

City of Dallas

Polk County - Oregon



Comprehensive Annual Financial Report

For the year ending June 30, 2014

City of Dallas, Oregon

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2014

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

CITY OF DALLAS, OREGON
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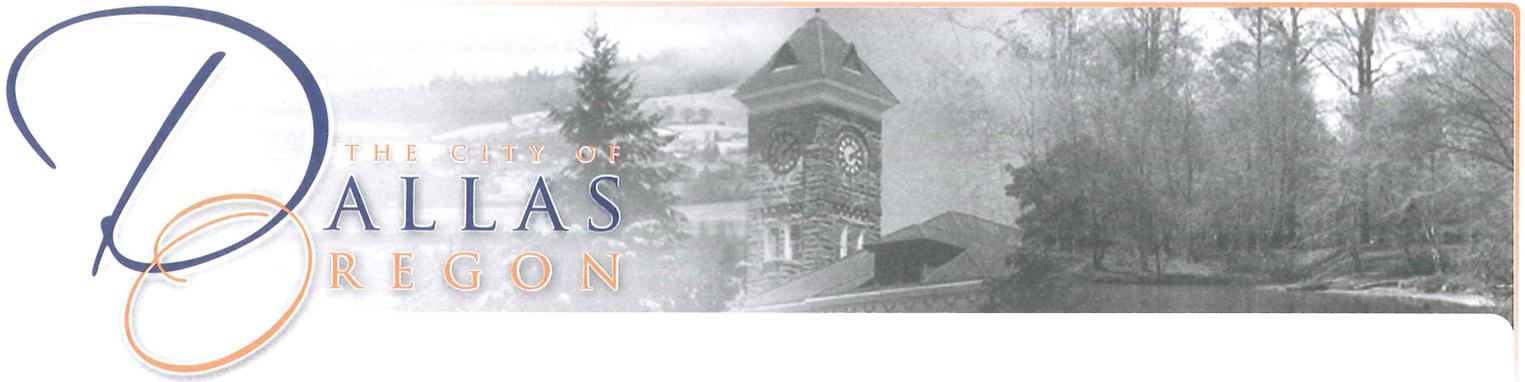
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INTRODUCTORY SECTION



December 31, 2014

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, 2014. 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, 2013, for the City of Dallas was 14,800.

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 continues to rebound slowly from what is now being called the “Great Recession” and based on regional economic reports the economy is expected to continue to slowly grow in 2015. The City of Dallas’ population increased by one percent in 2014 and based on development activities and the 2015 economic forecasts it appears that the City will grow about the same in 2015.

Since 2008, there is has been very little subdivision development activity. The City had a large inventory of buildable single family house lots when the economic downturn occurred. With more than one hundred homes built in the last two years the house lot inventory is quite small. There are several subdivisions in the development process and in 2015 we expect the house lot inventory will be back up to healthy levels. This will give home buyers more housing and location options, which may increase the rate of growth slightly.

At the end of 2013 the City completed 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 (URA) is doing what it can to keep the project momentum by offering grants and loans to improve buildings, store fronts and signage. In addition, the URA has approved two small half block sidewalk improvement projects in the urban renewal areas.

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. The City is in the process of purchasing watershed property to protect runoff areas into the Mercer Reservoir; replacing old water meters with new radio read water meters; improving the sewer system by relining sewer pipes; and replacing old water lines. Most of these capital projects will continue into 2015 and beyond.

Residential streets funding continues to be a major problem for the City of Dallas. The residential streets are in fair to poor condition. In 2014, the City hired an engineering firm to evaluate the residential streets and this evaluation confirmed the need to repair city streets. In 2015, we will work to provide as much information as possible to the citizens and businesses about the residential streets conditions and the need to repair the streets. We plan to ask the citizens to vote on a ten million dollar streets bond in 2016.

The City Council, City Manager and senior management team continue to work in partnership to ensure the City’s financial stability. In 2014, we prepared and presented a three-year fiscal forecast, which compared estimated revenues with anticipated expenditures consisting of personnel costs, operational costs and capital improvement projects. The three year forecast helped us realign the five year capital plan as well as it helped us plan more effectively for personnel and operation needs. With the ever increasing costs and demand for services, we will continue to benefit from studying revenue and expenditure trends as well as the economic outlook.

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. We were able to add to our fund balances in 2014 and based on the forecast for 2015, we should be able to maintain all fund balances.

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.

In FY 2012-2013 the City Council approved a utility rate fee study and set certain utility rate fee increases, adjusting rates annually according to the Consumer Price Index.

In regards to the City's long-term debt obligations, the City has a total of \$14.5 million in long-term debt outstanding as of June 30, 2014.

FINANCIAL INFORMATION

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

INDEPENDENT AUDIT

The State of Oregon (ORS 298.405 to 298.555) requires an annual audit of the fiscal affairs of the City by an independent certified public accountant. The City of Dallas' financial statements have been audited by Merina and Company, LLP, a firm of licensed, certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Dallas for the fiscal year ended June 30, 2014, 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, 2013. 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.

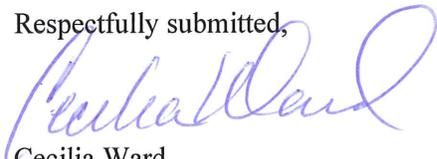
A Certificate of Achievement is valid for a period of one year only. The City of Dallas has received a Certificate of Achievement for the last twenty consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to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



Cecilia Ward
Finance Director

Dallas, Oregon



Government Finance Officers Association

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

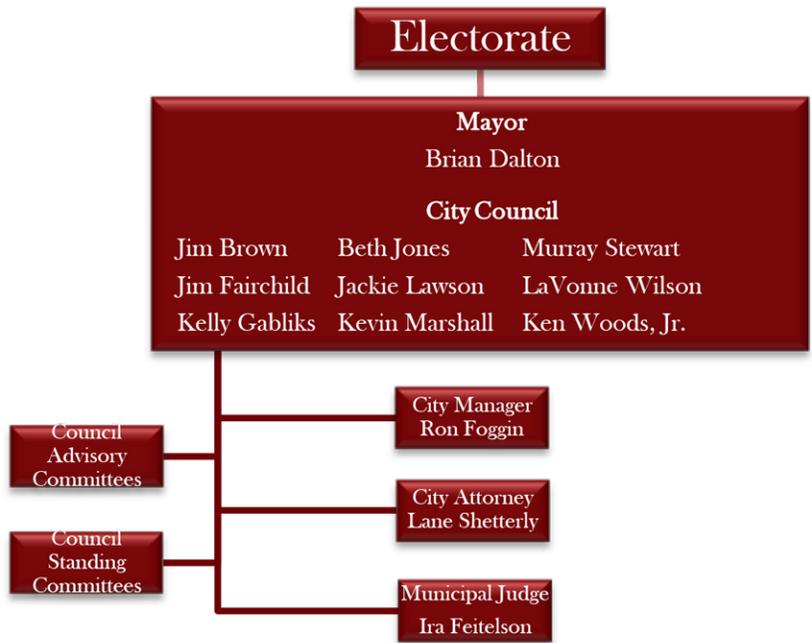
Presented to

**City of Dallas
Oregon**

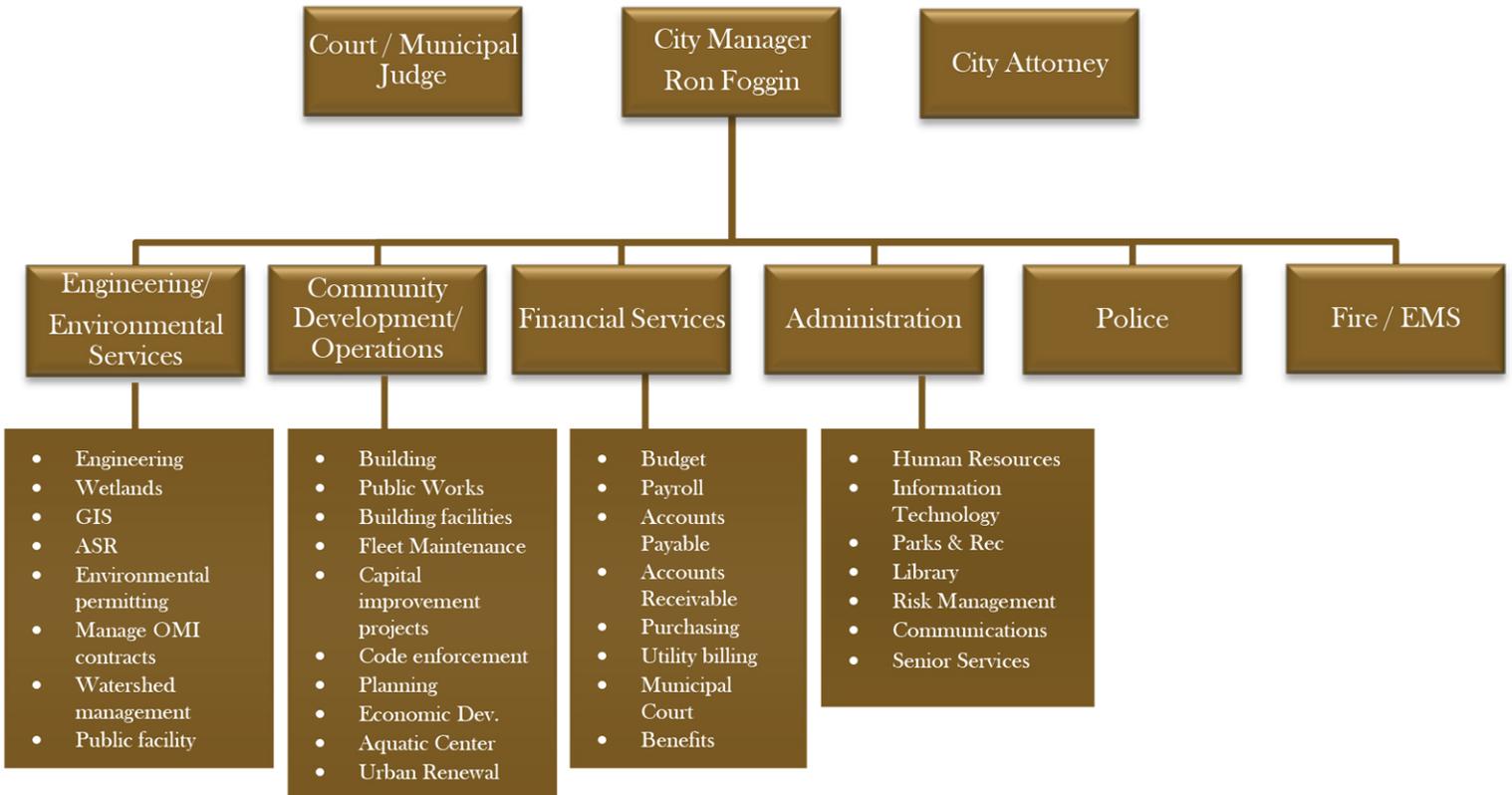
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



City of Dallas



CITY OF DALLAS, OREGON
JUNE 30, 2014

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

Report on the Financial Statements

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, Oregon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Dallas, Oregon'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, 2014, 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 of Dallas, Oregon adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 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 budgetary comparison schedules, as listed in the table of contents under required 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. Such 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, 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. Such 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.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2014, 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.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 30, 2014, on our consideration of the City of Dallas, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

Merina & Company, LLP
West Linn, Oregon
December 30, 2014

**CITY OF DALLAS
POLK COUNTY, OREGON**

Year Ended June 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

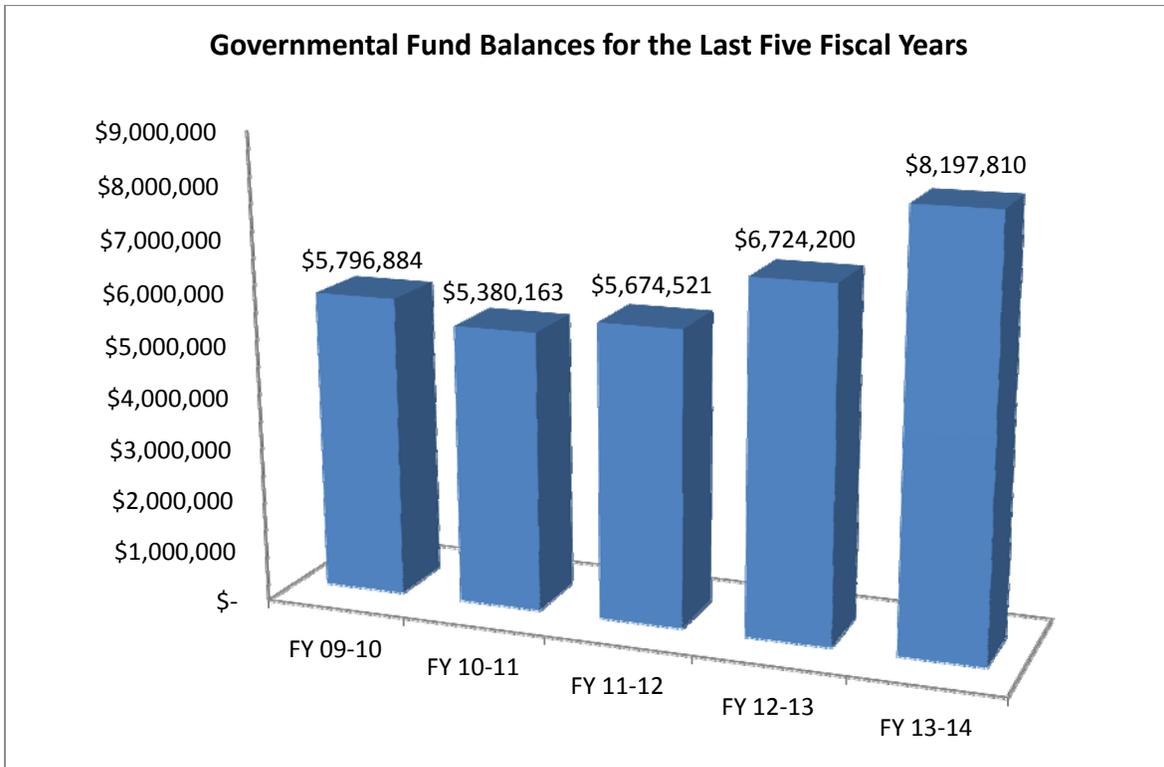
The Management's Discussion and Analysis of the City of Dallas Comprehensive Annual Financial Report (CAFR) presents a discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2014. The information presented here should be considered in conjunction with the accompanying 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 \$8,197,810, an increase of \$1,473,610 in comparison with the previous year. The General Fund ending fund balance increased 97% to \$1,825,054.

Governmental Funds: Changes in Fund Balances

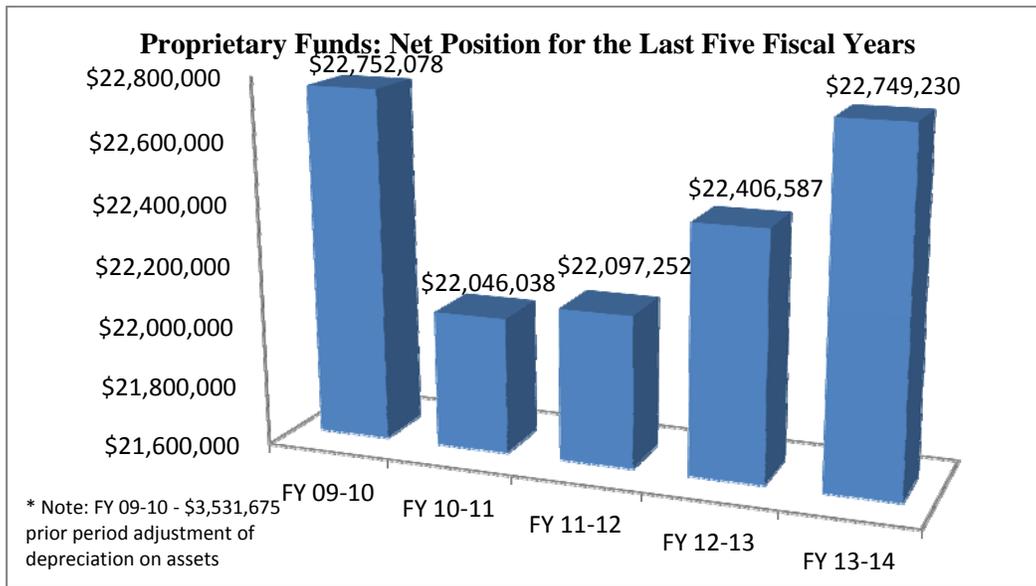
Fund	June 30, 2014 Fund Balance	June 30, 2013 Fund Balance	Increase (decrease)	Percent Change
General Fund	\$ 1,825,054	\$ 925,202	\$ 899,852	97.26%
Street Fund	689,656	491,262	198,394	40.38%
Trust/Reserve Fund	51,583	217,990	(166,407)	-76.34%
Grants Fund	8,277	(17,817)	26,094	-146.46%
Urban Renewal Fund	452,656	247,001	205,655	83.26%
General Obligation Bond Fund	340,434	307,276	33,158	10.79%
General Debt Fund	11	11	-	-
Systems Development Fund	4,830,139	4,553,275	276,864	6.08%
	<u>\$ 8,197,810</u>	<u>\$ 6,724,200</u>	<u>\$ 1,473,610</u>	<u>21.92%</u>



Business-type net position increased \$342,343 (1.5 percent) for the 2013-14 fiscal year. Operating income for the Water and Sewer Funds was \$1,379,295. The net position decrease from non-operating revenues and expenses was \$158,727. During 2013-14 equipment replacement, meter replacement and wastewater treatment plant improvements took place along with ongoing sewer line replacements.

Changes in Net Position: Proprietary Funds

Fund	June 30, 2014	June 30, 2013	Increase (decrease)	Percent Change
	Net Position	Net Position		
Water Fund	\$ 9,863,192	\$ 9,867,624	\$ (4,432)	-0.04%
Sewer Fund	12,886,038	12,538,963	347,075	2.77%
	<u>\$ 22,749,230</u>	<u>\$ 22,406,587</u>	<u>\$ 342,643</u>	<u>1.53%</u>



For Fiscal Year 2013-14 there was minimal growth in net position for the City's two enterprise funds where net position decreased less than 0.5 percent in the Water Fund and increased 3 percent in the Sewer Fund. The minimal increase in the Sewer Fund reflects a small growth in operating revenue.

Internal Service Fund (Fleet Management Fund) net position decreased \$21,151 for the 2013-14 fiscal year due to the purchase of a dump truck.

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 16 through 18 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 52 through 57 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 45 through 48 and 61 through 63 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 27 through 43 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 \$101,470,561, while total liabilities were \$15,724,963 resulting in combined net position (governmental and business-type activities) of \$85,745,598. The largest component of the City's total net position, \$76,307,463 or 89% reflects its investment in capital assets (i.e., land, buildings, equipment and infrastructure, less any related debt outstanding that was needed to acquire or construct the assets). The City of Dallas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position Years ended June 30, 2014 and 2013

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Current and other assets	\$ 9,119,937	\$ 7,505,617	\$ 2,512,482	\$ 2,813,309	\$ 11,632,419	\$ 10,318,926
Capital Assets	59,406,949	61,499,018	30,431,193	30,938,617	89,838,142	92,437,635
<i>Total Assets</i>	68,526,886	69,004,635	32,943,675	33,751,926	101,470,561	102,756,561
Long-term liabilities	4,301,792	4,259,845	8,793,724	9,895,856	13,095,516	14,155,701
Other liabilities	1,228,726	994,872	1,400,721	1,449,483	2,629,447	2,444,355
<i>Total Liabilities</i>	5,530,518	5,254,717	10,194,445	11,345,339	15,724,963	16,600,056
Net Position:						
Net investment in capital assets	55,722,739	57,146,650	20,584,724	20,017,073	76,307,463	77,163,723
Restricted	6,321,162	5,598,814	-	-	6,321,162	5,598,814
Unrestricted	952,467	1,004,454	2,164,506	2,389,514	3,116,973	3,393,968
<i>Total Net Position</i>	\$ 62,996,368	\$ 63,749,918	\$ 22,749,230	\$ 22,406,587	\$ 85,745,598	\$ 86,156,505

Statement of Activities
Years ended June 30, 2014 and 2013

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<i>Revenues:</i>						
<i>Program Revenues:</i>						
Charges for services	\$ 3,522,009	\$ 2,904,689	\$ 5,077,759	\$ 5,025,147	\$ 8,599,768	\$ 7,929,836
Operating grants and contributions	5,981	7,305	-	-	5,981	7,305
Capital grants and contributions	158,583	126,726	-	-	158,583	126,726
<i>General Revenues:</i>						
Property taxes	4,156,698	4,226,307	-	-	4,156,698	4,226,307
Public service taxes	1,579,629	1,529,489	-	-	1,579,629	1,529,489
Franchise fees	1,170,721	1,028,427	-	-	1,170,721	1,028,427
Interest and investment earnings	24,425	21,438	20,828	20,287	45,253	41,725
Unrestricted intergovernmental	-	-	-	-	-	-
Other Revenues	329,735	401,428	345,004	241,677	674,739	643,105
<i>Total Revenues</i>	10,947,781	10,245,809	5,443,591	5,287,111	16,391,372	15,532,920
<i>Expenses:</i>						
General government	(2,159,324)	(1,951,720)	-	-	(2,159,324)	(1,951,720)
Public safety	(4,965,673)	(5,169,796)	-	-	(4,965,673)	(5,169,796)
Highways and street	(2,985,706)	(2,949,068)	-	-	(2,985,706)	(2,949,068)
Culture and recreation	(748,446)	(730,924)	-	-	(748,446)	(730,924)
Community development	(1,419,268)	(1,332,910)	-	-	(1,419,268)	(1,332,910)
Interest on long-term debt	(219,436)	(239,631)	-	-	(219,436)	(239,631)
Sewage disposal	-	-	(2,463,249)	(2,406,124)	(2,463,249)	(2,406,124)
Water	-	-	(1,759,774)	(1,615,326)	(1,759,774)	(1,615,326)
<i>Total Expenses</i>	(12,497,853)	(12,374,049)	(4,223,023)	(4,021,450)	(16,720,876)	(16,395,499)
Increase (decrease) in net position						
before transfers	(1,550,072)	(2,128,240)	1,220,568	1,265,661	(329,504)	(862,579)
Transfers in (out)	796,522	956,326	(796,522)	(956,326)	-	-
Transfers of capital assets	-	-	-	-	-	-
Change in net position	(753,550)	(1,171,914)	424,046	309,335	(329,504)	(862,579)
Net position - beginning	63,749,918	64,921,832	22,325,184	22,097,252	86,075,102	87,019,084
Net position - ending	\$ 62,996,368	\$ 63,749,918	\$ 22,749,230	\$ 22,406,587	\$ 85,745,598	\$ 86,156,505

Governmental Activities. Total revenues for the City of Dallas' governmental activities for the fiscal year ended June 30, 2014, were \$10,947,781. Approximately 38% of the total revenue for the governmental activities was derived from property taxes and approximately 32% of the total revenue is from charges for services. Total expenses for governmental activities were \$12,497,853 (excluding transfers), resulting in a decrease in net position of \$753,550. The majority of the governmental activities revenue was used to fund public safety, which accounts for approximately 40% of the total governmental activities expense. Culture and recreation expenses account for 6% of the total, community development account for 11%, highways and streets account for 24%, and general government expenses account for 17% 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 \$5,443,591 for the current fiscal year. Approximately 93% of the total business-type activities revenue was derived from charges for services. The total expenses for business-type activities were \$4,223,023 (excluding transfers), resulting in an increase of net position by \$424,046. 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 \$8,197,810, an increase of \$1,473,610 or 21.9%, from the prior year. The City's governmental funds include the General fund, Street fund, Systems Development fund, Grants Fund and other non-major governmental funds.

The General fund is the chief operating fund of the City. At the end of the audited fiscal year, the General fund reported a fund balance of \$1,825,054, an increase of \$899,852 or 97% from the prior year (on the modified accrual basis). The increase was due to a decrease in expenditures and ambulance fees accounts receivable.

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 \$689,656, an increase of 40% from the prior year. The 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 \$8,277, remainder of police and library grants.

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 \$276,864 or 6% due to increased construction resulting in an increase of systems development charges. The fund balance of the Systems Development fund at the end of the fiscal year was \$4,830,139 and represents 59% 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 \$22,749,230. The change in total net position of all the proprietary funds was insignificant. The Sewer fund net position increased by \$347,075 and Water fund net position decreased by \$4,432. The Sewer Fund increased net position due to an increase in utility rates and decrease in interest expense. The minimal decrease in the Water Fund was due to capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were several amendments to the original budget. Actual revenues (budgetary basis) were 5.4% more than budgeted amounts due to an increase in charges for services and permits. Actual expenditures were 5.1% 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, \$88,673,932 net of accumulated depreciation, compared to \$91,190,267 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 34 and 35. 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 and meter replacement. Additional information about the City's capital assets is presented in the notes to the financial statements on pages 34 through 35.

	Capital Assets					
	Years ended June 30, 2014 and 2013					
	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Land	\$ 892,046	\$ 892,046	\$ 731,485	\$ 863,694	\$ 1,623,531	\$ 1,755,740
Construction in progress	-	-	-	-	-	-
Buildings and improvements	15,168,320	15,034,235	-	-	15,168,320	15,034,235
Machinery and equipment	8,974,775	8,885,431	642,927	671,927	9,617,702	9,557,358
Infrastructure	74,083,484	73,115,360	-	-	74,083,484	73,115,360
Buildings and infrastructure	-	-	51,297,645	50,510,179	51,297,645	50,510,179
Accumulated depreciation	(40,875,886)	(37,675,422)	(22,240,864)	(21,107,183)	(63,116,750)	(58,782,605)
<i>Total Net Capital Assets</i>	<u>\$ 58,242,739</u>	<u>\$ 60,251,650</u>	<u>\$ 30,431,193</u>	<u>\$ 30,938,617</u>	<u>\$ 88,673,932</u>	<u>\$ 91,190,267</u>

Long-term Debt. At the end of the current fiscal year, long-term debt outstanding for the governmental activities totaled \$4,740,000 (excluding compensated absences payable), compared to \$4,610,000 the prior year. For business-type activities, long term debt outstanding totaled \$9,846,469 (excluding compensated absences payable), compared to \$10,921,544 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 36 through 38.

Long-Term Debt
Years ended June 30, 2014 and 2013

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
General Obligation Bonds	\$ 2,520,000	\$ 3,105,000	\$ -	\$ -	\$ 2,520,000	\$ 3,105,000
Pension Obligation Bonds	1,470,000	1,505,000	-	-	1,470,000	1,505,000
Capital Lease/Loans	750,000	-	-	-	750,000	-
Notes Payable	-	-	9,846,469	10,921,544	9,846,469	10,921,544
<i>Total Net Position</i>	<u>\$ 4,740,000</u>	<u>\$ 4,610,000</u>	<u>\$ 9,846,469</u>	<u>\$ 10,921,544</u>	<u>\$ 14,586,469</u>	<u>\$ 15,531,544</u>

ECONOMIC FACTORS 2014

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 2014, which was also true for the City. The City saw improvement in both commercial and residential development. In 2014 the City issued forty-five single family building permits, which added approximately ten million dollars to the assessed value of the City. The forty-five permits are slightly less than the number issued in 2013. The slight decrease from 2013 may be due to the small number of buildable lots available in the City.

Overall, the City of Dallas is growing slowly and steadily. Portland State population growth estimates show that the City of Dallas grew by 1% and the City now has an estimated population of 14,800. Local businesses across the board reported increases in sales and services. There are several manufacturing businesses that have recorded strong sales and may be building additional manufacturing space.

The 2014 unemployment rate in the Dallas area is 5.6%, which is lowest unemployment rate since 2008. The Dallas area unemployment rate 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 rates, the City's general fund revenue has struggled to keep up with expenditures. With the economy recovering, revenues have been up slightly, which has made it a bit easier to balance budgets. This year, the City was able to add several capital projects to the budget that have been put off for several years.

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 increase employment in the City. The City offers a number of incentive programs for businesses. Some of these incentives are a Commercial Enterprise Zone, Industrial Enterprise Zone, Façade Loan/Grant Programs. The idea behind these incentive programs is to stimulate economic development in all its various facets. The City has various partnerships with SEDCOR, Mid-Willamette Valley Council of Governments, Business Oregon, and other local and state organizations in an effort to improve economic development in the community.

Overall, the business climate in the City of Dallas appears to be improving. Businesses and the Dallas Area Chamber of Commerce report that business has increased over the last two years. In 2014, the City added a number of new businesses, but also saw a number of businesses leave. There are several manufacturing companies in the City that are reporting very strong sales and one company is considering adding manufacturing space to their existing facility.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

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

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

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

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CITY OF DALLAS, OREGON
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 7,949,774	\$ 2,131,260	\$ 10,081,034
Due from other governments	47,369	-	47,369
Accounts receivable, net	789,323	263,657	1,052,980
Property taxes receivable	327,531	-	327,531
Inventory	5,940	117,565	123,505
	<u>9,119,937</u>	<u>2,512,482</u>	<u>11,632,419</u>
Total current assets			
Noncurrent assets:			
Prepaid pension asset	1,164,210	-	1,164,210
Capital assets:			
Nondepreciable	892,046	731,485	1,623,531
Depreciable, net	57,350,693	29,699,708	87,050,401
	<u>59,406,949</u>	<u>30,431,193</u>	<u>89,838,142</u>
Total noncurrent assets			
	<u>\$ 68,526,886</u>	<u>\$ 32,943,675</u>	<u>\$ 101,470,561</u>
Total assets			
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued expenses	\$ 494,923	\$ 146,788	\$ 641,711
Interest payable	-	153,807	153,807
Current portion of compensated absences	53,207	8,529	61,736
Current portion of long-term debt	680,596	1,091,597	1,772,193
	<u>1,228,726</u>	<u>1,400,721</u>	<u>2,629,447</u>
Total current liabilities			
Noncurrent liabilities:			
Noncurrent portion of compensated absences	242,388	38,852	281,240
Noncurrent portion of long-term obligations	4,059,404	8,754,872	12,814,276
	<u>4,301,792</u>	<u>8,793,724</u>	<u>13,095,516</u>
Total noncurrent liabilities			
	<u>5,530,518</u>	<u>10,194,445</u>	<u>15,724,963</u>
Total liabilities			
NET POSITION:			
Net investment in capital assets	55,722,739	20,584,724	76,307,463
Restricted for:			
Urban renewal projects	452,656	-	452,656
Debt service	340,434	-	340,434
Streets	689,656	-	689,656
System development	4,830,139	-	4,830,139
Public Safety	7,203	-	7,203
Culture and recreation	1,074	-	1,074
Unrestricted	952,467	2,164,506	3,116,973
	<u>62,996,368</u>	<u>22,749,230</u>	<u>85,745,598</u>
Total net position			
	<u>\$ 68,526,886</u>	<u>\$ 32,943,675</u>	<u>\$ 101,470,561</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, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 2,159,324	\$ 1,174,241	\$ -	\$ -
Public safety	4,965,673	1,399,346	3,750	-
Highways and streets	2,985,706	75,605	-	-
Culture and recreation	748,446	104,465	2,231	-
Community development	1,419,268	768,352	-	158,583
Interest on long-term debt	219,436	-	-	-
Total governmental activities	<u>12,497,853</u>	<u>3,522,009</u>	<u>5,981</u>	<u>158,583</u>
Business type activities:				
Sewer Fund	2,463,249	3,026,851	-	-
Water Fund	<u>1,759,774</u>	<u>2,050,908</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>4,223,023</u>	<u>5,077,759</u>	<u>-</u>	<u>-</u>
Total government	<u>\$ 16,720,876</u>	<u>\$ 8,599,768</u>	<u>\$ 5,981</u>	<u>\$ 158,583</u>

General revenues:
 Taxes:
 Property taxes
 Public service taxes
 Franchise fees
 Interest and investment earnings
 Other revenues
 Gain on sale of land
 Transfers in (out)

 Total general revenues and transfers

 Change in net position

Restated 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
\$ (985,083)	\$ -	\$ (985,083)
(3,562,577)	-	(3,562,577)
(2,910,101)	-	(2,910,101)
(641,750)	-	(641,750)
(492,333)	-	(492,333)
(219,436)	-	(219,436)
<u>(8,811,280)</u>	<u>-</u>	<u>(8,811,280)</u>
-	563,602	563,602
<u>-</u>	<u>291,134</u>	<u>291,134</u>
-	854,736	854,736
<u>(8,811,280)</u>	<u>854,736</u>	<u>(7,956,544)</u>
4,156,698	-	4,156,698
1,579,629	-	1,579,629
1,170,721	-	1,170,721
24,425	20,828	45,253
329,735	257,863	587,598
-	87,141	87,141
796,522	(796,522)	-
<u>8,057,730</u>	<u>(430,690)</u>	<u>7,627,040</u>
(753,550)	424,046	(329,504)
<u>63,749,918</u>	<u>22,325,184</u>	<u>86,075,102</u>
<u>\$ 62,996,368</u>	<u>\$ 22,749,230</u>	<u>\$ 85,745,598</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 accounts for major grants to the City.

**CITY OF DALLAS, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014**

	General Fund Generally Accepted Accounting Principles	System Development Fund	Street Fund	Grants Fund	Other Governmental	Total Governmental
ASSETS:						
Cash and cash equivalents	\$ 1,483,863	\$ 4,494,302	\$ 889,659	\$ 8,667	\$ 838,042	\$ 7,714,533
Due from other governments	38,065	-	-	-	9,304	47,369
Accounts receivable	722,829	-	66,494	-	-	789,323
Property taxes receivable	259,487	-	-	-	68,044	327,531
Due from other funds	-	365,837	-	-	-	365,837
Total assets	<u>\$ 2,504,244</u>	<u>\$ 4,860,139</u>	<u>\$ 956,153</u>	<u>\$ 8,667</u>	<u>\$ 915,390</u>	<u>\$ 9,244,593</u>
LIABILITIES:						
Accounts payable and other current liabilities	\$ 183,866	\$ 30,000	\$ 266,497	\$ 390	\$ 2,662	\$ 483,415
Interfund loan payable	235,837	-	-	-	-	235,837
Total liabilities	<u>419,703</u>	<u>30,000</u>	<u>266,497</u>	<u>390</u>	<u>2,662</u>	<u>719,252</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue	259,487	-	-	-	68,044	327,531
Total deferred inflows of resources	<u>259,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,044</u>	<u>327,531</u>
FUND BALANCES:						
Restricted for:						
Debt	-	-	-	-	340,434	340,434
Urban renewal projects	-	-	-	-	452,656	452,656
Streets	-	-	689,656	-	-	689,656
System development	-	4,830,139	-	-	-	4,830,139
Public Safety	-	-	-	7,203	-	7,203
Culture and recreation	-	-	-	1,074	-	1,074
Committed for:						
Community development	-	-	-	-	51,583	51,583
Debt service	-	-	-	-	11	11
Unassigned:	1,825,054	-	-	-	-	1,825,054
Total balances	<u>1,825,054</u>	<u>4,830,139</u>	<u>689,656</u>	<u>8,277</u>	<u>844,684</u>	<u>8,197,810</u>
Total liabilities and fund balances	<u>\$ 2,504,244</u>	<u>\$ 4,860,139</u>	<u>\$ 956,153</u>	<u>\$ 8,667</u>	<u>\$ 915,390</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. 57,658,067

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 Position.

Unavailable revenue 327,531
Prepaid pension asset 1,164,210

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 Position. 672,553

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Long-term debt (5,023,803)

Net position \$ 62,996,368

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, 2014

	General Fund Generally Accepted Accounting Principles	System Development Fund	Street Fund	Grants Fund	Other Governmental	Total Governmental
REVENUES:						
Property taxes	\$ 3,365,340	\$ -	\$ -	\$ -	\$ 851,583	\$ 4,216,923
Public service taxes	587,320	-	912,889	-	79,420	1,579,629
Franchise fees	1,170,721	-	-	-	-	1,170,721
Grants	-	-	-	164,564	-	164,564
Charges for service	1,997,338	-	-	-	-	1,997,338
Licenses and permits	262,593	677,379	-	-	-	939,972
Fines and forfeitures	146,523	-	-	-	-	146,523
Interest	14,237	-	7,375	-	2,813	24,425
Miscellaneous	50,032	-	163,808	-	109,676	323,516
Total revenues	7,594,104	677,379	1,084,072	164,564	1,043,492	10,563,611
EXPENDITURES:						
General government	1,200,512	-	-	-	32,208	1,232,720
Public safety	4,689,828	-	-	-	-	4,689,828
Highways and streets	-	-	548,007	-	-	548,007
Culture and recreation	406,615	-	-	-	3,000	409,615
Community development	1,410,708	-	-	-	-	1,410,708
Capital outlay	78,293	417,966	318,730	138,470	719,428	1,672,887
Debt service:						
Principal	35,000	-	-	-	585,000	620,000
Interest	12,272	-	-	-	207,164	219,436
Total expenditures	7,833,228	417,966	866,737	138,470	1,546,800	10,803,201
Revenues over (under) expenditures	(239,124)	259,413	217,335	26,094	(503,308)	(239,590)
OTHER FINANCING SOURCES (USES):						
Loan proceeds	-	-	-	-	750,000	750,000
Transfers in	1,236,227	17,451	61,059	-	410	1,315,147
Transfers out	(97,251)	-	(80,000)	-	(174,696)	(351,947)
Total other financing sources (uses)	1,138,976	17,451	(18,941)	-	575,714	1,713,200
Net changes in fund balances	899,852	276,864	198,394	26,094	72,406	1,473,610
FUND BALANCES, BEGINNING	925,202	4,553,275	491,262	(17,817)	772,278	6,724,200
FUND BALANCES, ENDING	\$ 1,825,054	\$ 4,830,139	\$ 689,656	\$ 8,277	\$ 844,684	\$ 8,197,810

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, 2014

Amounts reported in the statement of activities are different because:

Net change in fund balances		\$ 1,473,610
<p>The statement of revenues, expenditures, and changes if fund balances report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>		
Capital outlay	1,174,163	
Depreciation	(3,107,884)	
Loss on disposal of assets	<u>(31,753)</u>	(1,965,474)
<p>Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.</p>		
		(60,225)
<p>Contributions to pensions plans use current financial resources from governmental funds, but created a net pension asset.</p>		
		(83,158)
<p>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.</p>		
		(21,151)
<p>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.</p>		
Debt service principal payments	620,000	
Debt proceeds	(750,000)	
Compensated absences	<u>32,848</u>	<u>(97,152)</u>
Change in net position of governmental activities		<u><u>\$ (753,550)</u></u>

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, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 1,259,241	\$ 872,019	\$ 2,131,260	\$ 235,241
Accounts receivables, net	152,579	111,078	263,657	-
Inventories	28,044	89,521	117,565	5,940
Total current assets	1,439,864	1,072,618	2,512,482	241,181
Nondepreciable	663,527	67,958	731,485	7,010
Depreciable, net	16,492,862	13,206,846	29,699,708	577,662
Total capital assets, net	17,156,389	13,274,804	30,431,193	584,672
Total assets	<u>\$ 18,596,253</u>	<u>\$ 14,347,422</u>	<u>\$ 32,943,675</u>	<u>\$ 825,853</u>
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued expenses	\$ 12,962	\$ 133,826	\$ 146,788	\$ 11,508
Interest payable	70,063	83,744	153,807	-
Interfund loan payable	-	-	-	130,000
Current accrued compensated absences	5,055	3,474	8,529	2,123
Current portion of long-term debt	887,351	204,246	1,091,597	-
Total current liabilities	975,431	425,290	1,400,721	143,631
NONCURRENT LIABILITIES:				
Noncurrent accrued compensated absences	23,027	15,825	38,852	9,669
Noncurrent portion of long-term debt	4,711,757	4,043,115	8,754,872	-
Total noncurrent liabilities	4,734,784	4,058,940	8,793,724	9,669
Total liabilities	5,710,215	4,484,230	10,194,445	153,300
NET POSITION:				
Net investment in capital assets	11,557,281	9,027,443	20,584,724	584,672
Unrestricted	1,328,757	835,749	2,164,506	87,881
Total net position	12,886,038	9,863,192	22,749,230	672,553
Total liabilities and net position	<u>\$ 18,596,253</u>	<u>\$ 14,347,422</u>	<u>\$ 32,943,675</u>	<u>\$ 825,853</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, 2014**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
OPERATING REVENUES:				
Charges for services	\$ 3,026,851	\$ 2,050,908	\$ 5,077,759	\$ 438,176
Miscellaneous	127,112	130,751	257,863	6,219
Total operating revenues	<u>3,153,963</u>	<u>2,181,659</u>	<u>5,335,622</u>	<u>444,395</u>
OPERATING EXPENSES:				
Personnel services	578,963	387,972	966,935	194,927
Materials and services	1,004,139	822,572	1,826,711	192,482
Depreciation and amortization	759,797	402,884	1,162,681	100,462
Total operating expenses	<u>2,342,899</u>	<u>1,613,428</u>	<u>3,956,327</u>	<u>487,871</u>
Operating income (loss)	811,064	568,231	1,379,295	(43,476)
NON-OPERATING INCOME (EXPENSE):				
Interest income	13,145	7,683	20,828	-
Interest expense	(120,350)	(146,346)	(266,696)	-
Loss on disposal of property	-	-	-	(7,475)
Gain on sale of land	87,141	-	87,141	-
Total non-operating income (expenses)	<u>(20,064)</u>	<u>(138,663)</u>	<u>(158,727)</u>	<u>(7,475)</u>
Net income (loss) before operating transfers	791,000	429,568	1,220,568	(50,951)
OPERATING TRANSFERS:				
Transfers in (out)	<u>(362,522)</u>	<u>(434,000)</u>	<u>(796,522)</u>	<u>29,800</u>
Change in net position	428,478	(4,432)	424,046	(21,151)
RESTATED NET POSITION, BEGINNING	<u>12,457,560</u>	<u>9,867,624</u>	<u>22,325,184</u>	<u>693,704</u>
NET POSITION, ENDING	<u>\$ 12,886,038</u>	<u>\$ 9,863,192</u>	<u>\$ 22,749,230</u>	<u>\$ 672,553</u>

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

CITY OF DALLAS, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 3,180,108	\$ 2,191,016	\$ 5,371,124	\$ 444,395
Cash paid to employees	(585,886)	(393,706)	(979,592)	(195,563)
Cash paid to suppliers	(1,070,791)	(750,053)	(1,820,844)	(187,850)
Net cash provided (used) by operating activities	1,523,431	1,047,257	2,570,688	60,982
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Payment to other funds	-	-	-	(30,000)
Transfers in (out)	(559,000)	(434,000)	(993,000)	29,800
Net cash provided (used) by non-capital financing activities	(559,000)	(434,000)	(993,000)	(200)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(590,988)	-	(590,988)	(64,500)
Principal paid on capital debt	(877,351)	(197,724)	(1,075,075)	-
Interest paid on capital debt	(127,183)	(150,244)	(277,427)	-
Net cash provided (used) by capital and related financing activities	(1,595,522)	(347,968)	(1,943,490)	(64,500)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	13,145	7,683	20,828	-
Net cash provided (used) by investing activities	13,145	7,683	20,828	-
Net increase (decrease) in cash and cash equivalents	(617,946)	272,972	(344,974)	(3,718)
CASH AND CASH EQUIVALENTS, BEGINNING	1,657,837	599,047	2,256,884	238,959
CASH AND CASH EQUIVALENTS, ENDING	\$ 1,039,891	\$ 872,019	\$ 1,911,910	\$ 235,241
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 811,064	\$ 568,231	\$ 1,379,295	\$ (43,476)
Adjustments				
Depreciation and amortization	759,797	402,884	1,162,681	100,462
Decrease (increase) in:				
Accounts receivable	26,145	9,357	35,502	-
Inventories	426	57,872	58,298	(190)
Increase (decrease) in:				
Accounts payable and accrued expenses	(67,078)	14,647	(52,431)	4,822
Accrued compensated absences	(6,923)	(5,734)	(12,657)	(636)
Net cash provided (used) by operating activities	\$ 1,523,431	\$ 1,047,257	\$ 2,570,688	\$ 60,982
NON-CASH CAPITAL FINANCING ACTIVITIES				
Contributions of capital assets from governmental activities	\$ 64,269	\$ -	\$ 64,269	\$ -
Total non-cash capital financing activities	\$ 64,269	\$ -	\$ 64,269	\$ -

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 nine council members who comprise the City Council. The City Council exercises supervisory responsibilities over the City operations, but day-to-day management control is the responsibility of a City Manager. All significant activities and organizations for which the City is financially accountable are included in the financial statements for the year ended June 30, 2014.

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 Community Development Commission Urban Renewal Agency as a blended component unit. The City Council and Board of Directors of Dallas Community Development Commission 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, 2014

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

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements; therefore, all eligibility requirements are determined to be met at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

Special assessments receivable and repayment of revolving loans expected to be collected within sixty days after year end are considered measurable and available and are recognized as revenue. Assessment installments that are long-term are offset by unavailable 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 general fund is the only fund that reports a positive unassigned fund balance amount.

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

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses as of and for the year ended June 30, 2014. 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 Property Tax Calendar

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 unavailable 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 unavailable revenues 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenditure) until then. The City does not have deferred outflows of resources.

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City only has one type of item that qualifies for reporting in this category, which arises only under the modified accrual basis of accounting. Accordingly, the item “unavailable revenue,” is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Inventory

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

Capital Assets

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

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

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net 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.

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 enabling legislation.

Committed – Includes amounts that have been committed by resolution by the City Council which is the City's "highest level of decision-making authority." Committed amounts may not be used for any other purpose unless the City Council removes the constraint by similar council action. Commitments of fund balance must be made prior to the end of the fiscal year.

Assigned – Includes amounts assigned for specific purposes by council action who authorizes, by resolution, the City Manager to assign fund balance. Assigned fund balance is also established by the Council through adoption or amendment of the budget as intended for specific purpose.

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, 2014

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, 2014 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	\$ 7,377,573
Total cash equivalents	0.00	\$ 7,377,573

Following is a summary of the City's deposit and investment balances at June 30, 2014:

	2014
Cash deposits:	
Cash on hand	\$ 645
Bank deposits	2,702,816
	<u>2,703,461</u>
Pooled cash and investments:	
State of Oregon - LGIP	7,377,573
	<u>7,377,573</u>
Total	<u>\$ 10,081,034</u>

Interest Rate Risk

The City of Dallas does not have a formal investment policy that limits investment 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, 2014

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, 2014, 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, 2014 is as follows:

Primary Government	June 30, 2013 Ending Balance	Additions	Deletions	June 30, 2014 Ending Balance
Capital assets, non-depreciable:				
Land	\$ 892,046	\$ -	\$ -	\$ 892,046
Total capital assets, non-depreciable	892,046	-	-	892,046
Capital assets, depreciable:				
Infrastructure	73,115,360	968,124	-	74,083,484
Buildings and improvements	15,034,235	134,085	-	15,168,320
Machinery and equipment	8,885,431	136,454	(47,110)	8,974,775
Total capital assets, depreciable	97,035,026	1,238,663	(47,110)	98,226,579
Less accumulated depreciation for:				
Infrastructure	(23,203,479)	(2,433,739)	-	(25,637,218)
Buildings and improvements	(7,370,497)	(448,796)	-	(7,819,293)
Machinery and equipment	(7,101,446)	(325,811)	7,882	(7,419,375)
Total accumulated depreciation	(37,675,422)	(3,208,346)	7,882	(40,875,886)
Net depreciable capital assets	59,359,604	(1,969,683)	(39,228)	57,350,693
Net capital assets	\$ 60,251,650	\$ (1,969,683)	\$ (39,228)	\$ 58,242,739

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

Depreciation on internal service capital assets in the amount of \$100,461 is included in general government expenses. All depreciation on governmental capital assets is allocated to governmental functions on the statement of activities as follows:

Governmental Activities:	
General government	\$ 190,240
Public safety	247,387
Culture and recreation	336,346
Highways & streets	<u>2,434,373</u>
Total depreciation expense - governmental activities	<u><u>\$ 3,208,346</u></u>

The changes in capital assets for business-type activities for the year ended June 30, 2014 is as follows:

<u>Business-type Activities</u>	<u>June 30, 2013</u> <u>Ending Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u> <u>Ending Balance</u>
Capital assets, non-depreciable:				
Land	\$ 863,694	\$ -	\$ (132,209)	\$ 731,485
Total capital assets, non-depreciable	<u>863,694</u>	<u>-</u>	<u>(132,209)</u>	<u>731,485</u>
Capital assets, depreciable:				
Buildings and infrastructure	50,510,179	787,466	-	51,297,645
Machinery and equipment	671,927	-	(29,000)	642,927
Total capital assets, depreciable	<u>51,182,106</u>	<u>787,466</u>	<u>(29,000)</u>	<u>51,940,572</u>
Less accumulated depreciation for:				
Buildings and infrastructure	(20,449,431)	(1,159,186)	-	(21,608,617)
Machinery and equipment	(657,752)	(3,495)	29,000	(632,247)
Total accumulated depreciation	<u>(21,107,183)</u>	<u>(1,162,681)</u>	<u>29,000</u>	<u>(22,240,864)</u>
Net depreciable capital assets	<u>30,074,923</u>	<u>(375,215)</u>	<u>-</u>	<u>29,699,708</u>
Net capital assets	<u><u>\$ 30,938,617</u></u>	<u><u>\$ (375,215)</u></u>	<u><u>\$ (132,209)</u></u>	<u><u>\$ 30,431,193</u></u>

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

Business-type Activities:	
Sewer	\$ 759,797
Water	<u>402,884</u>
Total depreciation expense - business-type activities	<u><u>\$ 1,162,681</u></u>

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

4. LONG-TERM DEBT

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

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Governmental bonds	\$ 4,610,000	\$ -	\$ 620,000	\$ 3,990,000	\$ 615,000
Governmental loans	-	750,000	-	750,000	65,596
Compensated absences	329,079	295,595	329,079	295,595	53,207
Total governmental activities	<u>\$ 4,939,079</u>	<u>\$ 1,045,595</u>	<u>\$ 949,079</u>	<u>\$ 5,035,595</u>	<u>\$ 733,803</u>

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Business-type bonds	\$ 6,075,000	\$ -	\$ 820,000	\$ 5,255,000	\$ 830,000
Bond Premium	401,459	-	57,351	344,108	57,351
Business-type loans	4,445,085	-	197,724	4,247,361	204,246
Compensated absences	60,038	47,381	60,038	47,381	8,529
Total business-type activities	<u>\$ 10,981,582</u>	<u>\$ 47,381</u>	<u>\$ 1,135,113</u>	<u>\$ 9,893,850</u>	<u>\$ 1,100,126</u>

Bonds

Governmental Activities	
Series 2003: original amount \$850,000; interest rate 4.95%; final payment due June 30, 2018.	\$ 335,000
Series 2005: original amount \$4,695,000; interest rates from 4.25% to 5.00%; final payment due June 1, 2019.	2,145,000
2005 PERS Bonds: original amount \$1,585,000; interest rates from 4.38% to 5.00%; final payment due June 1, 2028	1,470,000
Series 2008: original amount \$210,000; interest rates from 3.00% to 4.05%; final payment due January 1, 2015.	<u>40,000</u>
Total governmental bonds	<u>\$ 3,990,000</u>

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

Future Governmental bonds debt service requirements are as follows:

Fiscal Year	Series 2003		Series 2005	
	Principal	Interest	Principal	Interest
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	-	-	420,000	16,800
Total	<u>\$ 335,000</u>	<u>\$ 34,034</u>	<u>\$ 2,145,000</u>	<u>\$ 256,150</u>

Fiscal Year	2005 PERS Bonds		Series 2008	
	Principal	Interest	Principal	Interest
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	80,000	62,304	-	-
2020-2024	570,000	241,813	-	-
2025-2029	600,000	78,306	-	-
Total	<u>\$ 1,470,000</u>	<u>\$ 660,791</u>	<u>\$ 40,000</u>	<u>\$ 1,620</u>

Business-type Activities

Series 2011: original amount \$7,801,161; interest rate from 2.0% to 4.0%; final payment due February 1, 2020. \$ 5,255,000

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

	2011 Refunding Bond	
	Principal	Interest
2015	\$ 830,000	\$ 168,150
2016	845,000	151,550
2017	855,000	134,650
2018	875,000	109,000
2019	910,000	74,000
2020-2024	940,000	37,600
Total	<u>\$ 5,255,000</u>	<u>\$ 674,950</u>

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

Loans

Governmental Activities

2013 Urban Renewal Loan: original amount \$750,000; interest rate 2.90%; final payment due June 30, 2024. \$ 750,000

Future governmental loan debt service requirements are as follows:

Fiscal Year	2013 Urban Renewal Loan	
	Principal	Interest
2015	\$ 65,596	\$ 20,799
2016	67,526	18,869
2017	69,513	16,882
2018	71,559	14,836
2019	73,664	12,730
2020-2024	<u>402,142</u>	<u>29,832</u>
 Total	 <u>\$ 750,000</u>	 <u>\$ 113,948</u>

Business-type Activities

OECD Safe Drinking Water Loan: original amount \$5,650,000; interest rate 3.38%; final payment due December 1, 2028. \$ 4,247,361

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

Fiscal Year	OECD Safe Drinking Water Loan	
	Principal	Interest
2015	\$ 204,246	\$ 143,721
2016	211,150	136,818
2017	218,286	129,681
2018	225,664	122,303
2019	233,292	114,675
2020-2024	1,290,205	449,630
2025-2029	1,523,497	216,339
2030-2034	<u>341,021</u>	<u>11,687</u>
 Total	 <u>\$ 4,247,361</u>	 <u>\$ 1,324,854</u>

5. NET POSITION

The government-wide statement of net position reports \$6,321,162 of restricted net position, of which \$5,528,072 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, 2013 the City’s rate changed to 16.79%.

For OPSRP, all employers are included in a single pool, with separate rates assigned for police and fire participants and general service participants. These rates were 13.61% and 10.88%, respectively, on July 1, 2013.

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

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, 2012, 2013, and 2014 were as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2012	\$ 926,500	100%
6/30/2013	\$ 895,964	100%
6/30/2014	\$ 887,445	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, 2014, is as follows:

Increase in pension assets:	
Pension asset July 1, 2013	\$ 1,247,368
Annual amortization	<u>(83,158)</u>
Pension asset June 30, 2014	<u>\$ 1,164,210</u>

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, 2014, 2013, and 2012 were \$25,176, \$24,437 and \$25,229 respectively which equal the required contributions for that year.

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

7. INTERFUND TRANSFERS

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	\$ 1,236,227	\$ 97,251
System Development Fund	17,451	-
Street Fund	61,059	80,000
Total Major Governmental Funds	<u>1,314,737</u>	<u>177,251</u>
Non-major Governmental Funds:		
Trust/Reserve Fund	410	164,727
Urban Renewal Fund	-	9,969
Total Non-major Governmental Funds	<u>410</u>	<u>174,696</u>
Proprietary Funds:		
Sewer Fund	-	559,000
Water Fund	-	434,000
Fleet Management Fund	79,800	50,000
Total Proprietary Funds	<u>79,800</u>	<u>1,043,000</u>
Total All Funds	<u>\$ 1,394,947</u>	<u>\$ 1,394,947</u>

Transfers on the modified accrual basis are different from transfers 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 them, (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.

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.

CITY OF DALLAS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

Interfund loan balances as of June 30, 2014:

	Interfund Loan Receivable	Interfund Loan Payable
General fund	\$ -	\$ 235,837
Fleet management fund	-	130,000
System development fund	365,837	-
	<u>\$ 365,837</u>	<u>\$ 365,837</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.

The City is a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, in the opinion of the City’s legal counsel, the resolution of this matter will not have a material adverse effect on the financial condition of the City.

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 October 23, 2014, the City entered into a short term bond anticipation note agreement with Cashmere Valley Bank for \$3,025,000 to provide financing for various water and sewer projects. The interest rate on the note is variable 3.46% with payment to occur semiannually in arrears on June 1 and December 1 commencing June 1, 2015.

On November 30, 2014, the City entered into a ten year municipal lease agreement for a fire apparatus. Minimum lease payments total \$385,795. The interest rate on the lease is 2.82% with annual payments commencing in November 2015 and conclude in November 2024.

On December 9, 2014, the City entered into a 20-year loan agreement with Business Oregon’s Infrastructure Finance Authority for \$1,715,000 to provide financing for the water transmission line replacement. The interest rate on the note is 3.46% with the first payment date to occur after the project closeout deadline.

12. NEW ACCOUNTING PRONOUNCEMENT

The Governmental Accounting Standards Board (GASB) has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The City implemented GASB Statement No. 65 in the year ended June 30, 2014.

13. RESTATED BEGINNING NET POSITION

The City restated the beginning net position for the Business-Type Activities based on implementation of GASB Statement No. 65, which states that bond issue costs, excluding prepaid insurance costs, are current period costs. The beginning net position was reduced by \$81,403, the amount of the unamortized bond issue costs reported on June 30, 2014.

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
 - System Development Fund
 - 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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 3,444,000	\$ 3,444,000	\$ 3,365,340	\$ (78,660)
Public service taxes	522,000	522,000	587,320	65,320
Franchise fees	1,105,000	1,105,000	1,170,721	65,721
Charges for service	1,747,000	1,747,000	1,997,338	250,338
Licenses and permits	157,000	157,000	262,593	105,593
Fines and forfeitures	169,000	169,000	146,523	(22,477)
Interest	15,000	15,000	14,237	(763)
Miscellaneous	40,000	45,000	50,032	5,032
Total revenues	7,199,000	7,204,000	7,594,104	390,104
EXPENDITURES:				
General government	1,253,000	1,272,000	1,200,512	71,488
Public safety	4,931,930	4,941,930	4,689,828	252,102
Culture and recreation	414,950	414,950	406,615	8,335
Community development	1,443,700	1,447,700	1,410,708	36,992
Capital outlay	66,000	111,000	78,293	32,707
Debt service:				
Principal	35,000	35,000	35,000	-
Interest	2,303	12,272	12,272	-
Contingency	75,000	20,000	-	20,000
Total expenditures	8,221,883	8,254,852	7,833,228	421,624
Revenues over (under) expenditures	(1,022,883)	(1,050,852)	(239,124)	811,728
OTHER FINANCING SOURCES (USES):				
Transfers in	1,150,000	1,177,969	1,236,227	58,258
Transfers out	(97,251)	(97,251)	(97,251)	-
Total other financing sources (uses)	1,052,749	1,080,718	1,138,976	58,258
Net changes in fund balance	29,866	29,866	899,852	869,986
FUND BALANCE, BEGINNING - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES	520,000	520,000	925,202	405,202
FUND BALANCE, ENDING - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES	\$ 549,866	\$ 549,866	\$ 1,825,054	\$ 1,275,188

**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, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 340,000	\$ 340,000	\$ 677,379	\$ 337,379
Total revenues	340,000	340,000	677,379	337,379
EXPENDITURES:				
Capital outlay	4,395,066	4,395,066	417,966	3,977,100
Total expenditures	4,395,066	4,395,066	417,966	3,977,100
Revenues over (under) expenditures	(4,055,066)	(4,055,066)	259,413	4,314,479
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	80,000	80,000	157,615	77,615
Transfers in	80,066	80,066	17,451	(62,615)
Total other financing sources (uses)	160,066	160,066	175,066	15,000
Net changes in fund balances	(3,895,000)	(3,895,000)	434,479	4,329,479
FUND BALANCES, BEGINNING BUDGETARY BASIS	<u>3,895,000</u>	<u>3,895,000</u>	<u>4,029,823</u>	<u>134,823</u>
FUND BALANCES, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>4,464,302</u>	<u>\$ 4,464,302</u>
Interfund loan receivable			365,837	
FUND BALANCES, ENDING			<u>\$ 4,830,139</u>	

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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Public service taxes	\$ 840,000	\$ 840,000	\$ 912,889	\$ 72,889
Interest	5,000	5,000	7,375	2,375
Miscellaneous	185,000	185,000	163,808	(21,192)
Total revenues	1,030,000	1,030,000	1,084,072	54,072
EXPENDITURES:				
Personnel service	292,000	292,000	284,656	7,344
Materials and service	261,700	286,700	263,351	23,349
Capital outlay	495,000	495,000	318,730	176,270
Contingency	427,360	402,360	-	402,360
Total expenditures	1,476,060	1,476,060	866,737	609,323
Revenues over (under) expenditures	(446,060)	(446,060)	217,335	663,395
OTHER FINANCING SOURCES (USES):				
Transfers in	61,060	61,060	61,059	(1)
Transfers out	(80,000)	(80,000)	(80,000)	-
Total other financing sources (uses)	(18,940)	(18,940)	(18,941)	(1)
Net changes in fund balance	(465,000)	(465,000)	198,394	663,394
FUND BALANCES, BEGINNING	465,000	465,000	491,262	26,262
FUND BALANCES, ENDING	\$ -	\$ -	\$ 689,656	\$ 689,656

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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Grants	\$ 2,439,532	\$ 2,439,532	\$ 164,564	\$ (2,274,968)
Total revenues	2,439,532	2,439,532	164,564	(2,274,968)
EXPENDITURES:				
Capital outlay	2,442,032	2,442,032	138,470	2,303,562
Total expenditures	2,442,032	2,442,032	138,470	2,303,562
Revenues over (under) expenditures	(2,500)	(2,500)	26,094	28,594
FUND BALANCES, BEGINNING	2,500	2,500	(17,817)	(20,317)
FUND BALANCES, ENDING	\$ -	\$ -	\$ 8,277	\$ 8,277

CITY OF DALLAS, OREGON
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2014

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, 2014.

Expenditures in the following fund exceeded appropriations for the year ended June 30, 2014:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
General Fund	Interfund loan payments	\$ 62,615
Fleet Management Fund	Materials and service	\$ 7,987

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

COMBINING STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

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

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, 2014**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total
ASSETS:			
Cash and cash equivalents	\$ 505,671	\$ 332,371	\$ 838,042
Due from other governments	1,230	8,074	9,304
Property taxes receivable	8,702	59,342	68,044
	<hr/>	<hr/>	<hr/>
Total assets	\$ 515,603	\$ 399,787	\$ 915,390
	<hr/>	<hr/>	<hr/>
LIABILITIES:			
Accounts payable and other current liabilities	\$ 2,662	\$ -	\$ 2,662
	<hr/>	<hr/>	<hr/>
Total liabilities	2,662	-	2,662
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	8,702	59,342	68,044
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	8,702	59,342	68,044
	<hr/>	<hr/>	<hr/>
FUND BALANCES:			
Restricted for:			
Debt	-	340,434	340,434
Urban renewal projects	452,656	-	452,656
Committed for:			
Community development	51,583	-	51,583
Debt service	-	11	11
	<hr/>	<hr/>	<hr/>
Total fund balances	504,239	340,445	844,684
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	\$ 515,603	\$ 399,787	\$ 915,390
	<hr/>	<hr/>	<hr/>

**CITY OF DALLAS, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2014**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total
REVENUES:			
Property taxes	\$ 135,886	\$ 715,697	\$ 851,583
Public service taxes	79,420	-	79,420
Interest	2,813	-	2,813
Miscellaneous	51	109,625	109,676
	<u>218,170</u>	<u>825,322</u>	<u>1,043,492</u>
Total revenues			
EXPENDITURES:			
General government	32,208	-	32,208
Culture and recreation	3,000	-	3,000
Capital outlay	719,428	-	719,428
Debt service:			
Principal	-	585,000	585,000
Interest	-	207,164	207,164
	<u>754,636</u>	<u>792,164</u>	<u>1,546,800</u>
Total expenditures			
Revenues over (under) expenditures	(536,466)	33,158	(503,308)
OTHER FINANCING SOURCES (USES):			
Loan proceeds	750,000	-	750,000
Transfers out	(174,696)	-	(174,696)
	<u>575,714</u>	<u>-</u>	<u>575,714</u>
Total other financing sources (uses)			
Net changes in fund balances	39,248	33,158	72,406
FUND BALANCES, BEGINNING	<u>464,991</u>	<u>307,287</u>	<u>772,278</u>
FUND BALANCES, ENDING	<u>\$ 504,239</u>	<u>\$ 340,445</u>	<u>\$ 844,684</u>

CITY OF DALLAS, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2014

	<u>Trust/Reserve Fund</u>	<u>Urban Renewal Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 53,820	\$ 451,851	\$ 505,671
Due from other governments	-	1,230	1,230
Property taxes receivable	-	8,702	8,702
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 53,820</u>	<u>\$ 461,783</u>	<u>\$ 515,603</u>
LIABILITIES:			
Accounts payable and other current liabilities	\$ 2,237	\$ 425	\$ 2,662
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>2,237</u>	<u>425</u>	<u>2,662</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	-	8,702	8,702
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	<u>-</u>	<u>8,702</u>	<u>8,702</u>
FUND BALANCES:			
Restricted for:			
Urban renewal projects	-	452,656	452,656
Committed for:			
Community development	51,583	-	51,583
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>51,583</u>	<u>452,656</u>	<u>504,239</u>
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 53,820</u>	<u>\$ 461,783</u>	<u>\$ 515,603</u>

**CITY OF DALLAS, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2014**

	<u>Trust/Reserve Fund</u>	<u>Urban Renewal Fund</u>	<u>Total</u>
REVENUES:			
Property taxes	\$ -	\$ 135,886	\$ 135,886
Public service taxes	79,420	-	79,420
Interest	-	2,813	2,813
Miscellaneous	-	51	51
	<hr/>	<hr/>	<hr/>
Total revenues	79,420	138,750	218,170
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
General government	-	32,208	32,208
Culture and recreation	3,000	-	3,000
Capital outlay	78,510	640,918	719,428
	<hr/>	<hr/>	<hr/>
Total expenditures	81,510	673,126	754,636
	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	(2,090)	(534,376)	(536,466)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):			
Loan proceeds	-	750,000	750,000
Transfers in	410	-	410
Transfers out	(164,727)	(9,969)	(174,696)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(164,317)	740,031	575,714
	<hr/>	<hr/>	<hr/>
Net changes in fund balances	(166,407)	205,655	39,248
	<hr/>	<hr/>	<hr/>
FUND BALANCES, BEGINNING	217,990	247,001	464,991
	<hr/>	<hr/>	<hr/>
FUND BALANCES, ENDING	<u>\$ 51,583</u>	<u>\$ 452,656</u>	<u>\$ 504,239</u>

CITY OF DALLAS, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2014

	General Obligation Bond Fund	General Debt Fund	Total
ASSETS:			
Cash and cash equivalents	\$ 332,360	\$ 11	\$ 332,371
Due from other governments	8,074	-	8,074
Property taxes receivable	59,342	-	59,342
	<u>399,776</u>	<u>11</u>	<u>399,787</u>
Total assets	<u>\$ 399,776</u>	<u>\$ 11</u>	<u>\$ 399,787</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	\$ 59,342	\$ -	\$ 59,342
	<u>59,342</u>	<u>-</u>	<u>59,342</u>
Total deferred inflows of resources	<u>59,342</u>	<u>-</u>	<u>59,342</u>
FUND BALANCES:			
Restricted for:			
Debt	340,434	-	340,434
Committed for:			
Debt service	-	11	11
	<u>340,434</u>	<u>11</u>	<u>340,445</u>
Total fund balances	<u>340,434</u>	<u>11</u>	<u>340,445</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 399,776</u>	<u>\$ 11</u>	<u>\$ 399,787</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, 2014**

	General Obligation Bond Fund	General Debt Fund	Total
REVENUES:			
Property taxes	\$ 715,697	\$ -	\$ 715,697
Miscellaneous	-	109,625	109,625
	<hr/>	<hr/>	<hr/>
Total revenues	715,697	109,625	825,322
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Debt service:			
Principal	550,000	35,000	585,000
Interest	132,539	74,625	207,164
	<hr/>	<hr/>	<hr/>
Total expenditures	682,539	109,625	792,164
	<hr/>	<hr/>	<hr/>
Net changes in fund balance	33,158	-	33,158
	<hr/>	<hr/>	<hr/>
FUND BALANCES, BEGINNING	307,276	11	307,287
	<hr/>	<hr/>	<hr/>
FUND BALANCES, ENDING	\$ 340,434	\$ 11	\$ 340,445
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF DALLAS, OREGON
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
COMBINING BALANCE SHEET
June 30, 2014

	<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	\$ 1,483,201	\$ 662	\$ 1,483,863
Due from other governments	38,065	-	38,065
Accounts receivable	722,829	-	722,829
Property taxes receivable	259,487	-	259,487
	<u>2,503,582</u>	<u>-</u>	<u>2,504,244</u>
Total assets	<u>\$ 2,503,582</u>	<u>\$ 662</u>	<u>\$ 2,504,244</u>
LIABILITIES:			
Accounts payable and other current liabilities	\$ 183,866	\$ -	\$ 183,866
Interfund loan payable	235,837	-	235,837
	<u>419,703</u>	<u>-</u>	<u>419,703</u>
Total liabilities	<u>419,703</u>	<u>-</u>	<u>419,703</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	259,487	-	259,487
	<u>259,487</u>	<u>-</u>	<u>259,487</u>
Total deferred inflows of resources	<u>259,487</u>	<u>-</u>	<u>259,487</u>
FUND BALANCES:			
Unassigned:	1,824,392	662	1,825,054
	<u>1,824,392</u>	<u>662</u>	<u>1,825,054</u>
Total fund balances	<u>1,824,392</u>	<u>662</u>	<u>1,825,054</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,503,582</u>	<u>\$ 662</u>	<u>\$ 2,504,244</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, 2014

	General Fund - Budgetary Basis	Improvement Fund - Budgetary Basis	Total General Fund Generally Accepted Accounting Principles
REVENUES:			
Property taxes	\$ 3,365,340	\$ -	\$ 3,365,340
Public service taxes	587,320	-	587,320
Franchise fees	1,170,721	-	1,170,721
Charges for service	1,997,338	-	1,997,338
Licenses and permits	262,593	-	262,593
Fines and forfeitures	146,523	-	146,523
Interest	14,237	-	14,237
Miscellaneous	50,032	-	50,032
Total revenues	7,594,104	-	7,594,104
EXPENDITURES:			
General government	1,200,512	-	1,200,512
Public safety	4,689,828	-	4,689,828
Culture and recreation	406,615	-	406,615
Community development	1,410,708	-	1,410,708
Capital outlay	78,293	-	78,293
Debt service:			
Principal	35,000	-	35,000
Interest	12,272	-	12,272
Total expenditures	7,833,228	-	7,833,228
Revenues over (under) expenditures	(239,124)	-	(239,124)
OTHER FINANCING SOURCES (USES):			
Interfund loan proceeds (payments)	(127,615)	-	(127,615)
Transfers in	1,236,227	-	1,236,227
Transfers out	(97,251)	-	(97,251)
Total other financing sources (uses)	1,011,361	-	1,011,361
Net changes in fund balances	772,237	-	772,237
FUND BALANCES, BEGINNING BUDGETARY BASIS	1,287,992	662	1,288,654
FUND BALANCES, ENDING BUDGETARY BASIS	2,060,229	\$ 662	2,060,891
Interfund payable	(235,837)		(235,837)
FUND BALANCES, ENDING	\$ 1,824,392		\$ 1,825,054

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

Nonmajor Governmental Budgetary Comparison schedules included the following:

- Special Revenue Funds
 - 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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 3,444,000	\$ 3,444,000	\$ 3,365,340	\$ (78,660)
Public service taxes	522,000	522,000	587,320	65,320
Franchise fees	1,105,000	1,105,000	1,170,721	65,721
Charges for service	1,747,000	1,747,000	1,997,338	250,338
Licenses and permits	157,000	157,000	262,593	105,593
Fines and forfeitures	169,000	169,000	146,523	(22,477)
Interest	15,000	15,000	14,237	(763)
Miscellaneous	40,000	45,000	50,032	5,032
Total revenues	7,199,000	7,204,000	7,594,104	390,104
EXPENDITURES:				
General government	1,253,000	1,272,000	1,200,512	71,488
Public safety	4,931,930	4,941,930	4,689,828	252,102
Culture and recreation	414,950	414,950	406,615	8,335
Community development	1,443,700	1,447,700	1,410,708	36,992
Capital outlay	66,000	111,000	78,293	32,707
Debt service:				
Principal	35,000	35,000	35,000	-
Interest	2,303	12,272	12,272	-
Contingency	75,000	20,000	-	20,000
Total expenditures	8,221,883	8,254,852	7,833,228	421,624
Revenues over (under) expenditures	(1,022,883)	(1,050,852)	(239,124)	811,728
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	(65,000)	(65,000)	(127,615)	(62,615) *
Transfers in	1,150,000	1,177,969	1,236,227	58,258
Transfers out	(97,251)	(97,251)	(97,251)	-
Total other financing sources (uses)	987,749	1,015,718	1,011,361	(4,357)
Net changes in fund balance	(35,134)	(35,134)	772,237	807,371
FUND BALANCE, BEGINNING BUDGETARY BASIS	520,000	520,000	1,287,992	767,992
FUND BALANCE, ENDING BUDGETARY BASIS	\$ 484,866	\$ 484,866	\$ 2,060,229	\$ 1,575,363

* Budgetary appropriations are done at the department level

CITY OF DALLAS, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
Admin:				
Personnel services	\$ 376,000	\$ 376,000	\$ 368,359	\$ 7,641
Materials and services	140,500	141,500	126,288	15,212
Subtotal	516,500	517,500	494,647	22,853
Finance:				
Personnel services	361,000	361,000	349,069	11,931
Materials and services	187,500	205,500	199,329	6,171
Subtotal	548,500	566,500	548,398	18,102
Facilities:				
Personnel services	121,000	121,000	105,083	15,917
Materials and services	67,000	67,000	52,384	14,616
Capital outlay	15,000	15,000	-	15,000
Subtotal	203,000	203,000	157,467	45,533
Municipal court:				
Personnel services	108,500	108,500	103,471	5,029
Materials and services	29,300	39,300	36,969	2,331
Capital outlay	-	9,000	8,550	450
Subtotal	137,800	156,800	148,990	7,810
Ambulance department:				
Personnel services	927,000	927,000	902,343	24,657
Materials and services	330,125	330,125	307,152	22,973
Transfer out	30,000	30,000	30,000	-
Debt Service				
Principal	35,000	35,000	35,000	-
Interest	2,303	2,303	2,303	-
Subtotal	1,324,428	1,324,428	1,276,798	47,630
Fire department:				
Personnel services	421,000	421,000	368,677	52,323
Materials and services	268,000	268,000	278,087	(10,087)
Capital outlay	43,000	43,000	28,101	14,899
Loan payments	15,000	15,000	15,000	-
Transfer out	14,400	14,400	14,400	-
Subtotal	761,400	761,400	704,265	57,135
Police department:				
Personnel services	2,445,000	2,445,000	2,303,708	141,292
Materials and services	403,005	403,005	389,421	13,584
Capital outlay	8,000	8,000	8,000	-
Transfer out	27,000	27,000	27,000	-
Subtotal	2,883,005	2,883,005	2,728,129	154,876

CITY OF DALLAS, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
Library:				
Personnel services	339,000	339,000	338,275	725
Materials and services	75,950	75,950	68,340	7,610
Subtotal	414,950	414,950	406,615	8,335
Community development - Parks:				
Personnel services	208,000	208,000	210,195	(2,195)
Materials and services	97,900	101,900	75,546	26,354
Capital outlay	-	36,000	33,642	2,358
Transfer out	5,000	5,000	5,000	-
Subtotal	310,900	350,900	324,383	26,517
Community development - Aquatic center:				
Personnel services	410,000	410,000	418,661	(8,661)
Materials and services	271,700	286,700	276,794	9,906
Loan payments	50,000	50,000	112,615	(62,615)
Subtotal	731,700	746,700	808,070	(61,370)
Community development - Building/inspections:				
Personnel services	253,000	253,000	249,746	3,254
Materials and services	16,700	16,700	16,881	(181)
Subtotal	269,700	269,700	266,627	3,073
Community development - Building/planning department:				
Personnel services	147,000	147,000	144,310	2,690
Materials and services	39,400	24,400	18,575	5,825
Transfer out	3,400	3,400	3,400	-
Subtotal	189,800	174,800	166,285	8,515
Non-departmental:				
Transfer out	17,451	17,451	17,451	-
Debt Service				
Interest	-	9,969	9,969	-
Subtotal	17,451	27,420	27,420	-
Total expenditures	\$ 8,309,134	\$ 8,397,103	\$ 8,058,094	\$ 339,009

CITY OF DALLAS, OREGON
IMPROVEMENT FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Total expenditures	-	-	-	-
Net changes in fund balances	-	-	-	-
FUND BALANCES, BEGINNING	-	-	662	662
FUND BALANCES, ENDING	\$ -	\$ -	\$ 662	\$ 662

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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Public service taxes	\$ 66,800	\$ 91,000	\$ 79,420	\$ (11,580)
Total revenues	66,800	91,000	79,420	(11,580)
EXPENDITURES:				
Materials and service	3,000	6,000	3,000	3,000
Capital outlay				
Park	-	4,000	1,868	2,132
Fire equipment	39,000	42,000	29,483	12,517
Library	6,000	20,200	16,598	3,602
Civic center	410	410	410	-
Economic development	48,000	48,000	28,419	19,581
Community dinner	3,000	3,000	1,732	1,268
Total expenditures	99,410	123,610	81,510	42,100
Revenues over (under) expenditures	(32,610)	(32,610)	(2,090)	30,520
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	410	410
Transfers out	(168,265)	(168,265)	(164,727)	3,538
Total other financing sources (uses)	(168,265)	(168,265)	(164,317)	3,948
Net changes in fund balances	(200,875)	(200,875)	(166,407)	34,468
FUND BALANCES, BEGINNING	220,149	220,149	217,990	(2,159)
FUND BALANCES, ENDING	\$ 19,274	\$ 19,274	\$ 51,583	\$ 32,309

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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 125,000	\$ 125,000	\$ 135,886	\$ 10,886
Interest	1,000	1,000	2,813	1,813
Miscellaneous	1,000	1,000	51	(949)
Total revenues	127,000	127,000	138,750	11,750
EXPENDITURES:				
Personnel service	16,000	16,000	15,890	110
Materials and service	46,000	53,000	16,318	36,682
Capital outlay	875,000	875,000	640,918	234,082
Debt service:				
Principal	80,000	-	-	-
Contingency	95,000	71,636	-	71,636
Total expenditures	1,112,000	1,015,636	673,126	342,510
Revenues over (under) expenditures	(985,000)	(888,636)	(534,376)	354,260
OTHER FINANCING SOURCES (USES):				
Loan proceeds	750,000	750,000	750,000	-
Transfers out	-	(9,969)	(9,969)	-
Total other financing sources (uses)	750,000	740,031	740,031	-
Net changes in fund balances	(235,000)	(148,605)	205,655	354,260
FUND BALANCES, BEGINNING	235,000	235,000	247,001	12,001
FUND BALANCES, ENDING	\$ -	\$ 86,395	\$ 452,656	\$ 366,261

**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, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 735,000	\$ 735,000	\$ 715,697	\$ (19,303)
Total revenues	735,000	735,000	715,697	(19,303)
EXPENDITURES:				
Debt service:				
Principal	550,000	550,000	550,000	-
Interest	132,539	132,539	132,539	-
Total expenditures	682,539	682,539	682,539	-
Net changes in fund balances	52,461	52,461	33,158	(19,303)
FUND BALANCES, BEGINNING	300,000	300,000	307,276	7,276
FUND BALANCES, ENDING	\$ 352,461	\$ 352,461	\$ 340,434	\$ (12,027)

**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, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Miscellaneous	\$ 109,627	\$ 109,627	\$ 109,625	\$ (2)
Total revenues	109,627	109,627	109,625	(2)
EXPENDITURES:				
Debt service:				
Principal	35,000	35,000	35,000	-
Interest	74,627	74,627	74,625	2
Total expenditures	109,627	109,627	109,625	2
Net changes in fund balances	-	-	-	-
FUND BALANCES, BEGINNING	-	-	11	11
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, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for service	\$ 3,035,000	\$ 3,035,000	\$ 3,026,851	\$ (8,149)
Interest	20,000	20,000	13,145	(6,855)
Miscellaneous	102,000	102,000	346,462	244,462
Total revenues	<u>3,157,000</u>	<u>3,157,000</u>	<u>3,386,458</u>	<u>229,458</u>
EXPENDITURES:				
Personnel service	593,500	593,500	585,886	7,614
Materials and service	1,070,500	1,070,500	1,003,696	66,804
Capital outlay	810,000	810,000	591,005	218,995
Debt service:				
Principal	820,000	820,000	820,000	-
Interest	184,550	184,550	184,534	16
Contingency	1,208,450	1,199,450	-	1,199,450
Total expenditures	<u>4,687,000</u>	<u>4,678,000</u>	<u>3,185,121</u>	<u>1,492,879</u>
Revenues over (under) expenditures	(1,530,000)	(1,521,000)	201,337	1,722,337
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(550,000)</u>	<u>(559,000)</u>	<u>(559,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(550,000)</u>	<u>(559,000)</u>	<u>(559,000)</u>	<u>-</u>
Net changes in fund balances	(2,080,000)	(2,080,000)	(357,663)	1,722,337
RESTATED FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>2,080,000</u>	<u>2,080,000</u>	<u>1,675,119</u>	<u>(404,881)</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,317,456</u>	<u>\$ 1,317,456</u>
			<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above			\$ 3,386,458	\$ 3,185,121
Operating transfers in/out			-	559,000
Expenditures capitalized			-	(590,988)
Governmental transfers of assets			196,478	-
Debt service principal payments			-	(820,000)
Depreciation and amortization expense			-	759,797
Interest revenue/expense			-	(6,833)
Inventory			-	426
Sale of land			(132,209)	-
Bond premium			-	(57,351)
Compensated absences			-	(6,923)
Total revenues and expenses - generally accepted accounting principles			<u>3,450,727</u>	<u>3,022,249</u>
Change in net position				<u>\$ 428,478</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, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for service	\$ 2,125,000	\$ 2,125,000	\$ 2,050,908	\$ (74,092)
Interest	10,000	10,000	7,683	(2,317)
Miscellaneous	52,000	52,000	130,751	78,751
Total revenues	<u>2,187,000</u>	<u>2,187,000</u>	<u>2,189,342</u>	<u>2,342</u>
EXPENDITURES:				
Personnel service	398,000	398,000	393,706	4,294
Materials and service	705,000	720,000	702,904	17,096
Capital outlay	1,650,000	1,650,000	61,796	1,588,204
Debt service:				
Principal	197,724	197,724	197,723	1
Interest	150,244	150,244	150,244	-
Contingency	661,032	637,032	-	637,032
Total expenditures	<u>3,762,000</u>	<u>3,753,000</u>	<u>1,506,373</u>	<u>2,246,627</u>
Revenues over (under) expenditures	(1,575,000)	(1,566,000)	682,969	2,248,969
OTHER FINANCING SOURCES (USES):				
Loan proceeds	1,500,000	1,500,000	-	(1,500,000)
Transfers out	(425,000)	(434,000)	(434,000)	-
Total other financing sources (uses)	<u>1,075,000</u>	<u>1,066,000</u>	<u>(434,000)</u>	<u>(1,500,000)</u>
Net changes in fund balances	(500,000)	(500,000)	248,969	748,969
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>500,000</u>	<u>500,000</u>	<u>600,300</u>	<u>100,300</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 849,269</u>	<u>\$ 849,269</u>
			<u>Revenues</u>	<u>Expenditures</u>
Total revenue and expenditures above			\$ 2,189,342	\$ 1,506,373
Operating transfers in/out			-	434,000
Debt service principal payments			-	(197,723)
Depreciation and amortization expense			-	402,884
Interest revenue/expense			-	(3,898)
Inventory			-	57,872
Compensated absences			-	(5,734)
Total revenues and expenses - generally accepted accounting principles			<u>2,189,342</u>	<u>2,193,774</u>
Change in net position				<u>\$ (4,432)</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, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for service	\$ 427,000	\$ 427,000	\$ 438,176	\$ 11,176
Miscellaneous	5,000	5,000	6,219	1,219
Total revenues	432,000	432,000	444,395	12,395
EXPENDITURES:				
Personnel service	201,000	201,000	195,563	5,437
Materials and service	192,200	192,200	200,187	(7,987)
Capital outlay	97,000	97,000	56,985	40,015
Contingency	166,600	166,600	-	166,600
Total expenditures	656,800	656,800	452,735	204,065
Revenues over (under) expenditures	(224,800)	(224,800)	(8,340)	216,460
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds (payments)	(30,000)	(30,000)	(30,000)	-
Transfers in	79,800	79,800	79,800	-
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	(200)	(200)	(200)	-
Net changes in fund balances	(225,000)	(225,000)	(8,540)	216,460
FUND BALANCE, BEGINNING BUDGETARY BASIS	225,000	225,000	232,275	7,275
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 223,735	\$ 223,735

	Revenues	Expenditures
Total revenue and expenditures above	\$ 444,395	\$ 452,735
Operating transfers in/out	29,800	-
Expenditures capitalized	-	(64,500)
Depreciation and amortization expense	-	100,462
Inventory	-	(190)
Loss on disposal of property	-	7,475
Compensated absences	-	(636)
Total revenues and expenses - generally accepted accounting principles	474,195	495,346
Change in net position		\$ (21,151)

OTHER FINANCIAL SCHEDULES

CITY OF DALLAS, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
For the Fiscal Year Ended June 30, 2014

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2013</u>	<u>Levy</u>	<u>Discounts & Adjustments</u>	<u>Collections</u>	<u>Uncollected Balance June 30, 2014</u>
2013-14	\$ -	\$ 4,298,867	\$ (144,388)	\$ (4,012,740)	\$ 141,739
2012-13	181,398	-	(30,951)	(70,013)	80,434
2011-12	103,358	-	(10,689)	(35,364)	57,305
2010-11	62,204	-	7,150	(37,592)	31,762
2009-10	29,589	-	1,373	(20,056)	10,906
2008-09	5,307	-	1,520	(5,247)	1,580
2007-08	2,501	-	1,018	(3,076)	443
2006-07	349	-	6	(17)	338
Prior years	3,050	-	22	(48)	3,024
Totals	<u>\$ 387,756</u>	<u>\$ 4,298,867</u>	<u>\$ (174,939)</u>	<u>\$ (4,184,153)</u>	<u>\$ 327,531</u>

Taxes receivable classified by fund:

General Fund	\$ 259,487
Urban Renewal Agency and Debt Service Fund	68,044
	<u>\$ 327,531</u>

**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, 2014, 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, 2014.

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 from 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, 2014

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

We have audited the basic financial statements of the City of Dallas, Oregon, as of and for the year ended June 30, 2014, and have issued our report thereon dated December 30, 2014. 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).
- Accountability for collecting or receiving money by elected officials. 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	Community development aquatic center	\$	61,370
b. Fleet Management Fund	Materials and service	\$	7,987

OAR 162-10-0230 Internal Control

In planning and performing our audit, 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 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.

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, 2014

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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities:				
Net investment in capital assets	\$ 55,722,739	\$ 57,146,650	\$ 57,754,349	\$ 60,594,063
Restricted for special purposes	6,321,162	5,598,814	4,265,637	3,619,756
Unrestricted	952,467	1,004,454	2,901,846	2,102,524
Total governmental activities net position	<u>\$ 62,996,368</u>	<u>\$ 63,749,918</u>	<u>\$ 64,921,832</u>	<u>\$ 66,316,343</u>
Business-type activities:				
Net investment in capital assets	\$ 20,584,724	\$ 20,017,073	\$ 19,755,540	\$ 19,358,365
Restricted for special purposes	-	-	-	1,058,654
Unrestricted	2,164,506	2,389,514	2,341,712	1,629,019
Total business-type activities net position	<u>\$ 22,749,230</u>	<u>\$ 22,406,587</u>	<u>\$ 22,097,252</u>	<u>\$ 22,046,038</u>
Primary government:				
Net investment in capital assets	\$ 76,307,463	\$ 77,163,723	\$ 77,509,889	\$ 79,952,428
Restricted for special purposes	6,321,162	5,598,814	4,265,637	4,678,410
Unrestricted	3,116,973	3,393,968	5,243,558	3,731,543
Total primary government net position	<u>\$ 85,745,598</u>	<u>\$ 86,156,505</u>	<u>\$ 87,019,084</u>	<u>\$ 88,362,381</u>

Source: City of Dallas Comprehensive Annual Financial Reports

2010	2009	2008	2007	2006	2005
\$ 62,406,592	\$ 73,971,661	\$ 73,563,864	\$ 72,313,314	\$ 69,659,685	\$ 70,836,711
3,826,763	5,529,207	6,458,604	6,820,160	7,307,917	6,414,868
2,297,554	1,180,532	1,021,024	1,930,213	4,881,233	3,255,110
<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>
\$ 19,200,108	\$ 22,309,835	\$ 21,999,548	\$ 20,859,855	\$ 19,592,528	\$ 18,820,679
1,058,954	-	-	-	-	-
2,493,016	3,601,695	3,658,086	4,387,120	5,337,653	6,008,749
<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>
\$ 81,606,700	\$ 96,281,496	\$ 95,563,412	\$ 93,173,169	\$ 89,382,213	\$ 89,657,390
4,885,717	5,529,207	6,458,604	6,820,160	7,307,917	6,414,868
4,790,570	4,782,227	4,679,110	6,317,333	10,088,886	9,263,859
<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>

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

	2014	2013	2012	2011	2010
EXPENSES					
Governmental activities:					
General government	\$ 2,159,324	\$ 1,951,720	\$ 2,742,049	\$ 2,641,018	\$ 2,298,816
Public safety	4,965,673	5,169,796	5,227,369	5,041,368	5,013,276
Highways and streets	2,985,706	2,949,068	2,820,314	2,741,552	16,526,988
Culture and recreation	748,446	730,924	688,907	762,439	672,989
Community development	1,419,268	1,332,910	1,346,705	1,477,722	1,545,603
Interest on long-term debt	219,436	239,631	264,813	292,992	315,071
Unallocated depreciation	-	-	-	-	-
Total governmental activities expenses	12,497,853	12,374,049	13,090,157	12,957,091	26,372,743
Business-type activities:					
Sewage disposal	2,463,249	2,406,124	2,403,297	2,471,140	2,690,895
Water	1,759,774	1,615,326	1,754,639	2,108,937	2,188,120
Ambulance	-	-	-	-	-
Total business-type activities expenses	4,223,023	4,021,450	4,157,936	4,580,077	4,879,015
Total expenses	\$ 16,720,876	\$ 16,395,499	\$ 17,248,093	\$ 17,537,168	\$ 31,251,758
PROGRAM REVENUES					
Governmental activities:					
Charges for services					
General Government	\$ 1,174,241	\$ 908,346	\$ 641,463	\$ 607,535	\$ 260,475
Public Safety	1,399,346	1,177,937	1,045,911	1,321,333	1,287,955
Highways and streets	75,605	58,899	24,854	46,585	25,413
Culture and Recreation	104,465	92,220	77,705	606,867	572,865
Community development	768,352	667,287	611,452	243,775	699,139
Operating grants and contributions	5,981	7,305	9,573	11,579	48,167
Capital grants and contributions	158,583	126,726	1,408,562	280,080	315,877
Total governmental activities program revenues	3,686,573	3,038,720	3,819,520	3,117,754	3,209,891
Business-type activities:					
Charges for services	5,077,759	5,025,147	4,852,972	4,698,913	4,745,483
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	5,077,759	5,025,147	4,852,972	4,698,913	4,745,483
Total program revenues	\$ 8,764,332	\$ 8,063,867	\$ 8,672,492	\$ 7,816,667	\$ 7,955,374
Net (Expense)/Revenue					
Governmental activities	\$ (8,811,280)	\$ (9,335,329)	\$ (9,270,637)	\$ (9,839,337)	\$ (23,162,852)
Business-type activities	854,736	1,003,697	695,036	118,836	(133,532)
Total net expense	\$ (7,956,544)	\$ (8,331,632)	\$ (8,575,601)	\$ (9,720,501)	\$ (23,296,384)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes and assessments	\$ 5,736,327	\$ 5,755,796	\$ 5,607,607	\$ 5,496,250	\$ 5,234,147
Franchise Fees	1,170,721	1,028,427	1,062,257	908,608	777,412
Intergovernmental	-	-	-	-	-
Miscellaneous	354,160	422,866	429,937	219,913	440,239
Transfer of capital assets	-	-	-	-	-
Proceeds from property sales	-	-	-	-	-
Transfers	796,522	956,326	776,325	1,000,000	(300,549)
Total governmental activities	8,057,730	8,163,415	7,876,126	7,624,771	6,151,249
Business-type activities:					
Miscellaneous	278,691	261,964	132,503	175,124	205,206
Gain on sale of land	87,141	-	-	-	-
Transfer of capital assets	-	-	-	-	-
Transfers	(796,522)	(956,326)	(776,325)	(1,000,000)	300,549
Total business-type activities	(430,690)	(694,362)	(643,822)	(824,876)	505,755
Total	\$ 7,627,040	\$ 7,469,053	\$ 7,232,304	\$ 6,799,895	\$ 6,657,004
Change in Net Position					
Governmental activities	\$ (753,550)	\$ (1,171,914)	\$ (1,394,511)	\$ (2,214,566)	\$ (17,011,603)
Business-type activities	424,046	309,335	51,214	(706,040)	372,223
Total	\$ (329,504)	\$ (862,579)	\$ (1,343,297)	\$ (2,920,606)	\$ (16,639,380)

	2009	2008	2007	2006	2005
\$	776,276	\$ 1,117,810	\$ 439,215	\$ 560,440	\$ 511,423
	5,181,413	4,374,809	3,817,182	2,979,379	2,686,979
	771,311	1,128,744	3,215,818	919,953	1,817,002
	2,657,682	2,961,453	3,198,380	2,191,735	2,096,956
	-	-	-	-	-
	290,438	337,515	357,421	368,216	360,394
	-	-	-	795,053	2,534,598
	9,677,120	9,920,331	11,028,016	7,814,776	10,007,352
	2,760,869	2,917,079	1,786,823	3,093,131	1,782,699
	2,034,191	1,960,357	3,488,856	1,809,211	3,415,917
	-	-	927,316	957,655	894,982
	4,795,060	4,877,436	6,202,995	5,859,997	6,093,598
\$	14,472,180	\$ 14,797,767	\$ 17,231,011	\$ 13,674,773	\$ 16,100,950

\$	301,725	\$ 792,460	\$ 481,966	\$ 610,373	\$ 58,923
	1,311,170	1,285,393	325,233	250,291	196,964
	-	-	-	-	-
	519,554	507,689	489,916	437,942	421,602
	-	-	-	-	-
	1,217,259	1,523,440	2,051,181	1,316,217	1,423,578
	797,474	1,218,332	953,059	2,684,450	3,378,448
	4,147,182	5,327,314	4,301,355	5,299,273	5,479,515
	4,757,990	4,498,870	5,178,652	4,958,640	4,741,264
	-	-	-	-	-
	-	-	1,642,660	-	-
	4,757,990	4,498,870	6,821,312	4,958,640	4,741,264
\$	8,905,172	\$ 9,826,184	\$ 11,122,667	\$ 10,257,913	\$ 10,220,779

\$	(5,529,938)	\$ (4,593,017)	\$ (6,726,661)	\$ (2,515,503)	\$ (4,527,837)
	(37,070)	(378,566)	618,317	(901,357)	(1,352,334)
\$	(5,567,008)	\$ (4,971,583)	\$ (6,108,344)	\$ (3,416,860)	\$ (5,880,171)

\$	3,799,318	\$ 3,762,441	\$ 3,549,521	\$ 3,257,042	\$ 3,103,432
	828,690	822,530	803,718	725,976	1,146,135
	289,854	180,474	190,022	260,420	202,655
	290,244	246,708	690,537	185,139	138,529
	(352,861)	(822,680)	464,379	-	-
	-	-	73,977	-	-
	312,600	325,450	169,360	(570,930)	55,300
	5,167,845	4,514,923	5,941,514	3,857,647	4,646,051
	250,705	291,996	332,216	326,968	212,594
	-	-	-	-	-
	352,861	822,680	(464,379)	-	463,737
	(312,600)	(325,450)	(169,360)	570,930	(55,300)
	290,966	789,226	(301,523)	897,898	621,031
\$	5,458,811	\$ 5,304,149	\$ 5,639,991	\$ 4,755,545	\$ 5,267,082

\$	(362,093)	\$ (78,094)	\$ (785,147)	\$ 1,342,144	\$ 118,214
	253,896	410,660	316,794	(3,459)	(731,303)
\$	(108,197)	\$ 332,566	\$ (468,353)	\$ 1,338,685	\$ (613,089)

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Fund:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	1,211,673
Restricted	-	-	600,450	-	-
Committed	-	-	-	-	-
Unassigned	1,825,054	925,202	653,127	1,702,807	-
Total General Fund	<u>\$ 1,825,054</u>	<u>\$ 925,202</u>	<u>\$ 1,253,577</u>	<u>\$ 1,702,807</u>	<u>\$ 1,211,673</u>
Special Revenue Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 4,128,493
Unreserved	-	-	-	-	257,241
Restricted	5,980,728	5,291,538	3,400,740	3,387,580	-
Committed	51,583	217,990	222,078	315,841	-
Unassigned	-	(17,817)	533,689	(258,241)	-
Total Special Revenue Funds	<u>\$ 6,032,311</u>	<u>\$ 5,491,711</u>	<u>\$ 4,156,507</u>	<u>\$ 3,445,180</u>	<u>\$ 4,385,734</u>
Debt Service Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	199,477
Restricted	340,434	307,287	264,447	232,176	-
Committed	11	-	-	-	-
Unassigned	-	-	-	-	-
Total Debt Service Funds	<u>\$ 340,445</u>	<u>\$ 307,287</u>	<u>\$ 264,447</u>	<u>\$ 232,176</u>	<u>\$ 199,477</u>
Capital Projects Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Capital Projects Funds	<u>\$ -</u>				
All Governmental Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 4,128,493
Unreserved	-	-	-	-	1,668,391
Restricted	6,321,162	5,598,825	4,265,637	3,619,756	-
Committed	51,594	217,990	222,078	315,841	-
Unassigned	1,825,054	907,385	1,186,816	1,444,566	-
Gener Total All Governmental Funds	<u>\$ 8,197,810</u>	<u>\$ 6,724,200</u>	<u>\$ 5,674,531</u>	<u>\$ 5,380,163</u>	<u>\$ 5,796,884</u>

Source: City of Dallas Comprehensive Annual Financial Reports

Notes:

General fund fund balance increased by approximately 50% primarily due to an increase in ambulance billing accounts receivable. All other governmental funds increased due to an increase in System Development charges collected and financing for Urban Renewal project.

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ -	\$ -	\$ -	\$ -	\$ -
1,526,191	1,114,009	1,314,302	1,848,263	1,179,784
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 1,526,191</u>	<u>\$ 1,114,009</u>	<u>\$ 1,314,302</u>	<u>\$ 1,848,263</u>	<u>\$ 1,179,784</u>
\$ 676,339	\$ -	\$ -	\$ -	\$ -
4,768,067	6,489,353	659,386	673,175	861,144
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 5,444,406</u>	<u>\$ 6,489,353</u>	<u>\$ 659,386</u>	<u>\$ 673,175</u>	<u>\$ 861,144</u>
\$ -	\$ -	\$ -	\$ -	\$ -
194,574	316,429	197,092	304,233	317,810
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 194,574</u>	<u>\$ 316,429</u>	<u>\$ 197,092</u>	<u>\$ 304,233</u>	<u>\$ 317,810</u>
\$ -	\$ -	\$ -	\$ -	\$ -
(514,507)	(515,945)	6,464,930	7,682,647	7,169,032
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ (514,507)</u>	<u>\$ (515,945)</u>	<u>\$ 6,464,930</u>	<u>\$ 7,682,647</u>	<u>\$ 7,169,032</u>
\$ 676,339	\$ -	\$ -	\$ -	\$ -
5,974,325	7,403,846	8,635,710	10,508,318	9,527,770
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 6,650,664</u>	<u>\$ 7,403,846</u>	<u>\$ 8,635,710</u>	<u>\$ 10,508,318</u>	<u>\$ 9,527,770</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
REVENUES				
Taxes and assessments	\$ 4,216,923	\$ 4,244,493	\$ 4,094,852	\$ 3,988,407
Licenses and permits	939,972	630,626	321,837	430,191
Intergovernmental	1,744,193	1,663,520	2,897,961	1,763,122
Franchise fees	1,170,721	1,028,427	1,062,257	908,608
Charges for services	1,997,338	1,726,277	1,554,881	1,753,479
Fines and forfeitures	146,523	117,985	141,888	187,692
Miscellaneous	347,941	408,894	429,937	243,427
Total Revenues	<u>10,563,611</u>	<u>9,820,222</u>	<u>10,503,613</u>	<u>9,274,926</u>
EXPENDITURES				
Current operating:				
General government	1,232,720	1,151,147	1,150,826	1,171,990
Highways and streets	548,007	538,624	564,266	525,820
Culture and recreation	409,615	393,963	350,244	440,054
Public Safety	4,689,828	4,874,365	4,918,023	4,787,775
Community development	1,410,708	1,323,313	1,325,302	1,449,292
Capital outlay	1,672,887	561,519	2,043,949	1,275,423
Debt service				
Interest	219,436	239,631	264,813	292,992
Principal	620,000	604,330	588,147	578,301
Total Expenditures	<u>10,803,201</u>	<u>9,686,892</u>	<u>11,205,570</u>	<u>10,521,647</u>
REVENUES OVER (UNDER) EXPENDITURES	(239,590)	133,330	(701,957)	(1,246,721)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	750,000	-	-	-
Transfers in	1,315,147	1,812,349	1,251,603	1,870,664
Transfers out	(351,947)	(896,010)	(475,278)	(1,040,664)
Payment of prepaid pension asset	-	-	-	-
Debt proceeds	-	-	-	-
Bond refunding	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,713,200</u>	<u>916,339</u>	<u>776,325</u>	<u>830,000</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,473,610</u>	<u>\$ 1,049,669</u>	<u>\$ 74,368</u>	<u>\$ (416,721)</u>
Debt service as a percentage of noncapital expenditures	<u>7.96%</u>	<u>9.03%</u>	<u>8.76%</u>	<u>8.93%</u>

Source: City of Dallas Comprehensive Annual Financial Reports

	2010	2009	2008	2007	2006	2005
\$	3,846,626	\$ 3,797,194	\$ 3,734,315	\$ 3,543,227	\$ 3,257,264	\$ 3,085,020
	416,350	1,570,479	1,526,492	1,673,675	503,499	458,856
	1,703,570	1,334,690	1,367,900	1,994,857	3,086,508	2,027,205
	777,412	828,690	822,530	803,718	725,976	891,804
	1,729,236	938,379	1,516,376	549,374	1,565,327	3,080,657
	257,229	353,964	365,946	325,233	250,291	273,498
	440,239	467,680	980,026	1,177,752	340,849	566,478
	<u>9,170,662</u>	<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>
	1,230,491	1,997,088	1,682,609	722,799	616,946	511,619
	478,340	682,657	902,450	840,978	867,888	729,940
	379,147	1,631,550	1,817,384	1,798,389	1,648,851	1,636,836
	4,670,936	3,902,463	3,533,823	3,753,648	3,070,333	2,818,643
	1,479,368	-	-	-	-	-
	1,618,527	2,831,297	6,219,811	4,011,569	2,152,064	1,611,851
	500,000	317,989	337,515	357,421	368,216	343,094
	315,071	502,547	445,000	465,000	435,000	435,000
	<u>10,671,880</u>	<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>
	(1,501,218)	(2,574,515)	(4,625,007)	(1,881,968)	570,416	2,296,535
	-	-	-	-	-	-
	1,727,916	2,145,129	593,375	459,775	1,045,630	781,780
	(1,559,921)	(1,892,529)	(367,925)	(450,415)	(820,500)	(786,480)
	-	-	-	-	(1,585,000)	-
	55,410	1,568,733	3,109,795	-	6,410,000	-
	-	-	-	-	(4,640,000)	-
	<u>223,405</u>	<u>1,821,333</u>	<u>3,335,245</u>	<u>9,360</u>	<u>410,130</u>	<u>(4,700)</u>
\$	<u>(1,277,813)</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>8.36%</u>	<u>7.45%</u>	<u>5.97%</u>	<u>8.13%</u>	<u>9.96%</u>	<u>10.22%</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General government	\$ 1,174,241	\$ 908,346	\$ 641,463	\$ 609,185
Public safety	1,403,096	1,309,998	1,973,067	1,427,817
Highways and streets	75,605	58,899	24,854	46,585
Culture and recreation	106,696	94,190	350,739	613,337
Community development	926,935	667,287	829,397	420,830
Total Governmental Activities	<u>3,686,573</u>	<u>3,038,720</u>	<u>3,819,520</u>	<u>3,117,754</u>
Business-type Activities:				
Sewage disposal	3,026,851	2,966,576	2,879,216	2,824,141
Water	2,050,908	2,058,571	1,973,756	1,874,772
Ambulance	-	-	-	-
Total Business-type Activities	<u>5,077,759</u>	<u>5,025,147</u>	<u>4,852,972</u>	<u>4,698,913</u>
Total Activities	<u><u>8,764,332</u></u>	<u><u>\$ 8,063,867</u></u>	<u><u>\$ 8,672,492</u></u>	<u><u>\$ 7,816,667</u></u>

Source: City of Dallas Comprehensive Annual Financial Reports

2010	2009	2008	2007	2006	2005
\$ 260,475	\$ 936,322	\$ 1,663,143	\$ 1,123,364	\$ 2,927,908	\$ 1,524,755
1,336,943	1,743,251	1,986,654	1,566,536	775,432	882,153
316,961	656,475	912,983	875,983	1,025,289	2,608,285
575,173	811,134	764,534	735,472	570,644	781,482
720,339	-	-	-	-	-
<u>3,209,891</u>	<u>4,147,182</u>	<u>5,327,314</u>	<u>4,301,355</u>	<u>5,299,273</u>	<u>5,796,675</u>
2,826,340	2,846,712	2,617,239	3,210,039	2,521,270	2,363,972
1,919,143	1,911,278	1,881,631	2,875,974	1,669,428	1,588,820
-	-	-	735,299	767,942	788,472
<u>4,745,483</u>	<u>4,757,990</u>	<u>4,498,870</u>	<u>6,821,312</u>	<u>4,958,640</u>	<u>4,741,264</u>
<u>\$ 7,955,374</u>	<u>\$ 8,905,172</u>	<u>\$ 9,826,184</u>	<u>\$ 11,122,667</u>	<u>\$ 10,257,913</u>	<u>\$ 10,537,939</u>

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

<u>Fiscal Year</u>	<u>Property</u>	<u>Special Assessments</u>	<u>Total</u>
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
2014	4,298,867	-	4,298,867
Change 2005 - 2014	38.5%	-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
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
2014	792,003,938	890,833,202	19,482,173	20,120,730	17,290,720	18,689,559

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

* Includes mobile homes

Source: Polk County Department of Assessment and Taxation

Total	Estimated	Ratio of	Total
Assessed	Actual	Total Assessed to	Direct
Value	Value	Total Estimated	Tax Rate
		Actual Value	
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	4.20
828,776,831	929,643,491	89.15	4.20

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

Fiscal Year Ended June 30,	City of Dallas¹	City of Dallas²	City of Dallas Total	Polk County	School District #2
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
2014	4.20	0.89	5.09	2.23	6.30

Source: Polk County Department of Assessment and Taxation

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

Chemeketa Community College	Chemeketa Regional Library	Polk Conservation District	Willamette ESD	Dallas Cemetery District	4-H Extension District	Total
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
0.86	0.08	0.05	0.29	0.05	0.07	15.02

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

Taxpayer	2014			2005		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
Greenway	\$ 7,202,670	1	0.87%	\$ 5,520,400	4	1.01%
Northwest Natural Gas	6,400,000	3	0.77%	5,525,000	5	1.01%
Wal-Mart	6,128,470	2	0.74%	4,697,100	6	0.86%
Victoria Place General Partnership	5,991,820	4	0.72%	-	-	0.00%
Dallas Mennonite Retirement Center	5,441,990	5	0.66%	2,569,340	8	
Charter Communications	3,775,400	6	0.46%	-	-	0.00%
Dallas Mill Properties LLC.	3,263,180	7	0.39%	-	-	0.00%
Safeway #404	3,111,320	8	0.38%	-	-	
Forest River Inc	2,991,340	9	0.36%	2,947,098	7	
Pacificorp (PP&L)	2,742,000	10	0.33%	-	-	0.00%
Wells Walter B ET AL	-	-		2,331,360	9	0.43%
Weyerhaeuser Company	-	-		16,395,814	2	3.01%
Tyco Printed Circuit Group, LP				16,737,100	1	
Weslee Properties INC.				2,029,230	10	
Quest Corporation				6,712,300	3	
	<u>\$ 47,048,190</u>		<u>5.68%</u>	<u>\$ 65,464,742</u>		<u>6.32%</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
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	123,777	3,265,399	97.84
2007	3,555,585	3,339,468	93.92	134,207	3,473,675	97.70
2008	3,763,738	3,529,331	93.77	156,203	3,685,534	97.92
2009	3,861,639	3,574,325	92.56	213,816	3,788,141	98.10
2010	3,963,447	3,677,240	92.78	197,339	3,874,579	97.76
2011	4,083,452	3,791,192	92.84	183,324	3,974,516	97.33
2012	4,197,403	3,869,533	92.19	126,815	3,996,348	95.21
2013	4,279,410	3,985,073	93.12	70,013	4,055,086	94.76
2014	4,298,867	4,012,740	93.34	-	4,012,740	93.34

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
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
2014	14,800	828,776,831	4,740,000	0.0057	0.97%	320.27

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
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
2014	14,800	828,776,831	9,846,469	0.0119	2.01%	665.30

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
General Revenues and Other Changes in Net Position						
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
2014	14,800	828,776,831	14,586,469	0.0176	2.98%	985.57

**CITY OF DALLAS, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2014**

Governmental Unit	Real market values of overlapping districts	Tax-supported debt outstanding¹	Percentage overlapping²	Overlapping debt applicable to the City of Dallas
Debt Repaid with Property Taxes				
Chemeketa Community College	38,940,954,194	95,155,000	2.39 %	2,271,635
Willamette ESD	42,756,129,256	1,405,000	2.17 %	30,549
Polk Cty SD 2 (Dallas)	1,502,722,247	4,490,000	61.86 %	2,777,694
Polk County	5,623,372,633	9,585,000	16.53 %	1,584,573
Subtotal, overlapping debt	88,823,178,330	110,635,000		6,664,451
Direct debt outstanding:				
City of Dallas	929,643,491	4,740,000	100.00 %	\$ 3,270,000
Total Direct and Overlapping Debt	\$ 89,752,821,821	\$ 115,375,000		\$ 9,934,451

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, 2014

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

Assessed value	\$ 828,776,831
Rate	<u> x 3%</u>
Debt limit	24,863,305
Debt applicable to limit	<u>(2,139,566)</u>
Legal debt margin	<u><u>\$ 22,723,739</u></u>

Fiscal year ended June 30,	Debt Limit	Debt Applicable to Limit	Legal Debt Margin
2005	17,270,216	6,530,663	10,739,553
2006	18,419,584	6,126,398	12,293,186
2007	20,051,250	5,724,251	14,326,999
2008	21,423,495	5,268,658	16,154,837
2009	22,010,405	4,805,426	17,204,979
2010	22,896,942	4,340,530	18,556,412
2011	23,576,116	3,877,824	19,698,292
2012	20,850,097	3,290,553	17,559,544
2013	22,723,739	2,722,724	20,001,015
2014	24,863,305	2,139,566	22,723,739

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	
				2005	\$ 1,602,796	\$ 1,319,693	
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
2014	2,189,342	1,158,406	1,030,936	197,723	150,244	347,967	296.27

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	
				2005	\$ 2,542,994	\$ 1,993,494	
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
2014	3,386,458	2,180,587	1,205,871	820,000	184,534	1,004,534	120.04

**SPECIAL ASSESSMENT BONDS
and Other Changes in Net Position**

Fiscal Year Ended June 30,	Assessment Principal Collections	Debt Service Requirements			Percent Coverage
		Principal	Interest	Total	
		2005	14,504	34,400	
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
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	33,421	490,954	4.45	3,301.1	8.7% *
2014	14,800	N/A	N/A	4.45	3,325.8	6.8% *

N/A - information is not available

*Polk County

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

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

Employer	2014			2005		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Forest River	406	1	8.77%	219	5	3.98%
Dallas Public Schools	355	2	7.67%	290	2	5.27%
Dallas Retirement Village	304	3	6.56%	215	6	3.91%
Polk County	270	4	5.83%	280	3	5.09%
West Valley Hospital	160	5	3.45%	150	9	2.73%
Wal-Mart	157	6	3.39%	150	10	2.73%
Safeway Stores, Inc.	137	7	2.96%	275	4	5.00%
James W. Fowler Company	115	8	2.48%	-	-	-
City of Dallas	93	9	2.01%	200	7	3.64%
Tyco Printed Circuit Group, LP	-	-	-	450	1	8.18%
Weyerhaeuser Corp.	-	-	-	190	8	3.45%
	<u>1,591</u>		<u>34.36%</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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	15	16	17	14	20	19	18	18	18	15
Public safety	25	25	26	25	26	26	26	26	23	23
Highways and streets	6	6	4	5	6	3	4	4	4	4
Culture and recreation	24	24	25	25	17	20	18	20	20	22
Sewage disposal	11	10	11	8	6	6	6	6	6	6
Water	9	9	11	9	9	8	6	5	5	5
Ambulance	14	14	15	14	19	19	19	18	19	19
Total	<u>104</u>	<u>104</u>	<u>109</u>	<u>100</u>	<u>103</u>	<u>101</u>	<u>97</u>	<u>97</u>	<u>95</u>	<u>93</u>

Source: City of Dallas

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Arrests	1,369	1,393	1,390	1,312	1,355	988	904	927	1,035	993
Traffic violations	1,437	819	1,040	1,236	1,025	810	472	529	412	714
Municipal Court Cases	1,727	1,859	2,573	1,933	1,381	1,475	888	938	475	1,846
Fire Responses										
City	220	278	261	381	319	350	373	356	352	282
Rural	300	335	404	367	316	455	411	332	322	321
Ambulance										
Transports	1,931	1,956	2,334	1,718	1,804	1,708	1,817	1,811	1,921	2,045
Building Activity										
Permits Issued	251	249	197	191	145	160	132	108	147	191
Estimated Value (000's)	\$38,581	\$39,384	\$22,328	\$17,049	\$14,736	\$16,100	\$9,863	\$10,004	\$11,900	\$17,044
Planning Applications	55	63	N/A	54	33	47	36	43	73	108
Library										
Circulation	176,408	173,008	176,228	181,473	176,004	183,498	203,762	248,881	201,764	199,801
Miles of Streets Maintained	54.80	54.80	54.80	55.00	55.00	55.00	55.00	55.00	55.00	56.46
Water										
Connections	4,635	4,737	4,788	4,930	5,073	5,329	5,331	5,348	5,394	5,420
Sewer										
Connections	4,100	4,187	4,235	4,326	4,417	4,474	4,467	4,483	4,539	4,614

Source: City of Dallas

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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)	54	54	54	54	59	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	99
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	8.5 mgd	8.5 mgd	8.5 mgd	10.5 mgd	10.5 mgd	10.5 mgd	10.5 mgd	10.5 mgd	10.5 mgd
Fire hydrants	453	468	475	479	483	485	485	485	485	486

Source: City of Dallas

