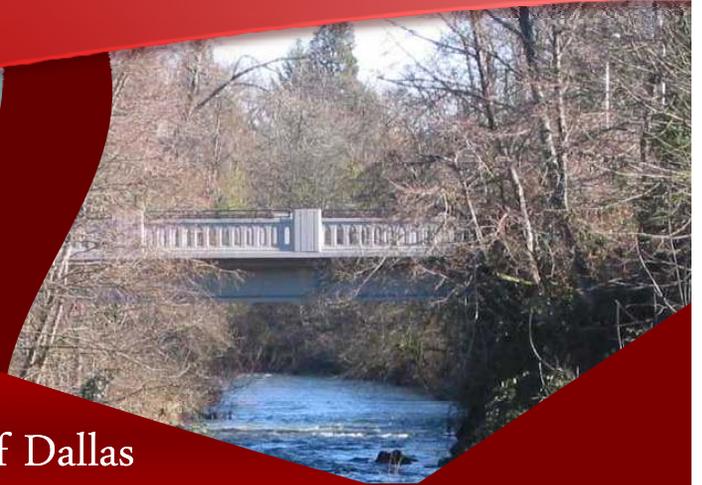




Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2013



City of Dallas
Polk County - Oregon

City of Dallas, Oregon

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2013

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

CITY OF DALLAS, OREGON
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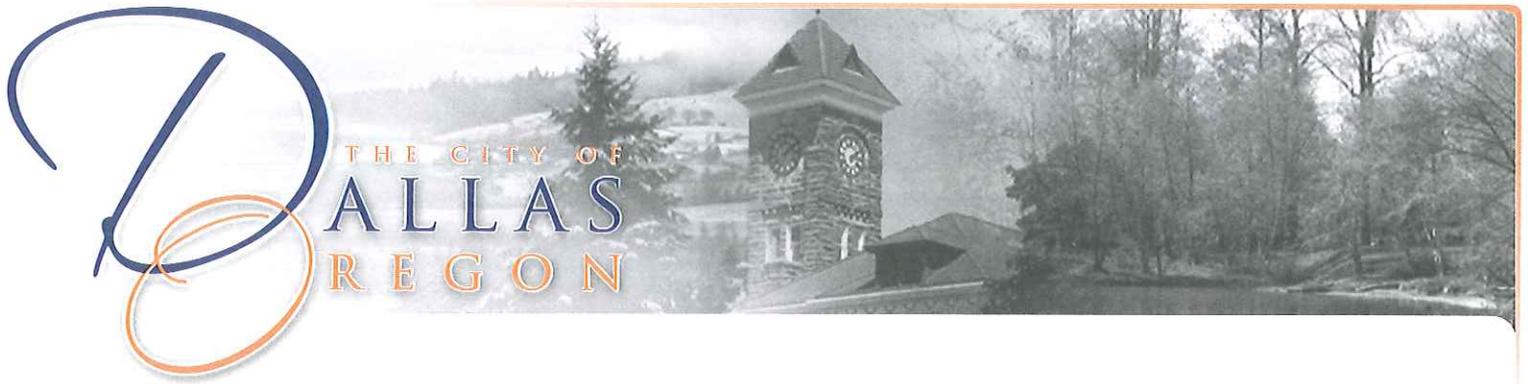
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INTRODUCTORY SECTION



December 30, 2013

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, 2013. 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, 2012, for the City of Dallas was 14,690.

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

The local economy is rebounding slowly from what is now being called the “Great Recession” and based on regional economic reports the economy is expected to continue to improve in 2014. The City’s 2013 single family building permits more than doubled the 2012 numbers and we fully expect 2014 single family building permits to be slightly higher than 2013.

The City just finished a major revitalization project of the 800-900 blocks of Main Street. This project was completed with money generated by the Dallas Urban Renewal Area. The project was undertaken to improve the aesthetics of our downtown and to encourage building owners as well as business owners to make improvements to building and store fronts. The Urban Renewal Agency is doing what they can to keep the project momentum by offering grants and loans to improve buildings, store fronts and signage. 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 five year 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 somewhat flat.

The City Council, City Manager and staff work in partnership to ensure the City’s financial stability in challenging times. In 2014 the staff will prepare and present a three-year fiscal forecast, which will compare estimated revenues with anticipated expenditures consisting of personnel costs, operational costs and capital improvement projects. Our goal is to better understand what can and cannot be done in the future. This type of fiscal planning will also help the City better plan for much needed capital projects that have been put off or ignored for the last five years.

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 2012-2013 the City Council approved a utility rate fee study and set certain utility rate fee increases, adjusting rates annually.

In regards to the City's long-term debt obligations, the City has a total of \$11 million in long-term debt outstanding as of June 30, 2013.

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 previous 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. In the current fiscal year, 2012-2013, there were no bond refundings.

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, 2013, 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, 2012. 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.

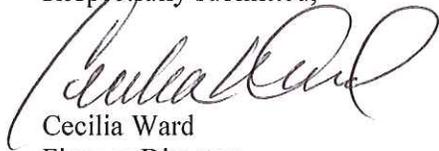
A Certificate of Achievement is valid for a period of one year only. The City of Dallas has received a Certificate of Achievement for the last twenty consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to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

A handwritten signature in cursive script, appearing to read "Cecilia Ward".

Cecilia Ward
Finance Director

Dallas, Oregon



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

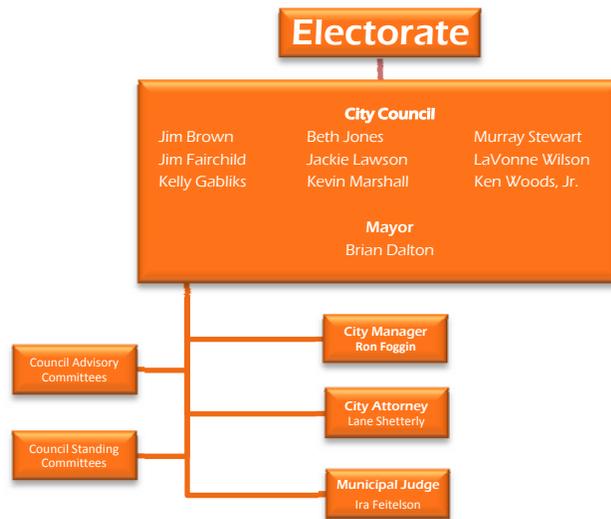
**City of Dallas
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

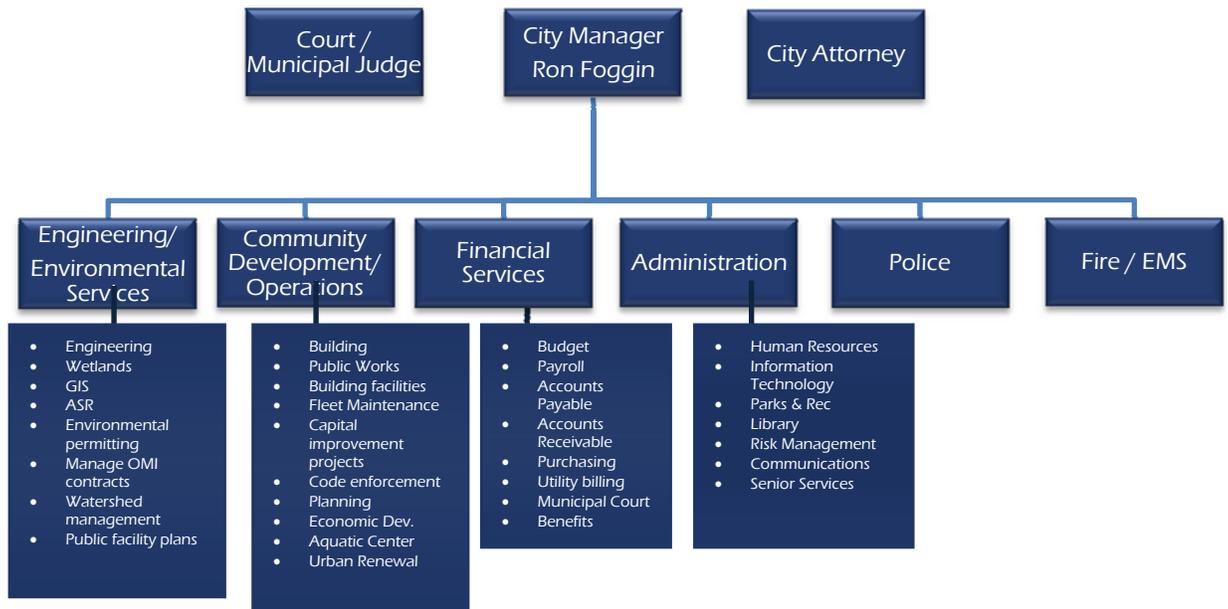
June 30, 2012



Executive Director/CEO



City of Dallas



MAYOR AND COUNCIL MEMBERS

| <u><i>Name</i></u> | <u><i>Term Expires</i></u> |
|--|----------------------------|
| Mayor Brian Dalton PO Box 190 Dallas, Oregon 97338 | December 2014 |
| Councilor Kenneth Woods, Jr. 1130 Main Street Dallas, Oregon 97338 | December 2016 |
| 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 2016 |
| Councilor LaVonne Wilson, President 2129 SE Magnolia Avenue Dallas, Oregon 97338 | December 2016 |
| Councilor James Fairchild 297 SE Ironwood Street Dallas, Oregon 97338 | December 2014 |
| Councilor Murray Stewart 531 NW Douglas Street Dallas, Oregon 97338 | December 2016 |
| Councilor Kelly Gabliks 2452 SW Oakwood Drive Dallas, Oregon 97338 | December 2016 |
| Councilor Jackie Lawson 569 SE Walnut Avenue Dallas, Oregon 97338 | December 2014 |

City Officials

Ron Foggin, City Manager
Cecilia Ward, Finance Director

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Dallas, Oregon
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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dallas, Oregon, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 12 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dallas, Oregon's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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.

Other Reporting Required by *Government Auditing Standards* and Oregon Revised Statutes

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013 on our consideration of the City of Dallas, Oregon'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dallas, Oregon's internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 30, 2013, on our consideration of the City of Dallas, Oregon's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. 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.

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

Merina & Company, LLP
West Linn, Oregon
December 30, 2013

**CITY OF DALLAS
POLK COUNTY, OREGON**

Year Ended June 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

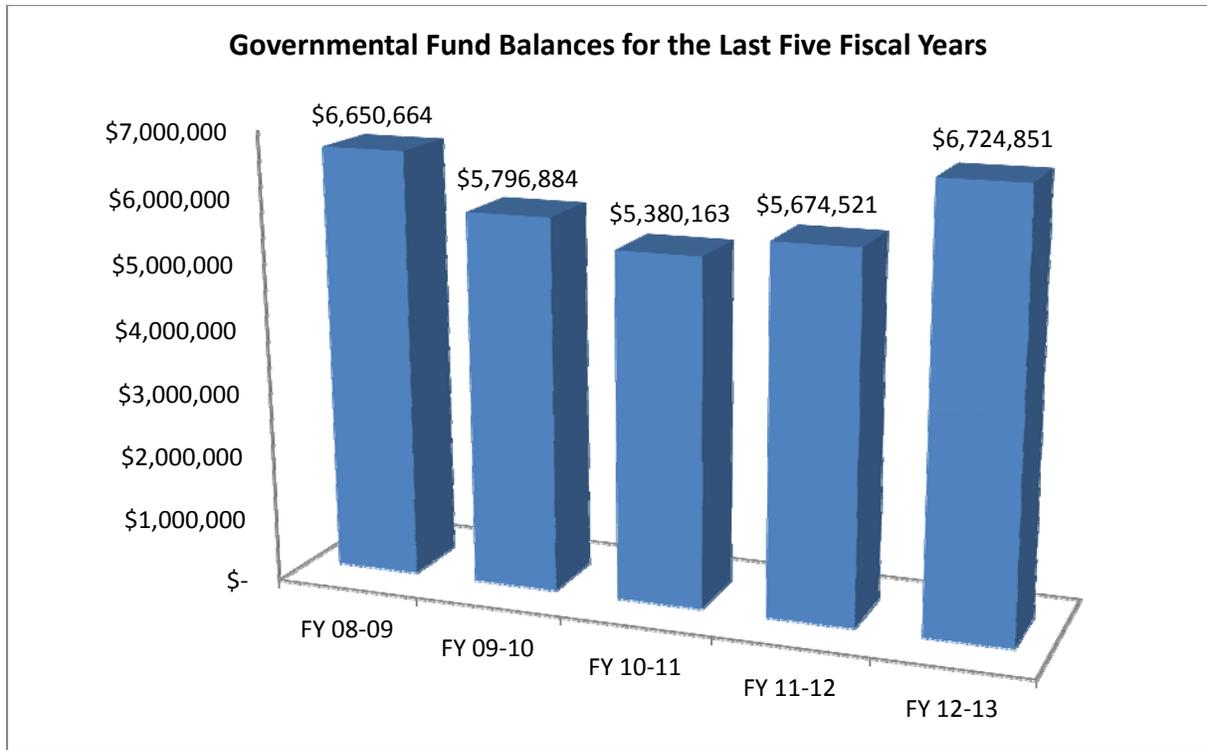
The Management's Discussion and Analysis of the City of Dallas Comprehensive Annual Financial Report (CAFR) presents a discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2013. The information presented here should be considered in conjunction with the accompanying 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 \$6,724,851, an increase of \$1,050,330 in comparison with the previous year. The General Fund ending fund balance decreased 26% percent to \$925,202.

Governmental Funds: Changes in Fund Balances

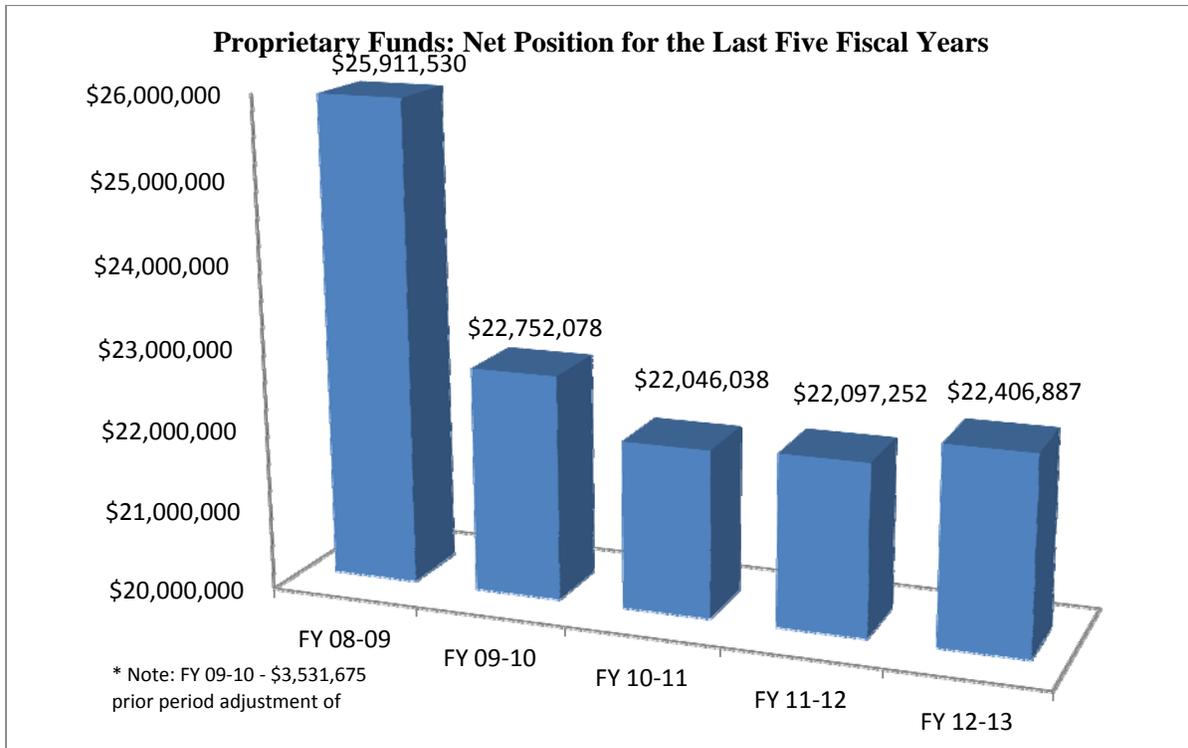
| Fund | June 30, 2013 Fund Balance | June 30, 2012 Fund Balance | Increase (decrease) | Percent Change |
|------------------------------|----------------------------------|----------------------------------|------------------------|-------------------|
| General Fund | \$ 925,202 | \$ 1,252,915 | \$ (327,713) | 26.16% |
| Street Fund | \$ 491,262 | \$ 274,894 | \$ 216,368 | 78.71% |
| Trust/Reserve Fund | \$ 217,990 | \$ 222,078 | \$ (4,088) | -1.84% |
| | | | | - |
| Grants Fund | \$ (17,817) | \$ (84,773) | \$ 66,956 | 78.98% |
| Urban Renewal Fund | \$ 247,001 | \$ 179,106 | \$ 67,895 | 37.91% |
| General Obligation Bond Fund | \$ 307,276 | \$ 264,447 | \$ 42,829 | 16.20% |
| Systems Development Fund | \$ 4,553,275 | \$ 3,565,192 | \$ 988,083 | 27.71% |
| Improvement Fund | \$ 662 | \$ 662 | \$ - | 0.00% |
| | <u>\$ 6,724,851</u> | <u>\$ 5,674,521</u> | <u>\$ 1,050,330</u> | <u>18.51%</u> |



Business-type net position increased \$309,635 (1.4 percent) for the 2012-13 fiscal year. Operating income for the Water and Sewer Funds was \$1,536,238. The net position decrease from non-operating revenues and expenses was \$270,577. During 2012-13 equipment replacement and wastewater treatment plant improvements took place along with ongoing sewer line replacements.

Changes in Net Position: Proprietary Funds

| Fund | June 30, 2013 | June 30, 2012 | Increase (decrease) | Percent Change |
|------------|-------------------|----------------------|------------------------|-------------------|
| | Net Position | Net Position | | |
| Water Fund | 9,867,924 | 9,773,512 | \$ 94,412 | 0.97% |
| Sewer Fund | 12,538,963 | 12,323,740 | \$ 215,223 | 1.75% |
| | <u>22,406,887</u> | <u>\$ 22,097,252</u> | <u>\$ 309,635</u> | <u>1.40%</u> |



For Fiscal Year 2012-13 there was minimal growth in net position for the City's two enterprise funds where net position increased less than 1.0% percent in the Water Fund and increased 1.62 percent in the Sewer Fund. The minimal increase reflects a small growth in operating revenue and a decrease in capital projects.

Internal Service Fund (Fleet Management Fund) net position decreased \$ 6,944 for the 2012-13 fiscal year due to the purchase of 3 small vehicles.

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 position (*statement of net position*) 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 position presents information on all the City of Dallas' assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position 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, community development 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. Un-matured 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 nine 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 \$102,756,561, while total liabilities were \$16,600,056 resulting in combined net position (governmental and business-type activities) of \$86,156,505. The largest component of the City's total net position, \$77,163,723 or 89.5% 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 Position Years ended June 30, 2013 and 2012

| | <i>Governmental Activities</i> | | <i>Business-type Activities</i> | | <i>Total</i> | |
|----------------------------------|--------------------------------|---------------|---------------------------------|---------------|---------------|---------------|
| | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| Current and other assets | \$ 7,505,617 | \$ 6,447,642 | \$ 2,813,309 | \$ 2,636,675 | \$ 10,318,926 | \$ 9,084,317 |
| Capital Assets | 61,499,018 | 64,299,205 | 30,938,617 | 31,902,694 | 92,437,635 | 96,201,899 |
| <i>Total Assets</i> | 69,004,635 | 70,746,847 | 33,751,926 | 34,539,369 | 102,756,561 | 105,286,216 |
| Long-term liabilities | 4,259,845 | 4,919,542 | 9,895,856 | 10,961,665 | 14,155,701 | 15,881,207 |
| Other liabilities | 994,872 | 905,473 | 1,449,483 | 1,480,452 | 2,444,355 | 2,385,925 |
| <i>Total Liabilities</i> | 5,254,717 | 5,825,015 | 11,345,339 | 12,442,117 | 16,600,056 | 18,267,132 |
| Net Position: | | | | | | |
| Net investment in capital assets | 57,146,650 | 57,754,349 | 20,017,073 | 19,755,540 | 77,163,723 | 77,509,889 |
| Restricted | 5,598,814 | 4,265,637 | - | - | 5,598,814 | 4,265,637 |
| Unrestricted | 1,004,454 | 2,901,846 | 2,389,514 | 2,341,712 | 3,393,968 | 5,243,558 |
| <i>Total Net Position</i> | \$ 63,749,918 | \$ 64,921,832 | \$ 22,406,587 | \$ 22,097,252 | \$ 86,156,505 | \$ 87,019,084 |

Statement of Activities
Years ended June 30, 2013 and 2012

| | <i>Governmental Activities</i> | | <i>Business-type Activities</i> | | <i>Total</i> | |
|-------------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| <i>Revenues:</i> | | | | | | |
| <i>Program Revenues:</i> | | | | | | |
| Charges for services | \$ 2,904,689 | \$ 2,401,385 | \$ 5,025,147 | \$ 4,852,972 | \$ 7,929,836 | \$ 7,254,357 |
| Operating grants and contributions | 7,305 | 9,573 | - | - | 7,305 | 9,573 |
| Capital grants and contributions | 126,726 | 1,408,562 | - | - | 126,726 | 1,408,562 |
| <i>General Revenues:</i> | | | | | | |
| Property taxes | 4,226,307 | 4,127,781 | - | - | 4,226,307 | 4,127,781 |
| Public service taxes | 1,529,489 | 1,479,826 | - | - | 1,529,489 | 1,479,826 |
| Franchise fees | 1,028,427 | 1,062,257 | - | - | 1,028,427 | 1,062,257 |
| Interest and investment earnings | 21,438 | 28,987 | 20,287 | 24,108 | 41,725 | 53,095 |
| Unrestricted intergovernmental | - | - | - | - | - | - |
| Other Revenues | 401,428 | 400,950 | 241,677 | 108,395 | 643,105 | 509,345 |
| <i>Total Revenues</i> | 10,245,809 | 10,919,321 | 5,287,111 | 4,985,475 | 15,532,920 | 15,904,796 |
| <i>Expenses:</i> | | | | | | |
| General government | (1,951,720) | (2,742,049) | - | - | (1,951,720) | (2,742,049) |
| Public safety | (5,169,796) | (5,227,369) | - | - | (5,169,796) | (5,227,369) |
| Highways and street | (2,949,068) | (2,820,314) | - | - | (2,949,068) | (2,820,314) |
| Culture and recreation | (730,924) | (688,907) | - | - | (730,924) | (688,907) |
| Community development | (1,332,910) | (1,346,705) | - | - | (1,332,910) | (1,346,705) |
| Interest on long-term debt | (239,631) | (264,813) | - | - | (239,631) | (264,813) |
| Sewage disposal | - | - | (2,406,124) | (2,403,297) | (2,406,124) | (2,403,297) |
| Water | - | - | (1,615,326) | (1,754,639) | (1,615,326) | (1,754,639) |
| <i>Total Expenses</i> | (12,374,049) | (13,090,157) | (4,021,450) | (4,157,936) | (16,395,499) | (17,248,093) |
| Increase (decrease) in net position | | | | | | |
| before transfers | (2,128,240) | (2,170,836) | 1,265,661 | 827,539 | (862,579) | (1,343,297) |
| Transfers in (out) | 956,326 | 776,325 | (956,326) | (776,325) | - | - |
| Transfers of capital assets | - | - | - | - | - | - |
| Change in net position | (1,171,914) | (1,394,511) | 309,335 | 51,214 | (862,579) | (1,343,297) |
| Net position - beginning | 64,921,832 | 66,316,343 | 22,097,252 | 22,046,038 | 87,019,084 | 88,362,381 |
| Net position - ending | <u>\$ 63,749,918</u> | <u>\$ 64,921,832</u> | <u>\$ 22,406,587</u> | <u>\$ 22,097,252</u> | <u>\$ 86,156,505</u> | <u>\$ 87,019,084</u> |

Governmental Activities. Total revenues for the City of Dallas' governmental activities for the fiscal year ended June 30, 2013, were \$10,245,809. Approximately 41% of the total revenue for the governmental activities was derived from property taxes and approximately 28% of the total revenue is from charges for services. Total expenses for governmental activities were \$12,374,049 (excluding transfers), resulting in a decrease in net position of \$1,171,914. The majority of the governmental activities revenue was used to fund public safety, which accounts for approximately 42% of the total governmental activities expense. Culture and recreation expenses account for 6% of the total, community development account for 10%, highways and streets account for 24%, and general government expenses account for 16% 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 \$5,287,111 for the current fiscal year. Approximately 95% of the total business-type activities revenue was derived from charges for services. The total expenses for business-type activities were \$4,021,450 (excluding transfers), resulting in an increase of net position by \$309,335. 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 \$6,724,851, an increase of \$1,050,330 or 15.6%, 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 \$925,202, a decrease of \$327,713 or 26% from the prior year (on the modified accrual basis). The decrease was due to a transfer to the Systems Development fund.

The Street fund accounts for state highway apportionment, federal funds, and grants, which are restricted to road maintenance. The fund balance of the Street fund at the end of the fiscal year was \$491,262, an increase of 78.71% from the prior year. The large increase is due to the seasonal timing of road maintenance work.

The Grant fund accounts for major grants to the City. The fund balance of the Grant fund is (\$17,817) due to the watershed grant project completion and the delay of the grant reimbursement.

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 increased by \$988,083 or 27.1% due to increased construction resulting in an increase of systems development charges and a transfer from the General Fund. The fund balance of the Systems Development fund at the end of the fiscal year was \$4,553,275 and represents 68% of the total of all governmental fund balances.

Proprietary Funds. At the end of the current fiscal year, net position of the proprietary funds equaled \$22,406,587. The change in total net position of all the proprietary funds was insignificant. The Sewer fund net position increased by \$215,223 and Water fund net position increased by \$94,412. Both funds increased net position due to an increase in utility rates and decrease in interest expense.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were several amendments to the original budget. Actual revenues (budgetary basis) were less than 1% more than budgeted amounts due to an increase in collection of property tax. Actual expenditures were 7% 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, \$91,190,267 net of accumulated depreciation, compared to \$94,871,373 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 equipment replacement. Additional information about the City's capital assets is presented in the notes to the financial statements on pages 28 through 29.

| | Capital Assets | | | | | |
|---------------------------------|------------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | Years ended June 30, 2013 and 2012 | | | | | |
| | <i>Governmental Activities</i> | | <i>Business-type Activities</i> | | <i>Total</i> | |
| | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| Land | \$ 892,046 | \$ 892,046 | \$ 863,694 | \$ 863,694 | \$ 1,755,740 | \$ 1,755,740 |
| Construction in progress | | | | | - | - |
| Buildings and improvements | 15,034,235 | 15,018,591 | | | 15,034,235 | 15,018,591 |
| Machinery and equipment | 8,885,431 | 8,722,133 | 671,927 | 689,394 | 9,557,358 | 9,411,527 |
| Infrastructure | 73,115,360 | 72,878,198 | | | 73,115,360 | 72,878,198 |
| Buildings and infrastructure | | | 50,510,179 | 50,316,186 | 50,510,179 | 50,316,186 |
| Accumulated depreciation | (37,675,422) | (34,542,289) | (21,107,183) | (19,966,580) | (58,782,605) | (54,508,869) |
| <i>Total Net Capital Assets</i> | <u>\$ 60,251,650</u> | <u>\$ 62,968,679</u> | <u>\$ 30,938,617</u> | <u>\$ 31,902,694</u> | <u>\$ 91,190,267</u> | <u>\$ 94,871,373</u> |

Long-term Debt. At the end of the current fiscal year, long-term debt outstanding for the governmental activities totaled \$4,610,000 (excluding compensated absences payable), compared to \$5,214,330 the prior year. For business-type activities, long term debt outstanding totaled \$ 10,921,544 (excluding compensated absences payable), compared to \$12,147,154 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
Years ended June 30, 2013 and 2012

| | <i>Governmental Activities</i> | | <i>Business-type Activities</i> | | <i>Total</i> | |
|---------------------------|--------------------------------|---------------------|---------------------------------|----------------------|---------------------|----------------------|
| | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| General Obligation Bonds | \$ 3,105,000 | \$ 3,665,000 | \$ - | \$ - | \$ 3,105,000 | \$ 3,665,000 |
| Pension Obligation Bonds | 1,505,000 | 1,535,000 | - | - | 1,505,000 | 1,535,000 |
| Capital Lease | - | 14,330 | - | - | - | 14,330 |
| Notes Payable | - | - | 10,921,544 | 12,147,154 | 10,921,544 | 12,147,154 |
| <i>Total Net Position</i> | <u>\$ 4,610,000</u> | <u>\$ 5,214,330</u> | <u>\$ 10,921,544</u> | <u>\$ 12,147,154</u> | <u>\$ 5,531,544</u> | <u>\$ 17,361,484</u> |

ECONOMIC FACTORS 2013

The City of Dallas has a mixed tax base, comprised of residential, commercial, and industrial property with residential property accounting for the highest percentage of the tax base. The National and State economies continued to improve in 2013, which was also true for the City. The City saw improvement in both commercial and residential development. In 2013 more than fifty residential building permits were issued, which is more than double the 2012 numbers. Local businesses across the board reported improvements in sales and services.

The 2013 unemployment rate in the Dallas area has dropped a full percent from 2012 and continues to closely mirror the National and Oregon unemployment rate. This is good news for the City and its citizens.

The State of Oregon does not have a sales tax, making property taxes a primary funding source for general government, public safety, and leisure services provided by the City. With no sales tax and State laws capping property taxes, the City's general fund revenue is not keeping up with expenditures. This revenue to expenditure scenario creates a great deal of pressure on departments trying to maintain service levels.

The City of Dallas is committed to economic development as well as retaining the businesses that are in the community. The City created the Dallas Economic Development Commission in an effort to get community stakeholder input on 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 Programs to stimulate economic development in all its various facets. The City has various partnerships with SEDCOR, Mid-Willamette Valley Council of Governments and other local and state organizations in an effort to improve economic development in the community.

With property tax revenues continuing to shrink in comparison to general fund expenditures, the need is for strong economic development as well as business retention and expansion. In the next year the City will reallocate staff time to do more economic development work. The City will undertake a branding and marketing plan to better communicate the resources of the community and the advantages of doing business here.

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 POSITION
June 30, 2013

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| ASSETS: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 6,740,197 | \$ 2,256,884 | \$ 8,997,081 |
| Due from other governments | 51,900 | - | 51,900 |
| Accounts receivable, net | 320,014 | 299,159 | 619,173 |
| Property taxes receivable | 387,756 | - | 387,756 |
| Inventory | 5,750 | 175,863 | 181,613 |
| Bond Costs | - | 81,403 | 81,403 |
| | <u>7,505,617</u> | <u>2,813,309</u> | <u>10,318,926</u> |
| Total current assets | | | |
| Noncurrent assets: | | | |
| Prepaid pension asset | 1,247,368 | - | 1,247,368 |
| Capital assets: | | | |
| Nondepreciable | 892,046 | 863,694 | 1,755,740 |
| Depreciable, net | 59,359,604 | 30,074,923 | 89,434,527 |
| | <u>61,499,018</u> | <u>30,938,617</u> | <u>92,437,635</u> |
| Total noncurrent assets | | | |
| | <u>\$ 69,004,635</u> | <u>\$ 33,751,926</u> | <u>\$ 102,756,561</u> |
| Total assets | | | |
| LIABILITIES: | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | \$ 315,638 | \$ 199,219 | \$ 514,857 |
| Interest Payable | - | 164,538 | 164,538 |
| Current portion of compensated absences | 59,234 | 10,807 | 70,041 |
| Current portion of long-term debt | 620,000 | 1,074,919 | 1,694,919 |
| | <u>994,872</u> | <u>1,449,483</u> | <u>2,444,355</u> |
| Total current liabilities | | | |
| Noncurrent liabilities: | | | |
| Noncurrent portion of compensated absences | 269,845 | 49,231 | 319,076 |
| Noncurrent portion of long-term obligations | 3,990,000 | 9,846,625 | 13,836,625 |
| | <u>4,259,845</u> | <u>9,895,856</u> | <u>14,155,701</u> |
| Total noncurrent liabilities | | | |
| | <u>5,254,717</u> | <u>11,345,339</u> | <u>16,600,056</u> |
| Total liabilities | | | |
| NET POSITION: | | | |
| Net investment in capital assets | 57,146,650 | 20,017,073 | 77,163,723 |
| Restricted for: | | | |
| Urban renewal projects | 247,001 | - | 247,001 |
| Debt Service | 307,276 | - | 307,276 |
| Streets | 491,262 | - | 491,262 |
| System Development | 4,553,275 | - | 4,553,275 |
| Unrestricted | 1,004,454 | 2,389,514 | 3,393,968 |
| | <u>63,749,918</u> | <u>22,406,587</u> | <u>86,156,505</u> |
| Total net position | | | |
| | <u>\$ 69,004,635</u> | <u>\$ 33,751,926</u> | <u>\$ 102,756,561</u> |
| Total liabilities and net position | | | |

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, 2013

| <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 | \$ 1,951,720 | \$ 908,346 | \$ - | \$ - |
| Public safety | 5,169,796 | 1,177,937 | 5,335 | 126,726 |
| Highways and streets | 2,949,068 | 58,899 | - | - |
| Culture and recreation | 730,924 | 92,220 | 1,970 | - |
| Community development | 1,332,910 | 667,287 | - | - |
| Interest on long-term debt | 239,631 | - | - | - |
| Total governmental activities | <u>12,374,049</u> | <u>2,904,689</u> | <u>7,305</u> | <u>126,726</u> |
| Business type activities: | | | | |
| Sewer Fund | 2,406,124 | 2,966,576 | - | - |
| Water Fund | <u>1,615,326</u> | <u>2,058,571</u> | <u>-</u> | <u>-</u> |
| Total business type activities | <u>4,021,450</u> | <u>5,025,147</u> | <u>-</u> | <u>-</u> |
| Total government | <u>\$ 16,395,499</u> | <u>\$ 7,929,836</u> | <u>\$ 7,305</u> | <u>\$ 126,726</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 position

Net position - beginning

Net position - ending

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

Net Expense Revenue and
Change in Net Position

| Governmental Activities | Business Type Activities | Total |
|----------------------------|--------------------------------|----------------------|
| \$ (1,043,374) | \$ - | \$ (1,043,374) |
| (3,859,798) | - | (3,859,798) |
| (2,890,169) | - | (2,890,169) |
| (636,734) | - | (636,734) |
| (665,623) | - | (665,623) |
| (239,631) | - | (239,631) |
| <u>(9,335,329)</u> | <u>-</u> | <u>(9,335,329)</u> |
| - | 560,452 | 560,452 |
| <u>-</u> | <u>443,245</u> | <u>443,245</u> |
| - | 1,003,697 | 1,003,697 |
| <u>(9,335,329)</u> | <u>1,003,697</u> | <u>(8,331,632)</u> |
| 4,226,307 | - | 4,226,307 |
| 1,529,489 | - | 1,529,489 |
| 1,028,427 | - | 1,028,427 |
| 21,438 | 20,287 | 41,725 |
| 401,428 | 241,677 | 643,105 |
| 956,326 | (956,326) | - |
| <u>8,163,415</u> | <u>(694,362)</u> | <u>7,469,053</u> |
| (1,171,914) | 309,335 | (862,579) |
| <u>64,921,832</u> | <u>22,097,252</u> | <u>87,019,084</u> |
| <u>\$ 63,749,918</u> | <u>\$ 22,406,587</u> | <u>\$ 86,156,505</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, 2013

| | General Fund Generally Accepted Accounting Principles | System Development Fund | Street Fund | Grants Fund | Other Governmental | Total Governmental |
|--|---|-------------------------------|-------------------|-----------------|-----------------------|-----------------------|
| ASSETS: | | | | | | |
| Cash and cash equivalents | \$ 991,011 | \$ 4,029,823 | \$ 664,222 | \$ - | \$ 816,182 | \$ 6,501,238 |
| Due from other governments | 41,600 | - | - | - | 10,300 | 51,900 |
| Accounts receivable | 320,014 | - | - | - | - | 320,014 |
| Property taxes receivable | 310,863 | - | - | - | 76,893 | 387,756 |
| Due from other funds | 17,625 | 523,452 | - | - | - | 541,077 |
| Total assets | <u>\$ 1,681,113</u> | <u>\$ 4,553,275</u> | <u>\$ 664,222</u> | <u>\$ -</u> | <u>\$ 903,375</u> | <u>\$ 7,801,985</u> |
| LIABILITIES: | | | | | | |
| Accounts payable and other current liabilities | \$ 81,596 | \$ - | \$ 172,960 | \$ 192 | \$ 54,204 | \$ 308,952 |
| Due to other funds | - | - | - | 17,625 | - | 17,625 |
| Deferred revenue | 310,863 | - | - | - | 76,893 | 387,756 |
| Interfund loan payable | 363,452 | - | - | - | - | 363,452 |
| Total liabilities | <u>755,911</u> | <u>-</u> | <u>172,960</u> | <u>17,817</u> | <u>131,097</u> | <u>1,077,785</u> |
| FUND BALANCES: | | | | | | |
| Restricted for: | | | | | | |
| Debt | - | - | - | - | 307,276 | 307,276 |
| Urban renewal projects | - | - | - | - | 247,001 | 247,001 |
| Streets | - | - | 491,262 | - | - | 491,262 |
| System Development | - | 4,553,275 | - | - | - | 4,553,275 |
| Committed for: | | | | | | |
| Community development | - | - | - | - | 217,990 | 217,990 |
| Debt service | - | - | - | - | 11 | 11 |
| Unassigned: | <u>925,202</u> | <u>-</u> | <u>-</u> | <u>(17,817)</u> | <u>-</u> | <u>907,385</u> |
| Total balances | <u>925,202</u> | <u>4,553,275</u> | <u>491,262</u> | <u>(17,817)</u> | <u>772,278</u> | <u>6,724,200</u> |
| Total liabilities and fund balances | <u>\$ 1,681,113</u> | <u>\$ 4,553,275</u> | <u>\$ 664,222</u> | <u>\$ -</u> | <u>\$ 903,375</u> | |

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 59,623,541

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds but are to be fully accrued on the statement of net assets. 387,756
 Deferred revenue 387,756
 Prepaid pension asset 1,247,368

Internal service funds are used by management to charge the costs of the administrative services department to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 693,704

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (4,926,651)
 Long-term debt (4,926,651)

Net position \$ 63,749,918

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, 2013

| | General Fund Generally Accepted Accounting Principles | System Development Fund | Street Fund | Grants Fund | Other Governmental | Total Governmental |
|--|---|-------------------------------|-------------------|--------------------|-----------------------|-----------------------|
| REVENUES: | | | | | | |
| Property taxes | \$ 3,396,724 | \$ - | \$ - | \$ - | \$ 847,769 | \$ 4,244,493 |
| Public service taxes | 421,658 | - | 800,511 | - | 307,320 | 1,529,489 |
| Franchise fees | 1,028,427 | - | - | - | - | 1,028,427 |
| Grants | - | - | - | 134,031 | - | 134,031 |
| Charges for service | 1,726,277 | - | - | - | - | 1,726,277 |
| Licenses and permits | 197,593 | 433,033 | - | - | - | 630,626 |
| Fines and forfeitures | 117,985 | - | - | - | - | 117,985 |
| Interest | 13,989 | - | 5,138 | - | 2,311 | 21,438 |
| Miscellaneous | 58,656 | - | 222,790 | - | 106,010 | 387,456 |
| Total revenues | <u>6,961,309</u> | <u>433,033</u> | <u>1,028,439</u> | <u>134,031</u> | <u>1,263,410</u> | <u>9,820,222</u> |
| EXPENDITURES: | | | | | | |
| General government | 1,136,446 | - | - | - | 14,701 | 1,151,147 |
| Public safety | 4,874,365 | - | - | - | - | 4,874,365 |
| Highways and streets | - | - | 538,624 | - | - | 538,624 |
| Culture and recreation | 393,963 | - | - | - | - | 393,963 |
| Community development | 1,323,313 | - | - | - | - | 1,323,313 |
| Capital outlay | 57,659 | 3,050 | 199,673 | 67,075 | 234,062 | 561,519 |
| Debt service: | | | | | | |
| Principal | 49,330 | - | - | - | 555,000 | 604,330 |
| Interest | 4,744 | - | - | - | 234,887 | 239,631 |
| Total expenditures | <u>7,839,820</u> | <u>3,050</u> | <u>738,297</u> | <u>67,075</u> | <u>1,038,650</u> | <u>9,686,892</u> |
| Revenues over (under) expenditures | (878,511) | 429,983 | 290,142 | 66,956 | 224,760 | 133,330 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | 1,223,123 | 583,000 | 6,226 | - | - | 1,812,349 |
| Transfers out | <u>(672,987)</u> | <u>(24,900)</u> | <u>(80,000)</u> | <u>-</u> | <u>(118,123)</u> | <u>(896,010)</u> |
| Total other financing sources (uses) | <u>550,136</u> | <u>558,100</u> | <u>(73,774)</u> | <u>-</u> | <u>(118,123)</u> | <u>916,339</u> |
| Net changes in fund balances | (328,375) | 988,083 | 216,368 | 66,956 | 106,637 | 1,049,669 |
| FUND BALANCES, BEGINNING | <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> |
| FUND BALANCES, ENDING | <u>\$ 925,202</u> | <u>\$ 4,553,275</u> | <u>\$ 491,262</u> | <u>\$ (17,817)</u> | <u>\$ 772,278</u> | <u>\$ 6,724,200</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, 2013

Amounts reported in the statement of activities are different because:

Net change in fund balances \$ 1,049,669

The statement of revenues, expenditures, and changes in 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 | 345,143 | |
| Depreciation | (3,599,668) | (3,254,525) |

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds. (18,186)

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

Internal service funds are used by management to charge the costs of the administrative services department to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 506,858

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 position.

| | | |
|---------------------------------|--|---------|
| Debt service principal payments | | 627,428 |
|---------------------------------|--|---------|

Change in net position of governmental activities \$ (1,171,914)

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 POSITION
June 30, 2013

| | <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> |
| ASSETS: | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 1,657,837 | \$ 599,047 | \$ 2,256,884 | \$ 238,959 |
| Accounts receivables, net | 178,724 | 120,435 | 299,159 | - |
| Inventories | 28,470 | 147,393 | 175,863 | 5,750 |
| Bond costs | 81,403 | - | 81,403 | - |
| Total current assets | <u>1,946,434</u> | <u>866,875</u> | <u>2,813,309</u> | <u>244,709</u> |
| Nondepreciable | 795,736 | 67,958 | 863,694 | 7,010 |
| Depreciable, net | <u>16,465,193</u> | <u>13,609,730</u> | <u>30,074,923</u> | <u>621,099</u> |
| Total capital assets, net | <u>17,260,929</u> | <u>13,677,688</u> | <u>30,938,617</u> | <u>628,109</u> |
| Total assets | <u>\$ 19,207,363</u> | <u>\$ 14,544,563</u> | <u>\$ 33,751,926</u> | <u>\$ 872,818</u> |
| LIABILITIES: | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 80,040 | \$ 119,179 | \$ 199,219 | \$ 6,686 |
| Interest payable | 76,896 | 87,642 | 164,538 | - |
| Interfund loan payable | - | - | - | 160,000 |
| Current accrued compensated absences | 6,301 | 4,506 | 10,807 | 1,866 |
| Current portion of long-term debt | <u>877,351</u> | <u>197,568</u> | <u>1,074,919</u> | <u>-</u> |
| Total current liabilities | <u>1,040,588</u> | <u>408,895</u> | <u>1,449,483</u> | <u>168,552</u> |
| NONCURRENT LIABILITIES: | | | | |
| Noncurrent accrued compensated absences | 28,704 | 20,527 | 49,231 | 10,562 |
| Noncurrent portion of long-term debt | <u>5,599,108</u> | <u>4,247,517</u> | <u>9,846,625</u> | <u>-</u> |
| Total noncurrent liabilities | <u>5,627,812</u> | <u>4,268,044</u> | <u>9,895,856</u> | <u>10,562</u> |
| Total liabilities | <u>6,668,400</u> | <u>4,676,939</u> | <u>11,345,339</u> | <u>179,114</u> |
| NET POSITION: | | | | |
| Net investment in capital assets | 10,784,470 | 9,232,603 | 20,017,073 | 628,109 |
| Unrestricted | <u>1,754,493</u> | <u>635,021</u> | <u>2,389,514</u> | <u>65,595</u> |
| Total net position | <u>12,538,963</u> | <u>9,867,624</u> | <u>22,406,587</u> | <u>693,704</u> |
| Total liabilities and net position | <u>\$ 19,207,363</u> | <u>\$ 14,544,563</u> | <u>\$ 33,751,926</u> | <u>\$ 872,818</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 NET POSITION
For the Fiscal Year Ended June 30, 2013

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|--------------|---------------|----------------------------|
| | Sewer Fund | Water Fund | Total | Internal Service Fund |
| OPERATING REVENUES: | | | | |
| Charges for services | \$ 2,966,576 | \$ 2,058,571 | \$ 5,025,147 | \$ 429,801 |
| Miscellaneous | 176,990 | 64,687 | 241,677 | 13,972 |
| Total operating revenues | 3,143,566 | 2,123,258 | 5,266,824 | 443,773 |
| OPERATING EXPENSES: | | | | |
| Personal services | 595,407 | 404,609 | 1,000,016 | 203,299 |
| Materials and services | 925,574 | 635,263 | 1,560,837 | 185,043 |
| Depreciation and amortization | 748,559 | 421,174 | 1,169,733 | 88,474 |
| Total operating expenses | 2,269,540 | 1,461,046 | 3,730,586 | 476,816 |
| Operating income (loss) | 874,026 | 662,212 | 1,536,238 | (33,043) |
| NON-OPERATING INCOME (EXPENSE): | | | | |
| Interest income | 15,331 | 4,956 | 20,287 | - |
| Interest expense | (136,584) | (154,280) | (290,864) | - |
| Total non-operating income (expenses) | (121,253) | (149,324) | (270,577) | - |
| Net income (loss) before operating transfers | 752,773 | 512,888 | 1,265,661 | (33,043) |
| OPERATING TRANSFERS: | | | | |
| Transfers in (out) | (537,550) | (418,776) | (956,326) | 39,987 |
| Net income (loss) before contributions | 215,223 | 94,112 | 309,335 | 6,944 |
| NET POSITION, BEGINNING | 12,323,740 | 9,773,512 | 22,097,252 | 686,760 |
| NET POSITION, ENDING | \$ 12,538,963 | \$ 9,867,624 | \$ 22,406,587 | \$ 693,704 |

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, 2013

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|---------------------|---------------------|-------------------------|
| | Sewer Fund | Water Fund | Total | Internal Service Fund |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received from customers | \$ 3,147,258 | \$ 2,124,001 | \$ 5,271,259 | \$ 443,773 |
| Cash paid to employee | (588,297) | (400,426) | (988,723) | (201,239) |
| Cash paid to suppliers | (860,818) | (554,049) | (1,414,867) | (183,478) |
| Net cash provided (used) by operating activities | <u>1,698,143</u> | <u>1,169,526</u> | <u>2,867,669</u> | <u>59,056</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | |
| Payment from (to) other funds | - | - | - | (30,000) |
| Transfers in (out) | (537,550) | (418,776) | (956,326) | 39,987 |
| Net cash provided (used) by non-capital financing activities | <u>(537,550)</u> | <u>(418,776)</u> | <u>(956,326)</u> | <u>9,987</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Purchase of capital assets | (115,818) | (78,175) | (193,993) | (126,056) |
| Principal paid on capital debt | (862,351) | (363,259) | (1,225,610) | - |
| Interest paid on capital debt | (143,292) | (159,932) | (303,224) | - |
| Net cash provided (used) by capital and related financing activities | <u>(1,121,461)</u> | <u>(601,366)</u> | <u>(1,722,827)</u> | <u>(126,056)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest on investments | 15,331 | 4,956 | 20,287 | - |
| Net cash provided (used) by investing activities | <u>15,331</u> | <u>4,956</u> | <u>20,287</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | 54,463 | 154,340 | 208,803 | (57,013) |
| CASH AND CASH EQUIVALENTS, BEGINNING | <u>1,603,374</u> | <u>444,707</u> | <u>2,048,081</u> | <u>295,972</u> |
| CASH AND CASH EQUIVALENTS, ENDING | <u>\$ 1,657,837</u> | <u>\$ 599,047</u> | <u>\$ 2,256,884</u> | <u>\$ 238,959</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | | |
| Operating Income | \$ 874,026 | \$ 662,212 | \$ 1,536,238 | \$ (33,043) |
| Adjustments | | | | |
| Depreciation and amortization | 748,559 | 421,174 | 1,169,733 | 88,474 |
| Decrease (increase) in: | | | | |
| Accounts receivable | 3,692 | 743 | 4,435 | - |
| Inventories | 928 | 15,143 | 16,071 | (2,483) |
| Increase (decrease) in: | | | | |
| Accounts payable and accrued expenses | 63,828 | 66,071 | 129,899 | 4,048 |
| Accrued compensated absences | 7,110 | 4,183 | 11,293 | 2,060 |
| Net cash provided (used) by operating activities | <u>\$ 1,698,143</u> | <u>\$ 1,169,526</u> | <u>\$ 2,867,669</u> | <u>\$ 59,056</u> |

The accompanying notes are an integral part of the 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 ten 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, 2013.

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.

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 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.

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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 and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The City's government-wide and proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements.

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 Position, 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 and the modified accrual basis of accounting. 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

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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.

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:

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.

The *Systems Development Fund* accounts for construction of oversize sewers, over-wide streets, water mains and other related needs. The principal source of revenue is from system development charges.

The *Street Fund* accounts for state highway apportionment, federal funds, and grants, which are restricted to road maintenance. The principal source of revenues is public service taxes.

The *Grants Fund* accounts for major grants to the City. The principal source of revenues is grants received by the City.

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.

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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, 2013. 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 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

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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 Position 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 Position. 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 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 Position

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

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

Fund Balance

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 amounts not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes amounts 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 via resolution and are in place as of the end of the fiscal year. 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, through the adoption of its fund balance policy by resolution, 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, 2013

2. CASH AND CASH EQUIVALENTS

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 Position as part of "cash and investments."

At June 30, 2013 investments included in cash and cash equivalents consist of the following:

| | Weighted Average Maturity (Years) | Fair Value |
|--|--|---------------|
| Investments in the State Treasurer's Local Government Investment Pool | 0.00 | \$ 7,519,741 |
| Total cash equivalents | 0.00 | \$ 7,519,741 |

Following is a summary of the City's deposit and investment balances at June 30, 2013:

| | 2013 |
|--------------------------------|--------------|
| Cash deposits | |
| Cash on hand | \$ 645 |
| Bank deposits | 1,476,695 |
| Pooled cash and investments | |
| LGIP | 7,519,741 |
| Total deposits and investments | \$ 8,997,081 |

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 Treasurer'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, 2013

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

Custodial credit risk 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 up to \$250,000 for the combined total of all deposit accounts at each financial institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2013, none of the City's bank balances were exposed to custodial credit risk.

3. CAPITAL ASSETS

The changes in capital assets for the governmental activities for the year ended June 30, 2013 is as follows:

| Primary Government | June 30, 2012 Ending Balance | Additions | Deletions | June 30, 2013 Ending Balance |
|---|---|-----------------------|-------------------|---|
| Capital assets, non- depreciable: | | | | |
| Land | \$ 892,046 | \$ - | \$ - | \$ 892,046 |
| Total capital assets, nondepreciable | 892,046 | - | - | 892,046 |
| Capital assets, depreciable: | | | | |
| Infrastructure | 72,878,198 | 237,162 | - | 73,115,360 |
| Buildings and improvements | 15,018,591 | 15,644 | - | 15,034,235 |
| Machinery and equipment | 8,722,133 | 218,392 | (55,094) | 8,885,431 |
| Total capital assets, depreciable | 96,618,922 | 471,198 | (55,094) | 97,035,026 |
| Less accumulated depreciation for: | | | | |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (20,797,576) | (2,405,903) | - | (23,203,479) |
| Buildings and improvements | (6,929,838) | (440,659) | - | (7,370,497) |
| Machinery and equipment | (6,814,875) | (332,340) | 45,769 | (7,101,446) |
| Total accumulated depreciation | (34,542,289) | (3,178,902) | 45,769 | (37,675,422) |
| Net depreciable capital assets | 62,076,633 | (2,707,704) | (9,325) | 59,359,604 |
| Net capital assets | \$ 62,968,679 | \$ (2,707,704) | \$ (9,325) | \$ 60,251,650 |

Depreciation on internal service capital assets in the amount of \$88,474 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, 2013

Governmental activities:

| | | |
|---|----|-------------------------|
| General government | \$ | 178,181 |
| Public safety | | 260,080 |
| Culture and recreation | | 334,104 |
| Highways & streets | | <u>2,406,537</u> |
| Total depreciation expense - governmental activities | \$ | <u><u>3,178,902</u></u> |

The changes in capital assets for business-type activities for the year ended June 30, 2013 is as follows:

| Business-type Activities | June 30, 2012 Ending Balance | Additions | Deletions | June 30, 2013 Ending Balance |
|---|---|----------------------------|--------------------|---|
| 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 | 50,316,186 | 193,993 | - | 50,510,179 |
| Machinery and equipment | 689,394 | - | (17,467) | 671,927 |
| Total capital assets, depreciable | <u>51,005,580</u> | <u>193,993</u> | <u>(17,467)</u> | <u>51,182,106</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and infrastructure | (19,311,642) | (1,137,789) | - | (20,449,431) |
| Machinery and equipment | (654,938) | (20,281) | 17,467 | (657,752) |
| Total accumulated depreciation | <u>(19,966,580)</u> | <u>(1,158,070)</u> | <u>17,467</u> | <u>(21,107,183)</u> |
| Net depreciable capital assets | <u>31,039,000</u> | <u>(964,077)</u> | <u>-</u> | <u>30,074,923</u> |
| Net capital assets | <u><u>\$ 31,902,694</u></u> | <u><u>\$ (964,077)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 30,938,617</u></u> |

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

Business-type activities:

| | | |
|--|----|-------------------------|
| Sewer | \$ | 736,896 |
| Water | | <u>421,174</u> |
| Total depreciation expense - business-type activities | \$ | <u><u>1,158,070</u></u> |

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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 | \$ 5,200,000 | \$ - | \$ 590,000 | \$ 4,610,000 | \$ 620,000 |
| Governmental loans | 14,330 | - | 14,330 | - | - |
| Compensated absences | 350,117 | 329,079 | 350,117 | 329,079 | 59,234 |
| Total governmental activities | <u>\$ 5,564,447</u> | <u>\$ 329,079</u> | <u>\$ 954,447</u> | <u>\$ 4,939,079</u> | <u>\$ 679,234</u> |
| Business-type activities | | | | | |
| Business-type bonds | \$ 6,880,000 | \$ - | \$ 805,000 | \$ 6,075,000 | \$ 820,000 |
| Bond Premium | 458,810 | - | 57,351 | 401,459 | 57,351 |
| Business-type loans | 4,808,344 | - | 363,259 | 4,445,085 | 197,568 |
| Compensated absences | 48,745 | 60,038 | 48,745 | 60,038 | 10,807 |
| Total business-type activities | <u>\$ 12,195,899</u> | <u>\$ 60,038</u> | <u>\$ 1,274,355</u> | <u>\$ 10,981,582</u> | <u>\$ 1,085,726</u> |

Bonds

| Governmental Activities | |
|--|---------------------|
| Series 2003: original amount \$850,000; interest rate 4.95%; final payment due June 30, 2018. | \$ 410,000 |
| Series 2005: original amount \$4,695,000; interest rates from 4.25% to 5.00%; final payment due June 1, 2019. | 2,620,000 |
| 2005 PERS Bonds: original amount \$1,585,000; interest rates from 4.38% to 5.00%; final payment due June 1, 2028 | 1,505,000 |
| Series 2008: original amount \$210,000; interest rates from 3.00% to 4.05%; final payment due January 1, 2015. | <u>75,000</u> |
| Total Governmental Bonds | <u>\$ 4,610,000</u> |

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

Future Governmental bonds debt service requirements are as follows:

| Fiscal Year | Series 2003 | | Series 2005 | |
|--------------|-------------------|------------------|---------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2014 | \$ 75,000 | \$ 18,439 | \$ 475,000 | \$ 114,100 |
| 2015 | 80,000 | 14,603 | 455,000 | 90,350 |
| 2016 | 80,000 | 10,643 | 480,000 | 67,600 |
| 2017 | 85,000 | 6,559 | 385,000 | 48,400 |
| 2018 | 90,000 | 2,229 | 405,000 | 33,000 |
| 2019-2023 | - | - | 420,000 | 16,800 |
| Total | \$ 410,000 | \$ 52,473 | \$ 2,620,000 | \$ 370,250 |

| Fiscal Year | 2005 PERS Bonds | | Series 2008 | |
|--------------|---------------------|-------------------|------------------|-----------------|
| | Principal | Interest | Principal | Interest |
| 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 | 70,000 | 65,705 | - | - |
| 2019-2023 | 510,000 | 267,087 | - | - |
| 2024-2028 | 740,000 | 115,336 | - | - |
| Total | \$ 1,505,000 | \$ 735,417 | \$ 75,000 | \$ 4,605 |

Business-type Activities

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

\$ 6,075,000

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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

| | 2011 Refunding Bond | |
|-----------|---------------------|-------------------|
| | Principal | Interest |
| 2014 | \$ 820,000 | \$ 184,550 |
| 2015 | 830,000 | 168,150 |
| 2016 | 845,000 | 151,550 |
| 2017 | 855,000 | 134,650 |
| 2018 | 875,000 | 109,000 |
| 2019-2023 | <u>1,850,000</u> | <u>111,600</u> |
| Subtotal | <u>\$ 6,075,000</u> | <u>\$ 859,500</u> |

Loans

Business-type Activities

| | |
|--|---------------------|
| OECD Safe Drinking Water Loan: original amount \$5,650,000; interest rate 3.38%; final payment due December 1, 2028. | <u>\$ 4,445,085</u> |
|--|---------------------|

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

| Fiscal Year | OECD Safe Drinking Water Loan | |
|-------------|-------------------------------|---------------------|
| | Principal | Interest |
| 2014 | \$ 197,568 | \$ 150,399 |
| 2015 | 204,246 | 143,721 |
| 2016 | 211,000 | 136,818 |
| 2017 | 218,286 | 129,681 |
| 2018 | 225,664 | 122,303 |
| 2019-2023 | 1,248,022 | 491,813 |
| 2024-2028 | 1,473,686 | 266,149 |
| 2029-2033 | <u>666,613</u> | <u>34,369</u> |
| Total | <u>\$ 4,445,085</u> | <u>\$ 1,475,253</u> |

5. NET POSITION

The government-wide statement of net position reports \$5,598,814 of restricted net position, of which \$5,044,537 is restricted by enabling legislation.

6. 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.

Funding Status

Covered employees are required by state statute to contribute 6.0% 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 13.11% and 10.40%, 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, 2011, 2012, and 2013 were as follows:

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed |
|----------------------|------------------------------|----------------------------------|
| 6/30/2011 | \$ 788,310 | 100% |
| 6/30/2012 | \$ 926,500 | 100% |
| 6/30/2013 | \$ 895,964 | 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, 2013, is as follows:

| | |
|-----------------------------|---------------------|
| Increase in pension assets: | |
| Pension asset July 1, 2012 | \$ 1,330,526 |
| Annual Amortization | <u>(83,158)</u> |
| Pension asset June 30, 2013 | <u>\$ 1,247,368</u> |

6. Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS), the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provision of RHIA resides with the Oregon Legislature. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever, is less shall be paid by the eligible retired member in the manner provided in ORS 238.410.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59% of annual overall payroll. The OPERS Board of Trustees sets the employer contribution rate based on level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortized the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represent any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for the years ended June 30, 2013, 2012, and 2011 were \$24,437, \$25,229 and \$13,192 respectively which equals the required contributions for that year.

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

7. INTERFUND TRANSFERS

| | <u>Transfer In</u> | <u>Transfer Out</u> |
|------------------------------------|---------------------|---------------------|
| Major Governmental Funds: | | |
| General Fund | \$ 1,223,123 | \$ 672,987 |
| System Development Fund | 583,000 | 24,900 |
| Street Fund | <u>6,226</u> | <u>80,000</u> |
| Total Major Governmental Funds | <u>1,812,349</u> | <u>777,887</u> |
| Non-major Governmental Funds: | | |
| Revenue Sharing Fund | <u>-</u> | <u>118,123</u> |
| Total Non-major Governmental Funds | <u>-</u> | <u>118,123</u> |
| Proprietary Funds: | | |
| Sewer Fund | 12,450 | 550,000 |
| Water Fund | 6,224 | 425,000 |
| Fleet Management Fund | <u>89,987</u> | <u>50,000</u> |
| Total Proprietary Funds | <u>108,661</u> | <u>1,025,000</u> |
| Total All Funds | <u>\$ 1,921,010</u> | <u>\$ 1,921,010</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, 2013

8. 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, 2013:

| | Interfund Loan Receivable | Interfund Loan Payable |
|-------------------------|---------------------------------|------------------------------|
| General Fund | \$ - | \$ 363,452 |
| Internal Service Fund | - | 160,000 |
| System Development Fund | 523,452 | - |
| | <u>\$ 523,452</u> | <u>\$ 523,452</u> |

9. 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.

10. 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.

11. SUBSEQUENT EVENT

On July 30, 2013, the government entered into a note agreement for \$750,000 to provide financing for the Urban Renewal Street and Sidewalk Improvement Project. The interest rate on the note is 2.90% and the maturity date is June 30, 2024. The estimated total project cost is approximately \$750,000.

12. NEW ACCOUNTING PRONOUNCEMENT

The Governmental Accounting Standards Board (GASB) has issued statement Statement No. 62, *Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements* and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The City implemented GASB Statement No. 61, 62 and 63 in the year ended June 30, 2013.

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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, 2013

| | Budget | | Actual | Variance with Final Budget |
|---|--------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 3,375,460 | \$ 3,375,460 | \$ 3,396,724 | \$ 21,264 |
| Public service taxes | 404,500 | 404,500 | 421,658 | 17,158 |
| Franchise fees | 1,060,000 | 1,060,000 | 1,028,427 | (31,573) |
| Charges for service | 1,668,000 | 1,668,000 | 1,726,277 | 58,277 |
| Licenses and permits | 152,000 | 152,000 | 197,593 | 45,593 |
| Fines and forfeitures | 192,000 | 192,000 | 117,985 | (74,015) |
| Interest | 15,000 | 15,000 | 13,989 | (1,011) |
| Miscellaneous | 85,000 | 85,000 | 58,656 | (26,344) |
| Total revenues | 6,951,960 | 6,951,960 | 6,961,309 | 9,349 |
| EXPENDITURES: | | | | |
| General government | 1,226,350 | 1,226,350 | 1,136,446 | 89,904 |
| Public safety | 5,074,335 | 5,108,135 | 4,874,365 | 233,770 |
| Culture and recreation | 390,950 | 397,950 | 393,963 | 3,987 |
| Community development | 1,364,600 | 1,367,400 | 1,323,313 | 44,087 |
| Capital outlay | 52,000 | 83,000 | 57,659 | 25,341 |
| Debt service: | | | | |
| Principal | 49,330 | 49,330 | 49,330 | - |
| Interest | 4,744 | 4,744 | 4,744 | - |
| Contingency | 250,000 | 175,400 | - | 175,400 |
| Total expenditures | 8,412,309 | 8,412,309 | 7,839,820 | 572,489 |
| Revenues over (under) expenditures | (1,460,349) | (1,460,349) | (878,511) | 581,838 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 1,315,000 | 1,315,000 | 1,223,123 | (91,877) |
| Transfers out | (89,800) | (672,800) | (672,987) | (187) |
| Total other financing sources (uses) | 1,225,200 | 642,200 | 550,136 | (92,064) |
| Net changes in fund balance | (235,149) | (818,149) | (328,375) | 489,774 |
| FUND BALANCE, BEGINNING - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES | | | | |
| | 1,450,000 | 1,450,000 | 1,253,577 | (196,423) |
| FUND BALANCE, ENDING - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES | | | | |
| | \$ 1,214,851 | \$ 631,851 | \$ 925,202 | \$ 293,351 |

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, 2013

| | Budget | | Actual | Variance with Final Budget |
|--|------------|------------|------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Public service taxes | \$ 818,790 | \$ 869,790 | \$ 800,511 | \$ (69,279) |
| Interest | 1,500 | 1,500 | 5,138 | 3,638 |
| Miscellaneous | 160,000 | 166,525 | 222,790 | 56,265 |
| Total revenues | 980,290 | 1,037,815 | 1,028,439 | (9,376) |
| EXPENDITURES: | | | | |
| Personal service | 319,000 | 319,000 | 309,905 | 9,095 |
| Materials and service | 250,500 | 250,500 | 228,719 | 21,781 |
| Capital outlay | 170,000 | 227,525 | 199,673 | 27,852 |
| Contingency | 472,015 | 472,015 | - | 472,015 |
| Total expenditures | 1,211,515 | 1,269,040 | 738,297 | 530,743 |
| Revenues over (under) expenditures | (231,225) | (231,225) | 290,142 | 521,367 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 6,225 | 6,225 | 6,226 | 1 |
| Transfers out | (80,000) | (80,000) | (80,000) | - |
| Total other financing sources (uses) | (73,775) | (73,775) | (73,774) | 1 |
| Net changes in fund balance | (305,000) | (305,000) | 216,368 | 521,368 |
| FUND BALANCES, BEGINNING | 305,000 | 305,000 | 274,894 | (30,106) |
| FUND BALANCES, ENDING | \$ - | \$ - | \$ 491,262 | \$ 491,262 |

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, 2013

| | Budget | | Actual | Variance with Final Budget |
|------------------------------------|--------------|--------------|-------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Grants | \$ 2,551,020 | \$ 2,300,379 | \$ 134,031 | \$ (2,166,348) |
| Total revenues | 2,551,020 | 2,300,379 | 134,031 | (2,166,348) |
| EXPENDITURES: | | | | |
| Capital outlay | 2,551,020 | 2,300,379 | 67,075 | 2,233,304 |
| Total expenditures | 2,551,020 | 2,300,379 | 67,075 | 2,233,304 |
| Revenues over (under) expenditures | - | - | 66,956 | 66,956 |
| FUND BALANCES, BEGINNING | - | - | (84,773) | (84,773) |
| FUND BALANCES, ENDING | \$ - | \$ - | \$ (17,817) | \$ (17,817) |

CITY OF DALLAS, OREGON
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

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, 2013.

Expenditures in the following fund exceeded appropriations for the year ended June 30, 2013:

| <u>Fund</u> | <u>Budget Category</u> | <u>Amount of Over Expenditure</u> |
|----------------------|-------------------------------|-----------------------------------|
| General Fund | Transfers Out | \$ 187 |
| Revenue Sharing Fund | Transfers Out | \$ 8,123 |
| Trust/Reserve Fund | Capital Outlay-Fire Equipment | \$ 29,417 |
| Sewer Fund | Personal Service | \$ 796 |

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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 Principle
- Budgetary Comparison Schedules – Nonmajor Governmental Fund:
- 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.

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, 2013**

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Debt Service Funds | Total |
|--|---|--|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS: | | | |
| Cash and cash equivalents | \$ 517,980 | \$ 298,202 | \$ 816,182 |
| Due from other governments | 1,215 | 9,085 | 10,300 |
| Property taxes receivable | 9,381 | 67,512 | 76,893 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 528,576</u> | <u>\$ 374,799</u> | <u>\$ 903,375</u> |
| LIABILITIES: | | | |
| Accounts payable and other current liabilities | \$ 54,204 | \$ - | \$ 54,204 |
| Deferred revenue | 9,381 | 67,512 | 76,893 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>63,585</u> | <u>67,512</u> | <u>131,097</u> |
| FUND BALANCES: | | | |
| Restricted for: | | | |
| Debt | - | 307,276 | 307,276 |
| Urban renewal projects | 247,001 | - | 247,001 |
| Committed for: | | | |
| Community development | 217,990 | - | 217,990 |
| Debt service | - | 11 | 11 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>464,991</u> | <u>307,287</u> | <u>772,278</u> |
| Total liabilities and fund balances | <u>\$ 528,576</u> | <u>\$ 374,799</u> | <u>\$ 903,375</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, 2013

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Debt Service Funds | Total |
|--|---|--|--------------------------|
| REVENUES: | | | |
| Property taxes | \$ 121,062 | \$ 726,707 | \$ 847,769 |
| Public service taxes | 307,320 | - | 307,320 |
| Interest | 2,311 | - | 2,311 |
| Miscellaneous | - | 106,010 | 106,010 |
| | <u>430,693</u> | <u>832,717</u> | <u>1,263,410</u> |
| Total revenues | | | |
| EXPENDITURES: | | | |
| General government | 14,701 | - | 14,701 |
| Capital outlay | 234,062 | - | 234,062 |
| Debt service: | | | |
| Principal | - | 555,000 | 555,000 |
| Interest | - | 234,887 | 234,887 |
| | <u>248,763</u> | <u>789,887</u> | <u>1,038,650</u> |
| Total expenditures | | | |
| Revenues over (under) expenditures | 181,930 | 42,830 | 224,760 |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers out | (118,123) | - | (118,123) |
| | <u>(118,123)</u> | <u>-</u> | <u>(118,123)</u> |
| Total other financing sources (uses) | | | |
| Net changes in fund balances | 63,807 | 42,830 | 106,637 |
| FUND BALANCES, BEGINNING | <u>401,184</u> | <u>264,457</u> | <u>665,641</u> |
| FUND BALANCES, ENDING | <u><u>\$ 464,991</u></u> | <u><u>\$ 307,287</u></u> | <u><u>\$ 772,278</u></u> |

CITY OF DALLAS, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2013

| | Revenue Sharing Fund | Trust/Reserve Fund | Urban Renewal Fund | Total |
|--|-------------------------|--------------------|-----------------------|-------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ 266,160 | \$ 251,820 | \$ 517,980 |
| Due from other governments | - | - | 1,215 | 1,215 |
| Property taxes receivable | - | - | 9,381 | 9,381 |
| Total assets | \$ - | \$ 266,160 | \$ 262,416 | \$ 528,576 |
| LIABILITIES: | | | | |
| Accounts payable and other current liabilities | \$ - | \$ 48,170 | \$ 6,034 | \$ 54,204 |
| Deferred revenue | - | - | 9,381 | 9,381 |
| Total liabilities | - | 48,170 | 15,415 | 63,585 |
| FUND BALANCES: | | | | |
| Restricted for: | | | | |
| Urban renewal projects | - | - | 247,001 | 247,001 |
| Committed for: | | | | |
| Community development | - | 217,990 | - | 217,990 |
| Total fund balances | - | 217,990 | 247,001 | 464,991 |
| Total liabilities and fund balances | \$ - | \$ 266,160 | \$ 262,416 | \$ 528,576 |

**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, 2013**

| | Revenue Sharing Fund | Trust/Reserve Fund | Urban Renewal Fund | Total |
|---|-------------------------|--------------------|-----------------------|-------------------|
| REVENUES: | | | | |
| Property taxes | \$ - | \$ - | \$ 121,062 | \$ 121,062 |
| Public service taxes | 118,123 | 189,197 | - | 307,320 |
| Interest | - | - | 2,311 | 2,311 |
| Total revenues | 118,123 | 189,197 | 123,373 | 430,693 |
| EXPENDITURES: | | | | |
| General government | - | - | 14,701 | 14,701 |
| Capital outlay | - | 193,285 | 40,777 | 234,062 |
| Total expenditures | - | 193,285 | 55,478 | 248,763 |
| Revenues over (under) expenditures | 118,123 | (4,088) | 67,895 | 181,930 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (118,123) | - | - | (118,123) |
| Total other financing sources (uses) | (118,123) | - | - | (118,123) |
| Net changes in fund balances | - | (4,088) | 67,895 | 63,807 |
| FUND BALANCES, BEGINNING | - | 222,078 | 179,106 | 401,184 |
| FUND BALANCES, ENDING | \$ - | \$ 217,990 | \$ 247,001 | \$ 464,991 |

CITY OF DALLAS, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2013

| | General Obligation Bond Fund | General Debt Fund | Total |
|-------------------------------------|------------------------------------|-------------------|-------------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 298,191 | \$ 11 | \$ 298,202 |
| Due from other governments | 9,085 | - | 9,085 |
| Property taxes receivable | 67,512 | - | 67,512 |
| | <u>67,512</u> | <u>-</u> | <u>67,512</u> |
| Total assets | <u>\$ 374,788</u> | <u>\$ 11</u> | <u>\$ 374,799</u> |
| LIABILITIES: | | | |
| Deferred revenue | \$ 67,512 | \$ - | \$ 67,512 |
| | <u>67,512</u> | <u>-</u> | <u>67,512</u> |
| Total liabilities | <u>67,512</u> | <u>-</u> | <u>67,512</u> |
| FUND BALANCES: | | | |
| Restricted for: | | | |
| Debt | 307,276 | - | 307,276 |
| Committed for: | | | |
| Debt service | \$ - | 11 | 11 |
| | <u>-</u> | <u>11</u> | <u>11</u> |
| Total fund balances | <u>307,276</u> | <u>11</u> | <u>307,287</u> |
| Total liabilities and fund balances | <u>\$ 374,788</u> | <u>\$ 11</u> | <u>\$ 374,799</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, 2013**

| | General Obligation Bond Fund | General Debt Fund | Total |
|---------------------------------|------------------------------------|---------------------|--------------------------|
| REVENUES: | | | |
| Property taxes | \$ 726,707 | \$ - | \$ 726,707 |
| Miscellaneous | - | 106,010 | 106,010 |
| Total revenues | <u>726,707</u> | <u>106,010</u> | <u>832,717</u> |
| EXPENDITURES: | | | |
| Debt service: | | | |
| Principal | 525,000 | 30,000 | 555,000 |
| Interest | 158,878 | 76,009 | 234,887 |
| Total expenditures | <u>683,878</u> | <u>106,009</u> | <u>789,887</u> |
| Net changes in fund balance | 42,829 | 1 | 42,830 |
| FUND BALANCES, BEGINNING | <u>264,447</u> | <u>10</u> | <u>264,457</u> |
| FUND BALANCES, ENDING | <u><u>\$ 307,276</u></u> | <u><u>\$ 11</u></u> | <u><u>\$ 307,287</u></u> |

CITY OF DALLAS, OREGON
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
COMBINING BALANCE SHEET
June 30, 2013

| | <u>General Fund - Budgetary Basis</u> | <u>Improvement Fund - Budgetary Basis</u> | <u>Total General Fund Generally Accepted Accounting Principles</u> |
|--|---|---|--|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 990,349 | \$ 662 | \$ 991,011 |
| Due from other governments | 41,600 | - | 41,600 |
| Accounts receivable | 320,014 | - | 320,014 |
| Property taxes receivable | 310,863 | - | 310,863 |
| Due from other funds | 17,625 | - | 17,625.00 |
| | <u>1,680,451</u> | <u>662</u> | <u>1,681,113</u> |
| Total assets | <u>\$ 1,680,451</u> | <u>\$ 662</u> | <u>\$ 1,681,113</u> |
| LIABILITIES: | | | |
| Accounts payable and other current liabilities | \$ 81,596 | \$ - | \$ 81,596 |
| Deferred revenue | 310,863 | - | 310,863 |
| Interfund loan payable | 363,452 | - | 363,452 |
| | <u>755,911</u> | <u>-</u> | <u>755,911</u> |
| Total liabilities | <u>755,911</u> | <u>-</u> | <u>755,911</u> |
| FUND BALANCES: | | | |
| Unassigned: | <u>924,540</u> | <u>662</u> | <u>925,202</u> |
| Total fund balances | <u>924,540</u> | <u>662</u> | <u>925,202</u> |
| Total liabilities and fund balances | <u>\$ 1,680,451</u> | <u>\$ 662</u> | <u>\$ 1,681,113</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, 2013

| | General Fund - Budgetary Basis | Improvement Fund - Budgetary Basis | Total General Fund Generally Accepted Accounting Principles |
|---|-----------------------------------|---------------------------------------|---|
| REVENUES: | | | |
| Property taxes | \$ 3,396,724 | \$ - | \$ 3,396,724 |
| Public service taxes | 421,658 | - | 421,658 |
| Franchise fees | 1,028,427 | - | 1,028,427 |
| Charges for service | 1,726,277 | - | 1,726,277 |
| Licenses and permits | 197,593 | - | 197,593 |
| Fines and forfeitures | 117,985 | - | 117,985 |
| Interest | 13,989 | - | 13,989 |
| Miscellaneous | 58,656 | - | 58,656 |
| | <u>6,961,309</u> | <u>-</u> | <u>6,961,309</u> |
| EXPENDITURES: | | | |
| General government | 1,136,446 | - | 1,136,446 |
| Public safety | 4,874,365 | - | 4,874,365 |
| Culture and recreation | 393,963 | - | 393,963 |
| Community development | 1,323,313 | - | 1,323,313 |
| Capital outlay | 57,659 | - | 57,659 |
| Debt service: | | | |
| Principal | 49,330 | - | 49,330 |
| Interest | 4,744 | - | 4,744 |
| | <u>7,839,820</u> | <u>-</u> | <u>7,839,820</u> |
| Revenues over (under) expenditures | (878,511) | - | (878,511) |
| OTHER FINANCING SOURCES (USES): | | | |
| Interfund loan proceeds (payments) | (65,000) | - | (65,000) |
| Transfers in | 1,223,123 | - | 1,223,123 |
| Transfers out | (672,987) | - | (672,987) |
| | <u>485,136</u> | <u>-</u> | <u>485,136</u> |
| Net changes in fund balances | (393,375) | - | (393,375) |
| FUND BALANCES, BEGINNING BUDGETARY BASIS | <u>1,681,367</u> | <u>662</u> | <u>1,682,029</u> |
| FUND BALANCES, ENDING BUDGETARY BASIS | 1,287,992 | <u><u>\$ 662</u></u> | 1,288,654 |
| Interfund payable | <u>(363,452)</u> | | <u>(363,452)</u> |
| FUND BALANCES, ENDING | <u><u>\$ 924,540</u></u> | | <u><u>\$ 925,202</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 -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, 2013

| | Budget | | Actual | Variance with Final Budget |
|--|---------------------|-------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 3,375,460 | \$ 3,375,460 | \$ 3,396,724 | \$ 21,264 |
| Public service taxes | 404,500 | 404,500 | 421,658 | 17,158 |
| Franchise fees | 1,060,000 | 1,060,000 | 1,028,427 | (31,573) |
| Charges for service | 1,668,000 | 1,668,000 | 1,726,277 | 58,277 |
| Licenses and permits | 152,000 | 152,000 | 197,593 | 45,593 |
| Fines and forfeitures | 192,000 | 192,000 | 117,985 | (74,015) |
| Interest | 15,000 | 15,000 | 13,989 | (1,011) |
| Miscellaneous | 85,000 | 85,000 | 58,656 | (26,344) |
| Total revenues | 6,951,960 | 6,951,960 | 6,961,309 | 9,349 |
| EXPENDITURES: | | | | |
| General government | 1,226,350 | 1,226,350 | 1,136,446 | 89,904 |
| Public safety | 5,074,335 | 5,108,135 | 4,874,365 | 233,770 |
| Culture and recreation | 390,950 | 397,950 | 393,963 | 3,987 |
| Community development | 1,364,600 | 1,367,400 | 1,323,313 | 44,087 |
| Capital outlay | 52,000 | 83,000 | 57,659 | 25,341 |
| Debt service: | | | | |
| Principal | 49,330 | 49,330 | 49,330 | - |
| Interest | 4,744 | 4,744 | 4,744 | - |
| Contingency | 250,000 | 175,400 | - | 175,400 |
| Total expenditures | 8,412,309 | 8,412,309 | 7,839,820 | 572,489 |
| Revenues over (under) expenditures | (1,460,349) | (1,460,349) | (878,511) | 581,838 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Interfund loan proceeds (payments) | (65,000) | (65,000) | (65,000) | - |
| Transfers in | 1,315,000 | 1,315,000 | 1,223,123 | (91,877) |
| Transfers out | (89,800) | (672,800) | (672,987) | (187) |
| Total other financing sources (uses) | 1,160,200 | 577,200 | 485,136 | (92,064) |
| Net changes in fund balance | (300,149) | (883,149) | (393,375) | 489,774 |
| FUND BALANCE, BEGINNING BUDGETARY BASIS | 1,450,000 | 1,450,000 | 1,681,367 | 231,367 |
| FUND BALANCE, ENDING BUDGETARY BASIS | <u>\$ 1,149,851</u> | <u>\$ 566,851</u> | <u>\$ 1,287,992</u> | <u>\$ 721,141</u> |

CITY OF DALLAS, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

| | Budget | | Actual | Variance with Final Budget |
|--------------------------|------------|------------|------------|-------------------------------|
| | Original | Final | | |
| Admin: | | | | |
| Personal services | \$ 358,500 | \$ 358,500 | \$ 334,318 | \$ 24,182 |
| Materials and services | 150,600 | 150,600 | 126,247 | 24,353 |
| Subtotal | 509,100 | 509,100 | 460,565 | 48,535 |
| Finance: | | | | |
| Personal services | 337,000 | 337,000 | 328,111 | 8,889 |
| Materials and services | 192,500 | 192,500 | 180,621 | 11,879 |
| Capital outlay | 5,000 | 5,000 | - | 5,000 |
| Subtotal | 534,500 | 534,500 | 508,732 | 25,768 |
| Facilities: | | | | |
| Personal services | 112,500 | 112,500 | 107,563 | 4,937 |
| Materials and services | 75,250 | 75,250 | 59,586 | 15,664 |
| Capital outlay | - | 16,200 | - | 16,200 |
| Subtotal | 187,750 | 203,950 | 167,149 | 36,801 |
| Municipal court: | | | | |
| Personal services | 143,000 | 143,000 | 121,088 | 21,912 |
| Materials and services | 45,000 | 45,000 | 17,430 | 27,570 |
| Capital outlay | 5,000 | 5,000 | - | 5,000 |
| Subtotal | 193,000 | 193,000 | 138,518 | 54,482 |
| Ambulance department: | | | | |
| Personal services | 904,000 | 934,000 | 930,461 | 3,539 |
| Materials and services | 326,000 | 329,800 | 311,548 | 18,252 |
| Capital outlay | - | - | 9,306 | (9,306) |
| Transfer (out) | 30,000 | 30,000 | 30,000 | - |
| Debt Service | | | | |
| Principal | 35,000 | 35,000 | 35,000 | - |
| Interest | 3,633 | 3,633 | 3,633 | - |
| Subtotal | 1,298,633 | 1,332,433 | 1,319,948 | 12,485 |
| Fire department: | | | | |
| Personal services | 492,000 | 492,000 | 487,149 | 4,851 |
| Materials and services | 250,800 | 250,800 | 207,592 | 43,208 |
| Capital outlay | 42,000 | 42,000 | 44,522 | (2,522) |
| Loan proceeds/(payments) | 15,000 | 15,000 | 15,000 | - |
| Transfer (out) | 14,400 | 14,400 | 14,400 | - |
| Subtotal | 814,200 | 814,200 | 768,663 | 45,537 |

CITY OF DALLAS, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

| | Budget | | Actual | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Police department: | | | | |
| Personal services | 2,495,000 | 2,495,000 | 2,412,212 | 82,788 |
| Materials and services | 418,535 | 418,535 | 386,885 | 31,650 |
| Transfer (out) | 27,000 | 27,000 | 27,000 | - |
| Debt Service | | | | |
| Principal | 14,330 | 14,330 | 14,330 | - |
| Interest | 1,111 | 1,111 | 1,111 | - |
| Subtotal | <u>2,955,976</u> | <u>2,955,976</u> | <u>2,841,538</u> | <u>114,438</u> |
| Library: | | | | |
| Personal services | 326,000 | 333,000 | 331,520 | 1,480 |
| Materials and services | 64,950 | 64,950 | 62,443 | 2,507 |
| Subtotal | <u>390,950</u> | <u>397,950</u> | <u>393,963</u> | <u>3,987</u> |
| Community development - Parks: | | | | |
| Personal services | 161,000 | 161,000 | 156,465 | 4,535 |
| Materials and services | 76,300 | 85,100 | 79,684 | 5,416 |
| Capital outlay | - | 8,800 | - | 8,800 |
| Transfer (out) | 15,000 | 15,000 | 15,187 | (187) |
| Subtotal | <u>252,300</u> | <u>269,900</u> | <u>251,336</u> | <u>18,564</u> |
| Community development - Aquatic center: | | | | |
| Personal services | 413,000 | 413,000 | 403,721 | 9,279 |
| Materials and services | 273,600 | 267,600 | 266,931 | 669 |
| Capital outlay | - | 6,000 | 3,831 | 2,169 |
| Loan proceeds/(payments) | 50,000 | 50,000 | 50,000 | - |
| Subtotal | <u>736,600</u> | <u>736,600</u> | <u>724,483</u> | <u>12,117</u> |
| Community development - Building/inspections: | | | | |
| Personal services | 244,000 | 244,000 | 246,622 | (2,622) |
| Materials and services | 17,800 | 17,800 | 13,252 | 4,548 |
| Subtotal | <u>261,800</u> | <u>261,800</u> | <u>259,874</u> | <u>1,926</u> |
| Community development - Building/planning department: | | | | |
| Personal services | 140,500 | 140,500 | 141,687 | (1,187) |
| Materials and services | 38,400 | 38,400 | 14,951 | 23,449 |
| Transfer out | 3,400 | 3,400 | 3,400 | - |
| Subtotal | <u>182,300</u> | <u>182,300</u> | <u>160,038</u> | <u>22,262</u> |
| Non-departmental: | | | | |
| Transfer out | - | 583,000 | 583,000 | - |
| Subtotal | <u>-</u> | <u>583,000</u> | <u>583,000</u> | <u>-</u> |
| Total expenditures | <u>\$ 8,317,109</u> | <u>\$ 8,974,709</u> | <u>\$ 8,577,807</u> | <u>\$ 396,902</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, 2013**

| | Budget | | Actual | Variance with Final Budget |
|---|------------------|-------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 170,000 | \$ 170,000 | \$ 433,033 | \$ 263,033 |
| Total revenues | 170,000 | 170,000 | 433,033 | 263,033 |
| EXPENDITURES: | | | | |
| Capital outlay | 2,978,600 | 2,978,600 | 3,050 | 2,975,550 |
| Total expenditures | 2,978,600 | 2,978,600 | 3,050 | 2,975,550 |
| Revenues over (under) expenditures | (2,808,600) | (2,808,600) | 429,983 | 3,238,583 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Interfund loan proceeds (payments) | 80,000 | 80,000 | 95,000 | 15,000 |
| Transfers in | - | 583,000 | 583,000 | - |
| Transfers out | (124,900) | (124,900) | (24,900) | 100,000 |
| Total other financing sources (uses) | (44,900) | 538,100 | 653,100 | 115,000 |
| Net changes in fund balances | (2,853,500) | (2,270,500) | 1,083,083 | 3,353,583 |
| FUND BALANCES, BEGINNING BUDGETARY BASIS | <u>2,853,500</u> | <u>2,853,500</u> | <u>2,946,740</u> | <u>93,240</u> |
| FUND BALANCES, ENDING BUDGETARY BASIS | <u>\$ -</u> | <u>\$ 583,000</u> | <u>4,029,823</u> | <u>\$ 3,446,823</u> |
| Interfund loan receivable | | | <u>523,452</u> | |
| FUND BALANCES, ENDING | | | <u>\$ 4,553,275</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, 2013

| | Budget | | Actual | Variance with Final Budget |
|--|------------|------------|------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Public service taxes | \$ 110,000 | \$ 110,000 | \$ 118,123 | \$ 8,123 |
| Total revenues | 110,000 | 110,000 | 118,123 | 8,123 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (110,000) | (110,000) | (118,123) | (8,123) |
| 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, 2013

| | Budget | | Actual | Variance with Final Budget |
|---------------------------------|------------|------------|------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Public service taxes | \$ 167,900 | \$ 167,900 | \$ 189,197 | \$ 21,297 |
| Total revenues | 167,900 | 167,900 | 189,197 | 21,297 |
| EXPENDITURES: | | | | |
| Capital outlay | | | | |
| Park | 8,435 | 8,435 | 7,533 | 902 |
| Skate park | 2,000 | 2,000 | - | 2,000 |
| Fire - Harpy Bovard scholarship | 23,290 | 23,290 | 2,500 | 20,790 |
| Fire equipment | 29,483 | 29,483 | 58,900 | (29,417) |
| Ambulance equipment | 560 | 560 | 385 | 175 |
| Library | 17,500 | 17,500 | 7,924 | 9,576 |
| File of life | 5,500 | 5,500 | 75 | 5,425 |
| Aquatic center | 67,200 | 67,200 | 6,379 | 60,821 |
| Improvements | 6,000 | 6,000 | 1,050 | 4,950 |
| Street improvements | 55,000 | 55,000 | - | 55,000 |
| Police | 27,125 | 27,125 | 23,829 | 3,296 |
| Civic center | 710 | 710 | 300 | 410 |
| Economic development | 53,000 | 53,000 | 26,009 | 26,991 |
| Community dinner | 2,905 | 2,905 | 285 | 2,620 |
| Transient | 85,500 | 85,500 | 58,116 | 27,384 |
| Total expenditures | 384,208 | 384,208 | 193,285 | 190,923 |
| Net changes in fund balances | (216,308) | (216,308) | (4,088) | 212,220 |
| FUND BALANCES, BEGINNING | 216,308 | 216,308 | 222,078 | 5,770 |
| FUND BALANCES, ENDING | \$ - | \$ - | \$ 217,990 | \$ 217,990 |

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, 2013

| | Budget | | Actual | Variance with Final Budget |
|---------------------------------|--------------------|--------------------|--------------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 123,000 | \$ 123,000 | \$ 121,062 | \$ (1,938) |
| Interest | 750 | 750 | 2,311 | 1,561 |
| Total revenues | <u>123,750</u> | <u>123,750</u> | <u>123,373</u> | <u>(377)</u> |
| EXPENDITURES: | | | | |
| Personal service | 17,000 | 17,000 | 14,701 | 2,299 |
| Capital outlay | 106,750 | 106,750 | 40,777 | 65,973 |
| Debt service: | | | | |
| Principal | <u>175,000</u> | <u>175,000</u> | <u>-</u> | <u>175,000</u> |
| Total expenditures | <u>298,750</u> | <u>298,750</u> | <u>55,478</u> | <u>243,272</u> |
| Net changes in fund balances | (175,000) | (175,000) | 67,895 | 242,895 |
| FUND BALANCES, BEGINNING | <u>175,000</u> | <u>175,000</u> | <u>179,106</u> | <u>4,106</u> |
| FUND BALANCES, ENDING | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 247,001</u></u> | <u><u>\$ 247,001</u></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, 2013**

| | Budget | | Actual | Variance with Final Budget |
|---------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 714,000 | \$ 714,000 | \$ 726,707 | \$ 12,707 |
| Total revenues | 714,000 | 714,000 | 726,707 | 12,707 |
| EXPENDITURES: | | | | |
| Debt service: | | | | |
| Principal | 525,000 | 525,000 | 525,000 | - |
| Interest | 158,878 | 158,878 | 158,878 | - |
| Total expenditures | 683,878 | 683,878 | 683,878 | - |
| Net changes in fund balances | 30,122 | 30,122 | 42,829 | 12,707 |
| FUND BALANCES, BEGINNING | 265,000 | 265,000 | 264,447 | (553) |
| FUND BALANCES, ENDING | <u>\$ 295,122</u> | <u>\$ 295,122</u> | <u>\$ 307,276</u> | <u>\$ 12,154</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, 2013**

| | Budget | | Actual | Variance with Final Budget |
|---------------------------------|------------|------------|------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Miscellaneous | \$ 106,010 | \$ 106,010 | \$ 106,010 | \$ - |
| Total revenues | 106,010 | 106,010 | 106,010 | - |
| EXPENDITURES: | | | | |
| Debt service: | | | | |
| Principal | 30,000 | 30,000 | 30,000 | - |
| Interest | 76,010 | 76,010 | 76,009 | 1 |
| Total expenditures | 106,010 | 106,010 | 106,009 | 1 |
| Net changes in fund balances | - | - | 1 | 1 |
| FUND BALANCES, BEGINNING | - | - | 10 | 10 |
| FUND BALANCES, ENDING | \$ - | \$ - | \$ 11 | \$ 11 |

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, 2013

| | Budget | | Actual | Variance with Final Budget |
|--|------------------|------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for service | \$ 2,975,000 | \$ 2,975,000 | \$ 2,966,576 | \$ (8,424) |
| Interest | 25,000 | 25,000 | 15,331 | (9,669) |
| Miscellaneous | 53,000 | 53,000 | 176,990 | 123,990 |
| Total revenues | <u>3,053,000</u> | <u>3,053,000</u> | <u>3,158,897</u> | <u>105,897</u> |
| EXPENDITURES: | | | | |
| Personal service | 587,500 | 587,500 | 588,296 | (796) |
| Materials and service | 953,500 | 953,500 | 924,204 | 29,296 |
| Capital outlay | 380,000 | 470,000 | 116,260 | 353,740 |
| Debt service: | | | | |
| Principal | 820,000 | 820,000 | 805,000 | 15,000 |
| Interest | 185,650 | 185,650 | 200,643 | (14,993) |
| Contingency | 1,408,800 | 1,318,800 | - | 1,318,800 |
| Total expenditures | <u>4,335,450</u> | <u>4,335,450</u> | <u>2,634,403</u> | <u>1,701,047</u> |
| Revenues over (under) expenditures | (1,282,450) | (1,282,450) | 524,494 | 1,806,944 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 12,450 | 12,450 | 12,450 | - |
| Transfers out | (550,000) | (550,000) | (550,000) | - |
| Total other financing sources (uses) | <u>(537,550)</u> | <u>(537,550)</u> | <u>(537,550)</u> | <u>-</u> |
| Net changes in fund balances | (1,820,000) | (1,820,000) | (13,056) | 1,806,944 |
| FUND BALANCE, BEGINNING BUDGETARY BASIS | <u>1,820,000</u> | <u>1,820,000</u> | <u>1,769,578</u> | <u>(50,422)</u> |
| FUND BALANCE, ENDING BUDGETARY BASIS | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,756,522</u> | <u>\$ 1,756,522</u> |
| | | | <u>Revenues</u> | <u>Expenditures</u> |
| Total revenue and expenditures above | | | \$ 3,158,897 | \$ 2,634,403 |
| Operating transfers in/out | | | - | 537,550 |
| Expenditures capitalized | | | - | (115,818) |
| Debt service principal payments | | | - | (805,000) |
| Depreciation and amortization expense | | | - | 748,559 |
| Interest revenue/expense | | | - | (6,708) |
| Inventory | | | - | 928 |
| Bond premium | | | - | (57,351) |
| Compensated absences | | | - | 7,111 |
| Total revenues and expenses - generally accepted accounting principles | | | <u>\$ 3,158,897</u> | <u>2,943,674</u> |
| Change in net position | | | | <u>\$ 215,223</u> |

CITY OF DALLAS, OREGON
WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

| | Budget | | Actual | Variance with Final Budget |
|--|------------------|------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for service | \$ 2,050,000 | \$ 2,050,000 | \$ 2,058,571 | \$ 8,571 |
| Interest | 13,000 | 13,000 | 4,956 | (8,044) |
| Miscellaneous | 42,500 | 42,500 | 64,687 | 22,187 |
| Total revenues | <u>2,105,500</u> | <u>2,105,500</u> | <u>2,128,214</u> | <u>22,714</u> |
| EXPENDITURES: | | | | |
| Personal service | 407,000 | 407,000 | 400,426 | 6,574 |
| Materials and service | 666,500 | 666,500 | 635,080 | 31,420 |
| Capital outlay | 95,000 | 95,000 | 63,215 | 31,785 |
| Debt service: | | | | |
| Principal | 363,109 | 363,109 | 363,109 | - |
| Interest | 160,083 | 160,083 | 160,083 | - |
| Contingency | 510,032 | 510,032 | - | 510,032 |
| Total expenditures | <u>2,201,724</u> | <u>2,201,724</u> | <u>1,621,913</u> | <u>579,811</u> |
| Revenues over (under) expenditures | (96,224) | (96,224) | 506,301 | 602,525 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 6,224 | 6,224 | 6,224 | - |
| Transfers out | (425,000) | (425,000) | (425,000) | - |
| Total other financing sources (uses) | <u>(418,776)</u> | <u>(418,776)</u> | <u>(418,776)</u> | <u>-</u> |
| Net changes in fund balances | (515,000) | (515,000) | 87,525 | 602,525 |
| FUND BALANCE, BEGINNING BUDGETARY BASIS | <u>515,000</u> | <u>515,000</u> | <u>512,775</u> | <u>(2,225)</u> |
| FUND BALANCE, ENDING BUDGETARY BASIS | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 600,300</u> | <u>\$ 600,300</u> |
| | | | <u>Revenues</u> | <u>Expenditures</u> |
| Total revenue and expenditures above | | | \$ 2,128,214 | \$ 1,621,913 |
| Operating transfers in/out | | | - | 418,776 |
| Expenditures capitalized | | | - | (78,175) |
| Debt service principal payments | | | - | (363,260) |
| Depreciation and amortization expense | | | - | 421,174 |
| Interest revenue/expense | | | - | (5,652) |
| Inventory | | | - | 15,143 |
| Compensated absences | | | - | 4,183 |
| Total revenues and expenses - generally accepted accounting principles | | | <u>\$ 2,128,214</u> | <u>2,034,102</u> |
| Change in net position | | | | <u>\$ 94,112</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 NET POSITION - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013**

| | Budget | | Actual | Variance with Final Budget |
|--|------------|------------|------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for service | \$ 427,000 | \$ 427,000 | \$ 429,801 | \$ 2,801 |
| Miscellaneous | 3,000 | 3,000 | 13,972 | 10,972 |
| Total revenues | 430,000 | 430,000 | 443,773 | 13,773 |
| EXPENDITURES: | | | | |
| Personal service | 213,000 | 213,000 | 201,239 | 11,761 |
| Materials and service | 178,000 | 188,000 | 180,040 | 7,960 |
| Capital outlay | 147,000 | 143,000 | 133,542 | 9,458 |
| Contingency | 199,800 | 193,800 | - | 193,800 |
| Total expenditures | 737,800 | 737,800 | 514,821 | 222,979 |
| Revenues over (under) expenditures | (307,800) | (307,800) | (71,048) | 236,752 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Interfund loan proceeds (payments) | (30,000) | (30,000) | (30,000) | - |
| Transfers in | 89,800 | 89,800 | 89,987 | 187 |
| Transfers out | (50,000) | (50,000) | (50,000) | - |
| Total other financing sources (uses) | 9,800 | 9,800 | 9,987 | 187 |
| Net changes in fund balances | (298,000) | (298,000) | (61,061) | 236,939 |
| FUND BALANCE, BEGINNING BUDGETARY BASIS | 298,000 | 298,000 | 293,336 | (4,664) |
| FUND BALANCE, ENDING BUDGETARY BASIS | \$ - | \$ - | \$ 232,275 | \$ 232,275 |

| | Revenues | Expenditures |
|--|------------|--------------|
| Total revenue and expenditures above | \$ 443,773 | \$ 514,821 |
| Operating transfers in/out | 39,987 | - |
| Expenditures capitalized | - | (126,056) |
| Depreciation and amortization expense | - | 88,474 |
| Inventory | - | (2,483) |
| Compensated absences | - | 2,060 |
| Total revenues and expenses - generally accepted accounting principles | \$ 483,760 | 476,816 |
| Change in net position | | \$ 6,944 |

OTHER FINANCIAL SCHEDULES

CITY OF DALLAS, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
For the Fiscal Year Ended June 30, 2013

| <u>Fiscal Year</u> | <u>Uncollected Balance June 30, 2012</u> | <u>Levy</u> | <u>Discounts & Adjustments</u> | <u>Collections</u> | <u>Uncollected Balance June 30, 2013</u> |
|--------------------|--|---------------------|--|-----------------------|--|
| 2012-13 | \$ - | \$ 4,279,410 | \$ (112,939) | \$ (3,985,073) | \$ 181,398 |
| 2011-12 | 189,714 | - | 5,095 | (91,451) | 103,358 |
| 2010-11 | 107,727 | - | 7,226 | (52,749) | 62,204 |
| 2009-10 | 76,615 | - | 10,842 | (57,868) | 29,589 |
| 2008-09 | 23,256 | - | 5,190 | (23,139) | 5,307 |
| 2007-08 | 4,536 | - | 855 | (2,890) | 2,501 |
| 2006-07 | 1,016 | - | 368 | (1,035) | 349 |
| 2005-06 | 278 | - | 5 | (14) | 269 |
| Prior years | 2,800 | - | 13 | (32) | 2,781 |
| Totals | <u>\$ 405,942</u> | <u>\$ 4,279,410</u> | <u>\$ (83,345)</u> | <u>\$ (4,214,251)</u> | <u>\$ 387,756</u> |

Taxes receivable classified by fund:

| | |
|--|-------------------|
| General Fund | \$ 310,863 |
| Urban Renewal Agency and Debt Service Fund | <u>76,893</u> |
| | <u>\$ 387,756</u> |

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**REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITOR'S 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, Oregon
Dallas, Oregon

We have audited, 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, 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, Oregon, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Dallas, Oregon's basic financial statements, and have issued our report thereon dated December 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Dallas, Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 of Dallas, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dallas, Oregon's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or, significant deficiencies. Given these limitations, during our audit we did

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dallas, Oregon'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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Merina & Company, LLP
West Linn, Oregon
December 30, 2013

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

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dallas, Oregon, as of and for the year ended June 30, 2013 and have issued our report thereon dated December 30, 2013. 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Dallas, Oregon'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 of Dallas, Oregon 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. General Fund | Transfers Out | \$ 187 |
| b. Revenue Sharing Fund | Transfers Out | \$ 8,123 |
| c. Trust/Reserve Fund | Capital Outlay-Fire Equipment | \$ 29,417 |
| d. Sewer Fund | Personal Service | \$ 796 |

OAR 162-10-0230 Internal Control

Management of City of Dallas, Oregon is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Dallas, Oregon'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 of Dallas, Oregon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Dallas, Oregon'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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

We have communicated suggestions for improvements of the City of Dallas, Oregon's processes in a separate letter to management dated December 30, 2013.

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 30, 2013

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the service the City provides and the activities it performs.

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

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

| | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> |
|--|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 57,146,650 | \$ 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 | 5,075,362 | 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 | 1,527,906 | 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>\$ 63,749,918</u> | <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: | | | | | | | | | | |
| Net investment in capital assets | \$ 20,017,073 | \$ 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 | 2,389,514 | 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>\$ 22,406,587</u> | <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) | \$ 77,163,723 | \$ 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 | 5,075,362 | 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 | 3,917,420 | 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>\$ 86,156,505</u> | <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 POSITION
LAST TEN FISCAL YEARS**

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| EXPENSES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 1,951,720 | \$ 2,742,049 | \$ 2,641,018 | \$ 2,298,816 | \$ 776,276 | \$ 1,117,810 | \$ 439,215 | \$ 560,440 | \$ 511,423 | \$ 445,968 |
| Public safety | 5,169,796 | 5,227,369 | 5,041,368 | 5,013,276 | 5,181,413 | 4,374,809 | 3,817,182 | 2,979,379 | 2,686,979 | 2,850,336 |
| Highways and streets | 2,949,068 | 2,820,314 | 2,741,552 | 16,526,988 | 771,311 | 1,128,744 | 3,215,818 | 919,953 | 1,817,002 | 717,131 |
| Culture and recreation | 730,924 | 688,907 | 762,439 | 672,989 | 2,657,682 | 2,961,453 | 3,198,380 | 2,191,735 | 2,096,956 | 1,724,036 |
| Community development | 1,332,910 | 1,346,705 | 1,477,722 | 1,545,603 | - | - | - | - | - | - |
| Interest on long-term debt | 239,631 | 264,813 | 292,992 | 315,071 | 290,438 | 337,515 | 357,421 | 368,216 | 360,394 | 369,980 |
| Unallocated depreciation | - | - | - | - | - | - | - | 795,053 | 2,534,598 | - |
| Total governmental activities expenses | 12,374,049 | 13,090,157 | 12,957,091 | 26,372,743 | 9,677,120 | 9,920,331 | 11,028,016 | 7,814,776 | 10,007,352 | 6,107,451 |
| Business-type activities: | | | | | | | | | | |
| Sewage disposal | 2,406,124 | 2,403,297 | 2,471,140 | 2,690,895 | 2,760,869 | 2,917,079 | 1,786,823 | 3,093,131 | 1,782,699 | 2,961,851 |
| Water | 1,615,326 | 1,754,639 | 2,108,937 | 2,188,120 | 2,034,191 | 1,960,357 | 3,488,856 | 1,809,211 | 3,415,917 | 1,665,304 |
| Ambulance | - | - | - | - | - | - | 927,316 | 957,655 | 894,982 | 848,941 |
| Total business-type activities expenses | 4,021,450 | 4,157,936 | 4,580,077 | 4,879,015 | 4,795,060 | 4,877,436 | 6,202,995 | 5,859,997 | 6,093,598 | 5,476,096 |
| Total expenses | \$ 16,395,499 | \$ 17,248,093 | \$ 17,537,168 | \$ 31,251,758 | \$ 14,472,180 | \$ 14,797,767 | \$ 17,231,011 | \$ 13,674,773 | \$ 16,100,950 | \$ 11,583,547 |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General Government | \$ 908,346 | \$ 641,463 | \$ 607,535 | \$ 260,475 | \$ 301,725 | \$ 792,460 | \$ 481,966 | \$ 610,373 | \$ 58,923 | \$ 322,502 |
| Public Safety | 1,177,937 | 1,045,911 | 1,321,333 | 1,287,955 | 1,311,170 | 1,285,393 | 325,233 | 250,291 | 196,964 | 387,023 |
| Highways and streets | 58,899 | 24,854 | 46,585 | 25,413 | - | - | - | - | - | - |
| Culture and Recreation | 92,220 | 77,705 | 606,867 | 572,865 | 519,554 | 507,689 | 489,916 | 437,942 | 421,602 | 402,469 |
| Community development | 667,287 | 611,452 | 243,775 | 699,139 | - | - | - | - | - | - |
| Operating grants and contributions | 7,305 | 9,573 | 11,579 | 48,167 | 1,217,259 | 1,523,440 | 2,051,181 | 1,316,217 | 1,423,578 | 257,890 |
| Capital grants and contributions | 126,726 | 1,408,562 | 280,080 | 315,877 | 797,474 | 1,218,332 | 953,059 | 2,684,450 | 3,378,448 | 1,832 |
| Total governmental activities program revenues | 3,038,720 | 3,819,520 | 3,117,754 | 3,209,891 | 4,147,182 | 5,327,314 | 4,301,355 | 5,299,273 | 5,479,515 | 1,371,716 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | 5,025,147 | 4,852,972 | 4,698,913 | 4,745,483 | 4,757,990 | 4,498,870 | 5,178,652 | 4,958,640 | 4,741,264 | 5,603,815 |
| Operating grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Capital grants and contributions | - | - | - | - | - | - | 1,642,660 | - | - | 1,234,269 |
| Total business-type activities program revenues | 5,025,147 | 4,852,972 | 4,698,913 | 4,745,483 | 4,757,990 | 4,498,870 | 6,821,312 | 4,958,640 | 4,741,264 | 6,838,084 |
| Total program revenues | \$ 8,063,867 | \$ 8,672,492 | \$ 7,816,667 | \$ 7,955,374 | \$ 8,905,172 | \$ 9,826,184 | \$ 11,122,667 | \$ 10,257,913 | \$ 10,220,779 | \$ 8,209,800 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (9,335,329) | \$ (9,270,637) | \$ (9,839,337) | \$ (23,162,852) | \$ (5,529,938) | \$ (4,593,017) | \$ (6,726,661) | \$ (2,515,503) | \$ (4,527,837) | \$ (4,735,735) |
| Business-type activities | 1,003,697 | 695,036 | 118,836 | (133,532) | (37,070) | (378,566) | 618,317 | (901,357) | (1,352,334) | 1,361,988 |
| Total net expense | \$ (8,331,632) | \$ (8,575,601) | \$ (9,720,501) | \$ (23,296,384) | \$ (5,567,008) | \$ (4,971,583) | \$ (6,108,344) | \$ (3,416,860) | \$ (5,880,171) | \$ (3,373,747) |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes and assessments | \$ 5,755,796 | \$ 5,607,607 | \$ 5,496,250 | \$ 5,234,147 | \$ 3,799,318 | \$ 3,762,441 | \$ 3,549,521 | \$ 3,257,042 | \$ 3,103,432 | \$ 2,990,420 |
| Franchise Fees | 1,028,427 | 1,062,257 | 908,608 | 777,412 | 828,690 | 822,530 | 803,718 | 725,976 | 1,146,135 | 864,322 |
| Intergovernmental | - | - | - | - | 289,854 | 180,474 | 190,022 | 260,420 | 202,655 | 302,728 |
| Miscellaneous | 422,866 | 429,937 | 219,913 | 440,239 | 290,244 | 246,708 | 690,537 | 185,139 | 138,529 | 42,735 |
| Transfer of capital assets | - | - | - | - | (352,861) | (822,680) | 464,379 | - | - | - |
| Proceeds from property sales | - | - | - | - | - | - | 73,977 | - | - | - |
| Transfers | 956,326 | 776,325 | 1,000,000 | (300,549) | 312,600 | 325,450 | 169,360 | (570,930) | 55,300 | - |
| Total governmental activities | 8,163,415 | 7,876,126 | 7,624,771 | 6,151,249 | 5,167,845 | 4,514,923 | 5,941,514 | 3,857,647 | 4,646,051 | 4,200,205 |
| Business-type activities: | | | | | | | | | | |
| Miscellaneous | 261,964 | 132,503 | 175,124 | 205,206 | 250,705 | 291,996 | 332,216 | 326,968 | 212,594 | 85,147 |
| Transfer of capital assets | - | - | - | - | 352,861 | 822,680 | (464,379) | - | 463,737 | - |
| Transfers | (956,326) | (776,325) | (1,000,000) | 300,549 | (312,600) | (325,450) | (169,360) | 570,930 | (55,300) | - |
| Total business-type activities | (694,362) | (643,822) | (824,876) | 505,755 | 290,966 | 789,226 | (301,523) | 897,898 | 621,031 | 85,147 |
| Total | \$ 7,469,053 | \$ 7,232,304 | \$ 6,799,895 | \$ 6,657,004 | \$ 5,458,811 | \$ 5,304,149 | \$ 5,639,991 | \$ 4,755,545 | \$ 5,267,082 | \$ 4,285,352 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ (1,171,914) | \$ (1,394,511) | \$ (2,214,566) | \$ (17,011,603) | \$ (362,093) | \$ (78,094) | \$ (785,147) | \$ 1,342,144 | \$ 118,214 | \$ (535,530) |
| Business-type activities | 309,335 | 51,214 | (706,040) | 372,223 | 253,896 | 410,660 | 316,794 | (3,459) | (731,303) | 1,447,135 |
| Total | \$ (862,579) | \$ (1,343,297) | \$ (2,920,606) | \$ (16,639,380) | \$ (108,197) | \$ 332,566 | \$ (468,353) | \$ 1,338,685 | \$ (613,089) | \$ 911,605 |

Source: City of Dallas Comprehensive Annual Financial Reports

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

| | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund: | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | - | - | - | 1,211,673 | 1,526,191 |
| Restricted | - | 600,450 | - | - | - |
| Committed | - | - | - | - | - |
| Unassigned | 925,202 | 653,127 | 1,702,807 | - | - |
| Total General Fund | <u>\$ 925,202</u> | <u>\$ 1,253,577</u> | <u>\$ 1,702,807</u> | <u>\$ 1,211,673</u> | <u>\$ 1,526,191</u> |
| Special Revenue Funds: | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ 4,128,493 | \$ 676,339 |
| Unreserved | - | - | - | 257,241 | 4,768,067 |
| Restricted | 4,768,086 | 3,400,740 | 3,387,580 | - | - |
| Committed | 217,990 | 222,078 | 315,841 | - | - |
| Unassigned | 505,635 | 533,689 | (258,241) | - | - |
| Total Special Revenue Funds | <u>\$ 5,491,711</u> | <u>\$ 4,156,507</u> | <u>\$ 3,445,180</u> | <u>\$ 4,385,734</u> | <u>\$ 5,444,406</u> |
| Debt Service Funds: | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | - | - | - | 199,477 | 194,574 |
| Restricted | 307,287 | 264,447 | 232,176 | - | - |
| Committed | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total Debt Service Funds | <u>\$ 307,287</u> | <u>\$ 264,447</u> | <u>\$ 232,176</u> | <u>\$ 199,477</u> | <u>\$ 194,574</u> |
| Capital Projects Funds: | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | - | - | - | - | (514,507) |
| Restricted | - | - | - | - | - |
| Committed | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total Capital Projects Funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (514,507)</u> |
| All Governmental Funds: | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ 4,128,493 | \$ 676,339 |
| Unreserved | - | - | - | 1,668,391 | 5,974,325 |
| Restricted | 5,075,373 | 4,265,637 | 3,619,756 | - | - |
| Committed | 217,990 | 222,078 | 315,841 | - | - |
| Unassigned | 1,430,837 | 1,186,816 | 1,444,566 | - | - |
| Total All Governmental Funds | <u>\$ 6,724,200</u> | <u>\$ 5,674,531</u> | <u>\$ 5,380,163</u> | <u>\$ 5,796,884</u> | <u>\$ 6,650,664</u> |

Source: City of Dallas Comprehensive Annual Financial Reports

| 2008 | 2007 | 2006 | 2005 | 2004 |
|---------------------|---------------------|----------------------|---------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - |
| 1,114,009 | 1,314,302 | 1,848,263 | 1,179,784 | 1,845,014 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>\$ 1,114,009</u> | <u>\$ 1,314,302</u> | <u>\$ 1,848,263</u> | <u>\$ 1,179,784</u> | <u>\$ 1,845,014</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| 6,489,353 | 659,386 | 673,175 | 861,144 | 213,461 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>\$ 6,489,353</u> | <u>\$ 659,386</u> | <u>\$ 673,175</u> | <u>\$ 861,144</u> | <u>\$ 213,461</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| 316,429 | 197,092 | 304,233 | 317,810 | 335,602 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>\$ 316,429</u> | <u>\$ 197,092</u> | <u>\$ 304,233</u> | <u>\$ 317,810</u> | <u>\$ 335,602</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| (515,945) | 6,464,930 | 7,682,647 | 7,169,032 | 3,502,200 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>\$ (515,945)</u> | <u>\$ 6,464,930</u> | <u>\$ 7,682,647</u> | <u>\$ 7,169,032</u> | <u>\$ 3,502,200</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| 7,403,846 | 8,635,710 | 10,508,318 | 9,527,770 | 5,896,277 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>\$ 7,403,846</u> | <u>\$ 8,635,710</u> | <u>\$ 10,508,318</u> | <u>\$ 9,527,770</u> | <u>\$ 5,896,277</u> |

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

| | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|--|---------------------|-------------------|---------------------|-----------------------|
| REVENUES | | | | |
| Taxes and assessments | \$ 4,244,493 | \$ 4,094,852 | \$ 3,988,407 | \$ 3,846,626 |
| Licenses and permits | 630,626 | 321,837 | 430,191 | 416,350 |
| Intergovernmental | 1,663,520 | 2,897,961 | 1,763,122 | 1,703,570 |
| Franchise fees | 1,028,427 | 1,062,257 | 908,608 | 777,412 |
| Charges for services | 1,726,277 | 1,554,881 | 1,753,479 | 1,729,236 |
| Fines and forfeitures | 117,985 | 141,888 | 187,692 | 257,229 |
| Miscellaneous | 408,894 | 429,937 | 243,427 | 440,239 |
| Total Revenues | <u>9,820,222</u> | <u>10,503,613</u> | <u>9,274,926</u> | <u>9,170,662</u> |
| EXPENDITURES | | | | |
| Current operating: | | | | |
| General government | 1,151,147 | 1,150,826 | 1,171,990 | 1,230,491 |
| Highways and streets | 538,624 | 564,266 | 525,820 | 478,340 |
| Culture and recreation | 393,963 | 350,244 | 440,054 | 379,147 |
| Public Safety | 4,874,365 | 4,918,023 | 4,787,775 | 4,670,936 |
| Community development | 1,323,313 | 1,325,302 | 1,449,292 | 1,479,368 |
| Capital outlay | 561,519 | 2,043,949 | 1,275,423 | 1,618,527 |
| Debt service | | | | |
| Interest | 239,631 | 264,813 | 292,992 | 500,000 |
| Principal | 604,330 | 588,147 | 578,301 | 315,071 |
| Total Expenditures | <u>9,686,892</u> | <u>11,205,570</u> | <u>10,521,647</u> | <u>10,671,880</u> |
| REVENUES OVER (UNDER) EXPENDITURES | 133,330 | (701,957) | (1,246,721) | (1,501,218) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,812,349 | 1,251,603 | 1,870,664 | 1,727,916 |
| Transfers out | (896,010) | (475,278) | (1,040,664) | (1,559,921) |
| Payment of prepaid pension asset | - | - | - | - |
| Debt proceeds | - | - | - | 55,410 |
| Bond refunding | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>916,339</u> | <u>776,325</u> | <u>830,000</u> | <u>223,405</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ 1,049,669</u> | <u>\$ 74,368</u> | <u>\$ (416,721)</u> | <u>\$ (1,277,813)</u> |
| Debt service as a percentage of noncapital expenditures | <u>9.03%</u> | <u>8.76%</u> | <u>8.93%</u> | <u>8.36%</u> |

Source: City of Dallas Comprehensive Annual Financial Reports

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|----|-------------------|--------------------|--------------------|------------------|-------------------|------------------|
| \$ | 3,797,194 | \$ 3,734,315 | \$ 3,543,227 | \$ 3,257,264 | \$ 3,085,020 | \$ 3,018,928 |
| | 1,570,479 | 1,526,492 | 1,673,675 | 503,499 | 458,856 | 294,130 |
| | 1,334,690 | 1,367,900 | 1,994,857 | 3,086,508 | 2,027,205 | 1,190,830 |
| | 828,690 | 822,530 | 803,718 | 725,976 | 891,804 | 864,322 |
| | 938,379 | 1,516,376 | 549,374 | 1,565,327 | 3,080,657 | 659,985 |
| | 353,964 | 365,946 | 325,233 | 250,291 | 273,498 | 153,475 |
| | 467,680 | 980,026 | 1,177,752 | 340,849 | 566,478 | 227,999 |
| | <u>9,291,076</u> | <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> |
| | 1,997,088 | 1,682,609 | 722,799 | 616,946 | 511,619 | 420,400 |
| | 682,657 | 902,450 | 840,978 | 867,888 | 729,940 | 2,779,104 |
| | 1,631,550 | 1,817,384 | 1,798,389 | 1,648,851 | 1,636,836 | 717,131 |
| | 3,902,463 | 3,533,823 | 3,753,648 | 3,070,333 | 2,818,643 | 1,553,207 |
| | - | - | - | - | - | - |
| | 2,831,297 | 6,219,811 | 4,011,569 | 2,152,064 | 1,611,851 | 167,344 |
| | 317,989 | 337,515 | 357,421 | 368,216 | 343,094 | 369,980 |
| | 502,547 | 445,000 | 465,000 | 435,000 | 435,000 | 374,600 |
| | <u>11,865,591</u> | <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> |
| | (2,574,515) | (4,625,007) | (1,881,968) | 570,416 | 2,296,535 | 27,903 |
| | 2,145,129 | 593,375 | 459,775 | 1,045,630 | 781,780 | 116,880 |
| | (1,892,529) | (367,925) | (450,415) | (820,500) | (786,480) | (116,880) |
| | - | - | - | (1,585,000) | - | - |
| | 1,568,733 | 3,109,795 | - | 6,410,000 | - | - |
| | - | - | - | (4,640,000) | - | - |
| | <u>1,821,333</u> | <u>3,335,245</u> | <u>9,360</u> | <u>410,130</u> | <u>(4,700)</u> | <u>-</u> |
| \$ | <u>(753,182)</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>7.45%</u> | <u>5.97%</u> | <u>8.13%</u> | <u>9.96%</u> | <u>10.22%</u> | <u>12.15%</u> |

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

| FUNCTIONS/PROGRAMS | 2013 | 2012 | 2011 | 2010 |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities: | | | | |
| General government | \$ 908,346 | \$ 641,463 | \$ 609,185 | \$ 260,475 |
| Public safety | 1,309,998 | 1,973,067 | 1,427,817 | 1,336,943 |
| Highways and streets | 58,899 | 24,854 | 46,585 | 316,961 |
| Culture and recreation | 94,190 | 350,739 | 613,337 | 575,173 |
| Community development | 667,287 | 829,397 | 420,830 | 720,339 |
| Total Governmental Activities | <u>3,038,720</u> | <u>3,819,520</u> | <u>3,117,754</u> | <u>3,209,891</u> |
| Business-type Activities: | | | | |
| Sewage disposal | 2,966,576 | 2,879,216 | 2,824,141 | 2,826,340 |
| Water | 2,058,571 | 1,973,756 | 1,874,772 | 1,919,143 |
| Ambulance | - | - | - | - |
| Total Business-type Activities | <u>5,025,147</u> | <u>4,852,972</u> | <u>4,698,913</u> | <u>4,745,483</u> |
| Total Activities | <u>\$ 8,063,867</u> | <u>\$ 8,672,492</u> | <u>\$ 7,816,667</u> | <u>\$ 7,955,374</u> |

Source: City of Dallas Comprehensive Annual Financial Reports

| <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> |
|---------------------|---------------------|----------------------|----------------------|----------------------|---------------------|
| \$ 936,322 | \$ 1,663,143 | \$ 1,123,364 | \$ 2,927,908 | \$ 1,524,755 | \$ 322,502 |
| 1,743,251 | 1,986,654 | 1,566,536 | 775,432 | 882,153 | 387,023 |
| 656,475 | 912,983 | 875,983 | 1,025,289 | 2,608,285 | 795,189 |
| 811,134 | 764,534 | 735,472 | 570,644 | 781,482 | 402,469 |
| - | - | - | - | - | - |
| <u>4,147,182</u> | <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> |
| 2,846,712 | 2,617,239 | 3,210,039 | 2,521,270 | 2,363,972 | 2,931,532 |
| 1,911,278 | 1,881,631 | 2,875,974 | 1,669,428 | 1,588,820 | 1,873,665 |
| - | - | 735,299 | 767,942 | 788,472 | 798,618 |
| <u>4,757,990</u> | <u>4,498,870</u> | <u>6,821,312</u> | <u>4,958,640</u> | <u>4,741,264</u> | <u>5,603,815</u> |
| <u>\$ 8,905,172</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> |

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

| Fiscal Year | Property | Special Assessments | Total |
|------------------------|-----------------|--------------------------------|--------------|
| 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 |
| 2013 | 4,279,410 | - | 4,279,410 |
| Change 2004 - 2013 | 41.8% | -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 |
| 2013 | 786,988,600 | 920,317,855 | 22,626,259 | 23,294,880 | 16,391,600 | 18,346,106 |

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 |
| 826,006,459 | 961,958,841 | 85.87 | - |

**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 |
|---|---------------------------------------|---------------------------------------|---------------------------------|------------------------|-------------------------------|
| 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 | 1.02 | 5.22 | 2.24 | 6.35 |
| 2013 | 4.20 | 0.97 | 5.17 | 2.23 | 6.24 |

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 |
|--|---|---|---------------------------|---|---------------------------------------|--------------|
| 0.77 | 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 |
| 0.87 | 0.08 | 0.05 | 0.29 | 0.05 | 0.07 | 15.22 |
| 0.89 | 0.08 | 0.05 | 0.29 | 0.05 | 0.07 | 15.07 |

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

| Taxpayer | 2013 | | | 2004 | | |
|------------------------------------|----------------------|------|--|----------------------|------|--|
| | Assessed Value | Rank | % of Total City Taxable Assessed Value | Assessed Value | Rank | % of Total City Taxable Assessed Value |
| Weyerhaeuser Company | \$ 12,664,841 | 1 | 1.55% | \$ 16,872,211 | 1 | 3.09% |
| Greenway | 6,992,900 | 3 | 0.86% | 5,359,630 | 3 | 0.98% |
| Northwest Natural Gas | 6,135,000 | 2 | 0.75% | 4,437,800 | 6 | 0.81% |
| Wal-Mart | 5,949,990 | 4 | 0.73% | 4,572,960 | 5 | 0.84% |
| Victoria Place General Partnership | 5,817,310 | 5 | 0.71% | - | - | - |
| Dallas Mennonite Retirement Center | 5,306,710 | 6 | 0.65% | 2,494,530 | 9 | 0.46% |
| Charter Communications | 3,311,000 | 7 | 0.41% | 5,175,799 | 4 | 0.95% |
| Safeway #404 | 3,020,700 | 8 | 0.37% | - | - | - |
| Lacreole Properties Inc | 2,806,590 | 9 | 0.34% | - | - | - |
| Pacificorp (PP&L) | 2,712,000 | 10 | 0.33% | 2,809,000 | 7 | 0.51% |
| Praegitzer Industries, Inc | - | - | - | 16,655,530 | 2 | 3.05% |
| Wells Walter B ET AL | - | - | - | 2,197,540 | 10 | 0.40% |
| Forest River Inc | - | - | - | 2,649,976 | 8 | 0.49% |
| | <u>\$ 54,717,041</u> | | <u>6.70%</u> | <u>\$ 63,224,976</u> | | <u>11.58%</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 |
| 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 | 106,550 | 3,078,373 | 96.61 |
| 2006 | 3,337,387 | 3,141,622 | 94.13 | 123,729 | 3,265,351 | 97.84 |
| 2007 | 3,555,585 | 3,339,468 | 93.92 | 134,190 | 3,473,658 | 97.70 |
| 2008 | 3,763,738 | 3,529,331 | 93.77 | 153,127 | 3,682,458 | 97.84 |
| 2009 | 3,861,639 | 3,574,325 | 92.56 | 208,569 | 3,782,894 | 97.96 |
| 2010 | 3,963,447 | 3,677,240 | 92.78 | 177,283 | 3,854,523 | 97.25 |
| 2011 | 4,083,452 | 3,791,192 | 92.84 | 145,732 | 3,936,924 | 96.41 |
| 2012 | 4,197,403 | 3,869,533 | 92.19 | 91,451 | 3,960,984 | 94.37 |
| 2013 | 4,279,410 | 3,985,073 | 93.12 | - | 3,985,073 | 93.12 |

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 |
|---|-------------------|---------------------------|------------------------|---|--|---------------------------------------|
| 2004 | 13,420 | 545,574,625 | 7,155,000 | 0.0131 | 2.13% | 533.16 |
| 2005 | 14,040 | 575,673,863 | 6,760,000 | 0.0117 | 1.76% | 481.48 |
| 2006 | 14,585 | 613,986,132 | 7,965,000 | 0.0130 | 2.05% | 546.11 |
| 2007 | 15,065 | 668,374,992 | 7,500,000 | 0.0112 | 1.71% | 497.84 |
| 2008 | 15,360 | 714,116,499 | 7,055,000 | 0.0099 | 1.51% | 459.31 |
| 2009 | 15,445 | 733,680,172 | 6,790,000 | 0.0093 | 1.48% | 439.62 |
| 2010 | 15,555 | 763,231,415 | 6,290,000 | 0.0082 | 1.33% | 404.37 |
| 2011 | 14,590 | 785,870,537 | 5,760,000 | 0.0073 | 1.23% | 394.79 |
| 2012 | 14,620 | 804,688,321 | 5,200,000 | 0.0065 | 1.15% | 355.68 |
| 2013 | 14,690 | 826,006,459 | 4,610,000 | 0.0056 | 0.96% | 313.82 |

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 |
|---|-------------------|---------------------------|--|---|--|---------------------------------------|
| 2004 | 13,420 | 545,574,625 | 14,544,219 | 0.0267 | 4.34% | 1,083.77 |
| 2005 | 14,040 | 575,673,863 | 13,809,348 | 0.0240 | 3.59% | 983.57 |
| 2006 | 14,585 | 613,986,132 | 13,098,342 | 0.0213 | 3.37% | 898.07 |
| 2007 | 15,065 | 668,374,992 | 12,281,709 | 0.0184 | 2.80% | 815.25 |
| 2008 | 15,360 | 714,116,499 | 14,543,749 | 0.0204 | 3.12% | 946.86 |
| 2009 | 15,445 | 733,680,172 | 14,927,743 | 0.0203 | 3.25% | 966.51 |
| 2010 | 15,555 | 763,231,415 | 14,634,621 | 0.0192 | 3.09% | 940.83 |
| 2011 | 14,590 | 785,870,537 | 13,502,102 | 0.0172 | 2.89% | 925.44 |
| 2012 | 14,620 | 804,688,321 | 12,147,154 | 0.0151 | 2.70% | 830.86 |
| 2013 | 14,690 | 826,006,459 | 10,921,544 | 0.0132 | 2.27% | 743.47 |

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 |
|---|-------------------|---------------------------|--|---|--|---------------------------------------|
| 2004 | 13,420 | 545,574,625 | 21,699,219 | 0.0398 | 6.47% | 1,616.93 |
| 2005 | 14,040 | 575,673,863 | 20,569,348 | 0.0357 | 5.35% | 1,465.05 |
| 2006 | 14,585 | 613,986,132 | 21,063,342 | 0.0343 | 5.42% | 1,444.18 |
| 2007 | 15,065 | 668,374,992 | 19,781,709 | 0.0296 | 4.51% | 1,313.09 |
| 2008 | 15,360 | 714,116,499 | 21,598,749 | 0.0302 | 4.63% | 1,406.17 |
| 2009 | 15,445 | 733,680,172 | 21,717,743 | 0.0296 | 4.73% | 1,406.13 |
| 2010 | 15,555 | 763,231,415 | 20,924,621 | 0.0274 | 4.42% | 1,345.20 |
| 2011 | 14,590 | 785,870,537 | 19,262,102 | 0.0245 | 4.12% | 1,320.23 |
| 2012 | 14,620 | 804,688,321 | 17,347,154 | 0.0216 | 3.85% | 1,186.54 |
| 2013 | 14,690 | 826,006,459 | 15,531,544 | 0.0188 | 3.23% | 1,057.29 |

N/A - data not available

**CITY OF DALLAS, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2013**

| <u>Governmental Unit</u> | <u>Real market values of overlapping districts</u> | <u>Tax-supported debt outstanding¹</u> | <u>Percentage overlapping²</u> | <u>Overlapping debt applicable to the City of Dallas</u> |
|--|--|---|---|--|
| Debt Repaid with Property Taxes | | | | |
| Chemeketa Community College | 38,375,580,676 | 84,905,000 | 2.51 % | 2,128,314 |
| Willamette ESD | 42,117,479,820 | 1,625,000 | 2.28 % | 37,115 |
| Polk Cty SD 2 (Dallas) | 1,525,322,439 | 6,605,000 | 63.07 % | 4,165,503 |
| Polk County | 5,682,167,355 | 11,900,000 | 16.93 % | 2,014,599 |
| Subtotal, overlapping debt | 87,700,550,290 | 105,035,000 | | 8,345,531 |
| Direct debt outstanding: | | | | |
| City of Dallas | 961,958,841 | 3,105,000 | 100.00 % | \$ 3,105,000 |
| Total Direct and Overlapping Debt | <u>\$ 88,662,509,131</u> | <u>\$ 108,140,000</u> | | <u>\$ 11,450,531</u> |

NOTE:

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.

¹ Tax supported debt outstanding includes General Obligation (GO) bonds and Full Faith & Credit Bonds related to non-business type activities.

² The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the government's boundaries and dividing it by the City's total taxable assessed value.

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

**CITY OF DALLAS, OREGON
 COMPUTATION OF LEGAL DEBT MARGIN
 JUNE 30, 2013**

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

| | |
|--------------------------|-----------------------------|
| Assessed value | \$ 826,006,459 |
| Rate | <u> x 3%</u> |
| Debt limit | 24,780,194 |
| Debt applicable to limit | <u>(3,030,000)</u> |
| Legal debt margin | <u><u>\$ 21,750,194</u></u> |

| <u>Fiscal year ended June 30,</u> | <u>Debt Limit</u> | <u>Debt Applicable to Limit</u> | <u>Legal Debt Margin</u> |
|---------------------------------------|-------------------|-------------------------------------|------------------------------|
| 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 | 3,030,000 | 17,820,097 |
| 2013 | 21,750,194 | 3,030,000 | 18,720,194 |

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 | |
| 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 |
| 2013 | 2,128,214 | 1,098,721 | 1,029,493 | 363,109 | 160,083 | 523,192 | 196.77 |

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 | |
| 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 |
| 2013 | 3,158,897 | 1,628,760 | 1,530,137 | 805,000 | 200,643 | 1,005,643 | 152.16 |

SPECIAL ASSESSMENT BONDS

| Fiscal Year Ended June 30, | Assessment Principal Collections | Debt Service Requirements | | | Percent Coverage |
|----------------------------------|--|---------------------------|----------|-----------|---------------------|
| | | Principal | Interest | Total | |
| 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 |
|---|-------------------|---|---|---------------------------------|--|--|
| 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 | 32,846 | 480,209 | 4.45 | 3,285.4 | 8.5% * |
| 2013 | 14,690 | N/A | N/A | 4.45 | 3,301.1 | 8.7% |

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 | 2013 | | | 2005 | | |
|--------------------------------|------------------|-------------|---|------------------|-------------|---|
| | Employees | Rank | % of Total City Employment | Employees | Rank | % of Total City Employment |
| Forest River | 325 | 1 | 7.02% | 219 | 5 | 3.98% |
| Dallas Public Schools | 321 | 2 | 6.93% | 290 | 2 | 5.27% |
| Dallas Retirement Village | 275 | 3 | 5.94% | 215 | 6 | 3.91% |
| Polk County | 270 | 4 | 5.83% | 280 | 3 | 5.09% |
| West Valley Hospital | 155 | 5 | 3.35% | 150 | 9 | 2.73% |
| Wal-Mart | 146 | 6 | 3.15% | 150 | 10 | 2.73% |
| Safeway Stores, Inc. | 130 | 7 | 2.81% | 275 | 4 | 5.00% |
| City of Dallas | 95 | 8 | 2.05% | - | - | - |
| James W. Fowler Company | 80 | 9 | 1.73% | 200 | 7 | 3.64% |
| Tyco Printed Circuit Group, LP | - | - | - | 450 | 1 | 8.18% |
| Weyerhaeuser Corp. | - | - | - | 190 | 8 | 3.45% |
| | <u>1,472</u> | | <u>31.79%</u> | <u>2,200</u> | | <u>40.00%</u> |

Source: Dallas Area Chamber of Commerce and Employers

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

| Function | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government | 15 | 15 | 16 | 17 | 14 | 20 | 19 | 18 | 18 | 18 |
| Public safety | 25 | 25 | 25 | 26 | 25 | 26 | 26 | 26 | 26 | 23 |
| Highways and streets | 6 | 6 | 6 | 4 | 5 | 6 | 3 | 4 | 4 | 4 |
| Culture and recreation | 23 | 24 | 24 | 25 | 25 | 17 | 20 | 18 | 20 | 20 |
| Sewage disposal | 10 | 11 | 10 | 11 | 8 | 6 | 6 | 6 | 6 | 6 |
| Water | 9 | 9 | 9 | 11 | 9 | 9 | 8 | 6 | 5 | 5 |
| Ambulance | 13 | 14 | 14 | 15 | 14 | 19 | 19 | 19 | 18 | 19 |
| Total | 101 | 104 | 104 | 109 | 100 | 103 | 101 | 97 | 97 | 95 |

Source: City of Dallas

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

| Function | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police | | | | | | | | | | |
| Arrests | 1,275 | 1,369 | 1,393 | 1,390 | 1,312 | 1,355 | 988 | 904 | 927 | 1,035 |
| Traffic violations | 1,412 | 1,437 | 819 | 1,040 | 1,236 | 1,025 | 810 | 472 | 529 | 412 |
| Municipal Court Cases | 1,933 | 1,727 | 1,859 | 2,573 | 1,933 | 1,381 | 1,475 | 888 | 938 | 475 |
| Fire Responses | | | | | | | | | | |
| City | 232 | 220 | 278 | 261 | 381 | 319 | 350 | 373 | 356 | 352 |
| Rural | 305 | 300 | 335 | 404 | 367 | 316 | 455 | 411 | 332 | 322 |
| Ambulance | | | | | | | | | | |
| Transports | 2,038 | 1,931 | 1,956 | 2,334 | 1,718 | 1,804 | 1,708 | 1,817 | 1,811 | 1,921 |
| Building Activity | | | | | | | | | | |
| Permits Issued | 296 | 251 | 249 | 197 | 191 | 145 | 160 | 132 | 108 | 147 |
| Estimated Value (000's) | \$ 36,801 | \$ 38,581 | \$39,384 | \$22,328 | \$17,049 | \$14,736 | \$16,100 | \$9,863 | \$10,004 | \$11,900 |
| Planning Applications | 46 | 55 | 63 | N/A | 54 | 33 | 47 | 36 | 43 | 73 |
| Library | | | | | | | | | | |
| Circulation | 185,527 | 176,408 | 173,008 | 176,228 | 181,473 | 176,004 | 183,498 | 203,762 | 248,881 | 201,764 |
| Miles of Streets Maintained | 54.70 | 54.80 | 54.80 | 54.8 | 55.00 | 55.00 | 55.00 | 55.00 | 55.00 | 55.00 |
| Water | | | | | | | | | | |
| Connections | 4,417 | 4,635 | 4,737 | 4,788 | 4,930 | 5,073 | 5,329 | 5,331 | 5,348 | 5,394 |
| Sewer | | | | | | | | | | |
| Connections | 3,905 | 4,100 | 4,187 | 4,235 | 4,326 | 4,417 | 4,474 | 4,467 | 4,483 | 4,539 |

Source: City of Dallas

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

| Function | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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 | 54 | 54 | 54 | 54 | 59 | 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 | 10.5 mgd |
| Fire hydrants | 444 | 453 | 468 | 475 | 479 | 483 | 485 | 485 | 485 | 485 |

Source: City of Dallas