



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2006

Prepared by:
The City of The Dalles
Finance Department

CITY OF THE DALLES, OREGON

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INTRODUCTORY SECTION



CITY of THE DALLES

313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481

City Council
City of The Dalles
The Dalles, Oregon 97058

December 7, 2006

The Comprehensive Annual Financial Report (CAFR) of the City of The Dalles, Oregon, for the year ended June 30, 2006, is submitted herewith. This report presents a comprehensive and detailed picture of The Dalles' financial transactions during FY 2005-2006 and the financial condition of the various funds and account groups at June 30, 2006. 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, 2006, 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.

This report is divided into four sections:

The first section is an introduction containing this letter of transmittal, the City Officials, and an organizational chart of the City.

Following the introduction is the financial section. This section consists of the Independent Auditor's Report, Management's Discussion and Analysis (MD&A) and the Basic Financial Statements, which disclose fully and fairly the City's financial position as of June 30, 2006, and the results of its operations and cash flows for the year then ended. This is followed by supplemental information containing individual fund and combining statements, governmental capital assets, and other schedules. The MD&A should be read in conjunction with this letter of transmittal to assist in understanding the financial statements.

The third section contains statistical information of interest to bond rating agencies, dealers in municipal securities, investors and citizens who are interested in financial statistics of the City.

The fourth section includes audit comments and disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations and auditor reports and schedules as required under federal granting agency audit requirements.

CITY HISTORY AND GEOGRAPHICAL AREA

The City of The Dalles, Oregon, is situated in the north-central part of the state on the Columbia River, the nation's second largest river. It is the county seat and the largest community in Wasco County. The Dalles is one of Oregon's most historic cities and was known earlier in its history as the town at the end of the Oregon Trail. Archaeological evidence suggests the area has been inhabited more or less continuously for more than 10,000 years. The City was first incorporated by the Oregon Territorial Government in 1857 as "Dalles City" and was made the county seat shortly thereafter. We are currently making plans for the Celebration of our Sesquicentennial in 2007. Strategically located on the Columbia River and bordered by the Cascade Mountains to the West, The Dalles provides an ideal distribution or manufacturing setting with available riverside locations, as well as bulk container and international shipping options. It has historically been an economic hub of the Pacific Northwest, linking major transportation routes between Eastern and Southern Oregon and Washington State. It offers residents the pleasures of rural living while providing the advantages of access to metropolitan amenities in Portland, only 80 miles to the west.

In accordance with the City Charter of 1899, revised in 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 12,520, yet the City serves a trading area of about 90,000 persons in both Oregon and Washington. Principal economic activities are agriculture, production 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 800 employees in all their affiliated activities.

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

Northwest Aluminum Company is the largest manufacturing employer in the area. Due to current energy costs, the smelting plants in The Dalles and Goldendale, Washington, have significantly curtailed operation since April 2001, and anticipate continuing curtailment for the foreseeable future. This has resulted in the loss of over 1000 family wage jobs.

The port of The Dalles Business Park has added several new businesses during the last few years, including a facility for internet search engine giant Google.

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 National Scenic Area Discovery Center and Wasco County Museum was

completed in May 1997, in time to open for the Memorial Day weekend. The Center is located along the Columbia River bordering the City. Thousands of visitors are expected annually at this attraction. Over 60,000 visited the Center during its first four years of operation. It has become a center for many community festivities and events.

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 have completed multi-million dollar renovations in 2006. Fred Meyer expanded its retail space by 15,000 square feet, which included the closing in of 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 10 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 2 to 1 with other grant funds. Urban Renewal has also caused the renovation of 2 major downtown structures that have been vacant for years. Several of the Downtown Urban Renewal projects are currently in various stages of Development.

On November 6, 1990, the Oregon voters approved a State constitutional limit on property taxes for schools and non-school government operations. Under the provisions of the limitation, taxes are separated into those for public school systems and those for other local government operations. The limitation specifies the maximum allowable tax to be imposed for all non-school local governments at \$10 for each \$1000 of real market value. If the total allowable levies for all non-school governments exceed \$10 per \$1000 of real market value, only \$10 is imposed and collections are distributed to the pertinent local governments on a pro rata basis, thereby reducing the allowable taxes to the limitation.

In November 1996, the voters of the State approved Ballot Measure 47, placing further limitations on property taxes in Oregon. The measure called for rolling property tax values back to 1994-95 levels, or 1995-96 levels less 10%, and capping future growth in tax values at 3% per year. The measure had several other components relating to property taxes, assessed value, bonded debt and fees charged by governments. In addressing the implementation of the measure, the Oregon Legislature put another measure on the May 1997 ballot. This measure, Ballot

Measure 50, incorporated the main concepts, while attempting to simplify many of the complexities of the previous measure. Ballot Measure 50 was passed at the May election, and the Legislature enacted implementing legislation, calling for a reduction in property taxes of 17% statewide. While impacts to specific areas may be greater or less than the target 17%, the legislation calls for maintaining the statewide average at 17%. The initial impact of the Ballot Measure on the City was a \$204,470 reduction in property tax collections relative to the prior fiscal year. It will continue to limit funds in future years, as the increase in property values cannot exceed 3%.

The City, through prudent budgeting, is operating on a fiscally sound basis. The general fund balance remained relatively stable during the 2005-2006 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 water and wastewater capital improvement plan is being utilized. A \$7.5 million dollar revenue bond was issued in FY 2002-03 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 2007-08 with a similar amount in 5 years. A \$7.4 million water revenue bond will be issued in 2007.

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.

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. Several 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 2005-2006 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 2005-2006.

Storm Water Master Plan

Storm Water Master Plan was started in 2006 and will be completed in 2007.

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, 2006. 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

Don Gower
Interim Finance Director

CITY OF THE DALLES
OFFICIALS OF THE CITY
AS OF JUNE 30, 2006

MAYOR AND CITY COUNCIL

<u>Name and Address</u>	<u>Term Expires December 31,</u>
Robb Van Cleave, Mayor 912 East 15 th Place The Dalles, OR 97058	2006
Jim Broehl 318 West 12 th Street The Dalles, OR 97058	2008
Chris Zukin 915 West 14 th Street The Dalles, OR 97058	2006
Dorothy Davison 204 East Second Street The Dalles, OR 97058	2006
Mike Tenney 923 East 12 th Street The Dalles, OR 97058	2006
Joe Seckora 1821 Minnesota Street The Dalles, OR 97058	2008

City Administration

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

Daniel W. Izzo, Finance Director/Treasurer
Gene E. Parker, City Attorney

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of The Dalles
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

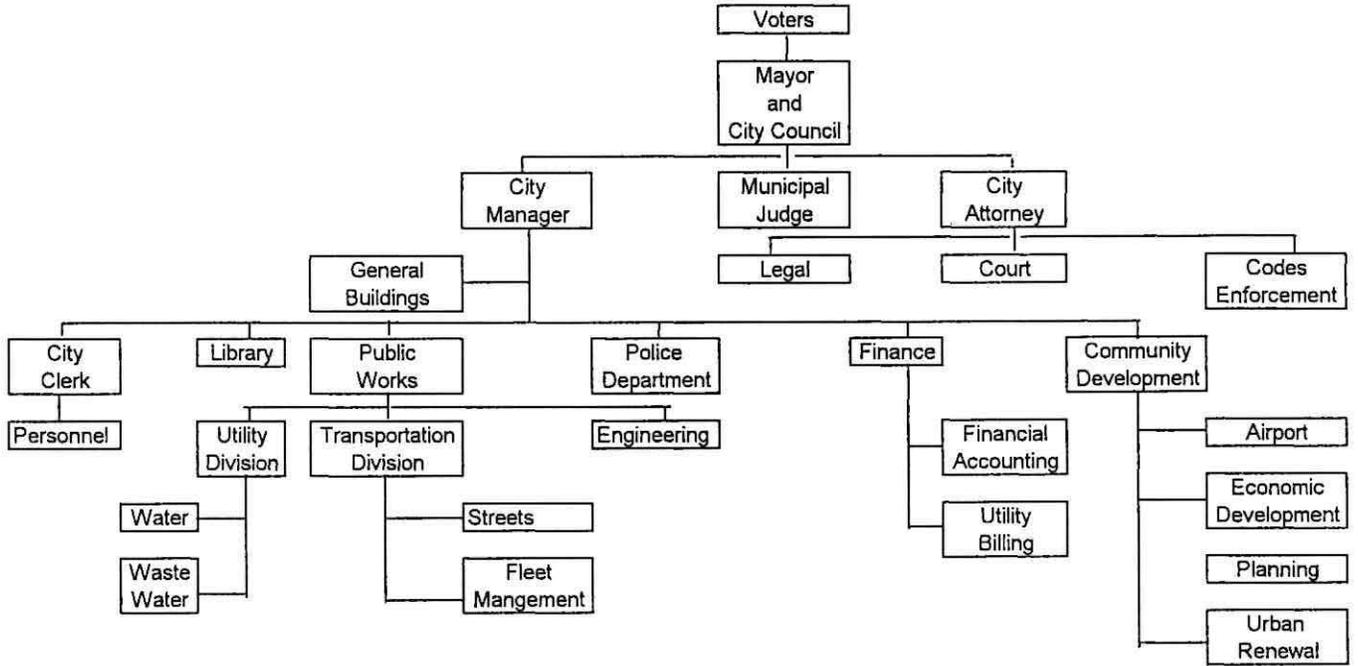
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**CITY OF THE DALLES, OREGON
ORGANIZATIONAL CHART
JUNE 30, 2006**





FINANCIAL SECTION



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
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Web: www.dickeyandtremper.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of The Dalles, Oregon, as of and for the year ended June 30, 2006, 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 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, 2006, 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 September 7, 2006, 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 result 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 read in conjunction with this report in considering the results of our audit.

A

INDEPENDENT AUDITOR'S REPORT (Continued)

The management's discussion and analysis on pages *a* through *f* 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
Dickey and Tremper, LLP
Certified Public Accountants

September 7, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Management's Discussion and Analysis (MD & A) focuses on current year activities and resulting changes. Please read it in conjunction with the Transmittal Letter (page 1) and the City's financial statements.

FINANCIAL HIGHLIGHTS

The City's assets exceeded its liabilities at June 30, 2006 by \$34,035,529 (net assets). Of this amount \$25,300,996 was invested in capital assets (net of related debt), \$4,745,434 was restricted for specific purposes resulting in an unrestricted net assets of \$3,989,099. The unrestricted net assets are made up of unrestricted governmental net assets of \$3,140,189 and unrestricted net assets of \$848,910 in Business-type activities.

The City's net assets increased by \$1,105,894 (3.4%), which was due primarily 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 \$107,234, with the General Fund experiencing an increase in fund balance of \$27,852.

The City's Enterprise Funds experienced an increase in net assets of \$601,520.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Statistical section. This section includes trend information and demographics.

Independent auditor's comments. These are supplemental communications on the City's compliance and internal controls as required by Oregon Statutes.

Government Auditing Standards compliance report. Additional reports by the City's independent auditor as required by Government Auditing Standards.

FINANCIAL SUMMARY AND ANALYSIS

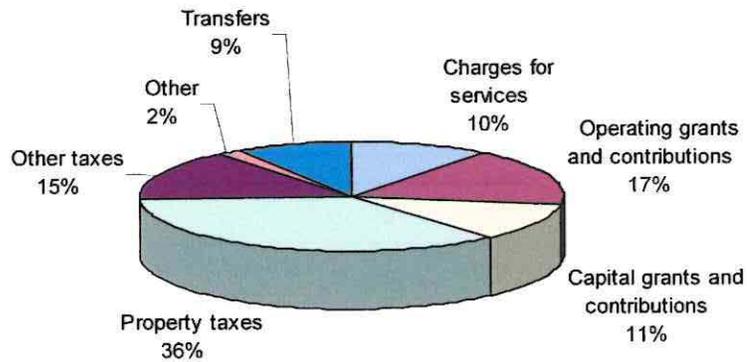
As mentioned earlier, the City's net assets as of June, 30, 2006 were \$34,035,529, an increase from June 30, 2005 of \$1,105,894. By far the largest portion of net assets is comprised of the City's investment in capital assets (e.g., land, building, equipment, and public infrastructure), less any related 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

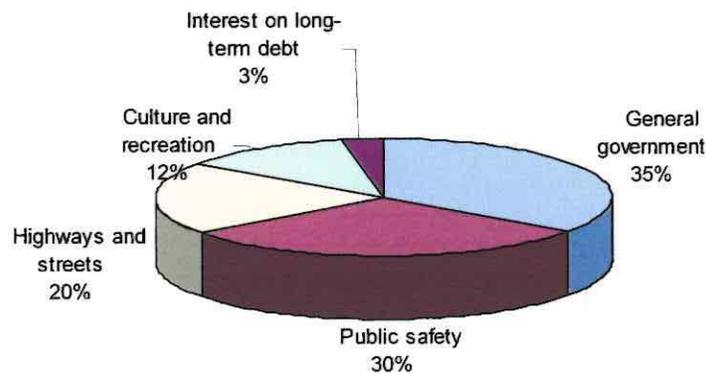
	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Assets						
Current and other assets	\$6,081,074	\$5,693,994	\$4,034,491	\$8,872,361	\$10,115,565	\$14,566,355
Capital assets	14,422,238	14,303,084	22,155,035	17,655,623	36,577,273	31,958,707
Total assets	20,503,312	19,997,078	26,189,526	26,527,984	46,692,838	46,525,062
Liabilities						
Long-term liabilities	4,566,424	5,018,109	7,014,942	7,359,030	11,581,366	12,377,139
Other liabilities	748,144	294,599	327,799	923,689	1,075,943	1,218,288
Total liabilities	5,314,568	5,312,708	7,342,741	8,282,719	12,657,309	13,595,427
Net assets						
Invested in capital assets, net of related debt	10,062,961	9,463,165	15,238,035	10,492,831	25,300,996	19,955,996
Restricted	1,985,594	2,064,789	2,759,840	6,848,340	4,745,434	8,913,129
Unrestricted	3,140,189	3,156,416	848,910	904,064	3,989,099	4,060,480
Total net assets	\$15,188,744	\$14,684,370	\$18,846,785	\$18,245,235	\$34,035,529	\$32,929,605

The governmental activities revenue comes primarily from property taxes, charges for services various grants and contributions. During the year ending June 30, 2006 the City received a significant amount of 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.

**City of The Dalles
Governmental Activities Revenue**



**City of The Dalles
Governmental Activities
Functional Expenses**



Property taxes are the City's primary on-going source of revenue. Property taxes comprising 36% 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, 2006 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, 2006, net assets of the Governmental activities increased by \$504,374, which represents a 3.4% increase. Net assets of the Business-type activities increased by \$601,520, which represents a 3.3% increase. Key elements of these changes, when compared to the year ending June 30, 2005 are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2,006</u>	<u>2,005</u>
Revenues						
Program revenues						
Charges for services	\$ 764,065	\$ 885,826	5,560,668	\$5,003,820	\$6,324,733	\$5,889,646
Operating grants and contributions	1,263,749	1,195,104	17,999	6,188	1,281,748	1,201,292
Capital grants and contributions	793,421	743,701	265,256	566,350	1,058,677	1,310,051
General revenues						
Property taxes	2,602,823	2,606,590	0	0	2,602,823	2,606,590
Other taxes	1,081,091	963,617	0	0	1,081,091	963,617
Other	157,630	105,857	179,470	197,141	337,100	302,998
Total revenues	6,662,779	6,500,695	6,023,393	5,773,499	12,686,172	12,274,194
Expenses						
General government	2,385,912	2,823,951	0	0	2,385,912	2,823,951
Public safety	2,021,934	1,902,747	0	0	2,021,934	1,902,747
Highways and streets	1,357,785	1,129,313	0	0	1,357,785	1,129,313
Culture and recreation	836,038	730,140	0	0	836,038	730,140
Interest on long-term debt	199,136	213,268	0	0	199,136	213,268
Water	0	0	2,365,038	2,213,779	2,365,038	2,213,779
Waste water	0	0	2,093,646	2,044,034	2,093,646	2,044,034
Airport	0	0	320,789	342,058	320,789	342,058
Total expenses	6,800,805	6,799,419	4,779,473	4,599,871	11,580,278	11,399,290
Change net assets before transfers	-138,026	-298,724	1,243,920	1,173,628	1,105,894	874,904
Transfers	642,400	639,178	-642,400	-639,178	0	0
Change in net assets	504,374	340,454	601,520	534,450	1,105,894	874,904
Net assets-beginning	14,684,370	14,343,916	18,245,265	17,710,815	32,929,635	32,054,731
Total net assets	\$15,188,744	\$14,684,370	\$18,846,785	\$18,245,265	\$34,035,529	\$32,929,635

Governmental Activities

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

FINANCIAL ANALYSIS OF FUNDS

As of June 30, 2006 the City's governmental funds reported a combined fund balance of \$3,979,012, which is an increase of \$107,204 from June 30, 2005.

The general fund is the primary operating fund of the City. As of June 30, 2006, the general fund balance was \$982,436, which is an increase of \$27,852 from June 30, 2005. This increase was the result of increasing revenues without a corresponding increase in costs.

The combined fund balance increase is primarily an increase in revenues in other governmental funds offsetting increased expenditures in the Street and Library funds.

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 \$18,846,785 as of June 30, 2006

BUDGETARY HIGHLIGHTS

There were no changes between the original and final budget of the general fund. The legal appropriations totaled \$4,827,267 including contingency of the \$350,685. Expenditures were \$476,804 under budget.

The original and final budget for the Street Fund was \$1,395,599. Expenditures were \$218,168 under budget.

There were no changes to the original Library Fund budget. Budget exceeded expenditures by \$11,750.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2006 the City had invested \$36,484,987 in capital assets of its governmental and business-type activities. This investment includes land and land improvements, buildings, equipment and public infrastructure of roads and bridges. The investment in governmental activities capital assets increased by \$119,155, and business-type activities increased \$4,407,127. Significant additions during the year ending June 30, 2006 were related to the improvements to the wastewater treatment plant.

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, 2006 was \$4,566,424. Business-type activities long-term debt outstanding was \$7,014,942 at June 30, 2006.

During the year the City retired a total of \$825,143 in principle long-term debt.

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

Police facilities revenue bond	\$ 400,000
Urban Renewal Agency debt	\$ 3,405,000
Loans payable	\$ 558,789
Airport facilities revenue bond	\$ 402,000
Wastewater Revenue bond	\$ 6,515,000
Compensated absences	\$ 300,577

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, 2006 was \$469,327.

The City did not issue any long-term debt during the year ending June 30, 2006.

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 selected the City as the location for a new retail and commercial outlet. 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 so it would become 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

CITY OF THE DALLES, OREGON
STATEMENT OF NET ASSETS
June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,903,828	\$ 2,978,080	\$ 6,881,908
Investments	288,579	204,786	493,365
Receivables:			
Property taxes	334,826	-	334,826
Accounts, net	261,201	516,495	777,696
Intergovernmental	288,577	63,341	351,918
Fines and forfeitures	624,502	-	624,502
Special assessments	45,370	55,018	100,388
Notes	282,445	-	282,445
Prepaid items	3,060	-	3,060
Inventories	44,174	216,771	260,945
Bond issuance costs	4,512	92,286	96,798
Capital assets:			
Land	302,445	5,707,215	6,009,660
Assets available for sale	210,917	-	210,917
Construction in progress	40,047	-	40,047
Depreciable assets, net of depreciation	13,868,829	16,355,534	30,224,363
Total assets	<u>20,503,312</u>	<u>26,189,526</u>	<u>46,692,838</u>
LIABILITIES			
Accounts payable and accrued expenses	734,530	226,406	960,936
Accrued interest payable	13,614	61,336	74,950
Deposits	-	100	100
Retainage payable	-	39,957	39,957
Long-term obligations			
Due within one year	710,999	448,942	1,159,941
Due in more than one year	3,855,425	6,566,000	10,421,425
Total liabilities	<u>5,314,568</u>	<u>7,342,741</u>	<u>12,657,309</u>
NET ASSETS			
Invested in capital assets, net of related debt	10,062,961	15,238,035	25,300,996
Restricted for:			
Streets	357,697	-	357,697
Capital projects	1,040,292	2,517,857	3,558,149
Debt service	587,605	241,983	829,588
Unrestricted	3,140,189	848,910	3,989,099
Total net assets	<u>\$ 15,188,744</u>	<u>\$ 18,846,785</u>	<u>\$ 34,035,529</u>

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, 2006

Functions/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		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 2,385,912	\$ 468,999	\$ 443,637	\$ 33,625	\$ (1,439,651)	\$ -	\$ (1,439,651)
Public safety	2,021,934	253,504	25,745	375	(1,742,310)	-	(1,742,310)
Highways and streets	1,357,785	34,318	612,706	759,421	48,660	-	48,660
Culture and recreation	836,038	7,244	181,661	-	(647,133)	-	(647,133)
Interest on long-term obligations	199,136	-	-	-	(199,136)	-	(199,136)
Total governmental activities	6,800,805	764,065	1,263,749	793,421	(3,979,570)	-	(3,979,570)
Business-type activities:							
Water	2,365,038	2,243,421	9,155	-	-	(112,462)	(112,462)
Waste water	2,093,646	3,195,226	8,844	-	-	1,110,424	1,110,424
Airport	320,789	122,021	-	265,256	-	66,488	66,488
Total business-type activities	4,779,473	5,560,668	17,999	265,256	-	1,064,450	1,064,450
Total primary government	\$11,580,278	\$6,324,733	\$ 1,281,748	\$ 1,058,677	(3,979,570)	1,064,450	(2,915,120)
General revenues:							
Property taxes levied for:							
General purposes					1,706,294	-	1,706,294
Debt service					896,529	-	896,529
Franchise and public service taxes					1,081,091	-	1,081,091
Interest and investment earnings					152,808	179,470	332,278
Miscellaneous					5,313	-	5,313
Gain (loss) on sale of property					(491)	-	(491)
Transfers					642,400	(642,400)	-
Total general revenues and transfers					4,483,944	(462,930)	4,021,014
Change in net assets					504,374	601,520	1,105,894
Net assets - beginning					14,684,370	18,245,265	32,929,635
Net assets - ending					\$ 15,188,744	\$ 18,846,785	\$ 34,035,529

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

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

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

Street Fund

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

Library Fund

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

Special 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, 2006

	General Fund	Street Fund	Library Fund	Special Assessments Fund	Urban Renewal Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 993,022	\$ 256,589	\$ 21,268	\$ 486,437	\$ 1,173,874	\$ 953,384	\$ 3,884,574
Investments	125,796	33,027	2,737	62,612	-	61,929	286,101
Receivables:							
Property taxes	216,843	-	-	-	117,983	-	334,826
Accounts, net	198,535	3,876	-	996	2,824	54,970	261,201
Intergovernmental	45,073	85,259	9,992	-	-	148,253	288,577
Fines and forfeitures	624,502	-	-	-	-	-	624,502
Special assessments	-	-	-	45,370	-	-	45,370
Notes	-	-	-	-	282,445	-	282,445
Prepaid items	3,060	-	-	-	-	-	3,060
Inventories	-	44,174	-	-	-	-	44,174
Total assets	\$ 2,206,831	\$ 422,925	\$ 33,997	\$ 595,415	\$ 1,577,126	\$ 1,218,536	\$ 6,054,830
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued liabilities	\$ 383,050	\$ 65,228	\$ 8,955	\$ -	\$ 150,177	\$ 127,120	\$ 734,530
Deferred revenue	841,345	-	-	45,370	400,428	54,145	1,341,288
Total liabilities	1,224,395	65,228	8,955	45,370	550,605	181,265	2,075,818
FUND BALANCES							
Reserved for:							
Inventories	-	44,174	-	-	-	-	44,174
Debt service	-	-	-	-	-	587,605	587,605
Unreserved, reported in:							
Major funds	982,436	313,523	25,042	550,045	1,026,521	-	2,897,567
Special revenue funds	-	-	-	-	-	347,968	347,968
Capital projects fund	-	-	-	-	-	101,698	101,698
Total fund balances	982,436	357,697	25,042	550,045	1,026,521	1,037,271	3,979,012
Total liabilities and fund balances	\$ 2,206,831	\$ 422,925	\$ 33,997	\$ 595,415	\$ 1,577,126	\$ 1,218,536	
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>							
Capital assets used in governmental activities and bond issuance costs are not financial resources and, therefore, are not reported in the funds							14,426,750
Other long-term assets are not available for current-period expenditures and, therefore, are deferred in the funds.							1,341,288
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.							21,732
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.							<u>(4,580,038)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES							\$ 15,188,744

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, 2006

	General Fund	Street Fund	Library Fund	Special Assessments Fund	Urban Renewal Capital Projects Fund	Other Governmental Funds	Total
Revenues							
Property taxes	\$ 1,739,476	\$ -	\$ -	\$ -	\$ 445,660	\$ 470,504	\$ 2,655,640
Other taxes	506,037	318,668	-	-	-	-	824,705
Franchise fees	315,756	-	-	-	-	-	315,756
Special assessments	-	-	-	129,261	-	-	129,261
Licenses and permits	11,224	-	-	-	-	-	11,224
Intergovernmental	606,151	612,233	179,877	-	-	492,042	1,890,303
Fines and forfeitures	255,342	-	7,244	-	-	-	262,586
Charges for services	80,643	34,318	-	-	-	71,615	186,576
Rental income	24,120	-	-	-	-	338,899	363,019
Interest on investments	36,396	9,662	1,576	18,547	58,123	25,201	149,505
Miscellaneous	57,433	473	1,784	-	3,591	1,280	64,561
Total revenues	3,632,578	975,354	190,481	147,808	507,374	1,399,541	6,853,136
Expenditures							
Current:							
General government	1,638,424	-	-	3,234	308,529	146,648	2,096,835
Public safety	1,937,095	-	-	-	-	-	1,937,095
Highways and streets	-	987,453	-	-	-	-	987,453
Culture and recreation	348,741	-	467,140	-	-	-	815,881
Capital outlay	97,402	99,398	1,329	-	139,501	544,454	882,084
Debt Service	-	-	-	-	-	670,334	670,334
Total expenditures	4,021,662	1,086,851	468,469	3,234	448,030	1,361,436	7,389,682
Revenues over (under) expenditures	(389,084)	(111,497)	(277,988)	144,574	59,344	38,105	(536,546)
Other financing sources (uses)							
Sale of property	1,350	-	-	-	-	-	1,350
Transfers in	744,387	127,489	225,454	-	-	108,231	1,205,561
Transfers out	(328,801)	(90,580)	-	(59,230)	-	(84,550)	(563,161)
Total other financing sources (uses)	416,936	36,909	225,454	(59,230)	-	23,681	643,750
Net change in fund balances	27,852	(74,588)	(52,534)	85,344	59,344	61,786	107,204
Fund balances, July 1, 2005	954,584	432,285	77,576	464,701	967,177	975,485	3,871,808
Fund balances, June 30, 2006	\$ 982,436	\$ 357,697	\$ 25,042	\$ 550,045	\$ 1,026,521	\$ 1,037,271	\$ 3,979,012

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 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2006

Net change in fund balance - governmental funds	\$ 107,204
 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 expenditure over the life of the assets. The difference between these two amounts is:	
Capital asset additions	\$ 598,112
Basis of asset disposed	(1,841)
Depreciation expense	<u>(477,116)</u>
	119,155
 Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred revenues	(190,345)
 Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligation in the Statement of Net Assets.	
	481,143
 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	(29,458)
Change in accrued interest	1,230
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.	
	<u>15,946</u>
 Change in net assets - governmental activities	 <u>\$ 504,374</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
GENERAL FUND
For the Fiscal Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 1,809,871	\$ 1,739,476	\$ (70,395)
Other taxes	453,738	506,037	52,299
Franchise fees	300,116	315,756	15,640
Licenses and permits	8,940	11,224	2,284
Intergovernmental	599,946	606,151	6,205
Fines and forfeitures	301,500	255,342	(46,158)
Charges for services	69,524	80,643	11,119
Rental income	23,460	24,120	660
Interest on investments	21,176	36,396	15,220
Miscellaneous	76,000	57,433	(18,567)
TOTAL REVENUES	<u>3,664,271</u>	<u>3,632,578</u>	<u>(31,693)</u>
EXPENDITURES			
Current:			
General government	1,703,315	1,638,424	64,891
Public safety	1,975,330	1,937,095	38,235
Culture and recreation	338,786	348,741	(9,955)
Capital outlay	130,350	97,402	32,948
Contingency	350,685	-	350,685
TOTAL EXPENDITURES	<u>4,498,466</u>	<u>4,021,662</u>	<u>476,804</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(834,195)</u>	<u>(389,084)</u>	<u>445,111</u>
OTHER FINANCING SOURCES (USES)			
Sale of property	-	1,350	1,350
Transfers in	744,387	744,387	-
Transfers out	(328,801)	(328,801)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>415,586</u>	<u>416,936</u>	<u>1,350</u>
NET CHANGE IN FUND BALANCE	(418,609)	27,852	446,461
FUND BALANCE, JULY 1, 2005	<u>977,836</u>	<u>954,584</u>	<u>(23,252)</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ 559,227</u>	<u>\$ 982,436</u>	<u>\$ 423,209</u>

The notes to the basic financial statements are in 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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Fuel taxes	\$ 291,300	\$ 318,668	\$ 27,368
Intergovernmental	636,485	612,233	(24,252)
Charges for services	28,963	34,318	5,355
Interest on investments	3,500	9,662	6,162
Miscellaneous	300	473	173
TOTAL REVENUES	960,548	975,354	14,806
EXPENDITURES			
Current:			
Highways and streets:			
Personal services	576,049	546,622	29,427
Materials and services	509,675	438,882	70,793
Other uses	1,949	1,949	-
Capital outlay	114,890	99,398	15,492
Contingency	102,456	-	102,456
TOTAL EXPENDITURES	1,305,019	1,086,851	218,168
REVENUES OVER (UNDER) EXPENDITURES	(344,471)	(111,497)	232,974
OTHER FINANCING SOURCES (USES)			
Transfers in	127,489	127,489	-
Transfers out	(90,580)	(90,580)	-
TOTAL OTHER FINANCING SOURCES (USES)	36,909	36,909	-
NET CHANGE IN FUND BALANCE	(307,562)	(74,588)	232,974
FUND BALANCE, JULY 1, 2005	307,562	432,285	124,723
FUND BALANCE, JUNE 30, 2006	\$ -	\$ 357,697	\$ 357,697

The notes to the basic financial statements are in 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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$ 184,196	\$ 179,877	\$ (4,319)
Fines and forfeitures	7,000	7,244	244
Interest on investments	1,077	1,576	499
Miscellaneous	3,525	1,784	(1,741)
TOTAL REVENUES	<u>195,798</u>	<u>190,481</u>	<u>(5,317)</u>
EXPENDITURES			
Current:			
Culture and recreation:			
Personal services	296,897	294,443	2,454
Materials and services	180,691	171,755	8,936
Other uses	942	942	-
Capital outlay	1,689	1,329	360
TOTAL EXPENDITURES	<u>480,219</u>	<u>468,469</u>	<u>11,750</u>
REVENUES OVER (UNDER) EXPENDITURES	(284,421)	(277,988)	6,433
OTHER FINANCING SOURCES (USES)			
Transfers in	225,454	225,454	-
NET CHANGE IN FUND BALANCE	(58,967)	(52,534)	6,433
FUND BALANCE, JULY 1, 2005	<u>58,967</u>	<u>77,576</u>	<u>18,609</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ -</u>	<u>\$ 25,042</u>	<u>\$ 25,042</u>

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



FUND FINANCIAL STATEMENTS

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**
 - Waste Water
 - Waste Water 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, 2006

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	All Water Funds	All Waste- Water Funds	All Airport Funds	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 911,049	\$ 1,927,590	\$ 139,441	\$ 2,978,080	\$ 19,254
Investments	117,252	69,586	17,948	204,786	2,478
Receivables:					
Accounts, net	196,190	299,312	20,993	516,495	-
Intergovernmental	6,759	6,760	49,822	63,341	-
Assessments	-	55,018	-	55,018	-
Inventories	160,986	55,785	-	216,771	-
Total current assets	<u>1,392,236</u>	<u>2,414,051</u>	<u>228,204</u>	<u>4,034,491</u>	<u>21,732</u>
Noncurrent assets:					
Deferred charges	-	91,053	1,233	92,286	-
Capital assets, net	6,623,566	11,378,047	4,061,136	22,062,749	-
Total noncurrent assets	<u>6,623,566</u>	<u>11,469,100</u>	<u>4,062,369</u>	<u>22,155,035</u>	<u>-</u>
Total assets	<u>\$ 8,015,802</u>	<u>\$ 13,883,151</u>	<u>\$ 4,290,573</u>	<u>\$ 26,189,526</u>	<u>\$ 21,732</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	\$ 78,253	\$ 91,775	\$ 56,378	\$ 226,406	\$ -
Accrued interest payable	-	59,610	1,726	61,336	-
Deposits	-	-	100	100	-
Retainage payable	-	-	39,957	39,957	-
Compensated absences payable	67,335	30,607	-	97,942	-
Current portion of long-term debt	-	315,000	36,000	351,000	-
Total current liabilities	<u>145,588</u>	<u>496,992</u>	<u>134,161</u>	<u>776,741</u>	<u>-</u>
Long - term debt, net of current portion:					
Bonds payable	-	6,200,000	366,000	6,566,000	-
Total liabilities	<u>145,588</u>	<u>6,696,992</u>	<u>500,161</u>	<u>7,342,741</u>	<u>-</u>
Net assets:					
Invested in capital assets, net of related debt	6,623,566	4,954,100	3,660,369	15,238,035	-
Restricted for capital projects	938,992	1,578,865	-	2,517,857	-
Restricted for debt service	-	204,473	37,510	241,983	-
Unrestricted	307,656	448,721	92,533	848,910	21,732
Total net assets	<u>7,870,214</u>	<u>7,186,159</u>	<u>3,790,412</u>	<u>18,846,785</u>	<u>21,732</u>
Total liabilities and net assets	<u>\$ 8,015,802</u>	<u>\$ 13,883,151</u>	<u>\$ 4,290,573</u>	<u>\$ 26,189,526</u>	<u>\$ 21,732</u>

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

CITY OF THE DALLES, OREGON
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2006

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds	
	All Water Funds	All Waste- Water Funds	All Airport Funds		Total
OPERATING REVENUES					
Charges for services	\$ 2,235,210	\$ 3,179,647	\$ 909	\$ 5,415,766	\$ 19,238
Rental income	4,080	-	113,969	118,049	-
Miscellaneous	4,131	15,579	7,143	26,853	-
TOTAL OPERATING REVENUES	<u>2,243,421</u>	<u>3,195,226</u>	<u>122,021</u>	<u>5,560,668</u>	<u>19,238</u>
OPERATING EXPENSES					
Personal services	1,321,774	686,696	5,264	2,013,734	3,771
Materials and services	831,790	1,063,462	128,018	2,023,270	-
Depreciation	211,474	93,823	165,927	471,224	-
TOTAL OPERATING EXPENSES	<u>2,365,038</u>	<u>1,843,981</u>	<u>299,209</u>	<u>4,508,228</u>	<u>3,771</u>
OPERATING INCOME (LOSS)	<u>(121,617)</u>	<u>1,351,245</u>	<u>(177,188)</u>	<u>1,052,440</u>	<u>15,467</u>
NONOPERATING INCOME (EXPENSES)					
Intergovernmental	9,155	8,844	265,256	283,255	-
Interest on investments	40,625	134,245	4,600	179,470	479
Interest expense	-	(249,665)	(21,580)	(271,245)	-
TOTAL NONOPERATING INCOME (EXPENSES)	<u>49,780</u>	<u>(106,576)</u>	<u>248,276</u>	<u>191,480</u>	<u>479</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(71,837)</u>	<u>1,244,669</u>	<u>71,088</u>	<u>1,243,920</u>	<u>15,946</u>
TRANSFERS					
Transfers in	-	-	60,116	60,116	-
Transfers out	(406,403)	(296,113)	-	(702,516)	-
TOTAL TRANSFERS	<u>(406,403)</u>	<u>(296,113)</u>	<u>60,116</u>	<u>(642,400)</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>(478,240)</u>	<u>948,556</u>	<u>131,204</u>	<u>601,520</u>	<u>15,946</u>
NET ASSETS, JULY 1, 2005	<u>8,348,454</u>	<u>6,237,603</u>	<u>3,659,208</u>	<u>18,245,265</u>	<u>5,786</u>
NET ASSETS, JUNE 30, 2006	<u>\$ 7,870,214</u>	<u>\$ 7,186,159</u>	<u>\$3,790,412</u>	<u>\$ 18,846,785</u>	<u>\$ 21,732</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, 2006

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	All Water Funds	All Waste- Water Funds	All Airport Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 2,199,891	\$ 3,087,276	\$ 111,149	\$ 5,398,316	\$ -
Receipts from interfund services provided	10,396	22,538	-	32,934	19,238
Payments to suppliers	(1,224,123)	(1,276,465)	(129,892)	(2,630,480)	10,335
Payments to employees	(918,934)	(486,734)	(3,827)	(1,409,495)	-
Payments for interfund services used	(4,654)	(2,398)	-	(7,052)	-
Net cash provided from (used by) operating activities	<u>62,576</u>	<u>1,344,217</u>	<u>(22,570)</u>	<u>1,384,223</u>	<u>8,903</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	60,116	60,116	-
Transfers out	(406,403)	(296,113)	-	(702,516)	-
Net cash provided from (used by) non-capital financing activities	<u>(406,403)</u>	<u>(296,113)</u>	<u>60,116</u>	<u>(642,400)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from intergovernmental revenue	9,155	8,844	267,319	285,318	-
Acquisition of capital assets	-	(5,258,324)	(216,424)	(5,474,748)	-
Principal paid on long-term obligations	-	(310,000)	(34,000)	(344,000)	-
Interest paid on long-term obligations	-	(245,440)	(21,579)	(267,019)	-
Net cash provided from (used by) capital and related financing activities	<u>9,155</u>	<u>(5,804,920)</u>	<u>(4,684)</u>	<u>(5,800,449)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Net investment sales (purchases)	174,789	53,817	7,851	236,457	179
Interest on investments	40,625	134,245	4,600	179,470	479
Net cash provided from (used by) investing activities	<u>215,414</u>	<u>188,062</u>	<u>12,451</u>	<u>415,927</u>	<u>658</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(119,258)	(4,568,754)	45,313	(4,642,699)	9,561
CASH AND CASH EQUIVALENTS, JULY 1, 2005	1,030,307	6,496,344	94,128	7,620,779	9,693
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	\$ 911,049	\$ 1,927,590	\$ 139,441	\$ 2,978,080	\$ 19,254
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities					
Operating income (loss)	\$ (121,617)	\$ 1,351,245	\$ (177,188)	\$ 1,052,440	\$ 15,467
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	211,474	93,823	165,927	471,224	-
(Increase) decrease in assets					
Receivables	(39,893)	(85,412)	(10,872)	(136,177)	-
Inventories	6,720	(12,100)	-	(5,380)	-
Increase (decrease) in liabilities					
Accounts payable	10,952	(8,311)	(437)	2,204	(6,564)
Compensated absences payable	(5,060)	4,972	-	(88)	-
Net cash provided from (used by) operating activities	<u>\$ 62,576</u>	<u>\$ 1,344,217</u>	<u>\$ (22,570)</u>	<u>\$ 1,384,223</u>	<u>\$ 8,903</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF THE DALLES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006

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 waste water 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, 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 loans".

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, Waste Water and Airport Funds and represents the portion of receivables not expected to be collected.

3. Inventories and Prepaid Expenses

Inventories in Street, Water, and Waste Water 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 Waste Water 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, 2006, 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:		
Judicial	\$	732
Nondepartmental	\$	9,955
Special Grants Fund:		
Capital Outlay	\$	17,485

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, 2006. If bank deposits at year end are not entirely insured or collateralized with securities held by the district 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 entirely of bank demand deposits. 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, 2006, the carrying amount of the City's deposits was \$3,799,846 and the bank balance was \$3,978,698. All deposits are held in the name of the City or the Columbia Gateway Urban Renewal Agency (blended component unit). Of the bank balance, \$2,006,143 was covered by federal depository insurance and collateral certificates in the City's or Columbia Gateway Urban Renewal Agency's name. The remaining \$1,972,555 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 external investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry as defined by GASB Statement No. 40.

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

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

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

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

The City of The Dalles also invested funds in U.S. Government Obligations. 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.

	<u>Maturity</u>	<u>Carrying Amount/ Fair Value</u>
US Government Agency Securities	Less than 1 year	<u>\$ 493,365</u>

Investments held by the City at June 30, 2006 are as follows:

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

Cash with County treasurer	\$ 21,799
Cash on hand	1,775
Carrying amounts of deposits	3,799,846
Local Government Investment Pool	2,551,323
Money Market Sweep Account	<u>507,165</u>
Total cash and cash equivalents	<u>\$ 6,881,908</u>

B. Receivables

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

	<u>General</u>	<u>Street</u>	<u>Library</u>	<u>Special Assessments</u>	<u>Urban Renewal Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Activities</u>
Property taxes	\$ 216,843	\$ -	\$ -	\$ -	\$ 117,983	\$ -	\$ 334,826
Accounts	198,535	3,876		996	2,824	54,970	261,201
Intergovernmental	45,073	85,259	9,992	-	-	148,253	288,577
Fines and forfeitures	624,502	-	-	-	-	-	624,502
Assessments	-	-		45,370	-	-	45,370
Notes	-	-	-	-	282,445	-	282,445
	<u>\$ 1,084,953</u>	<u>\$ 89,135</u>	<u>\$ 9,992</u>	<u>\$ 46,366</u>	<u>\$ 403,252</u>	<u>\$ 203,223</u>	<u>\$ 1,836,921</u>

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

	<u>Water</u>	<u>Waste Water</u>	<u>Airport</u>	<u>Total Business-Type Activities</u>
Accounts	\$ 209,948	\$ 328,581	\$ 23,493	\$ 562,022
Intergovernmental	6,759	6,760	49,822	63,341
Assessments	-	55,018	-	55,018
Allowance for doubtful accounts	<u>(13,758)</u>	<u>(29,269)</u>	<u>(2,500)</u>	<u>(45,527)</u>
	<u>\$ 202,949</u>	<u>\$ 361,090</u>	<u>\$ 70,815</u>	<u>\$ 634,854</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 2005-2006, the City levied property taxes in the amount of \$1,832,155. After reductions for offsets and increases for additional taxes and penalties this resulted in a net levy of \$1,805,947. 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, 2005 was \$607,570,321. The Columbia Gateway Urban Renewal Agency, a blended component unit of the City, levied taxes at its maximum taxing authority of \$964,330. After reductions for offsets and additional taxes and penalties, this resulted in a net levy of \$949,436.

Following is a summary of property tax transactions for the year ended June 30, 2006:

	Balances July 1, 2005	2005-06 Levy	Adjustments	Interest (Discounts)	Collections	Balances June 30, 2006
2005-06	\$ -	\$ 2,755,383	\$ (6,843)	\$ (65,695)	\$ (2,539,836)	\$ 143,009
2004-05	162,163	-	(9,232)	3	(53,635)	99,299
2003-04	118,755	-	(9,568)	-	(26,546)	82,641
2002-03	90,429	-	(63,179)	-	(18,919)	8,331
2001-02	14,947	-	(9,022)	-	(5,326)	599
2000-01	196	-	(1,639)	-	1,475	32
1999-00	76	-	(1,496)	20	1,476	76
Prior years	1,077	-	(6,150)	190	5,722	839
	<u>\$ 387,643</u>	<u>\$ 2,755,383</u>	<u>\$ (107,129)</u>	<u>\$ (65,482)</u>	<u>\$ (2,635,589)</u>	<u>\$ 334,826</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, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 282,445	\$ 20,000	\$ -	\$ 302,445
Construction in progress	-	40,047	-	40,047
Assets available for sale	210,917	-	-	210,917
	<u>493,362</u>	<u>60,047</u>	<u>-</u>	<u>553,409</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated				
Land improvements	171,189	-	-	171,189
Buildings	3,718,381	11,814	-	3,730,195
Equipment	2,298,727	91,478	(119,295)	2,270,910
Infrastructure	10,950,493	434,773	-	11,385,266
	<u>17,138,790</u>	<u>538,065</u>	<u>(119,295)</u>	<u>17,557,560</u>
Total capital assets, being depreciated				
Accumulated depreciation for:				
Land improvements	(117,907)	(9,179)	-	(127,086)
Building	(1,071,696)	(73,158)	-	(1,144,854)
Equipment	(1,170,203)	(195,563)	117,454	(1,248,312)
Infrastructure	(969,263)	(199,216)	-	(1,168,479)
	<u>(3,329,069)</u>	<u>(477,116)</u>	<u>117,454</u>	<u>(3,688,731)</u>
Total accumulated depreciation				
Total capital assets, being depreciated, net	<u>13,809,721</u>	<u>60,949</u>	<u>(1,841)</u>	<u>13,868,829</u>
Governmental activities capital assets, net	<u>\$ 14,303,083</u>	<u>\$ 120,996</u>	<u>\$ (1,841)</u>	<u>\$ 14,422,238</u>

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

General government	\$ 102,339
Public safety	78,297
Highways and streets	282,659
Culture and recreation	13,821
	<u>477,116</u>
Total depreciation expense - governmental activities	<u>\$ 477,116</u>

Capital asset activity for the business-type activities for the year ended June 30, 2006 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	3,836,053	-	(3,836,053)	-
Total capital assets, not being depreciated	<u>9,543,268</u>	<u>-</u>	<u>(3,836,053)</u>	<u>5,707,215</u>
Capital assets, being depreciated				
Land improvements	4,488,981	814,525	-	5,303,506
Buildings	2,604,531	-	-	2,604,531
Equipment	914,419	-	(39,814)	874,605
Wastewater Treatment Plant	-	7,720,104	-	7,720,104
Dams and lines	7,113,065	179,775	-	7,292,840
Total capital assets, being depreciated	<u>15,120,996</u>	<u>8,714,404</u>	<u>(39,814)</u>	<u>23,795,586</u>
Less accumulated depreciation for:				
Land improvements	(1,889,057)	(202,622)	-	(2,091,679)
Building	(1,093,329)	(51,057)	-	(1,144,386)
Equipment	(674,720)	(35,013)	39,814	(669,919)
Wastewater Treatment Plant	-	-	-	-
Dams and lines	(3,351,536)	(182,532)	-	(3,534,068)
Total accumulated depreciation	<u>(7,008,642)</u>	<u>(471,224)</u>	<u>39,814</u>	<u>(7,440,052)</u>
Total capital assets, being depreciated, net	<u>8,112,354</u>	<u>8,243,180</u>	<u>-</u>	<u>16,355,534</u>
Business-type activities capital assets, net	<u>\$ 17,655,622</u>	<u>\$ 8,243,180</u>	<u>\$ (3,836,053)</u>	<u>\$ 22,062,749</u>

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

Water	\$ 211,474
Waste Water	93,823
Airport	165,927
Total depreciation expense - business-type activities	<u>\$ 471,224</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	\$ 216,843	\$ -	\$ 117,983	\$ -	\$ 334,826
Intergovernmental	-	-	-	-	-
Fines and forfeitures	624,502	-	-	-	624,502
Loans	-	-	282,445	54,145	336,590
Special assessments	-	45,370	-	-	45,370
	<u>\$ 841,345</u>	<u>\$ 45,370</u>	<u>\$ 400,428</u>	<u>\$ 54,145</u>	<u>\$ 1,341,288</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
2007	\$ 130,000	\$ 15,278
2008	135,000	9,281
2009	135,000	3,105
	<u>\$ 400,000</u>	<u>\$ 27,664</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
2007	\$ 325,000	\$ 145,160
2008	335,000	134,110
2009	345,000	121,883
2010	360,000	108,427
2011	375,000	93,668
2012-2015	1,665,000	200,870
	<u>\$ 3,405,000</u>	<u>\$ 804,118</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 Investment Board		IBM Credit		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 44,076	\$ 20,770	\$ 9,288	\$ 1,387	\$ 53,364	\$ 22,157
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
2012-2016	291,241	32,988	-	-	291,241	32,988
	<u>\$ 530,161</u>	<u>\$ 118,297</u>	<u>\$ 28,628</u>	<u>\$ 2,507</u>	<u>\$ 558,789</u>	<u>\$ 120,804</u>

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

The Waste Water Fund has revenue bonds payable used to finance improvements to the City's waste water 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
2007	\$ 315,000	\$ 238,440
2008	325,000	230,565
2009	330,000	222,440
2010	340,000	212,540
2011	350,000	201,830
2012-2016	1,965,000	803,345
2017-2021	2,360,000	407,180
2022	530,000	22,260
	<u>\$ 6,515,000</u>	<u>\$ 2,338,600</u>

5. 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
2007	\$ 36,000	\$ 19,776
2008	38,000	17,871
2009	40,000	15,862
2010	42,000	13,751
2011	44,000	11,536
2012-2015	202,000	21,477
	<u>\$ 402,000</u>	<u>\$ 100,273</u>

6. 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 \$469,327, plus accrued, but unmatured, interest of \$38,851. 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.

7. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2006, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue Bonds	\$ 520,000	\$ -	\$ 120,000	\$ 400,000	\$ 130,000
Limited Tax Issuances	3,715,000	-	310,000	3,405,000	325,000
Loans Payable	609,932	-	51,143	558,789	53,364
Compensated Absences	173,177	202,635	173,177	202,635	202,635
Governmental activity Long-term obligations	<u>\$ 5,018,109</u>	<u>\$ 202,635</u>	<u>\$ 654,320</u>	<u>\$ 4,566,424</u>	<u>\$ 710,999</u>
Business - type activities:					
Revenue Bonds Payable	\$ 7,261,000	\$ -	\$ 344,000	\$ 6,917,000	\$ 351,000
Compensated Absences	98,030	97,942	98,030	97,942	97,942
Business-type activity Long-term obligations	<u>\$ 7,359,030</u>	<u>\$ 97,942</u>	<u>\$ 442,030</u>	<u>\$ 7,014,942</u>	<u>\$ 448,942</u>

F. 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 \$642,400.

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

	Transfers In	Transfers Out
Governmental activities		
General	\$ 744,387	\$ 328,801
Street	127,489	90,580
Library	225,454	-
Special assessments	-	59,230
Other governmental funds	108,231	84,550
Business-type activities		
Water	-	406,403
Waste water	-	296,113
Airport	60,116	-
	<u>\$ 1,265,677</u>	<u>\$ 1,265,677</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, 2006 was \$2,549,771. Total contributions to the plan for the year ended June 30, 2006 were \$384,733, including \$339,129 and \$45,604 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, 2006 was \$944,126. Total contributions to the plan for the year ended June 30, 2006 were \$207,613, including \$203,553 and \$4,060 for the City and employee contributions, respectively.

C. Related Party Transaction

The City has contracted with a corporation, which is partially owned by a member of the City Council, to provide management services at the airport. The contract includes compensation of \$6,000 per month for management services, \$682 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 \$80,184 and no amounts were payable at year-end.

D. Construction in Progress

The City is committed under various construction contracts at June 30, 2006. Major projects in progress at June 30, 2006 are as follows:

The Cherry Heights signalization project is approximately 17% complete. Costs incurred to date are \$40,047, with total estimated costs of \$240,000.

SUPPLEMENTAL INFORMATION

COMBINING STATEMENTS

Non-Major Governmental Funds

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

- *Public Works Reserve* – replacing or adding to the machinery and equipment of the Public Works Department. Resources are provided through operating transfers from the Street and Storm Sewer Fund and from interest earned on the investments..
- *Community Benevolence* – preservation, enhancement, protection, maintenance, repair, replacement or restoration of the Mid-Columbia Vietnam Veterans' Memorial and its surroundings. Revenues consist primarily of donations and interest earnings.
- *Street and Bridge Replacement* – accounts for the replacement of streets and bridges. Resources consist of transfers and interest earned on investments.
- *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, 2006**

Special Revenue Funds

	Public Works Reserve	Community Benevolence	Street and Bridge Replacement	Special Grants
ASSETS				
Cash and cash equivalents	\$ 24,864	\$ 1,726	\$ 204,094	\$ 12,201
Investments	3,200	222	26,270	1,570
Receivables:				
Accounts	-	-	-	54,145
Intergovernmental	-	-	9,050	111,594
Total assets	\$ 28,064	\$ 1,948	\$ 239,414	\$ 179,510
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 10,564	\$ 111,594
Deferred revenue	-	-	-	54,145
Total liabilities	-	-	10,564	165,739
FUND BALANCES				
Reserved for debt service	-	-	-	-
Unreserved, reported in:				
Special revenue funds	28,064	1,948	228,850	13,771
Capital projects fund	-	-	-	-
Total fund balances	28,064	1,948	228,850	13,771
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,064	\$ 1,948	\$ 239,414	\$ 179,510

See auditor's report.

Debt Service Funds

<u>State Office Building</u>	<u>Police Facility Revenue Bond</u>	<u>Urban Renewal</u>	<u>Capital Projects</u>	<u>Totals</u>
\$ 45,949	\$ 102,212	\$ 472,237	\$ 90,101	\$ 953,384
5,914	13,156	-	11,597	61,929
825	-	-	-	54,970
27,609	-	-	-	148,253
<u>\$ 80,297</u>	<u>\$ 115,368</u>	<u>\$ 472,237</u>	<u>\$ 101,698</u>	<u>\$ 1,218,536</u>
\$ 4,962	\$ -	\$ -	\$ -	\$ 127,120
-	-	-	-	54,145
<u>4,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,265</u>
-	115,368	472,237	-	587,605
75,335	-	-	-	347,968
-	-	-	101,698	101,698
<u>75,335</u>	<u>115,368</u>	<u>472,237</u>	<u>101,698</u>	<u>1,037,271</u>
<u>\$ 80,297</u>	<u>\$ 115,368</u>	<u>\$ 472,237</u>	<u>\$ 101,698</u>	<u>\$ 1,218,536</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, 2006

	<u>Special Revenue Funds</u>			
	<u>Public Works Reserve</u>	<u>Community Benevolence</u>	<u>Street and Bridge Replacement</u>	<u>Special Grants</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	329,159	162,883
Charges for services	-	-	-	-
Rental income	-	-	-	-
Interest on investments	702	36	7,297	1,589
Miscellaneous	-	1,000	-	280
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	702	1,036	336,456	164,752
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
General government	-	-	-	4,356
Capital outlay	-	-	378,545	156,053
Debt service	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	378,545	160,409
	<hr/>	<hr/>	<hr/>	<hr/>
REVENUES OVER (UNDER) EXPENDITURES	<hr/> 702	<hr/> 1,036	<hr/> (42,089)	<hr/> 4,343
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	-	10,000	-
Transfers out	-	-	-	(84,550)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	<hr/> 15,000	<hr/> -	<hr/> 10,000	<hr/> (84,550)
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	15,702	1,036	(32,089)	(80,207)
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, JULY 1, 2005	12,362	912	260,939	93,978
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, JUNE 30, 2006	<u>\$ 28,064</u>	<u>\$ 1,948</u>	<u>\$ 228,850</u>	<u>\$ 13,771</u>

<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>				
<u>State Office Building</u>	<u>Police Facility Revenue Bond</u>	<u>Urban Renewal</u>	<u>Capital Projects</u>	<u>Totals</u>	
\$ -	\$ -	\$ 470,504	\$ -	\$ 470,504	
-	-	-	-	492,042	
-	-	-	71,615	71,615	
200,918	137,981	-	-	338,899	
191	3,419	9,840	2,127	25,201	
-	-	-	-	1,280	
<u>201,109</u>	<u>141,400</u>	<u>480,344</u>	<u>73,742</u>	<u>1,399,541</u>	
142,292	-	-	-	146,648	
-	-	-	9,856	544,454	
-	140,873	464,615	64,846	670,334	
<u>142,292</u>	<u>140,873</u>	<u>464,615</u>	<u>74,702</u>	<u>1,361,436</u>	
<u>58,817</u>	<u>527</u>	<u>15,729</u>	<u>(960)</u>	<u>38,105</u>	
-	-	-	83,231	108,231	
-	-	-	-	(84,550)	
<u>-</u>	<u>-</u>	<u>-</u>	<u>83,231</u>	<u>23,681</u>	
58,817	527	15,729	82,271	61,786	
<u>16,518</u>	<u>114,841</u>	<u>456,508</u>	<u>19,427</u>	<u>975,485</u>	
<u>\$ 75,335</u>	<u>\$ 115,368</u>	<u>\$ 472,237</u>	<u>\$ 101,698</u>	<u>\$ 1,037,271</u>	



BUDGETARY COMPARISON SCHEDULES

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

In accordance with GASB Statement #34, the City's General Fund and any major special revenue fund (currently only the Street 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**

▪ **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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES			
General government:			
City council	\$ 120,618	\$ 109,112	\$ 11,506
City clerk	104,349	103,639	710
City manager	197,565	192,586	4,979
City attorney	188,600	182,175	6,425
Judicial	129,800	130,532	(732)
Finance	370,690	349,623	21,067
Utility billing	141,152	138,792	2,360
Personnel	28,377	22,360	6,017
Planning	336,172	316,396	19,776
City hall	155,652	149,043	6,609
Transportation center	5,890	3,571	2,319
	<u>1,778,865</u>	<u>1,697,829</u>	<u>81,036</u>
Total general government			
Public safety:			
Police	1,997,318	1,952,023	45,295
Codes enforcement	32,812	23,069	9,743
	<u>2,030,130</u>	<u>1,975,092</u>	<u>55,038</u>
Total public safety			
Culture and recreation:			
Nondepartmental	338,786	348,741	(9,955)
Contingency	350,685	-	350,685
TOTAL EXPENDITURES	4,498,466	4,021,662	476,804
OTHER FINANCING USES			
Transfers out	328,801	328,801	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 4,827,267</u>	<u>\$ 4,350,463</u>	<u>\$ 476,804</u>

See auditor's report.

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

Governmental Funds

Special Revenue Funds

- Public Works Reserve
- Community Benevolence
- Street and Bridge Replacement
- 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 - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Interest on investments	\$ 100	\$ 702	\$ 602
EXPENDITURES			
Capital Outlay	18,396	-	18,396
REVENUES OVER (UNDER) EXPENDITURES	<u>(18,296)</u>	<u>702</u>	<u>18,998</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	15,000	15,000	-
NET CHANGE IN FUND BALANCE	(3,296)	15,702	18,998
FUND BALANCE, JULY 1, 2005	<u>3,296</u>	<u>12,362</u>	<u>9,066</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ -</u>	<u>\$ 28,064</u>	<u>\$ 28,064</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
COMMUNITY BENEVOLENCE - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Interest on investments	\$ 21	\$ 36	\$ 15
Miscellaneous	-	1,000	1,000
	<u>21</u>	<u>1,036</u>	<u>1,015</u>
Total revenues	21	1,036	1,015
EXPENDITURES			
Current:			
General government:			
Materials and services	931	-	931
	<u>931</u>	<u>-</u>	<u>931</u>
NET CHANGE IN FUND BALANCE	(910)	1,036	1,946
FUND BALANCE, JULY 1, 2005	<u>910</u>	<u>912</u>	<u>2</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ -</u>	<u>\$ 1,948</u>	<u>\$ 1,948</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 - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$ 339,045	\$ 329,159	\$ (9,886)
Interest on investments	600	7,297	6,697
Total revenues	339,645	336,456	(3,189)
EXPENDITURES			
Capital Outlay	610,213	378,545	231,668
REVENUES OVER (UNDER) EXPENDITURES	(270,568)	(42,089)	228,479
OTHER FINANCING SOURCES (USES)			
Transfers in	10,000	10,000	-
NET CHANGE IN FUND BALANCE	(260,568)	(32,089)	228,479
FUND BALANCE, JULY 1, 2005	260,568	260,939	371
FUND BALANCE, JUNE 30, 2006	\$ -	\$ 228,850	\$ 228,850

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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,250	\$ 142,818	\$ 162,883	\$ 20,065
Interest on investments	1,150	1,150	1,589	439
Miscellaneous	1,750	1,750	280	(1,470)
TOTAL REVENUES	<u>7,150</u>	<u>145,718</u>	<u>164,752</u>	<u>19,034</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	15,500	15,500	4,356	11,144
Capital outlay	-	138,568	156,053	(17,485)
TOTAL EXPENDITURES	<u>15,500</u>	<u>154,068</u>	<u>160,409</u>	<u>(6,341)</u>
REVENUES OVER (UNDER) EXPENDITURES	(8,350)	(8,350)	4,343	12,693
OTHER FINANCING SOURCES (USES)				
Transfers out	(84,550)	(84,550)	(84,550)	-
NET CHANGE IN FUND BALANCE	(92,900)	(92,900)	(80,207)	12,693
FUND BALANCE, JULY 1, 2005	<u>92,900</u>	<u>92,900</u>	<u>93,978</u>	<u>1,078</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,771</u>	<u>\$ 13,771</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 - SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Rental income	\$ 161,466	\$ 200,918	\$ 39,452
Interest on investments	-	191	191
TOTAL REVENUES	<u>161,466</u>	<u>201,109</u>	<u>39,643</u>
EXPENDITURES			
Current:			
General government:			
Personal services	22,041	17,942	4,099
Materials and services	150,383	124,350	26,033
TOTAL EXPENDITURES	<u>172,424</u>	<u>142,292</u>	<u>30,132</u>
NET CHANGE IN FUND BALANCE	(10,958)	58,817	69,775
FUND BALANCE, JULY 1, 2005	<u>10,958</u>	<u>16,518</u>	<u>5,560</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ -</u>	<u>\$ 75,335</u>	<u>\$ 75,335</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 - DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Rental income	\$ 137,981	\$ 137,981	\$ -
Interest on investments	2,622	3,419	797
TOTAL REVENUES	140,603	141,400	797
EXPENDITURES			
Debt service	254,873	140,873	114,000
NET CHANGE IN FUND BALANCE	(114,270)	527	114,797
FUND BALANCE, JULY 1, 2005	114,270	114,841	571
FUND BALANCE, JUNE 30, 2006	\$ -	\$ 115,368	\$ 115,368

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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 463,013	\$ 470,504	\$ 7,491
Interest on investments	9,840	9,840	-
TOTAL REVENUES	472,853	480,344	7,491
EXPENDITURES			
Debt service	920,115	464,615	455,500
NET CHANGE IN FUND BALANCE	(447,262)	15,729	462,991
FUND BALANCE, JULY 1, 2005	447,262	456,508	9,246
FUND BALANCE, JUNE 30, 2006	\$ -	\$ 472,237	\$ 472,237

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL PROJECTS - CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	\$ 21,616	\$ 71,615	\$ 49,999
Interest on investments	700	2,127	1,427
TOTAL REVENUES	<u>22,316</u>	<u>73,742</u>	<u>51,426</u>
EXPENDITURES			
Capital Outlay	61,719	9,856	51,863
Debt service	64,847	64,846	1
TOTAL EXPENDITURES	<u>126,566</u>	<u>74,702</u>	<u>51,864</u>
REVENUES OVER (UNDER) EXPENDITURES	(104,250)	(960)	103,290
OTHER FINANCING SOURCES (USES)			
Transfers in	83,231	83,231	-
NET CHANGE IN FUND BALANCE	(21,019)	82,271	103,290
FUND BALANCE, JULY 1, 2005	<u>21,019</u>	<u>19,427</u>	<u>(1,592)</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ -</u>	<u>\$ 101,698</u>	<u>\$ 101,698</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL ASSESSMENTS - CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Special assessments	\$ 32,000	\$ 129,261	\$ 97,261
Interest on investments	8,800	18,547	9,747
TOTAL REVENUES	40,800	147,808	107,008
EXPENDITURES			
Current:			
General government:			
Materials and services	427,950	3,234	424,716
REVENUES OVER (UNDER) EXPENDITURES	(387,150)	144,574	531,724
OTHER FINANCING SOURCES (USES)			
Transfers out	(59,230)	(59,230)	-
NET CHANGE IN FUND BALANCE	(446,380)	85,344	531,724
FUND BALANCE, JULY 1, 2005	446,380	464,701	18,321
FUND BALANCE, JUNE 30, 2006	\$ -	\$ 550,045	\$ 550,045

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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 477,709	\$ 445,660	\$ (32,049)
Interest on investments	11,080	58,123	47,043
Miscellaneous	-	3,591	3,591
TOTAL REVENUES	<u>488,789</u>	<u>507,374</u>	<u>18,585</u>
EXPENDITURES			
Current:			
General government:			
Materials and services	377,385	308,529	68,856
Capital outlay	1,118,615	139,501	979,114
TOTAL EXPENDITURES	<u>1,496,000</u>	<u>448,030</u>	<u>1,047,970</u>
NET CHANGE IN FUND BALANCE	(1,007,211)	59,344	1,066,555
FUND BALANCE, JULY 1, 2005	<u>1,007,211</u>	<u>967,177</u>	<u>(40,034)</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ -</u>	<u>\$ 1,026,521</u>	<u>\$ 1,026,521</u>

See auditor's report.



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

Proprietary Funds

Enterprise Funds

- All Water Funds
 - Water Utility
 - Water Capital Reserve
- 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, 2006**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$ 12,485	\$ 9,155	\$ (3,330)
Charges for services	2,263,428	2,119,698	(143,730)
Rental income	4,080	4,080	-
Interest on investments	9,500	9,151	(349)
Miscellaneous	1,000	4,131	3,131
TOTAL REVENUES	2,290,493	2,146,215	(144,278)
EXPENDITURES			
Water treatment department:			
Current:			
Personal Services	594,634	580,980	13,654
Materials and services	404,725	307,732	96,993
Capital outlay	19,635	7,217	12,418
Total water treatment department	1,018,994	895,929	123,065
Water distribution department:			
Current:			
Personal services	772,144	740,795	31,349
Materials and services	407,381	387,228	20,153
Capital outlay	58,725	11,550	47,175
Total water distribution department	1,238,250	1,139,573	98,677
Nondepartmental:			
Current:			
Other Uses	4,654	4,654	-
Contingency	98,689	-	98,689
TOTAL EXPENDITURES	2,360,587	2,040,156	320,431
REVENUES OVER (UNDER) EXPENDITURES	(70,094)	106,059	176,153
OTHER FINANCING SOURCES (USES)			
Transfers out	(406,403)	(406,403)	-
NET CHANGE IN FUND BALANCE	(476,497)	(300,344)	176,153
FUND BALANCE, JULY 1, 2005	476,497	608,000	131,503
FUND BALANCE, JUNE 30, 2006	\$ -	\$ 307,656	\$ 307,656

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 - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2006**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	\$ 20,160	\$ 115,512	\$ 95,352
Interest on investments	12,000	31,474	19,474
TOTAL REVENUES	<u>32,160</u>	<u>146,986</u>	<u>114,826</u>
EXPENDITURES			
Current:			
Materials and services	185,000	83,166	101,834
Capital outlay	702,652	30,242	672,410
TOTAL EXPENDITURES	<u>887,652</u>	<u>113,408</u>	<u>774,244</u>
NET CHANGE IN FUND BALANCE	(855,492)	33,578	889,070
FUND BALANCE, JULY 1, 2005	<u>855,492</u>	<u>905,414</u>	<u>49,922</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ -</u>	<u>\$ 938,992</u>	<u>\$ 938,992</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, 2006**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):	
Water Utility Fund	\$ 307,656
Water Capital Reserve Fund	938,992
	<hr/>
	1,246,648
 Adjustments:	
Capital assets, net of depreciation	<hr/>
	6,623,566
 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS (GAAP) NET ASSETS	 <hr/> \$ 7,870,214

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)
WASTE WATER FUND - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2006**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$ 12,485	\$ 8,844	\$ (3,641)
Charges for services	2,999,124	3,085,423	86,299
Interest on investments	1,000	2,050	1,050
Miscellaneous	1,000	15,579	14,579
TOTAL REVENUES	<u>3,013,609</u>	<u>3,111,896</u>	<u>98,287</u>
EXPENDITURES			
Current:			
Personal Services	701,353	686,696	14,657
Materials and services	1,148,899	1,026,278	122,621
Other uses	2,398	2,398	-
Capital outlay	166,325	111,133	55,192
Contingency	140,707	-	140,707
TOTAL EXPENDITURES	<u>2,159,682</u>	<u>1,826,505</u>	<u>333,177</u>
REVENUES OVER (UNDER) EXPENDITURES	853,927	1,285,391	431,464
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,199,699)	(1,199,699)	-
NET CHANGE IN FUND BALANCE	(345,772)	85,692	431,464
FUND BALANCE, JULY 1, 2005	<u>345,772</u>	<u>422,639</u>	<u>76,867</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ -</u>	<u>\$ 508,331</u>	<u>\$ 508,331</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)
WASTE WATER CAPITAL RESERVE - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2006**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	\$ 13,200	\$ 94,224	\$ 81,024
Interest on investments	300	4,835	4,535
TOTAL REVENUES	13,500	99,059	85,559
EXPENDITURES			
Capital outlay	142,882	103,428	39,454
NET CHANGE IN FUND BALANCE	(129,382)	(4,369)	125,013
FUND BALANCE, JULY 1, 2005	129,382	169,259	39,877
FUND BALANCE, JUNE 30, 2006	\$ -	\$ 164,890	\$ 164,890

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 - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Interest on investments	\$ 10,000	\$ 119,149	\$ 109,149
EXPENDITURES			
Current:			
Materials and services	645,600	507,287	138,313
Capital outlay	5,522,356	3,963,839	1,558,517
TOTAL EXPENDITURES	6,167,956	4,471,126	1,696,830
REVENUES OVER (UNDER) EXPENDITURES	(6,157,956)	(4,351,977)	1,805,979
OTHER FINANCING SOURCES (USES)			
Transfers in	903,586	903,586	-
Transfers out	(548,146)	(548,146)	-
TOTAL OTHER FINANCING SOURCES (USES)	355,440	355,440	-
NET CHANGE IN FUND BALANCE	(5,802,516)	(3,996,537)	1,805,979
FUND BALANCE, JULY 1, 2005	5,802,516	5,410,512	(392,004)
FUND BALANCE, JUNE 30, 2006	\$ -	\$ 1,413,975	\$ 1,413,975

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 - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2006**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Interest on investments	\$ 4,600	\$ 8,211	\$ 3,611
EXPENDITURES			
Debt service	555,590	555,440	150
Other	199,600	-	199,600
TOTAL EXPENDITURES	755,190	555,440	199,750
REVENUES OVER (UNDER) EXPENDITURES	(750,590)	(547,229)	203,361
OTHER FINANCING SOURCES (USES)			
Transfers in	548,146	548,146	-
NET CHANGE IN FUND BALANCE	(202,444)	917	203,361
FUND BALANCE, JULY 1, 2005	202,444	203,556	1,112
FUND BALANCE, JUNE 30, 2006	\$ -	\$ 204,473	\$ 204,473

See auditor's report.

**CITY OF THE DALLES, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL WASTE WATER FUNDS
For the Fiscal Year Ended June 30, 2006**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):	
Waste Water Fund	\$ 508,331
Waste Water Capital Reserve Fund	164,890
Sewer Plant Construction Fund	1,413,975
Sewer Debt Service Fund	<u>204,473</u>
	2,291,669
 Adjustments:	
Capital assets, net of depreciation	11,378,047
Bond issuance costs	91,053
Accrued interest payable	(59,610)
Long-term debt	<u>(6,515,000)</u>
 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) BASIS NET ASSETS	 <u><u>\$7,186,159</u></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 - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 60,116	\$ 299,285	\$ 265,256	\$ (34,029)
Charges for services	2,400	2,400	909	(1,491)
Rental income	45,832	45,832	47,217	1,385
Interest on investments	1,300	1,300	3,777	2,477
Miscellaneous	4,000	7,010	7,143	133
TOTAL REVENUES	<u>113,648</u>	<u>355,827</u>	<u>324,302</u>	<u>(31,525)</u>
EXPENDITURES				
Current:				
Personal services	5,581	5,581	5,264	317
Materials and services	201,820	210,008	119,426	90,582
Capital outlay	15,890	291,948	236,041	55,907
Contingency	5,000	5,000	-	5,000
TOTAL EXPENDITURES	<u>228,291</u>	<u>512,537</u>	<u>360,731</u>	<u>151,806</u>
REVENUES OVER (UNDER) EXPENDITURES	(114,643)	(156,710)	(36,429)	120,281
OTHER FINANCING SOURCES (USES)				
Transfers in	60,116	60,116	60,116	-
NET CHANGE IN FUND BALANCE	(54,527)	(96,594)	23,687	120,281
FUND BALANCE, JULY 1, 2005	<u>54,527</u>	<u>96,594</u>	<u>70,572</u>	<u>(26,022)</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,259</u>	<u>\$ 94,259</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 - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2006**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Rental income	\$ 52,344	\$ 66,752	\$ 14,408
Interest on investments	250	823	573
TOTAL REVENUES	52,594	67,575	14,981
EXPENDITURES			
Debt service	76,011	55,578	20,433
NET CHANGE IN FUND BALANCE	(23,417)	11,997	35,414
FUND BALANCE, JULY 1, 2005	23,417	25,513	2,096
FUND BALANCE, JUNE 30, 2006	\$ -	\$ 37,510	\$ 37,510

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, 2006**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Airport Fund	\$ 94,259
Airport Debt Service Fund	<u>37,510</u>

131,769

Adjustments:

Capital assets, net of depreciation	4,061,136
Bond issuance costs	1,233
Accrued interest payable	(1,726)
Long-term debt	<u>(402,000)</u>

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

\$ 3,790,412

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)
UNEMPLOYMENT RESERVE - INTERNAL SERVICE FUND
For the Fiscal Year Ended June 30, 2006**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	\$ 19,238	\$ 19,238	\$ -
Interest on investments	112	479	367
TOTAL REVENUES	<u>19,350</u>	<u>19,717</u>	<u>367</u>
EXPENDITURES			
Current:			
Personal services	<u>19,958</u>	<u>3,771</u>	<u>16,187</u>
NET CHANGE IN FUND BALANCE	(608)	15,946	16,554
FUND BALANCE, JULY 1, 2005	<u>608</u>	<u>5,786</u>	<u>5,178</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ -</u>	<u>\$ 21,732</u>	<u>\$ 21,732</u>

See auditor's report.



OTHER FINANCIAL SCHEDULES

CITY OF THE DALLES, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL
AND INTEREST TRANSACTIONS
For the Fiscal Year Ended June 30, 2006

	Interest Rates	Date of Issue	Principal			Outstanding June 30, 2006	Interest Matured and Paid
			Outstanding July 1, 2005	Issued	Matured and Paid		
<u>Governmental Funds</u>							
1999 Police facilities revenue bonds	3.65-4.6%	2/1/1999	\$ 520,000	\$ -	\$ 120,000	\$ 400,000	\$ 20,873
2002 Urban renewal bonds	1.85-4.85%	9/24/2002	3,715,000	-	310,000	3,405,000	154,615
Oregon Investment Board loan	4.00%	9/19/2002	572,525	-	42,364	530,161	22,482
IBM Credit note payable	4.8-7.93%	5/1/2005	37,407	-	8,779	28,628	1,895
			<u>4,844,932</u>	<u>-</u>	<u>481,143</u>	<u>4,363,789</u>	<u>199,865</u>
<u>Enterprise Funds</u>							
Airport hanger facilities revenue bonds	5.15%	4/1/2003	436,000	-	34,000	402,000	21,579
Wastewater system revenue bonds	2.0-4.2%	5/1/2003	6,825,000	-	310,000	6,515,000	244,640
			<u>7,261,000</u>	<u>-</u>	<u>344,000</u>	<u>6,917,000</u>	<u>266,219</u>
Total			<u>\$ 12,105,932</u>	<u>\$ -</u>	<u>\$ 825,143</u>	<u>\$ 11,280,789</u>	<u>\$ 466,084</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF GOVERNMENTAL ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS
June 30, 2006

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
	2006-07	\$ 130,000	\$ 15,278	\$ 325,000	\$ 145,160	\$ 44,076	\$ 20,770	\$ 9,288	\$ 1,387	\$ 508,364
2007-08	135,000	9,281	335,000	134,110	45,856	18,989	9,828	847	525,684	163,227
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>\$ 400,000</u>	<u>\$ 27,664</u>	<u>\$ 3,405,000</u>	<u>\$ 804,118</u>	<u>\$ 530,161</u>	<u>\$ 118,297</u>	<u>\$ 28,628</u>	<u>\$ 2,507</u>	<u>\$ 4,363,789</u>	<u>\$ 952,586</u>

See auditor's report.

CITY OF THE DALLES, OREGON
SCHEDULE OF BUSINESS-TYPE ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS
June 30, 2006

Year of Maturity	Airport Hanger Facilities Revenue Bonds		Wastewater System Revenue Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
	2006-07	\$ 36,000	\$ 19,776	\$ 315,000	\$ 238,440	\$ 351,000
2007-08	38,000	17,871	325,000	230,565	363,000	248,436
2008-09	40,000	15,862	330,000	222,440	370,000	238,302
2009-10	42,000	13,751	340,000	212,540	382,000	226,291
2010-11	44,000	11,536	350,000	201,830	394,000	213,366
2011-12	46,000	9,219	365,000	188,705	411,000	197,924
2012-13	50,000	6,747	380,000	174,105	430,000	180,852
2013-14	52,000	4,120	395,000	161,185	447,000	165,305
2014-15	54,000	1,391	405,000	146,965	459,000	148,356
2015-16	-	-	420,000	132,385	420,000	132,385
2016-17	-	-	435,000	116,845	435,000	116,845
2017-18	-	-	455,000	100,315	455,000	100,315
2018-19	-	-	470,000	82,570	470,000	82,570
2019-20	-	-	490,000	63,770	490,000	63,770
2020-21	-	-	510,000	43,680	510,000	43,680
2021-22	-	-	530,000	22,260	530,000	22,260
	<u>\$ 402,000</u>	<u>\$ 100,273</u>	<u>\$ 6,515,000</u>	<u>\$ 2,338,600</u>	<u>\$ 6,917,000</u>	<u>\$ 2,438,873</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 trend 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 Four Fiscal Years
(accrual basis of accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 10,062,961	\$ 9,463,165	\$ 8,813,333	\$ 7,082,880
Restricted	1,985,594	2,064,789	2,805,731	2,478,538
Unrestricted	3,140,189	3,156,416	2,724,852	2,889,934
Total governmental activities net assets	<u>15,188,744</u>	<u>14,684,370</u>	<u>14,343,916</u>	<u>12,451,352</u>
Business-Type Activities:				
Invested in capital assets, net of related debt	15,238,035	10,492,831	13,783,100	13,148,317
Restricted	2,759,840	6,848,340	2,640,941	10,549,281
Unrestricted	848,910	904,094	1,286,774	(6,162,685)
Total business-type activities net assets	<u>18,846,785</u>	<u>18,245,265</u>	<u>17,710,815</u>	<u>17,534,913</u>
Primary Government:				
Invested in capital assets, net of related debt	25,300,996	19,955,996	22,596,433	20,231,197
Restricted	4,745,434	8,913,129	5,446,672	13,027,819
Unrestricted	3,989,099	4,060,510	4,011,626	(3,272,751)
Total primary government net assets	<u>\$ 34,035,529</u>	<u>\$ 32,929,635</u>	<u>\$ 32,054,731</u>	<u>\$ 29,986,265</u>

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Program Revenues				
Governmental activities:				
Charges for services, fees and fines				
General government	\$ 468,999	\$ 432,237	\$ 328,627	\$ 295,443
Public safety	253,504	415,666	379,210	313,767
Highways and streets	34,318	29,927	1,043	2,795
Culture and recreation	7,244	7,996	7,024	7,256
Operating grants and contributions	1,263,749	1,195,104	207,202	241,523
Capital grants and contributions	793,421	743,701	2,305,553	2,884,058
Total governmental activities program revenues	<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	2,243,421	2,144,103	2,217,640	2,117,579
Wastewater	3,195,226	2,755,902	2,403,918	2,026,236
Airport	122,021	103,815	162,004	111,692
Operating grants	17,999	6,188	-	-
Capital grants	265,256	566,350	64,897	4,111
Total business-type activities program revenues	<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>8,665,158</u>	<u>8,400,989</u>	<u>8,077,118</u>	<u>8,004,460</u>
Expenses				
Governmental activities:				
General government	2,385,912	2,823,951	2,496,078	2,041,699
Public safety and justice	2,021,934	1,902,747	1,901,095	1,788,115
Highways and streets	1,357,785	1,129,313	1,645,515	1,939,110
Culture and recreation	836,038	730,140	655,938	677,054
Interest on long term obligations	199,136	213,268	224,780	288,808
Total governmental activities expenses	<u>6,800,805</u>	<u>6,799,419</u>	<u>6,923,406</u>	<u>6,734,786</u>
Business-type activities:				
Water	2,365,038	2,213,779	1,947,973	2,168,081
Wastewater	2,093,646	2,044,034	2,094,490	1,928,128
Airport	320,789	342,058	383,133	344,383
Total business-type activities expenses	<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>11,580,278</u>	<u>11,399,290</u>	<u>11,349,002</u>	<u>11,175,378</u>
Net Expense				
Governmental activities	(3,979,570)	(3,974,788)	(3,694,747)	(2,989,944)
Business-type activities	1,064,450	976,487	422,863	(180,974)
Total primary government net expense	<u>\$ (2,915,120)</u>	<u>\$ (2,998,301)</u>	<u>\$ (3,271,884)</u>	<u>\$ (3,170,918)</u>

(continued)

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

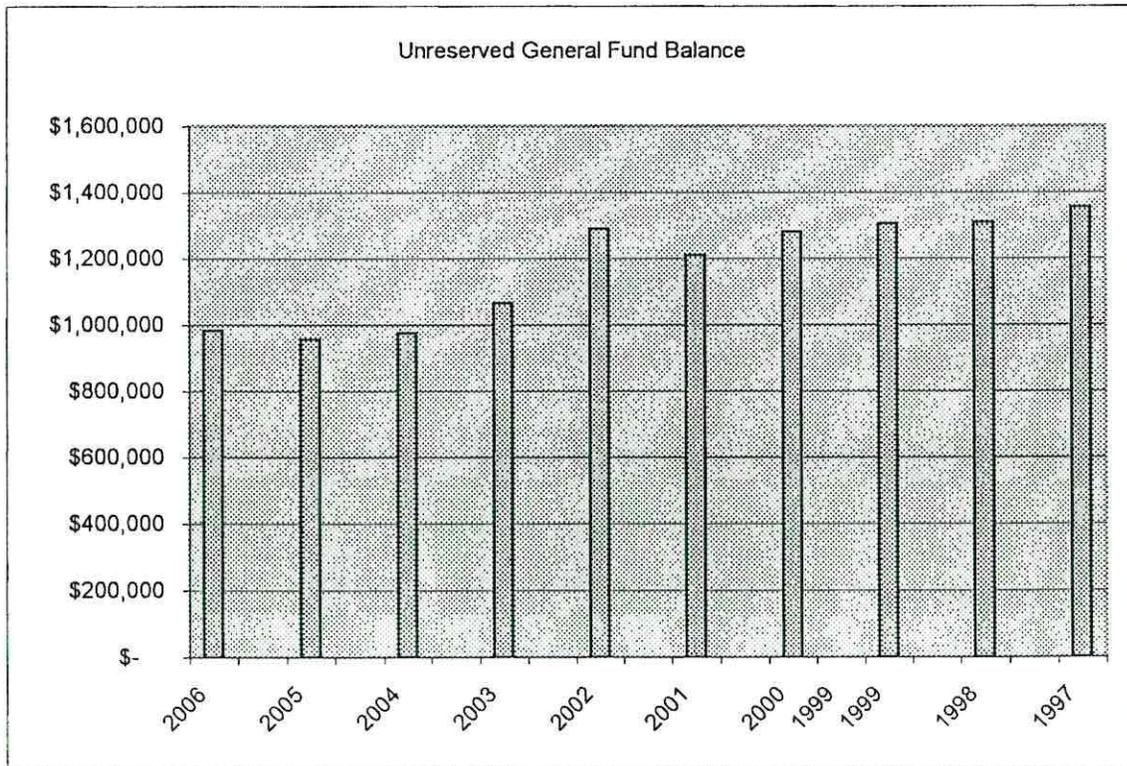
(continued)

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

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

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund				
Unreserved	\$ 982,436	954,584	974,048	1,063,809
Total general fund	<u>982,436</u>	<u>954,584</u>	<u>974,048</u>	<u>1,063,809</u>
All Other Governmental Funds				
Reserved: Debt Service	587,605	571,348	568,370	570,467
Inventory	44,174	66,157	58,056	99,851
Unreserved	2,364,797	2,279,720	2,730,342	2,843,206
Total all other governmental funds	<u>2,996,576</u>	<u>2,917,225</u>	<u>3,356,768</u>	<u>3,513,524</u>
Total governmental funds	<u>\$ 3,979,012</u>	<u>3,871,809</u>	<u>4,330,816</u>	<u>4,577,333</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>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</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>	<u>1,353,957</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>	<u>1,353,957</u>
432,981	510,304	422,713	198,427	166,743	162,508
126,584	48,089	-	-	-	-
<u>1,927,908</u>	<u>2,934,036</u>	<u>6,108,246</u>	<u>3,080,238</u>	<u>2,945,542</u>	<u>2,868,988</u>
<u>2,487,473</u>	<u>3,492,429</u>	<u>6,530,959</u>	<u>3,278,665</u>	<u>3,112,285</u>	<u>3,031,496</u>
<u>\$ 3,776,350</u>	<u>4,701,196</u>	<u>7,810,403</u>	<u>4,583,814</u>	<u>4,421,284</u>	<u>4,385,453</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>2006</u>	<u>2005</u>	<u>2004</u>
Revenues			
Taxes	\$ 3,480,345	\$ 3,210,462	\$ 3,204,061
Inter-governmental	1,890,303	1,808,354	3,600,045
Rents and interest	512,524	380,304	377,487
Franchise Fees	315,756	357,888	287,277
Fines and forfeitures	262,586	301,926	243,023
Charges for services	186,576	130,896	73,099
Special assessments	129,261	34,443	34,562
Other Revenues	75,785	58,225	58,433
Total revenues	<u>6,853,136</u>	<u>6,282,498</u>	<u>7,877,987</u>
Expenditures			
Current:			
General Government	2,096,835	2,393,538	2,386,803
Public safety	1,937,095	1,835,348	1,847,535
Highways and streets	987,453	855,464	955,540
Culture and recreation	815,881	708,990	640,457
Capital outlay	882,084	964,615	2,155,293
Debt service:			
Principal	472,364	460,719	444,138
Interest	197,970	212,898	226,011
Total expenditures	<u>7,389,682</u>	<u>7,431,572</u>	<u>8,655,777</u>
Revenues over (under) expenditures	<u>(536,546)</u>	<u>(1,149,074)</u>	<u>(777,790)</u>
Other Financing Sources (Uses)			
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	1,205,561	1,127,518	1,026,676
Operating transfers out	(563,161)	(488,340)	(502,201)
Total other financing sources (uses)	<u>643,750</u>	<u>690,067</u>	<u>524,475</u>
Net change in fund balances	<u>\$ 107,204</u>	<u>\$ (459,007)</u>	<u>\$ (253,315)</u>
Debt service as a percentage of noncapital expenditures	<u>11.5%</u>	<u>11.6%</u>	<u>11.5%</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.

CITY OF THE DALLES, OREGON
Changes in 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>	<u>1997</u>
\$ 2,994,287	\$ 2,898,063	\$ 3,044,017	\$ 2,323,162	\$ 2,290,378	\$ 2,209,207	\$ 2,466,175
5,165,349	1,544,527	4,064,228	1,310,477	2,877,482	1,350,496	1,172,906
398,435	397,940	449,511	204,914	198,811	215,837	151,935
293,154	299,604	295,004	274,541	258,755	248,688	250,291
235,838	282,389	253,112	178,734	208,750	168,922	145,822
66,858	50,990	34,914	52,667	63,125	171,570	333,992
53,655	241,091	10,918	40,712	131,118	261,614	140,231
57,799	92,618	386,934	387,337	579,384	135,271	277,307
<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>	<u>4,938,659</u>
1,915,628	1,812,116	1,578,697	1,422,397	1,519,639	1,638,006	1,978,777
1,734,055	1,676,229	1,653,271	1,493,080	1,394,577	1,272,708	1,359,936
859,660	667,542	892,326	880,165	802,189	774,485	913,990
642,046	563,839	529,487	544,536	540,337	306,413	372,055
5,343,336	2,128,423	6,673,875	876,624	2,308,386	917,209	16,152
400,476	326,807	640,818	442,291	337,372	402,915	306,900
289,850	227,452	242,198	78,319	89,997	104,803	65,541
<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>5,013,351</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>	<u>(74,692)</u>
-	-	-	-	-	-	1,096,355
-	-	-	-	1,140,000	-	-
5,238,646	-	-	-	-	-	-
-	-	-	-	(1,015,422)	-	-
<u>(3,090,000)</u>	-	-	-	-	-	-
-	-	-	10,283	-	-	-
1,178,603	963,148	1,210,139	1,002,688	919,853	638,915	693,580
(606,590)	(340,897)	(647,312)	(469,571)	(552,007)	(456,611)	(597,382)
<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>1,192,553</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>\$ 1,117,861</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>	<u>8.1%</u>

Source: Current and prior years' financial statements

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

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

Source: Current and prior years' financial statements

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

<u>Year</u>	<u>Property Taxes</u>	<u>Transient Room Taxes</u>	<u>City Gasoline Taxes</u>
1997	\$ 1,864,556	\$ 262,713	\$ 338,906
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

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

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

<u>Year</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Real Market Value</u>
1997	\$ 495,528,450	3.8292	\$ 495,528,450
1998**	432,544,315	3.8549	541,217,509
1999	441,801,391	3.0155	603,413,320
2000	481,335,658	2.9489	630,453,704
2001***	545,592,961	2.9510	670,701,097
2002	568,193,482	3.0155	689,937,698
2003	587,055,873	3.0155	681,805,787
2004	608,490,694	3.0155	703,928,628
2005	624,534,189	3.0155	749,478,665
2006	654,996,245	3.0155	815,950,410

* 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

Year	Overlapping Rates												
	City of The Dalles	Wasco County	Wasco County VA Bonds	Port of The Dalles	Mid-Columbia Fire and Rescue	Northern Wasco County Parks and Recreation District	School District No. 12	School District No. 9	School District No. 21	School District No. 14	Wasco County Educational Service District	Columbia Gorge Community College	Norco
1997	6.89	4.20	0.45	0.75	2.08	0.75	18.20	15.63		12.02	1.36	1.31	
1998	3.85	4.25	0.50	0.81	2.10	0.90	5.49	6.18		4.49	0.47	0.84	0.47
1999	3.82	4.22	0.47	0.75	2.45	0.90	5.49	6.12		(2)	0.47	0.83	0.33
2000	3.65	4.23	0.44	0.72	2.40	0.86	5.49	6.09			0.47	0.78	0.38
2001	3.63	4.24	0.34	0.66	2.39	0.68	6.60	6.00			0.47	0.80	0.41
2002	3.02	4.25	0.32	0.20	2.10	0.68	5.49	4.72			0.47	0.27	0.36
2003	3.02	4.25	0.26	0.20	2.37	0.68	7.61	6.17			0.47	0.76	0.40
2004	3.02	4.25	0.32	0.20	2.39	0.68	7.64	6.12	(1)		0.47	0.78	0.42
2005	3.02	4.25	0.31	0.20	2.39	0.68	2.07	1.06	5.2399		0.47	0.77	0.32
2006	3.02	4.25	0.24	0.20	2.42	0.68	2.07	1.10	5.2399		0.47	1.29	0.34

(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)

Fiscal Year Ended June 30,	Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 1,899,755	\$ 1,734,435	91.30%	\$ 165,175	\$ 1,899,610	99.99%
1998	1,666,937	1,543,639	92.60%	123,277	1,666,916	100.00%
1999	1,684,505	1,570,146	93.21%	114,337	1,684,483	100.00%
2000	1,756,647	1,644,212	93.60%	112,359	1,756,571	100.00%
2001*	2,551,828	2,351,450	92.15%	117,006	2,468,456	96.73%
2002	2,354,392	2,181,304	92.65%	109,968	2,291,272	97.32%
2003	2,475,658	2,231,726	90.15%	158,411	2,390,137	96.55%
2004	2,624,004	2,386,451	90.95%	90,104	2,476,555	94.38%
2005	2,654,643	2,415,879	91.01%	53,635	2,469,514	93.03%
2006	2,755,383	2,539,836	92.18%	-	2,539,836	92.18%

*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, 1996 and December 31, 2005

December 31, 2005

Taxpayer	Real Property		Percentage of Total Assessed Valuation
	Assessed Valuation	Rank	
Oregon Cherry Growers	\$ 10,286,456	1	1.78%
Home Depot USA Inc.	9,974,480	2	1.73%
Northern Wasco County PUD	9,595,400	3	1.66%
United Telephone Northwest	9,288,600	4	1.61%
Amerities West LLC	7,147,020	5	1.24%
Union Pacific Railroad Company	5,752,526	6	1.00%
Northwest Natural Gas	5,615,032	7	0.97%
Cascade Square LLC	5,056,763	8	0.88%
Troy Coolidge No 31 LLC	5,361,750	9	0.93%
Shilo Inn The Dalles LLC	4,665,105	10	0.81%
	<u>\$ 72,743,132</u>		<u>12.60%</u>
Total Assessed Valuation	<u>\$ 577,238,384</u>		

December 31, 1996

Taxpayer	Real Property		Percentage of Total Assessed Valuation
	Assessed Valuation	Rank	
Sprint, Inc	\$ 7,257,689	1	1.46%
Northern Wasco County PUD	6,461,405	2	1.30%
GFI The Dalles Investment, LTD	5,788,470	3	1.17%
Kerr McGee Chemical, Inc.	5,529,600	4	1.12%
Union Pacific Railroad Company	5,041,803	5	1.02%
Oregon Cherry Growers, Inc.	4,625,000	6	0.93%
George P. Stadleman Et Al	4,623,860	7	0.93%
Portland Fixture Ltd.	4,578,240	8	0.92%
George Gersham Family Trust	4,462,110	9	0.90%
Mark S. Hemstreet	4,283,770	10	0.86%
	<u>\$ 52,651,947</u>		<u>10.63%</u>
Total Assessed Valuation	<u>\$ 495,528,450</u>		

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

Governmental Activities					
Fiscal Year	General Obligation Bonds	Limited Tax Increment Bonds*	Revenue Bonds	Capital Lease	Loans Payable
1997	\$ 1,285,000	\$ -	\$ 1,095,000	\$ 65,827	\$ 57,180
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

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

N/A Information is not available below County level.

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

<u>Business-type Activities</u>		<u>Total</u>	<u>Percentage</u> <u>of Personal</u> <u>Income</u>	<u>Per</u> <u>Capita</u>
<u>Revenue</u> <u>Bonds</u>	<u>Loan</u> <u>Payable</u>	<u>Primary</u> <u>Government</u>		
\$ -	\$ -	\$ 2,503,007	N/A	218
-	-	2,019,663		172
-	-	1,817,291		153
-	420,000	1,895,966		156
-	300,000	4,584,665		377
-	180,000	4,137,858		338
7,845,000	-	13,557,382		1107
7,598,000	-	12,866,244		1042
7,261,000	-	12,105,932		983
6,917,000	-	11,280,789		910

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>
1997	\$ 1,285,000	\$ 495,528,450	0.26%	\$ 112
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%	0
2002	-	568,193,482	0.00%	0
2003	-	587,055,873	0.00%	0
2004	-	608,490,694	0.00%	0
2005	-	624,534,189	0.00%	0
2006	-	654,996,245	0.00%	0

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
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>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Real market value	\$ 815,950,410	\$ 749,478,665	\$ 703,928,628	\$ 681,805,787
Debt limit rate	3%	3%	3%	3%
Debt limit	24,478,512	22,484,360	21,117,859	20,454,174
Less general bonded debt June 30,	0	0	0	0
Legal debt margin	<u>\$ 24,478,512</u>	<u>\$ 22,484,360</u>	<u>\$ 21,117,859</u>	<u>\$ 20,454,174</u>
 Total net bonded debt applicable to the limit as a percentage of debt limit	 0.00%	 0.00%	 0.00%	 0.00%

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

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

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$ 689,937,698	\$ 670,701,097	\$ 630,453,704	\$ 603,413,320	\$ 541,217,509	\$ 495,528,450
3%	3%	3%	3%	3%	3%
20,698,131	20,121,033	18,913,611	18,102,400	16,236,525	14,865,854
0	0	330,000	655,000	975,000	1,285,000
<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>\$ 13,580,854</u>
0.00%	0.00%	0.05%	0.11%	0.18%	0.26%

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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
1997	11460	\$ N/A	\$ N/A	8.90%
1998	11765	N/A	N/A	7.80%
1999	11880	N/A	N/A	7.70%
2000	12156	N/A	N/A	6.50%
2001	12175	267,244,000	21,950	8.60%
2002	12230	263,244,000	21,524	9.80%
2003	12250	260,218,000	21,242	10.70%
2004	12350	274,296,000	22,210	7.90%
2005	12410	N/A	N/A	6.90%
2006	12505	N/A	N/A	6.20%

N/A Information at City level not available.

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

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

	2005-06		
Employer	Employees	Rank	Percent of Total Employment
Mid Columbia Medical Center	746	1	11.49%
School District #21	355	2	5.47%
State of Oregon	178	3	2.74%
Wasco County	175	4	2.70%
Oregon Cherry Growers, Inc.	108	5	1.66%
Columbia River Bank	117	6	1.80%
Fred Meyer	108	7	1.66%
Columbia Gorge Community College	96	8	1.48%
Safeway Food and Drug	94	9	1.45%
Northwest Aluminum Specialties	90	10	1.39%
	2067		31.84%
 Total employment	 6492		

1996-97

Information for 1996-97 is not readily available.

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

Function/Program	2006	2005	2004	2003
Governmental activities:				
General government	9.50	9.50	9.00	9.25
Public safety and justice	25.00	25.00	25.00	26.00
Community services	4.00	4.00	4.00	4.00
Streets and highways	10.00	10.00	10.33	10.00
Library	5.25	5.25	5.25	5.15
Total governmental activities	<u>53.75</u>	<u>53.75</u>	<u>53.58</u>	<u>54.40</u>
Business-type activities:				
Water	19.50	21.50	20.84	22.50
Wastewater	10.50	10.50	9.83	8.50
Airport	0.25	0.50	0.45	0.30
Total business-type activities	<u>30.25</u>	<u>32.50</u>	<u>31.12</u>	<u>31.30</u>
Total primary government budgeted FTE	<u>84.00</u>	<u>86.25</u>	<u>84.70</u>	<u>85.70</u>
City of The Dalles Employees				
Management and exempt	38	35	34	40
Bargaining units				
SEIU (Local 503)	42	50	40	40
Police Association	14	13	13	9
Total bargaining units	56	63	53	49
Temporary City employees	0	3	1	0
Total actual City employees	<u>94</u>	<u>101</u>	<u>88</u>	<u>89</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>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
9.18	9.50	8.85	9.50	7.75	10.41
25.00	25.00	25.00	24.00	24.00	24.00
4.00	4.00	3.80	3.87	3.00	4.00
8.00	9.00	10.00	7.67	9.50	9.50
5.15	5.15	5.15	5.00	5.00	6.50
<u>51.33</u>	<u>52.65</u>	<u>52.8</u>	<u>50.04</u>	<u>49.25</u>	<u>54.41</u>
21.50	22.50	22.50	22.17	19.50	19.50
8.50	7.50	7.50	7.16	7.00	7.50
0.30	0.30	0.70	0.38	0.00	0.00
<u>30.30</u>	<u>30.30</u>	<u>30.70</u>	<u>29.71</u>	<u>26.50</u>	<u>27.00</u>
<u>81.63</u>	<u>82.95</u>	<u>83.50</u>	<u>79.75</u>	<u>75.75</u>	<u>81.41</u>
<u>39</u>	<u>39</u>	<u>39</u>	<u>42</u>	<u>33</u>	<u>38</u>
37	39	38	48	52	47
14	13	15	0		0
<u>51</u>	<u>52</u>	<u>53</u>	<u>48</u>	<u>52</u>	<u>47</u>
0	3	0	1	1	3
<u>90</u>	<u>94</u>	<u>92</u>	<u>91</u>	<u>86</u>	<u>88</u>

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

FUNCTION/PROGRAM	2006	2005	2004	2003
Governmental Activities:				
Public Safety and Justice				
Police (1)				
Calls for service	N/A	8,729	8,901	7,793
Crime reports	N/A	2,847	3,086	2,786
Number of arrests	N/A	1,326	1,502	1,192
Municipal Court				
Traffic cases	1,146	1,263	1,661	2,218
Criminal cases	377	486	444	407
Ordinance violations	6	14	11	28
Parking violations	218	228	299	358
Code enforcement cases	-	3	-	1
Library				
Number of registered borrowers	12,355	12,855	11,587	10,546
Total circulation	114,667	120,057	118,811	117,895
Public programs	102	72	67	85
Program attendance	3,556	2,679	2,163	2,920
Books added	5,440	5,831	5,788	7,450
Business-type Activities:				
Water				
Average active metered connections	4,520	4,470	4,457	4,450
Average daily water consumption	2,359,000	2,429,000	2,471,000	2,395,000
Average number of assistance accounts	179	175	153	145
Average daily water production	2,859,241	2,808,435	2,996,482	2,924,367

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

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

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
7,738	7,401	7,320	8,048	10,239	10,868
2,630	2,439	2,575	2,784	2,995	2,934
1,361	1,307	1,302	1,390	1,493	1,437
2,798	2,718	1,536	2,453	2,693	2,234
381	425	338	229	219	153
28	27	37	54	15	8
294	341	-	-	-	-
-	1	1	-	-	-
10,297	8,796	9,068	9,068	7,645	5,996
109,966	103,543	84,433	98,901	99,058	106,795
74	67	70	75	80	68
2,834	2,657	1,929	3,400	2,059	1,052
6,662	6,650	6,252	5,024	4,443	N/A
4,413	4,411	4,404	4,397	N/A	N/A
2,302,000	2,508,000	2,307,000	2,331,000	N/A	N/A
125	87	130	68	N/A	N/A
2,753,054	2,889,786	2,945,657	3,040,772	2,910,227	2,993,767

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

FUNCTION/PROGRAM	2006	2005	2004	2003
Governmental Activities				
General Government				
Buildings owned	7	7	7	7
Vehicles (excluding automobiles)	12	14	14	14
Heavy Equipment	16	16	14	14
Public Safty and Justice				
Police				
Vehicular patrol units	14	14	13	13
Number of employees	22	22	22	22
Streets and Highwys				
Miles of streets maintained by City:				
Paved	70.32	70.32	70.07	66.75
Unpaved	10.69	10.69	10.69	1.32
Bridges and underpasses	5	5	5	4
Business-type Activities				
Water				
Miles of water lines (estimated)	82.5	82	82	81
Reservoirs	5	5	5	5
Water treatment plant	1	1	1	1
Wells	3	3	3	3
Wastewater				
Treatment plant	1	1	1	1
Miles of sewer lines (estimated)	78	77	77	76
Lift stations	8	7	7	7
Airport				
Terminal	1	1	1	1
Maintenance and T-hangers	23	23	23	23
Other buildings	2	2	2	2

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

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
7	7	7	6	6	6
13	12	12	12	12	11
15	15	15	13	13	12
13	14	14	14	14	14
23	23	23	22	22	22
66.75	66.35	66.35	66.10	65.30	65.30
1.32	1.37	1.01	1.01	1.26	1.26
4	4	4	4	4	4
80.5	80	80	79	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
75	75	74.5	74	74	73
7	7	7	7	7	7
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2



**REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITOR'S COMMENTS

Oregon Administrative Rules 162-10-000 through 162-10-330 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 and no material weakness or reportable conditions were noted. We noted other matters involving internal control, which we have reported to management of the City of The Dalles in a separate letter, dated September 7, 2006.

2. INVESTMENTS

Our review of deposit and investment balances during the year ended June 30, 2006, 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, did not disclose any instances during the year that 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 2005-06 and the preparation and adoption of the budget for 2006-07. 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 2005-06 budget in the following amounts:

General Fund:		
Judicial	\$	732
Nondepartmental	\$	9,955
Special Grants Fund:		
Capital Outlay	\$	17,485

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.

laws, regulations, contracts and grants, 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*.

This report is intended solely for the information and use of the Mayor and Members of City Council, management, 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
Dickey and Tremper, LLP
Certified Public Accountants

**CITY OF THE DALLES, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2006**

Department of Transportation

FINDING 2005-01B: Airport Improvement Program

Condition: This finding was a reportable condition stating that expenditures were paid without the finance department receiving the invoices or other documentation to support the expenditures, nor were the invoices reviewed by appropriate personnel prior to approval.

Current Status: Procedures for documenting expenditures for the Airport Improvement Program have improved from the prior year. No similar findings were noted in the 2006 audit.

