b>	<b>\$ 15,997,755</b>	<b>\$ 15,188,744</b>	<b>\$ 19,309,449</b>	<b>\$ 18,846,785</b>	<b>\$ 35,307,204</b>	<b>\$ 34,035,529</b>

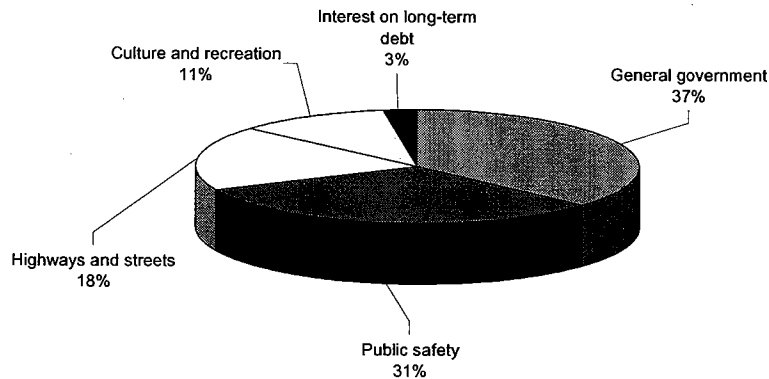


The governmental activities revenue comes primarily from property taxes, charges for services, various grants and contributions. During the year ending June 30, 2007, the City received a significant amount of revenue from capital grants and contributions. These will not be a continuing source of revenue, but are funding specific projects. The City's governmental expenses cover a wide variety of services, with general government, public safety and streets accounting for most of these expenses.

**Governmental Activities Revenue**



**Governmental Activities Functional Expenses**



Property taxes are the City's primary on-going source of revenue. Property taxes comprising 42% of the City's governmental revenue is derived from the permanent tax rate and taxes levied for the repayment of bonded indebtedness.

For the year ending June 30, 2007 the City received a significant amount of capital grants and contributions. These grants and contributions consist primarily of awards for special projects.

For the fiscal year ending June 30, 2007, net assets of the Governmental activities increased by \$809,011, which represents a 5.3% increase. Net assets of the Business-type activities increased by \$462,664, which represents a 2.5% increase. Key elements of these changes, when compared to the year ending June 30, 2006 are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 864,846	\$ 764,065	\$ 6,385,016	\$ 5,560,668	\$ 7,249,862	\$ 6,324,733
Operating grants and contributions	1,370,812	1,263,749	15,430	17,999	1,386,242	1,281,748
Capital grants and contributions	503,768	793,421	88,980	265,256	592,748	1,058,677
General Revenues						
Property taxes	2,852,880	2,602,823	-	-	2,852,880	2,602,823
Other taxes	1,132,588	1,081,091	-	-	1,132,588	1,081,091
Other	221,849	157,630	234,296	179,470	456,145	337,100
<b>Total revenues</b>	<b>6,946,743</b>	<b>6,662,779</b>	<b>6,723,722</b>	<b>6,023,393</b>	<b>13,670,465</b>	<b>12,686,172</b>
<b>Expenses</b>						
General						
government	2,533,876	2,385,912	-	-	2,533,876	2,385,912
Public safety	2,171,312	2,021,934	-	-	2,171,312	2,021,934
Highways and streets	1,264,372	1,357,785	-	-	1,264,372	1,357,785
Culture and recreation	764,592	836,038	-	-	764,592	836,038
Interest on long-term debt	181,684	199,136	-	-	181,684	199,136
Water	-	-	2,522,187	2,365,038	2,522,187	2,365,038
Waste water	-	-	2,520,011	2,093,646	2,520,011	2,093,646
Airport	-	-	440,756	320,789	440,756	320,789
<b>Total Expenses</b>	<b>6,915,836</b>	<b>6,800,805</b>	<b>5,482,954</b>	<b>4,779,473</b>	<b>12,398,790</b>	<b>11,580,278</b>
Change net assets before transfers	30,907	(138,026)	1,240,768	1,243,920	1,271,675	1,105,894
Transfers	778,104	642,400	(778,104)	(642,400)	-	-
Change in net assets	809,011	504,374	462,664	601,520	1,271,675	1,105,894
Net assets-beginning	15,188,744	14,684,370	18,846,785	18,245,265	34,035,529	32,929,635
<b>Total net assets</b>	<b>\$ 15,997,755</b>	<b>\$ 15,188,744</b>	<b>\$ 19,309,449</b>	<b>\$ 18,846,785</b>	<b>\$ 35,307,204</b>	<b>\$ 34,035,529</b>

### Governmental Activities

The increase in net assets is attributable to the various grants and contributions received and increases in other taxes.

### Business-type Activities

The increase in the net assets of the Business-type activities are due primarily to increase in charges for services. This includes greater usage and increase in sewer rates to fund improvements to the wastewater treatment plant.

The increase in the net assets of the Business-type activities are due primarily to increase in charges for services. This includes greater usage and increase in sewer rates to fund improvements to the wastewater treatment plant.

## **FINANCIAL ANALYSIS OF FUNDS**

As of June 30, 2007 the City's governmental funds reported a combined fund balance of \$4,366,031, which is an increase of \$387,019 from June 30, 2006.

The General Fund is the primary operating fund of the City. As of June 30, 2007, the General Fund balance was \$1,218,851, which is an increase of \$236,415 from June 30, 2006. This increase was the result of increasing revenues without a corresponding increase in costs.

The Street Fund balance as of June 30, 2007 was \$264,712, which is a decrease of \$92,985 from June 30, 2006. This decrease was primarily due to transfers out for purchases of equipment and construction of the Sixth and Cherry Heights traffic signal.

As of June 30, 2007, the Library Fund balance was in a deficit by \$95,091, reflecting a decrease of \$120,133 from June 30, 2006. The fiscal year 2006-2007 Library budget had been prepared in anticipation of tax revenues from the formation of a new Library District. However, the voters did not approve the new District until November of 2006, and so the Library Fund did not receive any tax funds until November 2007. This shortfall of revenue in fiscal year 2006-2007 required the Library Fund to borrow \$102,000 from the General Fund in order to continue to function. This interfund loan has been budgeted for repayment in full from tax revenues in fiscal year 2007-2008.

The Special Assessments Fund balance as of June 30, 2007 was \$474,332, which is a decrease of \$75,713 from June 30, 2006. This decrease was due primarily to the construction of the Sixth and Cherry Heights traffic signal.

The Urban Renewal Capital Projects Fund balance as of June 30, 2007 was \$1,538,807, which is an increase of \$512,286 from June 30, 2006. This increase reflects the minimal expenditures made from this fund during the fiscal year as it was a year of preparation for construction projects in 2008.

The non-major governmental funds balance as of June 30, 2007 was \$964,420. This reflects a decrease of \$72,851, primarily due to expenditures from capital project funds for street and water system improvements.

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 \$19,309,449 as of June 30, 2007, reflecting a \$462,664 increase over net assets as of June 30, 2006.

On the budgetary basis for proprietary funds:

The combined Water Funds balance as of June 30, 2007 was \$8,561,057, which is an increase of 7,314,409 over June 30, 2006, and is due to the receipt of the proceeds of a new Water Revenue Bond.

The combined Wastewater Funds balance as of June 30, 2007 was \$2,778,933, which is an increase of \$487,264 from June 30, 2006. 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, 2007 was \$211,151, which is an increase of \$79,382 from June 30, 2006. This increase is primarily due to projects being delayed until 2008.

## **BUDGETARY HIGHLIGHTS**

The original legal appropriations for the General Fund totaled \$5,098,361, with contingency of \$542,542. Budget amendments resulted in final legal appropriations of \$5,176,861, with contingency of \$325,742. Expenditures were \$373,533 under budget.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

As of June 30, 2007, the City had invested \$36,571,967 in capital assets of its governmental and business-type activities. This investment includes land and land improvements, buildings, equipment, and public infrastructure of roads and bridges. The investment in governmental activities capital assets decreased by \$8,384 and business-type activities capital assets increased by \$95,364. Significant additions during the year ending June 30, 2007 were related to the improvements to water system.

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, 2007 was \$4,056,948. Business-type activities long-term debt outstanding was \$14,594,105.

During the year the City retired a total of \$859,364 in principal long-term debt.

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

Police Facilities Revenue Bond	\$ 270,000
Urban Renewal Agency Debt	\$ 3,080,000
Loans Payable	\$ 505,425
Airport Facilities Revenue Bond	\$ 366,000
Wastewater Revenue Bond	\$ 6,200,000
Compensated Absences	\$ 299,628
Water Revenue Bond	\$ 7,930,000

In addition to the above, the City has acted as a conduit for debt for the QualityLife Intergovernmental Agency (QLife). The Oregon Economic and Community Development Department provided a loan in the amount of \$512,000 to partially fund the construction of the fiber optic loop for high-speed internet access operated by QLife. The loan is in the name of the City. However, QLife has pledged to provide for 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, 2007 was \$ 446,374.

The City issued a Water Revenue Bond during the fiscal year ending June 30, 2007, for \$7,930,000.

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. A great impact will come from the restart of the Goldendale Aluminum Plant facility in our area and the environmental cleanup of the aluminum plant facility within the City limits, which 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 will remove 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**

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**CITY OF THE DALLES, OREGON**  
**STATEMENT OF NET ASSETS**

June 30, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 888,088	\$ 248,206	\$ 1,136,294
Investments	383,630	210,070	593,700
Receivables:			
Property taxes	171,642	-	171,642
Accounts	369,373	694,810	1,064,183
Intergovernmental	208,599	21,982	230,581
Fines and forfeitures	696,903	-	696,903
Special assessments	56,574	72,221	128,795
Notes	282,445	-	282,445
Internal balances	233,596	(233,596)	-
Prepaid items	82,763	-	82,763
Inventories	57,187	246,741	303,928
Restricted assets (temporary):			
Cash and cash equivalents	2,433,798	10,389,306	12,823,104
Investments	-	382,578	382,578
Bond issuance costs	4,012	259,445	263,457
Capital assets:			
Land	302,445	5,707,215	6,009,660
Assets available for sale	210,917	-	210,917
Construction in progress	-	361,138	361,138
Depreciable assets, net of depreciation	13,900,492	16,089,760	29,990,252
<b>Total assets</b>	<b>20,282,464</b>	<b>34,449,876</b>	<b>54,732,340</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	215,556	382,972	598,528
Accrued interest payable	12,205	163,250	175,455
Deposits	-	100	100
Long-term obligations			
Due within one year	727,207	461,105	1,188,312
Due in more than one year	3,329,741	14,133,000	17,462,741
<b>Total liabilities</b>	<b>4,284,709</b>	<b>15,140,427</b>	<b>19,425,136</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	10,562,441	15,678,476	26,240,917
Restricted for:			
Streets	264,712	-	264,712
Capital projects	1,574,339	2,759,880	4,334,219
Debt service	594,747	255,086	849,833
Unrestricted	3,001,516	616,007	3,617,523
<b>Total net assets</b>	<b>\$ 15,997,755</b>	<b>\$ 19,309,449</b>	<b>\$ 35,307,204</b>

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, 2007**

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	
<b>Governmental activities:</b>							
General government	\$ 2,533,876	\$ 464,980	\$ 737,227	\$ 82,764	\$ (1,248,905)	\$ -	\$ (1,248,905)
Public safety	2,171,312	358,683	21,879	-	(1,790,750)	-	(1,790,750)
Highways and streets	1,264,372	35,102	589,570	421,004	(218,696)	-	(218,696)
Culture and recreation	764,592	6,081	22,136	-	(736,375)	-	(736,375)
Interest on long-term obligations	181,684	-	-	-	(181,684)	-	(181,684)
<b>Total governmental activities</b>	<b>6,915,836</b>	<b>864,846</b>	<b>1,370,812</b>	<b>503,768</b>	<b>(4,176,410)</b>	<b>-</b>	<b>(4,176,410)</b>
<b>Business-type activities:</b>							
Water	2,522,187	2,635,824	2,715	-	-	116,352	116,352
Wastewater	2,520,011	3,618,498	12,715	-	-	1,111,202	1,111,202
Airport	440,756	130,694	-	88,980	-	(221,082)	(221,082)
<b>Total business-type activities</b>	<b>5,482,954</b>	<b>6,385,016</b>	<b>15,430</b>	<b>88,980</b>	<b>-</b>	<b>1,006,472</b>	<b>1,006,472</b>
<b>Total primary government</b>	<b>\$ 12,398,790</b>	<b>\$ 7,249,862</b>	<b>\$ 1,386,242</b>	<b>\$ 592,748</b>	<b>(4,176,410)</b>	<b>1,006,472</b>	<b>(3,169,938)</b>
<b>General revenues:</b>							
Property taxes levied for:							
General purposes					1,849,162	-	1,849,162
Debt service					1,003,718	-	1,003,718
Franchise and public service taxes					1,132,588	-	1,132,588
Interest and investment earnings					200,116	234,296	434,412
Miscellaneous					21,733	-	21,733
Transfers					778,104	(778,104)	-
<b>Total general revenues and transfers</b>					<b>4,985,421</b>	<b>(543,808)</b>	<b>4,441,613</b>
Change in net assets					809,011	462,664	1,271,675
Net assets - beginning					15,188,744	18,846,785	34,035,529
Net assets - ending					<b>\$ 15,997,755</b>	<b>\$ 19,309,449</b>	<b>\$ 35,307,204</b>

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

## **FUND FINANCIAL STATEMENTS**

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### **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 Assessments Fund**

The 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.

#### **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, 2007**

	General Fund	Street Fund	Library Fund	Special Assessments Fund	Urban Renewal Capital Projects Fund	Other Governmental Funds	Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ 490,575	\$ 124,589	\$ 6,281	\$ 365,093	\$ 1,539,357	\$ 772,802	\$ 3,298,697
Investments	139,420	37,063	1,868	108,608	-	89,773	376,732
Receivables:							
Property taxes	111,615	-	-	-	60,027	-	171,642
Accounts, net	270,920	30,914	-	631	6,353	60,555	369,373
Intergovernmental	22,711	47,994	8,084	-	-	129,810	208,599
Fines and forfeitures	696,903	-	-	-	-	-	696,903
Special assessments	-	-	-	56,574	-	-	56,574
Notes	-	-	-	-	282,445	-	282,445
Due from other funds	369,386	-	-	-	-	-	369,386
Prepaid items	82,763	-	-	-	-	-	82,763
Inventories	-	57,187	-	-	-	-	57,187
<b>Total assets</b>	<b>\$ 2,184,293</b>	<b>\$ 297,747</b>	<b>\$ 16,233</b>	<b>\$ 530,906</b>	<b>\$ 1,888,182</b>	<b>\$ 1,052,940</b>	<b>\$ 5,970,301</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 157,656	\$ 33,035	\$ 9,324	\$ -	\$ 6,903	\$ 4,171	\$ 211,089
Due to other funds	-	-	102,000	-	-	33,790	135,790
Deferred revenue	807,786	-	-	56,574	342,472	50,559	1,257,391
<b>Total liabilities</b>	<b>965,442</b>	<b>33,035</b>	<b>111,324</b>	<b>56,574</b>	<b>349,375</b>	<b>88,520</b>	<b>1,604,270</b>
<b>FUND BALANCES</b>							
Reserved for:							
Inventories	-	57,187	-	-	-	-	57,187
Debt service	-	-	-	-	-	594,747	594,747
Unreserved, reported in:							
Major funds	1,218,851	207,525	(95,091)	474,332	1,538,807	-	3,344,424
Special revenue funds	-	-	-	-	-	283,646	283,646
Capital projects fund	-	-	-	-	-	86,027	86,027
<b>Total fund balances (deficits)</b>	<b>1,218,851</b>	<b>264,712</b>	<b>(95,091)</b>	<b>474,332</b>	<b>1,538,807</b>	<b>964,420</b>	<b>4,366,031</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,184,293</b>	<b>\$ 297,747</b>	<b>\$ 16,233</b>	<b>\$ 530,906</b>	<b>\$ 1,888,182</b>	<b>\$ 1,052,940</b>	

*Amounts reported for governmental activities in the Statement of Net Assets are different because:*

Capital assets used in governmental activities and bond issuance costs are not financial resources and, therefore, are not reported in the funds.	14,417,866
Other long-term assets are not available for current-period expenditures and, therefore, are deferred in the funds.	1,257,391
Internal service funds are used by management to charge the cost of unemployment insurance to individual funds. The assets and liabilities of the internal service fund have been included in governmental activities in the Statement of Net Assets.	25,620
Some liabilities, including bonds payable, accrued interest payable, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and loans payable	(3,855,425)
Accrued interest payable	(12,205)
Compensated absences	(201,523)
	<u>(4,069,153)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 15,997,755

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, 2007**

	General Fund	Street Fund	Library Fund	Special Assessments Fund	Urban Renewal Capital Projects Fund	Other Governmental Funds	Total
<b>REVENUES</b>							
Property taxes	\$ 1,954,390	\$ -	\$ -	\$ -	\$ 619,435	\$ 442,239	\$ 3,016,064
Other taxes	560,854	306,124	-	-	-	-	866,978
Franchise fees	320,293	-	-	-	-	-	320,293
Assessments	-	-	-	71,560	-	-	71,560
Licenses and fees	16,035	-	-	-	-	-	16,035
Charges for services	16,704	35,102	-	-	-	-	51,806
Intergovernmental	938,430	587,441	15,596	-	-	257,579	1,799,046
Fines and forfeitures	287,014	-	6,081	-	-	-	293,095
Rental income	24,300	-	-	-	-	322,964	347,264
Interest on investments	51,789	8,801	626	19,370	74,094	44,459	199,139
Miscellaneous	34,278	2,129	6,540	-	850	1,000	44,797
<b>TOTAL REVENUES</b>	<b>4,204,087</b>	<b>939,597</b>	<b>28,843</b>	<b>90,930</b>	<b>694,379</b>	<b>1,068,241</b>	<b>7,026,077</b>
<b>EXPENDITURES</b>							
Current:							
General government	1,867,279	-	-	107,423	158,840	251,200	2,384,742
Public safety	2,086,746	-	-	-	-	-	2,086,746
Highways and streets	-	967,521	-	-	-	-	967,521
Culture and recreation	366,865	-	382,833	-	-	-	749,698
Capital outlay	107,642	51,177	-	-	23,253	346,432	528,504
Debt service	-	-	-	-	-	680,284	680,284
<b>TOTAL EXPENDITURES</b>	<b>4,428,532</b>	<b>1,018,698</b>	<b>382,833</b>	<b>107,423</b>	<b>182,093</b>	<b>1,277,916</b>	<b>7,397,495</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(224,445)</b>	<b>(79,101)</b>	<b>(353,990)</b>	<b>(16,493)</b>	<b>512,286</b>	<b>(209,675)</b>	<b>(371,418)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	835,656	152,796	234,468	-	-	168,204	1,391,124
Transfers out	(374,796)	(166,680)	(611)	(59,220)	-	(31,380)	(632,687)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>460,860</b>	<b>(13,884)</b>	<b>233,857</b>	<b>(59,220)</b>	<b>-</b>	<b>136,824</b>	<b>758,437</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>236,415</b>	<b>(92,985)</b>	<b>(120,133)</b>	<b>(75,713)</b>	<b>512,286</b>	<b>(72,851)</b>	<b>387,019</b>
<b>FUND BALANCE, Beginning</b>	<b>982,436</b>	<b>357,697</b>	<b>25,042</b>	<b>550,045</b>	<b>1,026,521</b>	<b>1,037,271</b>	<b>3,979,012</b>
<b>FUND BALANCE (DEFICIT), Ending</b>	<b>\$ 1,218,851</b>	<b>\$ 264,712</b>	<b>\$ (95,091)</b>	<b>\$ 474,332</b>	<b>\$ 1,538,807</b>	<b>\$ 964,420</b>	<b>\$ 4,366,031</b>

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

**CITY OF THE DALLES, OREGON  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2007**

**Net change in fund balance - governmental funds** **\$ 387,019**

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:

Capital asset additions	\$ 481,062	
Depreciation expense	<u>(489,446)</u>	(8,384)

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

Deferred revenues		(83,895)
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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.

508,364

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		1,112
Change in accrued interest		1,408
Amortization of bond issuance costs		(501)

Internal service funds are used by management to charge the costs of unemployment benefits to individual funds. The net revenue (expense) of the internal service fund is allocated between governmental and business-type activities.

3,888

**Change in net assets - governmental activities** **\$ 809,011**

**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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,966,460	\$ 1,966,460	\$ 1,954,390	\$ (12,070)
Other taxes	482,868	498,868	560,854	61,986
Franchise fees	291,871	291,871	320,293	28,422
Licenses and fees	9,540	9,540	16,035	6,495
Charges for services	34,409	34,409	16,704	(17,705)
Intergovernmental	705,954	707,954	938,430	230,476
Fines and forfeitures	280,291	280,291	287,014	6,723
Rental income	23,460	23,460	24,300	840
Interest on investments	40,310	40,310	51,789	11,479
Miscellaneous	33,700	40,700	34,278	(6,422)
<b>TOTAL REVENUES</b>	<u>3,868,863</u>	<u>3,893,863</u>	<u>4,204,087</u>	<u>310,224</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,880,799	1,905,799	1,867,279	38,520
Public safety	2,088,518	2,088,518	2,086,746	1,772
Culture and recreation	352,439	368,439	366,865	1,574
Capital outlay	76,050	113,550	107,642	5,908
Contingency	542,542	325,742	-	325,742
<b>TOTAL EXPENDITURES</b>	<u>4,940,348</u>	<u>4,802,048</u>	<u>4,428,532</u>	<u>373,516</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,071,485)</u>	<u>(908,185)</u>	<u>(224,445)</u>	<u>683,740</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	835,684	835,684	835,656	(28)
Transfers out	(158,013)	(374,813)	(374,796)	17
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>677,671</u>	<u>460,871</u>	<u>460,860</u>	<u>(11)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(393,814)	(447,314)	236,415	683,729
<b>FUND BALANCE, Beginning</b>	<u>845,884</u>	<u>899,384</u>	<u>982,436</u>	<u>83,052</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 452,070</u>	<u>\$ 452,070</u>	<u>\$ 1,218,851</u>	<u>\$ 766,781</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Other taxes	\$ 320,000	\$ 320,000	\$ 306,124	\$ (13,876)
Charges for services	33,370	33,370	35,102	1,732
Intergovernmental	596,940	596,940	587,441	(9,499)
Interest on investments	6,000	6,000	8,801	2,801
Miscellaneous	300	300	2,129	1,829
<b>TOTAL REVENUES</b>	<u>956,610</u>	<u>956,610</u>	<u>939,597</u>	<u>(17,013)</u>
<b>EXPENDITURES</b>				
Current:				
Highway and streets:				
Personal services	601,403	601,403	574,474	26,929
Materials and services	531,233	531,233	393,047	138,186
Capital outlay	83,215	83,215	51,177	32,038
Contingency	73,050	73,050	-	73,050
<b>TOTAL EXPENDITURES</b>	<u>1,288,901</u>	<u>1,288,901</u>	<u>1,018,698</u>	<u>270,203</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(332,291)</u>	<u>(332,291)</u>	<u>(79,101)</u>	<u>253,190</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	152,803	152,803	152,796	(7)
Transfers out	(166,696)	(166,696)	(166,680)	16
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(13,893)</u>	<u>(13,893)</u>	<u>(13,884)</u>	<u>9</u>
<b>NET CHANGE IN FUND BALANCE</b>	(346,184)	(346,184)	(92,985)	253,199
<b>FUND BALANCE, Beginning</b>	<u>346,184</u>	<u>346,184</u>	<u>357,697</u>	<u>11,513</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,712</u>	<u>\$ 264,712</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 4,841	\$ 16,673	\$ 15,596	\$ (1,077)
Fines and forfeitures	7,000	7,000	6,081	(919)
Interest on investments	560	560	626	66
Miscellaneous	2,940	2,940	6,540	3,600
<b>TOTAL REVENUES</b>	<u>15,341</u>	<u>27,173</u>	<u>28,843</u>	<u>1,670</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation:				
Personal services	274,095	278,177	272,192	5,985
Materials and services	110,616	118,366	110,641	7,725
Debt service	6,440	6,440	-	6,440
<b>TOTAL EXPENDITURES</b>	<u>391,151</u>	<u>402,983</u>	<u>382,833</u>	<u>20,150</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(375,810)</u>	<u>(375,810)</u>	<u>(353,990)</u>	<u>21,820</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	120,000	120,000	-	(120,000)
Transfers in	234,472	234,472	234,468	(4)
Transfers out	(611)	(611)	(611)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>353,861</u>	<u>353,861</u>	<u>233,857</u>	<u>(120,004)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(21,949)	(21,949)	(120,133)	(98,184)
<b>FUND BALANCE, Beginning</b>	<u>21,949</u>	<u>21,949</u>	<u>25,042</u>	<u>3,093</u>
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (95,091)</u>	<u>\$ (95,091)</u>

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





## **FUND FINANCIAL STATEMENTS**

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### **Proprietary Funds**

The City of The Dalles uses four Proprietary Funds comprised of three Enterprise Funds and one Internal Service Fund.

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

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City and to other government units on a cost reimbursement basis. The Internal Service Funds are eliminated for the Government-Wide Financial Statements and any residual assets and income and expenses from outside sources are combined with the Governmental Activities. The City's Internal Service Fund is as follows:

- **Unemployment Reserve Fund**

**CITY OF THE DALLES, OREGON**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2007**

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	All Water Funds	All Waste- water Funds	All Airport Funds	Total	
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 141,202	\$ 3,287	\$ 103,717	\$ 248,206	\$ 23,189
Investments	169,025	-	41,045	210,070	6,898
Restricted cash and cash equivalents	8,298,684	2,056,363	34,259	10,389,306	-
Restricted Investments	-	382,578	-	382,578	-
<b>Receivables:</b>					
Accounts, net	275,315	395,814	23,681	694,810	-
Intergovernmental	-	-	21,982	21,982	-
Special assessments	-	72,221	-	72,221	-
Inventories	193,312	53,429	-	246,741	-
<b>Total current assets</b>	<u>9,077,538</u>	<u>2,963,692</u>	<u>224,684</u>	<u>12,265,914</u>	<u>30,087</u>
<b>Noncurrent assets:</b>					
Deferred charges	173,082	85,278	1,085	259,445	-
Capital assets, net	6,945,989	11,393,007	3,819,117	22,158,113	-
<b>Total noncurrent assets</b>	<u>7,119,071</u>	<u>11,478,285</u>	<u>3,820,202</u>	<u>22,417,558</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 16,196,609</u>	<u>\$ 14,441,977</u>	<u>\$ 4,044,886</u>	<u>\$ 34,683,472</u>	<u>\$ 30,087</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 353,160	\$ 16,379	\$ 13,433	\$ 382,972	\$ 4,467
Accrued interest payable	104,038	57,641	1,571	163,250	-
Deposits	-	-	100	100	-
Due to other funds	98,568	135,028	-	233,596	-
Compensated absences payable	64,753	33,352	-	98,105	-
Current portion of long-term debt	-	325,000	38,000	363,000	-
<b>Total current liabilities</b>	<u>620,519</u>	<u>567,400</u>	<u>53,104</u>	<u>1,241,023</u>	<u>4,467</u>
<b>Long-term debt, net of current portion:</b>					
Bonds payable	7,930,000	5,875,000	328,000	14,133,000	-
<b>Total liabilities</b>	<u>8,550,519</u>	<u>6,442,400</u>	<u>381,104</u>	<u>15,374,023</u>	<u>4,467</u>
<b>Net assets:</b>					
Invested in capital assets, net of related debt	6,945,989	5,278,285	3,454,202	15,678,476	-
Restricted for capital projects	541,766	2,218,114	-	2,759,880	-
Restricted for debt service	-	220,827	34,259	255,086	-
Unrestricted	158,335	282,351	175,321	616,007	25,620
<b>Total net assets</b>	<u>7,646,090</u>	<u>7,999,577</u>	<u>3,663,782</u>	<u>19,309,449</u>	<u>25,620</u>
<b>Total liabilities and net assets</b>	<u>\$ 16,196,609</u>	<u>\$ 14,441,977</u>	<u>\$ 4,044,886</u>	<u>\$ 34,683,472</u>	<u>\$ 30,087</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 NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2007**

	<u>Business-type Activities - Enterprise Funds</u>			Total	Governmental Activities - Internal Service Funds
	All Water Funds	All Waste- water Funds	All Airport Funds		
<b>OPERATING REVENUES</b>					
Charges for services	\$ 2,620,570	\$ 3,597,961	\$ 3,737	\$ 6,222,268	\$ -
Rental income	4,080	-	121,407	125,487	-
Miscellaneous	11,174	20,537	5,550	37,261	-
<b>TOTAL OPERATING REVENUES</b>	<u>2,635,824</u>	<u>3,618,498</u>	<u>130,694</u>	<u>6,385,016</u>	<u>-</u>
<b>OPERATING EXPENSES</b>					
Personal services	1,349,572	723,642	-	2,073,214	16,756
Materials and services	854,819	1,287,211	169,286	2,311,316	-
Depreciation	211,450	266,912	245,676	724,038	-
<b>TOTAL OPERATING EXPENSES</b>	<u>2,415,841</u>	<u>2,277,765</u>	<u>414,962</u>	<u>5,108,568</u>	<u>16,756</u>
<b>OPERATING INCOME (LOSS)</b>	<u>219,983</u>	<u>1,340,733</u>	<u>(284,268)</u>	<u>1,276,448</u>	<u>(16,756)</u>
<b>NONOPERATING INCOME (EXPENSES)</b>					
Intergovernmental	2,715	12,715	88,980	104,410	-
Interest on investments	122,796	104,564	6,936	234,296	977
Gain (loss) on disposal	-	-	(6,045)	(6,045)	-
Interest expense	(106,346)	(242,246)	(19,749)	(368,341)	-
<b>TOTAL NONOPERATING INCOME (EXPENSES)</b>	<u>19,165</u>	<u>(124,967)</u>	<u>70,122</u>	<u>(35,680)</u>	<u>977</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<u>239,148</u>	<u>1,215,766</u>	<u>(214,146)</u>	<u>1,240,768</u>	<u>(15,779)</u>
<b>TRANSFERS</b>					
Transfers In	-	1,955,532	95,508	2,051,040	19,667
Transfers out	(463,272)	(2,357,880)	(7,992)	(2,829,144)	-
<b>TOTAL TRANSFERS</b>	<u>(463,272)</u>	<u>(402,348)</u>	<u>87,516</u>	<u>(778,104)</u>	<u>19,667</u>
<b>CHANGE IN NET ASSETS</b>	<u>(224,124)</u>	<u>813,418</u>	<u>(126,630)</u>	<u>462,664</u>	<u>3,888</u>
<b>NET ASSETS, Beginning</b>	<u>7,870,214</u>	<u>7,186,159</u>	<u>3,790,412</u>	<u>18,846,785</u>	<u>21,732</u>
<b>NET ASSETS, Ending</b>	<u>\$ 7,646,090</u>	<u>\$ 7,999,577</u>	<u>\$ 3,663,782</u>	<u>\$ 19,309,449</u>	<u>\$ 25,620</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, 2007**

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities Internal Service Funds
	All Water Funds	All Wastewater Funds	All Airport Funds	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 2,551,136	\$ 3,489,624	\$ 128,006	\$ 6,168,766	\$ -
Receipts from interfund services provided	12,322	21,929	-	34,251	-
Payments to suppliers	(1,329,617)	(1,573,739)	(212,231)	(3,115,587)	(12,289)
Payments to employees	(932,493)	(504,565)	-	(1,437,058)	-
Payments for interfund services used	(4,656)	(2,844)	-	(7,500)	-
Net cash provided from (used by) operating activities	<u>296,692</u>	<u>1,430,405</u>	<u>(84,225)</u>	<u>1,642,872</u>	<u>(12,289)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	-	1,955,532	95,508	2,051,040	19,667
Transfers out	(463,272)	(2,357,880)	(7,992)	(2,829,144)	-
Net cash provided from (used by) non-capital financing activities	<u>(463,272)</u>	<u>(402,348)</u>	<u>87,516</u>	<u>(778,104)</u>	<u>19,667</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from intergovernmental revenue	2,715	12,715	116,820	132,250	-
Proceeds from issuance of debt	7,754,610	-	-	7,754,610	-
Interfund loan proceeds	98,568	135,028	-	233,596	-
Acquisition of capital assets	(231,499)	(281,872)	(49,666)	(563,037)	-
Principal paid on long-term obligations	-	(315,000)	(36,000)	(351,000)	-
Interest paid on long-term obligations	-	(238,440)	(19,749)	(258,189)	-
Net cash provided from (used by) capital and related financing activities	<u>7,624,394</u>	<u>(687,569)</u>	<u>11,405</u>	<u>6,948,230</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Net investment sales (purchases)	(51,773)	(312,992)	(23,097)	(387,862)	(4,420)
Interest on investments	122,796	104,564	6,936	234,296	977
Net cash provided from (used by) investing activities	<u>71,023</u>	<u>(208,428)</u>	<u>(16,161)</u>	<u>(153,566)</u>	<u>(3,443)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>7,528,837</u>	<u>132,060</u>	<u>(1,465)</u>	<u>7,659,432</u>	<u>3,935</u>
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>911,049</u>	<u>1,927,590</u>	<u>139,441</u>	<u>2,978,080</u>	<u>19,254</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u>\$ 8,439,886</u>	<u>\$ 2,059,650</u>	<u>\$ 137,976</u>	<u>\$ 10,637,512</u>	<u>\$ 23,189</u>
<b>COMPRISED AS FOLLOWS:</b>					
Cash and cash equivalents	\$ 141,202	\$ 3,287	\$ 103,717	\$ 248,206	\$ 23,189
Restricted cash and cash equivalents	<u>8,298,684</u>	<u>2,056,363</u>	<u>34,259</u>	<u>10,389,306</u>	<u>-</u>
	<u>\$ 8,439,886</u>	<u>\$ 2,059,650</u>	<u>\$ 137,976</u>	<u>\$ 10,637,512</u>	<u>\$ 23,189</u>
<b>Reconciliation of operating income (loss) to net cash provided from (used by) operating activities</b>					
Operating income (loss)	\$ 219,983	\$ 1,340,733	\$ (284,268)	\$ 1,276,448	\$ (16,756)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	211,450	266,912	245,676	724,038	-
(Increase) decrease in assets:					
Receivables	(72,366)	(106,945)	(2,688)	(181,999)	-
Inventories	(32,326)	2,356	-	(29,970)	-
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	(27,467)	(75,396)	(42,945)	(145,808)	4,467
Compensated absences payable	(2,582)	2,745	-	163	-
Net cash provided from (used by) operating activities	<u>\$ 296,692</u>	<u>\$ 1,430,405</u>	<u>\$ (84,225)</u>	<u>\$ 1,642,872</u>	<u>\$ (12,289)</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**CITY OF THE DALLES**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**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.

The government-wide statements and proprietary funds have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

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 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.

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.

Additionally, the City reports an *Internal Service Fund*. This fund accounts for operations that provide service to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The service provided is the payments of unemployment benefits.

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.

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

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

## **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	45
Plant in service	45
Machinery and equipment	5 - 20

#### **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.

## **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 other uses.

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 a hearing before the public, publication in the newspaper, and approval by the City Council. 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, 2007, 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:

General Fund:		
Finance	\$	15,898
Police	\$	2,392
Street and Bridge Replacement Fund:		
Capital outlay	\$	19,322
Sewer Plant Construction Fund:		
Transfers out	\$	380

**C. Deficit Fund Balance**

At June 30, 2007, the Library Fund had a deficit fund balance of \$95,091. Management expects the deficit to be reversed in future years by library revenues and transfers.

**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, 2007. If bank deposits at year end are not entirely insured or collateralized with securities held 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 the depository institution to maintain on deposit with a collateral pool manager, securities having a value not less than 25% of the outstanding certificates of

participation issued by the pool manager. For the fiscal year ended June 30, 2007, the carrying amount of the City's deposits was \$10,251,022 and the bank balance was \$11,107,948. All deposits are held in the name of the City or the Columbia Gateway Urban Renewal Agency (blended component unit). Of the bank balance, \$2,550,000 was covered by federal depository insurance and collateral certificates in the City's or Columbia Gateway Urban Renewal Agency's name. The remaining \$8,557,948 was uninsured and uncollateralized.

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.

The following table presents the credit quality ratings of investments in debt securities of the primary government (excluding Oregon State Treasury LGIP) using Standard and Poor's ratings as of June 30, 2007:

Credit Quality Ratings (Standard & Poors)	Carrying Amount/ Fair Value
AA+	\$ 187,282
AA	535,451
Not rated	<u>253,545</u>
Total	<u><u>\$ 976,278</u></u>

**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. At June 30, 2007, the City had \$279,451 invested in US Bancorp bonds and \$256,000 invested in Bank One Bank notes, which represent 6% and 5% of total investments, respectively.

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.

The City of The Dalles also invested funds in U.S. Government Obligations and Corporate Indebtedness. These investments are carried at fair value.

The City also had funds invested in a money market sweep account in conjunction with their investments in U.S. Government Agency Securities. These funds are collateralized by the underlying investments of the money market fund they are invested in and are not collateralized by additional collateral pool certificates.

Investments held by the City at June 30, 2007 are as follows:

	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Carrying Amount/ Fair Value</u>
Local Government Investment Pool	1 day	79%	\$ 3,681,986
US Government Agency Securities	Less than 1 year	8%	352,795
Corporate Bonds	Less than 1 year	11%	535,451
US Government Agency Securities	1 to 2 years	2%	88,032
Total investments		<u>100%</u>	<u>4,658,264</u>
Less amounts classified as cash equivalents			<u>(3,681,986)</u>
Total Investments			<u><u>\$ 976,278</u></u>

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

Cash with County treasurer	\$ 24,615
Cash on hand	1,775
Carrying amounts of deposits	10,251,022
Local Government Investment Pool	<u>3,681,986</u>
Total cash and cash equivalents	<u><u>\$ 13,959,398</u></u>

## B. Receivables

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

	General	Street	Library	Special Assessments	Urban Renewal Capital Projects	Other Governmental Funds	Total Governmental Activities
Property taxes	\$ 111,615	\$ -	\$ -	\$ -	\$ 60,027	\$ -	\$ 171,642
Accounts	270,920	30,914	-	631	6,353	60,555	369,373
Intergovernmental	22,711	47,994	8,084	-	-	129,810	208,599
Fines and forfeitures	696,903	-	-	-	-	-	696,903
Assessments	-	-	-	56,574	-	-	56,574
Notes	-	-	-	-	282,445	-	282,445
	<u>\$ 1,102,149</u>	<u>\$ 78,908</u>	<u>\$ 8,084</u>	<u>\$ 57,205</u>	<u>\$ 348,825</u>	<u>\$ 190,365</u>	<u>\$ 1,785,536</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	\$ 289,073	\$ 425,083	\$ 26,181	\$ 740,337
Intergovernmental	-	-	21,982	21,982
Assessments	-	72,221	-	72,221
Allowance for doubtful accounts	<u>(13,758)</u>	<u>(29,269)</u>	<u>(2,500)</u>	<u>(45,527)</u>
	<u>\$ 275,315</u>	<u>\$ 468,035</u>	<u>\$ 45,663</u>	<u>\$ 789,013</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 2006-2007, the City levied property taxes in the amount of \$1,932,112. After reductions for offsets and increases for additional taxes and penalties this resulted in a net levy of \$1,905,060. The tax rate for the fiscal year was \$3.0155, per \$1,000 of assessed value. The assessed valuation for the City as of January 1, 2007 was \$640,712,244. The Columbia Gateway Urban Renewal Agency, a blended component unit of the City, levied taxes at its maximum taxing authority of \$1,048,607. After reductions for offsets and additional taxes and penalties, this resulted in a net levy of \$1,034,064.



Following is a summary of property tax transactions for the year ended June 30, 2007:

	Balances July 1, 2006	2006-07 Levy	Adjustments	Interest (Discounts)	Collections	Balances June 30, 2007
2006-07	\$ -	\$ 2,939,124	\$ (5,162)	\$ (71,953)	\$ (2,766,416)	\$ 95,593
2005-06	143,009	-	(8,716)	6	(91,972)	42,327
2004-05	99,299	-	(15,309)	6	(60,217)	23,779
2003-04	82,641	-	(12,582)	8	(62,622)	7,445
2002-03	8,331	-	(188)	3	(6,865)	1,281
2001-02	599	-	(1)	-	(59)	539
2000-01	32	-	-	-	-	32
Prior years	915	-	(4)	-	(265)	646
	<u>\$ 334,826</u>	<u>\$ 2,939,124</u>	<u>\$ (41,962)</u>	<u>\$ (71,930)</u>	<u>\$ (2,988,416)</u>	<u>\$ 171,642</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, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 302,445	\$ -	\$ -	\$ 302,445
Construction in progress	40,047	-	(40,047)	-
Assets available for sale	210,917	-	-	210,917
<b>Total capital assets, not being depreciated</b>	<u>553,409</u>	<u>-</u>	<u>(40,047)</u>	<u>513,362</u>
Capital assets, being depreciated				
Land improvements	171,189	33,002	-	204,191
Buildings	3,730,195	-	-	3,730,195
Equipment	2,270,910	149,192	(65,100)	2,355,002
Infrastructure	11,385,266	338,915	-	11,724,181
<b>Total capital assets, being depreciated</b>	<u>17,557,560</u>	<u>521,109</u>	<u>(65,100)</u>	<u>18,013,569</u>
Accumulated depreciation for:				
Land improvements	(127,086)	(9,179)	-	(136,265)
Building	(1,144,854)	(73,394)	-	(1,218,248)
Equipment	(1,248,312)	(196,238)	65,100	(1,379,450)
Infrastructure	(1,168,479)	(210,635)	-	(1,379,114)
<b>Total accumulated depreciation</b>	<u>(3,688,731)</u>	<u>(489,446)</u>	<u>65,100</u>	<u>(4,113,077)</u>
<b>Total capital assets, being depreciated, net</b>	<u>13,868,829</u>	<u>31,663</u>	<u>-</u>	<u>13,900,492</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 14,422,238</u>	<u>\$ 31,663</u>	<u>\$ (40,047)</u>	<u>\$ 14,413,854</u>

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

General government	\$ 102,677
Public safety	78,634
Highways and streets	294,314
Culture and recreation	13,821
<b>Total depreciation expense - governmental activities</b>	<u>\$ 489,446</u>

Capital asset activity for the business-type activities for the year ended June 30, 2007 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	-	361,138	-	361,138
Total capital assets, not being depreciated	<u>5,707,215</u>	<u>361,138</u>	<u>-</u>	<u>6,068,353</u>
Capital assets, being depreciated				
Land improvements	5,303,506	9,702	-	5,313,208
Buildings	2,604,531	-	(18,229)	2,586,302
Equipment	874,605	6,445	-	881,050
Wastewater Treatment Plant	7,720,104	281,871	-	8,001,975
Dams and lines	7,292,840	166,291	(47,957)	7,411,174
Total capital assets, being depreciated	<u>23,795,586</u>	<u>464,309</u>	<u>(66,186)</u>	<u>24,193,709</u>
Less accumulated depreciation for:				
Land improvements	(2,091,679)	(282,576)	-	(2,374,255)
Building	(1,144,386)	(51,421)	12,184	(1,183,623)
Equipment	(669,919)	(34,420)	-	(704,339)
Wastewater Treatment Plant	-	(171,558)	-	(171,558)
Dams and lines	(3,534,068)	(184,063)	47,957	(3,670,174)
Total accumulated depreciation	<u>(7,440,052)</u>	<u>(724,038)</u>	<u>60,141</u>	<u>(8,103,949)</u>
Total capital assets, being depreciated, net	<u>16,355,534</u>	<u>(259,729)</u>	<u>(6,045)</u>	<u>16,089,760</u>
Business-type activities capital assets, net	<u>\$ 22,062,749</u>	<u>\$ 101,409</u>	<u>\$ (6,045)</u>	<u>\$ 22,158,113</u>

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

Water	\$ 211,450
Wastewater	266,912
Airport	245,676
Total depreciation expense - business-type activities	<u>\$ 724,038</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 no unearned deferred revenue. The various components of unavailable deferred revenue reported in the governmental funds was as follows:

	General	Special Assessments	Urban Renewal Capital Projects	Other Governmental Funds	Totals
Property taxes	\$ 111,615	\$ -	\$ 60,027	\$ -	\$ 171,642
Fines and forfeitures	696,171	-	-	-	696,171
Loans	-	-	282,445	50,559	333,004
Special assessments	-	56,574	-	-	56,574
	<u>\$ 807,786</u>	<u>\$ 56,574</u>	<u>\$ 342,472</u>	<u>\$ 50,559</u>	<u>\$ 1,257,391</u>

#### E. Long-term obligations

##### 1. Revenue Bonds – Governmental Activities

Revenue bonds recorded in the Governmental Activities include police facilities revenue bonds, with interest rates ranging from 3.65% to 4.6% payable from property rental income. Future maturities are as follows:

Year Ending June 30	Principal	Interest
2008	\$ 135,000	\$ 9,281
2009	135,000	3,105
	<u>\$ 270,000</u>	<u>\$ 12,386</u>

##### 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
2008	\$ 335,000	\$ 134,110
2009	345,000	121,883
2010	360,000	108,427
2011	375,000	93,668
2012	390,000	77,542
2013-2015	1,275,000	123,328
	<u>\$ 3,080,000</u>	<u>\$ 658,958</u>

### 3. Loans Payable – Governmental Activities

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

In addition, the City has a loan payable to IBM for the purchase of computer equipment, software, and support. The loan is payable monthly with installments of \$890, including interest at 4.8% for equipment and 7.93% for related software and technical support. The final payment is due May 1, 2009. The loan is secured by computer equipment, and is payable from general government revenues.

Future maturities of the loans payable are as follows:

Year Ending June 30	Oregon		IBM Credit		Totals	
	Investment Board		Principal	Interest	Principal	Interest
	Principal	Interest				
2008	\$ 45,856	\$ 18,989	\$ 9,828	\$ 847	\$ 55,684	\$ 19,836
2009	47,709	17,137	9,512	273	57,221	17,410
2010	49,637	15,209	-	-	49,637	15,209
2011	51,642	13,204	-	-	51,642	13,204
2012	53,728	11,118	-	-	53,728	11,118
2013-2016	237,513	21,870	-	-	237,513	21,870
	<u>\$ 486,085</u>	<u>\$ 97,527</u>	<u>\$ 19,340</u>	<u>\$ 1,120</u>	<u>\$ 505,425</u>	<u>\$ 98,647</u>

### 4. Bonds Payable – Business-Type Activities – Water Fund

The City issued revenue bonds during the year, with interest rates ranging from 4.0% to 4.4%. The bond principal is payable annually and the interest is payable semiannually, with final payments due June 1, 2032. These bonds were issued to finance improvements to the City's water system and infrastructure. Future maturities of the bonds are as follows:

Year Ending June 30	Principal	Interest
2008	\$ -	\$ 427,896
2009	-	335,605
2010	-	335,605
2011	230,000	335,605
2012	235,000	326,405
2013-2017	1,340,000	1,482,025
2018-2022	1,635,000	1,183,788
2023-2027	2,010,000	806,361
2028-2032	2,480,000	336,600
	<u>\$ 7,930,000</u>	<u>\$ 5,569,890</u>

**5. Bonds Payable – Business-Type Activities – Wastewater Fund**

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

Future maturities of the bonds are as follows:

Year Ending June 30	Principal	Interest
2008	\$ 325,000	\$ 230,565
2009	330,000	222,440
2010	340,000	212,540
2011	350,000	201,830
2012	365,000	188,705
2013-2017	2,035,000	731,485
2018-2022	2,455,000	312,595
	<u>\$ 6,200,000</u>	<u>\$ 2,100,160</u>

**6. Bonds Payable – Business-Type Activities – Airport Fund**

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

Future maturities are as follows:

Year Ending June 30	Principal	Interest
2008	\$ 38,000	\$ 17,871
2009	40,000	15,862
2010	42,000	13,751
2011	44,000	11,536
2012	46,000	9,219
2013-2015	156,000	12,258
	<u>\$ 366,000</u>	<u>\$ 80,497</u>

**7. Conduit Debt**

The City has acted as a conduit for debt issued by QualityLife Intergovernmental Agency and payable to the Oregon Department of Economic and Community Development in the amount of \$446,374, plus accrued, but unmatured, interest of \$52,357. 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.

## 8. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2007, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Revenue Bonds	\$ 400,000	\$ -	\$ 130,000	\$ 270,000	\$ 135,000
Limited Tax Issuances	3,405,000	-	325,000	3,080,000	335,000
Loans Payable	558,789	-	53,364	505,425	55,684
Compensated Absences	202,635	201,523	202,635	201,523	201,523
Governmental activity Long-term obligations	<u>\$ 4,566,424</u>	<u>\$ 201,523</u>	<u>\$ 710,999</u>	<u>\$ 4,056,948</u>	<u>\$ 727,207</u>
<b>Business - type activities:</b>					
Revenue Bonds Payable	\$ 6,917,000	\$ 7,930,000	\$ 351,000	\$ 14,496,000	\$ 363,000
Compensated Absences	97,942	98,105	97,942	98,105	98,105
Business-type activity Long-term obligations	<u>\$ 7,014,942</u>	<u>\$ 8,028,105</u>	<u>\$ 448,942</u>	<u>\$ 14,594,105</u>	<u>\$ 461,105</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 \$233,596. In the fund financial statements, the General Fund had \$102,000 due from the Library Fund, \$33,790 due from the Special Grants Fund, \$98,568 due from the Water Funds, and \$135,028 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 business-type activities and transfers into the governmental activities in the amount of \$778,104.

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

	Transfers In	Transfers Out
Governmental activities		
General	\$ 835,656	\$ 374,796
Street	152,796	166,680
Library	234,468	611
Special assessments	-	59,220
Other funds	187,871	31,380
Business-type activities		
Water	-	463,272
Waste water	1,955,532	2,357,880
Airport	95,508	7,992
	<u>\$ 3,461,831</u>	<u>\$ 3,461,831</u>

As part of the budget preparation and adoption, the City anticipates making interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues.

#### **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. 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, 2007 was \$2,546,827. Total contributions to the plan for the year ended June 30, 2007 were \$377,345, including \$343,820 and \$33,525 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, 2007 was \$958,786. Total contributions to the plan for the year ended June 30, 2007 were \$215,274, including \$210,571 and \$4,703 for the City and employee contributions, respectively.

##### **C. Related Party Transaction**

The City has contracted with two corporations, which are partially owned by a member of the City Council, to provide management services at the airport. The contract includes compensation of \$6,216 per month for management services, \$706 per month



for secretarial services, and commissions of 10% for new rental agreements and transfers of property. The total paid under this contract during the year was \$83,064 and no amounts were payable at year-end. The corporations also provide fixed base operator (FBO) services, for which they pay the City \$0.07 per gallon pumped and rents space from the City for \$3,300 per month. The total paid to the City was \$3,737 for FBO services and \$13,200 for rent.

#### **D. Commitments and Contingencies**

##### **1. Construction in Progress**

The City is committed under various construction contracts at June 30, 2007. Major projects in progress at June 30, 2007 are as follows:

The Wicks clearwell expansion project is approximately 9% complete. Costs incurred to date are \$361,108, with total estimated costs of \$3,874,000.

##### **2. Subsequent Events**

In September 2007, the City entered into a land swap agreement in which they will be vacating the current Public Works land and buildings in exchange for multiple pieces of land in other parts of the City. One of the parcels acquired in the exchange is located in downtown The Dalles, while the other is located in the Port Industrial Park. The City believes the exchange will lead to economic development and increased property tax revenues from future improvements on the exchanged sites. The City also received \$230,046 in cash from the exchange.

After June 30, 2007, the City, in its normal course of business, has awarded contracts for projects to include:

• Fremont Interceptor project	\$ 853,836
• Airport well project	\$ 186,628
• Terminal reservoir design	\$ 171,000
• East Gateway / Brewery Grade intersection project	\$ 197,979
• Downtown renaissance / cruise dock project design	\$ 963,512

Various grant applications have been filed to assist with the financing of the projects listed above. The City has also been notified of receiving other non-related grants as well.

The City also approved the process of acquiring approximately \$2.35 million of full faith and credit bonds for public works improvements.

As detailed in Note III.E.4, the City issued water revenue bonds for financing of improvements to the City's water system and infrastructure. The remaining cash proceeds balance of approximately \$7.8 million of the bond issue at June 30, 2007 is restricted to be used for future completion costs of the project.

## **SUPPLEMENTAL INFORMATION**

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## COMBINING STATEMENTS

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### 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.
- *Special Grants* – accounts for various grant programs operated by the City. Revenues consist primarily of grants and interest 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.

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

- *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.

**Capital Project Funds** - These funds account for the acquisition and construction of capital facilities. Funds included in this category are:

- *Capital Projects* – 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.

**CITY OF THE DALLES, OREGON  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2007**

	<b>Special Revenue Funds</b>			
	<b>Public Works Reserve Fund</b>	<b>Community Benevolence Fund</b>	<b>Street and Bridge Replacement Fund</b>	<b>Special Grants Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,760	\$ 2,335	\$ 106,423	\$ -
Investments	5,879	694	31,659	-
Receivables:				
Accounts	-	-	-	50,559
Intergovernmental	-	-	-	70,572
Total assets	<u>\$ 25,639</u>	<u>\$ 3,029</u>	<u>\$ 138,082</u>	<u>\$ 121,131</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 1,250
Due to other funds	-	-	-	33,790
Deferred revenue	-	-	-	50,559
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,599</u>
<b>FUND BALANCES</b>				
Reserved for debt service	-	-	-	-
Unreserved, reported in:				
Special revenue funds	25,639	3,029	138,082	35,532
Capital projects fund	-	-	-	-
Total fund balances	<u>25,639</u>	<u>3,029</u>	<u>138,082</u>	<u>35,532</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 25,639</u>	<u>\$ 3,029</u>	<u>\$ 138,082</u>	<u>\$ 121,131</u>

See auditor's report.

<b>Special Revenue</b>	<b>Debt Service Funds</b>				
<b>State Office Building Fund</b>	<b>Police Facility Revenue Bond Fund</b>	<b>Urban Renewal Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Totals</b>	
\$ 27,603	\$ 86,313	\$ 471,029	\$ 59,339	\$	772,802
8,212	25,677	-	17,652		89,773
-	-	-	9,996		60,555
<u>47,510</u>	<u>11,728</u>	<u>-</u>	<u>-</u>		<u>129,810</u>
<u>\$ 83,325</u>	<u>\$ 123,718</u>	<u>\$ 471,029</u>	<u>\$ 86,987</u>	<u>\$</u>	<u>1,052,940</u>
\$ 1,961	\$ -	\$ -	\$ 960	\$	4,171
-	-	-	-		33,790
-	-	-	-		50,559
<u>1,961</u>	<u>-</u>	<u>-</u>	<u>960</u>		<u>88,520</u>
-	123,718	471,029	-		.594,747
81,364	-	-	-		283,646
<u>-</u>	<u>-</u>	<u>-</u>	<u>86,027</u>		<u>86,027</u>
<u>81,364</u>	<u>123,718</u>	<u>471,029</u>	<u>86,027</u>		<u>964,420</u>
<u>\$ 83,325</u>	<u>\$ 123,718</u>	<u>\$ 471,029</u>	<u>\$ 86,987</u>	<u>\$</u>	<u>1,052,940</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, 2007**

	<u>Special Revenue Funds</u>			
	<u>Public Works Reserve Fund</u>	<u>Community Benevolence Fund</u>	<u>Street and Bridge Replacement Fund</u>	<u>Special Grants Fund</u>
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	114,880	121,084
Rental income	-	-	-	-
Interest on investments	463	81	6,161	245
Miscellaneous	-	1,000	-	-
<b>TOTAL REVENUES</b>	<u>463</u>	<u>1,081</u>	<u>121,041</u>	<u>121,329</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	92,560
Capital outlay	92,876	-	246,801	-
Debt service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>92,876</u>	<u>-</u>	<u>246,801</u>	<u>92,560</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(92,413)</u>	<u>1,081</u>	<u>(125,760)</u>	<u>28,769</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	89,988	-	34,992	-
Transfers out	-	-	-	(7,008)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>89,988</u>	<u>-</u>	<u>34,992</u>	<u>(7,008)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(2,425)</u>	<u>1,081</u>	<u>(90,768)</u>	<u>21,761</u>
<b>FUND BALANCE, Beginning</b>	<u>28,064</u>	<u>1,948</u>	<u>228,850</u>	<u>13,771</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 25,639</u>	<u>\$ 3,029</u>	<u>\$ 138,082</u>	<u>\$ 35,532</u>

See auditor's report.

<u>Special Revenue</u>	<u>Debt Service Funds</u>				
<u>State Office Building Fund</u>	<u>Police Facility Revenue Bond Fund</u>	<u>Urban Renewal Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>	
\$ -	\$ -	\$ 442,239	\$ -	\$	442,239
-	-	-	21,615		257,579
161,930	149,579	-	11,455		322,964
2,739	4,049	26,713	4,008		44,459
-	-	-	-		1,000
<u>164,669</u>	<u>153,628</u>	<u>468,952</u>	<u>37,078</u>		<u>1,068,241</u>
158,640	-	-	-		251,200
-	-	-	6,755		346,432
<u>-</u>	<u>145,278</u>	<u>470,160</u>	<u>64,846</u>		<u>680,284</u>
<u>158,640</u>	<u>145,278</u>	<u>470,160</u>	<u>71,601</u>		<u>1,277,916</u>
<u>6,029</u>	<u>8,350</u>	<u>(1,208)</u>	<u>(34,523)</u>		<u>(209,675)</u>
-	-	-	43,224		168,204
<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,372)</u>		<u>(31,380)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>18,852</u>		<u>136,824</u>
6,029	8,350	(1,208)	(15,671)		(72,851)
<u>75,335</u>	<u>115,368</u>	<u>472,237</u>	<u>101,698</u>		<u>1,037,271</u>
<u>\$ 81,364</u>	<u>\$ 123,718</u>	<u>\$ 471,029</u>	<u>\$ 86,027</u>	<u>\$</u>	<u>964,420</u>





## **BUDGETARY COMPARISON SCHEDULES**

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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 and Library 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**

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▪ **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, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
General government:				
City council	\$ 123,927	\$ 137,927	\$ 133,917	\$ 4,010
City clerk	110,356	110,356	107,907	2,449
City manager	210,104	211,604	211,459	145
City attorney	209,644	198,344	197,799	545
Judicial	132,807	146,107	145,120	987
Finance	318,516	366,016	381,914	(15,898)
Utility billing	180,998	133,498	113,051	20,447
Personnel	24,420	24,420	24,398	22
Planning	429,760	439,760	423,959	15,801
City hall	147,626	182,626	168,312	14,314
Transportation center	6,191	6,191	4,419	1,772
	<u>1,894,349</u>	<u>1,956,849</u>	<u>1,912,255</u>	<u>44,594</u>
Total general government				
Public safety:				
Police	2,119,336	2,121,336	2,123,728	(2,392)
Codes enforcement	31,682	29,682	25,684	3,998
	<u>2,151,018</u>	<u>2,151,018</u>	<u>2,149,412</u>	<u>1,606</u>
Total public safety				
Culture and recreation:				
Nondepartmental	352,439	368,439	366,865	1,574
	<u>352,439</u>	<u>368,439</u>	<u>366,865</u>	<u>1,574</u>
Total culture and recreation				
Contingency	542,542	325,742	-	325,742
	<u>4,940,348</u>	<u>4,802,048</u>	<u>4,428,532</u>	<u>373,516</u>
<b>TOTAL EXPENDITURES</b>				
<b>OTHER FINANCING USES</b>				
Transfers out	158,013	374,813	374,796	17
	<u>158,013</u>	<u>374,813</u>	<u>374,796</u>	<u>17</u>
<b>TOTAL OTHER FINANCING USES</b>				
	<u>158,013</u>	<u>374,813</u>	<u>374,796</u>	<u>17</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>				
	<u>\$ 5,098,361</u>	<u>\$ 5,176,861</u>	<u>\$ 4,803,328</u>	<u>\$ 373,533</u>

See auditor's report.

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

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**Governmental Funds**

**Special Revenue Funds**

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

**Debt Service Funds**

- Police Facility Revenue Bond
- Urban Renewal

**Capital Project Funds**

- Capital Projects
- Special Assessments (Major Fund)
- 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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 500	\$ 500	\$ 463	\$ (37)
<b>TOTAL REVENUES</b>	<u>500</u>	<u>500</u>	<u>463</u>	<u>(37)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>118,363</u>	<u>118,363</u>	<u>92,876</u>	<u>25,487</u>
<b>TOTAL EXPENDITURES</b>	<u>118,363</u>	<u>118,363</u>	<u>92,876</u>	<u>25,487</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(117,863)</u>	<u>(117,863)</u>	<u>(92,413)</u>	<u>25,450</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>90,000</u>	<u>90,000</u>	<u>89,988</u>	<u>(12)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>90,000</u>	<u>90,000</u>	<u>89,988</u>	<u>(12)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(27,863)</u>	<u>(27,863)</u>	<u>(2,425)</u>	<u>25,438</u>
<b>FUND BALANCE, Beginning</b>	<u>27,863</u>	<u>27,863</u>	<u>28,064</u>	<u>201</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,639</u>	<u>\$ 25,639</u>

**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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 38	\$ 38	\$ 81	\$ 43
Miscellaneous	4,000	4,000	1,000	(3,000)
<b>TOTAL REVENUES</b>	<u>4,038</u>	<u>4,038</u>	<u>1,081</u>	<u>(2,957)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	<u>5,975</u>	<u>5,975</u>	<u>-</u>	<u>5,975</u>
<b>TOTAL EXPENDITURES</b>	<u>5,975</u>	<u>5,975</u>	<u>-</u>	<u>5,975</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,937)	(1,937)	1,081	3,018
<b>FUND BALANCE, Beginning</b>	<u>1,937</u>	<u>1,937</u>	<u>1,948</u>	<u>11</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,029</u>	<u>\$ 3,029</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 123,929	\$ 123,929	\$ 114,880	\$ (9,049)
Interest on investments	3,400	3,400	6,161	2,761
<b>TOTAL REVENUES</b>	<u>127,329</u>	<u>127,329</u>	<u>121,041</u>	<u>(6,288)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>227,479</u>	<u>227,479</u>	<u>246,801</u>	<u>(19,322)</u>
<b>TOTAL EXPENDITURES</b>	<u>227,479</u>	<u>227,479</u>	<u>246,801</u>	<u>(19,322)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(100,150)</u>	<u>(100,150)</u>	<u>(125,760)</u>	<u>(25,610)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>35,000</u>	<u>35,000</u>	<u>34,992</u>	<u>(8)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>35,000</u>	<u>35,000</u>	<u>34,992</u>	<u>(8)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(65,150)	(65,150)	(90,768)	(25,618)
<b>FUND BALANCE, Beginning</b>	<u>65,150</u>	<u>65,150</u>	<u>228,850</u>	<u>163,700</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,082</u>	<u>\$ 138,082</u>

See auditor's report.



**CITY OF THE DALLES, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**SPECIAL GRANTS FUND - SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 503,000	\$ 1,070,000	\$ 121,084	\$ (948,916)
Interest on investments	100	100	245	145
Miscellaneous	1,125	1,125	-	(1,125)
<b>TOTAL REVENUES</b>	<u>504,225</u>	<u>1,071,225</u>	<u>121,329</u>	<u>(949,896)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	9,250	576,250	92,560	483,690
Capital outlay	500,000	500,000	-	500,000
<b>TOTAL EXPENDITURES</b>	<u>509,250</u>	<u>1,076,250</u>	<u>92,560</u>	<u>983,690</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,025)</u>	<u>(5,025)</u>	<u>28,769</u>	<u>33,794</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(7,016)	(7,016)	(7,008)	8
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(7,016)</u>	<u>(7,016)</u>	<u>(7,008)</u>	<u>8</u>
<b>NET CHANGE IN FUND BALANCE</b>	(12,041)	(12,041)	21,761	33,802
<b>FUND BALANCE, Beginning</b>	<u>12,041</u>	<u>12,041</u>	<u>13,771</u>	<u>1,730</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,532</u>	<u>\$ 35,532</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Rental income	\$ 141,572	\$ 141,572	\$ 161,930	\$ 20,358
Interest on investments	650	650	2,739	2,089
<b>TOTAL REVENUES</b>	<u>142,222</u>	<u>142,222</u>	<u>164,669</u>	<u>22,447</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Personal services	26,549	26,549	24,366	2,183
Materials and services	146,071	146,071	134,274	11,797
<b>TOTAL EXPENDITURES</b>	<u>172,620</u>	<u>172,620</u>	<u>158,640</u>	<u>13,980</u>
<b>NET CHANGE IN FUND BALANCE</b>	(30,398)	(30,398)	6,029	36,427
<b>FUND BALANCE, Beginning</b>	<u>30,398</u>	<u>30,398</u>	<u>75,335</u>	<u>44,937</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,364</u>	<u>\$ 81,364</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Rental income	\$ 141,018	\$ 141,018	\$ 149,579	\$ 8,561
Interest on investments	3,310	3,310	4,049	739
<b>TOTAL REVENUES</b>	<u>144,328</u>	<u>144,328</u>	<u>153,628</u>	<u>9,300</u>
<b>EXPENDITURES</b>				
Debt service	<u>259,278</u>	<u>259,278</u>	<u>145,278</u>	<u>114,000</u>
<b>TOTAL EXPENDITURES</b>	<u>259,278</u>	<u>259,278</u>	<u>145,278</u>	<u>114,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(114,950)	(114,950)	8,350	123,300
<b>FUND BALANCE, Beginning</b>	<u>114,950</u>	<u>114,950</u>	<u>115,368</u>	<u>418</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,718</u>	<u>\$ 123,718</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, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 442,239	\$ 442,239	\$ 442,239	\$ -
Interest on investments	18,675	18,675	26,713	8,038
<b>TOTAL REVENUES</b>	<u>460,914</u>	<u>460,914</u>	<u>468,952</u>	<u>8,038</u>
<b>EXPENDITURES</b>				
Debt service	<u>925,660</u>	<u>925,660</u>	<u>470,160</u>	<u>455,500</u>
<b>TOTAL EXPENDITURES</b>	<u>925,660</u>	<u>925,660</u>	<u>470,160</u>	<u>455,500</u>
<b>NET CHANGE IN FUND BALANCE</b>	(464,746)	(464,746)	(1,208)	463,538
<b>FUND BALANCE, Beginning</b>	<u>464,746</u>	<u>464,746</u>	<u>472,237</u>	<u>7,491</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 471,029</u>	<u>\$ 471,029</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 21,616	\$ 21,616	\$ 21,615	\$ (1)
Rental income	22,077	22,077	11,455	(10,622)
Interest on investments	5,330	5,330	4,008	(1,322)
<b>TOTAL REVENUES</b>	<u>49,023</u>	<u>49,023</u>	<u>37,078</u>	<u>(11,945)</u>
<b>EXPENDITURES</b>				
Capital outlay	101,640	101,640	6,755	94,885
Debt service	64,846	64,846	64,846	-
<b>TOTAL EXPENDITURES</b>	<u>166,486</u>	<u>166,486</u>	<u>71,601</u>	<u>94,885</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(117,463)</u>	<u>(117,463)</u>	<u>(34,523)</u>	<u>82,940</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	43,231	43,231	43,224	(7)
Transfers out	(24,377)	(24,377)	(24,372)	5
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>18,854</u>	<u>18,854</u>	<u>18,852</u>	<u>(2)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(98,609)	(98,609)	(15,671)	82,938
<b>FUND BALANCE, Beginning</b>	<u>98,609</u>	<u>98,609</u>	<u>101,698</u>	<u>3,089</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,027</u>	<u>\$ 86,027</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Special assessments	\$ 78,539	\$ 78,539	\$ 71,560	\$ (6,979)
Interest on investments	16,400	16,400	19,370	2,970
<b>TOTAL REVENUES</b>	<u>94,939</u>	<u>94,939</u>	<u>90,930</u>	<u>(4,009)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	563,237	563,237	107,423	455,814
<b>TOTAL EXPENDITURES</b>	<u>563,237</u>	<u>563,237</u>	<u>107,423</u>	<u>455,814</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(468,298)</u>	<u>(468,298)</u>	<u>(16,493)</u>	<u>451,805</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(59,230)	(59,230)	(59,220)	10
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(59,230)</u>	<u>(59,230)</u>	<u>(59,220)</u>	<u>10</u>
<b>NET CHANGE IN FUND BALANCE</b>	(527,528)	(527,528)	(75,713)	451,815
<b>FUND BALANCE, Beginning</b>	<u>527,528</u>	<u>527,528</u>	<u>550,045</u>	<u>22,517</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 474,332</u>	<u>\$ 474,332</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, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 520,848	\$ 520,848	\$ 619,435	\$ 98,587
Interest on investments	24,000	24,000	74,094	50,094
Miscellaneous	-	-	850	850
<b>TOTAL REVENUES</b>	<u>544,848</u>	<u>544,848</u>	<u>694,379</u>	<u>149,531</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	385,198	385,198	158,840	226,358
Capital outlay	<u>1,237,865</u>	<u>1,237,865</u>	<u>23,253</u>	<u>1,214,612</u>
<b>TOTAL EXPENDITURES</b>	<u>1,623,063</u>	<u>1,623,063</u>	<u>182,093</u>	<u>1,440,970</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,078,215)	(1,078,215)	512,286	1,590,501
<b>FUND BALANCE, Beginning</b>	<u>1,078,215</u>	<u>1,078,215</u>	<u>1,026,521</u>	<u>(51,694)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,538,807</u>	<u>\$ 1,538,807</u>

See auditor's report.





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

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**Proprietary Funds**

**Enterprise Funds**

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

**Internal Service Fund**

- Unemployment Reserve

**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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 2,586,053	\$ 2,586,053	\$ 2,511,158	\$ (74,895)
Intergovernmental	14,290	14,290	2,715	(11,575)
Rental income	4,080	4,080	4,080	-
Interest on investments	11,866	11,866	2,946	(8,920)
Miscellaneous	144,270	144,270	11,174	(133,096)
<b>TOTAL REVENUES</b>	<u>2,760,559</u>	<u>2,760,559</u>	<u>2,532,073</u>	<u>(228,486)</u>
<b>EXPENDITURES</b>				
Water treatment department:				
Current:				
Personal services	624,590	624,590	564,189	60,401
Materials and services	446,485	446,485	300,257	146,228
Capital outlay	42,300	42,300	38,536	3,764
Total water treatment department	<u>1,113,375</u>	<u>1,113,375</u>	<u>902,982</u>	<u>210,393</u>
Water distribution department:				
Current:				
Personal services	802,329	802,329	785,383	16,946
Materials and services	445,621	445,621	410,260	35,361
Capital outlay	39,198	39,198	15,459	23,739
Total water distribution department	<u>1,287,148</u>	<u>1,287,148</u>	<u>1,211,102</u>	<u>76,046</u>
Contingency	102,433	102,433	-	102,433
<b>TOTAL EXPENDITURES</b>	<u>2,502,956</u>	<u>2,502,956</u>	<u>2,114,084</u>	<u>388,872</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>257,603</u>	<u>257,603</u>	<u>417,989</u>	<u>160,386</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(463,272)	(463,272)	(463,272)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(463,272)</u>	<u>(463,272)</u>	<u>(463,272)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(205,669)	(205,669)	(45,283)	160,386
<b>FUND BALANCE, Beginning</b>	<u>205,669</u>	<u>205,669</u>	<u>307,656</u>	<u>101,987</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,373</u>	<u>\$ 262,373</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 178,400	\$ 178,400	\$ 109,412	\$ (68,988)
Interest on investments	31,500	31,500	119,850	88,350
<b>TOTAL REVENUES</b>	<u>209,900</u>	<u>209,900</u>	<u>229,262</u>	<u>19,362</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	175,500	175,500	126,933	48,567
Capital outlay	598,400	598,400	497,247	101,153
Debt service	550,000	550,000	217,572	332,428
<b>TOTAL EXPENDITURES</b>	<u>1,323,900</u>	<u>1,323,900</u>	<u>841,752</u>	<u>482,148</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,114,000)</u>	<u>(1,114,000)</u>	<u>(612,490)</u>	<u>501,510</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond premium	-	-	42,182	42,182
Issuance of debt	-	-	7,930,000	7,930,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>7,972,182</u>	<u>7,972,182</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,114,000)	(1,114,000)	7,359,692	8,473,692
<b>FUND BALANCE, Beginning</b>	<u>1,114,000</u>	<u>1,114,000</u>	<u>938,992</u>	<u>(175,008)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,298,684</u>	<u>\$ 8,298,684</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, 2007**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Water Utility Fund	\$ 262,373
Water Capital Reserve Fund	<u>8,298,684</u>

8,561,057

Adjustments:

Capital assets, net of depreciation	6,945,989
Bond issuance costs	214,709
Accrued interest payable	(104,038)
Premium on long-term debt	(41,627)
Long-term debt	<u>(7,930,000)</u>

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

\$ 7,646,090

**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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 3,738,668	\$ 3,738,668	\$ 3,522,899	\$ (215,769)
Intergovernmental	14,290	14,290	2,715	(11,575)
Interest on investments	1,000	1,000	1,095	95
Miscellaneous	1,000	1,000	20,537	19,537
<b>TOTAL REVENUES</b>	<u>3,754,958</u>	<u>3,754,958</u>	<u>3,547,246</u>	<u>(207,712)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	736,884	736,884	723,642	13,242
Materials and services	1,188,539	1,199,539	1,167,536	32,003
Capital outlay	185,298	174,298	9,155	165,143
Contingency	146,070	146,070	-	146,070
<b>TOTAL EXPENDITURES</b>	<u>2,256,791</u>	<u>2,256,791</u>	<u>1,900,333</u>	<u>356,458</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,498,167</u>	<u>1,498,167</u>	<u>1,646,913</u>	<u>148,746</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,815,270)	(1,815,270)	(1,815,252)	18
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,815,270)</u>	<u>(1,815,270)</u>	<u>(1,815,252)</u>	<u>18</u>
<b>NET CHANGE IN FUND BALANCE</b>	(317,103)	(317,103)	(168,339)	148,764
<b>FUND BALANCE, Beginning</b>	<u>317,103</u>	<u>317,103</u>	<u>508,331</u>	<u>191,228</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,992</u>	<u>\$ 339,992</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 125,100	\$ 125,100	\$ 75,062	\$ (50,038)
Intergovernmental	-	-	10,000	10,000
Interest on investments	5,000	5,000	13,135	8,135
<b>TOTAL REVENUES</b>	<u>130,100</u>	<u>130,100</u>	<u>98,197</u>	<u>(31,903)</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	130,000	130,000	94,736	35,264
Capital outlay	477,242	477,242	13,855	463,387
<b>TOTAL EXPENDITURES</b>	<u>607,242</u>	<u>607,242</u>	<u>108,591</u>	<u>498,651</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(477,142)</u>	<u>(477,142)</u>	<u>(10,394)</u>	<u>466,748</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	330,000	330,000	330,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>330,000</u>	<u>330,000</u>	<u>330,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(147,142)	(147,142)	319,606	466,748
<b>FUND BALANCE, Beginning</b>	<u>147,142</u>	<u>147,142</u>	<u>164,890</u>	<u>17,748</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,496</u>	<u>\$ 484,496</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 10,000	\$ 10,000	\$ 63,168	\$ 53,168
<b>TOTAL REVENUES</b>	<u>10,000</u>	<u>10,000</u>	<u>63,168</u>	<u>53,168</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	200,000	200,000	95,625	104,375
Capital outlay	<u>624,434</u>	<u>624,434</u>	<u>188,176</u>	<u>436,258</u>
<b>TOTAL EXPENDITURES</b>	<u>824,434</u>	<u>824,434</u>	<u>283,801</u>	<u>540,633</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(814,434)</u>	<u>(814,434)</u>	<u>(220,633)</u>	<u>593,801</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,082,904	1,082,904	1,082,904	-
Transfers out	<u>(542,248)</u>	<u>(542,248)</u>	<u>(542,628)</u>	<u>(380)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>540,656</u>	<u>540,656</u>	<u>540,276</u>	<u>(380)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(273,778)	(273,778)	319,643	593,421
<b>FUND BALANCE, Beginning</b>	<u>273,778</u>	<u>273,778</u>	<u>1,413,975</u>	<u>1,140,197</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,733,618</u>	<u>\$ 1,733,618</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 8,200	\$ 8,200	\$ 27,166	\$ 18,966
<b>TOTAL REVENUES</b>	<u>8,200</u>	<u>8,200</u>	<u>27,166</u>	<u>18,966</u>
<b>EXPENDITURES</b>				
Debt service	553,990	553,990	553,440	550
Other	<u>200,000</u>	<u>200,000</u>	-	<u>200,000</u>
<b>TOTAL EXPENDITURES</b>	<u>753,990</u>	<u>753,990</u>	<u>553,440</u>	<u>200,550</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(745,790)</u>	<u>(745,790)</u>	<u>(526,274)</u>	<u>219,516</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>542,628</u>	<u>542,628</u>	<u>542,628</u>	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>542,628</u>	<u>542,628</u>	<u>542,628</u>	-
<b>NET CHANGE IN FUND BALANCE</b>	(203,162)	(203,162)	16,354	219,516
<b>FUND BALANCE, Beginning</b>	<u>203,162</u>	<u>203,162</u>	<u>204,473</u>	<u>1,311</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,827</u>	<u>\$ 220,827</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, 2007**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Wastewater Fund	\$ 339,992
Wastewater Capital Reserve Fund	484,496
Sewer Plant Construction Fund	1,733,618
Sewer Debt Service Fund	<u>220,827</u>

2,778,933

Adjustments:

Capital assets, net of depreciation	11,393,007
Bond issuance costs	85,278
Accrued interest payable	(57,641)
Long-term debt	<u>(6,200,000)</u>

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

\$ 7,999,577

**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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 2,400	\$ 2,400	\$ 3,737	\$ 1,337
Intergovernmental	230,020	230,020	88,980	(141,040)
Rental income	49,163	49,163	62,013	12,850
Interest on investments	1,300	1,300	5,834	4,534
Miscellaneous	5,000	5,000	5,550	550
<b>TOTAL REVENUES</b>	<u>287,883</u>	<u>287,883</u>	<u>166,114</u>	<u>(121,769)</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	258,500	258,500	160,136	98,364
Capital outlay	186,920	186,920	18,853	168,067
Contingency	4,493	4,493	-	4,493
<b>TOTAL EXPENDITURES</b>	<u>449,913</u>	<u>449,913</u>	<u>178,989</u>	<u>270,924</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(162,030)</u>	<u>(162,030)</u>	<u>(12,875)</u>	<u>149,155</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	95,520	95,520	95,508	(12)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>95,520</u>	<u>95,520</u>	<u>95,508</u>	<u>(12)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(66,510)	(66,510)	82,633	149,143
<b>FUND BALANCE, Beginning</b>	<u>66,510</u>	<u>66,510</u>	<u>94,259</u>	<u>27,749</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,892</u>	<u>\$ 176,892</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Rental income	\$ 58,200	\$ 58,200	\$ 59,394	\$ 1,194
Interest on investments	900	900	1,102	202
<b>TOTAL REVENUES</b>	<u>59,100</u>	<u>59,100</u>	<u>60,496</u>	<u>1,396</u>
<b>EXPENDITURES</b>				
Debt service	<u>82,404</u>	<u>82,404</u>	<u>55,755</u>	<u>26,649</u>
<b>TOTAL EXPENDITURES</b>	<u>82,404</u>	<u>82,404</u>	<u>55,755</u>	<u>26,649</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(23,304)</u>	<u>(23,304)</u>	<u>4,741</u>	<u>28,045</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(8,000)</u>	<u>(8,000)</u>	<u>(7,992)</u>	<u>8</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(8,000)</u>	<u>(8,000)</u>	<u>(7,992)</u>	<u>8</u>
<b>NET CHANGE IN FUND BALANCE</b>	(31,304)	(31,304)	(3,251)	28,053
<b>FUND BALANCE, Beginning</b>	<u>31,304</u>	<u>31,304</u>	<u>37,510</u>	<u>6,206</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,259</u>	<u>\$ 34,259</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, 2007**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Airport Fund	\$ 176,892
Airport Debt Service Fund	<u>34,259</u>
	211,151

Adjustments:

Capital assets, net of depreciation	3,819,117
Bond issuance costs	1,085
Accrued interest payable	(1,571)
Long-term debt	<u>(366,000)</u>

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

\$ 3,663,782

**CITY OF THE DALLES, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**UNEMPLOYMENT RESERVE FUND - INTERNAL SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest on investments	\$ 400	\$ 400	\$ 977	\$ 577
<b>TOTAL REVENUES</b>	<u>400</u>	<u>400</u>	<u>977</u>	<u>577</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	<u>30,986</u>	<u>30,986</u>	<u>16,756</u>	<u>14,230</u>
<b>TOTAL EXPENDITURES</b>	<u>30,986</u>	<u>30,986</u>	<u>16,756</u>	<u>14,230</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(30,586)</u>	<u>(30,586)</u>	<u>(15,779)</u>	<u>14,807</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>20,783</u>	<u>20,783</u>	<u>19,667</u>	<u>(1,116)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>20,783</u>	<u>20,783</u>	<u>19,667</u>	<u>(1,116)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(9,803)	(9,803)	3,888	13,691
<b>FUND BALANCE, Beginning</b>	<u>9,803</u>	<u>9,803</u>	<u>21,732</u>	<u>11,929</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,620</u>	<u>\$ 25,620</u>

See auditor's report.



**OTHER FINANCIAL SCHEDULES**

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**CITY OF THE DALLES, OREGON**  
**SCHEDULE OF OUTSTANDING DEBT PRINCIPAL**  
**AND INTEREST TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2007**

	Interest Rates	Date of Issue	Original Amount	Principal			Interest Mated and Paid	
				Outstanding July 1, 2006	Issued	Mated and Paid		
<b>Governmental Funds</b>								
1999 Police facilities revenue bonds	3.65-4.6%	2/1/1999	\$ 1,140,000	\$ 400,000	\$ -	\$ 130,000	\$ 270,000	\$ 15,277
2002 Urban renewal bonds	1.85-4.85%	9/24/2002	\$ 4,555,000	3,405,000	-	325,000	3,080,000	145,160
Oregon Investment Board loan	4.00%	9/19/2002	\$ 690,000	530,161	-	44,076	486,085	20,770
IBM Credit note payable	4.8-7.93%	5/1/2005	\$ 38,117	28,628	-	9,288	19,340	1,387
				<u>4,363,789</u>	<u>-</u>	<u>508,364</u>	<u>3,855,425</u>	<u>182,594</u>
<b>Enterprise Funds</b>								
Airport hanger facilities revenue bonds	5.15%	4/1/2003	\$ 500,000	402,000	-	36,000	366,000	19,755
Wastewater system revenue bonds	2.0-4.2%	5/1/2003	\$ 7,345,000	6,515,000	-	315,000	6,200,000	238,440
Water revenue bonds	4.0-4.4%	2/22/2007	\$ 7,930,000	-	7,930,000	-	7,930,000	-
				<u>6,917,000</u>	<u>7,930,000</u>	<u>351,000</u>	<u>14,496,000</u>	<u>258,195</u>
<b>Total</b>				<u>\$ 11,280,789</u>	<u>\$ 7,930,000</u>	<u>\$ 859,364</u>	<u>\$ 18,351,425</u>	<u>\$ 440,789</u>



**CITY OF THE DALLES, OREGON**  
**SCHEDULE OF GOVERNMENTAL ACTIVITIES**  
**DEBT SERVICE FUTURE REQUIREMENTS**  
**June 30, 2007**

Year of Maturity	1999 Police Facilities Revenue Bonds		Urban Renewal Bonds		Oregon Investment Board		IBM Credit		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2007-08	\$ 135,000	\$ 9,281	\$ 335,000	\$ 134,110	\$ 45,856	\$ 18,989	\$ 9,828	\$ 847	\$ 525,684
2008-09	135,000	3,105	345,000	121,883	47,709	17,137	9,512	273	537,221	142,398
2009-10	-	-	360,000	108,427	49,637	15,209	-	-	409,637	123,636
2010-11	-	-	375,000	93,668	51,642	13,204	-	-	426,642	106,872
2011-12	-	-	390,000	77,542	53,728	11,118	-	-	443,728	88,660
2012-13	-	-	405,000	60,188	55,899	8,947	-	-	460,899	69,135
2013-14	-	-	425,000	41,557	58,157	6,689	-	-	483,157	48,246
2014-15	-	-	445,000	21,583	60,507	4,339	-	-	505,507	25,922
2015-16	-	-	-	-	62,950	1,895	-	-	62,950	1,895
	<u>\$ 270,000</u>	<u>\$ 12,386</u>	<u>\$ 3,080,000</u>	<u>\$ 658,958</u>	<u>\$ 486,085</u>	<u>\$ 97,527</u>	<u>\$ 19,340</u>	<u>\$ 1,120</u>	<u>\$ 3,855,425</u>	<u>\$ 769,991</u>

See auditor's report.

**CITY OF THE DALLES, OREGON  
SCHEDULE OF BUSINESS-TYPE ACTIVITIES  
DEBT SERVICE FUTURE REQUIREMENTS  
June 30, 2007**

Year of Maturity	Airport Hanger Facilities Revenue Bonds		Wastewater System Revenue Bonds		Water Revenue Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007-08	\$ 38,000	\$ 17,871	\$ 325,000	\$ 230,565	\$ -	\$ 427,896	\$ 363,000	\$ 676,332
2008-09	40,000	15,862	330,000	222,440	-	335,605	370,000	573,907
2009-10	42,000	13,751	340,000	212,540	-	335,605	382,000	561,896
2010-11	44,000	11,536	350,000	201,830	230,000	335,605	624,000	548,971
2011-12	46,000	9,219	365,000	188,705	235,000	326,405	646,000	524,329
2012-13	50,000	6,747	380,000	174,105	250,000	317,005	680,000	497,857
2013-14	52,000	4,120	395,000	161,185	255,000	307,005	702,000	472,310
2014-15	54,000	1,391	405,000	146,965	265,000	296,805	724,000	445,161
2015-16	-	-	420,000	132,385	280,000	286,205	700,000	418,590
2016-17	-	-	435,000	116,845	290,000	275,005	725,000	391,850
2017-18	-	-	455,000	100,315	300,000	263,405	755,000	363,720
2018-19	-	-	470,000	82,570	315,000	250,655	785,000	333,225
2019-20	-	-	490,000	63,770	325,000	237,268	815,000	301,038
2020-21	-	-	510,000	43,680	340,000	223,455	850,000	267,135
2021-22	-	-	530,000	22,260	355,000	209,005	885,000	231,265
2022-23	-	-	-	-	370,000	193,918	370,000	193,918
2023-24	-	-	-	-	385,000	178,193	385,000	178,193
2024-25	-	-	-	-	400,000	161,830	400,000	161,830
2025-26	-	-	-	-	420,000	145,030	420,000	145,030
2026-27	-	-	-	-	435,000	127,390	435,000	127,390
2027-28	-	-	-	-	455,000	109,120	455,000	109,120
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>\$ 366,000</u>	<u>\$ 80,497</u>	<u>\$ 6,200,000</u>	<u>\$ 2,100,160</u>	<u>\$ 7,930,000</u>	<u>\$ 5,569,890</u>	<u>\$ 14,496,000</u>	<u>\$ 7,750,547</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 Five Fiscal Years**  
**(accrual basis of accounting)**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Governmental Activities:</b>					
Invested in capital assets, net of related debt	\$ 10,562,441	\$ 10,062,961	\$ 9,463,165	\$ 8,813,333	\$ 7,082,880
Restricted	2,433,798	1,985,594	2,064,789	2,805,731	2,478,538
Unrestricted	3,001,516	3,140,189	3,156,416	2,724,852	2,889,934
<b>Total governmental activities net assets</b>	<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>
<b>Business-Type Activities:</b>					
Invested in capital assets, net of related debt	15,678,476	15,238,035	10,492,831	13,783,100	13,148,317
Restricted	3,014,966	2,759,840	6,848,340	2,640,941	10,549,281
Unrestricted	616,007	848,910	904,094	1,286,774	(6,162,685)
<b>Total business-type activities net assets</b>	<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>
<b>Primary Government:</b>					
Invested in capital assets, net of related debt	26,240,917	25,300,996	19,955,996	22,596,433	20,231,197
Restricted	5,448,764	4,745,434	8,913,129	5,446,672	13,027,819
Unrestricted	3,617,523	3,989,099	4,060,510	4,011,626	(3,272,751)
<b>Total primary government net assets</b>	<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 Five Fiscal Years**  
**(Accrual Basis of Accounting)**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services, fees and fines					
General government	\$ 464,980	\$ 468,999	\$ 432,237	\$ 328,627	\$ 295,443
Public safety	358,683	253,504	415,666	379,210	313,767
Highways and streets	35,102	34,318	29,927	1,043	2,795
Culture and recreation	6,081	7,244	7,996	7,024	7,256
Operating grants and contributions	1,370,812	1,263,749	1,195,104	207,202	241,523
Capital grants and contributions	503,768	793,421	743,701	2,305,553	2,884,058
Total governmental activities program revenues	<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	2,635,824	2,243,421	2,144,103	2,217,640	2,117,579
Wastewater	3,618,498	3,195,226	2,755,902	2,403,918	2,026,236
Airport	130,694	122,021	103,815	162,004	111,692
Operating grants	15,430	17,999	6,188	-	-
Capital grants	88,980	265,256	566,350	64,897	4,111
Total business-type activities program revenues	<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>9,228,852</u>	<u>8,665,158</u>	<u>8,400,989</u>	<u>8,077,118</u>	<u>8,004,460</u>
<b>Expenses</b>					
Governmental activities:					
General government	2,533,876	2,385,912	2,823,951	2,496,078	2,041,699
Public safety and justice	2,171,312	2,021,934	1,902,747	1,901,095	1,788,115
Highways and streets	1,264,372	1,357,785	1,129,313	1,645,515	1,939,110
Culture and recreation	764,592	836,038	730,140	655,938	677,054
Interest on long term obligations	181,684	199,136	213,268	224,780	288,808
Total governmental activities expenses	<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	2,522,187	2,365,038	2,213,779	1,947,973	2,168,081
Wastewater	2,520,011	2,093,646	2,044,034	2,094,490	1,928,128
Airport	440,756	320,789	342,058	383,133	344,383
Total business-type activities expenses	<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>12,398,790</u>	<u>11,580,278</u>	<u>11,399,290</u>	<u>11,349,002</u>	<u>11,175,378</u>
<b>Net Expense</b>					
Governmental activities	(4,176,410)	(3,979,570)	(3,974,788)	(3,694,747)	(2,989,944)
Business-type activities	1,006,472	1,064,450	976,487	422,863	(180,974)
Total primary government net expense	<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)

Source: Current and prior years' financial statements

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

(continued)

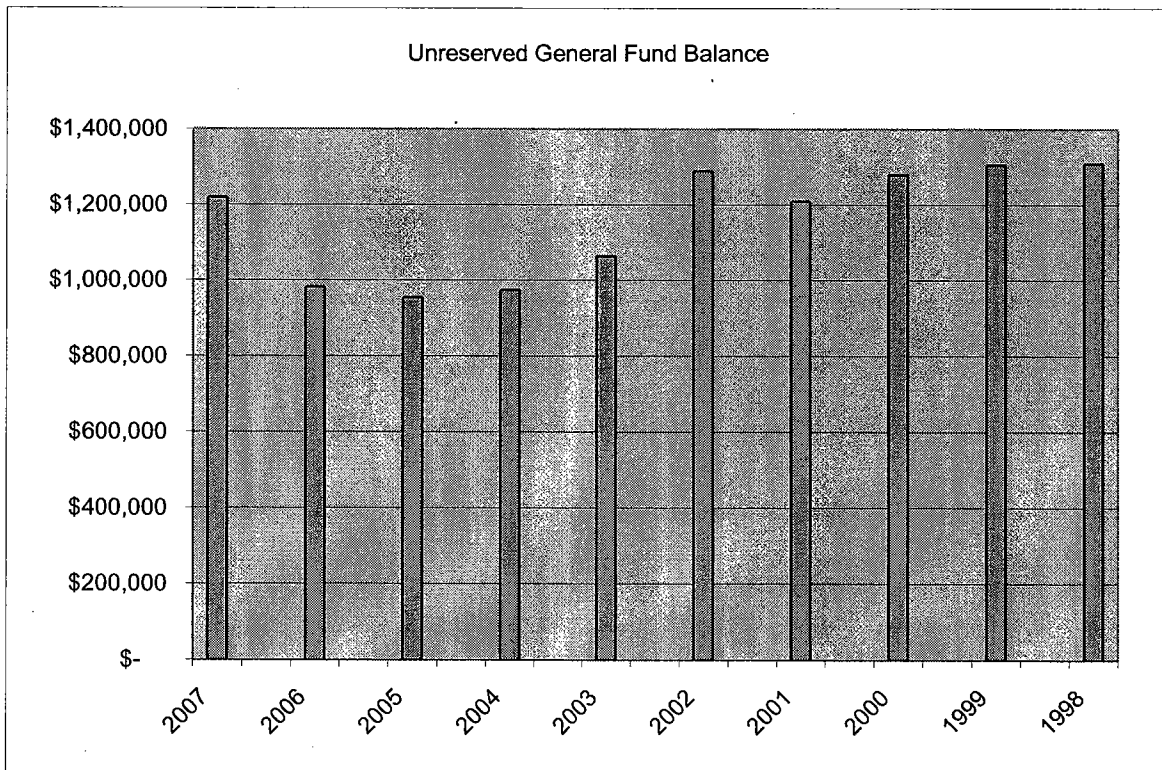
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>General Revenues and Other Changes in Net Assets</b>					
General revenues:					
Property taxes levied for:					
General purposes	\$ 1,849,162	\$ 1,706,294	\$ 2,143,861	\$ 2,056,701	\$ 1,879,957
Debt service	1,003,718	896,529	462,729	480,283	511,729
Franchise and public service taxes	1,132,588	1,081,091	963,617	955,082	869,608
Interest and investment earnings	200,116	152,808	82,814	77,849	99,901
Unrestricted grants and contributions	-	-	-	1,150,724	1,094,248
Miscellaneous	21,733	5,313	10,271	40,075	75,865
Gain (loss) on sale of property	-	(491)	12,772	2,238	3,190
Transfers	778,104	642,400	639,178	535,216	589,285
Total governmental activities	<u>4,985,421</u>	<u>4,483,944</u>	<u>4,315,242</u>	<u>5,298,168</u>	<u>5,123,783</u>
Business-type activities:					
Interest and investment earnings	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	(778,104)	(642,400)	(639,178)	(535,216)	(589,285)
Total business-type activities	<u>(543,808)</u>	<u>(462,930)</u>	<u>(442,037)</u>	<u>(240,163)</u>	<u>(451,250)</u>
Total primary government	<u>4,441,613</u>	<u>4,021,014</u>	<u>3,873,205</u>	<u>5,058,005</u>	<u>4,672,533</u>
<b>Change in Net Assets</b>					
Governmental activities	809,011	504,374	340,454	1,603,421	2,133,839
Business-type activities	462,664	601,520	534,450	182,700	(632,224)
Total primary government change in net assets	<u>1,271,675</u>	<u>1,105,894</u>	<u>874,904</u>	<u>1,786,121</u>	<u>1,501,615</u>
Governmental activities	15,188,744	14,684,370	14,343,916	12,740,495 *	10,317,413
Business-type activities	18,846,785	18,245,265	17,710,815	17,528,115 *	18,167,137
Total primary government net assets-beginning	<u>34,035,529</u>	<u>32,929,635</u>	<u>32,054,731</u>	<u>30,268,610</u>	<u>28,484,550</u>
<b>Net Assets Ending</b>					
Governmental activities	15,997,755	15,188,744	14,684,370	14,343,916	12,451,252
Business-type activities	19,309,449	18,846,785	18,245,265	17,710,815	17,534,913
<b>Total Primary Government Net Assets</b>	<u>\$ 35,307,204</u>	<u>\$ 34,035,529</u>	<u>\$ 32,929,635</u>	<u>\$ 32,054,731</u>	<u>\$ 29,986,165</u>

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

Source: Current and prior years' financial statements

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund				
Unreserved	\$ 1,218,851	\$ 982,436	\$ 954,584	\$ 974,048
Total general fund	<u>1,218,851</u>	<u>982,436</u>	<u>954,584</u>	<u>974,048</u>
All Other Governmental Funds				
Reserved				
Inventories	57,187	44,174	66,157	58,056
Debt Service	594,747	587,605	571,348	568,370
Unreserved reported in:				
Major funds	2,125,573	1,915,131	1,875,583	1,736,795
Special revenue funds	283,646	347,968	384,710	430,272
Capital project funds	86,027	101,698	19,427	563,275
Total all other governmental funds	<u>3,147,180</u>	<u>2,996,576</u>	<u>2,917,225</u>	<u>3,356,768</u>
Total governmental funds	<u>\$ 4,366,031</u>	<u>\$ 3,979,012</u>	<u>3,871,809</u>	<u>4,330,816</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)**

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$ 1,063,809	\$ 1,288,877	\$ 1,208,767	\$ 1,279,444	\$ 1,305,149	\$ 1,308,999
<u>1,063,809</u>	<u>1,288,877</u>	<u>1,208,767</u>	<u>1,279,444</u>	<u>1,305,149</u>	<u>1,308,999</u>
99,851	126,584	48,089	-	-	-
570,467	432,981	510,304	72,713	198,427	166,743
1,911,200	-	-	-	-	-
384,080	953,299	1,218,105	1,138,395	1,108,863	989,356
547,836	974,609	1,764,020	890,068	1,189,649	1,254,609
<u>3,513,434</u>	<u>2,487,473</u>	<u>3,540,518</u>	<u>2,101,176</u>	<u>2,496,939</u>	<u>2,410,708</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>	<u><u>3,802,088</u></u>	<u><u>3,719,707</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)**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Revenues</b>			
Taxes	\$ 3,883,042	\$ 3,480,345	\$ 3,210,462
Intergovernmental	1,799,046	1,890,303	1,808,354
Rents and interest	546,403	512,524	380,304
Franchise Fees	320,293	315,756	357,888
Fines and forfeitures	293,095	262,586	301,926
Charges for services	51,806	186,576	130,896
Special assessments	71,560	129,261	34,443
Other Revenues	60,832	75,785	58,225
Total revenues	<u>7,026,077</u>	<u>6,853,136</u>	<u>6,282,498</u>
<b>Expenditures</b>			
Current:			
General Government	2,384,742	2,096,835	2,393,538
Public safety	2,086,746	1,937,095	1,835,348
Highways and streets	967,521	987,453	855,464
Culture and recreation	749,698	815,881	708,990
Capital outlay	528,504	882,084	964,615
Debt service:			
Principal	499,076	472,364	460,719
Interest	181,208	197,970	212,898
Total expenditures	<u>7,397,495</u>	<u>7,389,682</u>	<u>7,431,572</u>
Revenues over (under) expenditures	<u>(371,418)</u>	<u>(536,546)</u>	<u>(1,149,074)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from bonds	-	-	-
Proceeds of refunding bonds	-	-	-
Proceeds of financing agreement	-	-	38,117
Payments to refund bonds	-	-	-
Repayment of financing agreement	-	-	-
Sale of fixed assets	-	1,350	12,772
Operating transfers in	1,391,124	1,205,561	1,127,518
Operating transfers out	(632,687)	(563,131)	(488,340)
Total other financing sources (uses)	<u>758,437</u>	<u>643,780</u>	<u>690,067</u>
Net change in fund balances	<u>\$ 387,019</u>	<u>\$ 107,234</u>	<u>\$ (459,007)</u>
Debt service as a percentage of noncapital expenditures	<u>11.0%</u>	<u>11.5%</u>	<u>11.6%</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)**

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001*</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$ 3,204,061	\$ 2,994,287	\$ 2,898,063	\$ 3,044,017	\$ 2,323,162	\$ 2,290,378	\$ 2,209,207
3,600,045	5,165,349	1,544,527	4,064,228	1,310,477	2,877,482	1,350,496
377,487	398,435	397,940	449,511	204,914	198,811	215,837
287,277	293,154	299,604	295,004	274,541	258,755	248,688
243,023	235,838	282,389	253,112	178,734	208,750	168,922
73,099	66,858	50,990	34,914	52,667	63,125	171,570
34,562	53,655	241,091	10,918	40,712	131,118	261,614
58,433	57,799	92,618	386,934	387,337	579,384	135,271
<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>	<u>6,607,803</u>	<u>4,761,605</u>
2,386,803	1,915,628	1,812,116	1,578,697	1,422,397	1,519,639	1,638,006
1,847,535	1,734,055	1,676,229	1,653,271	1,493,080	1,394,577	1,272,708
955,540	859,660	667,542	892,326	880,165	802,189	774,485
640,457	642,046	563,839	529,487	544,536	540,337	306,413
2,155,293	5,343,336	2,128,423	6,673,875	876,624	2,308,386	917,209
444,138	400,476	326,807	640,818	442,291	337,372	402,915
226,011	289,850	227,452	242,198	78,319	89,997	104,803
<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>6,992,497</u>	<u>5,416,539</u>
<u>(777,790)</u>	<u>(1,919,676)</u>	<u>(1,595,186)</u>	<u>(3,672,034)</u>	<u>(964,868)</u>	<u>(384,694)</u>	<u>(654,934)</u>
-	-	-	-	-	-	-
-	-	-	-	-	1,140,000	-
-	5,238,646	-	-	-	-	-
-	-	-	-	-	(1,015,422)	-
-	(3,090,000)	-	-	-	-	-
-	-	-	-	10,283	-	-
1,026,676	1,178,603	963,148	1,210,139	1,002,688	919,853	638,915
<u>(502,201)</u>	<u>(606,590)</u>	<u>(340,897)</u>	<u>(647,312)</u>	<u>(469,571)</u>	<u>(552,007)</u>	<u>(456,611)</u>
<u>524,475</u>	<u>2,720,659</u>	<u>622,251</u>	<u>562,827</u>	<u>543,400</u>	<u>492,424</u>	<u>182,304</u>
<u>\$ (253,315)</u>	<u>\$ 800,983</u>	<u>\$ (972,935)</u>	<u>\$ (3,109,207)</u>	<u>\$ (421,468)</u>	<u>\$ 107,730</u>	<u>\$ (472,630)</u>
<u>11.5%</u>	<u>13.4%</u>	<u>11.7%</u>	<u>19.0%</u>	<u>12.0%</u>	<u>10.0%</u>	<u>12.7%</u>

Source: Current and prior years' financial statements

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

<b>Function/Program</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Governmental activities</b>					
General government	\$ 1,284,971	\$ 946,261	\$ 1,145,119	\$ 358,850	\$ 340,631
Public safety	380,562	279,624	521,613	389,881	326,343
Highways and streets	1,045,676	1,406,445	935,106	2,284,981	2,865,238
Culture and recreation	28,217	188,905	222,793	194,947	212,630
<b>Total governmental activities</b>	<b>\$ 2,739,426</b>	<b>\$ 2,821,235</b>	<b>\$ 2,824,631</b>	<b>\$ 3,228,659</b>	<b>\$ 3,744,842</b>
<b>Business-type activities</b>					
Water	\$ 2,638,539	\$ 2,252,576	\$ 2,147,197	\$ 2,282,537	\$ 2,117,579
Waste water	3,631,213	3,204,070	2,758,996	2,403,918	2,026,236
Airport	219,674	387,277	670,165	162,004	115,803
<b>Total business-type activities</b>	<b>\$ 6,489,426</b>	<b>\$ 5,843,923</b>	<b>\$ 5,576,358</b>	<b>\$ 4,848,459</b>	<b>\$ 4,259,618</b>
<b>Total Primary government</b>	<b>\$ 9,228,852</b>	<b>\$ 8,665,158</b>	<b>\$ 8,400,989</b>	<b>\$ 8,077,118</b>	<b>\$ 8,004,460</b>

Source: Current and prior years' financial statements

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

<u>Year</u>	<u>Property Taxes</u>	<u>Transient Room Taxes</u>	<u>City Gasoline Taxes</u>
1998	\$ 1,642,509	\$ 263,276	\$ 303,422
1999	1,688,528	295,158	306,692
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

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

Source: Current and prior years' financial statements

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

<u>Year</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Real Market Value</u>
<b>1998**</b>	\$ 432,544,315	3.8549	\$ 541,217,509
<b>1999</b>	441,801,391	3.0155	603,413,320
<b>2000</b>	481,335,658	2.9489	630,453,704
<b>2001***</b>	545,592,961	2.9510	670,701,097
<b>2002</b>	568,193,482	3.0155	689,937,698
<b>2003</b>	587,055,873	3.0155	681,805,787
<b>2004</b>	608,490,694	3.0155	703,928,628
<b>2005</b>	624,534,189	3.0155	749,478,665
<b>2006</b>	654,996,245	3.0155	999,867,545
<b>2007</b>	692,289,954	3.0155	1,278,646,377

\* 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**

<b>Year</b>	<b>City of The Dalles</b>	<b>Wasco County</b>	<b>Wasco County VA Bonds</b>	<b>Port of The Dalles</b>	<b>Mid-Columbia Fire and Rescue</b>	<b>Northern Wasco County Parks and Recreation District</b>	<b>School District No. 12</b>	<b>School District No. 9</b>	<b>School District No. 21</b>	<b>School District No. 14</b>	<b>Wasco County Educational Service District</b>	<b>Columbia Gorge Community College</b>	<b>Norco</b>
1998	3.85	4.25	0.50	0.81	2.10	0.90	5.49	6.18	-	4.49	-	0.84	0.47
1999	3.82	4.22	0.47	0.75	2.45	0.90	5.49	6.12	-	(2)	-	0.83	0.33
2000	3.65	4.23	0.44	0.72	2.40	0.86	5.49	6.09	-	-	-	0.78	0.38
2001	3.63	4.24	0.34	0.66	2.39	0.68	6.60	6.00	-	-	-	0.80	0.41
2002	3.02	4.25	0.32	0.20	2.10	0.68	5.49	4.72	-	-	-	0.27	0.36
2003	3.02	4.25	0.26	0.20	2.10	0.68	7.61	6.17	-	-	-	0.76	0.40
2004	3.02	4.25	0.32	0.20	2.10	0.68	7.64	6.12	(1)	-	0.47	0.78	0.42
2005	3.02	4.25	0.31	0.20	2.10	0.68	2.07	1.06	5.24	-	0.47	0.77	0.32
2006	3.02	4.25	0.24	0.20	2.42	0.68	2.07	1.10	5.24	-	0.47	0.72	0.34
2007	3.02	4.25	0.33	0.20	2.39	0.68	2.01	1.13	5.24	-	0.47	0.73	0.33

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

(2) School District 14, Petersburg, merged with School District 29, Dufur.

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

<b>Fiscal Year Ended June 30,</b>	<b>Tax Levy for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>		<b>Percentage of Levy</b>
		<b>Amount</b>	<b>Percentage of Levy</b>	<b>Amount</b>	<b>Percentage of Levy</b>	
<b>1998</b>	\$ 1,666,937	\$ 1,543,639	92.60%	\$ 123,277	\$ 1,666,916	100.00%
<b>1999</b>	1,684,505	1,570,146	93.21%	114,337	1,684,483	100.00%
<b>2000</b>	1,756,647	1,644,212	93.60%	112,359	1,756,571	100.00%
<b>2001*</b>	2,551,828	2,351,450	92.15%	117,006	2,468,456	96.73%
<b>2002</b>	2,354,392	2,181,304	92.65%	110,044	2,291,348	97.32%
<b>2003</b>	2,475,658	2,231,726	90.15%	166,516	2,398,242	96.87%
<b>2004</b>	2,624,004	2,386,451	90.95%	160,093	2,546,544	97.05%
<b>2005</b>	2,654,643	2,415,879	91.01%	77,109	2,492,988	93.91%
<b>2006</b>	2,755,383	2,539,836	92.18%	96,012	2,635,848	95.66%
<b>2007</b>	2,939,125	2,767,621	94.16%	-	2,767,621	94.16%

\*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, 2006 and December 31, 1997

<b>Taxpayer</b>	<b>December 31, 2006</b>		
	<b>Real Property Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
Home Depot USA Inc.	\$ 10,273,712	1	1.57%
Northern Wasco County PUD	10,414,000	2	1.59%
Oregon Cherry Growers	10,111,955	3	1.54%
United Telephone Northwest	9,360,000	4	1.43%
Union Pacific Railroad Company	5,968,631	5	0.91%
Safeway, Inc.	5,662,377	6	0.86%
Cascade Square LLC	5,208,464	7	0.80%
Northwest Natural Gas	5,559,415	8	0.85%
Troy Coolidge No 31 LLC	5,629,740	9	0.86%
Shilo Inn The Dalles LLC	4,805,454	10	0.73%
	<b>\$ 72,993,748</b>		<b>11.14%</b>
<b>Total Assessed Valuation</b>	<b>\$ 654,996,245</b>		

<b>Taxpayer</b>	<b>December 31, 1997</b>		
	<b>Real Property Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
Sprint, Inc	\$ 7,410,860	1	1.71%
Northern Wasco County PUD	6,275,066	2	1.45%
Kerr McGee Chemical, Inc.	5,964,690	3	1.38%
GFI The Dalles Investment, LTD	4,845,110	4	1.12%
Safeway, Inc.	4,864,730	5	1.12%
Oregon Cherry Growers, Inc.	4,693,360	6	1.09%
Union Pacific Railroad Company	4,182,243	7	0.97%
Portland Fixture Ltd.	3,925,800	8	0.91%
Cascade Fruit Co.	4,043,370	9	0.93%
George Gersham Family Trust	3,699,460	10	0.86%
	<b>\$ 49,904,689</b>		<b>11.54%</b>
<b>Total Assessed Valuation</b>	<b>\$ 432,544,315</b>		

Source: Wasco County Department of Assessment and Taxation



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

<b>Governmental Activities</b>					
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Limited Tax Increment Bonds*</b>	<b>Revenue Bonds</b>	<b>Capital Lease</b>	<b>Loans Payable</b>
1998	975,000	-	1,005,000	-	39,663
1999	655,000	-	1,140,000	-	22,291
2000	330,000	-	1,045,000	50,483	-
2001	-	3,300,000	950,000	34,665	-
2002	-	3,090,000	850,000	17,858	-
2003	-	4,315,000	745,000	-	652,382
2004	-	4,020,000	635,000	-	613,244
2005	-	3,715,000	520,000	-	609,932
2006	-	3,405,000	400,000	-	558,789
2007	-	3,080,000	270,000	-	505,425

\*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 not available below County level.

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

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

<b>Business Type Activities</b>					
<b>Revenue Bonds</b>	<b>Loan Payable</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>	<b>Percentage of Actual Taxable Value of Property</b>
-	-	2,019,663	N/A	172	
-	-	1,817,291	N/A	153	
-	420,000	1,895,966	N/A	156	
-	300,000	4,584,665	N/A	377	0.84%
-	180,000	4,137,858	N/A	338	0.73%
7,845,000	-	13,557,382	N/A	1107	2.31%
7,598,000	-	12,866,244	N/A	1042	2.11%
7,261,000	-	12,105,932	N/A	983	1.94%
6,917,000	-	11,280,789	N/A	910	1.72%
14,496,000	-	18,351,425	N/A	1407	2.65%

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

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Total Taxable Assessed Value</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
1998	\$ 975,000	\$ 432,544,315	0.23%	86
1999	655,000	441,801,391	0.15%	55
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%	-

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, 2007**

<u>Governmental Unit</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to City of The Dalles</u>	<u>Amount Applicable to City of The Dalles</u>
<b>Debt repaid with property taxes</b>			
Columbia Gorge Comm Coll (Treaty-Oak AED)	\$ 25,007,185	23.1467%	\$ 5,788,338
Mid Columbia Fire and Rescue	1,995,000	68.0977%	1,358,549
Northern OR Regional Corrections	10,095,000	20.0212%	2,021,140
Wasco County	2,818,182	47.4138%	1,336,207
Wasco CTY SD 12 (The Dalles)	29,032,969	81.3583%	23,620,730
Wasco CTY SD 9 (Chenowith)	415,000	18.3815%	<u>76,283</u>
Subtotal, overlapping debt			34,201,247
<b>City Direct Debt</b>			<u>14,766,000</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 48,967,247</u></u>

**NOTE:**

(a) Excludes self-supporting Bancroft bonds or revenue bonds if fully self-supporting.

Source: State of Oregon - Office of the Treasurer, Debt Management Information System, Debt and COPS Obligation Summary - report available online at [http:// www.ost.state.or.us/divisions/DMD/Report/emailform.asp](http://www.ost.state.or.us/divisions/DMD/Report/emailform.asp)

**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.

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Real market value	\$ 1,278,646,377	\$ 815,950,410	\$ 749,478,665	\$ 703,928,628
Debt limit rate	3%	3%	3%	3%
Debt limit	38,359,391	24,478,512	22,484,360	21,117,859
Less general bonded debt June 30,	-	-	-	-
Legal debt margin	<u>\$ 38,359,391</u>	<u>\$ 24,478,512</u>	<u>\$ 22,484,360</u>	<u>\$ 21,117,859</u>
Total net bonded debt applicable to the limit as a percentage of debt limit	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Note: The City had no general obligation bonds subsequent to 2000.

Source: Current and prior years' financial statements; Wasco County Dept. of Assessment and Taxation

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

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$ 681,805,787 3%	\$ 689,937,698 3%	\$ 670,701,097 3%	\$ 630,453,704 3%	\$ 603,413,320 3%	\$ 541,217,509 3%
20,454,174 -	20,698,131 -	20,121,033 -	18,913,611 330,000	18,102,400 655,000	16,236,525 975,000
<u>\$ 20,454,174</u>	<u>\$ 20,698,131</u>	<u>\$ 20,121,033</u>	<u>\$ 18,583,611</u>	<u>\$ 17,447,400</u>	<u>\$ 15,261,525</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.05%</u>	<u>0.11%</u>	<u>0.18%</u>

Source: Current and prior years' financial statements; Wasco County Dept. of Assessment and Taxation

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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
1998	11,765	N/A	N/A	7.80%
1999	11,880	N/A	N/A	7.70%
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%

N/A information at City level not available.

Note: The only personal income information available for the City is based on tax returns filed with the State of Oregon.

Source: Oregon Department of Revenue, Center for Population Research and Census at Portland State University

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

<u>Employer</u>	<u>2006-07</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total Employment</u>
Mid Columbia Medical Center	702	1	9.60%
School District #21	400	2	5.47%
State of Oregon	207	3	2.83%
Wasco County	175	4	2.39%
Design LLC	175	5	2.39%
Oregon Cherry Growers, Inc.	150	6	2.05%
Columbia River Bank	127	7	1.74%
Columbia Gorge Community College	130	9	1.78%
Fred Meyer	122	8	1.67%
Safeway Food and Drug	120	10	1.64%
	<u>2,308</u>		<u>31.56%</u>
Total employment	<u>7,314</u>		

1997-98

Information for 1997-98 is not readily available.

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



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

<b>Function/Program</b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
<b>Governmental activities:</b>				
General government	10.50	9.50	9.50	9.00
Public safety and justice	26.00	25.00	25.00	25.00
Community services	6.00	4.00	4.00	4.00
Streets and highways	10.00	10.00	10.00	10.33
Library	9.50	5.25	5.25	5.25
Total governmental activities	<u>62.00</u>	<u>53.75</u>	<u>53.75</u>	<u>53.58</u>
<b>Business-type activities:</b>				
Water	19.00	19.50	21.50	20.84
Wastewater	10.00	10.50	10.50	9.83
Airport	0.25	0.25	0.50	0.45
Total business-type activities	<u>29.25</u>	<u>30.25</u>	<u>32.50</u>	<u>31.12</u>
Total primary government budgeted FTE	<u>91.25</u>	<u>84.00</u>	<u>86.25</u>	<u>84.70</u>
 <b>City of The Dalles Employees</b>				
Management and exempt	<u>37</u>	<u>38</u>	<u>35</u>	<u>34</u>
Bargaining units				
SEIU (Local 503)	43	42	50	40
Police Association	15	14	13	13
Total bargaining units	<u>58</u>	<u>56</u>	<u>63</u>	<u>53</u>
Temporary City employees	<u>-</u>	<u>-</u>	<u>3</u>	<u>1</u>
Total actual City employees	<u>95</u>	<u>94</u>	<u>101</u>	<u>88</u>

Source: City of The Dalles budgets and payroll records

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

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
9.25	9.18	9.50	8.85	9.50	7.75
26.00	25.00	25.00	25.00	24.00	24.00
4.00	4.00	4.00	3.80	3.87	3.00
10.00	8.00	9.00	10.00	7.67	9.50
<u>5.15</u>	<u>5.15</u>	<u>5.15</u>	<u>5.15</u>	<u>5.00</u>	<u>5.00</u>
<u>54.40</u>	<u>51.33</u>	<u>52.65</u>	<u>52.8</u>	<u>50.04</u>	<u>49.25</u>
22.50	21.50	22.50	22.50	22.17	19.50
8.50	8.50	7.50	7.50	7.16	7.00
<u>0.30</u>	<u>0.30</u>	<u>0.30</u>	<u>0.70</u>	<u>0.38</u>	<u>0.00</u>
<u>31.30</u>	<u>30.30</u>	<u>30.30</u>	<u>30.70</u>	<u>29.71</u>	<u>26.50</u>
<u>85.70</u>	<u>81.63</u>	<u>82.95</u>	<u>83.50</u>	<u>79.75</u>	<u>75.75</u>
<u>40</u>	<u>39</u>	<u>39</u>	<u>39</u>	<u>42</u>	<u>33</u>
40	37	39	38	48	52
<u>9</u>	<u>14</u>	<u>13</u>	<u>15</u>	<u>0</u>	
<u>49</u>	<u>51</u>	<u>52</u>	<u>53</u>	<u>48</u>	<u>52</u>
-	-	3	-	1	1
<u>89</u>	<u>90</u>	<u>94</u>	<u>92</u>	<u>91</u>	<u>86</u>

Source: City of The Dalles budgets and payroll records

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

<b><u>FUNCTION/PROGRAM</u></b>	<b><u>2,007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
<b>Governmental Activities:</b>			
<b>Public Safety and Justice</b>			
<b>Police (1)</b>			
Calls for service	N/A	7,861	8,729
Crime reports	N/A	2,599	2,847
Number of arrests	N/A	1,013	1,326
<b>Municipal Court</b>			
Traffic cases	1,565	1,146	1,263
Criminal cases	501	377	486
Ordinance violations	25	6	14
Parking violations	208	218	228
Code enforcement cases	11	-	3
<b>Library</b>			
Number of registered borrowers	10,202	12,355	12,855
Total circulation	98,479	114,667	120,057
Public programs	74	102	72
Program attendance	3,574	3,556	2,679
Books added	4,481	5,440	5,831
<b>Business-type Activities:</b>			
<b>Water</b>			
Average active metered connections	4,537	4,520	4,470
Average daily water consumption	2,302,800	2,359,000	2,429,000
Average number of assistance accounts	162	179	175
Average daily water production	2,875,000	2,859,241	2,808,435

(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**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal years**

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
8,901	7,793	7,738	7,401	7,320	8,048	10,239
3,086	2,786	2,630	2,439	2,575	2,784	2,995
1,502	1,192	1,361	1,307	1,302	1,390	1,493
1,661	2,218	2,798	2,718	1,536	2,453	2,693
444	407	381	425	338	229	219
11	28	28	27	37	54	15
299	358	294	341	-	-	-
-	1	-	1	1	-	-
11,587	10,546	10,297	8,796	9,068	9,068	7,645
118,811	117,895	109,966	103,543	84,433	98,901	99,058
67	85	74	67	70	75	80
2,163	2,920	2,834	2,657	1,929	3,400	2,059
5,788	7,450	6,662	6,650	6,252	5,024	4,443
4,457	4,450	4,413	4,411	4,404	4,397	N/A
2,471,000	2,395,000	2,302,000	2,508,000	2,307,000	2,331,000	N/A
153	145	125	87	130	68	N/A
2,996,482	2,924,367	2,753,054	2,889,786	2,945,657	3,040,772	2,910,227

Source: City of The Dalles Departments

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

<b>FUNCTION/PROGRAM</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Governmental Activities</b>				
<b>General Government</b>				
Buildings owned	7	7	7	7
Vehicles (excluding automobiles)	12	12	14	14
Heavy Equipment	16	16	16	14
<b>Public Safety and Justice</b>				
Police				
Vehicular patrol units	14	14	14	13
Number of employees	23	22	22	22
<b>Streets and Highways</b>				
Miles of streets maintained by City:				
Paved	70.38	70.32	70.32	70.07
Unpaved	17.82	10.69	10.69	10.69
Bridges and underpasses	5	5	5	5
<b>Business-type Activities</b>				
<b>Water</b>				
Miles of water lines (estimated)	84	82.5	82	82
Reservoirs	5	5	5	5
Water treatment plant	1	1	1	1
Wells	3	3	3	3
<b>Wastewater</b>				
Treatment plant	1	1	1	1
Miles of sewer lines (estimated)	78	78	77	77
Lift stations	8	8	7	7
<b>Airport</b>				
Terminal	1	1	1	1
Maintenance and T-hangers	23	23	23	23
Other buildings	2	2	2	2

Source: City of The Dalles Departments

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

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
7	7	7	7	6	6
14	13	12	12	12	12
14	15	15	15	13	13
13	13	14	14	14	14
22	23	23	23	22	22
66.75	66.75	66.35	66.35	66.10	65.30
1.32	1.32	1.37	1.01	1.01	1.26
4	4	4	4	4	4
81	80.5	80	80	79	79
5	5	5	5	5	5
1	1	1	1	1	1
3	3	3	3	3	3
1	1	1	1	1	1
76	75	75	74.5	74	74
7	7	7	7	7	7
1	1	1	1	1	1
23	1	1	1	1	1
2	2	2	2	2	2

Source: City of The Dalles Departments



**REPORTS OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

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## **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 December 28, 2007.

### **2. INVESTMENTS**

Our review of deposit and investment balances during the year ended June 30, 2007, 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 maintain sufficient collateral certificates to secure deposits of public funds, in excess of those insured by the Federal Deposit Insurance Corporation.

Our review of the City's deposited funds, included in various depositories, disclosed instances in which the City exceeded Federal Deposit Insurance Corporation ("FDIC") coverage including additional certificates of collateral participation in effect at the time as required by ORS 295.015.

### **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 2006-07 and the preparation and adoption of the budget for 2007-08. The City has complied with statutory requirements in all material respects for the current and ensuing year's budgets except for the following:

Expenditures exceeded appropriations for the 2006-07 budget in the following amounts:

General Fund:		
Finance	\$	15,898
Police	\$	2,392
Street and Bridge Replacement Fund:		
Capital Outlay	\$	19,322
Sewer Plant Construction Fund:		
Transfers out	\$	380

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, 2007, 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, 2007, 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 no conditions, which we considered to be matters of noncompliance of the City's bidding procedures or 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**

December 28, 2007

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, 2007, which collectively comprise the City of The Dalles, Oregon's basic financial statements and have issued our report thereon dated December 28, 2007. 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 does not allow for receivables and payables to be properly recorded on the modified accrual basis of accounting. There were significant adjustments required in the areas of accounts receivable, property taxes receivable, assessments receivable, intergovernmental receivables and accounts payable, which could be reduced in the future through secondary reviews of accruals, detailed review of subsequent cash receipts, and comparison of the June 30 balance sheet to the prior year amounts and 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 December 28, 2007.

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**