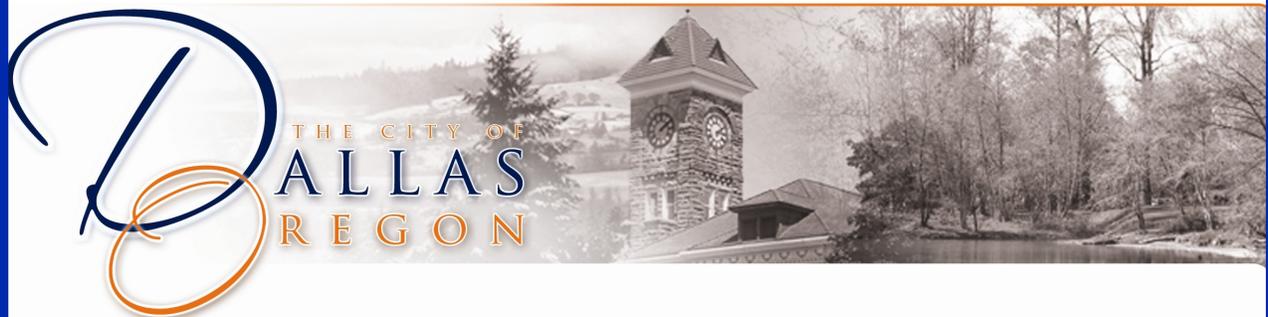


Comprehensive Annual
Financial Report
For the fiscal year ended June 30, 2012

City of Dallas
Polk County~Oregon



City of Dallas, Oregon

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2012

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

CITY OF DALLAS, OREGON
TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal i
Certificate of Achievementv
Organizational Chart vi
Principal Officials vii

FINANCIAL SECTION

Independent Auditor’s Report.....1
Management’s Discussion and Analysis3

Basic Financial Statements.....12

Government-Wide Financial Statements:

Statement of Net Assets.....13
Statement of Activities14

Fund Financial Statements:16

Governmental Funds:

Balance Sheet17
Statement of Revenues, Expenditures, and Changes in Fund Balances18
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities.....19

Proprietary Funds:20

Statement of Net Assets.....21
Statement of Revenues, Expenses, and Changes in Fund Net Assets22
Statement of Cash Flows23

Notes to the Basic Financial Statements.....24

Required Supplementary Information40

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

General Fund – Generally Accepted Accounting Principles41
Street Fund.....42
Grants Fund.....43

Notes to the Required Supplementary Information44

<u>Other Supplementary Information</u>	45
Combining Statements:	46
Non-major Governmental Funds Combining Balance Sheet.....	47
Non-major Governmental Funds Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	48
Non-major Special Revenue Funds Combining Balance Sheet.....	49
Non-major Special Revenue Funds Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	50
Non-major Debt Service Funds Combining Balance Sheet	51
Non-major Debt Service Funds Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	52
General Fund – Generally Accepted Accounting Principles Combining Balance Sheet.....	53
General Fund – Generally Accepted Accounting Principles Combining Schedule of Revenues, Expenditure, and Changes in Fund Balance.....	54
Budgetary Comparison Schedules:	55
General Fund – Budgetary Basis Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	56
General Fund – Budgetary Basis Schedule of Expenditures – Budget and Actual	57
Improvement Fund – Budgetary Basis Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	59
System Development Fund	60
Special Revenue Funds:	
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Revenue Sharing Fund.....	61
Trust/Reserve Fund.....	62
Urban Renewal Fund	63
General Obligation Bond Fund.....	64
General Debt Fund.....	65
Enterprise Funds:	66
Schedules of Revenues, Expenses and Changes in Fund Net Assets- Budget (Non-GAAP Basis) and Actual:	
Sewer Fund	67
Water Fund	68
Internal Service Funds:	69
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Fleet Management Fund	70
Other Financial Schedules:	71
Schedule of Property Tax Transactions and Outstanding Balances	72

REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

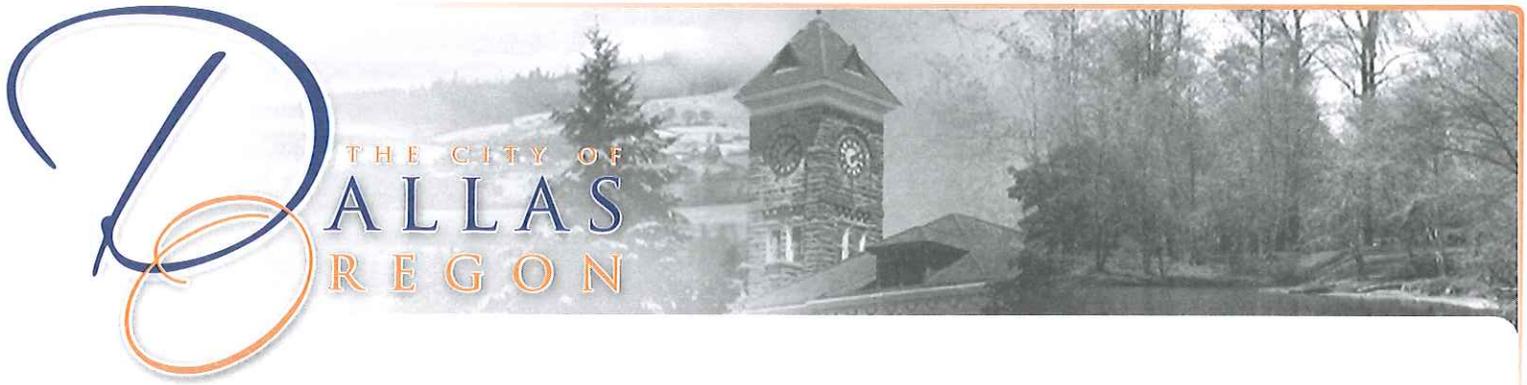
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	73
Independent Auditor’s Report Required by Oregon State Regulation	75

STATISTICAL SECTION

Introduction.....	77
Net Assets by Component (Last Ten Fiscal Years)	78
Changes in Net Assets (Last Ten Fiscal Years)	79
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 Ten 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 Direct and Overlapping Government Activities 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 Eight 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

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INTRODUCTORY SECTION



December 28, 2012

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, 2012. 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 activities 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, 2011, for the City of Dallas was 14,620.

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.

Population City of Dallas and Polk County:

<u>Year</u>	<u>City of Dallas</u>	<u>Polk County</u>
2010 Census	14,583	75,403
2000 Census	12,459	62,380

ECONOMIC OUTLOOK

Dallas, like most other cities, has been affected by the downturn in the State and US economy, which has affected economic activities and revenues. However, there appears to be an upward trend in the economy, with the employment numbers rising and activity increasing. Residential development has slowed from the record-setting pace in 2006, but is seeing a steady recovery. In order to weather the storm, 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 number of storefront vacancies has fallen, and the downtown appears to be in a better position moving forward. 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. 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, sewer and water systems, as well as street projects on main arterial streets. The future funding and maintenance of Residential streets is still uncertain. A detailed capital improvement plan, which incorporates short-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 stays flat or 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 personnel costs, 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.

LONG-TERM FINANCIAL PLANNING

Long-term financial planning is performed on an ongoing basis through the Capital Improvements Plan (CIP) document. The CIP plan identifies capital project and some major equipment purchases, during a five year period, providing a planning schedule and identifying opportunities for financing the project in the CIP.

Additionally, in FY 2010-2011 the City Council approved certain utility rate fee increases, adjusting rates annually according to the change in the Consumer Price Index.

In regards to the City's long-term debt obligations, the City has a total of \$17.3 million in long-term debt outstanding as of June 30 2012.

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.

BOND REFUNDING

In the fiscal year, 2011-2012, the City closed on a refunding totaling \$9.2 million in an outstanding loan originally issued in fiscal year 2000, effectively reducing the overall interest rates from 3.93 percent to 1.695 percent. The bond refunding resulted in a reduction of \$800 thousand dollars in future debt service payments.

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, 2012, 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, 2011. 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.

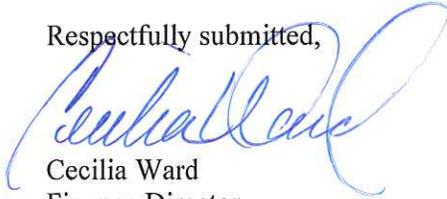
A Certificate of Achievement is valid for a period of one year only. The City of Dallas has received a Certificate of Achievement for the last nineteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it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

Dallas, Oregon

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dallas
Oregon

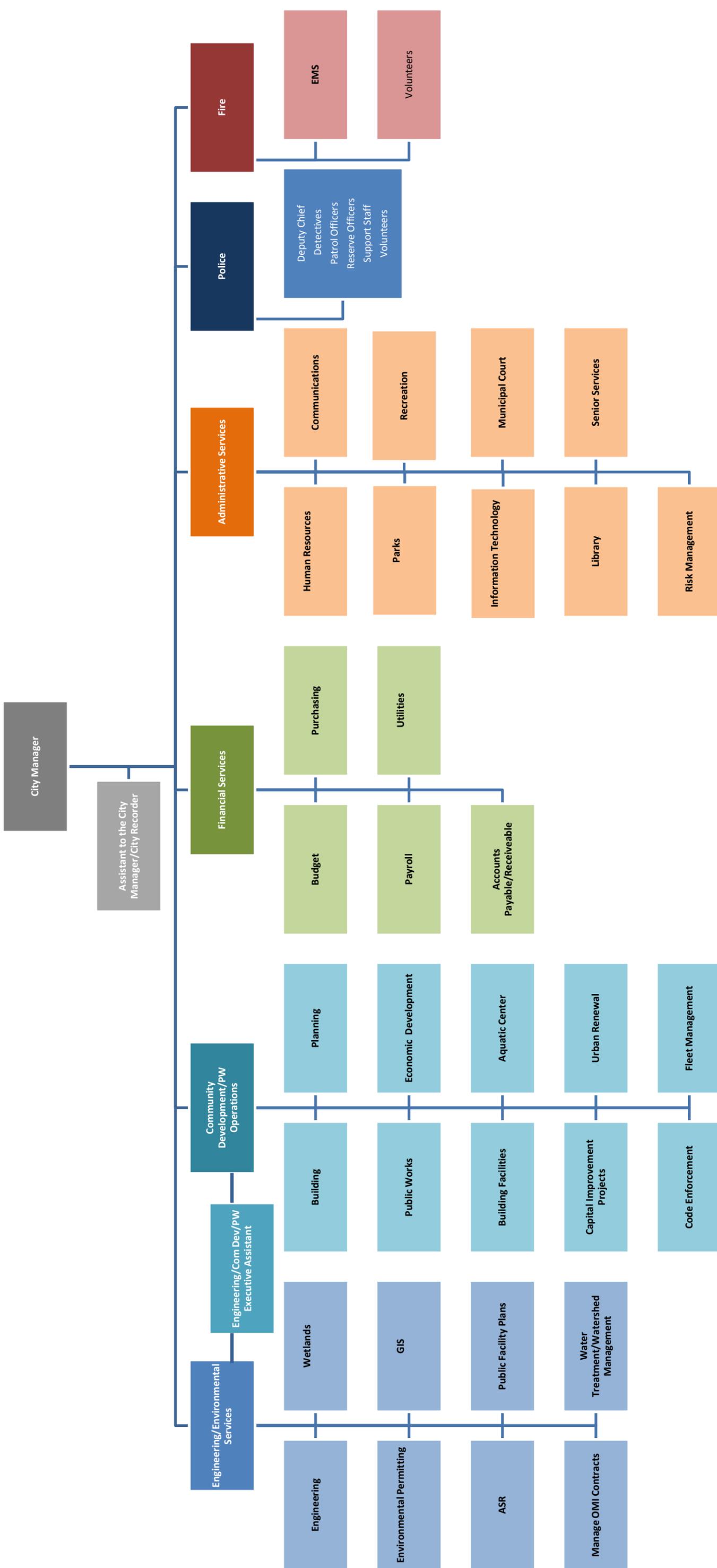
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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.



Christopher P. Mouill
President

Jeffrey R. Enos
Executive Director



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 Jim Brown Po Box 13 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

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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, 2012, 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, 2012, 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 28, 2012, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 28, 2012

**CITY OF DALLAS
POLK COUNTY, OREGON**

Year Ended June 30, 2012

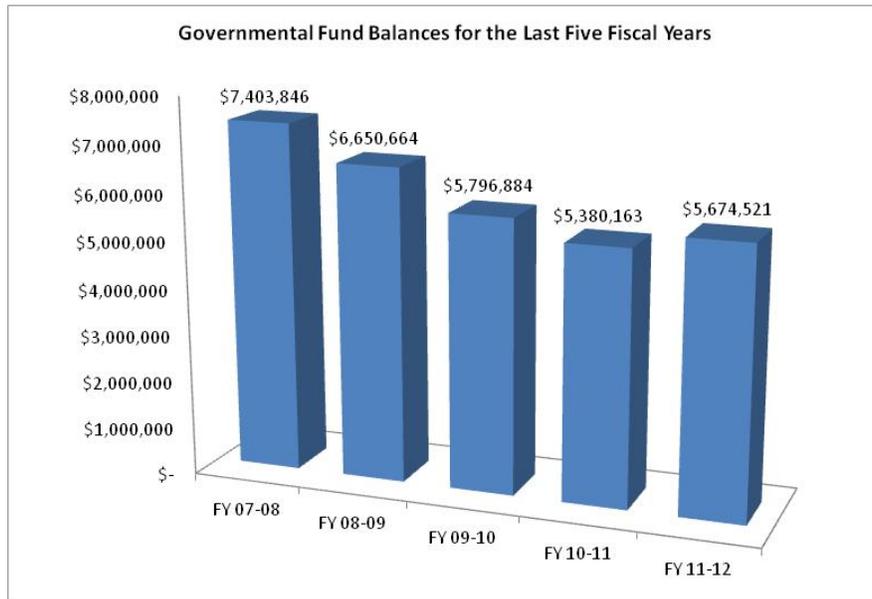
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2012. 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.

FINANCIAL HIGHLIGHTS

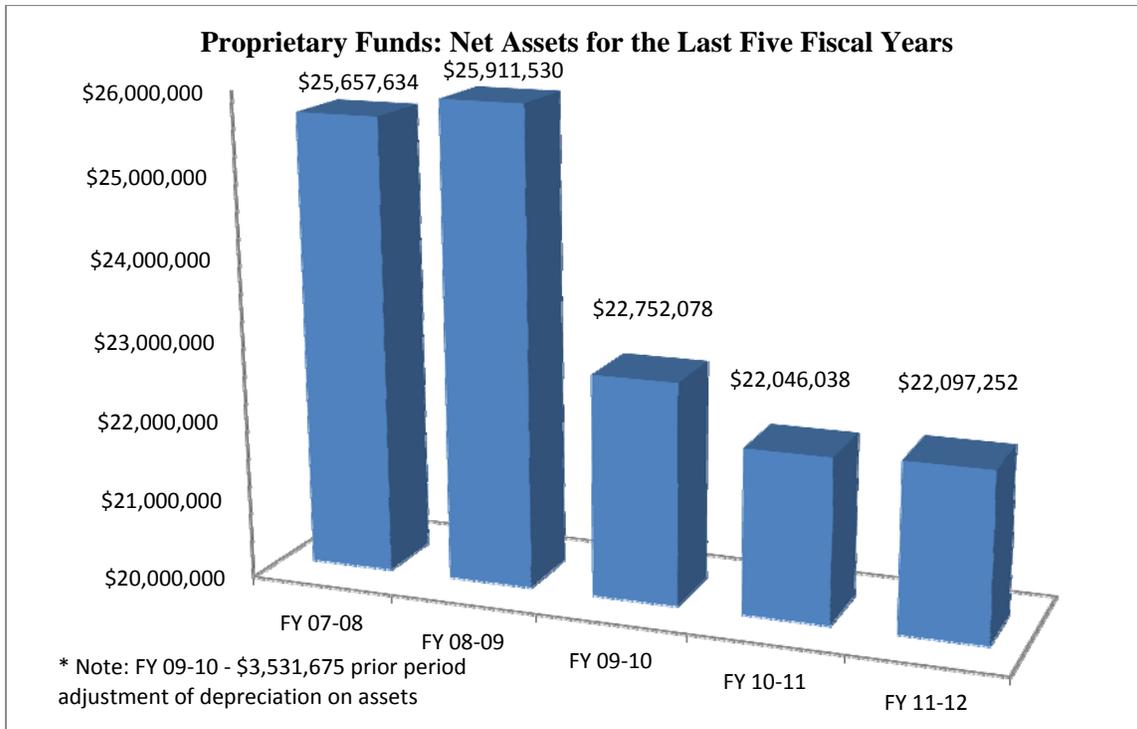
As of the close of the current fiscal year the City's governmental funds reported a combined ending fund balance of \$5,674,521, an increase of \$74,365 in comparison with the previous year. The General Fund ending fund balance decreased 3.5 percent to \$1,252,915.

Governmental Funds: Changes in Fund Balances				
	June 30, 2012	June 30, 2011		
Fund	Fund Balance	Fund Balance restated	Increase (decrease)	Percent Change
General Fund	\$ 1,252,915	\$ 1,298,693	\$ (45,778)	-3.52%
Street Fund	\$ 274,894	\$ 90,179	\$ 184,715	204.83%
Trust/Reserve Fund	\$ 222,078	\$ 315,841	\$ (93,763)	-29.69%
Grants Fund	\$ (84,773)	\$ (254,426)	\$ 169,653	-66.68%
Urban Renewal Fund	\$ 179,106	\$ 156,430	\$ 22,676	14.50%
General Obligation Bond Fund	\$ 264,447	\$ 232,176	\$ 32,271	13.90%
Systems Development Fund	\$ 3,565,192	\$ 3,760,601	\$ (195,409)	-5.20%
Improvement Fund	\$ 662	\$ 662	\$ -	0.00%
	\$ 5,674,521	\$ 5,600,156	\$ 74,365	1.33%



Business-type net assets increased \$51,214 (.23 percent) for the 2011-12 fiscal year. Operating income for the Water and Sewer Funds was \$1,149,172. The net asset decrease from non-operating revenues and expenses was \$321,633. During 2011-12 minimal wastewater treatment plant improvements took place along with ongoing sewer line replacement and I&I projects.

Changes in Net Assets: Proprietary Funds				
	June 30, 2012	June 30, 2011		
Fund	Net Assets	Net Assets	Increase (decrease)	Percent Change
Water Fund	9,773,512	\$ 9,921,470	\$ (147,958)	-1.49%
Sewer Fund	12,323,740	\$ 12,124,568	\$ 199,172	1.64%
	<u>22,097,252</u>	<u>\$ 22,046,038</u>	<u>\$ 51,214</u>	<u>0.23%</u>



For Fiscal Year 2011-12 there was minimal growth in net assets for the City's two enterprise funds where net assets decreased 1.49 percent in the Water Fund and increased 1.64 percent in the Sewer Fund. Internal Service Fund (Fleet Management Fund) fund balance decreased \$90,100 for the 2011-12 fiscal year due to the purchase of a police vehicle.

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: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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 13 through 15 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 46 through 52 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 41 through 44 and 56 through 60 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 24 through 39 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 \$105,286,216, while total liabilities were \$18,267,132 resulting in combined net assets (governmental and business-type activities) of \$87,019,084. The largest component of the City's total net assets, \$77,509,889 or 89%, 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, 2012 and 2011

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2011-12	2010-11 Restated	2011-12	2010-11	2011-12	2010-11 Restated
Current and other assets	\$ 6,447,642	\$ 6,672,775	\$ 2,636,675	\$ 3,138,291	\$ 9,084,317	\$ 9,811,066
Capital Assets	64,299,205	66,256,404	31,902,694	32,860,467	96,201,899	99,116,871
<i>Total Assets</i>	70,746,847	72,929,179	34,539,369	35,998,758	105,286,216	108,927,937
Long-term liabilities	4,919,542	5,390,670	10,961,665	12,357,268	15,881,207	17,747,938
Other liabilities	905,473	1,222,166	1,480,452	1,595,452	2,385,925	2,817,618
<i>Total Liabilities</i>	5,825,015	6,612,836	12,442,117	13,952,720	18,267,132	20,565,556
Net Assets:						
Invested in capital assets, net of related debt	57,754,349	60,594,063	19,755,540	19,358,365	77,509,889	79,952,428
Restricted	4,265,637	4,220,206	-	1,058,654	4,265,637	5,278,860
Unrestricted	2,901,846	1,502,074	2,341,712	1,629,019	5,243,558	3,131,093
<i>Total Net Assets</i>	64,921,832	66,316,343	22,097,252	22,046,038	87,019,084	88,362,381

Statement of Activities
Years ended June 30, 2012 and 2011

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<i>Revenues:</i>						
<i>Program Revenues:</i>						
Charges for services	\$ 2,401,385	\$ 2,826,095	\$ 4,852,972	\$ 4,698,913	\$ 7,254,357	\$ 7,525,008
Operating grants and contributions	9,573	11,579	-	-	9,573	11,579
Capital grants and contributions	1,408,562	280,080	-	-	1,408,562	280,080
<i>General Revenues:</i>						
Property taxes	4,127,781	4,024,787	-	-	4,127,781	4,024,787
Public service taxes	1,479,826	1,471,463	-	-	1,479,826	1,471,463
Franchise fees	1,062,257	908,608	-	-	1,062,257	908,608
Interest and investment earnings	28,987	8,897	24,108	21,854	53,095	30,751
Unrestricted intergovernmental	-	-	-	-	-	-
Other Revenues	400,950	211,016	108,395	153,270	509,345	364,286
<i>Total Revenues</i>	<u>10,919,321</u>	<u>9,742,525</u>	<u>4,985,475</u>	<u>4,874,037</u>	<u>15,904,796</u>	<u>14,616,562</u>
<i>Expenses:</i>						
General government	(2,742,049)	(2,641,018)	-	-	(2,742,049)	(2,641,018)
Public safety	(5,227,369)	(5,041,368)	-	-	(5,227,369)	(5,041,368)
Highways and street	(2,820,314)	(2,741,552)	-	-	(2,820,314)	(2,741,552)
Culture and recreation	(688,907)	(762,439)	-	-	(688,907)	(762,439)
Community development	(1,346,705)	(1,477,722)	-	-	(1,346,705)	(1,477,722)
Interest on long-term debt	(264,813)	(292,992)	-	-	(264,813)	(292,992)
Sewage disposal	-	-	(2,403,297)	(2,471,140)	(2,403,297)	(2,471,140)
Water	-	-	(1,754,639)	(2,108,937)	(1,754,639)	(2,108,937)
<i>Total Expenses</i>	<u>(13,090,157)</u>	<u>(12,957,091)</u>	<u>(4,157,936)</u>	<u>(4,580,077)</u>	<u>(17,248,093)</u>	<u>(17,537,168)</u>
Increase (decrease) in net assets						
before transfers	(2,170,836)	(3,214,566)	827,539	293,960	(1,343,297)	(2,920,606)
Transfers in (out)	776,325	1,000,000	(776,325)	(1,000,000)	-	-
Transfers of capital assets	-	-	-	-	-	-
Change in net assets	(1,394,511)	(2,214,566)	51,214	(706,040)	(1,343,297)	(2,920,606)
Net assets - beginning	66,316,343	68,530,909	22,046,038	22,752,078	88,362,381	91,282,987
Net assets - end	<u>\$ 64,921,832</u>	<u>\$ 66,316,343</u>	<u>\$ 22,097,252</u>	<u>\$ 22,046,038</u>	<u>\$ 87,019,084</u>	<u>\$ 88,362,381</u>

Governmental Activities. Total revenues for the City of Dallas' governmental activities for the fiscal year ended June 30, 2012, were \$10,919,321. Approximately 38% of the total revenue for the governmental activities was derived from property taxes and approximately 22% of the total revenue is from charges for services. Total expenses for governmental activities were \$13,090,157 (excluding transfers), resulting in a decrease in net assets of \$1,394,511. 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 5% of the total, community development account for 10%, highways and streets account for 22%, and general government expenses account for 21% 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 \$4,985,475 for the current fiscal year. Approximately 97% of the total business-type activities revenue was derived from charges for services. The total expenses for business-type activities were \$4,157,936 (excluding transfers), resulting in an increase of net assets by \$51,214. 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. An unreserved 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, unreserved fund balances 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 \$5,674,531, an increase of \$294,368 or 5.5%, from the prior year. The City's governmental funds include the General fund, Street fund, Systems Development fund, Grants 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 a fund balance of \$1,252,915, a decrease of \$45,778 or 3.5% from the prior year (on the modified accrual basis). The minimal decrease was due to reduction in various revenue such as fines and forfeitures and franchise fees.

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 decreased by \$195,409 or 5.2% due to prior period adjustment of interfund loans. The fund balance of the Systems Development fund at the end of the fiscal year was \$3,565,192 and represents 63% 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 \$22,097,252. The change in total net assets of all the proprietary funds was not significant. The Sewer fund net assets increased by \$199,172 due to less interest expense and Water fund net assets decreased by \$147,958 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, franchise fees, and charges for services. 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, \$94,871,373 net of accumulated depreciation, compared to \$97,702,007 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 28 and 29. For business-type activities, capital asset additions consisted of repairs and equipment replacement at the wastewater treatment facility and line replacement projects in the Sewer Department. In the Water Department, minimal additions included line replacements. Additional information about the City's capital assets is presented in the notes to the financial statements on pages 28 through 29.

Capital Assets						
June 30, 2012 and 2011						
	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Land	\$ 892,046	\$ 892,046	\$ 863,694	\$ 863,694	\$ 1,755,740	\$ 1,755,740
Construction in progress		-		-	-	-
Buildings and improvements	15,018,591	13,972,382	-	-	15,018,591	13,972,382
Machinery and equipment	8,722,133	8,457,493	689,394	689,424	9,411,527	9,146,917
Infrastructure	72,878,198	72,704,296	-	-	72,878,198	72,704,296
Buildings and infrastructure	-	-	50,316,186	50,096,848	50,316,186	50,096,848
Accumulated depreciation	(34,542,289)	(31,184,677)	(19,966,580)	(18,789,499)	(54,508,869)	(49,974,176)
<i>Total Net Capital Assets</i>	<u>\$ 62,968,679</u>	<u>\$ 64,841,540</u>	<u>\$ 31,902,694</u>	<u>\$ 32,860,467</u>	<u>\$ 94,871,373</u>	<u>\$ 97,702,007</u>

Long-term Debt. At the end of the current fiscal year, long-term debt outstanding for the governmental activities totaled \$5,214,330 (excluding compensated absences payable), compared to \$5,802,477 the prior year. For business-type activities, long term debt outstanding totaled \$12,147,154 (excluding compensated absences payable), compared to \$13,502,102 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 33 through 36.

Long-Term Debt						
June 30, 2012 and 2011						
	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
General Obligation Bonds	\$ 3,665,000	\$ 4,205,000	\$ -	\$ -	\$ 3,665,000	\$ 4,205,000
Pension Obligation Bonds	1,535,000	1,555,000	-	-	1,535,000	1,555,000
Capital Lease	14,330	42,477	-	-	14,330	42,477
Notes Payable	-	-	12,147,154	13,502,102	12,147,154	13,502,102
<i>Total Net Assets</i>	<u>\$ 5,214,330</u>	<u>\$ 5,802,477</u>	<u>\$ 12,147,154</u>	<u>\$ 13,502,102</u>	<u>\$ 17,361,484</u>	<u>\$ 19,304,579</u>

ECONOMIC FACTORS

The City has a mixed tax base, comprised of residential, commercial, and industrial property. The economic picture improved in 2012 and had a positive impact on the local economy, with slight improvement in residential and commercial development activity. Unemployment is generally lower in Dallas and in Oregon from last year, although the effects of the state budget have a significant impact on the city as a large number of Dallas residents are employed by the state. The State of Oregon does not have a sales tax, making property taxes a primary funding source for general government, public safety, and recreation services provided by the City. The continued pressure of providing core services with stagnant revenue is a cause for concern both now and in the future.

The City of Dallas and the Dallas Economic Development Commission continue to be committed to providing incentives and assistance to existing and new industrial and commercial activity that create or expand employment in the City. The City offers a Commercial Enterprise Zone, Industrial Enterprise Zone, Façade Loan/Grant Program and various partnerships with SEDCOR, Mid-Willamette Valley Council of Governments and other local and state organizations. Moving forward, the focus will be placed on recruiting new businesses and strengthening and expanding current businesses. 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.

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.

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BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- 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.

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CITY OF DALLAS, OREGON
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,718,999	\$ 2,048,081	\$ 7,767,080
Due from other governments	41,574	-	41,574
Accounts receivable, net	277,860	303,594	581,454
Property taxes receivable	405,942	-	405,942
Inventory	3,267	191,934	195,201
Bond Costs	-	93,066	93,066
	<u>6,447,642</u>	<u>2,636,675</u>	<u>9,084,317</u>
Total current assets			
Noncurrent assets:			
Prepaid pension asset	1,330,526	-	1,330,526
Capital assets:			
Nondepreciable	892,046	863,694	1,755,740
Depreciable, net	62,076,633	31,039,000	93,115,633
	<u>64,299,205</u>	<u>31,902,694</u>	<u>96,201,899</u>
Total noncurrent assets			
	<u>\$ 70,746,847</u>	<u>\$ 34,539,369</u>	<u>\$ 105,286,216</u>
Total assets			
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 260,568	\$ 69,320	\$ 329,888
Interest Payable	-	176,898	176,898
Current portion of compensated absences	40,575	8,774	49,349
Current portion of long-term debt	604,330	1,225,460	1,829,790
	<u>905,473</u>	<u>1,480,452</u>	<u>2,385,925</u>
Total current liabilities			
Noncurrent liabilities:			
Noncurrent portion of compensated absences	309,542	39,971	349,513
Noncurrent portion of long-term obligations	4,610,000	10,921,694	15,531,694
	<u>4,919,542</u>	<u>10,961,665</u>	<u>15,881,207</u>
Total noncurrent liabilities			
	<u>5,825,015</u>	<u>12,442,117</u>	<u>18,267,132</u>
Total liabilities			
NET ASSETS			
Invested in capital assets, net of related debt	57,754,349	19,755,540	77,509,889
Restricted for:			
Urban Renewal Projects	179,106	-	179,106
Debt Service	264,447	-	264,447
Streets	274,894	-	274,894
System Development	3,547,190	-	3,547,190
Unrestricted	2,901,846	2,341,712	5,243,558
	<u>64,921,832</u>	<u>22,097,252</u>	<u>87,019,084</u>
Total net assets			
	<u>\$ 70,746,847</u>	<u>\$ 34,539,369</u>	<u>\$ 105,286,216</u>
Total liabilities and net assets			

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, 2012

<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	\$ 2,742,049	\$ 641,463	\$ -	\$ -
Public safety	5,227,369	1,045,911	7,652	919,504
Highways and streets	2,820,314	24,854	-	-
Culture and recreation	688,907	77,705	1,921	271,113
Community development	1,346,705	611,452	-	217,945
Interest on long-term debt	264,813	-	-	-
Total governmental activities	<u>13,090,157</u>	<u>2,401,385</u>	<u>9,573</u>	<u>1,408,562</u>
Business type activities:				
Sewer Fund	2,403,297	2,879,216	-	-
Water Fund	<u>1,754,639</u>	<u>1,973,756</u>	<u>-</u>	<u>-</u>
Total business type activities	<u>4,157,936</u>	<u>4,852,972</u>	<u>-</u>	<u>-</u>
Total government	<u>\$ 17,248,093</u>	<u>\$ 7,254,357</u>	<u>\$ 9,573</u>	<u>\$ 1,408,562</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
\$ (2,100,586)	\$ -	\$ (2,100,586)
(3,254,302)	-	(3,254,302)
(2,795,460)	-	(2,795,460)
(338,168)	-	(338,168)
(517,308)	-	(517,308)
(264,813)	-	(264,813)
<u>(9,270,637)</u>	<u>-</u>	<u>(9,270,637)</u>
-	475,919	475,919
<u>-</u>	<u>219,117</u>	<u>219,117</u>
-	695,036	695,036
<u>(9,270,637)</u>	<u>695,036</u>	<u>(8,575,601)</u>
4,127,781	-	4,127,781
1,479,826	-	1,479,826
1,062,257	-	1,062,257
28,987	24,108	53,095
400,950	108,395	509,345
776,325	(776,325)	-
<u>7,876,126</u>	<u>(643,822)</u>	<u>7,232,304</u>
<u>(1,394,511)</u>	<u>51,214</u>	<u>(1,343,297)</u>
<u>66,316,343</u>	<u>22,046,038</u>	<u>88,362,381</u>
<u>\$ 64,921,832</u>	<u>\$ 22,097,252</u>	<u>\$ 87,019,084</u>

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

FUND FINANCIAL STATEMENTS
Major Governmental Funds

General Fund

The General Fund is the City's primary 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.

Grants Fund

The Grants Fund account for major grants to the City.

CITY OF DALLAS, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

	General Fund Generally Accepted Accounting Principles	System Development Fund	Street Fund	Grants Fund	Other Governmental	Total Governmental
ASSETS						
Cash and cash equivalents	\$ 1,344,470	\$ 2,955,376	\$ 461,004	\$ -	\$ 662,177	\$ 5,423,027
Due from other governments	33,114	-	-	-	8,460	41,574
Accounts receivable	277,803	-	-	57	-	277,860
Property taxes receivable	323,543	-	-	-	82,399	405,942
Due from other funds	84,830	-	-	-	-	84,830
Interfund loan receivable	-	618,452	-	-	-	618,452
Total assets	<u>\$ 2,063,760</u>	<u>\$ 3,573,828</u>	<u>\$ 461,004</u>	<u>\$ 57</u>	<u>\$ 753,036</u>	<u>\$ 6,851,685</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable and other current liabilities	\$ 58,188	\$ 8,636	\$ 186,110	\$ -	\$ 4,996	\$ 257,930
Due to other funds	-	-	-	84,830	-	84,830
Deferred revenue	323,543	-	-	-	82,399	405,942
Interfund loan payable	428,452	-	-	-	-	428,452
Total liabilities	<u>810,183</u>	<u>8,636</u>	<u>186,110</u>	<u>84,830</u>	<u>87,395</u>	<u>1,177,154</u>
FUND BALANCES:						
Restricted for:						
Debt	-	-	-	-	264,447	264,447
Urban Renewal Projects	-	-	-	-	179,106	179,106
Streets	-	-	274,894	-	-	274,894
System Development	600,450	2,946,740	-	-	-	3,547,190
Committed for:						
Community Development	-	-	-	-	222,078	222,078
Unassigned:	<u>653,127</u>	<u>618,452</u>	<u>-</u>	<u>(84,773)</u>	<u>10</u>	<u>1,186,816</u>
Total fund equity	<u>1,253,577</u>	<u>3,565,192</u>	<u>274,894</u>	<u>(84,773)</u>	<u>665,641</u>	<u>5,674,531</u>
Total liabilities and fund equity	<u>\$ 2,063,760</u>	<u>\$ 3,573,828</u>	<u>\$ 461,004</u>	<u>\$ 57</u>	<u>\$ 753,036</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	62,378,152
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in	
Deferred revenue	405,942
Prepaid pension asset	1,330,526
Internal service funds are used by management to charge the costs of the administrative services department to	686,760
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are	
Long-term debt	(5,554,079)
Net Assets	<u>\$ 64,921,832</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, 2012

	General Fund Generally Accepted Accounting Principles	System Development Fund	Street Fund	Grants Fund	Other Governmental	Total Governmental
REVENUES:						
Property taxes	\$ 3,251,946	\$ -	\$ -	\$ -	\$ 842,906	\$ 4,094,852
Public service taxes	433,148	-	795,640	-	251,038	1,479,826
Franchise fees	1,062,257	-	-	-	-	1,062,257
Grants	-	-	-	1,418,135	-	1,418,135
Charges for service	1,554,881	-	-	-	-	1,554,881
Licenses and permits	167,667	154,170	-	-	-	321,837
Fines and forfeitures	141,888	-	-	-	-	141,888
Interest	22,478	-	4,968	-	1,541	28,987
Miscellaneous	93,576	-	210,264	-	97,110	400,950
Total revenues	<u>6,727,841</u>	<u>154,170</u>	<u>1,010,872</u>	<u>1,418,135</u>	<u>1,192,595</u>	<u>10,503,613</u>
EXPENDITURES:						
General government	1,146,346	-	-	-	4,480	1,150,826
Public safety	4,918,023	-	-	-	-	4,918,023
Highways and streets	-	-	564,266	-	-	564,266
Culture and recreation	350,244	-	-	-	-	350,244
Community development	1,325,302	-	-	-	-	1,325,302
Capital outlay	127,321	114,029	188,116	1,279,132	335,351	2,043,949
Debt service:						
Principal	63,147	-	-	-	525,000	588,147
Interest	7,964	-	-	-	256,849	264,813
Total expenditures	<u>7,938,347</u>	<u>114,029</u>	<u>752,382</u>	<u>1,279,132</u>	<u>1,121,680</u>	<u>11,205,570</u>
Revenues over (under) expenditures	(1,210,506)	40,141	258,490	139,003	70,915	(701,957)
OTHER FINANCING SOURCES (USES):						
Transfers in	1,214,728	-	6,225	30,650	-	1,251,603
Transfers out	(50,000)	(235,550)	(80,000)	-	(109,728)	(475,278)
Total other financing sources (uses)	<u>1,164,728</u>	<u>(235,550)</u>	<u>(73,775)</u>	<u>30,650</u>	<u>(109,728)</u>	<u>776,325</u>
Net changes in fund balances	(45,778)	(195,409)	184,715	169,653	(38,813)	74,368
FUND BALANCES, BEGINNING	1,702,807	3,137,149	90,179	(254,426)	704,454	5,380,163
Prior period adjustment	(403,452)	623,452	-	-	-	220,000
FUND BALANCES, ENDING	<u>\$ 1,253,577</u>	<u>\$ 3,565,192</u>	<u>\$ 274,894</u>	<u>\$ (84,773)</u>	<u>\$ 665,641</u>	<u>\$ 5,674,531</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, 2012

Amounts reported in the statement of activities are different because:

Net change in fund balances	\$	74,368
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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	1,465,684	
Depreciation	<u>(3,392,536)</u>	(1,926,852)

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.	32,929
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Contributions to pensions plans use current financial resources from governmental funds, but created a net pension asset.	(83,158)
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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.	54,236
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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	<u>453,966</u>
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Change in net assets of governmental activities	<u><u>\$ (1,394,511)</u></u>
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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, 2012

	<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>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,603,374	\$ 444,707	\$ 2,048,081	\$ 295,972
Accounts receivables, net	182,416	121,178	303,594	-
Inventories	29,398	162,536	191,934	3,267
Bond costs	93,066	-	93,066	-
Total current assets	<u>1,908,254</u>	<u>728,421</u>	<u>2,636,675</u>	<u>299,239</u>
Nondepreciable	795,736	67,958	863,694	7,010
Depreciable, net	<u>17,086,271</u>	<u>13,952,729</u>	<u>31,039,000</u>	<u>583,517</u>
Total capital assets, net	<u>17,882,007</u>	<u>14,020,687</u>	<u>31,902,694</u>	<u>590,527</u>
Total assets	<u>\$ 19,790,261</u>	<u>\$ 14,749,108</u>	<u>\$ 34,539,369</u>	<u>\$ 889,766</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES:</u>				
Accounts payable and accrued expenses	\$ 16,212	\$ 53,108	\$ 69,320	\$ 2,638
Interest payable	83,604	93,294	176,898	-
Interfund loan payable	-	-	-	190,000
Current accrued compensated absences	5,021	3,753	8,774	1,866
Current portion of long-term debt	<u>862,351</u>	<u>363,109</u>	<u>1,225,460</u>	<u>-</u>
Total current liabilities	<u>967,188</u>	<u>513,264</u>	<u>1,480,452</u>	<u>194,504</u>
<u>NONCURRENT LIABILITIES:</u>				
Noncurrent accrued compensated absences	22,874	17,097	39,971	8,502
Noncurrent portion of long-term debt	<u>6,476,459</u>	<u>4,445,235</u>	<u>10,921,694</u>	<u>-</u>
Total noncurrent liabilities	<u>6,499,333</u>	<u>4,462,332</u>	<u>10,961,665</u>	<u>8,502</u>
Total liabilities	<u>7,466,521</u>	<u>4,975,596</u>	<u>12,442,117</u>	<u>203,006</u>
<u>NET ASSETS:</u>				
Invested in capital assets, net of related debt	10,543,197	9,212,343	19,755,540	590,527
Unrestricted	<u>1,780,543</u>	<u>561,169</u>	<u>2,341,712</u>	<u>96,233</u>
Total net assets	<u>12,323,740</u>	<u>9,773,512</u>	<u>22,097,252</u>	<u>686,760</u>
Total liabilities and net assets	<u>\$ 19,790,261</u>	<u>\$ 14,749,108</u>	<u>\$ 34,539,369</u>	<u>\$ 889,766</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, 2012

	<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>
OPERATING REVENUES:				
Charges for services	\$ 2,879,216	\$ 1,973,756	\$ 4,852,972	\$ 382,779
Miscellaneous	62,362	46,033	108,395	-
Total operating revenues	<u>2,941,578</u>	<u>2,019,789</u>	<u>4,961,367</u>	<u>382,779</u>
OPERATING EXPENSES:				
Personal services	623,981	419,558	1,043,539	193,751
Materials and services	848,886	731,026	1,579,912	134,792
Depreciation and amortization	751,426	437,318	1,188,744	141,367
Total operating expenses	<u>2,224,293</u>	<u>1,587,902</u>	<u>3,812,195</u>	<u>469,910</u>
Operating income (loss)	717,285	431,887	1,149,172	(87,131)
NON-OPERATING INCOME (EXPENSE):				
Interest income	18,441	5,667	24,108	-
Interest expense	(179,004)	(166,737)	(345,741)	-
Loss on disposal of property	-	-	-	(2,969)
Total non-operating income (expenses)	<u>(160,563)</u>	<u>(161,070)</u>	<u>(321,633)</u>	<u>(2,969)</u>
Net income (loss) before operating transfers	556,722	270,817	827,539	(90,100)
OPERATING TRANSFERS:				
Transfers in (out)	<u>(357,550)</u>	<u>(418,775)</u>	<u>(776,325)</u>	<u>-</u>
Change in net assets	199,172	(147,958)	51,214	(90,100)
NET ASSETS, BEGINNING	12,124,568	9,921,470	22,046,038	996,860
Prior period adjustment	-	-	-	(220,000)
NET ASSETS, ENDING	<u>\$ 12,323,740</u>	<u>\$ 9,773,512</u>	<u>\$ 22,097,252</u>	<u>686,760</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, 2012

	Business-Type Activities - Enterprise Funds			Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 2,938,208	\$ 2,015,037	\$ 4,953,245	\$ 382,779
Cash paid to employee	(617,507)	(414,707)	(1,032,214)	(192,864)
Cash paid to suppliers	(936,090)	(753,608)	(1,689,698)	(140,148)
Net cash provided (used) by operating activities	<u>1,384,611</u>	<u>846,722</u>	<u>2,231,333</u>	<u>49,767</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Payment from (to) other funds	-	-	-	(30,000)
Transfers in (out)	(357,550)	(418,775)	(776,325)	-
Net cash provided (used) by non-capital financing activities	<u>(357,550)</u>	<u>(418,775)</u>	<u>(776,325)</u>	<u>(30,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(209,338)	(10,000)	(219,338)	(55,502)
Principal paid on capital debt	(8,774,103)	(382,006)	(9,156,109)	-
Proceeds from issuance of debt	7,801,161	-	7,801,161	-
Interest paid on capital debt	(234,446)	(173,104)	(407,550)	-
Proceeds from sale of assets	-	-	-	1,511
Bond Costs	(93,066)	-	(93,066)	-
Net cash provided (used) by capital and related financing activities	<u>(1,509,792)</u>	<u>(565,110)</u>	<u>(2,074,902)</u>	<u>(53,991)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	<u>18,441</u>	<u>5,667</u>	<u>24,108</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>18,441</u>	<u>5,667</u>	<u>24,108</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(464,290)	(131,496)	(595,786)	(34,224)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>2,067,664</u>	<u>576,203</u>	<u>2,643,867</u>	<u>330,196</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,603,374</u>	<u>\$ 444,707</u>	<u>\$ 2,048,081</u>	<u>\$ 295,972</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	\$ 717,285	\$ 431,887	\$ 1,149,172	\$ (87,131)
Adjustments				
Depreciation	739,793	437,318	1,177,111	141,367
Decrease (increase) in:				
Accounts receivable	(3,370)	(4,752)	(8,122)	-
Inventories	4,606	2,412	7,018	(3,267)
Increase (decrease) in:				
Accounts payable and accrued expenses	(80,177)	(24,994)	(105,171)	(2,089)
Accrued compensated absences	6,474	4,851	11,325	887
Net cash provided (used) by operating activities	<u>\$ 1,384,611</u>	<u>\$ 846,722</u>	<u>\$ 2,231,333</u>	<u>\$ 49,767</u>

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

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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, 2012.

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 Council 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, 2012 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, 2012

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
- Grants Fund

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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, 2012. 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. Interest

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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.

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

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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.

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 – When constraints are created by the governing body on how it will spend its resources. These are enacted via legislation, resolution or ordinance and are in place as of the end of the fiscal period. The constraints remain binding until formally rescinded or changed by the same method the constraints were created. The difference between Restricted and Committed is that under Committed, the governing body can remove constraints it has imposed upon itself.

Assigned - Designation of amounts by the City Manager or Finance Director to be used for a specific purpose narrower than the purpose of the fund. City Council has delegated decision making authority to the City Manager or Finance Director for that purpose. Less formality is necessary in the case of assigned fund balance.

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, 2012

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, 2012 investments included in cash and cash equivalents consist of the following:

	Weighted Average Maturity (Years)	Fair Value
	<u> </u>	<u> </u>
Investments in the State Treasurer's Local Government Investment Pool	0.00	\$ 6,457,055
	<u> </u>	<u> </u>
Total cash equivalents	0.00	\$ 6,457,055
	<u> </u>	<u> </u>

Following is a summary of the City's deposit and investment balances at June 30, 2012:

	<u>2012</u>
Cash deposits	
Cash on hand	\$ 645
Bank Deposits	1,309,380
Pooled cash and investments	
LGIP	<u>6,457,055</u>
Total deposits and investments	<u>\$ 7,767,080</u>

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.

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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, 2012, none of the City's bank balances were exposed to credit risk.

3. CAPITAL ASSETS

The changes in capital assets for the governmental activities for the year ended June 30, 2012 is as follows:

Primary Government	June 30, 2011 Ending Balance	Additions	Deletions	June 30, 2012 Ending Balance
Capital assets, non- depreciable:				
Land	\$ 892,046	\$ -	\$ -	\$ 892,046
Total capital assets, nondepreciable	892,046	-	-	892,046
Capital assets, depreciable:				
Infrastructure	72,704,296	173,902	-	72,878,198
Buildings and improvements	13,972,382	1,046,209	-	15,018,591
Machinery and equipment	8,457,493	301,075	(36,435)	8,722,133
Total capital assets, depreciable	95,134,171	1,521,186	(36,435)	96,618,922
Less accumulated depreciation for:				
Infrastructure	(18,409,590)	(2,387,986)	-	(20,797,576)
Buildings and improvements	(6,540,405)	(389,433)	-	(6,929,838)
Machinery and equipment	(6,234,682)	(602,951)	22,758	(6,814,875)
Total accumulated depreciation	(31,184,677)	(3,380,370)	22,758	(34,542,289)
Net depreciable capital assets	63,949,494	(1,859,184)	(13,677)	62,076,633
Net capital assets	\$ 64,841,540	\$ (1,859,184)	\$ (13,677)	\$ 62,968,679

Depreciation on internal service capital assets in the amount of \$141,367 is included in general government expenses. All depreciation on governmental capital assets is allocated to governmental functions on the statement of activities as follows:

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Governmental activities:

General government	\$	429,139
Public safety		229,922
Culture and recreation		333,007
Highways & streets		<u>2,388,302</u>
Total depreciation expense - governmental activities	\$	<u><u>3,380,370</u></u>

The changes in capital assets for business-type activities for the year ended June 30, 2012 is as follows:

<u>Business-type Activities</u>	<u>June 30, 2011</u> <u>Ending Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u> <u>Ending Balance</u>
Capital assets, non-depreciable:				
Land	\$ 863,694	\$ -	\$ -	\$ 863,694
Total capital assets, non-depreciable	<u>863,694</u>	<u>-</u>	<u>-</u>	<u>863,694</u>
Capital assets, depreciable:				
Buildings and infrastructure	50,096,848	219,338	-	50,316,186
Machinery and equipment	<u>689,424</u>	<u>-</u>	<u>(30)</u>	<u>689,394</u>
Total capital assets, depreciable	<u>50,786,272</u>	<u>219,338</u>	<u>(30)</u>	<u>51,005,580</u>
Less accumulated depreciation for:				
Buildings and infrastructure	(18,175,965)	(1,135,677)	-	(19,311,642)
Machinery and equipment	<u>(613,534)</u>	<u>(41,434)</u>	<u>30</u>	<u>(654,938)</u>
Total accumulated depreciation	<u>(18,789,499)</u>	<u>(1,177,111)</u>	<u>30</u>	<u>(19,966,580)</u>
Net depreciable capital assets	<u>31,996,773</u>	<u>(957,773)</u>	<u>-</u>	<u>31,039,000</u>
Net capital assets	<u>\$ 32,860,467</u>	<u>\$ (957,773)</u>	<u>\$ -</u>	<u>\$ 31,902,694</u>

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

Business-type activities:

Sewer	\$	739,793
Water		<u>437,318</u>
Total depreciation expense - business-type activities	\$	<u><u>1,177,111</u></u>

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

4. LONG-TERM DEBT

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

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Governmental activities					
Governmental bonds	\$ 5,760,000	\$ -	\$ 560,000	\$ 5,200,000	\$ 590,000
Governmental loans	42,477	-	28,147	14,330	14,330
Compensated absences	215,049	135,068	-	350,117	40,575
Total governmental activities	<u>\$ 6,017,526</u>	<u>\$ 135,068</u>	<u>\$ 588,147</u>	<u>\$ 5,564,447</u>	<u>\$ 644,905</u>
Business-type activities					
Business-type bonds	\$ 240,655	\$ 7,801,161	\$ 703,006	\$ 7,338,810	\$ 862,351
Business-type loans	13,261,447	-	8,453,103	4,808,344	363,109
Compensated absences	37,419	11,326	-	48,745	8,774
Total business-type activities	<u>\$ 13,539,521</u>	<u>\$ 7,812,487</u>	<u>\$ 9,156,109</u>	<u>\$ 12,195,899</u>	<u>\$ 1,234,234</u>

Bonds

Governmental Activities	
Series 2003: original amount \$850,000; interest rate 4.95%; final payment due June 30, 2018.	\$ 480,000
Series 2005: original amount \$4,695,000; interest rates from 4.25% to 5.00%; final payment due June 1, 2019.	3,075,000
2005 PERS Bonds: original amount \$1,585,000; interest rates from 4.38% to 5.00%; final payment due June 1, 2028	1,535,000
Series 2008: original amount \$210,000; interest rates from 3.00% to 4.05%; final payment due January 1, 2015.	<u>110,000</u>
Total Governmental Bonds	<u>\$ 5,200,000</u>

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Future Governmental bonds debt service requirements are as follows:

Fiscal Year	Series 2003		Series 2005	
	Principal	Interest	Principal	Interest
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
2016	85,000	6,559	385,000	48,400
2018-2022	90,000	2,229	825,000	49,800
Total	<u>\$ 480,000</u>	<u>\$ 74,501</u>	<u>\$ 3,075,000</u>	<u>\$ 507,100</u>

Fiscal Year	2005 PERS Bonds		Series 2008	
	Principal	Interest	Principal	Interest
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	60,000	68,620	-	-
2018-2022	455,000	289,507	-	-
2023-2027	780,000	154,368	-	-
2028-2032	85,000	4,253	-	-
Total	<u>\$ 1,535,000</u>	<u>\$ 811,427</u>	<u>\$ 110,000</u>	<u>\$ 8,885</u>

Business-type Activities

Series 2011: original amount \$7,801,161; interest rate from 2.0% to 4.0%; final payment due February 1, 2020.

\$ 7,338,810

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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

	2011 Refunding Bond	
	Principal	Interest
2013	805,000	200,650
2014	820,000	184,550
2015	830,000	168,150
2016	845,000	151,550
2017	855,000	134,650
2018-2022	<u>2,725,000</u>	<u>220,600</u>
Subtotal	6,880,000	<u>\$ 1,060,150</u>
Bond Premium	<u>458,810</u>	
Total	<u>\$ 7,338,810</u>	

Loans

Governmental Activities	
2010 Vehicle Lease: original amount \$55,409; interest rate 7.75%; final payment due February 17, 2013.	<u>\$ 14,330</u>
Total Governmental Loans	<u>\$ 14,330</u>

General Long Term Debt Loans

Fiscal Year	2010 Vehicle Lease	
	Principal	Interest
2013	<u>14,330</u>	<u>1,111</u>
Total	<u>\$ 14,330</u>	<u>\$ 1,111</u>

Business-type Activities	
2005 Water Refunding: original amount \$1,347,000; interest rate 3.75%; final payment due December 1, 2012.	<u>\$ 172,000</u>
OECD Safe Drinking Water Loan: original amount \$5,650,000; interest rate 3.38%; final payment due December 1, 2028.	<u>4,636,344</u>
Total Governmental Loans	<u>\$ 4,808,344</u>

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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

Fiscal Year	5 Water Refunding		OECCDD Safe Drinking Water Loan	
	Principal	Interest	Principal	Interest
2013	172,000	3,224	191,109	156,859
2014	-	-	197,568	150,399
2015	-	-	204,246	143,721
2016	-	-	211,150	136,818
2017	-	-	218,286	129,681
2018-2022	-	-	1,207,218	532,617
2023-2027	-	-	1,425,504	314,331
2028-2032	-	-	981,263	67,686
Total	\$ 172,000	\$ 3,224	\$ 4,636,344	\$ 1,632,112

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 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.

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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, 2011 the City's rate changed to 13.38% based on the 2009 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 13.61% and 10.90%, respectively, on July 1, 2011 based on the December 31, 2009 valuation.

Annual Pension Cost

The City's contributions to PERS equaled the required contributions. The City's contributions to PERS for the fiscal years ending June 30, 2010, 2011, and 2012 were as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2010	\$ 795,435	100%
6/30/2011	\$ 788,310	100%
6/30/2012	\$ 926,500	100%

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, 2012, is as follows:

Increase in pension assets:	
Pension asset July 1, 2011	\$ 1,413,684
Annual Amortization	(83,158)
Pension asset June 30, 2012	<u>\$ 1,330,526</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, 2011 through June 30, 2013 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.

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

	Payroll		
	Tier 1/ Tier 2	OPSRP	
		General Services	Police and Fire
July 1, 2009 to June 30, 2011	0.29%	0.19%	0.19%
July 1, 2011 to June 30, 2013	0.59%	0.50%	0.50%

6. INTERFUND TRANSFERS

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental funds:		
General Fund	\$ 1,214,728	\$ 50,000
System Development Fund	-	235,550
Street Fund	6,225	80,000
Grant Fund	30,650	-
Total Major Governmental Funds	<u>1,251,603</u>	<u>365,550</u>
Non-major Governmental Funds:		
Revenue Sharing Fund	-	109,728
Total Non-major Governmental Funds	-	109,728
Proprietary Funds:		
Sewer Fund	192,450	550,000
Water Fund	6,225	425,000
Fleet Management Fund	50,000	50,000
Total Proprietary Funds	<u>248,675</u>	<u>1,025,000</u>
Total All Funds	<u>\$ 1,500,278</u>	<u>\$ 1,500,278</u>

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.

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

7. INTERFUND LOANS

Interfund loans were used to provide funding for aquatic center energy upgrades, additional cost to fire station seismic upgrade and purchase of an ambulance

Interfund loan balances as of June 30, 2012:

	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$ -	\$ 428,452
Internal Service Fund	-	190,000
System Development Fund	618,452	-
	<u>\$ 618,452</u>	<u>\$ 618,452</u>

8. 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.

9. 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.

10. SUBSEQUENT EVENTS

The former City Manager resigned from his position on July 2, 2012. He was indicted by Polk County Grand Jury on theft and misconduct charges following a police investigation. The alleged theft was under \$20,000. The City is in mediation with their insurance carrier to recover any losses. The amount of recovery, if any, cannot be determined at this time.

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 - Generally Accepted Accounting Principles
 - Street Fund
 - Grants Fund

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, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 3,260,000	\$ 3,260,000	\$ 3,251,946	\$ (8,054)
Public service taxes	429,000	429,000	433,148	4,148
Franchise fees	1,188,000	1,188,000	1,062,257	(125,743)
Charges for service	1,594,000	1,594,000	1,554,881	(39,119)
Licenses and permits	154,000	154,000	167,667	13,667
Fines and forfeitures	222,000	222,000	141,888	(80,112)
Interest	17,000	17,000	22,478	5,478
Miscellaneous	85,000	85,000	93,576	8,576
Total revenues	6,949,000	6,949,000	6,727,841	(221,159)
EXPENDITURES:				
General government	1,200,900	1,200,900	1,146,346	54,554
Public safety	4,929,335	5,039,335	4,918,023	121,312
Culture and recreation	373,100	373,100	350,244	22,856
Community development	1,422,100	1,422,100	1,325,302	96,798
Capital outlay	45,500	136,500	127,321	9,179
Debt service:				
Principal	63,150	63,150	63,147	3
Interest	8,575	8,575	7,964	611
Contingency	250,000	124,000	-	124,000
Total expenditures	8,292,660	8,367,660	7,938,347	429,313
Revenues over (under) expenditures	(1,343,660)	(1,418,660)	(1,210,506)	208,154
OTHER FINANCING SOURCES (USES):				
Transfers in	1,215,000	1,215,000	1,214,728	(272)
Transfers out	(60,000)	(60,000)	(50,000)	10,000
Total other financing sources (uses)	1,155,000	1,155,000	1,164,728	9,728
Net changes in fund balances	(188,660)	(263,660)	(45,778)	217,882
FUND BALANCE, BEGINNING - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES	1,200,000	1,200,000	1,702,807	502,807
Prior period adjustment			(403,452)	(403,452)
FUND BALANCE, ENDING - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES	\$ 1,011,340	\$ 936,340	\$ 1,253,577	\$ 317,237

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, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Public service taxes	\$ 877,302	\$ 917,302	\$ 795,640	\$ (121,662)
Interest	1,500	1,500	4,968	3,468
Miscellaneous	175,000	175,000	210,264	35,264
Total revenues	1,053,802	1,093,802	1,010,872	(82,930)
EXPENDITURES:				
Personal service	338,750	338,750	326,784	11,966
Materials and service	239,000	239,000	237,482	1,518
Capital outlay	175,000	215,000	188,116	26,884
Contingency	327,277	327,277	-	327,277
Total expenditures	1,080,027	1,120,027	752,382	367,645
Revenues over (under) expenditures	(26,225)	(26,225)	258,490	284,715
OTHER FINANCING SOURCES (USES):				
Transfers in	6,225	6,225	6,225	-
Transfers out	(80,000)	(80,000)	(80,000)	-
Total other financing sources (uses)	(73,775)	(73,775)	(73,775)	-
Net changes in fund balances	(100,000)	(100,000)	184,715	284,715
FUND BALANCES, BEGINNING	100,000	100,000	90,179	(9,821)
FUND BALANCES, ENDING	\$ -	\$ -	\$ 274,894	\$ 274,894

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, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Grants	\$ 3,357,177	\$ 3,106,536	\$ 1,418,135	\$ (1,688,401)
Total revenues	3,357,177	3,106,536	1,418,135	(1,688,401)
EXPENDITURES:				
Capital outlay	3,357,177	3,106,536	1,279,132	1,827,404
Total expenditures	3,357,177	3,106,536	1,279,132	1,827,404
Revenues over (under) expenditures	-	-	139,003	139,003
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	30,650	30,650
Total other financing sources (uses)	-	-	30,650	30,650
Net changes in fund balances	-	-	169,653	169,653
FUND BALANCES, BEGINNING	-	-	(254,426)	(254,426)
FUND BALANCES, ENDING	\$ -	\$ -	\$ (84,773)	\$ (84,773)

CITY OF DALLAS, OREGON
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2012

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, 2012.

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

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.

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, 2012

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 405,160	\$ 257,017	\$ 662,177
Due from other governments	1,020	7,440	8,460
Property taxes receivable	9,175	73,224	82,399
	<u>415,355</u>	<u>337,681</u>	<u>753,036</u>
Total assets	<u>\$ 415,355</u>	<u>\$ 337,681</u>	<u>\$ 753,036</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable and other current liabilities	\$ 4,996	\$ -	\$ 4,996
Deferred revenue	9,175	73,224	82,399
	<u>14,171</u>	<u>73,224</u>	<u>87,395</u>
Total liabilities	<u>14,171</u>	<u>73,224</u>	<u>87,395</u>
<u>FUND BALANCES:</u>			
Restricted for:			
Debt	-	264,447	264,447
Urban Renewal Projects	179,106	-	179,106
Committed for:			
Community Development	222,078	-	222,078
Unassigned:	-	10	10
	<u>401,184</u>	<u>264,457</u>	<u>665,641</u>
Total fund equity	<u>401,184</u>	<u>264,457</u>	<u>665,641</u>
Total liabilities and fund equity	<u>\$ 415,355</u>	<u>\$ 337,681</u>	<u>\$ 753,036</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, 2012**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total
REVENUES:			
Property taxes	\$ 125,893	\$ 717,013	\$ 842,906
Public service taxes	251,038	-	251,038
Interest	1,541	-	1,541
Miscellaneous	-	97,110	97,110
	<u>378,472</u>	<u>814,123</u>	<u>1,192,595</u>
Total revenues			
EXPENDITURES:			
General government	4,480	-	4,480
Capital outlay	335,351	-	335,351
Debt service:			
Principal	-	525,000	525,000
Interest	-	256,849	256,849
	<u>339,831</u>	<u>781,849</u>	<u>1,121,680</u>
Total expenditures			
Revenues over (under) expenditures	38,641	32,274	70,915
OTHER FINANCING SOURCES (USES):			
Transfers out	(109,728)	-	(109,728)
	<u>(109,728)</u>	<u>-</u>	<u>(109,728)</u>
Total other financing sources (uses)			
Net changes in fund balances	(71,087)	32,274	(38,813)
FUND BALANCES, BEGINNING	<u>472,271</u>	<u>232,183</u>	<u>704,454</u>
FUND BALANCES, ENDING	<u><u>\$ 401,184</u></u>	<u><u>\$ 264,457</u></u>	<u><u>\$ 665,641</u></u>

**CITY OF DALLAS, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2012**

	Revenue Sharing Fund	Trust/Reserve Fund	Urban Renewal Fund	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 227,017	\$ 178,143	\$ 405,160
Due from other governments	-	-	1,020	1,020
Property taxes receivable	-	-	9,175	9,175
Total assets	\$ -	\$ 227,017	\$ 188,338	\$ 415,355
<u>LIABILITIES AND FUND EQUITY</u>				
<u>LIABILITIES:</u>				
Accounts payable and other current liabilities	\$ -	\$ 4,939	\$ 57	\$ 4,996
Deferred revenue	-	-	9,175	9,175
Total liabilities	-	4,939	9,232	14,171
<u>FUND BALANCES:</u>				
Restricted for:				
Urban Renewal Projects	-	-	179,106	179,106
Committed for:				
Community Development	-	222,078	-	222,078
Total fund equity	-	222,078	179,106	401,184
Total liabilities and fund equity	\$ -	\$ 227,017	\$ 188,338	\$ 415,355

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, 2012

	Revenue Sharing Fund	Trust/Reserve Fund	Urban Renewal Fund	Total
REVENUES:				
Property taxes	\$ -	\$ -	\$ 125,893	\$ 125,893
Public service taxes	109,728	141,310	-	251,038
Interest	-	-	1,541	1,541
Total revenues	<u>109,728</u>	<u>141,310</u>	<u>127,434</u>	<u>378,472</u>
EXPENDITURES:				
General government	-	-	4,480	4,480
Capital outlay	-	235,073	100,278	335,351
Total expenditures	<u>-</u>	<u>235,073</u>	<u>104,758</u>	<u>339,831</u>
Revenues over (under) expenditures	109,728	(93,763)	22,676	38,641
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(109,728)</u>	<u>-</u>	<u>-</u>	<u>(109,728)</u>
Total other financing sources (uses)	<u>(109,728)</u>	<u>-</u>	<u>-</u>	<u>(109,728)</u>
Net changes in fund balances	-	(93,763)	22,676	(71,087)
FUND BALANCES, BEGINNING	<u>-</u>	<u>315,841</u>	<u>156,430</u>	<u>472,271</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 222,078</u>	<u>\$ 179,106</u>	<u>\$ 401,184</u>

**CITY OF DALLAS, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2012**

	General Obligation Bond Fund	General Debt Fund	Total
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 257,007	\$ 10	\$ 257,017
Due from other governments	7,440	-	7,440
Property taxes receivable	<u>73,224</u>	<u>-</u>	<u>73,224</u>
 Total assets	 <u>\$ 337,671</u>	 <u>\$ 10</u>	 <u>\$ 337,681</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES:</u>			
Deferred revenue	<u>\$ 73,224</u>	<u>\$ -</u>	<u>\$ 73,224</u>
 Total liabilities	 <u>73,224</u>	 <u>-</u>	 <u>73,224</u>
<u>FUND BALANCES:</u>			
Restricted for:			
Debt	264,447	-	264,447
Unassigned:	<u>-</u>	<u>10</u>	<u>10</u>
 Total fund equity	 <u>264,447</u>	 <u>10</u>	 <u>264,457</u>
 Total liabilities and fund equity	 <u>\$ 337,671</u>	 <u>\$ 10</u>	 <u>\$ 337,681</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, 2012

	General Obligation Bond Fund	General Debt Fund	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Property taxes	\$ 717,013	\$ -	\$ 717,013
Miscellaneous	-	97,110	97,110
	<u> </u>	<u> </u>	<u> </u>
Total revenues	717,013	97,110	814,123
	<u> </u>	<u> </u>	<u> </u>
EXPENDITURES:			
Debt service:			
Principal	505,000	20,000	525,000
Interest	179,742	77,107	256,849
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	684,742	97,107	781,849
	<u> </u>	<u> </u>	<u> </u>
Net changes in fund balances	32,271	3	32,274
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES, BEGINNING	232,176	7	232,183
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES, ENDING	\$ 264,447	\$ 10	\$ 264,457
	<u> </u>	<u> </u>	<u> </u>

**CITY OF DALLAS, OREGON
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
COMBINING BALANCE SHEET
June 30, 2012**

	<u>General Fund - Budgetary Basis</u>	<u>Improvement Fund - Budgetary Basis</u>	<u>Total General Fund Generally Accepted Accounting Principles</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,343,808	\$ 662	\$ 1,344,470
Due from other governments	33,114	-	33,114
Accounts receivable	277,803	-	277,803
Property taxes receivable	323,543	-	323,543
Due from other funds	84,830	-	84,830
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 2,063,098</u>	<u>\$ 662</u>	<u>\$ 2,063,760</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable and other current liabilities	\$ 58,188	\$ -	\$ 58,188
Deferred revenue	323,543	-	323,543
Interfund loan payable	428,452	-	428,452
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>810,183</u>	<u>-</u>	<u>810,183</u>
<u>FUND BALANCES:</u>			
Restricted for:			
System Development	600,450	-	600,450
Unassigned:	652,465	662	653,127
	<hr/>	<hr/>	<hr/>
Total fund equity	<u>1,252,915</u>	<u>662</u>	<u>1,253,577</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$ 2,063,098</u>	<u>\$ 662</u>	<u>\$ 2,063,760</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, 2012**

	General Fund - Budgetary Basis	Improvement Fund - Budgetary Basis	Total General Fund Generally Accepted Accounting Principles
REVENUES:			
Property taxes	\$ 3,251,946	\$ -	\$ 3,251,946
Public service taxes	433,148	-	433,148
Franchise fees	1,062,257	-	1,062,257
Charges for service	1,554,881	-	1,554,881
Licenses and permits	167,667	-	167,667
Fines and forfeitures	141,888	-	141,888
Interest	22,478	-	22,478
Miscellaneous	93,576	-	93,576
	<u>6,727,841</u>	<u>-</u>	<u>6,727,841</u>
EXPENDITURES:			
General government	1,146,346	-	1,146,346
Public safety	4,918,023	-	4,918,023
Culture and recreation	350,244	-	350,244
Community development	1,325,302	-	1,325,302
Capital outlay	127,321	-	127,321
Debt service:			
Principal	63,147	-	63,147
Interest	7,964	-	7,964
	<u>7,938,347</u>	<u>-</u>	<u>7,938,347</u>
Total expenditures	<u>7,938,347</u>	<u>-</u>	<u>7,938,347</u>
Revenues over (under) expenditures	(1,210,506)	-	(1,210,506)
OTHER FINANCING SOURCES (USES):			
Interfund loan proceeds (payments)	25,000	-	25,000
Transfers in	1,214,728	-	1,214,728
Transfers out	(50,000)	-	(50,000)
	<u>1,189,728</u>	<u>-</u>	<u>1,189,728</u>
Total other financing sources (uses)	<u>1,189,728</u>	<u>-</u>	<u>1,189,728</u>
Net changes in fund balances	(20,778)	-	(20,778)
FUND BALANCES, BEGINNING BUDGETARY BASIS	<u>1,702,145</u>	<u>662</u>	<u>1,702,807</u>
FUND BALANCES, ENDING BUDGETARY BASIS	1,681,367	<u><u>\$ 662</u></u>	1,682,029
Interfund payable	<u>(428,452)</u>		<u>(428,452)</u>
FUND BALANCES, ENDING	<u><u>\$ 1,252,915</u></u>		<u><u>\$ 1,253,577</u></u>

BUDGETARY COMPARISON SCHEDULES

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
- System Development 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
 - 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, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 3,260,000	\$ 3,260,000	\$ 3,251,946	\$ (8,054)
Public service taxes	429,000	429,000	433,148	4,148
Franchise fees	1,188,000	1,188,000	1,062,257	(125,743)
Charges for service	1,594,000	1,594,000	1,554,881	(39,119)
Licenses and permits	154,000	154,000	167,667	13,667
Fines and forfeitures	222,000	222,000	141,888	(80,112)
Interest	17,000	17,000	22,478	5,478
Miscellaneous	85,000	85,000	93,576	8,576
Total revenues	6,949,000	6,949,000	6,727,841	(221,159)
EXPENDITURES:				
General government	1,200,900	1,200,900	1,146,346	54,554
Public safety	4,929,335	5,039,335	4,918,023	121,312
Culture and recreation	373,100	373,100	350,244	22,856
Community development	1,422,100	1,422,100	1,325,302	96,798
Capital outlay	45,500	136,500	127,321	9,179
Debt service:				
Principal	63,150	63,150	63,147	3
Interest	8,575	8,575	7,964	611
Contingency	250,000	124,000	-	124,000
Total expenditures	8,292,660	8,367,660	7,938,347	429,313
Revenues over (under) expenditures	(1,343,660)	(1,418,660)	(1,210,506)	208,154
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	(50,000)	25,000	25,000	-
Transfers in	1,215,000	1,215,000	1,214,728	(272)
Transfers out	(60,000)	(60,000)	(50,000)	10,000
Total other financing sources (uses)	1,105,000	1,180,000	1,189,728	9,728
Net changes in fund balances	(238,660)	(238,660)	(20,778)	217,882
FUND BALANCE, BEGINNING BUDGETARY BASIS	1,200,000	1,200,000	1,702,145	502,145
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 961,340</u>	<u>\$ 961,340</u>	<u>\$ 1,681,367</u>	<u>\$ 720,027</u>

CITY OF DALLAS, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Admin:				
Personal services	\$ 355,000	\$ 355,000	\$ 343,344	\$ 11,656
Materials and services	149,100	149,100	137,866	11,234
Subtotal	504,100	504,100	481,210	22,890
Finance:				
Personal services	336,750	336,750	329,684	7,066
Materials and services	192,250	192,250	188,429	3,821
Subtotal	529,000	529,000	518,113	10,887
Facilities:				
Personal services	97,800	97,800	83,057	14,743
Materials and services	70,000	70,000	63,966	6,034
Subtotal	167,800	167,800	147,023	20,777
Municipal court:				
Personal services	133,150	133,150	135,871	(2,721)
Materials and services	65,500	65,500	23,785	41,715
Subtotal	198,650	198,650	159,656	38,994
Ambulance department:				
Personal services	812,000	862,000	862,233	(233)
Materials and services	292,995	292,995	279,502	13,493
Capital outlay	7,500	13,500	10,185	3,315
Subtotal	1,112,495	1,168,495	1,151,920	16,575
Fire department:				
Personal services	490,500	490,500	466,477	24,023
Materials and services	254,510	254,510	228,168	26,342
Capital outlay	38,000	123,000	117,136	5,864
Subtotal	783,010	868,010	811,781	56,229
Police department:				
Personal services	2,454,500	2,514,500	2,542,296	(27,796)
Materials and services	426,180	426,180	379,691	46,489
Subtotal	2,880,680	2,940,680	2,921,987	18,693

CITY OF DALLAS, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Library:				
Personal services	310,000	310,000	287,625	22,375
Materials and services	63,100	63,100	62,619	481
Subtotal	373,100	373,100	350,244	22,856
Community development - Parks:				
Personal services	175,700	175,700	154,204	21,496
Materials and services	81,000	81,000	76,083	4,917
Subtotal	256,700	256,700	230,287	26,413
Community development - Aquatic center:				
Personal services	430,500	430,500	399,328	31,172
Materials and services	272,900	272,900	264,082	8,818
Subtotal	703,400	703,400	663,410	39,990
Community development - Building/inspections:				
Personal services	240,800	240,800	240,833	(33)
Materials and services	18,100	18,100	15,483	2,617
Subtotal	258,900	258,900	256,316	2,584
Community development - Building/planning department:				
Personal services	173,500	173,500	161,636	11,864
Materials and services	29,600	29,600	13,653	15,947
Subtotal	203,100	203,100	175,289	27,811
Total expenditures	\$ 7,970,935	\$ 8,171,935	\$ 7,867,236	\$ 304,699

**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, 2012**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	-	-	-	-
FUND BALANCES, BEGINNING	-	-	662	662
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 662</u>	<u>\$ 662</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, 2012**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 295,000	\$ 295,000	\$ 154,170	\$ (140,830)
Total revenues	295,000	295,000	154,170	(140,830)
EXPENDITURES:				
Capital outlay	3,362,100	3,256,450	114,029	3,142,421
Total expenditures	3,362,100	3,256,450	114,029	3,142,421
Revenues over (under) expenditures	(3,067,100)	(2,961,450)	40,141	3,001,591
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	80,000	5,000	5,000	-
Transfers out	(204,900)	(235,550)	(235,550)	-
Total other financing sources (uses)	(124,900)	(230,550)	(230,550)	-
Net changes in fund balances	(3,192,000)	(3,192,000)	(190,409)	3,001,591
FUND BALANCES, BEGINNING BUDGETARY BASIS:	3,192,000	3,192,000	3,137,149	(54,851)
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	2,946,740	<u>\$ 2,946,740</u>
Interfund loan receivable			618,452	
FUND BALANCES, ENDING			<u>\$ 3,565,192</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, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Public service taxes	\$ 110,000	\$ 110,000	\$ 109,728	\$ (272)
Total revenues	110,000	110,000	109,728	(272)
OTHER FINANCING SOURCES (USES):				
Transfers out	(110,000)	(110,000)	(109,728)	272
Net changes in fund balances	-	-	-	-
FUND BALANCES, BEGINNING	-	-	-	-
FUND BALANCES, ENDING	\$ -	\$ -	\$ -	\$ -

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, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Public service taxes	\$ 168,600	\$ 168,600	\$ 141,310	\$ (27,290)
Total revenues	168,600	168,600	141,310	(27,290)
EXPENDITURES:				
Park	10,200	10,200	100	10,100
Skate park	4,020	4,020	-	4,020
Fire - Harpy Bovard scholarship	26,040	26,040	3,000	23,040
Fire equipment	52,983	52,983	23,835	29,148
Ambulance equipment	560	560	-	560
Library	23,500	23,500	17,045	6,455
File of life	-	2,000	-	2,000
Aquatic center	87,200	70,200	12,983	57,217
Improvements	9,430	24,430	22,580	1,850
Street improvements	64,500	64,500	39,969	24,531
Police	14,300	14,300	2,894	11,406
Civic center	810	810	100	710
Economic development	65,000	65,000	44,274	20,726
Community dinner	2,818	2,818	1,649	1,169
Transient	77,000	77,000	66,644	10,356
Total expenditures	438,361	438,361	235,073	203,288
Net changes in fund balances	(269,761)	(269,761)	(93,763)	175,998
FUND BALANCES, BEGINNING	269,761	269,761	315,841	46,080
FUND BALANCES, ENDING	\$ -	\$ -	\$ 222,078	\$ 222,078

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, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 87,000	\$ 87,000	\$ 125,893	\$ 38,893
Interest	500	500	1,541	1,041
Total revenues	<u>87,500</u>	<u>87,500</u>	<u>127,434</u>	<u>39,934</u>
EXPENDITURES:				
Personal service	6,210	6,210	4,480	1,730
Capital outlay	76,290	101,290	100,278	1,012
Debt service:				
Principal	<u>125,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>207,500</u>	<u>207,500</u>	<u>104,758</u>	<u>102,742</u>
Net changes in fund balances	(120,000)	(120,000)	22,676	142,676
FUND BALANCES, BEGINNING	<u>120,000</u>	<u>120,000</u>	<u>156,430</u>	<u>36,430</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,106</u>	<u>\$ 179,106</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, 2012**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 713,000	\$ 713,000	\$ 717,013	\$ 4,013
Total revenues	713,000	713,000	717,013	4,013
EXPENDITURES:				
Debt service:				
Principal	505,000	505,000	505,000	-
Interest	179,743	179,743	179,742	1
Total expenditures	684,743	684,743	684,742	1
Net changes in fund balances	28,257	28,257	32,271	4,014
FUND BALANCES, BEGINNING	225,000	225,000	232,176	7,176
FUND BALANCES, ENDING	<u>\$ 253,257</u>	<u>\$ 253,257</u>	<u>\$ 264,447</u>	<u>\$ 11,190</u>

**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, 2012**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Miscellaneous	\$ 97,110	\$ 97,110	\$ 97,110	\$ -
Total revenues	97,110	97,110	97,110	-
EXPENDITURES:				
Debt service:				
Principal	20,000	20,000	20,000	-
Interest	77,110	77,110	77,107	3
Total expenditures	97,110	97,110	97,107	3
Net changes in fund balances	-	-	3	3
FUND BALANCES, BEGINNING	-	-	7	7
FUND BALANCES, ENDING	\$ -	\$ -	\$ 10	\$ 10

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, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for service	\$ 2,900,000	\$ 2,900,000	\$ 2,879,216	\$ (20,784)
Interest	30,000	30,000	18,441	(11,559)
Miscellaneous	53,000	53,000	62,362	9,362
Total revenues	2,983,000	2,983,000	2,960,019	(22,981)
EXPENDITURES:				
Personal service	593,000	623,000	617,507	5,493
Materials and service	865,500	972,500	1,006,020	(33,520)
Capital outlay	135,000	207,500	152,297	55,203
Debt service:				
Principal	1,952,123	1,952,123	8,716,752	(6,764,629)
Interest	321,611	532,252	291,797	240,455
Contingency	1,008,216	559,915	-	559,915
Total expenditures	4,875,450	4,847,290	10,784,373	(5,937,083)
Revenues over (under) expenditures	(1,892,450)	(1,864,290)	(7,824,354)	(5,960,064)
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	7,801,161	7,801,161
Transfers in	192,450	403,091	192,450	(210,641)
Transfers out	(550,000)	(788,801)	(550,000)	238,801
Total other financing sources (uses)	(357,550)	(385,710)	7,443,611	7,829,321
Net changes in fund balances	(2,250,000)	(2,250,000)	(380,743)	1,869,257
FUND BALANCE, BEGINNING BUDGETARY BASIS	2,250,000	2,250,000	2,150,321	(99,679)
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 1,769,578	\$ 1,769,578
			Revenues	Expenditures
Total revenue and expenditures above			\$ 2,960,019	\$ 10,784,373
Operating transfers in/out			-	357,550
Expenditures capitalized			-	(209,338)
Debt service principal payments			-	(8,716,752)
Depreciation and amortization expense			-	751,426
Interest revenue/expense			-	(55,442)
Inventory			-	4,606
Bond costs			-	(104,699)
Bond premium			-	(57,351)
Compensated absences			-	6,474
Total revenues and expenses - generally accepted accounting principles			\$ 2,960,019	2,760,847
Change in net assets				\$ 199,172

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, 2012

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for service	\$ 2,100,000	\$ 2,100,000	\$ 1,973,756	\$ (126,244)
Interest	18,000	18,000	5,667	(12,333)
Miscellaneous	66,500	66,500	46,033	(20,467)
Total revenues	<u>2,184,500</u>	<u>2,184,500</u>	<u>2,025,456</u>	<u>(159,044)</u>
EXPENDITURES:				
Personal service	427,875	427,875	414,706	13,169
Materials and service	739,000	764,000	738,614	25,386
Debt service:				
Principal	382,006	382,006	382,006	-
Interest	173,106	173,106	173,106	-
Contingency	858,738	833,738	-	833,738
Total expenditures	<u>2,580,725</u>	<u>2,580,725</u>	<u>1,708,432</u>	<u>872,293</u>
Revenues over (under) expenditures	(396,225)	(396,225)	317,024	713,249
OTHER FINANCING SOURCES (USES):				
Transfers in	6,225	6,225	6,225	-
Transfers out	(425,000)	(425,000)	(425,000)	-
Total other financing sources (uses)	<u>(418,775)</u>	<u>(418,775)</u>	<u>(418,775)</u>	<u>-</u>
Net changes in fund balances	(815,000)	(815,000)	(101,751)	713,249
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>815,000</u>	<u>815,000</u>	<u>614,526</u>	<u>(200,474)</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 512,775</u>	<u>\$ 512,775</u>
			<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above			\$ 2,025,456	\$ 1,708,432
Operating transfers in/out			-	418,775
Expenditures capitalized			-	(10,000)
Debt service principal payments			-	(382,006)
Depreciation and amortization expense			-	437,318
Interest revenue/expense			-	(6,369)
Inventory			-	2,412
Compensated absences			-	4,852
Total revenues and expenses - generally accepted accounting principles			<u>\$ 2,025,456</u>	<u>2,173,414</u>
Change in net assets				<u>\$ (147,958)</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, 2012**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for service	\$ 406,500	\$ 406,500	\$ 382,779	\$ (23,721)
Miscellaneous	1,000	1,000	1,511	511
Total revenues	<u>407,500</u>	<u>407,500</u>	<u>384,290</u>	<u>(23,210)</u>
EXPENDITURES:				
Personal service	221,000	221,000	192,863	28,137
Materials and service	141,500	141,500	138,059	3,441
Capital outlay	20,000	65,000	55,502	9,498
Contingency	335,000	290,000	-	290,000
Total expenditures	<u>717,500</u>	<u>717,500</u>	<u>386,424</u>	<u>331,076</u>
Revenues over (under) expenditures	(310,000)	(310,000)	(2,134)	307,866
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	(30,000)	(30,000)	(30,000)	-
Transfers in	55,000	55,000	50,000	(5,000)
Transfers out	(50,000)	(50,000)	(50,000)	-
	<u>(25,000)</u>	<u>(25,000)</u>	<u>(30,000)</u>	
Net changes in fund balances	(335,000)	(335,000)	(32,134)	302,866
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>335,000</u>	<u>335,000</u>	<u>325,470</u>	<u>(9,530)</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 293,336</u>	<u>\$ 293,336</u>
			Revenues	Expenditures
Total revenue and expenditures above			\$ 384,290	\$ 386,424
Expenditures capitalized			-	(55,502)
Depreciation and amortization expense			-	141,367
Inventory			-	(3,267)
Loss on disposal of property			(1,511)	2,969
Compensated absences			-	888
Total revenues and expenses - generally accepted accounting principles			<u>\$ 382,779</u>	<u>472,879</u>
Change in net assets				<u>\$ (90,100)</u>

OTHER FINANCIAL SCHEDULES

CITY OF DALLAS, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
For the Fiscal Year Ended June 30, 2012

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2011</u>	<u>2010-11 Levy</u>	<u>Discounts & Adjustments</u>	<u>Collections</u>	<u>Uncollected Balance June 30, 2012</u>
2011-12	\$ -	\$ 4,197,403	\$ (138,156)	\$ (3,869,533)	\$ 189,714
2010-11	186,209	-	14,503	(92,983)	107,729
2009-10	98,155	-	13,043	(34,585)	76,613
2008-09	64,609	-	9,292	(50,645)	23,256
2007-08	15,256	-	2,633	(13,353)	4,536
2006-07	2,059	-	64	(1,107)	1,016
2005-06	746	-	(121)	(347)	278
Prior years	4,801	-	(1,961)	(40)	2,800
Totals	<u>\$ 371,835</u>	<u>\$ 4,197,403</u>	<u>\$ (100,703)</u>	<u>\$ (4,062,593)</u>	<u>\$ 405,942</u>

Taxes receivable classified by fund:

General Fund	\$ 323,543
Urban Renewal Agency and Debt Service Fund	<u>82,399</u>
	<u>\$ 405,942</u>

**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 *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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 28, 2012. 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 separate letters dated September 12, 2012 and December 28, 2012.

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 28, 2012

**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, 2012 and have issued our report thereon dated December 28, 2012. 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 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 162-10-000 through 162-10-320 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, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows:

1. Expenditures exceeded appropriations in the following funds.

a. Sewer Fund	Budget category	\$33,520
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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 opinion 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.

We have communicated suggestions for improvements of the City's processes in separate letters to management dated September 12, 2012 and December 28, 2012.

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 28, 2012

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.

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities:									
Invested in capital assets (net of related debt)	\$ 57,754,349	\$ 60,594,063	\$ 62,406,592	\$ 73,971,661	\$ 73,563,864	\$ 72,313,314	\$ 69,659,685	\$ 70,836,711	\$ 70,842,393
Restricted for special purposes	4,265,637	3,619,756	3,826,763	5,529,207	6,458,604	6,820,160	7,307,917	6,414,868	3,947,439
Unrestricted	2,901,846	2,102,524	2,297,554	1,180,532	1,021,024	1,930,213	4,881,233	3,255,110	2,138,540
Total governmental activities net assets	<u>\$ 64,921,832</u>	<u>\$ 66,316,343</u>	<u>\$ 68,530,909</u>	<u>\$ 80,681,400</u>	<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>
Business-type activities:									
Invested in capital assets (net of related debt)	\$ 19,755,540	\$ 19,358,365	\$ 19,200,108	\$ 22,309,835	\$ 21,999,548	\$ 20,859,855	\$ 19,592,528	\$ 18,820,679	\$ 18,499,585
Restricted for special purposes	-	1,058,654	1,058,954	-	-	-	-	-	-
Unrestricted	2,341,712	1,629,019	2,493,016	3,601,695	3,658,086	4,387,120	5,337,653	6,008,749	7,915,724
Total business-type activities net assets	<u>\$ 22,097,252</u>	<u>\$ 22,046,038</u>	<u>\$ 22,752,078</u>	<u>\$ 25,911,530</u>	<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>
Primary government:									
Invested in capital assets (net of related debt)	\$ 77,509,889	\$ 79,952,428	\$ 81,606,700	\$ 96,281,496	\$ 95,563,412	\$ 93,173,169	\$ 89,382,213	\$ 89,657,390	\$ 89,341,978
Restricted for special purposes	4,265,637	4,678,410	4,885,717	5,529,207	6,458,604	6,820,160	7,307,917	6,414,868	3,947,439
Unrestricted	5,243,558	3,731,543	4,790,570	4,782,227	4,679,110	6,317,333	10,088,886	9,263,859	10,054,264
Total primary government net assets	<u>\$ 87,019,084</u>	<u>\$ 88,362,381</u>	<u>\$ 91,282,987</u>	<u>\$ 106,592,930</u>	<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>

Source: City of Dallas Comprehensive Annual Financial Reports

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

	2012	2011	2010	2009	2008	2007
EXPENSES						
Governmental activities:						
General government	\$ 2,742,049	\$ 2,641,018	\$ 2,298,816	\$ 776,276	\$ 1,117,810	\$ 439,215
Public safety	5,227,369	5,041,368	5,013,276	5,181,413	4,374,809	3,817,182
Highways and streets	2,820,314	2,741,552	16,526,988	771,311	1,128,744	3,215,818
Culture and recreation	688,907	762,439	672,989	2,657,682	2,961,453	3,198,380
Community development	1,346,705	1,477,722	1,545,603	-	-	-
Interest on long-term debt	264,813	292,992	315,071	290,438	337,515	357,421
Unallocated depreciation	-	-	-	-	-	-
Total governmental activities expenses	13,090,157	12,957,091	26,372,743	9,677,120	9,920,331	11,028,016
Business-type activities:						
Sewage disposal	2,403,297	2,471,140	2,690,895	2,760,869	2,917,079	1,786,823
Water	1,754,639	2,108,937	2,188,120	2,034,191	1,960,357	3,488,856
Ambulance	-	-	-	-	-	927,316
Total business-type activities expenses	4,157,936	4,580,077	4,879,015	4,795,060	4,877,436	6,202,995
Total expenses	\$ 17,248,093	\$ 17,537,168	\$ 31,251,758	\$ 14,472,180	\$ 14,797,767	\$ 17,231,011
PROGRAM REVENUES						
Governmental activities:						
Charges for services						
General Government	\$ 641,463	\$ 607,535	\$ 260,475	\$ 301,725	\$ 792,460	\$ 481,966
Public Safety	1,045,911	1,321,333	1,287,955	1,311,170	1,285,393	325,233
Highways and streets	24,854	46,585	25,413	-	-	-
Culture and Recreation	77,705	606,867	572,865	519,554	507,689	489,916
Community development	611,452	243,775	699,139	-	-	-
Operating grants and contributions	9,573	11,579	48,167	1,217,259	1,523,440	2,051,181
Capital grants and contributions	1,408,562	280,080	315,877	797,474	1,218,332	953,059
Total governmental activities program revenues	3,819,520	3,117,754	3,209,891	4,147,182	5,327,314	4,301,355
Business-type activities:						
Charges for services	4,852,972	4,698,913	4,745,483	4,757,990	4,498,870	5,178,652
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	1,642,660
Total business-type activities program revenues	4,852,972	4,698,913	4,745,483	4,757,990	4,498,870	6,821,312
Total program revenues	\$ 8,672,492	\$ 7,816,667	\$ 7,955,374	\$ 8,905,172	\$ 9,826,184	\$ 11,122,667
Net (Expense)/Revenue						
Governmental activities	\$ (9,270,637)	\$ (9,839,337)	\$ (23,162,852)	\$ (5,529,938)	\$ (4,593,017)	\$ (6,726,661)
Business-type activities	695,036	118,836	(133,532)	(37,070)	(378,566)	618,317
Total net expense	\$ (8,575,601)	\$ (9,720,501)	\$ (23,296,384)	\$ (5,567,008)	\$ (4,971,583)	\$ (6,108,344)
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes and assessments	\$ 5,607,607	\$ 5,496,250	\$ 5,234,147	\$ 3,799,318	\$ 3,762,441	\$ 3,549,521
Franchise Fees	1,062,257	908,608	777,412	828,690	822,530	803,718
Intergovernmental	-	-	-	289,854	180,474	190,022
Miscellaneous	429,937	219,913	440,239	290,244	246,708	690,537
Transfer of capital assets	-	-	-	(352,861)	(822,680)	464,379
Proceeds from property sales	-	-	-	-	-	73,977
Transfers	776,325	1,000,000	(300,549)	312,600	325,450	169,360
Total governmental activities	7,876,126	7,624,771	6,151,249	5,167,845	4,514,923	5,941,514
Business-type activities:						
Miscellaneous	132,503	175,124	205,206	250,705	291,996	332,216
Transfer of capital assets	-	-	-	352,861	822,680	(464,379)
Transfers	(776,325)	(1,000,000)	300,549	(312,600)	(325,450)	(169,360)
Total business-type activities	(643,822)	(824,876)	505,755	290,966	789,226	(301,523)
Total	\$ 7,232,304	\$ 6,799,895	\$ 6,657,004	\$ 5,458,811	\$ 5,304,149	\$ 5,639,991
Change in Net Assets						
Governmental activities	\$ (1,394,511)	\$ (2,214,566)	\$ (17,011,603)	\$ (362,093)	\$ (78,094)	\$ (785,147)
Business-type activities	51,214	(706,040)	372,223	253,896	410,660	316,794
Total	\$ (1,343,297)	\$ (2,920,606)	\$ (16,639,380)	\$ (108,197)	\$ 332,566	\$ (468,353)

2006	2005	2004	2003
\$ 560,440	\$ 511,423	\$ 445,968	\$ 621,035
2,979,379	2,686,979	2,850,336	2,975,244
919,953	1,817,002	717,131	927,237
2,191,735	2,096,956	1,724,036	1,755,912
-	-	-	-
368,216	360,394	369,980	339,247
795,053	2,534,598	-	-
<u>7,814,776</u>	<u>10,007,352</u>	<u>6,107,451</u>	<u>6,618,675</u>
3,093,131	1,782,699	2,961,851	2,820,693
1,809,211	3,415,917	1,665,304	2,172,125
957,655	894,982	848,941	835,400
<u>5,859,997</u>	<u>6,093,598</u>	<u>5,476,096</u>	<u>5,828,218</u>
<u>\$ 13,674,773</u>	<u>\$ 16,100,950</u>	<u>\$ 11,583,547</u>	<u>\$ 12,446,893</u>

\$ 610,373	\$ 58,923	\$ 322,502	\$ 687,946
250,291	196,964	387,023	750,777
-	-	-	-
437,942	421,602	402,469	418,975
-	-	-	-
1,316,217	1,423,578	257,890	405,664
2,684,450	3,378,448	1,832	80,654
<u>5,299,273</u>	<u>5,479,515</u>	<u>1,371,716</u>	<u>2,344,016</u>
4,958,640	4,741,264	5,603,815	5,366,247
-	-	-	21,422
-	-	1,234,269	-
<u>4,958,640</u>	<u>4,741,264</u>	<u>6,838,084</u>	<u>5,387,669</u>
<u>\$ 10,257,913</u>	<u>\$ 10,220,779</u>	<u>\$ 8,209,800</u>	<u>\$ 7,731,685</u>

\$ (2,515,503)	\$ (4,527,837)	\$ (4,735,735)	\$ (4,274,659)
(901,357)	(1,352,334)	1,361,988	(440,549)
<u>\$ (3,416,860)</u>	<u>\$ (5,880,171)</u>	<u>\$ (3,373,747)</u>	<u>\$ (4,715,208)</u>

\$ 3,257,042	\$ 3,103,432	\$ 2,990,420	\$ 2,870,005
725,976	1,146,135	864,322	890,480
260,420	202,655	302,728	274,209
185,139	138,529	42,735	74,441
-	-	-	-
-	-	-	-
(570,930)	55,300	-	(42,891)
<u>3,857,647</u>	<u>4,646,051</u>	<u>4,200,205</u>	<u>4,066,244</u>
326,968	212,594	85,147	229,832
-	463,737	-	-
570,930	(55,300)	-	42,891
<u>897,898</u>	<u>621,031</u>	<u>85,147</u>	<u>272,723</u>
<u>\$ 4,755,545</u>	<u>\$ 5,267,082</u>	<u>\$ 4,285,352</u>	<u>\$ 4,338,967</u>

\$ 1,342,144	\$ 118,214	\$ (535,530)	\$ (208,415)
(3,459)	(731,303)	1,447,135	(167,826)
<u>\$ 1,338,685</u>	<u>\$ (613,089)</u>	<u>\$ 911,605</u>	<u>\$ (376,241)</u>

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	1,211,673	1,526,191	1,114,009
Restricted	600,450	-	-	-	-
Committed	-	-	-	-	-
Unassigned	653,127	1,702,807	-	-	-
Total General Fund	<u>\$ 1,253,577</u>	<u>\$ 1,702,807</u>	<u>\$ 1,211,673</u>	<u>\$ 1,526,191</u>	<u>\$ 1,114,009</u>
Special Revenue Funds:					
Reserved	\$ -	\$ -	\$ 4,128,493	\$ 676,339	\$ -
Unreserved	-	-	257,241	4,768,067	6,489,353
Restricted	3,400,740	3,387,580	-	-	-
Committed	222,078	315,841	-	-	-
Unassigned	533,689	(258,241)	-	-	-
Total Special Revenue Funds	<u>\$ 4,156,507</u>	<u>\$ 3,445,180</u>	<u>\$ 4,385,734</u>	<u>\$ 5,444,406</u>	<u>\$ 6,489,353</u>
Debt Service Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	199,477	194,574	316,429
Restricted	264,447	232,176	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Debt Service Funds	<u>\$ 264,447</u>	<u>\$ 232,176</u>	<u>\$ 199,477</u>	<u>\$ 194,574</u>	<u>\$ 316,429</u>
Capital Projects Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	(514,507)	(515,945)
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Capital Projects Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (514,507)</u>	<u>\$ (515,945)</u>
All Governmental Funds:					
Reserved	\$ -	\$ -	\$ 4,128,493	\$ 676,339	\$ -
Unreserved	-	-	1,668,391	5,974,325	7,403,846
Restricted	4,265,637	3,619,756	-	-	-
Committed	222,078	315,841	-	-	-
Unassigned	1,186,816	1,444,566	-	-	-
Total All Governmental Funds	<u>\$ 5,674,531</u>	<u>\$ 5,380,163</u>	<u>\$ 5,796,884</u>	<u>\$ 6,650,664</u>	<u>\$ 7,403,846</u>

Source: City of Dallas Comprehensive Annual Financial Reports

2007	2006	2005	2004	2003
\$ -	\$ -	\$ -	\$ -	\$ -
1,314,302	1,848,263	1,179,784	1,845,014	1,791,241
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 1,314,302</u>	<u>\$ 1,848,263</u>	<u>\$ 1,179,784</u>	<u>\$ 1,845,014</u>	<u>\$ 1,791,241</u>
\$ -	\$ -	\$ -	\$ -	\$ -
659,386	673,175	861,144	213,461	202,645
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 659,386</u>	<u>\$ 673,175</u>	<u>\$ 861,144</u>	<u>\$ 213,461</u>	<u>\$ 202,645</u>
\$ -	\$ -	\$ -	\$ -	\$ -
197,092	304,233	317,810	335,602	346,402
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 197,092</u>	<u>\$ 304,233</u>	<u>\$ 317,810</u>	<u>\$ 335,602</u>	<u>\$ 346,402</u>
\$ -	\$ -	\$ -	\$ -	\$ -
6,464,930	7,682,647	7,169,032	3,502,200	3,528,226
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 6,464,930</u>	<u>\$ 7,682,647</u>	<u>\$ 7,169,032</u>	<u>\$ 3,502,200</u>	<u>\$ 3,528,226</u>
\$ -	\$ -	\$ -	\$ -	\$ -
8,635,710	10,508,318	9,527,770	5,896,277	5,868,514
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 8,635,710</u>	<u>\$ 10,508,318</u>	<u>\$ 9,527,770</u>	<u>\$ 5,896,277</u>	<u>\$ 5,868,514</u>

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
REVENUES				
Taxes and assessments	\$ 4,094,852	\$ 3,988,407	\$ 3,846,626	\$ 3,797,194
Licenses and permits	321,837	430,191	416,350	1,570,479
Intergovernmental	2,897,961	1,763,122	1,703,570	1,334,690
Franchise fees	1,062,257	908,608	777,412	828,690
Charges for services	1,554,881	1,753,479	1,729,236	938,379
Fines and forfeitures	141,888	187,692	257,229	353,964
Miscellaneous	429,937	243,427	440,239	467,680
Total Revenues	<u>10,503,613</u>	<u>9,274,926</u>	<u>9,170,662</u>	<u>9,291,076</u>
EXPENDITURES				
Current operating:				
General government	1,150,826	1,171,990	1,230,491	1,997,088
Highways and streets	564,266	525,820	478,340	682,657
Culture and recreation	350,244	440,054	379,147	1,631,550
Public Safety	4,918,023	4,787,775	4,670,936	3,902,463
Community development	1,325,302	1,449,292	1,479,368	-
Capital outlay	2,043,949	1,275,423	1,618,527	2,831,297
Debt service				
Interest	264,813	292,992	500,000	317,989
Principal	588,147	578,301	315,071	502,547
Total Expenditures	<u>11,205,570</u>	<u>10,521,647</u>	<u>10,671,880</u>	<u>11,865,591</u>
REVENUES OVER (UNDER) EXPENDITURES	(701,957)	(1,246,721)	(1,501,218)	(2,574,515)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,251,603	1,870,664	1,727,916	2,145,129
Transfers out	(475,278)	(1,040,664)	(1,559,921)	(1,892,529)
Payment of prepaid pension asset	-	-	-	-
Debt proceeds	-	-	55,410	1,568,733
Bond refunding	-	-	-	-
Total Other Financing Sources (Uses)	<u>776,325</u>	<u>830,000</u>	<u>223,405</u>	<u>1,821,333</u>
NET CHANGE IN FUND BALANCES	<u>\$ 74,368</u>	<u>\$ (416,721)</u>	<u>\$ (1,277,813)</u>	<u>\$ (753,182)</u>
Debt service as a percentage of noncapital expenditures	<u>8.76%</u>	<u>8.93%</u>	<u>8.36%</u>	<u>7.45%</u>

Source: City of Dallas Comprehensive Annual Financial Reports

	2008	2007	2006	2005	2004	2003
\$	3,734,315	\$ 3,543,227	\$ 3,257,264	\$ 3,085,020	\$ 3,018,928	\$ 2,858,083
	1,526,492	1,673,675	503,499	458,856	294,130	237,098
	1,367,900	1,994,857	3,086,508	2,027,205	1,190,830	1,011,711
	822,530	803,718	725,976	891,804	864,322	706,930
	1,516,376	549,374	1,565,327	3,080,657	659,985	628,030
	365,946	325,233	250,291	273,498	153,475	159,985
	980,026	1,177,752	340,849	566,478	227,999	790,773
	<u>10,313,585</u>	<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>
	1,682,609	722,799	616,946	511,619	420,400	558,856
	902,450	840,978	867,888	729,940	2,779,104	844,594
	1,817,384	1,798,389	1,648,851	1,636,836	717,131	1,578,281
	3,533,823	3,753,648	3,070,333	2,818,643	1,553,207	2,753,751
	-	-	-	-	-	-
	6,219,811	4,011,569	2,152,064	1,611,851	167,344	976,419
	337,515	357,421	368,216	343,094	369,980	339,247
	445,000	465,000	435,000	435,000	374,600	378,600
	<u>14,938,592</u>	<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>
	(4,625,007)	(1,881,968)	570,416	2,296,535	27,903	(1,037,138)
	593,375	459,775	1,045,630	781,780	116,880	473,050
	(367,925)	(450,415)	(820,500)	(786,480)	(116,880)	(332,391)
	-	-	(1,585,000)	-	-	-
	3,109,795	-	6,410,000	-	-	885,000
	-	-	(4,640,000)	-	-	-
	<u>3,335,245</u>	<u>9,360</u>	<u>410,130</u>	<u>(4,700)</u>	<u>-</u>	<u>1,025,659</u>
\$	<u>(1,289,762)</u>	<u>(1,872,608)</u>	<u>980,546</u>	<u>2,291,835</u>	<u>27,903</u>	<u>(11,479)</u>
	<u>5.97%</u>	<u>8.13%</u>	<u>9.96%</u>	<u>10.22%</u>	<u>12.15%</u>	<u>10.16%</u>

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General government	\$ 641,463	\$ 609,185	\$ 260,475	\$ 936,322
Public safety	1,973,067	1,427,817	1,336,943	1,743,251
Highways and streets	24,854	46,585	316,961	656,475
Culture and recreation	350,739	613,337	575,173	811,134
Community development	829,397	420,830	720,339	-
Total Governmental Activities	<u>3,819,520</u>	<u>3,117,754</u>	<u>3,209,891</u>	<u>4,147,182</u>
Business-type Activities:				
Sewage disposal	2,879,216	2,824,141	2,826,340	2,846,712
Water	1,973,756	1,874,772	1,919,143	1,911,278
Ambulance	-	-	-	-
Total Business-type Activities	<u>4,852,972</u>	<u>4,698,913</u>	<u>4,745,483</u>	<u>4,757,990</u>
Total Activities	<u>\$ 8,672,492</u>	<u>\$ 7,816,667</u>	<u>\$ 7,955,374</u>	<u>\$ 8,905,172</u>

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>

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

Fiscal Year	Property	Special Assessments	Total
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
2012	4,094,852	-	4,094,852
Change 2003 - 2012	43.3%	-100.0%	

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

Fiscal Year Ended June 30,	Real Property		Personal Property*		Public Utility Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
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
2012	763,676,927	977,827,398	22,964,094	23,577,060	18,047,300	19,931,067

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

* Includes mobile homes

Source: Polk County Department of Assessment and Taxation

Assessed Value	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
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
804,688,321	1,021,335,525	78.79	4.20

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

Fiscal Year Ended June 30,	City of Dallas¹	City of Dallas²	City of Dallas Total	Polk County	School District #2
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
2012	4.20	1.03	5.23	2.24	6.34

Source: Polk County Department of Assessment and Taxation

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

Chemeketa Community College	Chemeketa Regional Library	Polk Conservation District	Willamette ESD	Dallas Cemetery District	4-H Extension District	Total
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
0.88	0.08	0.05	0.29	0.05	0.07	15.23

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

Taxpayer	2012			2003		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
Weyerhaeuser Company	\$ 9,248,412	1	1.15%	\$ 28,146,456	2	5.45%
Northwest Natural Gas	7,532,000	2	0.94%	4,293,000	6	0.83%
Greenway	6,789,240	3	0.84%	5,203,550	3	1.01%
Wal-Mart	5,776,700	4	0.72%	4,439,780	5	0.86%
Victoria Place General Partnership	5,647,880	5	0.70%	-	-	-
Dallas Mennonite Retirement Center	5,152,160	6	0.64%	-	-	-
Qwest Corporation	3,254,000	7	0.40%	5,163,590	4	1.00%
Safeway #404	2,932,720	8	0.36%	-	-	-
Citizen Soldier LLC	2,776,690	9	0.35%	-	-	-
FR Acquisition, Inc.	2,749,480	10	0.34%	-	-	-
Praegitzer Industries, Inc	-	-	-	51,666,180	1	10.01%
Pacificorp (PP&L)	-	-	-	2,927,400	7	0.57%
Fleet Business Credit Corp	-	-	-	2,396,720	8	0.46%
Wells Walter B ET AL	-	-	-	2,197,540	9	0.43%
Tyco Printed Circuit Grp, Inc	-	-	-	2,244,940	10	0.44%
	<u>\$ 51,859,282</u>		<u>6.44%</u>	<u>\$ 108,679,156</u>		<u>21.06%</u>

Source: Polk County Department of Assessment and Taxation

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

Fiscal Year Ended June 30,	Total tax levy (net of discounts)	Collected in year of levy		Collected in subsequent years	Total collections to date	
		Amount	Percent of Levy		Amount	Percent of Levy
2003	2,876,224	2,682,338	93.26	130,056	2,812,394	97.78
2004	3,030,151	2,843,667	93.85	116,636	2,960,303	97.69
2005	3,186,424	2,971,823	93.27	106,518	3,078,341	96.61
2006	3,337,387	3,141,622	94.13	123,715	3,265,337	97.84
2007	3,555,585	3,339,468	93.92	133,155	3,472,623	97.67
2008	3,763,738	3,529,331	93.77	150,237	3,679,568	97.76
2009	3,861,639	3,574,325	92.56	185,430	3,759,755	97.36
2010	3,963,447	3,677,240	92.78	119,415	3,796,655	95.79
2011	4,083,452	3,791,192	92.84	92,983	3,884,175	95.12
2012	4,197,403	3,869,533	92.19	-	3,869,533	92.19

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:

Fiscal Year Ended June 30,	Population	Assessed Value	Bonded Debt	Ratio of Bonded Debt to Assessed Value	Debt as % Personal Income	Bonded Debt Per Capita
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
2012	14,620	804,688,321	5,760,000	0.0072	1.28%	393.98

BUSINESS-TYPE ACTIVITIES:

Fiscal Year Ended June 30,	Population	Assessed Value	Notes Payable and Bonded Debt	Ratio of Bonded Debt to Assessed Value	Debt as % Personal Income	Bonded Debt Per Capita
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
2012	14,620	804,688,321	13,502,102	0.0168	3.00%	923.54

TOTAL DEBT:

Fiscal Year Ended June 30,	Population	Assessed Value	Notes Payable and Bonded Debt	Ratio of Bonded Debt to Assessed Value	Debt as % Personal Income	Bonded Debt Per Capita
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
2012	14,620	804,688,321	19,262,102	0.0239	4.28%	1,317.52

N/A - data not available

**CITY OF DALLAS, OREGON
 COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 JUNE 30, 2012**

<u>Governmental Unit</u>	<u>Gross Property-tax Backed Debt</u>	<u>Percent Applicable Inside City of Dallas</u>	<u>Amount Applicable Inside City of Dallas</u>
Debt Repaid with Property Taxes			
Chemeketa Community College	134,340,619	2.56 %	3,439,120
Willamette ESD	21,471,603	2.36 %	506,730
Polk Cty SD 2 (Dallas)	8,600,000	63.27 %	5,441,220
Polk County	14,835,000	17.22 %	<u>2,554,587</u>
Subtotal, overlapping debt			7,995,807
City of Dallas - City Direct Debt			<u>\$ 12,080,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 20,075,807</u></u>

NOTE:

- a) "Gross Property-tax Backed Debt" includes all General Obligation (GO) bonds and Full Faith & Credit Bonds, but excludes self-supporting revenue bonds.
- b) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlap is determined by how much of the real market value is shared by each entity with the city of Dallas. This information is provided by the Oregon Department of Revenue and used by the Oregon State Treasury Department to develop the overlapping debt reports for the City.

Source: State of Oregon-Oregon State Treasury, Debt Management Division

**CITY OF DALLAS, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2012**

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

Assessed value	\$ 804,688,321
Rate	<u> x 3%</u>
Debt limit	24,140,650
Debt applicable to limit	<u>(3,290,553)</u>
Legal debt margin	<u><u>\$ 20,850,097</u></u>

<u>Fiscal year ended June 30,</u>	<u>Debt Limit</u>	<u>Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>
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
2012	20,850,097	3,290,553	17,559,544

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	
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	1,956,337	1,515,756	440,581	368,234	187,133	555,367	79.33
2012	2,025,456	1,153,320	872,136	382,006	173,106	555,112	157.11

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	
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	2,917,700	1,514,520	1,403,180	806,495	352,146	1,158,641	121.11
2012	10,953,630	1,775,824	9,177,806	8,716,752	291,797	9,008,549	101.88

SPECIAL ASSESSMENT BONDS

Fiscal Year Ended June 30,	Assessment Principal Collections	Debt Service Requirements			Percent Coverage
		Principal	Interest	Total	
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**

Fiscal Year Ended June 30,	Population	Per Capita Personal Income	Total Personal Income (in 000's)	Area in square miles	Average Density (persons / square mile)	Average Annual Unemployment
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	30,877	450,495	4.45	3,278.7	8.8% *
2012	14,620	N/A	N/A	4.45	3,285.4	8.5% *

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 EIGHT YEARS AGO**

Employer	2012			2005 (1)		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Tyco Printed Circuit Group, LP	-	-	-	450	1	8.18%
Dallas Public Schools	323	1	6.66%	290	2	5.27%
Polk County	290	2	5.98%	280	3	5.09%
Dallas Retirement Village	280	3	5.77%	215	6	3.91%
Forest River	200	4	4.12%	219	5	3.98%
Wal-Mart	134	6	2.76%	150	10	2.73%
City of Dallas	97	8	2.00%	-	-	-
West Valley Hospital	154	5	3.18%	150	9	2.73%
James W. Fowler Company	85	9	1.75%	200	7	3.64%
Safeway Stores, Inc.	128	7	2.64%	275	4	5.00%
Weyerhaeuser Corp.	-	-	-	190	8	3.45%
	<u>1,691</u>		<u>34.87%</u>	<u>2,419</u>		<u>43.98%</u>

Source: Dallas Area 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**

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	16	15	15	16	17	14	20	19	18	18
Public safety	27	25	25	25	26	25	26	26	26	26
Highways and streets	6	6	6	6	4	5	6	3	4	4
Culture and recreation	25	23	24	24	25	25	17	20	18	20
Sewage disposal	10	10	11	10	11	8	6	6	6	6
Water	9	9	9	9	11	9	9	8	6	5
Ambulance	13	13	14	14	15	14	19	19	19	18
Total	106	101	104	104	109	100	103	101	97	97

Source: City of Dallas

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Arrests	1,265	1,275	1,369	1,393	1,390	1,312	1,355	988	904	927
Traffic violations	1,821	1,412	1,437	819	1,040	1,236	1,025	810	472	529
Municipal Court Cases	2,223	1,933	1,727	1,859	2,573	1,933	1,381	1,475	888	938
Fire Responses										
City	244	232	220	278	261	381	319	350	373	356
Rural	301	305	300	335	404	367	316	455	411	332
Ambulance										
Transports	1,955	2,038	1,931	1,956	2,334	1,718	1,804	1,708	1,817	1,811
Building Activity										
Permits Issued	173	296	251	249	197	191	145	160	132	108
Estimated Value (000's)	\$ 25,227	\$ 36,801	\$ 38,581	\$ 39,384	\$ 22,328	\$ 17,049	\$ 14,736	\$ 16,100	\$ 9,863	\$ 10,004
Planning Applications	53	46	55	63	N/A	54	33	47	36	43
Library										
Circulation	174,058	185,527	176,408	173,008	176,228	181,473	176,004	183,498	203,762	248,881
Miles of Streets Maintained	50.00	54.70	54.80	54.80	54.8	55.00	55.00	55.00	55.00	55.00
Water										
Connections	4,319	4,417	4,635	4,737	4,788	4,930	5,073	5,329	5,331	5,348
Sewer										
Connections	3,719	3,905	4,100	4,187	4,235	4,326	4,417	4,474	4,467	4,483

Source: City of Dallas

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	54	54	54	54	59	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	10.5 mgd					
Fire hydrants	431	444	453	468	475	479	483	485	485	485

Source: City of Dallas