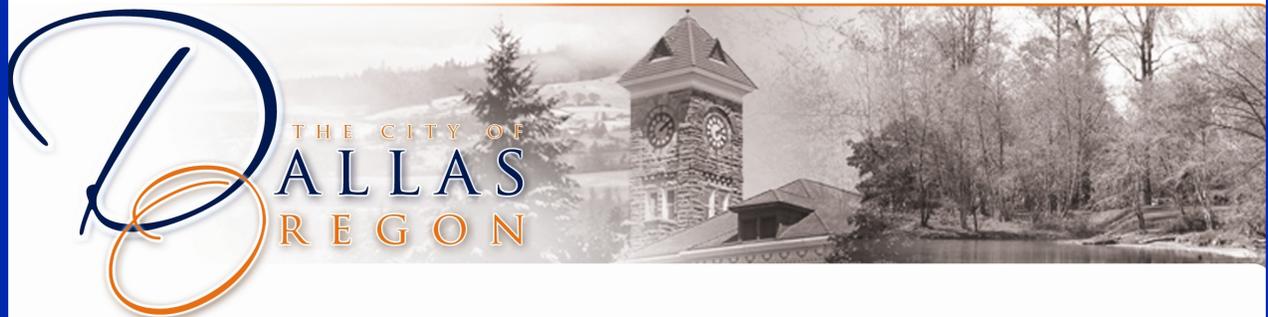


Comprehensive Annual  
**Financial Report**  
For the fiscal year ended June 30, 2011

City of Dallas  
Polk County~Oregon



City of Dallas, Oregon

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2011

Prepared by  
The Finance Department  
City of Dallas, Oregon  
Cecilia Ward, Finance Director

(This page intentionally left blank)

**CITY OF DALLAS, OREGON**  
**TABLE OF CONTENTS**

---

**INTRODUCTORY SECTION**

Letter of Transmittal ..... i  
Certificate of Achievement ..... iv  
Organizational Chart .....v  
Principal Officials ..... vi

**FINANCIAL SECTION**

Independent Auditor’s Report.....1  
Management’s Discussion and Analysis .....3

**Basic Financial Statements**.....11

Government-Wide Financial Statements:

Statement of Net Assets.....12  
Statement of Activities .....13

Fund Financial Statements: .....15

Governmental Funds:

Balance Sheet .....16  
Statement of Revenues, Expenditures, and Changes in Fund Balances .....17  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities.....18

Proprietary Funds: .....19

Statement of Net Assets.....20  
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....21  
Statement of Cash Flows .....22

Notes to the Basic Financial Statements.....23

**Required Supplementary Information** .....39

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

General Fund – Generally Accepted Accounting Principles .....40  
Systems Development Fund .....41  
Street Fund.....42

Notes to the Required Supplementary Information .....43

<b><u>Other Supplementary Information</u></b> .....	44
Combining Statements: .....	45
Non-major Governmental Funds Combining Balance Sheet.....	46
Non-major Governmental Funds Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances .....	47
Non-major Special Revenue Funds Combining Balance Sheet.....	48
Non-major Special Revenue Funds Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances .....	49
Non-major Debt Service Funds Combining Balance Sheet .....	50
Non-major Debt Service Funds Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances .....	51
General Fund – Generally Accepted Accounting Principles Combining Balance Sheet.....	52
General Fund – Generally Accepted Accounting Principles Combining Schedule of Revenues, Expenditure, and Changes in Fund Balance.....	53
Budgetary Comparison Schedules: .....	54
General Fund – Budgetary Basis Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	55
General Fund – Budgetary Basis Schedule of Expenditures – Budget and Actual .....	56
Improvement Fund – Budgetary Basis Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	58
Special Revenue Funds:	
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Revenue Sharing Fund.....	59
Trust/Reserve Fund.....	60
Grants Fund.....	61
Urban Renewal Fund .....	62
General Obligation Bond Fund.....	63
General Debt Fund.....	64
Enterprise Funds: .....	65
Schedules of Revenues, Expenses and Changes in Fund Net Assets- Budget (Non-GAAP Basis) and Actual:	
Sewer Fund .....	66
Water Fund .....	67
Internal Service Funds: .....	68
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Fleet Management Fund .....	69
Other Financial Schedules: .....	70
Schedule of Property Tax Transactions and Outstanding Balances .....	71

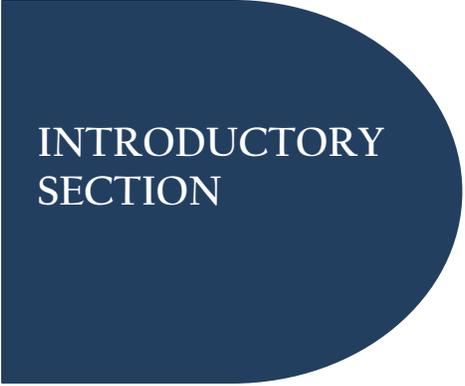
## **REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	72
Schedule of Findings.....	74
Independent Auditor’s Report Required by Oregon State Regulation .....	75

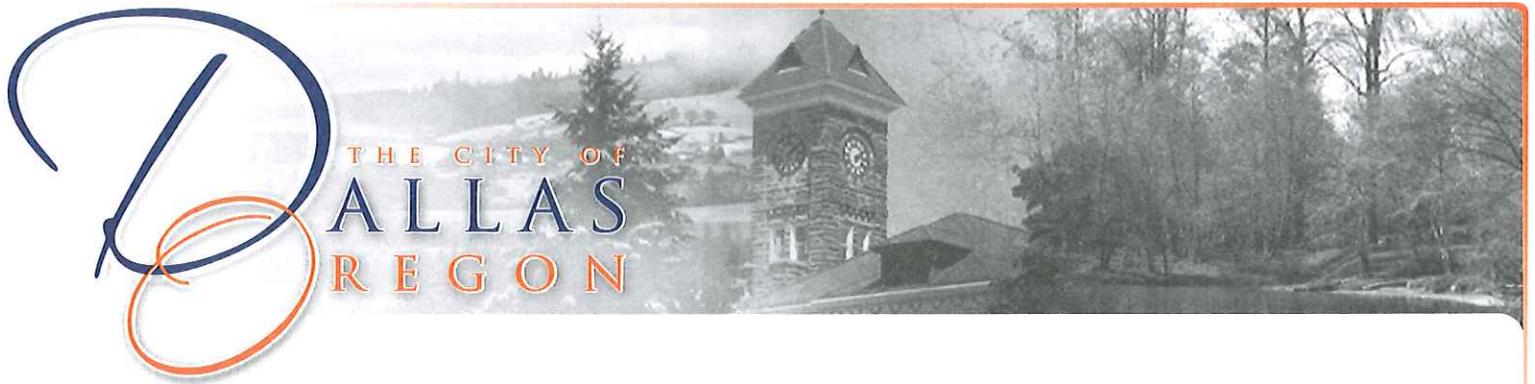
## **STATISTICAL SECTION**

Introduction.....	77
Net Assets by Component (Last <b>Nine</b> Fiscal Years).....	78
Changes in Net Assets (Last <b>Nine</b> Fiscal Years) .....	80
Fund Balance of Governmental Funds (Last Ten Fiscal Years).....	81
Changes in Fund Balance of Governmental Funds (Last Ten Fiscal Years) .....	83
Program Revenues by Function/Program (Last <b>Nine</b> Fiscal Years).....	85
Tax Revenues by Source, Governmental Fund (Last Ten Fiscal Years) .....	87
Assessed and Estimated Value of Taxable Property (Last Ten Fiscal Years) .....	88
Property Tax Rates – All Direct and Overlapping Governments (Last Ten Fiscal Years).....	90
Principal Taxpayers of Polk County (Current Year and Ten Years Ago ) .....	92
Property Tax Levies and Collections (Last Ten Fiscal Years) .....	93
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita (Last Ten Fiscal Years) .....	94
Computation of Overlapping General Obligation Debt.....	95
Computation of Legal Debt Margin.....	96
Schedule of Pledged Revenue Bond Coverage (Last Ten Fiscal Years) .....	97
Demographic and Economic Statistics (Last Ten Fiscal Years).....	98
Principle Employers (Current Year and <b>Seven</b> Years Ago) .....	99
Full-Time Equivalent City Employees by Function (Last Ten Fiscal Years).....	100
Operating Indicators (Last Ten Fiscal Years) .....	101
Capital Asset Statistics by Function (Last Ten Fiscal Years).....	102

(This page intentionally left blank)

A dark blue semi-circular graphic on the right side of the page, containing the text 'INTRODUCTORY SECTION'.

INTRODUCTORY  
SECTION



December 27, 2011

**To the Honorable Mayor Brian Dalton, Members of the City Council, and Citizens of the City of Dallas:**

We are pleased to submit the Comprehensive Annual Financial Report of the City of Dallas, Oregon for the fiscal year ended June 30, 2011. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

This report includes all funds of the City including the Dallas Community Development Commission Urban Renewal Agency. Financial data for the Urban Renewal District is included in these statements as a blended component unit.

This report has been prepared in accordance with generally accepted accounting principles (GAAP) and follows guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

The City provides a range of services as authorized in its Charter and Ordinances. This includes police protection, ambulance service, fire protection, municipal court, street construction and maintenance, water, sanitary and storm sewers, parks, aquatic center, land use planning and zoning, building inspection, economic development, public improvements, library services and administrative services.

#### ABOUT DALLAS, OREGON

The City of Dallas is located in the foothills of the Oregon Coast Range, with close proximity to the state capitol, a large metropolitan area, and extensive recreational opportunities relating to the Coast Range mountains and Pacific Ocean beaches. It is the county seat and largest city in Polk County. The certified population estimate at July 1, 2010, for the City of Dallas was 14,590.

The City of Dallas operates under the city manager-council form of government. Policy-making and legislative authority are vested in the City Council, consisting of the mayor and nine other members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the city, and for appointing the heads of the various departments.

## ECONOMIC OUTLOOK

Dallas, like most other cities, has been affected by the downturn in the State and global economy. However, there have been some commercial and numerous tenant improvements for commercial development. Residential development has slowed from the record-setting pace in 2006, but is seeing a slow and steady recovery from 2009. Dallas has established effective partnerships with SEDCOR, Council of Governments, Polk County and other adjacent cities to survive these tough times.

In accordance with the adopted Downtown Development Plan, Dallas has developed a Commercial Grant and Loan program to improve buildings, while the Urban Renewal Agency continues to make public improvements such as the Mill Street and Court Street sidewalk project to spur new development and redevelopment. The City will continue to concentrate on developing and implementing strategies, make contacts with potential new businesses, and assist existing businesses.

The City continues to improve its infrastructure when possible, however limited funds and the defeat of the Street Maintenance fee by the voters has all but eliminated local street maintenance. During the past year, utility improvements were continued to ensure that demand resulting from commercial and residential growth can be accommodated. These improvements include upgrades to the storm and water systems. A detailed capital improvement plan, which incorporates this long-term needs and projects, has been adopted by the City Council and is continually reviewed and revised in order to prioritize among many needs. The challenge going forward will be the funding and maintenance of these projects as revenue declines.

The City Council, City Manager and staff work in partnership to ensure the City's financial stability in challenging times. Annually, a three-year fiscal forecast is prepared, which incorporates various assumptions, including cost of living increases, capital improvement projects and estimated population growth. The City Council's policy is to maintain adequate fund balances in all funds. As this may impact services provided to the citizens of Dallas, operations are constantly reviewed to ensure the City is operating efficiently and effectively.

## FINANCIAL INFORMATION

To provide a reasonable basis for making the presentations contained in this report, the City of Dallas has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Dallas' financial statements in conformity with GAAP. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

## INDEPENDENT AUDIT

The State of Oregon (ORS 298.405 to 298.555) requires an annual audit of the fiscal affairs of the City by an independent certified public accountant. The City of Dallas' financial statements have been audited by Merina and Company, LLP, a firm of licensed, certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Dallas for the fiscal year ended June 30, 2011, are free of material misstatement. The independent auditor's report is presented as the first component of the financial section of this report.

## FINANCIAL REPORTING AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dallas for its comprehensive annual financial report for the fiscal year ended June 30, 2010. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR) whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

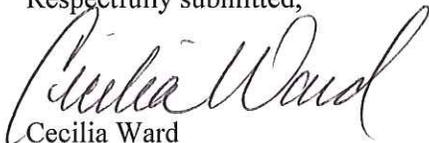
A Certificate of Achievement is valid for a period of one year only. The City of Dallas has received a Certificate of Achievement for the last eighteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## ACKNOWLEDGMENTS

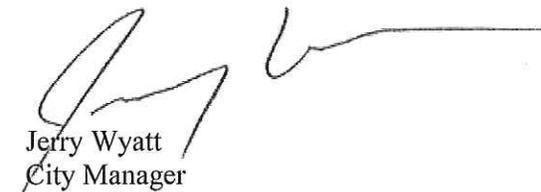
The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Finance Department, City Department Heads and the certified public accountants of Merina and Company, LLP. Each has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Dallas City Council, preparation of this report would not have been possible.

Respectfully submitted,



Cecilia Ward  
Finance Director



Jerry Wyatt  
City Manager

Dallas, Oregon

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dallas  
Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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.



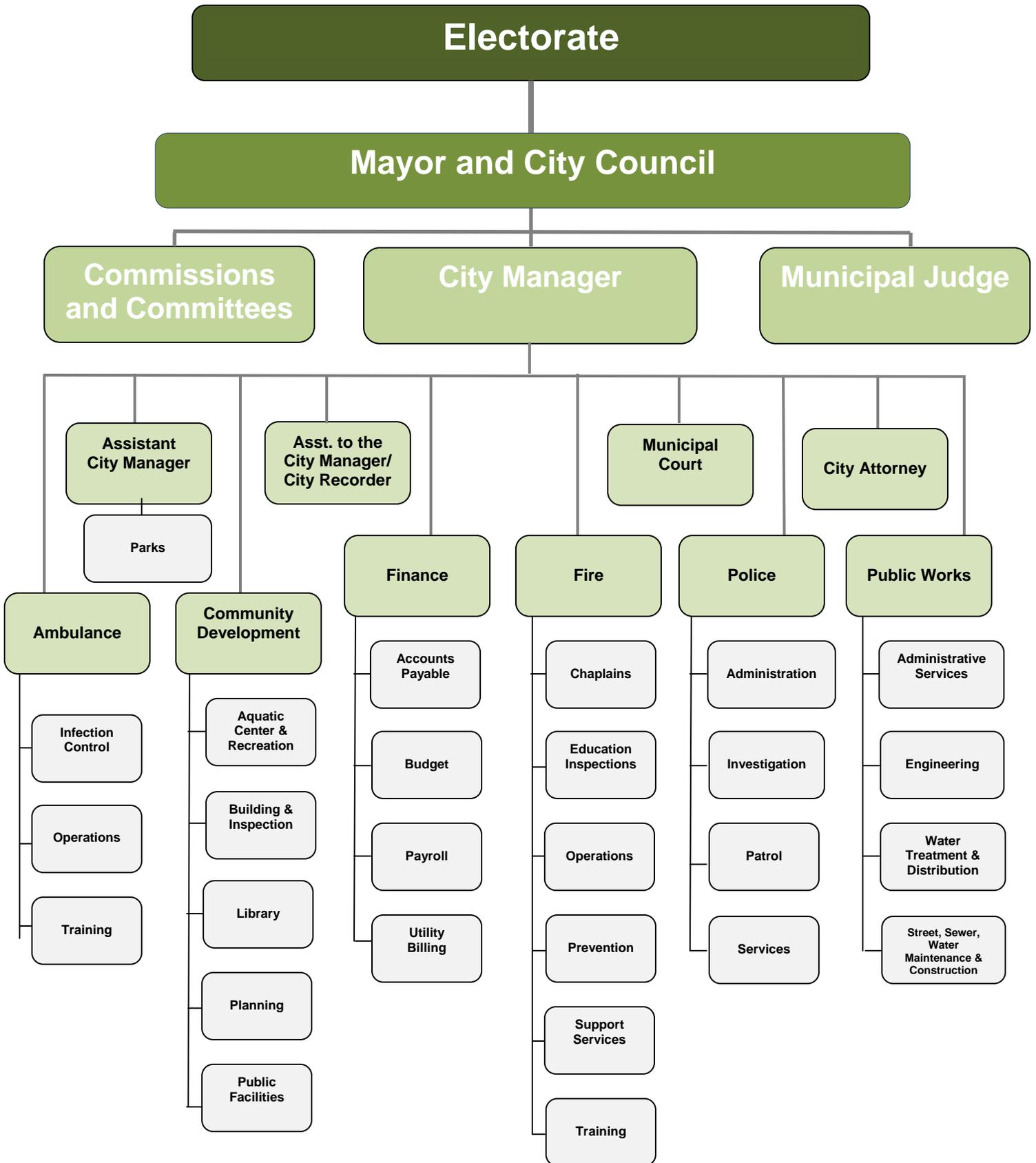
*Linda C. Danison*

President

*Jeffrey R. Emer*

Executive Director

# City of Dallas, Oregon Organization Chart



**CITY OF DALLAS, OREGON  
JUNE 30, 2011**

---

***MAYOR AND COUNCIL MEMBERS***

<u>Name</u>	<u>Term Expires</u>
Mayor Brian Dalton PO Box 190 Dallas, Oregon 97338	December 2012
Councilor Kenneth Woods, Jr. 1130 Main Street Dallas, Oregon 97338	December 2012
Councilor Beth Jones 468 SE Pine Place Dallas, Oregon 97338	December 2014
Councilor Mark McDonald 1291 SW Hayter Street Dallas, Oregon 97338	December 2014
Councilor Kevin Marshall 1048 SW Clay Street Dallas, Oregon 97338	December 2012
Councilor LaVonne Wilson 2129 SE Magnolia Avenue Dallas, Oregon 97338	December 2012
Councilor James Fairchild 297 SE Ironwood Street Dallas, Oregon 97338	December 2014
Councilor Murray Stewart 531 NW Douglas Street Dallas, Oregon 97338	December 2012
Councilor Wes Scroggin, President 754 SE Stoneridge Lane Dallas, Oregon 97338	December 2012
Councilor Jackie Lawson 569 SE Walnut Avenue Dallas, Oregon 97338	December 2014

**City Officials**

Jerry Wyatt, City Manager  
Cecilia Ward, Finance Director



FINANCIAL  
SECTION

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and City Council  
City of Dallas  
Dallas, 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 Dallas (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The required supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, other supplementary information, and statistical section, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplementary information, as listed in the table of contents is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Merina & Company, LLP  
West Linn, Oregon  
December 27, 2011

**CITY OF DALLAS  
POLK COUNTY, OREGON**

**Year Ended June 30, 2011**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management's Discussion and Analysis of the City of Dallas Comprehensive Annual Financial Report (CAFR) presents a discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2011. The information presented here should be considered in conjunction with the accompanying transmittal letter presented in the introductory section and notes to the financial statements included in this report.

The fiscal year ending June 30, 2011 is the eighth year in which the City of Dallas is required to implement the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis for State and Local Governments*. Therefore, this discussion and analysis includes comparisons with the previous year.

**FINANCIAL HIGHLIGHTS**

	June 30,		
	2011	2010	Change
Net assets	\$ 88,362,381	\$ 91,282,986	\$ (2,920,605)
Change in net assets	(2,920,606)	(15,309,944)	12,389,338
Governmental fund balances	5,380,163	5,796,884	(416,721)
Proprietary funds unrestricted net assets	1,629,019	2,493,016	(863,997)
Proprietary funds restricted net assets	1,058,654	1,058,954	(300)
Change in governmental fund balances	(416,721)	(853,780)	437,059
Change in business-type net assets	(706,040)	(3,159,452)	2,453,412

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City of Dallas' basic financial statements. The basic financial statements include three components: the government-wide financial statements, the fund financial statements and notes to the financial statements. This report also contains other required supplementary information.

**Government-wide financial statements.** The government-wide financial statements present the net assets (*statement of net assets*) and results of operations (*statement of activities*) of the total reporting government. Included are all governmental and proprietary assets, liabilities and activities of the City. The measurement focus and basis of accounting are the same for the entire entity. The measurement focus is on all economic resources of the fund, including current financial resources (assets) and non-current financial resources (capital assets) and the related current and non-current liabilities and equity accounts. Both government-wide statements are prepared using the accrual basis of accounting, which is similar to the methods used by most businesses and takes into account all revenues and expenses connected with the fiscal year, even if cash involved has not been received or paid.

*The statement of net assets* presents information on all the City of Dallas' assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets may indicate whether the City's financial position is improving or deteriorating.

*The statement of activities* presents the expenses incurred in providing services to the public and the revenues associated with those activities for both governmental and business-type activities. The statement of activities begins with expenses by function. To these functions are applied charges for services, operating grants and contributions and capital grants and contributions. The resulting sums, with some adjustments, represent charges to general taxpayers and may equate to the nearest that governments can determine the "bottom line."

These government-wide financial statements are divided into two categories. Governmental activities are most services provided by the City of Dallas, which are funded through property taxes and intergovernmental revenues. The governmental activities for the City of Dallas include general government, public safety, highways and streets, and culture and recreation. Business-type activities reflect those operations for which a fee is charged to external users of goods and services and are intended to be funded primarily through charges for services. Business-type activities include sewage disposal and water service.

The government-wide financial statements are on pages 12 through 14 of this report.

**Fund Financial Statements.** A fund is a fiscal and accounting entity with a self-balancing set of accounts that is used to segregate resources that are restricted to a particular activity. The use of funds deters comingling of resources designated for specific purpose, prevents unauthorized transfer of surpluses, and ensures compliance with legal and contractual requirements. The City of Dallas has two types of fund categories: governmental funds and proprietary funds. The City has no fiduciary funds.

*Governmental Funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources and use the modified accrual basis of accounting. Operating statements include all sources and uses of financial resources, and display the excess of revenues and other financial sources over (under) expenditures and other uses. Included in the balance sheet are liquid assets and receivables that will be converted into cash currently and short-term liabilities, including payables to vendors and employees. Unmatured bond principal or liabilities for compensated absences not to be paid in the fiscal year are not included. Because the governmental fund statements do not encompass the long-term focus of the government-wide statements, reconciliations are provided on the subsequent page of the governmental fund statements. The emphasis is on major funds that account for the predominant assets and activities of all funds.

The City of Dallas maintains eleven individual governmental funds. Information is presented separately for the General Fund, System Development Fund and Street Fund in the fund Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balances. The other governmental funds are combined into a single, aggregated presentation. Information for these non-major governmental funds is provided in the form of *combining statements* on pages 44 through 53 in this report.

The City of Dallas adopts an annual appropriated budget for all of its funds. Budgetary comparison statements, demonstrating compliance with this budget, have been provided on pages 54 through 69 of this report.

*Proprietary Funds.* The City of Dallas maintains two different types of proprietary funds - enterprise and internal service fund. These funds are used to show activities that operate more like those of commercial enterprises. Fees are charged for services provided, both to outside customers and to other units of the City of Dallas. Enterprise funds are presented as business-type activities in the government-wide financial statements. The City of Dallas uses enterprise funds to account for its Sewage Disposal and Water. An internal service fund accounts for activities furnishing goods or services to other units of the government. Charges for these services are on a cost-reimbursement basis. The City of Dallas uses an internal service fund to account for its fleet management services, which rents equipment and labor to the other operating funds.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewage Disposal, Water and Internal Service Funds.

**Notes to the Financial Statements.** The notes to the financial statements are an integral part of the basic financial statements and should be read along with them. The notes provide additional information necessary to communicate the financial position of the City of Dallas and are on pages 23 through 38 in this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information concerning the City of Dallas.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total assets of the City of Dallas were \$108,927,937, while total liabilities were \$20,565,556, resulting in combined net assets (governmental and business-type activities) of \$88,362,381. The largest component of the City's total net assets, \$79,952,428 or 90% reflects its investment in capital assets (i.e., land, buildings, equipment and infrastructure, less any related debt outstanding that was needed to acquire or construct the assets). The City of Dallas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Statement of Net Assets June 30, 2011 and 2010

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>
Current and other assets	\$ 6,672,775	\$ 6,708,509	\$ 3,138,291	\$ 3,936,722	\$ 9,811,066	\$ 10,645,231
Capital Assets	<u>66,256,404</u>	<u>68,706,385</u>	<u>32,860,467</u>	<u>33,834,729</u>	<u>99,116,871</u>	<u>102,541,114</u>
<i>Total Assets</i>	72,929,179	75,414,894	35,998,758	37,771,451	108,927,937	113,186,345
Long-term liabilities	5,390,670	6,081,703	12,357,268	13,725,805	17,747,938	19,807,508
Other liabilities	<u>1,222,166</u>	<u>802,283</u>	<u>1,595,452</u>	<u>1,293,568</u>	<u>2,817,618</u>	<u>2,095,851</u>
<i>Total Liabilities</i>	6,612,836	6,883,986	13,952,720	15,019,373	20,565,556	21,903,359
Net Assets:						
Invested in capital assets, net of related debt	60,594,063	62,406,592	19,358,365	19,200,108	79,952,428	81,606,700
Restricted	3,619,756	3,826,763	1,058,654	1,058,954	4,678,410	4,885,717
Unrestricted	<u>2,102,524</u>	<u>2,297,553</u>	<u>1,629,019</u>	<u>2,493,016</u>	<u>3,731,543</u>	<u>4,790,569</u>
<i>Total Net Assets</i>	<u>66,316,343</u>	<u>68,530,908</u>	<u>22,046,038</u>	<u>22,752,078</u>	<u>88,362,381</u>	<u>91,282,986</u>

**Statement of Activities**  
**Years ended June 30, 2011 and 2010**

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<i>Revenues:</i>						
<i>Program Revenues:</i>						
Charges for services	\$ 2,826,095	\$ 2,845,847	\$ 4,698,913	\$ 4,745,483	\$ 7,525,008	\$ 7,591,330
Operating grants and contributions	11,579	48,167	-	-	11,579	48,167
Capital grants and contributions	280,080	315,877	-	-	280,080	315,877
<i>General Revenues:</i>						
Property taxes	4,024,787	3,894,621	-	-	4,024,787	3,894,621
Public service taxes	1,471,463	1,339,526	-	-	1,471,463	1,339,526
Franchise fees	908,608	777,412	-	-	908,608	777,412
Interest and investment earnings	8,897	18,635	21,854	56,845	30,751	75,480
Unrestricted intergovernmental	-	-	-	-	-	-
Other Revenues	211,016	421,604	153,270	148,361	364,286	569,965
<i>Total Revenues</i>	<u>9,742,525</u>	<u>9,661,689</u>	<u>4,874,037</u>	<u>4,950,689</u>	<u>14,616,562</u>	<u>14,612,378</u>
<i>Expenses:</i>						
General government	(2,641,018)	(2,298,817)	-	-	(2,641,018)	(2,298,817)
Public safety	(5,041,368)	(5,013,276)	-	-	(5,041,368)	(5,013,276)
Highways and street	(2,741,552)	(16,526,988)	-	-	(2,741,552)	(16,526,988)
Culture and recreation	(762,439)	(672,989)	-	-	(762,439)	(672,989)
Community development	(1,477,722)	(1,545,603)	-	-	(1,477,722)	(1,545,603)
Interest on long-term debt	(292,992)	(315,071)	-	-	(292,992)	(315,071)
Sewage disposal	-	-	(2,471,140)	(2,690,895)	(2,471,140)	(2,690,895)
Water	-	-	(2,108,937)	(2,188,120)	(2,108,937)	(2,188,120)
<i>Total Expenses</i>	<u>(12,957,091)</u>	<u>(26,372,744)</u>	<u>(4,580,077)</u>	<u>(4,879,015)</u>	<u>(17,537,168)</u>	<u>(31,251,759)</u>
Increase (decrease) in net assets before transfers	(3,214,566)	(16,711,055)	293,960	71,674	(2,920,606)	(16,639,381)
Transfers in (out)	1,000,000	(300,549)	(1,000,000)	300,549	-	-
Transfers of capital assets	-	-	-	-	-	-
Change in net assets	(2,214,566)	(17,011,604)	(706,040)	372,223	(2,920,606)	(16,639,381)
Net assets - beginning	68,530,909	80,681,400	22,752,078	25,911,530	91,282,987	106,592,930
Prior period adjustment	-	4,861,112	-	(3,531,675)	-	1,329,437
Net assets - end	<u>\$ 66,316,343</u>	<u>\$ 68,530,908</u>	<u>\$ 22,046,038</u>	<u>\$ 22,752,078</u>	<u>\$ 88,362,381</u>	<u>\$ 91,282,986</u>

**Governmental Activities.** Total revenues for the City of Dallas' governmental activities for the fiscal year ended June 30, 2011, were \$9,742,525. Approximately 41% of the total revenue for the governmental activities was derived from property taxes and approximately 29% of the total revenue is from charges for services. Total expenses for governmental activities were \$12,957,091 (excluding transfers), resulting in a decrease in net assets of \$2,214,566. The majority of the governmental activities revenue was used to fund public safety, which accounts for approximately 40% of the total governmental activities expense. Culture and recreation expenses account for 6% of the total, community development account for 11%, highways and streets account for 21%, and general government expenses account for 20% of the total. Interest on long-term debt expenses is approximately 2% of total governmental activities expenses. All depreciation expense related to governmental activities has been allocated to individual governmental functions.

**Business-Type Activities.** Charges for services and general revenues of business-type activities totaled \$4,874,037 for the current fiscal year. Approximately 96% of the total business-type activities revenue was derived from charges for services. The total expenses for business-type activities were \$4,580,077 (excluding transfers), resulting in a decrease of net assets by \$706,040. Business-type activities for the City of Dallas consist of operations for sewage disposal and water.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted previously, the City of Dallas uses fund accounting to segregate resources that are restricted to a particular activity. Fund balance represents the excess of the assets of the fund over its liabilities. Because the fund financial statements focus on current sources and uses of spendable resources, unassigned fund balances for governmental funds and unrestricted fund balances for proprietary funds relating to each fund, may be useful in assessing the government's net resources available.

**Governmental Funds.** At the end of the audited fiscal year, the City of Dallas' governmental funds reported combined ending fund balances of \$5,380,163, a decrease of \$416,721, or 7%, from the prior year. The City's governmental funds include the General fund, Street fund, Systems Development fund and other non-major governmental funds.

The General fund is the chief operating fund of the City. At the end of the audited fiscal year, the General fund reported an unassigned fund balance of \$1,702,807, an increase of \$490,472 or 40% from the prior year (on the modified accrual basis).

The Systems Development fund is used to account for systems development charges (SDC) collected from individuals, builders and developers for new construction. State law requires that SDC fee revenue be spent only on projects related to providing extra capacity required due to growth in the City's population. Therefore, SDC projects generally include paying for the cost of sewer, water and street extensions, expansions or improvements. The fund balance of the Systems Development fund has decreased by \$688,562 or 18% due to continued sewer and water projects and an interfund loan. The fund balance of the Systems Development fund at the end of the fiscal year was \$3,137,149 and represents 58% of the total of all governmental fund balances.

**Proprietary Funds.** At the end of the current fiscal year, net assets of the proprietary funds equaled \$22,046,038. The change in total net assets of all the proprietary funds was not significant. The Sewer fund net assets decreased by \$103,440 and Water fund net assets decreased by \$602,600. Both funds decreased due to depreciation.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

There were several amendments to the original budget. Actual revenues (budgetary basis) were 3% less than budgeted amounts for several reasons; decrease in revenue from fines and forfeitures, building permits, franchise fees, and interest. Actual expenditures were 5% less than budgeted amounts due primarily to

controlled spending of materials and services in several departments. The City continues its commitment to maintaining all facilities and equipment in good condition and providing excellent service to its citizens.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The City of Dallas' capital assets for its governmental and business-type activities at the end of the current fiscal year equaled, \$97,702,007, net of accumulated depreciation, compared to \$101,043,092 at the end of last fiscal year. Capital assets include land, buildings, improvements, equipment, and infrastructure. The decrease in capital assets for governmental activities is due to depreciation, see notes on pages 30 and 31. For business-type activities, capital asset additions consisted of completion of sewer small bore line replacement projects in the Sewer Department. In the Water Department, additions included line replacements reservoir and equipment. Additional information about the City's capital assets is presented in the notes to the financial statements on pages 30 through 31.

Capital Assets  
June 30, 2011 and 2010

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Land	\$ 892,046	\$ 892,046	\$ 863,694	\$ 853,981	\$ 1,755,740	\$ 1,746,027
Construction in progress	-	-	-	-	-	-
Buildings and improvements	13,972,382	13,479,785			13,972,382	13,479,785
Machinery and equipment	8,457,493	8,005,607	689,424	690,832	9,146,917	8,696,439
Infrastructure	72,704,296	72,489,108	-	-	72,704,296	72,489,108
Buildings and infrastructure			50,096,848	49,914,052	50,096,848	49,914,052
Accumulated depreciation	(31,184,677)	(27,658,183)	(18,789,499)	(17,624,136)	(49,974,176)	(45,282,319)
<i>Total Net Capital Assets</i>	<u>\$ 64,841,540</u>	<u>\$ 67,208,363</u>	<u>\$ 32,860,467</u>	<u>\$ 33,834,729</u>	<u>\$ 97,702,007</u>	<u>\$ 101,043,092</u>

**Long-term Debt.** At the end of the current fiscal year, long-term debt outstanding for the governmental activities totaled \$5,802,477 (excluding compensated absences payable), compared to \$6,371,770 the prior year. For business-type activities, long term debt outstanding totaled \$13,502,102 (excluding compensated absences payable), compared to \$14,634,621 the prior year. The decreases in governmental debt and business-type activity debt are due to principal payments on debt outstanding. Additional information about the City's long-term debt is presented in the notes to the financial statements on pages 32 through 35.

Long-Term Debt  
June 30, 2011 and 2010

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
General Obligation Bonds	\$ 4,205,000	\$ 4,720,000	\$ -	\$ -	\$ 4,205,000	\$ 4,720,000
Pension Obligation Bonds	1,555,000	1,570,000	-	-	1,555,000	1,570,000
Capital Lease	42,477	81,770	-	-	42,477	81,770
Revenue Bonds	-	-	240,655	270,446	240,655	270,446
Notes Payable	-	-	13,261,447	14,364,175	13,261,447	14,364,175
<i>Total Net Assets</i>	<u>\$ 5,802,477</u>	<u>\$ 6,371,770</u>	<u>\$ 13,502,102</u>	<u>\$ 14,634,621</u>	<u>\$ 19,304,579</u>	<u>\$ 21,006,391</u>

## **ECONOMIC FACTORS**

The economic downturn continued through 2010 and naturally had an effect on the local economy. A continued higher unemployment rate than in previous years has had a negative effect on the economy of Dallas, which has resulted in less development activity and reduced revenues. The looming state budget deficit and resulting projected cuts could have a significant impact on the city as a large number of Dallas residents are employed by the state.

The TTM building sold and is under new ownership, as the City continues to work with the new owners to plan for adaptive reuse of the building that results in capital investment and the creation of family-wage jobs for the community. TTM building has a small area under lease and we anticipate to see additional space in the building under lease in the near future.

The closure of the Dallas Weyerhaeuser plant in 2009 is complete and the city and others have been active in facilitating the re-opening of the plant under new ownership in order to replace the jobs that were lost. New industrial activity on the property will have a positive impact on the local economy and revenue.

Forest River, an RV manufacturer, started producing a new line of products and seems to be doing well. Smaller local manufacturers, such as MAK Metals and EVCOR, are expanding and creating products for new markets and hiring workers. There have been 12 new businesses started over the last year with many other tenant improvements performed.

Looking forward, there is reason for guarded optimism as the national economy starts moving in a positive direction, albeit slowly. Locally, there has been a year-over-year increase in development activity, especially in the commercial market. This is an indicator that the availability of capital is easing somewhat.

The City of Dallas and the Dallas Economic Development Commission continues to be committed to providing incentives and assistance to all existing and new industrial and commercial activity. In 2009, the Community Development Department launched a new communication tool called the Business Assistance Toolkit, which outlines all of the business assistance and incentives available at the local, regional, and state level. It has been well-received and a valuable economic development tool. Moving forward, the focus will be placed on recruiting new businesses and strengthening and expanding current businesses.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide the City of Dallas's citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions about this report or requests for additional financial information should be addressed to: City of Dallas, 187 SE Court Street, Dallas, Oregon 97338.

***BASIC FINANCIAL STATEMENTS***

## **BASIC FINANCIAL STATEMENTS**

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

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

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

(This page intentionally left blank)

**CITY OF DALLAS, OREGON**  
**STATEMENT OF NET ASSETS**  
**June 30, 2011**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,849,863	\$ 2,643,867	\$ 8,493,730
Due from other governments	50,078	-	50,078
Accounts receivable, net	302,444	295,472	597,916
Property taxes receivable	371,833	-	371,833
Due from other funds	95,126	-	95,126
Inventory	-	198,952	198,952
Prepays	3,431	-	3,431
<b>Total current assets</b>	<b>6,672,775</b>	<b>3,138,291</b>	<b>9,811,066</b>
Noncurrent assets:			
Prepaid pension asset	1,413,684	-	1,413,684
Assessments receivable	1,180	-	1,180
Capital assets:			
Nondepreciable	892,046	863,694	1,755,740
Depreciable, net	63,949,494	31,996,773	95,946,267
<b>Total noncurrent assets</b>	<b>66,256,404</b>	<b>32,860,467</b>	<b>99,116,871</b>
<b>Total assets</b>	<b>\$ 72,929,179</b>	<b>\$ 35,998,758</b>	<b>\$ 108,927,937</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 500,184	\$ 174,491	\$ 674,675
Deferred revenue	-	-	-
Interest Payable	-	238,707	238,707
Due to other funds	95,126	-	95,126
Current portion of compensated absences	38,709	6,736	45,445
Current portion of long-term debt	588,147	1,175,518	1,763,665
<b>Total current liabilities</b>	<b>1,222,166</b>	<b>1,595,452</b>	<b>2,817,618</b>
Noncurrent liabilities:			
Noncurrent portion of compensated absences	176,340	30,684	207,024
Noncurrent portion of long-term obligations	5,214,330	12,326,584	17,540,914
<b>Total noncurrent liabilities</b>	<b>5,390,670</b>	<b>12,357,268</b>	<b>17,747,938</b>
<b>Total liabilities</b>	<b>6,612,836</b>	<b>13,952,720</b>	<b>20,565,556</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	60,594,063	19,358,365	79,952,428
Restricted for:			
Urban Renewal Projects	156,430	-	156,430
Debt Service	232,176	1,058,654	1,290,830
Streets	94,001	-	94,001
System Development	3,137,149	-	3,137,149
Unrestricted	2,102,524	1,629,019	3,731,543
<b>Total net assets</b>	<b>66,316,343</b>	<b>22,046,038</b>	<b>88,362,381</b>
<b>Total liabilities and net assets</b>	<b>\$ 72,929,179</b>	<b>\$ 35,998,758</b>	<b>\$ 108,927,937</b>

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

**CITY OF DALLAS, OREGON**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2011**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 2,641,018	\$ 607,535	\$ 1,650	\$ -
Public safety	5,041,368	1,321,333	3,459	103,025
Highways and streets	2,741,552	46,585	-	-
Culture and recreation	762,439	606,867	6,470	-
Community development	1,477,722	243,775	-	177,055
Interest on long-term debt	292,992	-	-	-
Total governmental activities	<u>12,957,091</u>	<u>2,826,095</u>	<u>11,579</u>	<u>280,080</u>
Business type activities:				
Sewer Fund	2,471,140	2,824,141	-	-
Water Fund	<u>2,108,937</u>	<u>1,874,772</u>	<u>-</u>	<u>-</u>
Total business type activities	<u>4,580,077</u>	<u>4,698,913</u>	<u>-</u>	<u>-</u>
Total government	<u>\$ 17,537,168</u>	<u>\$ 7,525,008</u>	<u>\$ 11,579</u>	<u>\$ 280,080</u>

General revenues:

Taxes:

    Property taxes

    Public service taxes

    Franchise fees

Interest and investment earnings

Other revenues

Transfers in (out)

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

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

Net Expense Revenue and Change in Net Asset		
Governmental Activities	Business Type Activities	Total
\$ (2,031,833)	\$ -	\$ (2,031,833)
(3,613,551)	-	(3,613,551)
(2,694,967)	-	(2,694,967)
(149,102)	-	(149,102)
(1,056,892)	-	(1,056,892)
(292,992)	-	(292,992)
(9,839,337)	-	(9,839,337)
-	353,001	353,001
-	(234,165)	(234,165)
-	118,836	118,836
(9,839,337)	118,836	(9,720,501)
4,024,787	-	4,024,787
1,471,463	-	1,471,463
908,608	-	908,608
8,897	21,854	30,751
211,016	153,270	364,286
1,000,000	(1,000,000)	-
7,624,771	(824,876)	6,799,895
(2,214,566)	(706,040)	(2,920,606)
68,530,909	22,752,078	91,282,987
\$ 66,316,343	\$ 22,046,038	\$ 88,362,381

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

(This page intentionally left blank)

**FUND FINANCIAL STATEMENTS**  
**Major Governmental Funds**

**General Fund**

The General Fund is the City's primary operation fund. It accounts for all the financial operations of the City except those required to be accounted for in another fund. Principal sources of revenues are property taxes, charges for services and licenses.

**System Development Fund**

The System Development Fund accounts for construction of oversize sewers, over-wide streets, water mains and other related needs.

**Street Fund**

The Street Fund accounts for state highway apportionment, federal funds, and grants, which are restricted to road maintenance.

**CITY OF DALLAS, OREGON**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2011**

	General Fund Generally Accepted Accounting Principles	System Development Fund	Street Fund	Other Governmental	Total Governmental
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,348,588	\$ 3,145,894	\$ 308,798	\$ 716,387	\$ 5,519,667
Due from other governments	40,032	-	-	10,046	50,078
Accounts receivable	302,444	-	-	-	302,444
Property taxes receivable	298,354	-	-	73,479	371,833
Assessments receivable	1,180	-	-	-	1,180
Due from other funds	95,126	-	-	-	95,126
Prepays	3,431	-	-	-	3,431
Total assets	<u>\$ 2,089,155</u>	<u>\$ 3,145,894</u>	<u>\$ 308,798</u>	<u>\$ 799,912</u>	<u>\$ 6,343,759</u>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES:**

Accounts payable and other current liabilities	\$ 86,814	\$ 8,745	\$ 218,619	\$ 181,279	\$ 495,457
Due to other funds	-	-	-	95,126	95,126
Deferred revenue	299,534	-	-	73,479	373,013
Total liabilities	<u>386,348</u>	<u>8,745</u>	<u>218,619</u>	<u>349,884</u>	<u>963,596</u>

**FUND BALANCES:**

Restricted for:

Debt	-	-	-	232,176	232,176
Urban Renewal Projects	-	-	-	156,430	156,430
Streets	-	-	94,001	-	94,001
System Development	-	3,137,149	-	-	3,137,149
Committed for:					
Community Development	-	-	-	315,841	315,841
Unassigned:	1,702,807	-	(3,822)	(254,419)	1,444,566

Total fund equity	<u>1,702,807</u>	<u>3,137,149</u>	<u>90,179</u>	<u>450,028</u>	<u>5,380,163</u>
Total liabilities and fund equity	<u>\$ 2,089,155</u>	<u>\$ 3,145,894</u>	<u>\$ 308,798</u>	<u>\$ 799,912</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the	64,160,668
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in	
Deferred revenue	373,013
Prepaid pension asset	1,413,684
Internal service funds are used by management to charge the costs of the administrative services department to	996,860
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are	
Long-term debt	(6,008,045)
	<u>\$ 66,316,343</u>

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

**CITY OF DALLAS, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2011**

	General Fund Generally Accepted Accounting Principles	System Development Fund	Street Fund	Other Governmental	Total Governmental
<b>REVENUES:</b>					
Property taxes	\$ 3,189,916	\$ -	\$ -	\$ 798,491	\$ 3,988,407
Public service taxes	444,214	-	730,772	296,477	1,471,463
Franchise fees	908,608	-	-	-	908,608
Grants	-	-	-	291,659	291,659
Charges for service	1,753,479	-	-	-	1,753,479
Licenses and permits	134,147	296,044	-	-	430,191
Fines and forfeitures	187,692	-	-	-	187,692
Interest	6,788	-	1,117	992	8,897
Miscellaneous	95,358	-	15,839	92,784	203,981
Bail Trust	-	-	-	30,549	30,549
Total revenues	<u>6,720,202</u>	<u>296,044</u>	<u>747,728</u>	<u>1,510,952</u>	<u>9,274,926</u>
<b>EXPENDITURES:</b>					
General government	1,171,990	-	-	-	1,171,990
Public safety	4,787,775	-	-	-	4,787,775
Highways and streets	-	-	525,820	-	525,820
Culture and recreation	440,054	-	-	-	440,054
Community development	1,449,292	-	-	-	1,449,292
Capital outlay	52,534	231,606	215,188	776,095	1,275,423
Debt service:					
Principal	83,301	-	-	495,000	578,301
Interest	15,448	-	-	277,544	292,992
Total expenditures	<u>8,000,394</u>	<u>231,606</u>	<u>741,008</u>	<u>1,548,639</u>	<u>10,521,647</u>
Revenues over (under) expenditures	(1,280,192)	64,438	6,720	(37,687)	(1,246,721)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	1,820,664	50,000	-	-	1,870,664
Transfers out	(50,000)	(803,000)	(80,000)	(107,664)	(1,040,664)
Total other financing sources (uses)	<u>1,770,664</u>	<u>(753,000)</u>	<u>(80,000)</u>	<u>(107,664)</u>	<u>830,000</u>
Net changes in fund balances	490,472	(688,562)	(73,280)	(145,351)	(416,721)
<b>FUND BALANCES, BEGINNING</b>	<u>1,212,335</u>	<u>3,825,711</u>	<u>163,459</u>	<u>595,379</u>	<u>5,796,884</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,702,807</u>	<u>\$ 3,137,149</u>	<u>\$ 90,179</u>	<u>\$ 450,028</u>	<u>\$ 5,380,163</u>

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

**CITY OF DALLAS, 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, 2011**

---

Amounts reported in the statement of activities are different because:

Net change in fund balances \$ (416,721)

The statement of revenues, expenditures, and changes if fund balances report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	766,680	
Depreciation	(3,526,494)	(2,759,814)

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds. 36,380

Contributions to pensions plans use current financial resources from governmental funds, but created a net pension asset. (83,158)

Internal service funds are used by management to charge the costs of the administrative services department to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 311,458

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Debt service principal payments		697,289
---------------------------------	--	---------

Change in net assets of governmental activities \$ (2,214,566)

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

## **FUND FINANCIAL STATEMENTS**

### **Proprietary Funds**

#### Enterprise Funds

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges.

#### **Sewer Fund**

The Sewer Fund accounts for sewer operations of the City's sewer utilities.

#### **Water Fund**

The Water Fund accounts for the operation of the City's water department.

#### Internal Service Funds

These 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 government and to other government units, on a cost reimbursement basis.

#### **Fleet Management Fund**

The Fleet Management Fund is used to account for equipment rentals to other funds of the City.

**CITY OF DALLAS, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**June 30, 2011**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 2,067,664	\$ 576,203	\$ 2,643,867	\$ 330,196
Accounts receivables, net	179,046	116,426	295,472	-
Inventories	34,004	164,948	198,952	-
Total current assets	<u>2,280,714</u>	<u>857,577</u>	<u>3,138,291</u>	<u>330,196</u>
Nondepreciable	795,736	67,958	863,694	
Depreciable, net	<u>17,616,726</u>	<u>14,380,047</u>	<u>31,996,773</u>	<u>680,872</u>
Total capital assets, net	<u>18,412,462</u>	<u>14,448,005</u>	<u>32,860,467</u>	<u>680,872</u>
Total assets	<u>\$ 20,693,176</u>	<u>\$ 15,305,582</u>	<u>\$ 35,998,758</u>	<u>\$ 1,011,068</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b><u>CURRENT LIABILITIES:</u></b>				
Accounts payable and accrued expenses	\$ 96,389	\$ 78,102	\$ 174,491	\$ 4,727
Interest payable	139,046	99,661	238,707	-
Current accrued compensated absences	3,856	2,880	6,736	1,707
Current portion of long-term debt	<u>793,658</u>	<u>381,860</u>	<u>1,175,518</u>	<u>-</u>
Total current liabilities	<u>1,032,949</u>	<u>562,503</u>	<u>1,595,452</u>	<u>6,434</u>
<b><u>NONCURRENT LIABILITIES:</u></b>				
Noncurrent accrued compensated absences	17,565	13,119	30,684	7,774
Noncurrent portion of long-term debt	<u>7,518,094</u>	<u>4,808,490</u>	<u>12,326,584</u>	<u>-</u>
Total noncurrent liabilities	<u>7,535,659</u>	<u>4,821,609</u>	<u>12,357,268</u>	<u>7,774</u>
Total liabilities	<u>8,568,608</u>	<u>5,384,112</u>	<u>13,952,720</u>	<u>14,208</u>
<b><u>NET ASSETS:</u></b>				
Invested in capital assets, net of related debt	10,100,710	9,257,655	19,358,365	680,872
Restricted for:				
Debt Service	1,058,654	-	1,058,654	-
Unrestricted	<u>965,204</u>	<u>663,815</u>	<u>1,629,019</u>	<u>315,988</u>
Total net assets	<u>12,124,568</u>	<u>9,921,470</u>	<u>22,046,038</u>	<u>996,860</u>
Total liabilities and net assets	<u>\$ 20,693,176</u>	<u>\$ 15,305,582</u>	<u>\$ 35,998,758</u>	<u>\$ 1,011,068</u>

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

**CITY OF DALLAS, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET ASSETS**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,824,141	\$ 1,874,772	\$ 4,698,913	\$ 424,184
Miscellaneous	<u>79,978</u>	<u>73,292</u>	<u>153,270</u>	<u>7,035</u>
Total operating revenues	<u>2,904,119</u>	<u>1,948,064</u>	<u>4,852,183</u>	<u>431,219</u>
<b>OPERATING EXPENSES:</b>				
Personal services	551,323	633,698	1,185,021	162,493
Materials and services	822,812	851,842	1,674,654	127,268
Depreciation	<u>744,082</u>	<u>436,264</u>	<u>1,180,346</u>	<u>176,942</u>
Total operating expenses	<u>2,118,217</u>	<u>1,921,804</u>	<u>4,040,021</u>	<u>466,703</u>
Operating income (loss)	785,902	26,260	812,162	(35,484)
<b>NON-OPERATING INCOME (EXPENSE):</b>				
Interest income	13,581	8,273	21,854	-
Interest expense	<u>(352,923)</u>	<u>(187,133)</u>	<u>(540,056)</u>	<u>-</u>
Total non-operating income (expenses)	<u>(339,342)</u>	<u>(178,860)</u>	<u>(518,202)</u>	<u>-</u>
Net income (loss) before operating transfers	446,560	(152,600)	293,960	(35,484)
<b>OPERATING TRANSFERS:</b>				
Transfers in (out)	<u>(550,000)</u>	<u>(450,000)</u>	<u>(1,000,000)</u>	<u>170,000</u>
Change in net assets	(103,440)	(602,600)	(706,040)	134,516
<b>NET ASSETS, BEGINNING</b>	<u>12,228,008</u>	<u>10,524,070</u>	<u>22,752,078</u>	<u>862,344</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 12,124,568</u>	<u>\$ 9,921,470</u>	<u>\$ 22,046,038</u>	<u>\$ 996,860</u>

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

**CITY OF DALLAS, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2011**

	Business-Type Activities - Enterprise Funds			Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 2,893,885	\$ 1,935,404	\$ 4,829,289	\$ 431,219
Cash paid to employee	(550,721)	(652,330)	(1,203,051)	(159,968)
Cash paid to suppliers	(756,315)	(796,702)	(1,553,017)	(123,773)
Net cash provided (used) by operating activities	1,586,849	486,372	2,073,221	147,478
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Payment from (to) other funds	-	-	-	-
Transfers in (out)	(550,000)	(450,000)	(1,000,000)	170,000
Net cash provided (used) by non-capital financing activities	(550,000)	(450,000)	(1,000,000)	170,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(155,288)	(50,796)	(206,084)	(392,990)
Debt principal payments	(764,285)	(1,143,442)	(1,907,727)	-
Interest paid	(365,754)	(187,133)	(552,887)	-
Loan proceeds	-	775,208	775,208	-
Net cash provided (used) by capital and related financing activities	(1,285,327)	(606,163)	(1,891,490)	(392,990)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	13,581	8,273	21,854	-
Net cash provided (used) by investing activities	13,581	8,273	21,854	-
Net increase (decrease) in cash and cash equivalents	(234,897)	(561,518)	(796,415)	(75,512)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	2,302,561	1,137,721	3,440,282	405,708
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 2,067,664	\$ 576,203	\$ 2,643,867	\$ 330,196
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income	\$ 785,902	\$ 26,260	\$ 812,162	\$ (35,484)
Adjustments				
Depreciation	744,082	436,264	1,180,346	176,942
Decrease (increase) in:				
Accounts receivable	(10,234)	(12,660)	(22,894)	-
Inventories	(14,302)	39,212	24,910	4,135
Increase (decrease) in:				
Accounts payable and accrued expenses	81,401	(2,704)	78,697	(640)
Accrued compensated absences	-	-	-	2,525
Net cash provided (used) by operating activities	\$ 1,586,849	\$ 486,372	\$ 2,073,221	\$ 147,478

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

*NOTES TO BASIC FINANCIAL STATEMENTS*

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Dallas, Oregon (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

### **The Financial Reporting Entity**

The City of Dallas, Oregon is governed by an elected mayor and nine council members who comprise the City Council. The City Council exercises supervisory responsibilities over the City operations, but day-to-day management control is the responsibility of a city manager. All significant activities and organizations for which the City is financially accountable are included in the financial statements for the year ended June 30, 2011.

There are certain governmental agencies and various service districts which provide services within the City. These agencies have independently elected governing boards and the City is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying basic financial statements.

As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The City of Dallas's financial statements include the Dallas Urban Renewal Agency as a blended component unit. The City Commission and Board of Directors of Dallas Urban Renewal Agency are composed of the same individuals. Complete financial statements for the Urban Renewal Agency for the year ended June 30, 2011 may be obtained at Dallas City Hall, located at 187 S.E. Court Street, Dallas, Oregon 97338.

### **Basic Financial Statements**

The government-wide financial statements report information on all activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees, fines, and charges for services.

The Statement of Activities demonstrates the degree to which the direct and allocated indirect expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expenses are those costs, usually administrative in nature, that support all City functions and enable direct services to be provided. Program revenues include (1) fees, fines, and charges to

**CITY OF DALLAS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

---

customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund 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.

**Basis of Presentation**

Measurement focus refers to what is being measured by a fund. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The government-wide and proprietary fund financial statements are accounted for using an economic resources measurement focus, whereby all assets and liabilities are included in the Statements of Net Assets. The increases and decreases in those net assets are presented in the government-wide Statement of Activities and in the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Assets. These funds use the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The City's government-wide and proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedures. The City has elected not to apply FASB guidance issued subsequent to November 30, 1989 to business-type activities and to enterprise funds, unless specifically adopted by the GASB.

Interfund activity consists of transfers, services provided and/or used, reimbursements, advances, and loans. As a general rule, the effect of interfund activity has been eliminated from the governmental-wide financial statements. Exceptions to this general rule include interfund services provided and/or used. Interfund services provided and/or used are accounted for as revenues and expenses since the elimination of such revenues and expenses would distort the direct costs and program revenues reported for the various functions.

Operating revenues and operating expenses are intermediate components within the proprietary fund Statement of Revenues, Expenses and Changes in Net Assets, and include only those transactions that constitute their principal, ongoing activities exclusive of investing or financing transactions. Significant operating revenues include charges for services and rental income. Significant operating expenses include personnel, materials and supplies, outside services, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Governmental Fund Financial Statements**

The governmental fund financial statements are accounted for using a current financial resources measurement focus, whereby only current assets and current liabilities generally are included in the Balance Sheet, and the Statement of Revenues, Expenditures and Changes in Fund Balances present increases and decreases in those net current assets. These funds use the modified accrual basis of accounting whereby revenues are recorded only when susceptible to accrual (both measurable and available). “Measurable” means that the amount of the transaction can be determined. “Available” is defined as being collectible within the current period or soon enough thereafter (30 days) to be used to liquidate liabilities of the current period. Expenditures other than interest on noncurrent obligations, are recorded when the fund liability is incurred.

Intergovernmental revenues are recognized as revenues when all eligibility requirements are met. There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, all eligibility requirements are determined to be met when the underlying expenditures are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements; therefore, all eligibility requirements are determined to be met at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Rental income is typically received in advance and is deferred when appropriate.

Special assessments receivable and repayment of revolving loans expected to be collected within sixty days after year end are considered measurable and available and are recognized as revenue. Assessment installments that are long-term are offset by deferred revenues.

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

The new GASB 34 reporting model sets forth minimum criteria (percentage of the assets liabilities, receipts or disbursements of either fund category or the government and enterprise combined) for the determination of major funds. The City electively added funds as major funds, which either had debt outstanding or specific community focus. Non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds:

- General Fund
- Systems Development Fund
- Street Fund

**CITY OF DALLAS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

---

The City reports each of its proprietary funds as major funds. These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. The City reports the following proprietary funds:

Sewer Fund  
Water Fund

Internal Service Fund accounts for administration services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses as of and for the year ended June 30, 2011. Actual results may differ from such estimates.

**Cash and Investments**

Investments, included in cash and investments, are carried at cost which approximates fair value. For purposes of the statement of cash flows, the proprietary funds consider cash and cash equivalents to include the cash and investment common pool. These amounts have the general characteristics of demand deposit accounts in that the proprietary funds may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty. Investments are reported at fair value.

**Receivables and Deferred Revenues**

Receivables for state, county and local shared revenues, included in accounts receivable, are recorded as revenue in the governmental funds as earned. Receivables of the enterprise funds are recorded as revenue as earned.

Property taxes receivable for the governmental fund types, which have been collected within thirty days subsequent to year end, are considered measurable and available and are recognized as revenues. All other property taxes are offset by deferred property tax revenues and, accordingly, have not been recorded as revenue. Real and personal property taxes are levied upon all taxable property within the City and become liens against the property as of July 1 of each year and are payable in three installments which are due on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes receivable by the City represent the City's allocated share of delinquent property taxes and other amounts to be collected from property owners within Polk County, Oregon.

Assessment liens in the governmental fund types are recognized as receivables at the time property owners are assessed for property improvements. All assessments receivable are offset by a deferred revenue account and, accordingly, have not been recorded as revenue.

**CITY OF DALLAS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

---

Interest earned on assessments in the governmental fund types is accrued when due and is approximately offset by the related improvement bond interest expenditure which is also recognized when due.

**Inventory**

Inventory in the proprietary funds is stated at cost (first-in, first-out basis) and is charged to expense as used.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, street lights, etc.) are reported in the applicable governmental or business-type activities column in the governmental-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost, or estimated historical cost if actual cost is not available. Infrastructure acquired prior to fiscal years ended after June 30, 1980 is not reported in capital assets. Donated capital assets are recorded at their estimated fair market value at the time received.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-100 years
Water and sewer system	20-100 years
Machinery and equipment	5-10 years

Monthly depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

**Long-Term Debt**

Long-term debt directly related and expected to be paid from the enterprise funds is recorded in these funds. All other unmatured long-term debt is recorded on the Statement of Net Assets. Repayment of general bonded debt will be made from General Obligation Bond Fund.

**CITY OF DALLAS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

---

**Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is recorded for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide and proprietary fund statements. A liability for vacation pay is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements. Vacation and other compensated absences amounts are paid from the same fund as the employee's payroll, primarily the General fund and the Street fund.

**Restricted Net Assets**

Net revenues received by the City which are restricted by donors or legislation are reported as restricted net assets. Such net revenues include system development charges (SDC's), state gas tax, and designated donations or grants.

**Fund Equity**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned and unassigned.

Non-Spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed – Includes items committed by the City Council, by formal council action. Commitments of fund balance must be made prior to the end of the fiscal year.

Assigned – Includes items assigned for specific uses, authorized by the City. Assignments of fund balance can be done at any time, including after the fiscal year end date.

Unassigned – This is the residual classification used for those balances not assigned to another category.

**Use of Restricted Resources**

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

**CITY OF DALLAS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

---

**2. CASH AND CASH EQUIVILANTS**

The City maintains a cash and investment pool that is available for use by all funds, except for restricted cash and investments. Each fund type's portion of this pool is displayed on the Statement of Net Assets as part of "cash and investments"

At June 30, 2011 investments included in cash and cash equivalents consist of the following:

	Weighted Average Maturity (Years)	Fair Value
Investments in the State Treasurer's Local Government Investment Pool	0.00	\$ 5,772,441
Corporate Bonds	0.18	905,852
Certificate of Deposit	0.19	938,178
	<hr/>	<hr/>
Total cash equivalents	0.04	\$ 7,616,471

**Interest Rate Risk**

The City of Dallas does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

State statues authorize the City of Dallas to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the State Treasure's Oregon Local Government Investment Pool, among others. The City has no investment policy that would further limit its investment choices. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. The reported value of the Pool is the same as the fair value of Pool shares. Investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The State Treasurer's Oregon Local Government Investment Pool is not registered with the SEC as an investment company and is unrated.

The City's investment in the Local Government Investment Pool is considered unclassified as to credit risk because it is not evidenced by securities that exist in physical or book entry form.

**Concentration of Credit Risk**

The City of Dallas does not currently have an investment policy for concentration of credit risk

**Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the combined total of all savings deposits and unlimited coverage for non-interest bearing transaction accounts. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2011, none of the City's bank balances were exposed to credit risk.

**CITY OF DALLAS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

**3. CAPITAL ASSETS**

The changes in capital assets for the governmental activities for the year ended June 30, 2011 is as follows:

<b>Primary Government</b>	<b>June 30, 2010</b> <b>Ending</b> <b>Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2011</b> <b>Ending</b> <b>Balance</b>
<b>Capital assets, non-depreciable:</b>				
Land	\$ 892,046	\$ -	\$ -	\$ 892,046
Total capital assets, non-depreciable	892,046	-	-	892,046
<b>Capital assets, depreciable:</b>				
Infrastructure	72,489,108	215,188	-	72,704,296
Buildings and improvements	13,479,785	492,597	-	13,972,382
Machinery and equipment	8,005,607	451,886	-	8,457,493
Total capital assets, depreciable	93,974,500	1,159,671	-	95,134,171
<b>Less accumulated depreciation for:</b>				
Infrastructure	(16,027,231)	(2,382,359)	-	(18,409,590)
Buildings and improvements	(6,226,695)	(313,710)	-	(6,540,405)
Machinery and equipment	(5,404,257)	(830,425)	-	(6,234,682)
Total accumulated depreciation	(27,658,183)	(3,526,494)	-	(31,184,677)
Net depreciable capital assets	66,316,317	(2,366,823)	-	63,949,494
<b>Net capital assets</b>	<b>\$ 67,208,363</b>	<b>\$ (2,366,823)</b>	<b>\$ -</b>	<b>\$ 64,841,540</b>

Depreciation on internal service capital assets in the amount of \$176,942 is included in general government expenses. All depreciation on governmental capital assets is allocated to governmental functions on the statement of activities as follows:

**Governmental activities:**

General government	\$ 674,250
Public safety	159,672
Culture and recreation	310,213
Highways & streets	2,382,359
Total depreciation expense - governmental activities	<u>\$ 3,526,494</u>

**CITY OF DALLAS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

The changes in capital assets for business-type activities for the year ended June 30, 2011 is as follows:

<b>Business-type Activities</b>	<b>June 30, 2010 Ending Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2011 Ending Balance</b>
<b>Capital assets, non-depreciable:</b>				
Land	\$ 853,981	\$ 9,713	\$ -	\$ 863,694
Total capital assets, non-depreciable	853,981	9,713	-	863,694
<b>Capital assets, depreciable:</b>				
Buildings and infrastructure	49,914,052	182,796	-	50,096,848
Machinery and equipment	690,832	13,575	(14,983)	689,424
Total depreciable	50,604,884	196,371	(14,983)	50,786,272
<b>Less accumulated depreciation for:</b>				
Buildings and infrastructure	(17,044,310)	(1,131,655)	-	(18,175,965)
Machinery and equipment	(579,826)	(48,691)	14,983	(613,534)
Total accumulated depreciation	(17,624,136)	(1,180,346)	14,983	(18,789,499)
Net depreciable capital assets	32,980,748	(983,975)	-	31,996,773
<b>Net capital assets</b>	<b>\$ 33,834,729</b>	<b>\$ (974,262)</b>	<b>\$ -</b>	<b>\$ 32,860,467</b>

Depreciation expense is allocated to business-type functions as follows:

<b>Business-type activities:</b>	
Sewer	\$ 744,083
Water	436,264
Total depreciation expense - business-type activities	<u>\$ 1,180,347</u>

**CITY OF DALLAS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

---

**4. LONG-TERM DEBT**

Long-term Governmental debt transactions for the year were as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental activities</b>					
Governmental bonds	\$ 6,290,000	\$ -	\$ 530,000	\$ 5,760,000	\$ 560,000
Governmental loans	90,778	-	48,301	42,477	28,147
Compensated absences	340,520	215,049	340,520	215,049	38,709
Total governmental activities	<u>\$ 6,721,298</u>	<u>\$ 215,049</u>	<u>\$ 918,821</u>	<u>\$ 6,017,526</u>	<u>\$ 626,856</u>
<b>Business-type activities</b>					
Business-type bonds	\$ 270,446	\$ -	\$ 29,791	\$ 240,655	\$ 30,014
Business-type loans	14,364,175	-	1,102,728	13,261,447	1,145,504
Compensated absences	55,450	37,419	55,450	37,419	6,736
Total business-type activities	<u>\$ 14,690,071</u>	<u>\$ 37,419</u>	<u>\$ 1,187,969</u>	<u>\$ 13,539,521</u>	<u>\$ 1,182,254</u>

**Bonds**

<b>Governmental Activities</b>	
Series 2003: original amount \$850,000; interest rate 4.95%; final payment due June 30, 2018.	\$ 550,000
Series 2005: original amount \$4,695,000; interest rates from 4.25% to 5.00%; final payment due June 1, 2019.	3,510,000
2005 PERS Bonds: original amount \$1,585,000; interest rates from 4.38% to 5.00%; final payment due June 1, 2028	1,555,000
Series 2008: original amount \$210,000; interest rates from 3.00% to 4.05%; final payment due January 1, 2015.	<u>145,000</u>
Total Governmental Bonds	<u>\$ 5,760,000</u>

**CITY OF DALLAS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

---

Future Governmental bonds debt service requirements are as follows:

Fiscal Year	Series 2003		Series 2005	
	Principal	Interest	Principal	Interest
2012	70,000	25,493	435,000	154,250
2013	70,000	22,028	455,000	136,850
2014	75,000	18,439	475,000	114,100
2015	80,000	14,603	455,000	90,350
2016	80,000	10,643	480,000	67,600
2017-2021	175,000	8,788	1,210,000	98,200
2022-2026	-	-	-	-
2027-2031	-	-	-	-
<b>Total</b>	<b>\$ 550,000</b>	<b>\$ 99,994</b>	<b>\$ 3,510,000</b>	<b>\$ 661,350</b>

Fiscal Year	2005 PERS Bonds		Series 2008	
	Principal	Interest	Principal	Interest
2012	20,000	77,110	35,000	5,505
2013	30,000	76,010	35,000	4,280
2014	35,000	74,626	35,000	2,985
2015	40,000	72,993	40,000	1,620
2016	50,000	71,050	-	-
2017-2021	400,000	309,088	-	-
2022-2026	705,000	189,646	-	-
2027-2031	275,000	18,014	-	-
<b>Total</b>	<b>\$ 1,555,000</b>	<b>\$ 888,537</b>	<b>\$ 145,000</b>	<b>\$ 14,390</b>

**CITY OF DALLAS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

Business-type Activities

Series 1998: original amount \$523,000; interest rate 4.74%; final payment due December 1, 2017. \$ 240,655

Future Business-type bonds debt service requirements are as follows:

	Total Bonds	
	Principal	Interest
2012	30,014	11,847
2013	30,251	10,422
2014	30,506	8,955
2015	35,777	7,460
2016	36,061	5,706
2017-2021	<u>78,046</u>	<u>5,986</u>
<b>Total</b>	<b><u>\$ 240,655</u></b>	<b><u>\$ 50,376</u></b>

**Loans**

Governmental Activities

2009 Vehicle Lease: original amount \$57,576; interest rate 6.25%; final payment due January 23, 2012. \$ 14,849

2010 Vehicle Lease: original amount \$55,409; interest rate 7.75%; final payment due February 17, 2013. 27,628

Total Governmental Loans \$ 42,477

General Long Term Debt Loans

Fiscal Year	2009 Vehicle Lease		2010 Vehicle Lease	
	Principal	Interest	Principal	Interest
2012	14,849	928	13,298	2,141
2013	<u>-</u>	<u>-</u>	<u>14,330</u>	<u>1,111</u>
<b>Total</b>	<b><u>\$ 14,849</u></b>	<b><u>\$ 928</u></b>	<b><u>\$ 27,628</u></b>	<b><u>\$ 3,252</u></b>

**CITY OF DALLAS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

Business-type Activities	
Sewage DEQ: original amount \$14,500,000; interest rate 3.93%; final payment due February 1, 2020.	\$ 8,071,097
2005 Water Refunding: original amount \$1,347,000; interest rate 3.75%; final payment due December 1, 2012.	369,000
OECD Safe Drinking Water Loan: original amount \$5,650,000; interest rate 3.38%; final payment due December 1, 2028.	4,821,350
<b>Total Governmental Loans</b>	<b>\$ 13,261,447</b>

Fiscal Year	Sewage DEQ		2005 Water Refunding		OECD Safe Drinking Water Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 763,644	\$ 348,229	197,000	10,144	184,860	163,107
2013	793,950	314,030	172,000	3,224	191,109	156,859
2014	825,459	278,473	-	-	197,568	150,399
2015	858,218	241,506	-	-	204,246	143,721
2016	892,277	203,071	-	-	211,150	136,818
2017-2021	3,937,549	396,509	-	-	1,167,748	572,087
2022-2026	-	-	-	-	1,378,897	360,938
2027-2031	-	-	-	-	1,285,772	111,290
<b>Total</b>	<b>\$ 8,071,097</b>	<b>\$ 1,781,818</b>	<b>\$ 369,000</b>	<b>\$ 13,368</b>	<b>\$ 4,821,350</b>	<b>\$ 1,795,219</b>

The agreement with the DEQ requires the City to maintain a minimum cash balance equal to the subsequent year's debt service requirements. At June 30, 2011 this amount was \$1,058,954. Cash in the Sewer Fund exceeded this amount at all times during the year.

**5. PENSION PLAN**

**Plan Description**

The City is a participating employer in the Oregon Public Employees Retirement System ("OPERS"), a cost-sharing multiple-employer defined benefit pension plan. The 2003 legislature adopted certain changes in the Oregon Public Employee Retirement System, and created a new system for all people hired after August 29, 2003. The Public Employee Retirement System (PERS), which was established under Oregon Revised Statute (ORS) 238.600, applies to all employees who had established membership prior to August 29, 2003. The Oregon Public Service Retirement Plan (OPSRP), which was established under ORS 238A and went into effect on January 1, 2004, applies to all people who are first employed with a public employer after August 29, 2003. The Public Employees Retirement Board (PERB) governs and acts as a common investment and administrative agent for both plans which are the retirement plans for most public employers in the State of Oregon. Benefits are established by

**CITY OF DALLAS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

---

state statute, and employer contributions are made at the actuarially determined rate for each system as adopted by the PERB. The Oregon Public Employees Retirement System, a component unit of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Both PERS and OPSRP plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

#### Funding Status

Covered employees are required by state statute to contribute 6.0 percent of their salary to the plan which is invested in the Individual Account Program (IAP). Employers are permitted to pay employee contributions to the fund.

The City is required by statute to contribute actuarially computed amounts as determined by OPERS. OPERS completes an actuarial valuation as of December 31 of odd numbered years for new rates to be implemented July 1 of the next odd numbered year. Rates are subject to change as a result of subsequent actuarial valuations and the proportion of the system that is funded for each local government employer. On July 1, 2009 the City's rate changed to 11.22% based on the 2007 valuation.

For OPSRP, all employers are included in a single pool, with separate rates assigned for police and fire participants and general service participants. These rates were 11.34% and 8.63%, respectively, on July 1, 2009 based on the December 31, 2007 valuation.

The City's pension liability and the annual required contribution rate were determined using the entry age cost method. The unfunded actuarial liability ("UAL") created by this method, including gains and losses, is amortized as a level percentage of salary over a period commencing on the valuation date (2001, 2003, 2005, and 2007) and ending on December 31, 2027 using closed amortization. Beginning in 2007, each valuation's UAL will be amortized over 20 years, again using closed amortization.

The OPERB utilizes a technique called asset smoothing to determine the actuarial value of assets. The actuarial value of assets are reported at fair market value, less a reserve equal to a pro-rata portion of the investment gains (losses) over the four-year period ending on the valuation date. Investment gains (losses), effective from January 1, 2000, are recognized at the rate of 25% per year. The actuarial value of assets is limited to a 10% corridor above and below the fair market value.

#### Annual Pension Cost

The City's contributions to PERS for the fiscal years ending June 30, 2009, 2010, and 2011 were \$877,215, \$795,435, and \$788,310, respectively, which equaled the required contribution for the year.

**CITY OF DALLAS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

In addition to the required contribution, the City contributed the proceeds of the 2005 PERS Bonds and recognized a pension asset of \$1,585,000 at June 30, 2009. The City is amortizing the pension asset over the life of the bond. The pension assets for the year ended June 30, 2010, is as follows:

Increase in pension assets:	
Pension asset July 1, 2010	\$ 1,496,842
Annual Amortization	(83,158)
Pension asset June 30, 2011	<u>\$ 1,413,684</u>

**Retiree Healthcare**

The Retiree Health Insurance Account (RHIA) is a cost-sharing pool under Statement No. 45 of the Governmental Accounting Standards Board (GASB 45). Consequently, each employer reports the contractually required contributions. The contractually required contribution for retiree healthcare liabilities for the period July 1, 2009 through June 30, 2011 is calculated and is expressed as contribution rates that are applied to the appropriate payroll. The rates and appropriate payroll are shown in the table below.

	<b>Payroll</b>		
	<b>Tier 1/Tier 2</b>	<b>OPSRP</b>	
		<b>General Services</b>	<b>Police and Fire</b>
July 1, 2007 to June 30, 2009	0.37%	0.26%	0.26%
July 1, 2009 to June 30, 2011	0.29%	0.19%	0.19%

**6. TRANSFERS**

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	\$ 1,820,664	\$ 50,000
System Development Fund	50,000	803,000
Street Fund	-	80,000
Total Major Governmental Funds	<u>1,870,664</u>	<u>933,000</u>
Non-major Governmental Funds:		
Revenue Sharing Fund	-	107,664
Improvement Fund	-	-
Total Non-major Governmental Funds	<u>-</u>	<u>107,664</u>
Proprietary Funds:		
Sewer Fund	-	550,000
Water Fund	-	450,000
Fleet Management Fund	220,000	50,000
Total Proprietary Funds	<u>220,000</u>	<u>1,050,000</u>
Total All Funds	<u>\$ 2,090,664</u>	<u>\$ 2,090,664</u>

**CITY OF DALLAS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

---

Transfers on the modified accrual basis are different from transfer on the full accrual basis due to capital assets acquired by the Systems Development Fund being transferred to the enterprise funds. Such transfers are not reported on the modified accrual basis of accounting but are recorded on the full accrual basis.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend then, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**7. CONTINGENCIES**

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

**8. RISK MANAGEMENT**

The City is exposed to various risks of loss related to errors and omissions; automobile; damage to or destruction of assets; bodily injury; and worker's compensation for which the City carries commercial insurance. Settled claims resulting from risks of loss have not exceeded commercial insurance coverage in any of the past three years.

**9. NEW ACCOUNTING PRONOUNCEMENT – GASB STATEMENT NO. 54**

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The City implemented GASB 54 in the year ending June 30, 2011.

***REQUIRED SUPPLEMENTARY INFORMATION***

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

- Budgetary Comparison Schedules
  - General Fund
  - System Development Fund
  - Street Fund

(This page intentionally left blank)

**CITY OF DALLAS, OREGON**  
**GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 3,187,625	\$ 3,187,625	\$ 3,189,916	\$ 2,291
Public service taxes	461,000	461,000	444,214	(16,786)
Franchise fees	1,002,000	1,002,000	908,608	(93,392)
Charges for service	1,507,000	1,507,000	1,753,479	246,479
Licenses and permits	154,000	154,000	134,147	(19,853)
Fines and forfeitures	290,500	290,500	187,692	(102,808)
Interest	25,000	25,000	6,788	(18,212)
Miscellaneous	90,000	90,000	95,358	5,358
Proceeds from property sales	200,000	200,000	-	(200,000)
Total revenues	<u>6,917,125</u>	<u>6,917,125</u>	<u>6,720,202</u>	<u>(196,923)</u>
<b>EXPENDITURES:</b>				
General government	1,217,300	1,217,300	1,171,990	45,310
Public safety	4,678,950	4,803,950	4,787,775	16,175
Culture and recreation	408,700	445,700	440,054	5,646
Community development	1,490,130	1,490,130	1,449,292	40,838
Capital outlay	144,500	144,500	52,534	91,966
Debt service:				
Principal	79,850	79,850	83,301	(3,451)
Interest	11,622	11,622	15,448	(3,826)
Contingency	375,000	213,000	-	213,000
Total expenditures	<u>8,406,052</u>	<u>8,406,052</u>	<u>8,000,394</u>	<u>405,658</u>
Revenues over (under) expenditures	(1,488,927)	(1,488,927)	(1,280,192)	208,735
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,410,000	1,410,000	1,820,664	410,664
Transfers out	(90,000)	(90,000)	(50,000)	40,000
Total other financing sources (uses)	<u>1,320,000</u>	<u>1,320,000</u>	<u>1,770,664</u>	<u>450,664</u>
Net changes in fund balances	(168,927)	(168,927)	490,472	659,399
<b>FUND BALANCE, BEGINNING - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>	<u>1,320,000</u>	<u>1,320,000</u>	<u>1,212,335</u>	<u>(107,665)</u>
<b>FUND BALANCE, ENDING - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>	<u>\$ 1,151,073</u>	<u>\$ 1,151,073</u>	<u>\$ 1,702,807</u>	<u>\$ 551,734</u>

**CITY OF DALLAS, OREGON**  
**SYSTEM DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 225,000	\$ 858,000	\$ 296,044	\$ (561,956)
Total revenues	225,000	858,000	296,044	(561,956)
<b>EXPENDITURES:</b>				
Capital outlay	3,883,000	3,983,000	231,606	3,751,394
Total expenditures	3,883,000	3,983,000	231,606	3,751,394
Revenues over (under) expenditures	(3,658,000)	(3,125,000)	64,438	3,189,438
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	50,000	50,000	-
Transfers out	(220,000)	(803,000)	(803,000)	-
Total other financing sources (uses)	(220,000)	(753,000)	(753,000)	-
Net changes in fund balances	(3,878,000)	(3,878,000)	(688,562)	3,189,438
<b>FUND BALANCES, BEGINNING</b>	3,878,000	3,878,000	3,825,711	(52,289)
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 3,137,149	\$ 3,137,149

**CITY OF DALLAS, OREGON**  
**STREET FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Public service taxes	\$ 773,000	\$ 773,000	\$ 730,772	\$ (42,228)
Grants	150,000	150,000	-	(150,000)
Charges for service	150,000	150,000	-	(150,000)
Interest	1,000	1,000	1,117	117
Miscellaneous	20,000	20,000	15,839	(4,161)
Total revenues	<u>1,094,000</u>	<u>1,094,000</u>	<u>747,728</u>	<u>(346,272)</u>
<b>EXPENDITURES:</b>				
Personal service	287,000	287,000	285,310	1,690
Materials and service	296,000	296,000	240,510	55,490
Capital outlay	315,000	315,000	215,188	99,812
Contingency	168,900	168,900	-	168,900
Total expenditures	<u>1,066,900</u>	<u>1,066,900</u>	<u>741,008</u>	<u>325,892</u>
Revenues over (under) expenditures	27,100	27,100	6,720	(20,380)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(80,000)</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(80,000)</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>
Net changes in fund balances	(52,900)	(52,900)	(73,280)	(20,380)
<b>FUND BALANCES, BEGINNING</b>	<u>52,900</u>	<u>52,900</u>	<u>163,459</u>	<u>110,559</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,179</u>	<u>\$ 90,179</u>

**CITY OF DALLAS, OREGON**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2011**

---

***Budget and Budgetary Accounting***

Annual budgets for all funds are adopted on the modified accrual basis of accounting, which is consistent with Oregon Revised Statutes. All annual appropriations lapse at year end.

The City is required to budget for all funds. The budget is prepared by fund, department, activity and line, and includes information on the past two years' actual expenditures as well as current-year estimates. Each April, the City Manager submits a proposed budget to the Budget Committee. The Budget Committee consists of members of the City Council and a like number of citizens of the City. Before June 30 each year, the proposed budget is presented to the full City Council for review.

The Council holds public hearings, and a final budget must be prepared and legally adopted no later than June 30. The resolution establishes appropriations for each fund, and expenditures cannot legally exceed these appropriations at the levels of personal services, materials and services, capital outlay, debt service, or other expenditures for each fund or, in the case of the General Fund, Trust/Reserve Fund and Central Services Fund for each department.

The City Council may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may also be added to the budget through the use of a supplemental budget. The City had appropriation transfers during the year-ended June 30, 2011.

***OTHER SUPPLEMENTARY INFORMATION***

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Statements – Nonmajor Governmental Funds
- Combining Statements – General Fund - Generally Accepted Accounting Principles
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Other Financial Schedules

(This page intentionally left blank)

## COMBINING STATEMENTS

Nonmajor Governmental Funds

### **Special Revenue Funds**

These funds account for revenue derived from specific taxes or other earmarked revenue sources, which are legally restricted to expenditures for specified purposes. Funds included in this category are:

#### **Revenue Sharing Fund**

The Revenue Sharing Fund accounts for receipts from the State Revenue Sharing Program.

#### **Trust/Reserve Fund**

The Trust/Reserve Fund accounts for funds dedicated to specific purposes, including donations and bail monies held pending disposition of municipal court cases.

#### **Grants Fund**

The Grants Fund accounts for major grants to the City.

#### **Urban Renewal Fund**

The Urban Renewal Fund accounts for the City's urban renewal activities.

#### **Improvement Fund**

The Improvement Fund accounts for interest revenue on special assessments.

### **Debt Service Funds**

These funds are used to account for revenues and expenditures related to the servicing of general long-term debt:

#### **General Obligation Bond Fund**

The General Obligation Bond Fund is used to account for the resources and payment of long-term debt.

#### **General Debt Fund**

The General Debt Fund was established to pay principal and interest on the City's PERS pension obligation bonds.

**CITY OF DALLAS, OREGON  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2011**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 493,384	\$ 223,003	\$ 716,387
Due from other governments	866	9,180	10,046
Property taxes receivable	6,660	66,819	73,479
	<u>6,660</u>	<u>66,819</u>	<u>73,479</u>
Total assets	<u>\$ 500,910</u>	<u>\$ 299,002</u>	<u>\$ 799,912</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>LIABILITIES:</u></b>			
Accounts payable and other current liabilities	\$ 181,279	\$ -	\$ 181,279
Deferred revenue	6,660	66,819	73,479
	<u>6,660</u>	<u>66,819</u>	<u>73,479</u>
Total liabilities	<u>283,065</u>	<u>66,819</u>	<u>349,884</u>
<b><u>FUND BALANCES:</u></b>			
Restricted for:			
Debt	-	232,176	232,176
Urban Renewal Projects	156,430	-	156,430
Committed for:			
Community Development	315,841	-	315,841
Unassigned:	(254,426)	7	(254,419)
	<u>(254,426)</u>	<u>7</u>	<u>(254,419)</u>
Total fund equity	<u>217,845</u>	<u>232,183</u>	<u>450,028</u>
Total liabilities and fund equity	<u>\$ 500,910</u>	<u>\$ 299,002</u>	<u>\$ 799,912</u>

**CITY OF DALLAS, OREGON**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2011**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total
<b>REVENUES:</b>			
Property taxes	\$ 86,025	\$ 712,466	\$ 798,491
Public service taxes	296,477	-	296,477
Grants	291,659	-	291,659
Interest	992	-	992
Miscellaneous	-	92,784	92,784
Bail Trust	30,549	-	30,549
	<u>705,702</u>	<u>805,250</u>	<u>1,510,952</u>
Total revenues			
<b>EXPENDITURES:</b>			
Capital outlay	776,095	-	776,095
Debt service:			
Principal	-	495,000	495,000
Interest	-	277,544	277,544
	<u>776,095</u>	<u>772,544</u>	<u>1,548,639</u>
Total expenditures			
Revenues over (under) expenditures	(70,393)	32,706	(37,687)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	(107,664)	-	(107,664)
	<u>(107,664)</u>	<u>-</u>	<u>(107,664)</u>
Total other financing sources (uses)			
Net changes in fund balances	(178,057)	32,706	(145,351)
<b>FUND BALANCES, BEGINNING</b>	<u>395,902</u>	<u>199,477</u>	<u>595,379</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 217,845</u>	<u>\$ 232,183</u>	<u>\$ 450,028</u>

**CITY OF DALLAS, OREGON**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2011**

	<u>Revenue</u> <u>Sharing Fund</u>	<u>Trust/Reserve</u> <u>Fund</u>	<u>Grants Fund</u>	<u>Urban</u> <u>Renewal Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ -	\$ 328,682	\$ -	\$ 164,702	\$ 493,384
Due from other governments	-	-	-	866	866
Property taxes receivable	-	-	-	6,660	6,660
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ 328,682</u>	<u>\$ -</u>	<u>\$ 172,228</u>	<u>\$ 500,910</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
<b><u>LIABILITIES:</u></b>					
Accounts payable and other current liabilities	\$ -	\$ 12,841	\$ 159,300	\$ 9,138	\$ 181,279
Due to other funds	-	-	95,126	-	95,126
Deferred revenue	-	-	-	6,660	6,660
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	12,841	254,426	15,798	283,065
<b><u>FUND BALANCES:</u></b>					
Restricted for:					
Urban Renewal Projects	-	-	-	156,430	156,430
Committed for:					
Community Development	-	315,841	-	-	315,841
Unassigned:	-	-	(254,426)	-	(254,426)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund equity	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	315,841	(254,426)	156,430	217,845
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ 328,682</u>	<u>\$ -</u>	<u>\$ 172,228</u>	<u>\$ 500,910</u>

**CITY OF DALLAS, OREGON**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2011**

	Revenue Sharing Fund	Trust/Reserve Fund	Grants Fund	Urban Renewal Fund	Total
<b>REVENUES:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ 86,025	\$ 86,025
Public service taxes	107,664	188,813	-	-	296,477
Grants	-	-	291,659	-	291,659
Interest	-	-	-	992	992
Bail Trust	-	30,549	-	-	30,549
	<u>107,664</u>	<u>219,362</u>	<u>291,659</u>	<u>87,017</u>	<u>705,702</u>
<b>EXPENDITURES:</b>					
Capital outlay	-	205,251	547,137	23,707	776,095
	<u>-</u>	<u>205,251</u>	<u>547,137</u>	<u>23,707</u>	<u>776,095</u>
Total expenditures	-	205,251	547,137	23,707	776,095
Revenues over (under) expenditures	107,664	14,111	(255,478)	63,310	(70,393)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out	(107,664)	-	-	-	(107,664)
	<u>(107,664)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(107,664)</u>
Total other financing sources (uses)	(107,664)	-	-	-	(107,664)
Net changes in fund balances	-	14,111	(255,478)	63,310	(178,057)
<b>FUND BALANCES, BEGINNING</b>	<u>-</u>	<u>301,730</u>	<u>1,052</u>	<u>93,120</u>	<u>395,902</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ 315,841</u>	<u>\$ (254,426)</u>	<u>\$ 156,430</u>	<u>\$ 217,845</u>

**CITY OF DALLAS, OREGON**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2011**

	General Obligation Bond Fund	General Debt Fund	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 222,996	\$ 7	\$ 223,003
Due from other governments	9,180	-	9,180
Property taxes receivable	66,819	-	66,819
	<u>298,995</u>	<u>7</u>	<u>299,002</u>
Total assets	<u>\$ 298,995</u>	<u>\$ 7</u>	<u>\$ 299,002</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b><u>LIABILITIES:</u></b>			
Deferred revenue	\$ 66,819	\$ -	\$ 66,819
	<u>66,819</u>	<u>-</u>	<u>66,819</u>
Total liabilities	<u>66,819</u>	<u>-</u>	<u>66,819</u>
<b><u>FUND BALANCES:</u></b>			
Restricted for:			-
Debt	232,176		232,176
Unassigned:	-	7	7
	<u>232,176</u>	<u>7</u>	<u>232,183</u>
Total fund equity	<u>232,176</u>	<u>7</u>	<u>232,183</u>
Total liabilities and fund equity	<u>\$ 298,995</u>	<u>\$ 7</u>	<u>\$ 299,002</u>

**CITY OF DALLAS, OREGON  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING SCHEDULE OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
For the Fiscal Year Ended June 30, 2011**

---

	General Obligation Bond Fund	General Debt Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUES:</b>			
Property taxes	\$ 712,466	\$ -	\$ 712,466
Miscellaneous	-	92,784	92,784
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total revenues	712,466	92,784	805,250
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>EXPENDITURES:</b>			
Debt service:			
Principal	480,000	15,000	495,000
Interest	199,760	77,784	277,544
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenditures	679,760	92,784	772,544
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net changes in fund balances	32,706	-	32,706
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>FUND BALANCES, BEGINNING</b>	199,470	7	199,477
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>FUND BALANCES, ENDING</b>	\$ 232,176	\$ 7	\$ 232,183
	<u>                    </u>	<u>                    </u>	<u>                    </u>

**CITY OF DALLAS, OREGON**  
**GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**  
**COMBINING BALANCE SHEET**  
**June 30, 2011**

	<u>General Fund - Budgetary Basis</u>	<u>Improvement Fund - Budgetary Basis</u>	<u>Total General Fund Generally Accepted Accounting Principles</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 1,443,052	\$ 662	\$ 1,443,714
Due from other governments	40,032	-	40,032
Accounts receivable	302,444	-	302,444
Property taxes receivable	298,354	-	298,354
Assessments receivable	-	1,180	1,180
Prepays	3,431	-	3,431
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 2,087,313</u>	<u>\$ 1,842</u>	<u>\$ 2,089,155</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>LIABILITIES:</u></b>			
Accounts payable and other current liabilities	\$ 86,814	\$ -	\$ 86,814
Deferred revenue	298,354	1,180	299,534
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>385,168</u>	<u>1,180</u>	<u>386,348</u>
 <b><u>FUND BALANCES:</u></b>			
Unassigned:	<u>1,702,145</u>	<u>662</u>	<u>1,702,807</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund equity	<u>1,702,145</u>	<u>662</u>	<u>1,702,807</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund equity	<u>\$ 2,087,313</u>	<u>\$ 1,842</u>	<u>\$ 2,089,155</u>

**CITY OF DALLAS, OREGON**  
**GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2011**

	General Fund - Budgetary Basis	Improvement Fund - Budgetary Basis	Total General Fund Generally Accepted Accounting Principles
<b>REVENUES:</b>			
Property taxes	\$ 3,189,916	\$ -	\$ 3,189,916
Public service taxes	444,214	-	444,214
Franchise fees	908,608	-	908,608
Charges for service	1,753,479	-	1,753,479
Licenses and permits	134,147	-	134,147
Fines and forfeitures	187,692	-	187,692
Interest	6,788	-	6,788
Miscellaneous	95,358	-	95,358
	<u>6,720,202</u>	<u>-</u>	<u>6,720,202</u>
Total revenues			
<b>EXPENDITURES:</b>			
General government	1,171,990	-	1,171,990
Public safety	4,787,775	-	4,787,775
Culture and recreation	440,054	-	440,054
Community development	1,449,292	-	1,449,292
Capital outlay	52,534	-	52,534
Debt service:			
Principal	83,301	-	83,301
Interest	15,448	-	15,448
	<u>8,000,394</u>	<u>-</u>	<u>8,000,394</u>
Total expenditures			
Revenues over (under) expenditures	(1,280,192)	-	(1,280,192)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	1,820,664	-	1,820,664
Transfers out	(50,000)	-	(50,000)
	<u>490,472</u>	<u>-</u>	<u>490,472</u>
Net changes in fund balances			
<b>FUND BALANCES, BEGINNING</b>	<u>1,211,673</u>	<u>662</u>	<u>1,212,335</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,702,145</u>	<u>\$ 662</u>	<u>\$ 1,702,807</u>

## **BUDGETARY COMPARISON SCHEDULES**

### **Nonmajor Governmental Funds**

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

- General Fund - Budgetary Basis Schedule of Revenues, Expenditures, and Changes in Fund Balance
- General Fund - Budgetary Basis Schedule of Expenditures
- Improvement Bond Fund - Budgetary Basis Schedule of Revenues, Expenditures, and Changes in Fund Balance

Nonmajor Governmental Budgetary Comparison schedules included the following:

- Special Revenue Funds
  - Revenue Sharing Fund
  - Trust/Reserve Fund
  - Grants Fund
  - Urban Renewal Fund
- Debt Service Funds
  - General Obligation Bond Fund
  - General Debt Fund

**CITY OF DALLAS, OREGON**  
**GENERAL FUND - BUDGETARY BASIS**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 3,187,625	\$ 3,187,625	\$ 3,189,916	\$ 2,291
Public service taxes	461,000	461,000	444,214	(16,786)
Franchise fees	1,002,000	1,002,000	908,608	(93,392)
Charges for service	1,507,000	1,507,000	1,753,479	246,479
Licenses and permits	154,000	154,000	134,147	(19,853)
Fines and forfeitures	290,500	290,500	187,692	(102,808)
Interest	25,000	25,000	6,788	(18,212)
Miscellaneous	90,000	90,000	95,358	5,358
Proceeds from property sales	200,000	200,000	-	(200,000)
Total revenues	6,917,125	6,917,125	6,720,202	(196,923)
<b>EXPENDITURES:</b>				
General government	1,217,300	1,217,300	1,171,990	45,310
Public safety	4,678,950	4,803,950	4,787,775	16,175
Culture and recreation	408,700	445,700	440,054	5,646
Community development	1,490,130	1,490,130	1,449,292	40,838
Capital outlay	144,500	144,500	52,534	91,966
Debt service:				
Principal	79,850	79,850	83,301	(3,451)
Interest	11,622	11,622	15,448	(3,826)
Contingency	375,000	213,000	-	213,000
Total expenditures	8,406,052	8,406,052	8,000,394	405,658
Revenues over (under) expenditures	(1,488,927)	(1,488,927)	(1,280,192)	208,735
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(90,000)	(90,000)	(50,000)	40,000
Total other financing sources (uses)	1,320,000	1,320,000	1,770,664	450,664
Net changes in fund balances	(168,927)	(168,927)	490,472	659,399
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	1,320,000	1,320,000	1,211,673	(108,327)
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ 1,151,073</u>	<u>\$ 1,151,073</u>	<u>\$ 1,702,145</u>	<u>\$ 551,072</u>

**CITY OF DALLAS, OREGON**  
**GENERAL FUND - BUDGETARY BASIS**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Admin:				
Personal services	\$ 346,000	\$ 346,000	\$ 346,969	\$ (969)
Materials and services	169,600	169,600	128,475	41,125
Subtotal	515,600	515,600	475,444	40,156
Finance:				
Personal services	345,000	345,000	364,638	(19,638)
Materials and services	189,700	189,700	169,867	19,833
Capital outlay	15,000	15,000	8,725	6,275
Subtotal	549,700	549,700	543,230	6,470
Community development:				
Personal services	88,000	88,000	96,981	(8,981)
Materials and services	79,000	79,000	65,060	13,940
Subtotal	167,000	167,000	162,041	4,959
Municipal court:				
Personal services	157,500	157,500	150,136	7,364
Materials and services	36,400	36,400	35,149	1,251
Subtotal	193,900	193,900	185,285	8,615
Ambulance department:				
Personal services	780,000	872,500	873,398	(898)
Materials and services	270,800	303,300	314,980	(11,680)
Capital outlay	9,500	9,500	5,376	4,124
Subtotal	1,060,300	1,185,300	1,193,754	(8,454)
Fire department:				
Personal services	449,850	449,850	484,354	(34,504)
Materials and services	253,000	253,000	214,096	38,904
Capital outlay	50,000	50,000	38,433	11,567
Subtotal	752,850	752,850	736,883	15,967
Police department:				
Personal services	2,321,000	2,321,000	2,339,576	(18,576)
Materials and services	410,400	410,400	376,086	34,314
Subtotal	2,731,400	2,731,400	2,715,662	15,738

**CITY OF DALLAS, OREGON**  
**GENERAL FUND - BUDGETARY BASIS**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Library:				
Personal services	335,000	372,000	374,907	(2,907)
Materials and services	73,700	73,700	65,147	8,553
Subtotal	408,700	445,700	440,054	5,646
Community development - Parks:				
Personal services	137,000	137,000	183,320	(46,320)
Materials and services	71,000	71,000	38,968	32,032
Capital outlay	20,000	20,000	-	20,000
Subtotal	228,000	228,000	222,288	5,712
Community development - Aquatic center:				
Personal services	410,000	410,000	459,551	(49,551)
Materials and services	303,500	303,500	241,808	61,692
Subtotal	763,500	763,500	701,359	62,141
Community development - Building/inspections:				
Personal services	240,000	240,000	213,039	26,961
Materials and services	22,100	22,100	15,751	6,349
Subtotal	262,100	262,100	228,790	33,310
Community development - Building/planning department:				
Personal services	270,000	270,000	284,640	(14,640)
Materials and services	36,530	36,530	12,215	24,315
Subtotal	306,530	306,530	296,855	9,675
Total expenditures	\$ 7,939,580	\$ 8,101,580	\$ 7,901,645	\$ 199,935

**CITY OF DALLAS, OREGON**  
**IMPROVEMENT FUND - BUDGETARY BASIS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

---

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out		-	-	-
Net changes in fund balances	-	-	-	-
<b>FUND BALANCES, BEGINNING BUDGETARY BASIS</b>	-	-	662	662
<b>FUND BALANCES, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 662</u>	<u>\$ 662</u>

**CITY OF DALLAS, OREGON**  
**REVENUE SHARING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

---

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Public service taxes	\$ 110,000	\$ 110,000	\$ 107,664	\$ (2,336)
Total revenues	110,000	110,000	107,664	(2,336)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(110,000)	(110,000)	(107,664)	2,336
Net changes in fund balances	-	-	-	-
<b>FUND BALANCES, BEGINNING</b>	-	-	-	-
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ -	\$ -

**CITY OF DALLAS, OREGON**  
**TRUST/RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Public service taxes	\$ 171,000	\$ 172,000	\$ 188,813	\$ 16,813
Bail trust	-	-	30,549	30,549
Total revenues	<u>171,000</u>	<u>172,000</u>	<u>219,362</u>	<u>47,362</u>
<b>EXPENDITURES:</b>				
Park	7,719	7,719	8,860	(1,141)
Skate park	4,020	4,020	-	4,020
Fire - Harpy Bovard scholarship	30,540	31,540	2,000	29,540
Fire equipment	25,482	25,482	19,982	5,500
Ambulance equipment	125	125	-	125
Library	11,000	11,000	14,034	(3,034)
Bail	10,000	10,000	-	10,000
Aquatic center	164,000	164,000	13,307	150,693
Improvements	30,000	30,000	6,233	23,767
Street improvements	100,000	100,000	23,520	76,480
Police	14,250	14,250	6,342	7,908
Civic center	710	710	300	410
Economic development	65,000	65,000	48,055	16,945
Community dinner	1,500	1,500	1,146	354
Transient	105,000	105,000	61,472	43,528
Total expenditures	<u>569,346</u>	<u>570,346</u>	<u>205,251</u>	<u>365,095</u>
Net changes in fund balances	(398,346)	(398,346)	14,111	412,457
<b>FUND BALANCES, BEGINNING</b>	<u>398,346</u>	<u>398,346</u>	<u>301,730</u>	<u>(96,616)</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,841</u>	<u>\$ 315,841</u>

**CITY OF DALLAS, OREGON**  
**GRANTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

---

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Grants	\$ 2,283,000	\$ 1,599,000	\$ 291,659	\$ (1,307,341)
Total revenues	2,283,000	1,599,000	291,659	(1,307,341)
<b>EXPENDITURES:</b>				
Capital outlay	2,283,000	1,599,000	547,137	1,051,863
Total expenditures	2,283,000	1,599,000	547,137	1,051,863
Net changes in fund balances	-	-	(255,478)	(255,478)
<b>FUND BALANCES, BEGINNING</b>	-	-	1,052	1,052
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ (254,426)	\$ (254,426)

**CITY OF DALLAS, OREGON**  
**URBAN RENEWAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

---

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 82,500	\$ 82,500	\$ 86,025	\$ 3,525
Interest	1,500	1,500	992	(508)
Total revenues	84,000	84,000	87,017	3,017
<b>EXPENDITURES:</b>				
Capital outlay	54,870	54,870	23,707	31,163
Debt service:				
Principal	100,000	100,000	-	100,000
Total expenditures	154,870	154,870	23,707	131,163
Net changes in fund balances	(70,870)	(70,870)	63,310	134,180
<b>FUND BALANCES, BEGINNING</b>	70,870	70,870	93,120	22,250
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,430</u>	<u>\$ 156,430</u>

**CITY OF DALLAS, OREGON  
GENERAL OBLIGATION BOND FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2011**

---

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 700,000	\$ 700,000	\$ 712,466	\$ 12,466
Total revenues	700,000	700,000	712,466	12,466
<b>EXPENDITURES:</b>				
Debt service:				
Principal	480,000	480,000	480,000	-
Interest	199,760	199,760	199,760	-
Total expenditures	679,760	679,760	679,760	-
Net changes in fund balances	20,240	20,240	32,706	12,466
<b>FUND BALANCES, BEGINNING</b>	183,500	183,500	199,470	15,970
<b>FUND BALANCES, ENDING</b>	\$ 203,740	\$ 203,740	\$ 232,176	\$ 28,436

**CITY OF DALLAS, OREGON  
GENERAL DEBT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2011**

---

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Miscellaneous	\$ 92,788	\$ 92,788	\$ 92,784	\$ (4)
Total revenues	92,788	92,788	92,784	(4)
<b>EXPENDITURES:</b>				
Debt service:				
Principal	15,000	15,000	15,000	-
Interest	77,788	77,788	77,784	4
Total expenditures	92,788	92,788	92,784	4
Net changes in fund balances	-	-	-	-
<b>FUND BALANCES, BEGINNING</b>	-	-	7	7
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 7	\$ 7

## **BUDGETARY COMPARISON SCHEDULES**

### **Enterprise Funds**

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

Enterprise Budgetary Comparison schedules include the following:

- Sewer Fund
- Water Fund

**CITY OF DALLAS, OREGON**  
**SEWER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for service	\$ 2,850,000	\$ 2,850,000	\$ 2,824,141	\$ (25,859)
Interest	10,000	10,000	13,581	3,581
Miscellaneous	45,000	45,000	79,978	34,978
Total revenues	<u>2,905,000</u>	<u>2,905,000</u>	<u>2,917,700</u>	<u>12,700</u>
<b>EXPENDITURES:</b>				
Personal service	560,000	560,000	550,721	9,279
Materials and service	957,800	957,800	880,907	76,893
Capital outlay	118,000	118,000	82,891	35,109
Debt service:				
Principal	806,495	806,495	806,495	-
Interest	352,147	352,147	352,146	1
Contingency	<u>1,935,558</u>	<u>1,935,558</u>	<u>-</u>	<u>1,935,558</u>
Total expenditures	<u>4,730,000</u>	<u>4,730,000</u>	<u>2,673,160</u>	<u>2,056,840</u>
Revenues over (under) expenditures	(1,825,000)	(1,825,000)	244,540	2,069,540
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(550,000)</u>	<u>(550,000)</u>	<u>(550,000)</u>	<u>-</u>
Net changes in fund balances	(2,375,000)	(2,375,000)	(305,460)	2,069,540
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>2,375,000</u>	<u>2,375,000</u>	<u>2,455,783</u>	<u>80,783</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,150,323</u>	<u>\$ 2,150,323</u>
			<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above			\$ 2,917,700	\$ 2,673,160
Operating transfers in/out			-	550,000
Expenditures capitalized			-	(155,288)
Debt service principal payments			-	(806,495)
Depreciation and amortization expense			-	744,082
Interest revenue/expense			-	777
Inventory			-	14,302
Compensated absences			-	602
Total revenues and expenses - generally accepted accounting principles			<u>\$ 2,917,700</u>	<u>3,021,140</u>
Change in net assets				<u>\$ (103,440)</u>

**CITY OF DALLAS, OREGON**  
**WATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for service	\$ 2,150,000	\$ 2,150,000	\$ 1,874,772	\$ (275,228)
Interest	10,000	10,000	8,273	(1,727)
Miscellaneous	68,000	68,000	73,292	5,292
Total revenues	2,228,000	2,228,000	1,956,337	(271,663)
<b>EXPENDITURES:</b>				
Personal service	767,000	660,000	652,331	7,669
Materials and service	658,500	847,500	838,224	9,276
Capital outlay	71,000	42,000	25,202	16,798
Debt service:				
Principal	363,935	363,935	368,234	(4,299)
Interest	191,432	191,432	187,133	4,299
Contingency	676,133	623,133	-	623,133
Total expenditures	2,728,000	2,728,000	2,071,124	656,876
Revenues over (under) expenditures	(500,000)	(500,000)	(114,787)	385,213
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(450,000)	(450,000)	(450,000)	-
Total other financing sources (uses)	(450,000)	(450,000)	(450,000)	-
Net changes in fund balances	(950,000)	(950,000)	(564,787)	385,213
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>950,000</u>	<u>950,000</u>	<u>1,179,313</u>	<u>229,313</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 614,526</u>	<u>\$ 614,526</u>
			<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above			\$ 1,956,337	\$ 2,071,124
Operating transfers in/out			-	450,000
Expenditures capitalized			-	(50,796)
Debt service principal payments			-	(368,234)
Depreciation and amortization expense			-	436,264
Inventory			-	39,212
Compensated absences			-	(18,633)
Total revenues and expenses - generally accepted accounting principles			<u>\$ 1,956,337</u>	<u>2,558,937</u>
Change in net assets				<u>\$ (602,600)</u>

**BUDGETARY COMPARISON SCHEDULES**  
**Internal Service Funds**

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

Proprietary Budgetary Comparison schedules include the following:

- Fleet Management Fund

**CITY OF DALLAS, OREGON  
FLEET MANAGEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2011**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for service	\$ 468,000	\$ 468,000	\$ 424,184	\$ (43,816)
Miscellaneous	1,000	1,000	7,035	6,035
Total revenues	<u>469,000</u>	<u>469,000</u>	<u>431,219</u>	<u>(37,781)</u>
<b>EXPENDITURES:</b>				
Personal service	159,500	159,500	159,968	(468)
Materials and service	245,800	222,800	123,428	99,372
Capital outlay	375,000	398,000	392,695	5,305
Contingency	138,700	138,700	-	138,700
Total expenditures	<u>919,000</u>	<u>919,000</u>	<u>676,091</u>	<u>242,909</u>
Revenues over (under) expenditures	(450,000)	(450,000)	(244,872)	205,128
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	260,000	260,000	220,000	(40,000)
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net changes in fund balances	(240,000)	(240,000)	(74,872)	165,128
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>240,000</u>	<u>240,000</u>	<u>400,342</u>	<u>160,342</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,470</u>	<u>\$ 325,470</u>

	Revenues	Expenditures
Total revenue and expenditures above	\$ 431,219	\$ 676,091
Operating transfers in/out	170,000	-
Expenditures capitalized	-	(392,991)
Depreciation and amortization expense	-	176,942
Inventory	-	4,136
Compensated absences	-	2,525
Total revenues and expenses - generally accepted accounting principles	<u>\$ 601,219</u>	<u>466,703</u>
Change in net assets		<u>\$ 134,516</u>

(This page intentionally left blank)

## **OTHER FINANCIAL SCHEDULES**

(This page intentionally left blank)

**CITY OF DALLAS, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES**  
**For the Fiscal Year Ended June 30, 2011**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2010</u>	<u>2010-11 Levy</u>	<u>Discounts &amp; Adjustments</u>	<u>Collections</u>	<u>Uncollected Balance June 30, 2011</u>
2010-11	\$ -	\$ 4,083,452	\$ (106,051)	\$ (3,791,192)	\$ 186,209
2009-10	179,447	-	3,550	(84,830)	98,167
2008-09	102,089	-	5,315	(42,819)	64,585
2007-08	34,884	-	4,412	(24,028)	15,268
2006-07	11,876	-	2,633	(12,451)	2,058
2005-06	1,865	-	346	(1,463)	748
Prior years	5,292	-	27	(521)	4,798
<b>Totals</b>	<u>\$ 335,453</u>	<u>\$ 4,083,452</u>	<u>\$ (89,768)</u>	<u>\$ (3,957,304)</u>	<u>\$ 371,833</u>

Taxes receivable classified by fund:

General Fund	\$ 298,354
Urban Renewal Agency and Debt Service Fund	<u>73,479</u>
	<u>\$ 371,833</u>

(This page intentionally left blank)

COMMENTS OF  
THE INDEPENDENT  
ACCOUNTANTS  
REQUIRED BY THE  
STATE OF OREGON

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

Honorable Mayor and City Council  
City of Dallas  
Dallas, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dallas (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

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

We noted certain matters that we reported to management of the City, in a separate letter dated December 27, 2011.

This report is intended solely for the information and use of management, the Honorable Mayor and City Council, others within the entity, 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.

A handwritten signature in cursive script that reads "Merina & Company".

Merina & Company, LLP  
West Linn, Oregon  
December 27, 2011

**CITY OF DALLAS, OREGON  
SCHEDULE OF FINDINGS  
June 30, 2011**

---

**Financial Statement Findings**

There were no findings for fiscal year 2011.

**Prior Financial Statement Findings for the Year Ended June 30, 2010**

2010-1

Condition: The City did not maintain detailed records of their capital assets.

Criteria: A detailed record of capital assets needs to be maintained.

Effect: The lack of a detailed record of their capital asset resulted in prior period adjustments.

Cause: Without detailed capital asset records, it is difficult to calculate depreciation expense, record and report capital asset dispositions, and allocate depreciation expense among functions.

Recommendation: The City needs to complete an inventory of their capital assets, create a current capital asset list, and purchase software to maintain their capital asset list.

Response: A capital assets listing had already been created based on historical information.

Status: Corrective action was taken.

(This page intentionally left blank)

**INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATION**

We have audited the basic financial statements of the City of Dallas (the City), as of and for the year ended June 30, 2011 and have issued our report thereon dated December 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to the following:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness, limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- The City does not have any elected officials collecting or receiving money.

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, included the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-010-000 through 162-010-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the Honorable Mayor and City Council, Oregon Secretary of State Audits Division, and management, and is not intended to be and should not be used by anyone other than these specified parties.



Merina & Company, LLP  
West Linn, Oregon  
December 27, 2011



STATISTICAL  
SECTION

## STATISTICAL SECTION

The statistical section is comprised of schedules presenting trend information about revenues and expenses, outstanding debt, economics and demographics, and other subjects. These schedules are intended to provide financial statement users with contextual information needed to assess the City's financial health

### **Contents**

#### **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 source, the property tax.

#### **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.

#### **Demographic and Economic Information**

These schedules offer demographic and economic 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 service the City provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**CITY OF DALLAS, OREGON  
NET ASSETS BY COMPONENT  
LAST NINE FISCAL YEARS**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Governmental activities:</b>			
Invested in capital assets (net of related debt)	\$ 60,594,063	\$ 62,406,592	\$ 73,971,661
Restricted for special purposes	3,619,756	3,826,763	5,529,207
Unrestricted	2,102,524	2,297,554	1,180,532
Total governmental activities net assets	<u>\$ 66,316,343</u>	<u>\$ 68,530,909</u>	<u>\$ 80,681,400</u>
<b>Business-type activities:</b>			
Invested in capital assets (net of related debt)	\$ 19,358,365	\$ 19,200,108	\$ 22,309,835
Restricted for special purposes	1,058,654	1,058,954	-
Unrestricted	1,629,019	2,493,016	3,601,695
Total business-type activities net assets	<u>\$ 22,046,038</u>	<u>\$ 22,752,078</u>	<u>\$ 25,911,530</u>
<b>Primary government:</b>			
Invested in capital assets (net of related debt)	\$ 79,952,428	\$ 81,606,700	\$ 96,281,496
Restricted for special purposes	4,678,410	4,885,717	5,529,207
Unrestricted	3,731,543	4,790,570	4,782,227
Total primary government net assets	<u>\$ 88,362,381</u>	<u>\$ 91,282,987</u>	<u>\$ 106,592,930</u>

This schedule normally requires presentation of ten years of data. Governmental Accounting Standards Board (GASB) Statement No. 44 permits the City to retroactively present data beginning with the implementation of GASB Statement No. 34, which occurred June 2003.

Source: City of Dallas Comprehensive Annual Financial Reports

<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
\$ 73,563,864	\$ 72,313,314	\$ 69,659,685	\$ 70,836,711	\$ 70,842,393	\$ 69,101,619
6,458,604	6,820,160	7,307,917	6,414,868	3,947,439	-
1,021,024	1,930,213	4,881,233	3,255,110	2,138,540	6,133,760
<u>\$ 81,043,492</u>	<u>\$ 81,063,687</u>	<u>\$ 81,848,835</u>	<u>\$ 80,506,689</u>	<u>\$ 76,928,372</u>	<u>\$ 75,235,379</u>
\$ 21,999,548	\$ 20,859,855	\$ 19,592,528	\$ 18,820,679	\$ 18,499,585	\$ 16,972,442
-	-	-	-	-	-
3,658,086	4,387,120	5,337,653	6,008,749	7,915,724	7,995,732
<u>\$ 25,657,634</u>	<u>\$ 25,246,975</u>	<u>\$ 24,930,181</u>	<u>\$ 24,829,428</u>	<u>\$ 26,415,309</u>	<u>\$ 24,968,174</u>
\$ 95,563,412	\$ 93,173,169	\$ 89,382,213	\$ 89,657,390	\$ 89,341,978	\$ 86,074,061
6,458,604	6,820,160	7,307,917	6,414,868	3,947,439	-
4,679,110	6,317,333	10,088,886	9,263,859	10,054,264	14,129,492
<u>\$ 106,701,126</u>	<u>\$ 106,310,662</u>	<u>\$ 106,779,016</u>	<u>\$ 105,336,117</u>	<u>\$ 103,343,681</u>	<u>\$ 100,203,553</u>

(This page intentionally left blank)

**CITY OF DALLAS, OREGON  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS**

	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>EXPENSES</b>									
<b>Governmental activities:</b>									
General government	\$ 2,641,018	\$ 2,298,816	\$ 776,276	\$ 1,117,810	\$ 439,215	\$ 560,440	\$ 511,423	\$ 445,968	\$ 621,035
Public safety	5,041,368	5,013,276	5,181,413	4,374,809	3,817,182	2,979,379	2,686,979	2,850,336	2,975,244
Highways and streets	2,741,552	16,526,988	771,311	1,128,744	3,215,818	919,953	1,817,002	717,131	927,237
Culture and recreation	762,439	672,989	2,657,682	2,961,453	3,198,380	2,191,735	2,096,956	1,724,036	1,755,912
Community development	1,477,722	1,545,603	-	-	-	-	-	-	-
Interest on long-term debt	292,992	315,071	290,438	337,515	357,421	368,216	360,394	369,980	339,247
Unallocated depreciation	-	-	-	-	-	795,053	2,534,598	-	-
Total governmental activities expenses	<u>12,957,091</u>	<u>26,372,743</u>	<u>9,677,120</u>	<u>9,920,331</u>	<u>11,028,016</u>	<u>7,814,776</u>	<u>10,007,352</u>	<u>6,107,451</u>	<u>6,618,675</u>
<b>Business-type activities:</b>									
Sewage disposal	2,471,140	2,690,895	2,760,869	2,917,079	1,786,823	3,093,131	1,782,699	2,961,851	2,820,693
Water	2,108,937	2,188,120	2,034,191	1,960,357	3,488,856	1,809,211	3,415,917	1,665,304	2,172,125
Ambulance	-	-	-	-	927,316	957,655	894,982	848,941	835,400
Total business-type activities expenses	<u>4,580,077</u>	<u>4,879,015</u>	<u>4,795,060</u>	<u>4,877,436</u>	<u>6,202,995</u>	<u>5,859,997</u>	<u>6,093,598</u>	<u>5,476,096</u>	<u>5,828,218</u>
Total expenses	<u>17,537,168</u>	<u>\$ 31,251,758</u>	<u>\$ 14,472,180</u>	<u>\$ 14,797,767</u>	<u>\$ 17,231,011</u>	<u>\$ 13,674,773</u>	<u>\$ 16,100,950</u>	<u>\$ 11,583,547</u>	<u>\$ 12,446,893</u>
<b>PROGRAM REVENUES</b>									
<b>Governmental activities:</b>									
Charges for services									
General Government	609,185	\$ 260,475	\$ 301,725	\$ 792,460	\$ 481,966	\$ 610,373	\$ 58,923	\$ 322,502	\$ 687,946
Public Safety	1,427,817	1,287,955	1,311,170	1,285,393	325,233	250,291	196,964	387,023	750,777
Highways and streets	46,585	25,413	-	-	-	-	-	-	-
Culture and Recreation	613,337	572,865	519,554	507,689	489,916	437,942	421,602	402,469	418,975
Community development	420,830	699,139	-	-	-	-	-	-	-
Operating grants and contributions	-	48,167	1,217,259	1,523,440	2,051,181	1,316,217	1,423,578	257,890	405,664
Capital grants and contributions	-	315,877	797,474	1,218,332	953,059	2,684,450	3,378,448	1,832	80,654
Total governmental activities program revenues	<u>3,117,754</u>	<u>3,209,891</u>	<u>4,147,182</u>	<u>5,327,314</u>	<u>4,301,355</u>	<u>5,299,273</u>	<u>5,479,515</u>	<u>1,371,716</u>	<u>2,344,016</u>
<b>Business-type activities:</b>									
Charges for services	4,698,913	4,745,483	4,757,990	4,498,870	5,178,652	4,958,640	4,741,264	5,603,815	5,366,247
Operating grants and contributions	-	-	-	-	-	-	-	-	21,422
Capital grants and contributions	-	-	-	-	1,642,660	-	-	1,234,269	-
Total business-type activities program revenues	<u>4,698,913</u>	<u>4,745,483</u>	<u>4,757,990</u>	<u>4,498,870</u>	<u>6,821,312</u>	<u>4,958,640</u>	<u>4,741,264</u>	<u>6,838,084</u>	<u>5,387,669</u>
Total program revenues	<u>7,816,667</u>	<u>\$ 7,955,374</u>	<u>\$ 8,905,172</u>	<u>\$ 9,826,184</u>	<u>\$ 11,122,667</u>	<u>\$ 10,257,913</u>	<u>\$ 10,220,779</u>	<u>\$ 8,209,800</u>	<u>\$ 7,731,685</u>
<b>Net (Expense)/Revenue</b>									
Governmental activities	(9,839,337)	\$ (23,162,852)	\$ (5,529,938)	\$ (4,593,017)	\$ (6,726,661)	\$ (2,515,503)	\$ (4,527,837)	\$ (4,735,735)	\$ (4,274,659)
Business-type activities	118,836	(133,532)	(37,070)	(378,566)	618,317	(901,357)	(1,352,334)	1,361,988	(440,549)
Total net expense	<u>(9,720,501)</u>	<u>(23,296,384)</u>	<u>(5,567,008)</u>	<u>(4,971,583)</u>	<u>(6,108,344)</u>	<u>(3,416,860)</u>	<u>(5,880,171)</u>	<u>(3,373,747)</u>	<u>(4,715,208)</u>
<b>General Revenues and Other Changes in Net Assets</b>									
<b>Governmental activities:</b>									
Taxes and assessments	5,496,250	\$ 5,234,147	\$ 3,799,318	\$ 3,762,441	\$ 3,549,521	\$ 3,257,042	\$ 3,103,432	\$ 2,990,420	\$ 2,870,005
Franchise Fees	908,608	777,412	828,690	822,530	803,718	725,976	1,146,135	864,322	890,480
Intergovernmental	-	-	289,854	180,474	190,022	260,420	202,655	302,728	274,209
Miscellaneous	219,913	440,239	290,244	246,708	690,537	185,139	138,529	42,735	74,441
Transfer of capital assets	-	-	(352,861)	(822,680)	464,379	-	-	-	-
Proceeds from property sales	-	-	-	-	73,977	-	-	-	-
Transfers	1,000,000	(300,549)	312,600	325,450	169,360	(570,930)	55,300	-	(42,891)
Total governmental activities	<u>7,624,771</u>	<u>6,151,249</u>	<u>5,167,845</u>	<u>4,514,923</u>	<u>5,941,514</u>	<u>3,857,647</u>	<u>4,646,051</u>	<u>4,200,205</u>	<u>4,066,244</u>
<b>Business-type activities:</b>									
Miscellaneous	175,124	205,206	250,705	291,996	332,216	326,968	212,594	85,147	229,832
Transfer of capital assets	-	-	352,861	822,680	(464,379)	-	463,737	-	-
Transfers	(1,000,000)	300,549	(312,600)	(325,450)	(169,360)	570,930	(55,300)	-	42,891
Total business-type activities	<u>(824,876)</u>	<u>505,755</u>	<u>290,966</u>	<u>789,226</u>	<u>(301,523)</u>	<u>897,898</u>	<u>621,031</u>	<u>85,147</u>	<u>272,723</u>
Total	<u>6,799,895</u>	<u>\$ 6,657,004</u>	<u>\$ 5,458,811</u>	<u>\$ 5,304,149</u>	<u>\$ 5,639,991</u>	<u>\$ 4,755,545</u>	<u>\$ 5,267,082</u>	<u>\$ 4,285,352</u>	<u>\$ 4,338,967</u>
<b>Change in Net Assets</b>									
Governmental activities	(2,214,566)	\$ (17,011,603)	\$ (362,093)	\$ (78,094)	\$ (785,147)	\$ 1,342,144	\$ 118,214	\$ (535,530)	\$ (208,415)
Business-type activities	(706,040)	372,223	253,896	410,660	316,794	(3,459)	(731,303)	1,447,135	(167,826)
Total	<u>(2,920,606)</u>	<u>(16,639,380)</u>	<u>(108,197)</u>	<u>332,566</u>	<u>(468,353)</u>	<u>1,338,685</u>	<u>(613,089)</u>	<u>911,605</u>	<u>(376,241)</u>

This schedule normally requires presentation of ten years of data. Governmental Accounting Standards Board (GASB) Statement No. 44 permits the City to retroactively present data beginning with the implementation of GASB Statement No. 34, which occurred June 2003.

Source: City of Dallas Comprehensive Annual Financial Reports

**CITY OF DALLAS, OREGON  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>General Fund:</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	1,211,673	1,526,191	1,114,009	1,314,302
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	1,702,807	-	-	-	-
Total General Fund	<u>\$ 1,702,807</u>	<u>\$ 1,211,673</u>	<u>\$ 1,526,191</u>	<u>\$ 1,114,009</u>	<u>\$ 1,314,302</u>
<b>Special Revenue Funds:</b>					
Reserved	\$ -	\$ 4,128,493	\$ 676,339	\$ -	\$ -
Unreserved	-	257,241	4,768,067	6,489,353	659,386
Restricted	3,387,580	-	-	-	-
Committed	315,841	-	-	-	-
Unassigned	(258,241)	-	-	-	-
Total Special Revenue Funds	<u>\$ 3,445,180</u>	<u>\$ 4,385,734</u>	<u>\$ 5,444,406</u>	<u>\$ 6,489,353</u>	<u>\$ 659,386</u>
<b>Debt Service Funds:</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	199,477	194,574	316,429	197,092
Restricted	232,176	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Debt Service Funds	<u>\$ 232,176</u>	<u>\$ 199,477</u>	<u>\$ 194,574</u>	<u>\$ 316,429</u>	<u>\$ 197,092</u>
<b>Capital Projects Funds:</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	(514,507)	(515,945)	6,464,930
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Capital Projects Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (514,507)</u>	<u>\$ (515,945)</u>	<u>\$ 6,464,930</u>
<b>All Governmental Funds:</b>					
Reserved	\$ -	\$ 4,128,493	\$ 676,339	\$ -	\$ -
Unreserved	-	1,668,391	5,974,325	7,403,846	8,635,710
Restricted	3,619,756	-	-	-	-
Committed	315,841	-	-	-	-
Unassigned	1,444,566	-	-	-	-
Total All Governmental Funds	<u>\$ 5,380,163</u>	<u>\$ 5,796,884</u>	<u>\$ 6,650,664</u>	<u>\$ 7,403,846</u>	<u>\$ 8,635,710</u>

Source: City of Dallas Comprehensive Annual Financial Reports

<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
\$ -	\$ -	\$ -	\$ -	\$ -
1,848,263	1,179,784	1,845,014	1,791,241	2,033,969
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 1,848,263</u>	<u>\$ 1,179,784</u>	<u>\$ 1,845,014</u>	<u>\$ 1,791,241</u>	<u>\$ 2,033,969</u>
\$ -	\$ -	\$ -	\$ -	\$ -
673,175	861,144	213,461	202,645	239,413
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 673,175</u>	<u>\$ 861,144</u>	<u>\$ 213,461</u>	<u>\$ 202,645</u>	<u>\$ 239,413</u>
\$ -	\$ -	\$ -	\$ -	\$ -
304,233	317,810	335,602	346,402	309,018
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 304,233</u>	<u>\$ 317,810</u>	<u>\$ 335,602</u>	<u>\$ 346,402</u>	<u>\$ 309,018</u>
\$ -	\$ -	\$ -	\$ -	\$ -
7,682,647	7,169,032	3,502,200	3,528,226	3,402,793
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 7,682,647</u>	<u>\$ 7,169,032</u>	<u>\$ 3,502,200</u>	<u>\$ 3,528,226</u>	<u>\$ 3,402,793</u>
\$ -	\$ -	\$ -	\$ -	\$ -
10,508,318	9,527,770	5,896,277	5,868,514	5,985,193
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 10,508,318</u>	<u>\$ 9,527,770</u>	<u>\$ 5,896,277</u>	<u>\$ 5,868,514</u>	<u>\$ 5,985,193</u>

**CITY OF DALLAS, OREGON**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>REVENUES</b>				
Taxes and assessments	3,988,407	\$ 3,846,626	\$ 3,797,194	\$ 3,734,315
Licenses and permits	430,191	416,350	1,570,479	1,526,492
Intergovernmental	1,763,122	1,703,570	1,334,690	1,367,900
Franchise fees	908,608	777,412	828,690	822,530
Charges for services	1,753,479	1,729,236	938,379	1,516,376
Fines and forfeitures	187,692	257,229	353,964	365,946
Miscellaneous	243,427	440,239	467,680	980,026
Total Revenues	<u>9,274,926</u>	<u>9,170,662</u>	<u>9,291,076</u>	<u>10,313,585</u>
<b>EXPENDITURES</b>				
Current operating:				
General government	1,171,990	1,230,491	1,997,088	1,682,609
Highways and streets	525,820	478,340	682,657	902,450
Culture and recreation	440,054	379,147	1,631,550	1,817,384
Public Safety	4,787,775	4,670,936	3,902,463	3,533,823
Community development	1,449,292	1,479,368	-	-
Capital outlay	1,275,423	1,618,527	2,831,297	6,219,811
Debt service				
Interest	292,992	500,000	317,989	337,515
Principal	578,301	315,071	502,547	445,000
Total Expenditures	<u>10,521,647</u>	<u>10,671,880</u>	<u>11,865,591</u>	<u>14,938,592</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(1,246,721)	(1,501,218)	(2,574,515)	(4,625,007)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,870,664	1,727,916	2,145,129	593,375
Transfers out	(1,040,664)	(1,559,921)	(1,892,529)	(367,925)
Payment of prepaid pension asset		-	-	-
Debt proceeds		55,410	1,568,733	3,109,795
Bond refunding	-	-	-	-
Total Other Financing Sources (Uses)	<u>830,000</u>	<u>223,405</u>	<u>1,821,333</u>	<u>3,335,245</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(416,721)</u>	<u>\$ (1,277,813)</u>	<u>\$ (753,182)</u>	<u>\$ (1,289,762)</u>
Debt service as a percentage of noncapital expenditures	<u>10.26%</u>	<u>9.12%</u>	<u>8.06%</u>	<u>6.35%</u>

Source: City of Dallas Comprehensive Annual Financial Reports

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
\$	3,543,227	\$ 3,257,264	\$ 3,085,020	\$ 3,018,928	\$ 2,858,083	\$ 2,943,224
	1,673,675	503,499	458,856	294,130	237,098	182,284
	1,994,857	3,086,508	2,027,205	1,190,830	1,011,711	1,088,921
	803,718	725,976	891,804	864,322	706,930	635,915
	549,374	1,565,327	3,080,657	659,985	628,030	606,272
	325,233	250,291	273,498	153,475	159,985	171,328
	1,177,752	340,849	566,478	227,999	790,773	240,344
	<u>10,067,836</u>	<u>9,729,714</u>	<u>10,383,518</u>	<u>6,409,669</u>	<u>6,392,610</u>	<u>5,868,288</u>
	722,799	616,946	511,619	420,400	558,856	399,227
	840,978	867,888	729,940	2,779,104	844,594	915,676
	1,798,389	1,648,851	1,636,836	717,131	1,578,281	1,609,061
	3,753,648	3,070,333	2,818,643	1,553,207	2,753,751	2,522,233
	-	-	-	-	-	-
	4,011,569	2,152,064	1,611,851	167,344	976,419	233,450
	357,421	368,216	343,094	369,980	339,247	353,979
	465,000	435,000	435,000	374,600	378,600	333,600
	<u>11,949,804</u>	<u>9,159,298</u>	<u>8,086,983</u>	<u>6,381,766</u>	<u>7,429,748</u>	<u>6,367,226</u>
	(1,881,968)	570,416	2,296,535	27,903	(1,037,138)	(498,938)
	459,775	1,045,630	781,780	116,880	473,050	421,503
	(450,415)	(820,500)	(786,480)	(116,880)	(332,391)	(399,244)
	-	(1,585,000)	-	-	-	-
	-	6,410,000	-	-	885,000	-
	-	(4,640,000)	-	-	-	-
	<u>9,360</u>	<u>410,130</u>	<u>(4,700)</u>	<u>-</u>	<u>1,025,659</u>	<u>22,259</u>
\$	<u>(1,872,608)</u>	<u>\$ 980,546</u>	<u>\$ 2,291,835</u>	<u>\$ 27,903</u>	<u>\$ (11,479)</u>	<u>\$ (476,679)</u>
	<u>8.85%</u>	<u>11.06%</u>	<u>11.39%</u>	<u>13.83%</u>	<u>11.31%</u>	<u>12.80%</u>

**CITY OF DALLAS, OREGON  
PROGRAM REVENUES BY FUNCTION/PROGRAM  
LAST NINE FISCAL YEARS**

<b>FUNCTIONS/PROGRAMS</b>	<u><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>
<b>Governmental Activities:</b>			
General government	\$ 609,185	\$ 260,475	\$ 936,322
Public safety	1,427,817	1,336,943	1,743,251
Highways and streets	46,585	316,961	656,475
Culture and recreation	613,337	575,173	811,134
Community development	420,830	720,339	-
Total Governmental Activities	<u>3,117,754</u>	<u>3,209,891</u>	<u>4,147,182</u>
<b>Business-type Activities:</b>			
Sewage disposal	2,824,141	2,826,340	2,846,712
Water	1,874,772	1,919,143	1,911,278
Ambulance	-	-	-
Total Business-type Activities	<u>4,698,913</u>	<u>4,745,483</u>	<u>4,757,990</u>
Total Activities	<u><u>\$ 7,816,667</u></u>	<u><u>\$ 7,955,374</u></u>	<u><u>\$ 8,905,172</u></u>

This schedule normally requires presentation of ten years of data. Governmental Accounting Standards Board (GASB) Statement No. 44 permits the City to retroactively present data beginning with the implementation of GASB Statement No. 34, which occurred June 2003.

Source: City of Dallas Comprehensive Annual Financial Reports

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 1,663,143	\$ 1,123,364	\$ 2,927,908	\$ 1,524,755	\$ 322,502	\$ 295,948
1,986,654	1,566,536	775,432	882,153	387,023	391,998
912,983	875,983	1,025,289	2,608,285	795,189	750,777
764,534	735,472	570,644	781,482	402,469	418,975
-	-	-	-	-	-
<u>5,327,314</u>	<u>4,301,355</u>	<u>5,299,273</u>	<u>5,796,675</u>	<u>1,907,183</u>	<u>1,857,698</u>
2,617,239	3,210,039	2,521,270	2,363,972	2,931,532	2,751,060
1,881,631	2,875,974	1,669,428	1,588,820	1,873,665	1,849,990
-	735,299	767,942	788,472	798,618	765,197
<u>4,498,870</u>	<u>6,821,312</u>	<u>4,958,640</u>	<u>4,741,264</u>	<u>5,603,815</u>	<u>5,366,247</u>
<u>\$ 9,826,184</u>	<u>\$ 11,122,667</u>	<u>\$ 10,257,913</u>	<u>\$ 10,537,939</u>	<u>\$ 7,510,998</u>	<u>\$ 7,223,945</u>

(This page intentionally left blank)

**CITY OF DALLAS, OREGON  
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

---

<u>Fiscal Year</u>	<u>Property</u>	<u>Special Assessments</u>	<u>Total</u>
2002	\$ 2,804,325	\$ 138,899	\$ 2,943,224
2003	2,858,082	44,247	2,902,329
2004	3,017,579	1,349	3,018,928
2005	3,103,432	15,405	3,118,837
2006	3,257,042	1,642	3,258,684
2007	3,465,035	1,276	3,466,311
2008	3,615,110	2,244	3,617,354
2009	3,734,804	518	3,735,322
2010	3,846,626	376	3,847,002
2011	3,988,407	-	3,988,407
Change 2002 - 2011	42.2%	-100.0%	

**CITY OF DALLAS, OREGON  
 ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

---

<b>Fiscal Year Ended June 30,</b>	<b>Real Property</b>		<b>Personal Property*</b>		<b>Public Utility Property</b>	
	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>
2002	452,818,000	575,559,400	29,329,925	30,444,418	12,604,220	14,189,377
2003	476,388,408	606,124,701	26,590,633	27,401,853	13,031,716	13,033,265
2004	506,967,720	639,732,775	25,660,748	26,325,255	12,946,157	12,951,365
2005	536,749,572	683,159,627	24,076,923	24,831,320	14,847,368	14,854,530
2006	577,945,462	767,470,592	22,890,470	23,635,680	13,150,200	13,156,655
2007	629,006,292	915,807,028	25,924,600	26,876,700	13,444,100	13,470,161
2008	672,844,569	1,070,608,106	27,077,450	28,024,460	14,194,480	14,215,870
2009	694,267,295	1,133,818,532	25,085,157	25,992,860	14,327,720	14,335,524
2010	718,755,409	1,077,982,914	26,479,386	27,345,280	17,996,620	18,003,660
2011	743,665,180	1,046,051,831	24,825,707	25,538,640	17,379,650	17,658,479

All property is assessed as of July 1 of the fiscal year.

\* Includes mobile homes

Source: Polk County Department of Assessment and Taxation

---

<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Ratio of Total Assessed to Total Estimated Actual Value</b>	<b>Total Direct Tax Rate</b>
494,752,145	620,193,195	79.77	4.20
516,010,757	646,559,819	79.81	4.20
545,574,625	679,009,395	80.35	4.20
575,673,863	722,845,477	79.64	4.20
613,986,132	804,262,927	76.34	4.20
668,374,992	956,153,889	69.90	4.20
714,116,499	1,112,848,436	64.17	4.20
733,680,172	1,174,146,916	62.49	4.20
763,231,415	1,123,331,854	67.94	4.20
785,870,537	1,089,248,950	72.15	4.20

**CITY OF DALLAS, OREGON**  
**PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING**  
**GOVERNMENTS ( PER \$1,000 OF ASSESSED VALUE)**  
**LAST TEN FISCAL YEARS**

---

<b>Fiscal Year Ended June 30,</b>	<b>City of Dallas<sup>1</sup></b>	<b>City of Dallas<sup>2</sup></b>	<b>City of Dallas Total</b>	<b>Polk County</b>	<b>School District #2</b>
2002	\$ 4.20	\$ 1.48	\$ 5.68	\$ 2.07	\$ 6.42
2003	4.20	1.36	5.56	2.05	6.43
2004	4.20	1.35	5.55	2.02	6.50
2005	4.20	1.32	5.52	2.03	6.45
2006	4.20	1.26	5.46	2.00	6.53
2007	4.20	1.16	5.36	1.97	6.33
2008	4.20	1.07	5.27	2.40	6.20
2009	4.20	1.06	5.26	2.26	5.77
2010	4.20	0.99	5.19	2.24	6.07
2011	4.20	1.00	5.20	2.23	6.24

Source: Polk County Department of Assessment and Taxation

Note: <sup>1</sup> Permanent tax rate; <sup>2</sup> Tax levy for debt service = Direct Tax Rate

---

<b>Chemeketa Community College</b>	<b>Chemeketa Regional Library</b>	<b>Polk Conservation District</b>	<b>Willamette ESD</b>	<b>Dallas Cemetery District</b>	<b>4-H Extension District</b>	<b>Total</b>
\$ 0.76	\$ 0.08	\$ -	\$ 0.28	\$ 0.05	\$ -	\$ 15.34
0.76	0.08	-	0.28	0.05	-	15.21
0.77	0.08	0.05	0.30	0.05	-	15.32
0.96	0.08	0.05	0.30	0.05	-	15.44
0.96	0.08	0.05	0.30	0.05	-	15.43
0.94	0.08	0.05	0.30	0.05	-	15.08
0.70	0.08	0.05	0.30	0.05	-	15.05
0.70	0.08	0.05	0.30	0.05	-	14.47
0.82	0.08	0.05	0.30	0.05	-	14.80
0.79	0.08	0.05	0.29	0.05	0.07	15.01

**CITY OF DALLAS, OREGON  
PRINCIPAL TAXPAYERS FOR POLK COUNTY  
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2011			2002*		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
Weyerhaeuser Company	\$ 9,248,412	1	1.18%	\$ 24,619,881	2	4.98%
Northwest Natural Gas	7,532,000	2	0.96%	21,567,000	3	4.36%
Greenway	6,789,240	3	0.86%	-	-	-
Wal-Mart	5,776,700	4	0.74%	-	-	-
Victoria Place General Partnership	5,647,880	5	0.72%	-	-	-
Dallas Mennonite Retirement Center	5,152,160	6	0.66%	-	-	-
Qwest Corporation	3,254,000	7	0.41%	20,631,035	4	4.17%
Safeway #404	2,932,720	8	0.37%	-	-	-
Citizen Soldier LLC	2,776,690	9	0.35%	-	-	-
FR Acquisition, Inc.	2,749,480	10	0.35%	-	-	-
Praegitzer Industries, Inc	-	-	-	15,099,920	7	3.05%
Pacificorp (PP&L)	-	-	-	16,751,200	5	3.39%
Chiquita Processed Foods, LLC	-	-	-	12,238,280	8	2.47%
Boise Cascade Corporation	-	-	-	32,135,570	1	6.50%
Portland General Electric	-	-	-	16,472,110	6	3.33%
Roth IGA Foodliner, Inc.	-	-	-	5,356,450	10	1.08%
Capital Manor	-	-	-	10,018,080	9	2.02%
	<u>\$ 51,859,282</u>		<u>6.60%</u>	<u>\$ 174,889,526</u>		<u>35.35%</u>

Source: Polk County Department of Assessment and Taxation

\*City data prior to 2003 is not available. Data is Polk County only.

**CITY OF DALLAS, OREGON  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

---

<b>Fiscal Year Ended June 30,</b>	<b>Total tax levy (net of discounts)</b>	<b>Collected in year of levy</b>		<b>Collected in subsequent years</b>	<b>Total collections to date</b>	
		<b>Amount</b>	<b>Percent of Levy</b>		<b>Amount</b>	<b>Percent of Levy</b>
2002	2,813,592	2,615,970	92.98	196,414	2,812,384	99.96
2003	2,876,224	2,682,338	93.26	192,564	2,874,902	99.95
2004	3,030,151	2,843,667	93.85	186,044	3,029,711	99.99
2005	3,186,424	3,068,521	96.30	117,138	3,185,659	99.98
2006	3,337,387	3,141,622	94.13	197,003	3,338,625	100.04
2007	3,555,585	3,339,468	93.92	218,652	3,558,120	100.07
2008	3,670,965	3,529,331	96.14	133,166	3,662,497	99.77
2009	3,764,444	3,574,325	94.95	134,785	3,709,110	98.53
2010	3,856,687	3,677,240	95.35	84,830	3,762,070	97.55
2011	3,977,401	3,677,240	92.45	-	3,677,240	92.45

Source: Information derived from Comprehensive Annual Financial Reports for all governmental funds.

**CITY OF DALLAS, OREGON**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED**  
**VALUE AND NET BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

GOVERNMENTAL ACTIVITIES:

<b>Fiscal Year Ended June 30,</b>	<b>Population</b>	<b>Assessed Value</b>	<b>Bonded Debt</b>	<b>Ratio of Bonded Debt to Assessed Value</b>	<b>Debt as % Personal Income</b>	<b>Bonded Debt Per Capita</b>
2002	12,650	494,752,145	7,385,200	0.0149	2.36%	583.81
2003	12,850	516,010,757	7,051,600	0.0137	2.22%	548.76
2004	13,420	545,574,625	7,558,000	0.0139	2.25%	563.19
2005	14,040	575,673,863	7,155,000	0.0124	1.86%	509.62
2006	14,585	613,986,132	6,760,000	0.0110	1.74%	463.49
2007	15,065	668,374,992	7,965,000	0.0119	1.82%	528.71
2008	15,360	714,116,499	7,500,000	0.0105	1.61%	488.28
2009	15,445	733,680,172	7,055,000	0.0096	1.53%	456.78
2010	15,555	763,231,415	6,790,000	0.0089	1.43%	436.52
2011	14,590	785,870,537	6,290,000	0.0080	1.35%	431.12

BUSINESS-TYPE ACTIVITIES:

<b>Fiscal Year Ended June 30,</b>	<b>Population</b>	<b>Assessed Value</b>	<b>Notes Payable and Bonded Debt</b>	<b>Ratio of Bonded Debt to Assessed Value</b>	<b>Debt as % Personal Income</b>	<b>Bonded Debt Per Capita</b>
2002	12,650	494,752,145	16,034,690	0.0324	5.13%	1,267.56
2003	12,850	516,010,757	15,924,550	0.0309	5.02%	1,239.26
2004	13,420	545,574,625	15,249,254	0.0280	4.55%	1,136.31
2005	14,040	575,673,863	14,544,219	0.0253	3.79%	1,035.91
2006	14,585	613,986,132	13,809,348	0.0225	3.55%	946.82
2007	15,065	668,374,992	13,098,342	0.0196	2.99%	869.46
2008	15,360	714,116,499	12,281,709	0.0172	2.64%	799.59
2009	15,445	733,680,172	14,543,749	0.0198	3.16%	941.65
2010	15,555	763,231,415	14,927,743	0.0196	3.15%	959.67
2011	14,590	785,870,537	14,634,621	0.0186	3.13%	1,003.06

TOTAL DEBT:

<b>Fiscal Year Ended June 30,</b>	<b>Population</b>	<b>Assessed Value</b>	<b>Notes Payable and Bonded Debt</b>	<b>Ratio of Bonded Debt to Assessed Value</b>	<b>Debt as % Personal Income</b>	<b>Bonded Debt Per Capita</b>
2002	12,650	494,752,145	23,419,890	0.0473	7.49%	1,851.37
2003	12,850	516,010,757	22,976,150	0.0445	7.24%	1,788.03
2004	13,420	545,574,625	22,807,254	0.0418	6.80%	1,699.50
2005	14,040	575,673,863	21,699,219	0.0377	5.65%	1,545.53
2006	14,585	613,986,132	20,569,348	0.0335	5.29%	1,410.31
2007	15,065	668,374,992	21,063,342	0.0315	4.81%	1,398.16
2008	15,360	714,116,499	19,781,709	0.0277	4.25%	1,287.87
2009	15,445	733,680,172	21,598,749	0.0294	4.69%	1,398.43
2010	15,555	763,231,415	21,717,743	0.0285	4.58%	1,396.19
2011	14,590	785,870,537	20,924,621	0.0266	4.48%	1,434.18

N/A - data not available

**CITY OF DALLAS, OREGON  
 COMPUTATION OF OVERLAPPING GENERAL OBLIGATION DEBT  
 JUNE 30, 2011**

---

<u>Governmental Unit</u>	<u>General Obligation Debt Outstanding</u>	<u>Percent Applicable Inside City of Dallas</u>	<u>Amount Applicable Inside City of Dallas</u>
Debt Repaid with Property Taxes			
School District #2	1,054,000	65.00 %	685,100
Polk County	16,020,000	16.99 %	<u>2,721,798</u>
Subtotal, overlapping debt			3,406,898
<b>City of Dallas - City Direct Debt</b>			<u>\$ 4,110,000</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 7,516,898</u></u>

Source: City of Dallas, Dallas School District #2, Polk County  
 Method of calculation: (County %) - Assessed property value  
 inside city limits / total county assessed property value

**CITY OF DALLAS, OREGON  
COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2011**

---

ORS 287.004 provides a debt limit of 3% of true cash value of all taxable property within the City boundaries:

Assessed value	\$ 785,870,537
Rate	<u>                    x 3%</u>
Debt limit	23,576,116
Debt applicable to limit	<u>                    (3,877,824)</u>
Legal debt margin	<u><u>                    \$ 19,698,292</u></u>

<u>Fiscal year ended June 30,</u>	<u>Debt Limit</u>	<u>Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>
2002	14,842,564	6,690,982	8,151,582
2003	15,480,323	7,274,123	8,206,200
2004	16,367,239	7,197,235	9,170,004
2005	17,270,216	6,530,663	10,739,553
2006	18,419,584	6,126,398	12,293,186
2007	20,051,250	5,724,251	14,326,999
2008	21,423,495	5,268,658	16,154,837
2009	22,010,405	4,805,426	17,204,979
2010	22,896,942	4,340,530	18,556,412
2011	23,576,116	3,877,824	19,698,292

Source: Polk County Department of Assessment and Taxation and City of Dallas

**CITY OF DALLAS, OREGON  
SCHEDULE OF PLEDGED REVENUE BOND COVERAGE  
LAST TEN FISCAL YEARS**

**WATER REVENUE BONDS**

Fiscal Year Ended June 30,	Gross Revenue	Expenditures	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
2002	\$ 1,412,153	\$ 1,211,506	\$ 200,647	\$ 108,447	\$ 110,945	\$ 219,392	91.46 %
2003	1,489,488	1,793,876	(304,388)	115,094	104,297	219,391	(138.74)
2004	1,516,841	1,310,768	206,073	122,150	97,241	219,391	93.93
2005	1,602,796	1,319,693	283,103	129,637	89,754	219,391	129.04
2006	1,713,652	1,342,009	371,643	95,000	111,287	206,287	180.16
2007	1,943,169	1,575,220	367,949	164,000	43,824	207,824	177.05
2008	1,928,847	1,628,083	300,764	170,000	37,613	207,613	144.87
2009	1,981,871	1,633,617	348,254	176,000	31,125	207,125	168.14
2010	2,019,096	1,392,698	626,398	332,289	268,340	600,630	104.29
2011	1,963,650	1,515,756	447,894	368,234	187,133	555,367	80.65

**SEWER REVENUE BONDS**

Fiscal Year Ended June 30,	Gross Revenue	Expenditures	Net Revenue Available for Debt Service	Debt Service Requirements			Percent Coverage
				Principal	Interest	Total	
2002	\$ 2,467,215	\$ 1,755,076	\$ 712,139	\$ 519,456	\$ 623,607	\$ 1,143,063	62.30 %
2003	2,419,277	1,717,866	701,411	560,202	624,357	1,184,559	59.21
2004	2,484,673	1,801,600	683,073	582,885	599,614	1,182,499	57.77
2005	2,542,994	1,993,494	549,500	605,234	573,565	1,178,799	46.62
2006	2,784,549	1,987,523	797,026	628,471	546,513	1,174,984	67.83
2007	2,810,880	2,369,818	441,062	652,632	518,409	1,171,041	37.66
2008	2,839,969	2,142,221	697,748	677,754	489,211	1,166,965	59.79
2009	3,005,389	1,658,641	1,346,748	703,877	458,868	1,162,745	115.82
2010	2,931,593	1,531,423	1,400,170	736,041	427,338	1,163,379	120.35
2011	2,942,088	1,514,520	1,427,568	806,495	352,146	1,158,641	123.21

**SPECIAL ASSESSMENT BONDS**

Fiscal Year Ended June 30,	Assessment Principal Collections	Debt Service Requirements			Percent Coverage
		Principal	Interest	Total	
2002	\$ 10,775	\$ 8,600	\$ 3,169	\$ 11,769	91.55 %
2003	44,247	8,600	2,707	11,307	391.32
2004	1,348	8,600	2,234	10,834	12.44
2005	14,504	34,400	1,752	36,152	40.12
2006	1,642	-	-	-	-
2007	1,246	-	-	-	-
2008	2,244	-	-	-	-
2009	1,816	-	-	-	-
2010	1,028	-	-	-	-
2011	769	-	-	-	-

**CITY OF DALLAS, OREGON  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30,</b>	<b>Population</b>	<b>Per Capita Personal Income</b>	<b>Total Personal Income (in 000's)</b>	<b>Area in square miles</b>	<b>Average Density (persons / square mile)</b>	<b>Average Annual Unemployment</b>
2002	12,850	24,682	317,164	4.45	2,887.6	7.1%
2003	13,420	24,978	335,205	4.45	3,015.7	7.7%
2004	14,040	27,367	384,233	4.45	3,155.1	7.4%
2005	14,040	27,699	388,894	4.45	3,155.1	6.2%
2006	15,065	29,107	438,497	4.45	3,385.4	6.3%
2007	15,360	30,324	465,777	4.45	3,451.7	5.6%
2008	15,445	29,772	459,829	4.45	3,470.8	7.3% *
2009	15,555	30,466	473,899	4.45	3,495.5	8.3% *
2010	15,555	30,056	467,521	4.45	3,495.5	9.8% *
2011	14,590	N/A	N/A	4.45	3,278.7	8.8% *

N/A - information is not available

\*Polk County

Source: U.S. Department of Commerce-Bureau of Economic Analysis  
 Oregon Employment Department  
 Portland State University Population Research and Census

**CITY OF DALLAS, OREGON  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND SEVEN YEARS AGO**

<b>Employer</b>	<b>2011</b>			<b>2005 (1)</b>		
	<b>Employees</b>	<b>Rank</b>	<b>% of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>% of Total City Employment</b>
Tyco Printed Circuit Group, LP	-	-	-	450	1	8.18%
Dallas Public Schools	316	1	6.51%	290	2	5.27%
Polk County	290	2	5.97%	280	3	5.09%
Dallas Retirement Village	270	3	5.56%	215	6	3.91%
Forest River	150	6	3.09%	219	5	3.98%
Wal-Mart	151	5	3.11%	150	10	2.73%
City of Dallas	97	9	2.00%	-	-	-
West Valley Hospital	157	4	3.23%	150	9	2.73%
James W. Fowler Company	125	8	2.57%	200	7	3.64%
Safeway Stores, Inc.	140	7	2.88%	275	4	5.00%
Weyerhaeuser Corp.	-	-	-	190	8	3.45%
	<u>1,696</u>		<u>34.93%</u>	<u>2,419</u>		<u>43.98%</u>

Source: Dallas Chamber of Commerce and Employers

(1) Figures from 1998-2004 are unavailable

**CITY OF DALLAS, OREGON  
 FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION  
 LAST TEN FISCAL YEARS**

---

<b>Function</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
General government	16	16	15	15	16	17	14	20	19	18
Public safety	27	27	25	25	25	26	25	26	26	26
Highways and streets	6	6	6	6	6	4	5	6	3	4
Culture and recreation	28	25	23	24	24	25	25	17	20	18
Sewage disposal	9	10	10	11	10	11	8	6	6	6
Water	9	9	9	9	9	11	9	9	8	6
Ambulance	12	13	13	14	14	15	14	19	19	19
<b>Total</b>	<b>107</b>	<b>106</b>	<b>101</b>	<b>104</b>	<b>104</b>	<b>109</b>	<b>100</b>	<b>103</b>	<b>101</b>	<b>97</b>

Source: City of Dallas

**CITY OF DALLAS, OREGON  
OPERATING INDICATORS  
LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Police										
Arrests	1,261	1,265	1,275	1,369	1,393	1,390	1,312	1,355	988	1,240
Traffic violations	2,408	1,821	1,412	1,437	819	1,040	1,236	1,025	810	472
Municipal Court Cases	2,655	2,223	1,933	1,727	1,859	2,573	1,933	1,381	1,475	888
Fire Responses										
City	238	244	232	220	278	261	381	319	350	373
Rural	213	301	305	300	335	404	367	316	455	411
Ambulance										
Transports	1,732	1,955	2,038	1,931	1,956	2,334	1,718	1,804	1,708	1,817
Building Activity										
Permits Issued	233	173	296	251	249	197	191	145	160	132
Estimated Value (000's)	\$ 19,885	\$ 25,227	\$ 36,801	\$ 38,581	\$ 39,384	\$ 22,328	\$ 17,049	\$ 14,736	\$ 16,100	\$ 9,863
Planning Applications	49	53	46	55	63	N/A	54	33	47	36
Library										
Circulation	176,531	174,058	185,527	176,408	173,008	176,228	181,473	176,004	183,498	203,762
Miles of Streets Maintained	50.00	50.00	54.70	54.80	54.80	54.8	55.00	55.00	55.00	55.00
Water										
Connections	4,201	4,319	4,417	4,635	4,737	4,788	4,930	5,073	5,329	5,331
Sewer										
Connections	3,611	3,719	3,905	4,100	4,187	4,235	4,326	4,417	4,474	4,467

Source: City of Dallas

**CITY OF DALLAS, OREGON  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Public safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	1	1	1	1	1	1	1	1	1	1
Ambulance										
Number of ambulances	3	3	3	3	3	3	3	3	3	3
Highways and streets										
Streets (miles)	50	50	50	54	54	54	54	59	59	59
Culture and recreation										
Number of parks	11	11	11	11	11	11	11	11	11	11
Acreage	80	80	80	80	80	80	80	80	80	80
Aquatic centers (sq ft)	32170	32170	32170	32170	32170	32170	32170	32170	32170	32170
Sewage disposal										
Max daily capacity	12.5 mgd									
Water										
Max daily capacity	8.5 mgd	10.5 mgd	10.5 mgd	10.5 mgd						
Fire hydrants	418	431	444	453	468	475	479	483	485	485

Source: City of Dallas