



THE CITY OF
ALLAS
REGON

COMPREHENSIVE
ANNUAL FINANCIAL
REPORT

FOR YEAR ENDING
JUNE 30, 2017



CITY OF DALLAS
POLK COUNTY, OREGON

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CITY OF DALLAS
POLK COUNTY, OREGON

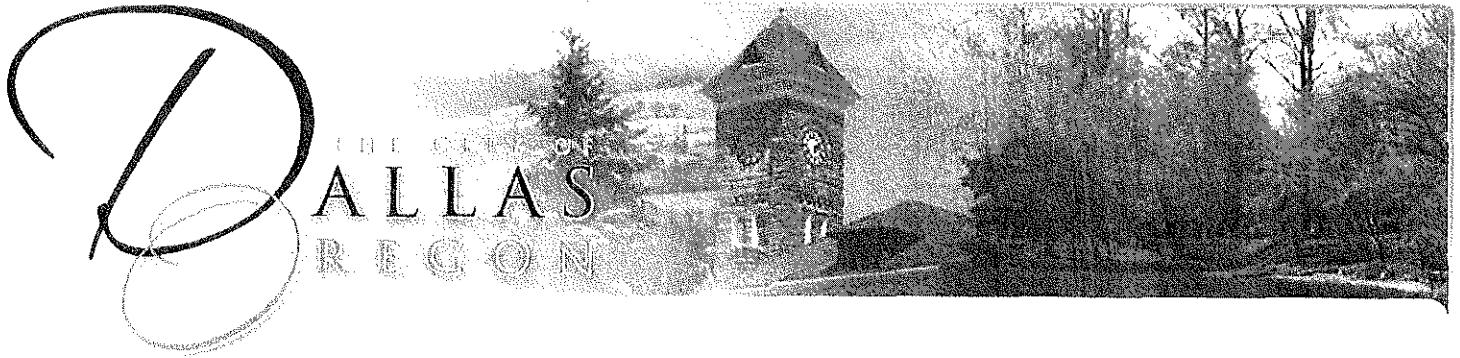
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December 26, 2017

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, 2017.

This report presents the financial position of the City as of June 30, 2017 and the results of its operations for the fiscal year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards prescribed by the Oregon Secretary of State Audits Division. We believe the data, as presented, is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City.

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.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A is located immediately following the independent auditor's report.

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 as of July 1st 2017 for the City of Dallas was 15,570.

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>
2017 PSU Estimate	15,570	81,000
2010 Census	14,583	75,403
2000 Census	12,459	62,380

ECONOMIC OUTLOOK

In an annual economic outlook report for our region from the University of Oregon, economic indicators for 2018 looked strong. The report outlines that our region can continue to expect more new housing starts between 2017 and 2018. This can be directly attributed to the robust increase in construction employment across the entire state. The City of Dallas's population increased by 1.4% in 2017 and based on current development activities since April 2017, it appears that the City will continue to grow at about the same rate in 2018.

The City's business sector economy has been and continues to be a mix of good and bad news. The businesses and industries in the City are doing well and this trend is expected to continue in 2018. The regional report indicated that job growth will continue to be strong, but there appears to be a lack of qualified candidates for skilled positions. This has put pressure on the educational institutions locally and regionally and new CTE (Career & Technical Education) programs are being initiated by both the Dallas School District and Chemeketa Community College. The lack of industrial land on the I-5 corridor has helped Dallas' outlook on the manufacturing front as several companies have shown interest in the available industrial land and facilities. The downside for the City is that there are still a number of empty storefronts in the historic downtown, mainly due to overly high leasing rates and asking prices by mostly absentee owners.

The City's revenues have increased over the last three years and our 2017 revenue forecasts were met. With a positive economic outlook for 2018, we are estimating City revenue will increase 5%. This means we will be able to maintain levels of service, follow our five year capital plan closely, and take care of more deferred maintenance items that have been put off for years.

The strong economic outlook means revenue is increasing, but there are several 2018 challenges that will eat into the revenue gains. The two major issues the City will face in 2018 are an increase to minimum wage and an across the board increase in the Public Employees Retirement System (PERS). In an effort to soften this large increase, employees are being asked to pay a portion of their health care benefit.

The City Council has set a financial policy that requires all major funds to carry adequate fund balances. This policy ensures there will be enough money to operate the City for a short period of time if for any reason revenues stop coming in. The City has been able to maintain a fund balance in all funds over the years. We were able to add slightly to our fund balances in 2017 and based on the revenue and expenditure forecast for 2018, we should be able to maintain adequate fund balances for all funds.

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 in December 2016 approved utility rate fee increases, adjusting rates based on a set percentage.

In regards to the City's long-term debt obligations, the City has a total of \$12.7 million in long-term debt outstanding as of June 30, 2017.

MAJOR INITIATIVES

The City of Dallas continues to establish and work toward clearly defined goals and objectives. During the annual budget review process, goals and objectives are developed and prioritized by the City Council and staff. The process is a continuing cycle of setting goals and objectives, reviewing short-term and long-term goals, evaluating results, and reassessing the goals and their priority.

In 2013, the City hired a consulting firm to help the community create a long term visioning plan. The visioning project was titled the Dallas 2030 Visioning Project. The consulting firm facilitated a number of community open houses; gathered information at community events; and conducted several surveys. The project was successful and a large number of people participated in the process. The City now has a much better idea of what they would like the community to look and feel like in the year 2030.

The Dallas 2030 Community Vision Statement is as follows:

WE ARE DALLAS 2030...Set in the picturesque mid-Willamette Valley alongside the foothills of the Coast Range, we are a prosperous community that has preserved its small-town character. Our 1898 county courthouse looks out over our town square and revitalized historic downtown. We have planned well for our growth and development, updating essential infrastructure and strengthening our neighborhoods.

WE ARE SAFE AND HEALTHY...with state-of-the-art medical and emergency facilities and services that meet the needs of our growing population. A pristine Rickreall Creek is a focal point for our beautiful parks, natural areas and recreation opportunities that have expanded as we have grown.

WE CARE DEEPLY...for our community and one another. Community volunteerism and engagement is the foundation of our identity. We have built on our agricultural heritage to create a strong and innovative economy. We have invested in businesses that produce well-paying jobs. We support partnerships and a range of educational opportunities that prepare students for success in our community, workforce and world.

We vigorously engage in the life of our city and welcome our future. **WE ARE DALLAS 2030.**

Accomplishing the Dallas 2030 Community Vision will take the City, school district, Chamber of Commerce, service clubs, religious organizations, volunteer groups, and citizens.

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.

A budget is prepared and legally adopted by the City Council for each fund. All changes to the budget must be approved by City Council. These budgets are prepared on the modified accrual basis of accounting, complying with Oregon Local Budget Law. The ordinance authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. All funds except the General Fund establish the levels of budgetary control at the personnel services, materials and services, capital outlay, transfers, debt service, contingencies and all other requirements levels. For the General Fund, appropriations are at the department level for personnel services, materials and services, transfers and other uses.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and budget transfer appropriations resolution. A supplemental budget requires hearings before the public, publications in the newspaper and approval by City Council, if the change is greater than, or equal to, 10% of the original budget. Budgets may be modified by the use of appropriation transfers between levels of control. The City Council approved several appropriation transfer resolutions during the year ending June 30, 2017.

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 Pauly, Rogers and Co., P.C., 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, 2017, 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

Comprehensive Annual 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, 2016. 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-six 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.

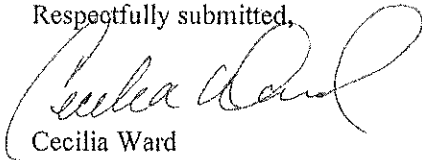
Distinguished Budget Presentation Award. The GFOA presented a Distinguished Budget Presentation Award to the City for its annual budget beginning July 1, 2016. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. This award is valid for a period of one year only. We believe that our current budget continues to conform to program requirements, and have submitted it to GFOA to determine its eligibility for another award.

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 Pauly, Rogers and Co., P.C.. 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

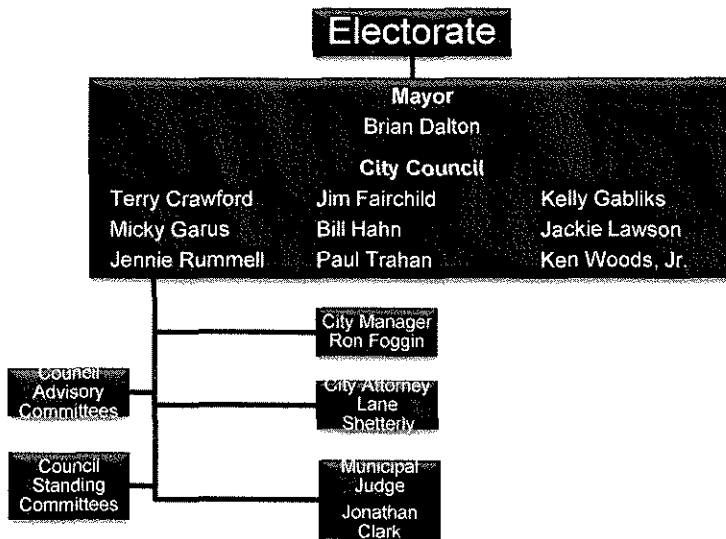
**City of Dallas
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

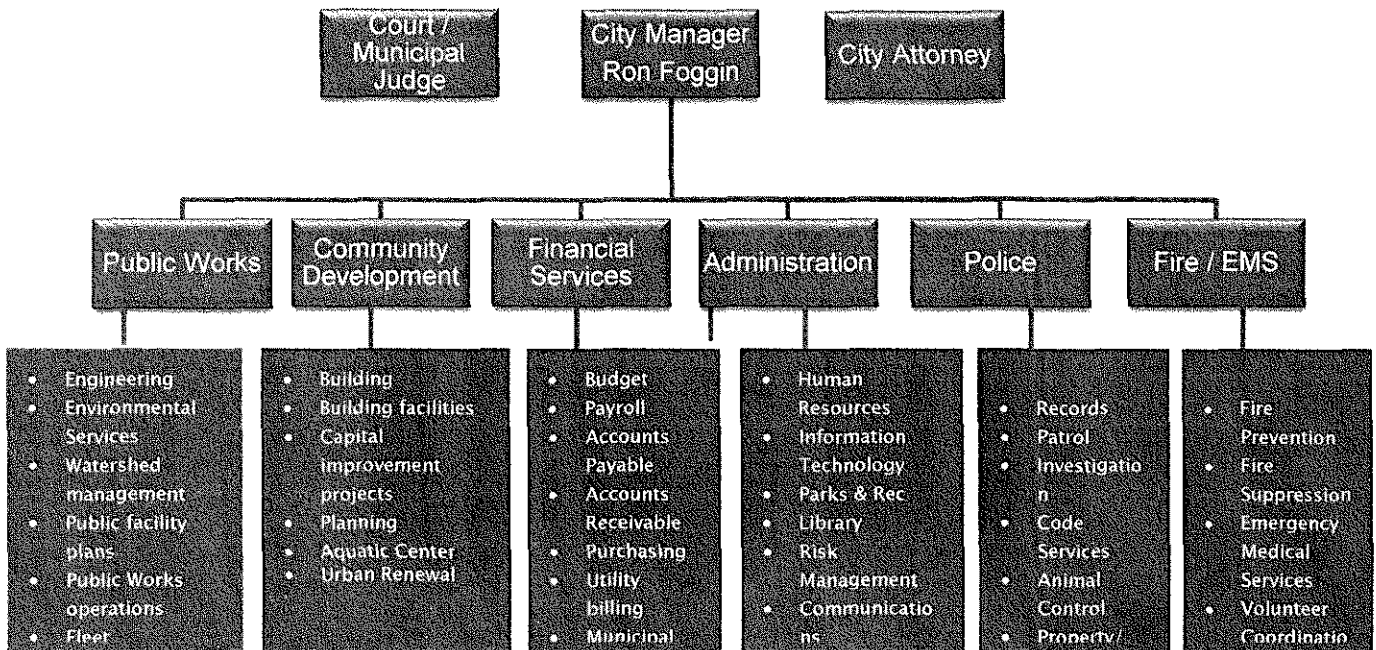
June 30, 2016

Executive Director/CEO

Organization Structure and Chart



City of Dallas



CITY OF DALLAS
POLK COUNTY, OREGON

2016-2017
FINANCIAL REPORT

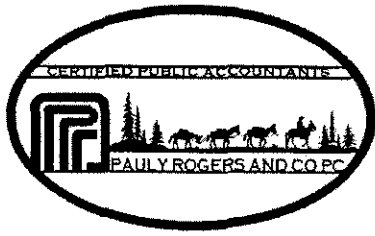
<u>CITY COUNCIL</u>	<u>TERM EXPIRES</u>
Brian Dalton, Mayor	December 31, 2018
Micky Garus, Council President	December 31, 2018
Terry Crawford	December 31, 2020
Jim Fairchild	December 31, 2018
Kelly Gabliks	December 31, 2020
Bill Hahn	December 31, 2018
Jackie Lawson	December 31, 2018
Jennie Rummell	December 31, 2020
Paul Trahan	December 31, 2020
Ken Woods Jr.	December 31, 2020

All Council members receive mail at the address listed below.

ADMINISTRATION

City Hall
187 SE Court St,
Dallas, Oregon 97338

Ron Foggin, City Manager
Cecilia Ward, Finance Director



PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 26, 2017

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Dallas
Polk County, Oregon

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and cash flows where applicable of the City of Dallas (the City) as of and for the year ended June 30, 2017, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The financial statements as of June 30, 2016, were audited by other auditors whose report dated December 30, 2016, issued an unmodified opinion on those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic 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 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 basic 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 basic 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, as of June 30, 2017, 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.

Emphasis of Matter

The City adopted the provisions of GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 77 *Tax Abatement Disclosures* for the year ended June 30, 2017. 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 the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information 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 management's discussion and analysis or the schedules of Net Pension Liability and Contributions for PERS because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as required supplementary information, as listed in the table of contents, have 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 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, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of council members containing their term expiration dates, located before the table of contents, and the introductory and statistical section 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.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 26, 2017, on our consideration of 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.



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

**CITY OF DALLAS
POLK COUNTY, OREGON**

Year Ended June 30, 2017

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, 2017. 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.

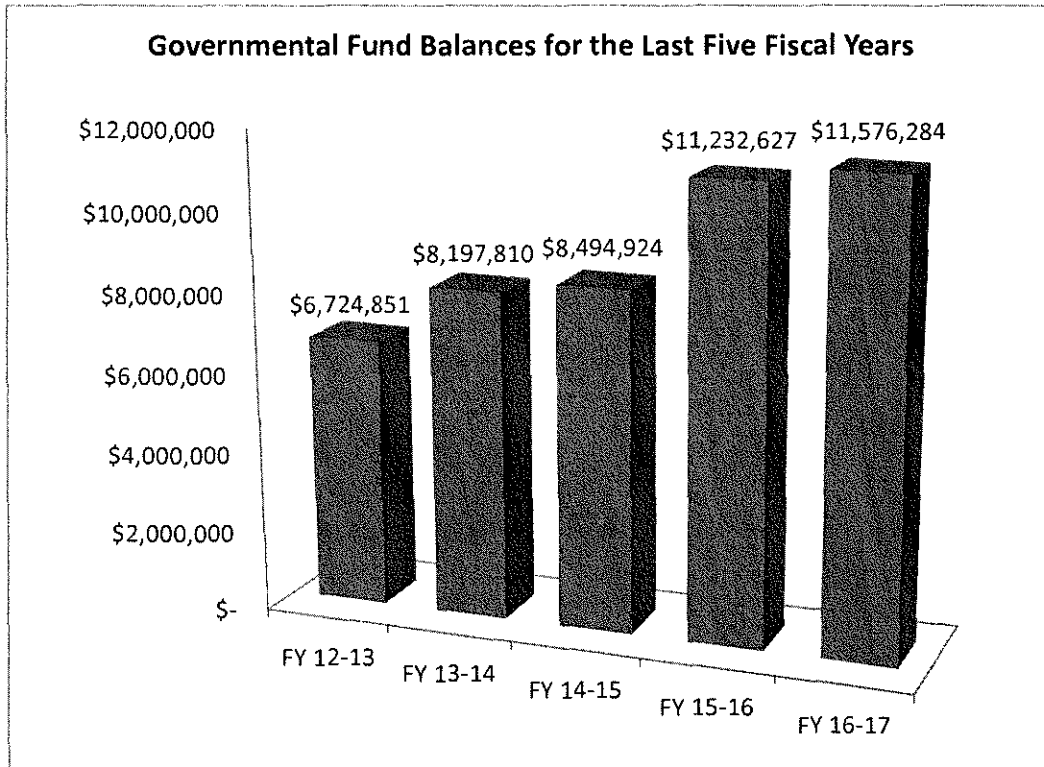
FINANCIAL HIGHLIGHTS

As of the close of the current fiscal year the City's governmental funds reported a combined ending fund balance of \$11,576,284, an increase of \$343,657 in comparison with the previous year. The General Fund ending fund balance decreased 7.13 percent to \$2,001,787.

Governmental Funds: Changes in Fund Balances

Fund	June 30, 2017 Fund Balance	June 30, 2016 Fund Balance	Increase (decrease)	Percent Change
General Fund	\$ 2,001,787	\$ 2,155,456	\$ (153,669)	-7.13%
Capital Projects Fund*	7,014,754	6,951,950	(211,499)	-3.04%
Risk Management Fund	236,960	-	236,960	100.00%
Building Inspection Fund	217,738	-	217,738	100.00%
Street Fund	1,127,774	1,182,188	(54,414)	-4.60%
Trust/Reserve Fund	166,342	174,749	(8,407)	-4.81%
Urban Renewal Fund	450,199	396,549	53,650	13.53%
General Obligation Bond Fund	360,719	371,724	(11,005)	-2.96%
General Debt Fund	11	11	-	0.00%
	<u>\$ 11,576,284</u>	<u>\$ 11,232,627</u>	<u>\$ 343,657</u>	<u>3.06%</u>

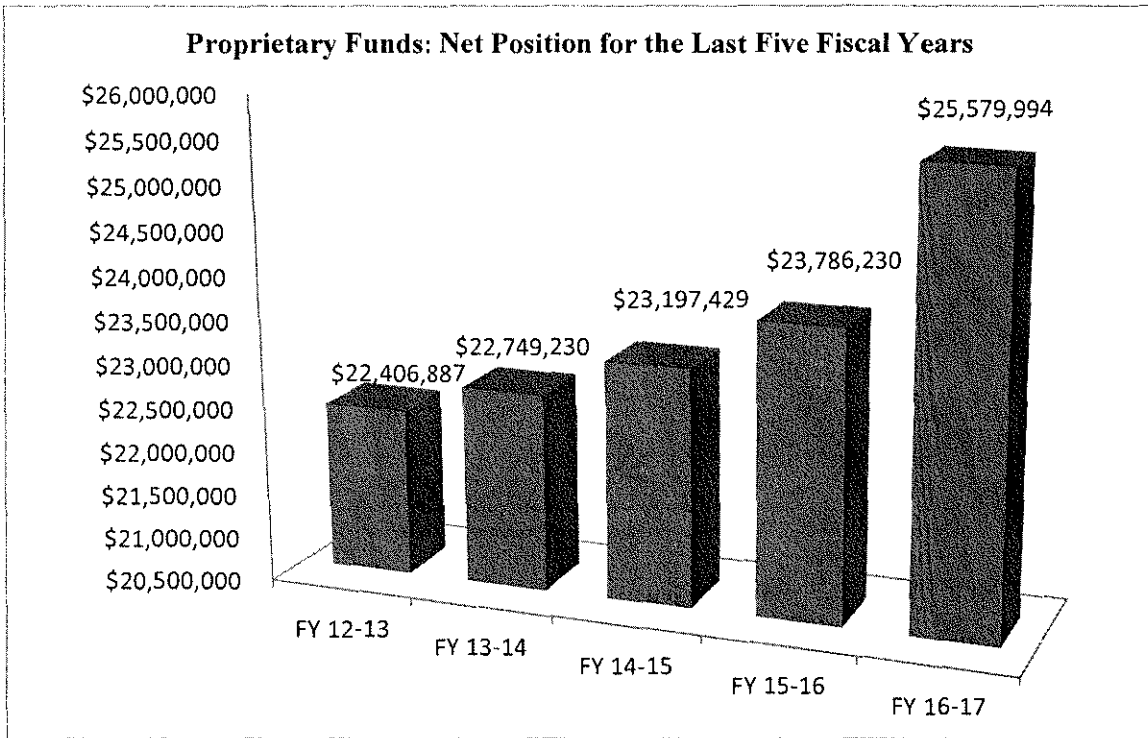
*The Grants Fund and Systems Development Fund were combined with the Capital Projects Fund in fiscal year 2016-17.



Business-type net position increased \$1,793,764 (7.54 percent) for the 2016-17 fiscal year. Operating income for the Sewer, Water and Storm Water Funds was \$807,419. The net position decrease from non-operating revenues and expenses was \$110,960. During 2016-17 a large sewer siphon was installed, wastewater treatment plant equipment upgraded, along with ongoing water and sewer line replacements.

Changes in Net Position: Proprietary Funds

Fund	June 30, 2017 Net Position	June 30, 2016 Net Position	Increase (decrease)	Percent Change
Water Fund	\$ 11,204,961	\$ 10,642,653	\$ 562,308	5.28%
Sewer Fund	13,754,668	12,927,545	827,123	6.40%
Storm Water Fund	620,365	216,032	404,333	187.16%
	<u>\$ 25,579,994</u>	<u>\$ 23,786,230</u>	<u>\$ 1,793,764</u>	<u>7.54%</u>



For Fiscal Year 2016-17 there was minimal growth in net position for the three enterprise funds where net position increased 5.28 percent in the Water Fund and increased less than 6.4 percent in the Sewer Fund. The minimal increase in the Water Fund reflects a growth in operating revenue and decrease in operating expenses. The Storm Water Fund, shows an increase of 187.16% as there was a considerable addition of capital contributions.

Internal Service Fund (Fleet Management Fund) net position increased by \$23,131 for the 2016-17 fiscal year due to increased reimbursed service from intergovernmental agreements.

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 1 and 2 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, Street Fund, General Obligation Bond Fund, and Capital Projects 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 41 through 44 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 47 through 59 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 10 through 35 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 and deferred outflows of resources for the City of Dallas were \$106,500,184, while total liabilities were \$23,242,104 resulting in combined net position (governmental and business-type activities) of \$83,258,080. The largest component of the City's total net position, \$72,962,341 or 88%, 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, 2017 and 2016

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Current assets	\$ 12,836,206	\$ 12,190,184	\$ 3,248,640	\$ 2,765,507	\$ 16,084,846	\$ 14,955,691
Non-current assets:						
Capital Assets	52,886,885	53,858,737	32,966,586	32,134,877	85,853,471	85,993,614
<i>Total Assets</i>	65,723,091	66,048,921	36,215,226	34,900,384	101,938,317	100,949,305
Deferred outflows of resources	3,978,071	724,595	583,796	109,146	4,561,867	833,741
<i>Total assets and deferred outflows of resources</i>	<u>\$ 69,701,162</u>	<u>\$ 66,773,516</u>	<u>\$ 36,799,022</u>	<u>\$ 35,009,530</u>	<u>\$ 106,500,184</u>	<u>\$ 101,783,046</u>
Current liabilities	\$ 1,313,393	\$ 1,027,595	\$ 1,435,920	\$ 1,890,404	\$ 2,749,313	\$ 2,917,999
Long-term liabilities:						
Net pension liability	7,500,358	3,097,867	1,100,703	466,633	8,601,061	3,564,500
Other liabilities	2,908,436	3,261,714	8,638,249	8,753,684	11,546,685	12,015,398
<i>Total Liabilities</i>	11,722,187	7,387,176	11,174,871	11,110,721	22,897,058	18,497,897
Deferred inflows of resources	300,889	747,388	44,157	112,579	345,046	859,967
Net Position:						
Net investment in capital assets	49,522,634	52,121,875	23,439,707	22,291,458	72,962,341	74,413,333
Restricted	9,100,601	8,835,176	-	-	9,100,601	8,835,176
Unrestricted	(945,149)	(2,318,099)	2,140,287	1,494,772	1,195,138	(823,327)
<i>Total Net Position</i>	57,678,086	58,638,952	25,579,994	23,786,230	83,258,080	82,425,182
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 69,701,162</u>	<u>\$ 66,773,516</u>	<u>\$ 36,799,022</u>	<u>\$ 35,009,530</u>	<u>\$ 106,500,184</u>	<u>\$ 101,783,046</u>

Statement of Activities
Years ended June 30, 2017 and 2016

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<i>Revenues:</i>						
<i>Program Revenues:</i>						
Charges for services	\$ 4,507,892	\$ 5,085,187	\$ 5,768,881	\$ 5,600,125	\$ 10,276,773	\$ 10,685,312
Operating grants and contributions	95,408	251,797	-	-	95,408	251,797
Capital grants and contributions	41,929	800,746	1,363,150	569,295	1,405,079	1,370,041
<i>General Revenues:</i>						
Property taxes	4,455,725	4,429,716	-	-	4,455,725	4,429,716
Public service taxes	1,376,961	1,508,997	-	-	1,376,961	1,508,997
Franchise fees	1,185,056	1,116,780	-	-	1,185,056	1,116,780
Interest and investment earnings	79,024	44,834	62,471	32,474	141,495	77,308
Loss on Sale of Capital Assets	(784)	-	-	-	(784)	-
Other Revenues	662,381	532,963	955,826	214,666	1,618,207	747,629
<i>Total Revenues</i>	<u>12,403,592</u>	<u>13,771,020</u>	<u>8,150,328</u>	<u>6,416,560</u>	<u>20,553,920</u>	<u>20,187,580</u>
<i>Expenses:</i>						
General government	(2,618,629)	(2,815,836)	-	-	(2,618,629)	(2,815,836)
Public safety	(7,462,693)	(6,812,741)	-	-	(7,462,693)	(6,812,741)
Highways and street	(776,622)	(3,183,830)	-	-	(776,622)	(3,183,830)
Culture and recreation	(833,397)	(1,020,182)	-	-	(833,397)	(1,020,182)
Community development	(2,434,292)	(1,982,360)	-	-	(2,434,292)	(1,982,360)
Interest on long-term debt	(157,956)	(183,031)	-	-	(157,956)	(183,031)
Sewage disposal	-	-	(2,584,857)	(2,681,117)	(2,584,857)	(2,681,117)
Water	-	-	(2,587,227)	(1,935,944)	(2,587,227)	(1,935,944)
Storm Water	-	-	(159,480)	(185,698)	(159,480)	(185,698)
<i>Total Expenses</i>	<u>(14,283,589)</u>	<u>(15,997,980)</u>	<u>(5,331,564)</u>	<u>(4,802,759)</u>	<u>(19,455,673)</u>	<u>(20,615,041)</u>
Increase (decrease) in net position before transfers	(1,879,997)	(2,226,960)	2,818,764	1,613,801	938,767	(613,159)
Transfers in (out)	1,025,000	1,025,000	(1,025,000)	(1,025,000)	-	-
Transfers of capital assets	-	-	-	-	-	-
Change in net position	(854,997)	(1,201,960)	1,793,764	588,801	938,767	(613,159)
Net position - beginning	58,638,952	59,840,912	23,786,230	23,197,429	82,425,182	83,038,341
Prior Period Adjustment	(105,869)	-	-	-	(105,869)	-
Net position - ending	<u>\$ 57,678,086</u>	<u>\$ 58,638,952</u>	<u>\$ 25,579,994</u>	<u>\$ 23,786,230</u>	<u>\$ 83,258,080</u>	<u>\$ 82,425,182</u>

Governmental Activities. Total revenues for the City of Dallas' governmental activities for the fiscal year ended June 30, 2017, were \$12,403,592 (excluding transfers). Approximately 36% of the total revenue for the governmental activities was derived from property taxes and approximately 36% of the total revenue is from charges for services. Total expenses for governmental activities were \$14,283,589 (excluding transfers), resulting in a decrease in net position of \$854,997. The majority of the governmental activities revenue was used to fund public safety, which accounts for approximately 52% of the total governmental activities expense. Culture and recreation expenses account for 6% of the total, community development account for 17%, highways and streets account for 5.4%, and general government expenses account for 18% of the total. Interest on long-term debt expenses is approximately 1% 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 \$8,150,328 (excluding transfers) for the current fiscal year. Approximately 71% of the total business-type activities revenue was derived from charges for services. The total expenses for business-type activities were \$5,331,564 (excluding transfers), resulting in an increase of net position by \$1,793,764. Business-type activities for the City of Dallas consist of operations for sewage disposal, water and storm 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 \$11,576,284, an increase of \$343,657 or 3.06%, from the prior year. The City's governmental funds include the General fund, Street fund, General Obligation fund, Capital Projects 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 \$2,001,787, a decrease of \$153,669 (7.13 percent) from the prior year (on the modified accrual basis). The decrease was due to additional insurance related expenses.

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 \$1,127,774, a decrease of 4.6% from the prior year. The decrease was due to additional road maintenance.

The General Obligation Bond fund is used to account for general obligation bonds. A property tax is levied to pay debt service on the City's General Obligation (GO) bonds. The City has two outstanding GO Bonds with an outstanding balance of \$915,000.

Capital Projects fund accounts for any vehicles, equipment, building improvements and property over \$5,000 that is related to the departments in the general fund. The Grants Fund and Systems Development Fund were combined with the Capital Projects Fund in 2016-17. The fund balance of the Capital Projects Fund at June 30, 2017 was 7,014,754.

Proprietary Funds. At the end of the current fiscal year, net position of the enterprise funds equaled \$25,579,994. The change in total net position of all the proprietary funds was minimal. The Sewer fund net position increased by \$827,123 and Water fund net position increased by \$562,308. The increase in the Water Fund and Sewer Fund was due to increase in capital contributions. The change in net position for the new Storm water fund was \$404,333.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were several amendments to the original budget. Actual revenues (budgetary basis) were 3.6% more than budgeted amounts due to an increase in miscellaneous revenue and interest earned. Actual expenditures were 4% 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, \$85,853,471 net of accumulated depreciation, compared to \$85,993,614 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 21. For business-type activities, capital asset additions consisted of equipment replacement at the wastewater treatment facility and new sewer lines in the Sewer Department. In the Water Department, additions included equipment. Additional information about the City's capital assets is presented in the notes to the financial statements on pages 22.

Capital Assets Years ended June 30, 2017 and 2016

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<u>2016-17</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2015-16</u>
Land	\$ 892,046	\$ 892,046	\$ 923,385	\$ 731,485	\$ 1,815,431	\$ 1,623,531
Construction in progress	-	-	-	-	-	-
Buildings and improvements	15,935,272	15,312,869	-	-	15,935,272	15,312,869
Machinery and equipment	10,731,812	10,004,269	703,940	547,338	11,435,752	10,551,607
Infrastructure	76,249,233	75,088,531	-	-	76,249,233	75,088,531
Buildings and infrastructure	-	-	57,133,385	55,302,154	57,133,385	55,302,154
Accumulated depreciation	<u>(50,921,478)</u>	<u>(47,438,978)</u>	<u>(25,794,124)</u>	<u>(24,446,100)</u>	<u>(76,715,602)</u>	<u>(71,885,078)</u>
<i>Total Net Capital Assets</i>	<u>\$ 52,886,885</u>	<u>\$ 53,858,737</u>	<u>\$ 32,966,586</u>	<u>\$ 32,134,877</u>	<u>\$ 85,853,471</u>	<u>\$ 85,993,614</u>

Long-term Debt. At the end of the current fiscal year, long-term debt outstanding for the governmental activities totaled \$3,364,251 (excluding compensated absences payable), compared to \$3,733,740 the prior year. For business-type activities, long term debt outstanding totaled \$9,526,879 (excluding compensated absences payable), compared to \$9,843,419 the prior year. The decrease in governmental debt is due to principal payments on debt outstanding. The decrease in business-type activity debt is also 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 page 30 through 34.

Long-Term Debt
Years ended June 30, 2017 and 2016

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
General Obligation Bonds	\$ 915,000	\$ 1,385,000	\$ -	\$ -	\$ 915,000	\$ 1,385,000
Pension Obligation Bonds	1,320,000	1,380,000	-	-	1,320,000	1,380,000
Capital Lease/Loans	864,337	968,740	-	-	864,337	968,740
Notes Payable	239,128	-	9,354,824	9,614,013	9,593,952	9,614,013
Bond Premium	25,786	-	172,055	229,406	197,841	229,406
<i>Total Net Position</i>	<u>\$ 3,364,251</u>	<u>\$ 3,733,740</u>	<u>\$ 9,526,879</u>	<u>\$ 9,843,419</u>	<u>\$ 12,891,130</u>	<u>\$ 13,577,159</u>

ECONOMIC FACTORS 2017

The City of Dallas has a mixed tax base, comprised of residential and commercial properties. Residential property accounts for the highest percentage of the tax base. The Oregon economy continued to improve in 2017, which is also true for the City. The City had expansion in both commercial and residential development. The three largest projects were the elementary school renovations by the Dallas School District, the Polk County Community Service facility renovation and the Jiffy Lube construction, totaling more than \$10 million. In 2017, the City issued 140 single family building permits, which is up from the 91 issued in 2016. The new residential building added approximately \$25.7 million to the City's assessed value. The increase is due to still low interest rates, an expanding economy and a larger number of available residential building lots. It is worth noting that the City had 7 subdivisions submitted in 2017 to go along with the five submitted in 2016. Overall, the population of the City of Dallas is continuing to see growth year over year. Portland State population growth estimates show the City of Dallas grew 1.4% this year and now has an estimated population of 15,570.

The 2017 unemployment rate in the Dallas area is 4.6%, which is down from 5.5% in 2016. The Dallas area unemployment rate continues to closely mirror the National and State of Oregon unemployment rates, which continue to go down at similar rates. The per capita personal income for the Dallas region is up over last year, but continues to be well behind the Oregon average.

Property taxes, franchise fees and charges for services are the three primary funding sources for the General Fund of the City. Of the three, property tax revenue is the largest single revenue stream the City's General Fund has, but the State laws capping property tax rates and maximum yearly increases does not allow this revenue stream to keep up with expenditures. The strong economy has helped general fund revenues increase, making it easier to balance the budget than in recent years. This year, the City was able to add several new employees as well as equipment and capital projects.

Overall, the business climate in the City of Dallas has been stable, but more growth is needed. To help with this, the city hired an Economic Development Director to assist existing businesses and help recruit new ones. AJ Foscoli, the new Economic Development Director, started in April and has been involved in several commercial and industrial projects both for existing businesses and new recruits to the community. The Dallas Area Chamber of Commerce is continuing to work hard to rebuild its membership. The recently created Dallas Downtown Association (DDA) is continuing their efforts to help improve the downtown by spearheading downtown business events, as well as the 2017 Great American Eclipse festivities. The DDA, for the second year in a row raised enough money to hire a RARE participant. This eleven month employee will continue to help strengthen the DDA organization and set the organization on a path to succeed over the long term.

In 2017, the City added a number of new businesses, though none of these located downtown which is still suffering from a number of vacancies. As mentioned above, Jiffy Lube, Polk County Community Service and the Dallas School District all undertook sizable investments in Dallas. The City is in the process of assessing the remaining commercial property available to determine where and when additional commercially zoned property will be needed. We are also working with regional and state organizations to market the industrial zoned property that is readily available. Over the past year, the city has collaborated with these organizations on a large industrial project that could have the initial investment of at least \$130 million in phase 1, with additional investment of between \$50-70 million in subsequent phases.

REQUESTS FOR INFORMATION

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

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CITY OF DALLAS
POLK COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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**CITY OF DALLAS
POLK COUNTY, OREGON**

**STATEMENT OF NET POSITION
June 30, 2017**

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current Assets			
Cash and Investments	\$ 11,925,987	\$ 2,855,262	\$ 14,781,249
Cash Held with County	35,426	-	35,426
Accounts Receivable, net	561,855	252,111	813,966
Property Taxes Receivable	310,117	-	310,117
Inventory	2,821	141,267	144,088
Total Current Assets	<u>12,836,206</u>	<u>3,248,640</u>	<u>16,084,846</u>
Noncurrent Assets:			
Capital Assets:			
Nondepreciable	892,046	923,385	1,815,431
Depreciable, net	51,994,839	32,043,201	84,038,040
Total Noncurrent Assets	<u>52,886,885</u>	<u>32,966,586</u>	<u>85,853,471</u>
Total Assets	<u>65,723,091</u>	<u>36,215,226</u>	<u>101,938,317</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows Related to Pension - PERS	<u>3,978,071</u>	<u>583,796</u>	<u>4,561,867</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 69,701,162</u>	<u>\$ 36,799,022</u>	<u>\$ 106,500,184</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 302,085	\$ 426,274	\$ 728,359
Interest Payable	20,144	82,789	102,933
Deposit Payable	213,513	-	213,513
Current Portion of Compensated Absences	80,459	9,557	90,016
Current Portion of Long-term Debt	697,192	2,219,824	2,917,016
Total Current Liabilities	<u>1,313,393</u>	<u>2,738,444</u>	<u>4,051,837</u>
Noncurrent Liabilities:			
Net Pension Liability - PERS	7,500,358	1,100,703	8,601,061
Noncurrent Portion of Compensated Absences	241,377	28,670	270,047
Noncurrent Portion of Long-term Debt	2,667,059	7,307,055	9,974,114
Total Noncurrent Liabilities	<u>10,408,794</u>	<u>8,436,428</u>	<u>18,845,222</u>
Total Liabilities	<u>11,722,187</u>	<u>11,174,871</u>	<u>22,897,058</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pension - PERS	<u>300,889</u>	<u>44,157</u>	<u>345,046</u>
NET POSITION:			
Net Investment in Capital Assets	49,522,634	23,439,707	72,962,341
Restricted	9,100,601	-	9,100,601
Unrestricted	(945,149)	2,140,287	1,195,138
Total Net Position	<u>57,678,086</u>	<u>25,579,994</u>	<u>83,258,080</u>
Total Liabilities, Deferred Inflows of Resources, Net Position	<u>\$ 69,701,162</u>	<u>\$ 36,799,022</u>	<u>\$ 106,500,184</u>

See accompanying notes to basic financial statements.

**CITY OF DALLAS
POLK COUNTY, OREGON**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2017**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government				
Governmental Activities				
General Government	\$ 2,618,629	\$ 1,978,726	\$ -	\$ -
Public Safety	7,462,693	1,707,545	93,000	-
Highways and Streets	776,622	80,333	-	-
Culture and Recreations	833,397	203,841	-	41,929
Community Development	2,434,292	537,447	2,408	-
Interest on Long-Term Debt	157,956	-	-	-
Total Governmental Activities	14,283,589	4,507,892	95,408	41,929
Business-Type Activities				
Sewer	2,584,857	3,190,523	-	469,800
Water	2,587,227	2,378,309	-	509,750
Storm Water	159,480	200,049	-	383,600
Total Business-Type Activities	5,331,564	5,768,881	-	1,363,150
Total Primary Government	\$ 19,615,153	\$ 10,276,773	\$ 95,408	\$ 1,405,079

See accompanying notes to the basic financial statements

**CITY OF DALLAS
POLK COUNTY, OREGON**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2017**

	Program Revenues			Total
	Net Revenue (Expenses)	Governmental Activities	Business-Type Activities	
Functions/Programs				
Primary Government				
Governmental Activities				
General Government	\$ (639,903)	\$ (639,903)	\$ -	\$ (639,903)
Public Safety	(5,662,148)	(5,662,148)	-	(5,662,148)
Highways and Streets	(696,289)	(696,289)	-	(696,289)
Culture and Receptions	(587,627)	(587,627)	-	(587,627)
Community Development	(1,894,437)	(1,894,437)	-	(1,894,437)
Interest on Long-Term Debt	(157,956)	(157,956)	-	(157,956)
Total Governmental Activities	(9,638,360)	(9,638,360)	-	(9,638,360)
Business-Type Activities				
Sewer	1,075,466	-	1,075,466	1,075,466
Water	300,832	-	300,832	300,832
Storm Water	424,169	-	424,169	424,169
Total Business-Type Activities	1,800,467	-	1,800,467	1,800,467
Total Primary Government	\$ (7,837,893)	(9,638,360)	1,800,467	(7,837,893)
General Revenues:				
Property Taxes, Levied for General		3,795,099	-	3,795,099
Property Taxes, Levied for Debt Service		515,650	-	515,650
Property Taxes, Levied for Urban Renewal		144,976	-	144,976
Public Service Taxes		1,376,961	-	1,376,961
Franchise Fees		1,185,056	-	1,185,056
Interest and Investment earnings		79,024	62,471	141,495
Loss on Sale of Capital Assets		(784)	-	(784)
Other Revenues		662,381	955,826	1,618,207
Transfers		1,025,000	(1,025,000)	-
Total General Revenues		8,783,363	(6,703)	8,776,660
Change in Net Position		(854,997)	1,793,764	938,767
Beginning Net Position		58,638,952	23,786,230	82,425,182
Prior Period Adjustment		(105,869)	-	(105,869)
Ending Net Position		\$ 57,678,086	\$ 25,579,994	\$ 83,258,080

See accompanying notes to the basic financial statements

**CITY OF DALLAS
POLK COUNTY, OREGON**

**COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2017

	GENERAL FUND	STREET FUND	GENERAL OBLIGATION BOND FUND
ASSETS:			
Cash and Investments	\$ 1,507,152	\$ 1,079,781	\$ 356,333
Cash Held with County	29,852	-	4,386
Accounts Receivable	482,610	78,945	-
Property Taxes Receivable	257,451	-	43,031
Due from Other Funds	375,659	-	-
Total Assets	\$ 2,652,724	\$ 1,158,726	\$ 403,750
LIABILITIES:			
Liabilities:			
Accounts Payable and Other Current Liabilities	\$ 179,973	\$ 30,952	\$ -
Deposit Payable	213,513	-	-
Due to Other Funds	-	-	-
Total Liabilities	393,486	30,952	-
Deferred inflows:			
Unavailable Property Taxes Revenues	257,451	-	43,031
Total Deferred inflows	257,451	-	43,031
Fund Balances:			
Restricted for:			
Debt	-	-	360,719
Urban Renewal Projects	-	-	-
Streets	-	1,127,774	-
System Development	-	-	-
Committed for:			
Community Development	-	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Assigned	-	-	-
Unassigned	2,001,787	-	-
Total Fund Balances	2,001,787	1,127,774	360,719
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 2,652,724	\$ 1,158,726	\$ 403,750

Continued on page 3B

See accompanying notes to basic financial statements.

**CITY OF DALLAS
POLK COUNTY, OREGON**

**COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2017

	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL	TOTAL
ASSETS:			
Cash and Investments	\$ 7,460,165	\$ 1,080,478	\$ 11,483,909
Cash Held with County	-	1,188	35,426
Accounts Receivable	-	-	561,555
Property Taxes Receivable	-	9,635	310,117
Due from Other Funds	-	-	375,659
	<u>7,460,165</u>	<u>1,091,301</u>	<u>12,766,666</u>
Total Assets	<u>\$ 7,460,165</u>	<u>\$ 1,091,301</u>	<u>\$ 12,766,666</u>
LIABILITIES:			
Liabilities:			
Accounts Payable and Other Current Liabilities	\$ 69,752	\$ 10,416	\$ 291,093
Deposit Payable	-	-	213,513
Due to Other Funds	375,659	-	375,659
	<u>445,411</u>	<u>10,416</u>	<u>880,265</u>
Total Liabilities	<u>445,411</u>	<u>10,416</u>	<u>880,265</u>
Deferred inflows:			
Unavailable Property Taxes Revenues	-	9,635	310,117
	<u>-</u>	<u>9,635</u>	<u>310,117</u>
Total Deferred inflows	<u>-</u>	<u>9,635</u>	<u>310,117</u>
Fund Balances:			
Restricted for:			
Debt	-	-	360,719
Urban Renewal Projects	-	450,199	450,199
Streets	-	-	1,127,774
System Development	7,161,909	-	7,161,909
Committed for:			
Community Development	-	166,342	166,342
Debt Service	-	11	11
Capital Projects	234,497	-	234,497
Assigned	-	454,698	454,698
Unassigned	(381,652)	-	1,620,135
	<u>7,014,754</u>	<u>1,071,250</u>	<u>11,576,284</u>
Total Fund Balances	<u>7,014,754</u>	<u>1,071,250</u>	<u>11,576,284</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 7,460,165</u>	<u>\$ 1,091,301</u>	<u>\$ 12,766,666</u>

Continued from page 3A

See accompanying notes to basic financial statements.

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**CITY OF DALLAS
POLK COUNTY, OREGON**

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
June 30, 2017**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

Fund Balances - Governmental Funds	\$	11,576,284
Fund Balances - Internal Service Fund		431,386

The net pension asset (liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries - PERS.

Governmental Funds	\$	(7,274,759)
Internal Service Fund		(225,599)
		(7,500,358)

Deferred inflows and outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.

Net Pension Related Deferrals - Governmental Funds		
Deferred Inflows - PERS		(291,839)
Deferred Outflows - PERS		3,858,417
Net Pension Related Deferrals - Internal Service Fund		
Deferred Inflows - PERS		(9,050)
Deferred Outflows - PERS		119,654

The cost of capital assets is reported as an expenditure in governmental funds. The statement of net position includes those capital assets among the assets of the City as a whole.

Net Capital Assets - Governmental Funds	\$	52,455,689
Net Capital Assets - Internal Service Fund		431,196
		52,886,885

Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.

Accrued Compensated Absences - Governmental Funds	\$	(308,219)
Accrued Compensated Absences - Internal Service Fund		(13,617)
		(321,836)

Other long-term assets/liabilities are not available to pay for current-period expenditures and therefore are not recognized in the funds.

Long term Liabilities:		
Bonds Payable	\$	(2,235,000)
Loans Payable		(864,337)
Notes Payable		(239,128)
Interest Payable		(20,144)
Bond Premium		(25,786)
		(3,384,395)

Property taxes collected after year end but not available soon enough to pay for current obligations are unearned in governmental funds but are recognized as revenue in the Statement of Activities

Unearned Revenue and unavailable property taxes		310,117
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The cost of inventory is reported as an expenditure in governmental funds. The statement of net position includes this inventory among the assets of the City as a whole.

Inventory - Internal Service Fund		2,821
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Total Net Position	\$	57,678,086
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See accompanying notes to basic financial statements.

CITY OF DALLAS
POLK COUNTY, OREGON

**COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017**

	GENERAL FUND	STREET FUND	GENERAL OBLIGATION BOND FUND
REVENUES:			
Property Taxes	\$ 3,771,753	\$ -	\$ 511,748
Public Service Taxes	391,269	910,096	-
Franchise Fees	1,185,056	-	-
Grants or Intergovernmental	-	-	-
Charges for Service	1,940,726	-	-
Licenses and Permits	206,502	-	-
Fines and Forfeitures	217,196	-	-
Interest	44,335	24,041	-
Miscellaneous	335,030	41,945	2,206
Total Revenues	8,091,867	976,082	513,954
EXPENDITURES:			
General Government	1,415,670	-	-
Public Safety	5,523,810	-	-
Highways and Streets	-	574,813	-
Culture and Recreation	488,868	-	-
Community Development	1,273,841	-	-
Capital Outlay	-	372,183	-
Debt Service			
Principal	104,403	-	470,000
Interest	26,788	-	54,959
Total Expenditures	8,833,380	946,996	524,959
Excess of Revenues Over, (Under) Expenditures	(741,513)	29,086	(11,005)
Other Financing Sources, (Uses)			
Interfund Loans Proceeds (Incomes)	-	-	-
Interfund Loans Proceeds (Payments)	(90,632)	-	-
Transfers In	1,381,576	-	-
Transfers Out	(703,100)	(83,500)	-
Total Other Financing Sources, (Uses)	587,844	(83,500)	-
Net Change in Fund Balance	(153,669)	(54,414)	(11,005)
Fund Balance - Beginning	2,155,456	1,182,188	371,724
Fund Balance - End of Year	\$ 2,001,787	\$ 1,127,774	\$ 360,719

Continued on page 5B

See accompanying notes to basic financial statements.

**CITY OF DALLAS
POLK COUNTY, OREGON**

**COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017**

	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL	TOTAL
REVENUES:			
Property Taxes	\$ -	\$ 144,102	\$ 4,427,603
Public Service Taxes	-	75,596	1,376,961
Franchise Fees	-	-	1,185,056
Grants or Intergovernmental	137,337	-	137,337
Charges for Service	-	-	1,940,726
Licenses and Permits	1,098,856	550,818	1,856,176
Fines and Forfeitures	-	-	217,196
Interest	-	10,648	79,024
Miscellaneous	262,599	279,722	921,502
Total Revenues	1,498,792	1,060,886	12,141,581
EXPENDITURES:			
General Government	-	37,338	1,453,008
Public Safety	-	-	5,523,810
Highways and Streets	-	-	574,813
Culture and Recreation	-	127,966	616,834
Community Development	-	527,888	1,801,729
Capital Outlay	1,630,594	29,755	2,032,532
Debt Service			
Principal	22,369	60,000	656,772
Interest	3,459	68,620	153,826
Total Expenditures	1,656,422	851,567	12,813,324
Excess of Revenues Over, (Under) Expenditures	(157,630)	209,319	(671,743)
Other Financing Sources, (Uses)			
Interfund Loans Proceeds (Incomes)	120,632	-	120,632
Interfund Loans Proceeds (Payments)	-	-	(90,632)
Transfers In	546,747	421,000	2,349,323
Transfers Out	(446,945)	(130,378)	(1,363,923)
Total Other Financing Sources, (Uses)	220,434	290,622	1,015,400
Net Change in Fund Balance	62,804	499,941	343,657
Fund Balance - Beginning	6,951,950	571,309	11,232,627
Fund Balance - End of Year	\$ 7,014,754	\$ 1,071,250	\$ 11,576,284

Continued from page 5A

See accompanying notes to basic financial statements.

**CITY OF DALLAS
POLK COUNTY, OREGON**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS - TO
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2017**

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

Excess of Revenues over Expenditures - Governmental Funds	\$	343,657
Excess of Revenues over Expenditures - Internal Service Funds		100,177

The pension expense represents the changes in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.

Pension Expense - Governmental Funds	\$	(696,429)	
Pension Expense - Internal Service Fund		<u>(6,087)</u>	(702,516)

Governmental funds 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 capital outlays exceeded depreciation in the current period.

Capital Asset Additions	\$	2,526,331	
Loss on Disposal of Capital Assets		(784)	
Depreciation Expense - Governmental Funds		(3,399,576)	
Depreciation Expense - Internal Service Fund		<u>(97,821)</u>	(971,850)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available.

Changes in Compensated Absences - Governmental Funds	(53,487)
Changes in Compensated Absences - Internal Service Fund	(3,138)
Change in Accrued Interest	(4,130)
Debt Principal Payments	669,668
Proceeds from New Debt	(261,500)

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.

		<u>28,122</u>
Change in Net Position	\$	<u><u>(854,997)</u></u>

See accompanying notes to basic financial statements.

**CITY OF DALLAS
POLK COUNTY, OREGON**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	SEWER FUND	WATER FUND	STORM WATER FUND	TOTAL	INTERNAL SERVICE FUND
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:					
Current Assets:					
Cash and Investments	\$ 994,242	\$ 1,760,154	\$ 100,866	\$ 2,855,262	\$ 442,078
Accounts Receivable, net	139,630	103,906	8,575	252,111	300
Inventory	25,756	115,511	-	141,267	2,821
Total Current Assets	1,159,628	1,979,571	109,441	3,248,640	445,199
Noncurrent Assets					
Nondepreciable Capital Assets	663,527	259,858	-	923,385	7,010
Depreciable Capital Assets, net	16,168,244	15,310,502	564,455	32,043,201	424,186
Total Noncurrent Assets	16,831,771	15,570,360	564,455	32,966,586	431,196
Deferred Outflows of Resources					
Deferred Outflows Related to Pension - PERS	305,459	226,128	52,209	583,796	119,654
Total Assets and Deferred Outflows of Resources	\$ 18,296,858	\$ 17,776,059	\$ 726,105	\$ 36,799,022	\$ 996,049
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION:					
Current Liabilities:					
Accounts Payable and Accrued Expenses	\$ 231,357	\$ 194,728	\$ 189	\$ 426,274	\$ 10,992
Interest Payable	44,339	38,450	-	82,789	-
Interfund Loan Payable	-	-	-	-	40,000
Accrued Compensated Absences - Current	4,604	4,161	792	9,557	3,404
Bonds Payable - Current	917,300	1,302,524	-	2,219,824	-
Total Current Liabilities	1,197,600	1,539,863	981	2,738,444	54,396
Long Term Liabilities					
Accrued Compensated Absences	13,811	12,484	2,375	28,670	10,213
Bonds Payable	2,731,755	4,575,300	-	7,307,055	-
Net Pension Liability - PERS	575,920	426,347	98,436	1,100,703	225,599
Total Long Term Liabilities	3,321,486	5,014,131	100,811	8,436,428	235,812
Total Liabilities	4,519,086	6,553,994	101,791	11,174,871	290,208
Deferred Inflows of Resources:					
Deferred Inflow Related to Pension - PERS	23,104	17,104	3,949	44,157	9,050
Net Position					
Net Investment in Capital Assets	13,182,716	9,692,536	564,455	23,439,707	431,196
Unrestricted	571,952	1,512,425	55,910	2,140,287	265,595
Total Net Position	13,754,668	11,204,961	620,365	25,579,994	696,791
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 18,296,858	\$ 17,776,059	\$ 726,105	\$ 36,799,022	\$ 996,049

See accompanying notes to basic financial statements.

**CITY OF DALLAS
POLK COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2017**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	SEWER FUND	WATER FUND	STORM WATER FUND	TOTAL	INTERNAL SERVICE FUND
OPERATING REVENUES:					
Charges for Services	\$ 3,190,523	\$ 2,378,309	\$ 200,049	\$ 5,768,881	\$ 493,794
Miscellaneous	90,631	98,867	7,173	196,671	2,379
Total Operating Revenues	3,281,154	2,477,176	207,222	5,965,552	496,173
OPERATING EXPENSES:					
Personnel Services	512,779	487,591	120,237	1,120,607	227,474
Materials and Services	1,072,462	825,138	34,984	1,932,584	187,345
Debt Service - Principal	137,558	619,360	-	756,918	-
Depreciation and Amortization	802,301	541,464	4,259	1,348,024	97,823
Total Operating Expenses	2,525,100	2,473,553	159,480	5,158,133	512,642
Operating Income (Loss)	756,054	3,623	47,742	807,419	(16,469)
NON-OPERATING INCOME (EXPENSE):					
Interest Income	19,465	41,015	1,991	62,471	-
Interest Expense	(59,757)	(113,674)	-	(173,431)	-
Total Non-operating Income (Expense)	(40,292)	(72,659)	1,991	(110,960)	-
Net Income (Loss) Before Operating Transfers	715,762	(69,036)	49,733	696,459	(16,469)
OPERATING TRANSFERS:					
Interfund Loan Proceeds (Income)	192,561	566,594	-	759,155	-
Transfers In	-	-	-	-	89,600
Transfers Out	(551,000)	(445,000)	(29,000)	(1,025,000)	(50,000)
Net Income (Loss) Before Contributions	357,323	52,558	20,733	430,614	23,131
CAPITAL CONTRIBUTIONS:					
Capital Contributions	469,800	509,750	383,600	1,363,150	-
Change in Net Position	827,123	562,308	404,333	1,793,764	23,131
Beginning Net Position	12,927,545	10,642,653	216,032	23,786,230	673,660
Ending Net Position	\$ 13,754,668	\$ 11,204,961	\$ 620,365	\$ 25,579,994	\$ 696,791

See accompanying notes to basic financial statements.

**CITY OF DALLAS
POLK COUNTY, OREGON**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2017**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	SEWER FUND	WATER FUND	STORM WATER FUND	TOTAL	INTERNAL SERVICE FUND
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 3,282,598	\$ 2,476,727	\$ 207,623	\$ 5,966,948	\$ 495,873
Cash Payments to Suppliers	(1,190,804)	(1,710,833)	(35,764)	(2,937,401)	(237,789)
Cash Payments to Employees	(530,343)	(410,826)	(95,229)	(1,036,398)	(218,249)
Net Cash From Operations	<u>1,561,451</u>	<u>355,068</u>	<u>76,630</u>	<u>1,993,149</u>	<u>39,835</u>
Cash Flows From Non-Capital Financing Activities:					
Transfers to Other Funds	(610,757)	(558,674)	(29,000)	(1,198,431)	(50,000)
Miscellaneous Non-Operating Revenue	-	-	-	-	-
Net Cash (Used) By Non-Capital Financing Activities	<u>(610,757)</u>	<u>(558,674)</u>	<u>(29,000)</u>	<u>(1,198,431)</u>	<u>(50,000)</u>
Cash Flows From Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	(426,093)	(369,176)	(21,314)	(816,583)	-
Debt Principal Repayments	(1,644,365)	(4,986,104)	-	(6,630,469)	-
Proceeds from Issuance of Debt	926,923	5,387,006	-	6,313,929	-
Net Cash (Used) By Capital and Related Financing Activities	<u>(1,143,535)</u>	<u>31,726</u>	<u>(21,314)</u>	<u>(1,133,123)</u>	<u>-</u>
Cash Flows From Investing Activities					
Investment Income	212,026	607,609	1,991	821,626	89,600
Net Cash Provided By Investing Activities	<u>212,026</u>	<u>607,609</u>	<u>1,991</u>	<u>821,626</u>	<u>89,600</u>
Net Increase (Decrease) In Cash and Investments	19,185	435,729	28,307	483,221	79,435
Cash and Investments at Beginning of Year	<u>975,057</u>	<u>1,324,425</u>	<u>72,559</u>	<u>2,372,041</u>	<u>362,643</u>
Cash and Investments at End of Year	<u>\$ 994,242</u>	<u>\$ 1,760,154</u>	<u>\$ 100,866</u>	<u>\$ 2,855,262</u>	<u>\$ 442,078</u>
Reconciliation of Cash Flows From Operating Activities to Operating Income					
Operating Income	\$ 756,054	\$ 3,623	\$ 47,742	\$ 807,419	\$ (16,469)
Adjustments					
Depreciation/Amortization	802,301	541,464	4,259	1,348,024	97,823
(Increase), Decrease in Accounts Receivable	1,444	(449)	401	1,396	(300)
(Increase), Decrease in Supply Inventory	1,908	(3,216)	-	(1,308)	-
Increase, (Decrease) in Accounts Payable	29,073	(226,022)	(780)	(197,729)	(20,444)
Increase, (Decrease) in Accrued Compensated Absences	(1,974)	(4,182)	(633)	(6,789)	3,138
Increase, (Decrease) in Interest Payable	(11,765)	(37,097)	-	(48,862)	-
Increase, (Decrease) in Net Pension Liability	(15,590)	80,947	25,641	90,998	6,087
Increase, (Decrease) in Interfund Loan Payable	-	-	-	-	(30,000)
Net Cash From Operations	<u>\$ 1,561,451</u>	<u>\$ 355,068</u>	<u>\$ 76,630</u>	<u>\$ 1,993,149</u>	<u>\$ 39,835</u>

See accompanying notes to basic financial statements.

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CITY OF DALLAS
POLK COUNTY, OREGON

BASIC FINANCIAL STATEMENTS NOTES

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CITY OF DALLAS
POLK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic 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.

A. THE FINANCIAL REPORTING ENTITY

The City of Dallas, Oregon (the "City") is governed by an elected mayor and elected 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. As required by the Generally Accepted Accounting Principles, all activities of the City have been included in these basic financial statements.

The basic financial statements include all financial activities, organizations, and functions for which the City Council has financial accountability as defined by GASB Statement 61. The financial reporting consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City of Dallas's basic financial statements include the Dallas Community Development Commission Urban Renewal Agency and is reported as blended governmental fund. Blended component units, although legally separate entities are, in substance, part of the governments operations and data from these units are combined with data of the primary government. The City Council and Board of Directors and Dallas Community Development Commission Urban Renewal Agency are composed of the same individuals. Therefore, the City has operational responsibility over the Agency.

B. BASIC FINANCIAL STATEMENTS

The Basic financial statements are presented at both the governmental-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIC FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental or proprietary. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the basic financial statements and are detailed in the supplemental information.

C. BASIS OF PRESENTATION

The financial transactions are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

There are stated minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Management may present any fund as major, regardless of whether percentage requirements are met, if they determine this presentation is warranted due to non-quantitative factors.

These are the major governmental funds:

General Fund - This is the primary operating fund. It accounts for all the financial operations except those required to be accounted for in another fund. Principal sources of revenue are property taxes, licenses and permits, state shared revenues and charges for administrative services from other funds. Primary expenditures are for general government, police protection and capital outlay.

Street Fund - This 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.

General Obligation Bond Fund - This fund accounts is to take in property tax revenue to cover the City's general obligation debt, debt that is associated with the construction of the Aquatic Center.

Capital Projects Fund - This fund accounts is designed to handle all the capital project expenditures for the General Fund departments.

Additionally, the non-major special revenue funds and non-major general debt service funds are reported within the governmental fund type. Non-major special revenue funds include Risk Management Fund, Building Inspections Fund, Trust/Reserve Fund and Urban Renewal Fund.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION (CONTINUED)

Each of the three proprietary funds are major funds. These funds are used to account for the acquisition, operation, and maintenance of the sewer, water and storm water systems. These funds are predominately self-supported through user charges to customers. The proprietary funds are:

- Sewer Fund
- Water Fund
- Storm Water Fund

Additionally, a non-major fund reported within the proprietary fund type.

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.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

Government-wide Financial Statements and Proprietary Funds Financial Statements are presented on a full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on equity or a fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of the timing of related cash inflows and outflows.

Governmental Fund Financial Statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. This focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources are reported. Similar to the connection between an economic resource measurement focus and full accrual accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Property taxes, franchise fees, licenses and permits, and interest associated with the current financial period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if received within 60 days of year end. All other revenues are considered to be measurable and available only when cash is received.

An unavailable revenue liability arises in the Governmental Funds Balance Sheet when revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes not deemed available to finance operations of the current period. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue is recognized as soon as it is earned regardless of its availability. Thus, the liability created on the Governmental Fund Balance Sheet for unavailable revenue is eliminated. Unearned and unavailable revenues also arise outside the scope of measurement focus and basis of accounting, such as when resources are received before there is legal claim to them. For instance, when grant moneys are received prior to the incurrence of qualifying expenditures.

CITY OF DALLAS
POLK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due. Vested compensated absences are recorded as expenditures only to the extent that they are expected to be liquidated with expendable financial resources. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status are recognized. Thus, the expense and related accrued liability for long-term portions of debt and compensated absences must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is provided to explain the differences between the fund based financial statements and the governmental column of the government-wide presentation. This reconciliation is part of the basic financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the Water, Storm Water, and Wastewater Funds are charges to customers for sales and services. Operating expenses for enterprises funds include the cost of sales and services, administrative expenses and overhead, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

A common cash and investment pool is maintained. All short-term, highly liquid investments, including investments in the State Treasurer's Local Government Investment Pool (LGIP) where the remaining maturity at the time of purchase is one year or less are stated at amortized cost, which approximates fair value. Investments with a remaining maturity at the time of purchase of more than one year are stated at fair value. Fair value is determined as the quoted market price if available otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties. Earnings on pooled cash and investments are credited to each fund monthly based on the average daily balance of each participating fund.

Pooled cash and investments have the general characteristics of a demand deposit account in that any participating fund may deposit additional cash at any time and may also withdraw cash at any time without prior notice or penalty.

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

Receivables and Payables

Activity between funds that represents lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)

Receivables and Payables (Continued)

Recorded property taxes receivable that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as unearned revenue. Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are shown in the government-wide Statement of Net Position. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

Receivables of the enterprise funds are recognized as revenue when earned, including services provided but not billed. Receivables in governmental and enterprise funds are stated net of an allowance for uncollectible accounts.

Inventories

Inventories purchased are valued at cost (first-in, first-out method). Inventory is recorded as expenditures when received rather than as consumed in the governmental funds.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition at the date of donation.

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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	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.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)

Accrued Compensated Absences and Sick Pay

Accumulated vested vacation and compensatory pay is accrued as it is earned. For governmental funds, compensation not expected to be liquidated with current resources is not reported as a liability and represents a reconciling item between the fund-level and government-wide presentations. In business-type/enterprise funds, both the current and long-term liabilities are recorded.

Sick pay, which does not vest, is recognized in the applicable funds when leave is taken.

Long-Term Debt

In the government-wide financial statements, and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund-type financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Use of Estimates

In preparing the basic financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position

Net position comprises the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)

Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The authority to classify portions of ending fund balances as assigned has been granted to the City Administrator and the Office/Accounting Manager.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The following order of spending regarding fund balance categories is followed: restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

There were no nonspendable or assigned fund balances at June 30, 2017.

Deferred Outflows/Inflows of Resources

In addition to assets, the basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2017, there were pension related deferred outflows of \$4,561,867 in the Statement of Net Position.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents 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 has two types of items which qualify for reporting in this category. The first item, unavailable revenue of \$310,117, is reported only in the governmental funds balance sheet for property taxes. At June 30, 2017, there were also deferred inflows of \$345,046 in the Statement of Net Position representing pension related deferrals.

F. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294-Local Budget Law). The process under which the budget is adopted is described in the following paragraphs.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION (CONTINUED)

Each April, the City Budget Officer submits a proposed budget to the Budget Committee (consisting of the City Council and an equal number of citizens of the City). The City is required to budget all funds. The budget is prepared for each fund on the modified accrual basis of accounting. For all fund types, inter-fund loans are budgeted as sources and uses in accordance with state budget laws. Estimated receipts and expenditures are budgeted for by fund and function. Information on the past two years' actual receipts and expenditures and current-year estimates are included in the budget document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10% by Council without returning to the Budget Committee for a second approval. After the Council adopts the budget and certifies the total of ad valorem taxes to be levied, no additional tax levy may be made for that fiscal year.

The City Council legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is at the function group level (i.e., personnel services, materials and services, capital outlay, debt service, interfund transfers, and contingency). Appropriations lapse as of year-end.

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 be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the City Council. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may transfer budget amounts between individual line items within the function group, but cannot make changes to the function groups themselves, which is the legal level of control.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenses of the various funds were within authorized appropriations for the year ended June 30, 2017 except for the Capital Projects Fund, where Debt Service interest was overexpended by \$2, and the Water Enterprise Fund, where Materials and Services was overexpended by \$2,752.

3. CASH AND INVESTMENTS

Cash and investment balances are maintained in a common pooled account. Investment income is allocated monthly based on each fund's average cash balance.

Cash and investments are comprised of the following at June 30, 2017:

Deposits with financial institutions	\$ 1,159,297
Online Xpress	64,370
Security Bond	996,058
Oregon State Treasurer's Local Government Investment Pool	<u>12,561,524</u>
Total	<u>\$ 14,781,249</u>

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (CONTINUED)

Cash and investments are reflected in the government-wide Statement of Net Position as follows:

Governmental Activities	\$ 11,925,987
Business-Type Activities	<u>2,855,262</u>
Total cash and investments	<u>\$ 14,781,249</u>

Deposits

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at approved depositories as identified by the Treasury.

Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2017, \$257,683 of the bank balance was insured by the FDIC, and the remaining balance of \$1,402,404 was deposited at an approved depository as prescribed by the Oregon State Treasurer. Of the City's bank balances, \$996,058 were exposed to custodial credit risk as they were collateralized under PFCP.

Investments

The investment policy is to follow the State statutes governing cash management. Oregon Revised Statutes authorize investing in obligations of the U.S. Treasury, U.S. government agencies and instrumentalities, bankers' acceptances guaranteed by an Oregon financial institution, repurchase agreements, State of Oregon Treasury Local Government Investment Pool, various interest bearing bonds of Oregon municipalities, certificates of deposit, and certain commercial paper among other investments.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2017 there were the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-18</u>	<u>18-59</u>
Security Bond	\$ 996,058	\$ -	\$ -	\$ 996,058
State Treasurer's Investment Pool	12,561,524	12,561,524	-	-
Total	<u>\$ 13,557,582</u>	<u>\$ 12,561,524</u>	<u>\$ -</u>	<u>\$ 996,058</u>

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB, which the City has submitted and approved an investment policy to OSTFB for the above Security Bond. Exposure to declines in fair values is managed by limiting the weighted average maturity of the investment portfolio to levels required by State statute.

Credit Risk - Investment

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from U.S. Government Agencies. The investments in U.S. Government Agencies were rated AAA by Standard & Poor's and AAA by Moody's Investor Service. The State Pool is unrated.

Oregon Revised Statutes require banker's acceptances to be guaranteed by and carried on the books of a qualified financial institution, eligible for discount by Federal Reserve System, and issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations. There were no investments in banker's acceptances at June 30, 2017.

Concentration of Credit Risk

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

4. NET POSITION

The government-wide statement of net position reports \$9,100,601 of restricted net position, of which \$8,289,683 is restricted by enabling legislation.

5. INVENTORY

Inventory is maintained for the governmental and proprietary for normal use in day to day activities and for city projects. At June 30, 2017, the total amount of inventory on hand for all funds was \$144,088.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2017 was as follows:

	Balance <u>07/01/16</u>	Increases	Decreases	Balance <u>06/30/17</u>
Capital Assets, non-depreciable				
Land and Land Improvements	\$ 892,046	\$ -	\$ -	\$ 892,046
Total Non-Depreciable	<u>892,046</u>	<u>-</u>	<u>-</u>	<u>892,046</u>
Capital Assets, depreciable				
Infrastructure	75,088,531	1,160,702	-	76,249,233
Buildings and Improvments	15,312,869	622,403	-	15,935,272
Machinery and Equipment	10,004,269	743,226	(15,683)	10,731,812
Total Depreciable	<u>100,405,669</u>	<u>2,526,331</u>	<u>(15,683)</u>	<u>102,916,317</u>
Accumulated Depreciation:				
Infrastructure	(30,702,209)	(2,586,417)	-	(33,288,626)
Buildings and Improvments	(8,723,714)	(478,253)	-	(9,201,967)
Machinery and Equipment	(8,013,055)	(432,729)	14,899	(8,430,885)
Total Accumulated Depreciation	<u>(47,438,978)</u>	<u>(3,497,399)</u>	<u>14,899</u>	<u>(50,921,478)</u>
Governmental Wide Activities				
Capital Assets, Net	<u>\$ 53,858,737</u>			<u>\$ 52,886,885</u>

*Only infrastructure assets acquired on July 1, 2003 and thereafter are presented in the financial statements in accordance with GASB 34.

Deletions for the year included three vehicles which were disposed of with a remaining book value of \$784, and recorded as a loss in the Statement of Activities.

Depreciation on internal service capital assets in the amount of \$97,823 is included in general government expenses. All depreciation expense for governmental activities is charged to functions as follows:

General Government	\$ 707,206
Public Safety	1,809,427
Highways and Streets	188,335
Culture and Recreation	202,103
Community Development	<u>590,328</u>
Total depreciation expense, governmental activities	<u>\$ 3,497,399</u>

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. CAPITAL ASSETS (CONTINUED)

Capital asset activity for business-type activities for the year ended June 30, 2017 was as follows:

	Balance <u>07/01/16</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>06/30/17</u>
Capital Assets, non-depreciable				
Land and Land Improvements	\$ 731,485	\$ 191,900	\$ -	\$ 923,385
Total Non-Depreciable	<u>731,485</u>	<u>191,900</u>	<u>-</u>	<u>923,385</u>
Capital Assets, depreciable				
Buildings and Improvments	55,302,154	1,831,231	-	57,133,385
Machinery and Equipment	<u>547,338</u>	<u>156,602</u>	<u>-</u>	<u>703,940</u>
Total Depreciable	<u>55,849,492</u>	<u>1,987,833</u>	<u>-</u>	<u>57,837,325</u>
Accumulated Depreciation:				
Buildings and Improvments	(24,019,407)	(1,325,166)	-	(25,344,573)
Machinery and Equipment	<u>(426,693)</u>	<u>(22,858)</u>	<u>-</u>	<u>(449,551)</u>
Total Accumulated Depreciation	<u>(24,446,100)</u>	<u>(1,348,024)</u>	<u>-</u>	<u>(25,794,124)</u>
Business Type Activities				
Capital Assets, Net	<u>\$32,134,877</u>			<u>\$32,966,586</u>

Depreciation expense for business-type activities is charged to functions as follows:

Sewer	\$ 802,301
Water	541,464
Storm Water	<u>4,259</u>
Total depreciation expense, business-type activities	<u>\$ 1,348,024</u>

7. DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

If the link is expired please contact Oregon PERS for this information.

CITY OF DALLAS
POLK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

1. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

OPSRP Pension Program (OPSRP DB). The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2017 were \$671,043, excluding amounts to fund employer specific liabilities. In addition approximately \$279,650 in employee contributions were paid by the City during 2016-17.

Pension Asset or Liability - At June 30, 2017, the City reported a net pension liability of \$8,601,061 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was 0.057 percent.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 284,561	\$ -
Changes in assumptions	1,834,400	-
Net difference between projected and actual earnings on pension plan investments	1,699,209	-
Net changes in proportion and differences between City contributions and proportionate share of contributions	72,654	(345,046)
Subtotal - Amortized Deferrals (below)	3,890,824	(345,046)
City contributions subsequent to measurement date	671,043	-
Net deferred outflow (inflow) of resources	\$ 4,561,867	\$ (345,046)

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Subtotal amounts related to pension reported as deferred outflows of resources, \$3,890,824, and deferred inflows of resources, (\$345,046), net to \$3,545,778 and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	\$ 619,110
2019	619,110
2020	1,244,911
2021	937,607
2022	125,039
Thereafter	-
Total	<u>\$ 3,545,778</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 8, 2017. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Actuarial Valuations – The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2014 rolled forward to June 30, 2016
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.50 percent (reduced from 2.75%)
Investment rate of return	7.50 percent (reduced from 7.75%)
Projected salary increase	3.50 percent overall payroll growth; salaries for individuals are assumed to grow at 3.50 percent plus assumed rates of merit/longevity increases based on service (reduced from 3.75%). For COLA, a blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB (changed from Scale AA), with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females; changed from 65% for males and 90% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table (changed from static combined disabled mortality sex-distinct table).

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2014.

Discount Rate – The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

Source: June 30, 2014 PERS CAFR; p. 54 – 55)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-term Bonds	8.00%	3.70%
Intermediate-Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	7.71%	6.07%
<i>Assumed Inflation</i>		<i>2.75%</i>

Source: June 30, 2014 PERS CAFR; p. 54 – 55)

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	Decrease (6.50%)	Rate (7.50%)	Increase (8.50%)
City's proportionate share of the net pension liability (asset)	\$ 13,887,845	\$ 8,601,061	\$ 4,182,234

Changes Subsequent to the Measurement Date:

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016. The actuarial effect of this change on the net pension liability has not yet been determined.

As reflected in the December 31, 2014 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions passed by the 2013 Oregon Legislature, which increased the benefits projected to be paid by Employers compared to those previously developed and consequently increased plan liabilities. The employers' projected long-term contribution effort reflects the estimated impact of the Moro Decision. Following the completion of the December 31, 2014 actuarial valuation, the PERS Board adopted several assumption changes, including lowering the investment return assumption from 7.75% to 7.50%.

Individual Account Program - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Documents/GASB/2014/GASB-Disclosure-Information.pdf>

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

8. INTERFUND TRANSFERS

Interfund transfers between and amongst governmental and business-type activities are reported as net transfers in the Statement of Activities. Details of the transfers between governmental and business-type activities are as follows:

	<u>Transfer Out</u>	<u>Transfer In</u>
Governmental Funds:		
General Fund	\$ 703,100	\$ 1,381,576
Capital Projects Fund	446,945	546,747
Street Fund	83,500	-
Non-major Governmental Funds	130,378	421,000
Total Governmental Funds	<u>1,363,923</u>	<u>2,349,323</u>
Business-Type Funds:		
Sewer Fund	551,000	-
Water Fund	445,000	-
Storm Water Fund	29,000	-
Fleet Management Fund	50,000	89,600
Total Business-Type Funds	<u>1,075,000</u>	<u>89,600</u>
Total All Funds	<u>\$ 2,438,923</u>	<u>\$ 2,438,923</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.

9. INTERFUND LOANS

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

Interfund loan transfers as of June 30, 2017:

	<u>Interfund Loan Receipts</u>	<u>Interfund Loan Payments</u>
General Fund	\$ -	\$ 90,632
Capital Projects Fund	120,632	-
Fleet Management Fund	-	30,000
Total	<u>\$ 120,632</u>	<u>\$ 120,632</u>

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

10. LONG TERM OBLIGATIONS

Long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in governmental obligations, and the current portions due for each issue.

	<u>Outstanding 7/1/2016</u>	<u>Adjustment</u>	<u>Issued</u>	<u>Matured and Redeemed</u>	<u>Outstanding 6/30/2017</u>	<u>Due Within One Year</u>
Governmental Activities:						
Governmental Bonds	\$ 2,765,000	\$ -	\$ -	\$ 530,000	\$ 2,235,000	\$ 565,000
Governmental Loans	968,740	-	-	104,403	864,337	107,433
Governmental Notes	-	-	261,500	22,372	239,128	24,759
Total Debt	<u>3,733,740</u>	<u>-</u>	<u>261,500</u>	<u>656,775</u>	<u>3,338,465</u>	<u>697,192</u>
Bond Premium	-	38,679	-	12,893	25,786	-
Total Premium	<u>-</u>	<u>38,679</u>	<u>-</u>	<u>12,893</u>	<u>25,786</u>	<u>-</u>
Compensated Absences	198,021	67,190	56,625	-	321,836	80,459
Total Compensated Absences	<u>198,021</u>	<u>67,190</u>	<u>56,625</u>	<u>-</u>	<u>321,836</u>	<u>80,459</u>
Total governmental activities	<u>\$ 3,931,761</u>	<u>\$ 105,869</u>	<u>\$ 318,125</u>	<u>\$ 669,668</u>	<u>\$ 3,686,087</u>	<u>\$ 777,651</u>

A prior period adjustment of \$38,679 was made to record unrecorded bond premium for Series 2005; furthermore, a compensated absences adjustment of \$67,190 was made to correct prior year understatement (see Footnote 13).

Bonds

Series 2003: original amount \$850,000; interest rate 4.95%; final payment due June 30, 2018	\$ 90,000
Series 2005: original amount \$4,695,000; interest rates form 4.25% to 5.00%; final payment due June 1, 2019	825,000
2005 PERS Bonds: original amount \$1,585,000; interest rates from 4.38% to 5.00%; final payment due June 1, 2028	<u>1,320,000</u>
Total Bonds	<u>\$ 2,235,000</u>

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

10. LONG TERM OBLIGATIONS (CONTINUED)

Loans

2013 Urban Renewal Loan: original amount \$750,000; interest rate 2.90%; final payment due June 30, 2024	547,365
2015 Fire Pumper Loan: original amount \$385,795; interest rate 2.82%; final payment due November 30, 2024	<u>316,972</u>
Total Loans	<u>\$ 864,337</u>

Notes

2016 Radio Shack Note: original amount \$261,500; interest rate 1.50%; final payment due September 5, 2026	<u>239,128</u>
Total Loans	<u>\$ 239,128</u>

Future Governmental bonds debt service requirements are as follows:

Year Ending June 30	Series 2003		Year Ending June 30	Series 2005	
	Principal	Interest		Principal	Interest
2018	\$ 90,000	\$ 2,229	2018	\$ 405,000	\$ 33,000
2019	-	-	2019	420,000	16,800
2020	-	-	2020	-	-
2021	-	-	2021	-	-
2022	-	-	2022	-	-
2023-2027	-	-	2023-2027	-	-
2028	-	-	2028	-	-
Total	<u>\$ 90,000</u>	<u>\$ 2,229</u>	Total	<u>\$ 825,000</u>	<u>\$ 49,800</u>

Year Ending June 30	2005 PERS Bonds		Year Ending June 30	Total of All Bonds	
	Principal	Interest		Principal	Interest
2018	\$ 70,000	\$ 65,705	2018	\$ 565,000	\$ 100,934
2019	80,000	62,304	2019	500,000	79,104
2020	90,000	58,416	2020	90,000	58,416
2021	100,000	54,043	2021	100,000	54,043
2022	115,000	49,040	2022	115,000	49,040
2023-2027	780,000	146,368	2023-2027	780,000	146,368
2028	85,000	4,254	2028	85,000	4,254
Total	<u>\$1,320,000</u>	<u>\$ 440,130</u>	Total	<u>\$2,235,000</u>	<u>\$ 492,159</u>

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

10. LONG TERM OBLIGATIONS (CONTINUED)

Future Governmental loans debt service requirements are as follows:

Year Ending June 30	<u>2013 Urban Renewal Loan</u>		Year Ending June 30	<u>2015 Fire Pumper Loan</u>	
	Principal	Interest		Principal	Interest
2018	\$ 71,559	\$ 14,836	2018	\$ 35,874	\$ 8,939
2019	73,664	12,730	2019	36,885	7,928
2020	75,832	10,563	2020	37,926	6,887
2021	78,064	8,331	2021	38,995	5,818
2022	80,361	6,034	2022	40,095	4,718
2023-2024	<u>167,885</u>	<u>4,904</u>	2023-2025	<u>127,197</u>	<u>7,241</u>
Total	<u>\$ 547,365</u>	<u>\$ 57,398</u>	Total	<u>\$ 316,972</u>	<u>\$ 41,531</u>

Year Ending June 30	<u>Total of All Loans</u>	
	Principal	Interest
2018	\$ 107,433	\$ 23,775
2019	110,549	20,658
2020	113,758	17,450
2021	117,059	14,149
2022	120,456	10,752
2023-2025	<u>295,082</u>	<u>12,145</u>
Total	<u>\$ 864,337</u>	<u>\$ 98,929</u>

Future Governmental notes debt service requirements are as follows:

Year Ending June 30	<u>2016 Radio Shack</u>	
	Principal	Interest
2018	\$ 24,759	\$ 3,417
2019	25,133	3,043
2020	25,513	2,664
2021	25,898	2,278
2022	26,289	1,887
2023-2026	<u>111,536</u>	<u>3,485</u>
Total	<u>\$ 239,128</u>	<u>\$ 16,774</u>

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

10. LONG TERM OBLIGATIONS (CONTINUED)

The table below presents current year changes in business-type obligations, and the current portions due for each issue.

	Outstanding 7/1/2016	Issued	Matured and Redeemed	Outstanding 6/30/2017	Due Within One Year
Business-type Activities:					
Sewer Fund Bonds:					
Series 2011	\$ 3,580,000	\$ -	\$ 855,000	\$ 2,725,000	\$ 875,000
Series 2014	557,091	174,923	732,014	-	-
Series 2017	-	752,000	-	752,000	42,300
Water Fund Bonds:					
Series 2014	1,154,463	-	1,154,463	-	-
Series 2017	-	4,848,000	-	4,848,000	272,700
Bond Subtotal	5,291,554	5,774,923	2,741,477	8,325,000	1,190,000
Water Fund Loans:	4,322,459	539,006	3,831,640	1,029,824	1,029,824
Total Debt	9,614,013	6,313,929	6,573,117	9,354,824	2,219,824
Bond Premium	229,406	-	57,351	172,055	-
Total Premium	229,406	-	57,351	172,055	-
Compensated Absences	45,015	-	6,789	38,226	9,557
Total Compensated Absences	45,015	-	6,789	38,226	9,557
Total business-type activities	\$ 9,888,434	\$ 6,313,929	\$ 6,637,257	\$ 9,565,105	\$ 2,229,381

Bonds

Series 2011: original amount \$7,285,000; interest rate from 2.0% to 4.0%; final payment due February 1, 2020

\$ 2,725,000

Series 2017: original amount \$5,600,000; interest rate 2.58%; final payment due March 1, 2032

5,600,000

Total Bonds

\$ 8,325,000

Loans

IFA Safe Drinking Water Loan: original amount \$1,715,000; interest rate 3.46%; final payment due December 1, 2018

\$ 1,029,824

Total Loans

\$ 1,029,824

Series 2017 bond is refunding bond of the Oregon ECDD Loan and the Series 2014 Bond Anticipation Note.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

10. LONG TERM OBLIGATIONS (CONTINUED)

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

Year Ending June 30	<u>2011 Refunding Bond</u>		Year Ending June 30	<u>2017 Refunding Bond</u>	
	<u>Principal</u>	<u>Interest</u>		<u>Principal</u>	<u>Interest</u>
2018	\$ 875,000	\$ 109,000	2018	\$ 315,000	\$ 133,243
2019	910,000	74,000	2019	313,000	136,354
2020	940,000	37,600	2020	322,000	128,278
2021	-	-	2021	384,000	119,970
2022	-	-	2022	395,000	110,062
2023-2017	-	-	2023-2017	2,130,000	392,186
2028-2032	-	-	2028-2032	1,741,000	111,506
Total	<u>\$2,725,000</u>	<u>\$ 220,600</u>	Total	<u>\$5,600,000</u>	<u>\$1,131,599</u>

Year Ending June 30	<u>IFA 2014</u>		Year Ending June 30	<u>Total of All Bonds</u>	
	<u>Principal</u>	<u>Interest</u>		<u>Principal</u>	<u>Interest</u>
2018	\$1,029,824	\$ -	2018	\$2,219,824	\$ 242,243
2019	-	-	2019	1,223,000	210,354
2020	-	-	2020	1,262,000	165,878
2021	-	-	2021	384,000	119,970
2022	-	-	2022	395,000	110,062
2023-2027	-	-	2023-2027	2,130,000	392,186
2028	-	-	2028	1,741,000	111,506
Total	<u>\$1,029,824</u>	<u>\$ -</u>	Total	<u>\$9,354,824</u>	<u>\$1,352,199</u>

11. DEFICIT FUND BALANCE

The Grants Fund (combined with Capital Projects Fund) had a deficit fund balance at June 30, 2017 of (\$381,652). The deficit will be financed through future revenues.

12. DEPOSITS

Deposits are funds held as collateral by the City for public improvements. At June 30, 2017, the total amount of deposits held by the City was \$213,513.

13. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$105,869 was made to the governmental beginning net position. An adjustment of \$67,190 was made to bring prior year stated compensated absences from \$198,021 to \$265,211. The other adjustment of \$38,679 was made to record bond premium for Series 2005 that was not recorded on the prior year financial statements.

14. DEFERRED COMPENSATION PLAN

A deferred compensation trust plan is established in accordance with Internal Revenue Code Section 457. The trust holds assets for the exclusive benefit of plan participants and their beneficiaries and are not considered assets or liabilities by the City, and therefore, are not included in these basic financial statements.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

15. RISK MANAGEMENT

There is exposure to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City is a member of City-County Insurance Services (CIS), a public entity risk pool currently operating a common risk management and insurance program. An annual premium is paid to CIS for insurance coverage. Based on the experience of the City and pool, the City may be liable for an additional premium of up to approximately 20% of its initial premium or it may receive a refund. Predetermined limits and deductible amounts are stated in the policy. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

16. PROPERTY TAX LIMITATION

The voters of the State of Oregon imposed a constitutional limit on property taxes for schools and nonschool government operations. The limitation provides that property taxes for nonschool operations are limited to \$10.00 for each \$1,000 of property market value. Local government taxes in the City currently do not exceed the \$10.00 rate limit; however, this limitation may affect the availability of future tax revenues for the City. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

The state voters further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction was accomplished by rolling property values for 1997-98 back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Constitution also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

17. INTERFUND RECEIVABLE AND PAYABLE

Interfund receivable and payable represent a loan balance owed to a fund by other funds. Furthermore, the remaining debt will be paid back using future revenues in the Grants Fund. Amounts were comprised of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 375,659	\$ 365,205
Capital Projects Fund	405,205	375,659
Fleet Management	-	40,000
	<u>\$ 780,864</u>	<u>\$ 780,864</u>

18. TAX ABATEMENTS

As of June 30, 2017, the City potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from the county as of the date of issuance of these basic financial statements, the amount of abatements for the year ended June 30, 2017 is deemed immaterial.

19. PENDING LEGAL ACTIONS

The City is a defendant in certain pending legal actions. It is too soon to determine any outcome. The City is vigorously defending itself.

**CITY OF DALLAS
POLK COUNTY, OREGON**

REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2017**

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Property taxes	\$ 3,840,000	\$ 3,840,000	\$ 3,771,753	\$ (68,247)
Public Services taxes	404,000	404,000	391,269	(12,731)
Franchise fees	1,185,000	1,185,000	1,185,056	56
Charges for services	1,982,000	1,982,000	1,940,726	(41,274)
Licenses and permits	2,000	2,000	206,502	204,502
Fines and forfeitures	252,500	252,500	217,196	(35,304)
Interest	18,000	18,000	44,335	26,335
Miscellaneous Revenues	125,000	125,000	335,030	210,030
Total Revenue	<u>7,808,500</u>	<u>7,808,500</u>	<u>8,091,867</u>	<u>283,367</u>
EXPENDITURES:				
General government	1,414,300	1,435,300 (1)	1,415,670	19,630
Public safety	5,542,800	5,672,800 (1)	5,523,810	148,990
Culture and recreation	509,350	509,350 (1)	488,868	20,482
Community development	1,419,400	1,398,400 (1)	1,273,841	124,559
Debt Service				
Principal	104,403	104,403 (1)	104,403	-
Interest	26,806	26,806 (1)	26,788	18
Contingency	100,000	55,000 (1)	-	55,000
Total Expenditures	<u>9,117,059</u>	<u>9,202,059</u>	<u>8,833,380</u>	<u>368,679</u>
Excess of Revenues Over, (Under) Expenditures	(1,308,559)	(1,393,559)	(741,513)	652,046
Other Financing Sources, (Uses)				
Interfund loan proceeds	(101,406)	(101,406) (1)	(90,632)	10,774
Transfers In	1,579,400	1,664,400	1,381,576	(282,824)
Transfers Out	(353,100)	(703,100) (1)	(703,100)	-
Total Other Financing Sources, (Uses)	<u>1,124,894</u>	<u>859,894</u>	<u>587,844</u>	<u>(282,824)</u>
Net Change in Fund Balance	(183,665)	(533,665)	(153,669)	379,996
Beginning Fund Balance	1,500,000	1,850,000	2,154,794	304,794
Ending Fund Balance	<u>\$ 1,316,335</u>	<u>\$ 1,316,335</u>	2,001,125	<u>\$ 684,790</u>

(1) Appropriation Level

Reconciliation to Governmental Fund Balance as required by GASB #54

Ending Fund Balance:
Improvement Fund

662
\$ 2,001,787

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2017**

<u>SYSTEM DEVELOPMENT FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Licenses and permits	\$ 810,000	\$ 810,000	\$ 1,098,856	\$ 288,856
Total Revenues	<u>810,000</u>	<u>810,000</u>	<u>1,098,856</u>	<u>288,856</u>
EXPENDITURES:				
Capital Outlay	<u>6,727,500</u>	<u>6,727,500</u> (1)	<u>180,713</u>	<u>6,546,787</u>
Total Expenditures	<u>6,727,500</u>	<u>6,727,500</u>	<u>180,713</u>	<u>6,546,787</u>
Excess of Revenues Over, (Under) Expenditures	(5,917,500)	(5,917,500)	918,143	6,835,643
Other Financing (Uses)				
Transfers in	111,500	111,500	120,632	9,132
Transfers out	<u>(389,000)</u>	<u>(389,000)</u> (1)	<u>(385,747)</u>	<u>3,253</u>
Total Other Financing Sources (Uses)	<u>(277,500)</u>	<u>(277,500)</u>	<u>(265,115)</u>	<u>3,253</u>
Net Change in Fund Balance	(6,195,000)	(6,195,000)	653,028	6,838,896
Beginning Fund Balance	<u>6,195,000</u>	<u>6,195,000</u>	<u>6,508,881</u>	<u>313,881</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,161,909</u>	<u>\$ 7,161,909</u>

Note: This fund's activities have been combined with the Capital Projects Fund activities in accordance with GASB #54 due to funding received from committed or restricted sources.

(1) Appropriation Level

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2017**

<u>STREET FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Public service taxes	\$ 1,015,000	\$ 1,015,000	\$ 910,096	\$ (104,904)
Interest	8,000	8,000	24,041	16,041
Miscellaneous	30,000	30,000	41,945	11,945
Total Revenues	<u>1,053,000</u>	<u>1,053,000</u>	<u>976,082</u>	<u>(76,918)</u>
EXPENDITURES:				
Personnel services	315,000	315,000 (1)	302,491	12,509
Materials and services	334,700	334,700 (1)	272,322	62,378
Capital outlay	305,500	405,500 (1)	372,183	33,317
Contingencies	881,000	781,000 (1)	-	781,000
Total Expenditures	<u>1,836,200</u>	<u>1,836,200</u>	<u>946,996</u>	<u>889,204</u>
Excess of Revenues Over, (Under) Expenditures	(783,200)	(783,200)	29,086	812,286
Other Financing (Uses):				
Transfers Out	(83,500)	(83,500) (1)	(83,500)	-
Total Other Financing (Uses)	<u>(83,500)</u>	<u>(83,500)</u>	<u>(83,500)</u>	<u>-</u>
Net Change in Fund Balance	(866,700)	(866,700)	(54,414)	812,286
Beginning Fund Balance	870,000	870,000	1,182,188	312,188
Ending Fund Balance	<u>\$ 3,300</u>	<u>\$ 3,300</u>	<u>\$ 1,127,774</u>	<u>\$ 1,124,474</u>

(1) Appropriation Level

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2017**

	<u>GRANT FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
REVENUES:				
Grants	\$ 3,069,180	\$ 3,069,180	\$ 137,337	\$ (2,931,843)
Total Revenues	<u>3,069,180</u>	<u>3,069,180</u>	<u>137,337</u>	<u>(2,931,843)</u>
EXPENDITURES:				
Capital Outlay	<u>3,074,680</u>	<u>2,989,680</u> (1)	<u>454,864</u>	<u>2,534,816</u>
Total Expenditures	<u>3,074,680</u>	<u>2,989,680</u>	<u>454,864</u>	<u>2,534,816</u>
Excess of Revenues Over Expenditures	(5,500)	79,500	(317,527)	(397,027)
Other Financing Sources (Uses):				
Transfers Out	<u>-</u>	<u>(85,000)</u> (1)	<u>(61,198)</u>	<u>23,802</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(85,000)</u>	<u>(61,198)</u>	<u>23,802</u>
Net Change in Fund Balance	(5,500)	(5,500)	(378,725)	(373,225)
Beginning Fund Balance	<u>5,500</u>	<u>5,500</u>	<u>(2,927)</u>	<u>(8,427)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (381,652)</u>	<u>\$ (381,652)</u>

Note: This fund's activities have been combined with the Capital Projects Fund activities in accordance with GASB #54 due to funding received from committed or restricted sources.

(1) Appropriation Level

CITY OF DALLAS
POLK, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2017

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.057 %	\$ 8,601,061	\$ 4,385,631	196.1 %	80.5 %
2016	0.062	3,564,536	4,347,982	82.0	91.9
2015	0.065	(1,463,347)	4,301,804	(34.0)	103.6
2014	0.065	3,294,492	4,359,208	75.6	92.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2017	\$ 671,043	\$ 671,043	\$ -	\$ 4,665,098	14.4 %
2016	635,399	635,399	-	4,385,631	14.5
2015	733,439	733,439	-	4,347,982	16.9
2014	764,158	764,158	-	4,301,804	17.8

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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**CITY OF DALLAS
POLK COUNTY, OREGON**

SUPPLEMENTARY INFORMATION

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**CITY OF DALLAS
POLK COUNTY, OREGON**

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS**

June 30, 2017

	NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR GENERAL DEBT SERVICE FUND	TOTAL
ASSETS:			
Cash and Investments	\$ 1,080,467	\$ 11	\$ 1,080,478
Cash Held with County	1,188	-	1,188
Property Taxes Receivable	9,635	-	9,635
Total Assets	\$ 1,091,290	\$ 11	\$ 1,091,301
LIABILITIES:			
Accounts Payable	\$ 10,416	\$ -	\$ 10,416
Total Liabilities	10,416	-	10,416
DEFERRED INFLOWS:			
Unavailable Property Taxes Revenues	9,635	-	9,635
Total Deferred inflows	9,635	-	9,635
FUND BALANCES:			
Restricted	450,199	-	450,199
Committed	166,342	11	166,353
Unassigned	454,698	-	454,698
Total Fund Balances	1,071,239	11	1,071,250
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 1,091,290	\$ 11	\$ 1,091,301

CITY OF DALLAS
POLK COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2017

	NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR GENERAL DEBT SERVICE FUND	TOTAL
REVENUES:			
Property Taxes	\$ 144,102	\$ -	\$ 144,102
Public Service Taxes	75,596	-	75,596
Licenses and Permits	550,818	-	550,818
Interest	10,648	-	10,648
Miscellaneous	151,102	128,620	279,722
Total Revenues	932,266	128,620	1,060,886
EXPENDITURES:			
General Government	37,338	-	37,338
Culture and Recreation	127,966	-	127,966
Community Development	527,888	-	527,888
Capital Outlay	29,755	-	29,755
Debt Service:			
Principal	-	60,000	60,000
Interest	-	68,620	68,620
Total Expenditures	722,947	128,620	851,567
Excess of Revenues Over, (Under) Expenditures	209,319	-	209,319
Other Financing Sources, (Uses):			
Transfers In	421,000	-	421,000
Transfers Out	(130,378)	-	(130,378)
Total Other Financing Sources, (Uses)	290,622	-	290,622
Net Change in Fund Balance	499,941	-	499,941
Beginning Fund Balance	571,298	11	571,309
Ending Fund Balance	\$ 1,071,239	\$ 11	\$ 1,071,250

CITY OF DALLAS
POLK COUNTY, OREGON

COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2017

	RISK MANAGEMENT FUND	BUILDING INSPECTIONS FUND	TRUST/ RESERVE FUND	URBAN RENEWAL FUND	TOTAL
ASSETS:					
Cash and Investments	\$ 236,960	\$ 218,815	\$ 174,841	\$ 449,851	\$ 1,080,467
Cash Held with County	-	-	-	1,188	1,188
Property Taxes Receivable	-	-	-	9,635	9,635
Total Assets	\$ 236,960	\$ 218,815	\$ 174,841	\$ 460,674	\$ 1,091,290
LIABILITIES:					
Accounts Payable	-	1,077	8,499	840	10,416
Total Liabilities	-	1,077	8,499	840	10,416
DEFERRED INFLOWS:					
Unavailable Property Taxes Revenues	-	-	-	9,635	9,635
Total Deferred inflows	-	-	-	9,635	9,635
FUND BALANCES:					
Restricted	-	-	-	450,199	450,199
Committed	-	-	166,342	-	166,342
Unassigned	236,960	217,738	-	-	454,698
Total Fund Balances	236,960	217,738	166,342	450,199	1,071,239
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 236,960	\$ 218,815	\$ 174,841	\$ 460,674	\$ 1,091,290

**CITY OF DALLAS
POLK COUNTY, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2017**

	RISK MANAGEMENT FUND	BUILDING INSPECTIONS FUND	TRUST/ RESERVE FUND	URBAN RENEWAL FUND	TOTAL
REVENUES:					
Property Taxes	\$ -	\$ -	\$ -	\$ 144,102	\$ 144,102
Public Service Taxes	-	-	75,596	-	75,596
Licenses and Permits	-	550,818	-	-	550,818
Interest	-	-	-	10,648	10,648
Miscellaneous	125,768	-	-	25,334	151,102
Total Revenues	125,768	550,818	75,596	180,084	932,266
EXPENDITURES:					
General Government	-	-	-	37,338	37,338
Culture and Recreation	-	-	127,966	-	127,966
Community Development	238,808	289,080	-	-	527,888
Capital Outlay	-	-	27,037	2,718	29,755
Total Expenditures	238,808	289,080	155,003	40,056	722,947
Excess of Revenues Over, (Under) Expenditures	(113,040)	261,738	(79,407)	140,028	209,319
Other Financing Sources, (Uses):					
Transfers In	350,000	-	71,000	-	421,000
Transfers Out	-	(44,000)	-	(86,378)	(130,378)
Total Other Financing Sources, (Uses)	350,000	(44,000)	71,000	(86,378)	290,622
Net Change in Fund Balance	236,960	217,738	(8,407)	53,650	499,941
Beginning Fund Balance	-	-	174,749	396,549	571,298
Ending Fund Balance	\$ 236,960	\$ 217,738	\$ 166,342	\$ 450,199	\$ 1,071,239

**CITY OF DALLAS
POLK COUNTY, OREGON**

**COMBINING BALANCE SHEET
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
June 30, 2017**

	GENERAL FUND	IMPROVEMENT FUND	Total General Fund Generally Accepted Accounting Principles
ASSETS:			
Cash and Investments	\$ 1,506,490	\$ 662	\$ 1,507,152
Cash Held with County	29,852	-	29,852
Accounts Receivable	482,610	-	482,610
Property Taxes Receivable	257,451	-	257,451
Due from Other Funds	375,659	-	375,659
Total Assets	\$ 2,652,062	\$ 662	\$ 2,652,724
LIABILITIES:			
Accounts Payable	\$ 179,973	\$ -	\$ 179,973
Deposit Payable	213,513	-	213,513
Total Liabilities	393,486	-	393,486
DEFERRED INFLOWS:			
Unavailable Property Taxes Revenues	257,451	-	257,451
Total Deferred inflows	257,451	-	257,451
FUND BALANCES:			
Unassigned	2,001,125	662	2,001,787
Total Fund Balances	2,001,125	662	2,001,787
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 2,652,062	\$ 662	\$ 2,652,724

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**CITY OF DALLAS
POLK COUNTY, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2017**

	GENERAL FUND	IMPROVEMENT FUND	Total General Fund Generally Accepted Accounting Principles
REVENUES:			
Property Taxes	\$ 3,771,753	\$ -	\$ 3,771,753
Public Service Taxes	391,269	-	391,269
Franchise Fees	1,185,056	-	1,185,056
Charges for Service	1,940,726	-	1,940,726
Licenses and Permits	206,502	-	206,502
Fines and Forfeitures	217,196	-	217,196
Interest	44,335	-	44,335
Miscellaneous	335,030	-	335,030
	<u>8,091,867</u>	<u>-</u>	<u>8,091,867</u>
EXPENDITURES:			
General Government	1,415,670	-	1,415,670
Public Safety	5,523,810	-	5,523,810
Culture and Recreation	488,868	-	488,868
Community Development	1,273,841	-	1,273,841
Debt Service:			
Principal	104,403	-	104,403
Interest	26,788	-	26,788
	<u>8,833,380</u>	<u>-</u>	<u>8,833,380</u>
Excess of Revenues Over, (Under) Expenditures	(741,513)	-	(741,513)
Other Financing Sources, (Uses):			
Interfund Loans Proceeds (Payments)	(90,632)	-	(90,632)
Transfers In	1,381,576	-	1,381,576
Transfers Out	(703,100)	-	(703,100)
	<u>587,844</u>	<u>-</u>	<u>587,844</u>
Net Change in Fund Balance	(153,669)	-	(153,669)
Beginning Fund Balance	2,154,794	662	2,155,456
Ending Fund Balance	<u>\$ 2,001,125</u>	<u>\$ 662</u>	<u>\$ 2,001,787</u>

**CITY OF DALLAS
POLK COUNTY, OREGON**

**GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Administration:				
Personnel services	\$ 433,000	\$ 448,000	\$ 448,310	\$ (310)
Materials and services	163,600	169,600	167,646	1,954
Subtotal	<u>596,600</u>	<u>617,600</u>	<u>615,956</u>	<u>1,644</u>
Finance:				
Personnel services	400,000	400,000	391,924	8,076
Materials and services	238,700	238,700	230,421	8,279
Subtotal	<u>638,700</u>	<u>638,700</u>	<u>622,345</u>	<u>16,355</u>
Facilities:				
Personnel services	109,000	109,000	99,547	9,453
Materials and services	70,000	70,000	79,112	(9,112)
Subtotal	<u>179,000</u>	<u>179,000</u>	<u>178,659</u>	<u>341</u>
Municipal court:				
Personnel services	103,000	103,000	90,422	12,578
Materials and services	143,000	143,000	122,520	20,480
Subtotal	<u>246,000</u>	<u>246,000</u>	<u>212,942</u>	<u>33,058</u>
Ambulance department:				
Personnel services	1,085,000	1,152,500	1,114,948	37,552
Materials and services	332,500	332,500	359,364	(26,864)
Loan payments	14,565	14,565	14,565	-
Transfer out	30,000	30,000	30,000	-
Subtotal	<u>1,462,065</u>	<u>1,529,565</u>	<u>1,518,877</u>	<u>10,688</u>
Fire department:				
Personnel services	321,000	363,500	350,123	13,377
Materials and services	323,500	323,500	313,215	10,285
Loan payments	36,841	36,841	26,067	10,774
Transfer out	85,400	85,400	85,400	-
Debt service				
Principal	34,890	34,890	34,890	-
Interest	9,924	9,924	9,923	1
Subtotal	<u>811,555</u>	<u>854,055</u>	<u>819,618</u>	<u>34,437</u>
Police department:				
Personnel services	2,740,000	2,760,000	2,672,328	87,672
Materials and services	494,800	494,800	499,602	(4,802)
Transfer out	26,000	26,000	26,000	-
Subtotal	<u>3,260,800</u>	<u>3,280,800</u>	<u>3,197,930</u>	<u>82,870</u>

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**CITY OF DALLAS
POLK COUNTY, OREGON**

**GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2017**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Library:				
Personnel services	\$ 407,000	\$ 407,000	\$ 398,817	\$ 8,183
Materials and services	102,350	102,350	90,050	12,300
Subtotal	<u>509,350</u>	<u>509,350</u>	<u>488,867</u>	<u>20,483</u>
Community development - Parks:				
Personnel services	249,000	249,000	196,029	52,971
Materials and services	96,400	96,400	84,450	11,950
Transfer out	8,300	8,300	8,300	-
Subtotal	<u>353,700</u>	<u>353,700</u>	<u>288,779</u>	<u>64,921</u>
Community development - Aquatic center:				
Personnel services	485,000	485,000	494,904	(9,904)
Materials and services	318,000	318,000	280,566	37,434
Loan payments	50,000	50,000	50,000	-
Subtotal	<u>853,000</u>	<u>853,000</u>	<u>825,470</u>	<u>27,530</u>
Community development - Building/planning department:				
Personnel services	198,000	198,000	189,054	8,946
Materials and services	73,000	58,000	28,837	29,163
Transfer out	3,400	3,400	3,400	-
Subtotal	<u>274,400</u>	<u>259,400</u>	<u>221,291</u>	<u>38,109</u>
Non-departmental				
Transfer out	200,000	200,000	550,000	(350,000)
Debt service				
Principal	69,513	69,513	69,513	-
Interest	16,882	16,882	16,865	17
Subtotal	<u>286,395</u>	<u>286,395</u>	<u>636,378</u>	<u>(349,983)</u>
Total Expenditures	<u>\$ 9,471,565</u>	<u>\$ 9,607,565</u>	<u>\$ 9,627,112</u>	<u>\$ (19,547)</u>

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**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2017**

	<u>IMPROVEMENT FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES:				
Miscellaneous	-	- (1)	-	-
Total Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	662	662
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 662</u>	<u>\$ 662</u>

(1) Appropriation Level

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2017**

GENERAL OBLIGATION BOND FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Property Taxes	\$ 555,000	\$ 555,000	\$ 511,748	\$ (43,252)
Miscellaneous	-	-	2,206	2,206
Total Revenue	<u>555,000</u>	<u>555,000</u>	<u>513,954</u>	<u>(41,046)</u>
EXPENDITURES:				
Debt service				
Principal	470,000	470,000 (1)	470,000	-
Interest	54,959	54,959 (1)	54,959	-
Total Expenditures	<u>524,959</u>	<u>524,959</u>	<u>524,959</u>	<u>-</u>
Net Change in Fund Balance	30,041	30,041	(11,005)	(41,046)
Beginning Fund Balance	<u>375,000</u>	<u>375,000</u>	<u>371,724</u>	<u>(3,276)</u>
Ending Fund Balance	<u>\$ 405,041</u>	<u>\$ 405,041</u>	<u>\$ 360,719</u>	<u>\$ (44,322)</u>

(1) Appropriation Level

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2017**

<u>CAPITAL PROJECTS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Miscellaneous	\$ -	\$ 261,500	\$ 262,599	\$ 1,099
Total Revenues	<u>-</u>	<u>261,500</u>	<u>262,599</u>	<u>1,099</u>
EXPENDITURES:				
Debt Service				
Principal	-	22,373 (1)	22,369	4
Interest	-	3,457 (1)	3,459	(2)
Capital outlay	827,000	1,088,500 (1)	995,017	93,483
Contingencies	<u>158,000</u>	<u>132,170 (1)</u>	<u>-</u>	<u>132,170</u>
Total Expenditures	<u>985,000</u>	<u>1,246,500</u>	<u>1,020,845</u>	<u>225,655</u>
Excess of Revenues Over Expenditures	<u>(985,000)</u>	<u>(985,000)</u>	<u>(758,246)</u>	<u>226,754</u>
Other Financing Sources (Uses):				
Transfers In	<u>550,000</u>	<u>550,000</u>	<u>546,747</u>	<u>(3,253)</u>
Total Other Financing Sources (Uses)	<u>550,000</u>	<u>550,000</u>	<u>546,747</u>	<u>(3,253)</u>
Net Change in Fund Balance	(435,000)	(435,000)	(211,499)	223,501
Beginning Fund Balance	<u>435,000</u>	<u>435,000</u>	<u>445,996</u>	<u>10,996</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>234,497</u>	<u>\$ 234,497</u>

(1) Appropriation Level

Reconciliation to Governmental Fund Balance as required by GASB #54

Ending Fund Balance:

 System Development Fund
 Grants Fund

7,161,909
(381,652)
\$ 7,014,754

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2017**

RISK MANAGEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 125,768	\$ 125,768
Total Revenue	<u>-</u>	<u>-</u>	<u>125,768</u>	<u>125,768</u>
EXPENDITURES:				
Materials and services	-	350,000 (1)	238,808	111,192
Total Expenditures	<u>-</u>	<u>350,000</u>	<u>238,808</u>	<u>111,192</u>
Excess of Revenues Over, (Under) Expenditures	-	(350,000)	(113,040)	236,960
Other Financing Sources, (Uses)				
Transfers In	-	350,000	350,000	-
Total Other Financing Sources, (Uses)	<u>-</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	236,960	236,960
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,960</u>	<u>\$ 236,960</u>

(1) Appropriation Level

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2017**

BUILDING INSPECTIONS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Licenses and Permits	\$ 350,000	\$ 350,000	\$ 550,818	\$ 200,818
Miscellaneous	2,000	2,000	-	(2,000)
Total Revenue	<u>352,000</u>	<u>352,000</u>	<u>550,818</u>	<u>198,818</u>
EXPENDITURES:				
Personnel services	282,000	282,000 (1)	272,450	9,550
Materials and services	22,300	22,300 (1)	16,630	5,670
Total Expenditures	<u>304,300</u>	<u>304,300</u>	<u>289,080</u>	<u>15,220</u>
Excess of Revenues Over, (Under) Expenditures	47,700	47,700	261,738	214,038
Other Financing Sources, (Uses)				
Transfers Out	<u>(44,000)</u>	<u>(44,000) (1)</u>	<u>(44,000)</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>(44,000)</u>	<u>(44,000)</u>	<u>(44,000)</u>	<u>-</u>
Net Change in Fund Balance	3,700	3,700	217,738	214,038
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ 3,700</u>	<u>\$ 3,700</u>	<u>\$ 217,738</u>	<u>\$ 214,038</u>

(1) Appropriation Level

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2017**

<u>TRUST/RESERVE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Public Service Taxes	\$ 157,500	\$ 167,500	\$ 75,596	\$ (91,904)
Total Revenues	<u>157,500</u>	<u>167,500</u>	<u>75,596</u>	<u>(91,904)</u>
EXPENDITURES:				
Materials and service	156,000	166,000 (1)	127,966	38,034
Capital Outlay				
Park	16,000	16,000 (1)	3,705	12,295
Fire Equipment	49,500	49,500 (1)	2,855	46,645
Library	45,000	45,000 (1)	18,343	26,657
Economic development	15,000	15,000 (1)	1,992	13,008
Community Dinner	2,500	2,500 (1)	142	2,358
Total Expenditures	<u>284,000</u>	<u>294,000</u>	<u>155,003</u>	<u>138,997</u>
Excess of Revenues Over, (Under)				
Expenditures	(126,500)	(126,500)	(79,407)	47,093
Other Financing Sources, (Uses):				
Transfer In	<u>-</u>	<u>-</u>	<u>71,000</u>	<u>71,000</u>
Total Other Financing Sources, (Uses)	<u>-</u>	<u>-</u>	<u>71,000</u>	<u>71,000</u>
Net Change in Fund Balance	(126,500)	(126,500)	(8,407)	118,093
Beginning Fund Balance	<u>126,500</u>	<u>126,500</u>	<u>174,749</u>	<u>48,249</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,342</u>	<u>\$ 166,342</u>

(1) Appropriation Level

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2017**

<u>URBAN RENEWAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Property Taxes	\$ 158,000	\$ 158,000	\$ 144,102	\$ (13,898)
Interest	2,000	2,000	10,648	8,648
Miscellaneous	1,000	1,000	25,334	24,334
Total Revenues	<u>161,000</u>	<u>161,000</u>	<u>180,084</u>	<u>19,084</u>
EXPENDITURES:				
Personnel Services	18,000	18,000 (1)	17,682	318
Materials and Services	33,500	33,500 (1)	19,656	13,844
Capital Outlay	185,000	185,000 (1)	2,718	182,282
Contingencies	101,710	101,710 (1)	-	101,710
Total Expenditures	<u>338,210</u>	<u>338,210</u>	<u>40,056</u>	<u>298,154</u>
Excess of Revenues Over, (Under) Expenditures	(177,210)	(177,210)	140,028	317,238
Other Financing (Uses):				
Transfers Out	(86,395)	(86,395) (1)	(86,378)	(17)
Total Other Financing Sources (Uses)	(86,395)	(86,395)	(86,378)	(17)
Net Change in Fund Balance	(263,605)	(263,605)	53,650	317,221
Beginning Fund Balance	<u>350,000</u>	<u>350,000</u>	<u>396,549</u>	<u>46,549</u>
Ending Fund Balance	<u>\$ 86,395</u>	<u>\$ 86,395</u>	<u>\$ 450,199</u>	<u>\$ 363,804</u>

(1) Appropriation Level

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2017**

<u>GENERAL DEBT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Miscellaneous	\$ 128,620	\$ 128,620	\$ 128,620	\$ -
Total Revenues	<u>128,620</u>	<u>128,620</u>	<u>128,620</u>	<u>-</u>
EXPENDITURES:				
Debt Service				
Principal	60,000	60,000 (1)	60,000	-
Interest	<u>68,620</u>	<u>68,620 (1)</u>	<u>68,620</u>	<u>-</u>
Total Expenditures	<u>128,620</u>	<u>128,620</u>	<u>128,620</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>11</u>	<u>11</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 11</u>

(1) Appropriation Level

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2017**

<u>SEWER ENTERPRISE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Charges for Services	\$ 3,100,000	\$ 3,100,000	\$ 3,190,523	\$ 90,523
Interest	15,000	15,000	19,465	4,465
Miscellaneous	65,000	65,000	90,631	25,631
Total Revenues	3,180,000	3,180,000	3,300,619	120,619
EXPENDITURES:				
Personnel Services	580,000	580,000 (1)	557,156	22,844
Materials and Services	1,099,000	1,099,000 (1)	1,097,368	1,632
Capital Outlay	895,000	895,000 (1)	372,466	522,534
Debt Service:				
Principal	873,708	873,708 (1)	855,000	18,708
Interest	162,184	162,184 (1)	71,522	90,662
Contingency	538,608	538,608 (1)	-	538,608
Total Expenditures	4,148,500	4,148,500	2,953,512	1,194,988
Excess of Revenues Over Expenditures	(968,500)	(968,500)	347,107	(1,074,369)
Other Financing Sources, (Uses)				
Finance Proceeds	575,000	575,000	192,561	(382,439)
Transfers Out	(551,000)	(551,000) (1)	(551,000)	-
Total Other Financing Sources, (Uses)	24,000	24,000	(358,439)	(382,439)
Net Change in Fund Balance	(944,500)	(944,500)	(11,332)	(1,456,808)
Beginning Fund Balance	950,000	950,000	913,847	(36,153)
Ending Fund Balance	<u>\$ 5,500</u>	<u>\$ 5,500</u>	902,515	<u>\$ (1,492,961)</u>
RECONCILIATION TO NET POSITION				
Capital Assets, net			16,831,771	
Inventory			25,756	
Loans Payable			(3,649,055)	
Accrued Interest			(44,339)	
Compensated absences			(18,415)	
Net pension liability			(575,920)	
Pension Deferred Outflows			305,459	
Pension Deferred Inflows			(23,104)	
TOTAL NET POSITION			<u>\$ 13,754,668</u>	

(1) Appropriation Level

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2017**

<u>WATER ENTERPRISE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Charges for Services	\$ 2,390,000	\$ 2,390,000	\$ 2,378,309	\$ (11,691)
Interest	15,000	15,000	41,015	26,015
Miscellaneous	85,000	85,000	98,868	13,868
Total Revenues	<u>2,490,000</u>	<u>2,490,000</u>	<u>2,518,192</u>	<u>28,192</u>
EXPENDITURES:				
Personnel Services	447,000	447,000 (1)	412,456	34,544
Materials and Services	770,800	820,800 (1)	823,552	(2,752)
Capital Outlay	1,950,000	1,950,000 (1)	372,348	1,577,652
Debt Service:				
Principal	375,761	375,761 (1)	218,458	157,303
Interest	231,249	231,249 (1)	150,771	80,478
Contingencies	1,337,690	1,287,690 (1)	-	1,287,690
Total Expenditures	<u>5,112,500</u>	<u>5,112,500</u>	<u>1,977,585</u>	<u>3,134,915</u>
Excess of Revenues Over Expenditures	(2,622,500)	(2,622,500)	540,607	3,163,107
Other Financing Sources, (Uses)				
Finance Proceeds	1,750,000	1,750,000	566,594	(1,183,406)
Transfers Out	(445,000)	(445,000) (1)	(445,000)	-
Total Other Financing Sources, (Uses)	<u>1,305,000</u>	<u>1,305,000</u>	<u>121,594</u>	<u>(1,183,406)</u>
Net Change in Fund Balance	(1,317,500)	(1,317,500)	662,201	1,979,701
Beginning Fund Balance	<u>1,320,000</u>	<u>1,320,000</u>	<u>1,007,131</u>	<u>(312,869)</u>
Ending Fund Balance	<u>\$ 2,500</u>	<u>\$ 2,500</u>	1,669,332	<u>\$ 1,666,832</u>
RECONCILIATION TO NET POSITION:				
Capital Assets, net			15,570,360	
Inventory			115,511	
Compensated absences			(16,645)	
Long-term Debt			(5,877,824)	
Accrued Interest			(38,450)	
Net pension liability			(426,347)	
Pension Deferred Outflows			226,128	
Pension Deferred Inflows			<u>(17,104)</u>	
TOTAL NET POSITION			<u>\$ 11,204,961</u>	

(1) Appropriation Level

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2017**

<u>STORM WATER ENTERPRISE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Charges for Services	\$ 180,000	\$ 180,000	\$ 200,049	\$ 20,049
Interest	500	500	1,991	1,491
Miscellaneous	2,000	2,000	7,173	5,173
Total Revenues	182,500	182,500	209,213	26,713
EXPENDITURES:				
Personnel Services	109,000	109,000 (1)	95,229	13,771
Materials and Services	56,300	56,300 (1)	56,298	2
Operating Contingency	62,200	62,200 (1)	-	62,200
Total Expenditures	227,500	227,500	151,527	75,973
Excess of Revenues Over Expenditures	(45,000)	(45,000)	57,686	102,686
Other Financing Sources (Uses):				
Transfers Out	(29,000)	(29,000) (1)	(29,000)	-
Total Other Financing Sources (Uses)	(29,000)	(29,000)	(29,000)	-
Net Change in Fund Balance	(74,000)	(74,000)	28,686	102,686
Beginning Fund Balance	75,000	75,000	80,566	5,566
Ending Fund Balance	<u>\$ 1,000</u>	<u>\$ 1,000</u>	109,252	<u>\$ 108,252</u>
Reconciliation to GAAP Basis:				
RECONCILIATION TO NET POSITION:				
Capital Assets, net			564,455	
Compensated absences			(3,166)	
Net pension liability			(98,436)	
Pension Deferred Outflows			52,209	
Pension Deferred Inflows			(3,949)	
TOTAL NET POSITION			<u>\$ 620,365</u>	

(1) Appropriation Level

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2017**

<u>FLEET MANAGEMENT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Charges for Services	\$ 483,000	\$ 483,000	\$ 493,794	\$ 10,794
Total Revenues	<u>483,000</u>	<u>483,000</u>	<u>493,794</u>	<u>10,794</u>
EXPENDITURES:				
Personnel Services	212,000	218,500 (1)	218,249	251
Materials and Services	204,700	204,700 (1)	187,347	17,353
Contingencies	417,900	411,400 (1)	-	411,400
Total Expenditures	<u>834,600</u>	<u>834,600</u>	<u>405,596</u>	<u>429,004</u>
Excess of Revenues Over Expenditures	<u>(351,600)</u>	<u>(351,600)</u>	<u>88,198</u>	<u>439,798</u>
Other Financing Sources (Uses):				
Interfund Loans Proceeds (Payments)	(30,000)	(30,000)	(30,000)	-
Sale of Equipment	5,000	5,000	2,379	(2,621)
Transfers In	89,600	89,600	89,600	-
Transfers Out	(50,000)	(50,000) (1)	(50,000)	-
Total Other Financing Sources (Uses)	<u>14,600</u>	<u>14,600</u>	<u>11,979</u>	<u>(2,621)</u>
Net Change in Fund Balance	(337,000)	(337,000)	100,177	439,798
Beginning Fund Balance	<u>340,000</u>	<u>340,000</u>	<u>331,209</u>	<u>(8,791)</u>
Ending Fund Balance	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>431,386</u>	<u>\$ 431,007</u>
RECONCILIATION TO NET POSITION				
Capital Assets, net			431,196	
Inventory			2,821	
Compensated absences			(13,617)	
Net pension liability			(225,599)	
Pension Deferred Outflows			119,654	
Pension Deferred Inflows			(9,050)	
Due to other governmental fund			<u>(40,000)</u>	
TOTAL NET POSITION			<u>\$ 696,791</u>	

(1) Appropriation Level

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2017**

GENERAL PROPERTY TAX LEVY

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT 7/1/16	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/17
Current:						
2016-17	\$ 3,907,269	\$ 103,516	\$ (4,285)	\$ 1,734	\$ 3,687,533	\$ 113,669
Prior Years:						
2015-16	99,325	(7)	(3,799)	3,271	47,019	51,785
2014-15	51,095	(3)	(3,398)	3,032	16,432	34,300
2013-14	30,295	(3)	(3,409)	3,064	10,619	19,334
2012-13	19,619	(2)	(3,345)	3,000	8,441	10,835
Prior	30,019	(3)	(1,804)	1,019	1,709	27,528
Total Prior	230,353	(18)	(15,755)	13,386	84,220	143,782
Total All Funds	\$ 4,137,622	\$ 103,498	\$ (20,040)	\$ 15,120	\$ 3,771,753	\$ 257,451

RECONCILIATION TO REVENUE:

	ALL FUNDS
Cash Collections by County Treasurer Above	\$ 3,771,753
Accrual of Receivables:	
Other taxes	23,346
Total Revenue	\$ 3,795,099

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2017**

DEBT SERVICE PROPERTY TAX LEVY

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT 7/1/16	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/17
Current:						
2016-17	\$ 525,669	\$ 13,927	\$ (575)	\$ 233	\$ 496,107	\$ 15,293
Prior Years:						
2015-16	16,967	(1)	(647)	559	8,033	8,847
2014-15	9,798	(1)	(652)	581	3,151	6,577
2013-14	6,471	(1)	(727)	655	2,269	4,131
2012-13	4,208	-	(718)	644	1,810	2,324
Prior	6,337	(1)	(327)	226	378	5,859
Total Prior	43,781	(4)	(3,071)	2,665	15,641	27,738
Total All Funds	\$ 569,450	\$ 13,923	\$ (3,646)	\$ 2,898	\$ 511,748	\$ 43,031

RECONCILIATION TO REVENUE:

	ALL FUNDS
Cash Collections by County Treasurer Above Accrual of Receivables:	\$ 511,748
Other taxes	3,902
Total Revenue	\$ 515,650

CITY OF DALLAS
POLK COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2017

URBAN RENEWAL PROPERTY TAX LEVY

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT 7/1/16	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/17
Current:						
2016-17	\$ 158,162	\$ 3,959	\$ (8,649)	\$ 66	\$ 141,019	\$ 4,601
Prior Years:						
2015-16	3,832	-	(145)	126	1,815	1,998
2014-15	1,888	-	(126)	112	607	1,267
2013-14	1,111	-	(126)	112	389	708
2012-13	632	-	(108)	97	272	349
Prior	398	-	314	-	-	712
Total Prior	7,861	-	(191)	447	3,083	5,034
Total All Funds	<u>\$ 166,023</u>	<u>\$ 3,959</u>	<u>\$ (8,840)</u>	<u>\$ 513</u>	<u>\$ 144,102</u>	<u>\$ 9,635</u>

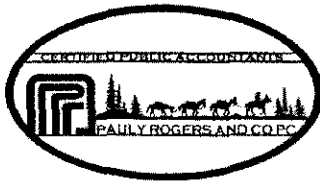
RECONCILIATION TO REVENUE:

	ALL FUNDS
Cash Collections by County Treasurer Above	\$ 144,102
Accrual of Receivables:	
Other taxes	874
Total Revenue	<u>\$ 144,976</u>

**CITY OF DALLAS
POLK COUNTY, OREGON**

Independent Auditors' Report Required by Oregon State Regulations

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PAULY, ROGERS AND CO., P.C.
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December 26, 2017

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Dallas as of and for the year ended June 30, 2017, and have issued our report thereon dated December 26, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in 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 basic financial statements 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:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **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, 279C).**
- **Programs funded from outside sources.**

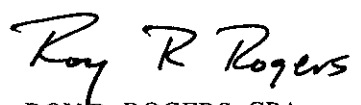
In connection with our testing nothing came to our attention that caused us to believe the City of Dallas was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

1. Expenditures of all the various funds there within authorized appropriations, except as noted on page 18.

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the Council members and management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive style with a large, prominent "R" in the middle.

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

**CITY OF DALLAS
POLK COUNTY, OREGON**

STATISTICAL SECTION

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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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental activities:				
Net investment in capital assets	\$ 49,522,634	\$ 52,121,875	\$ 53,826,746	\$ 55,722,739
Restricted for special purposes	9,100,601	8,835,176	6,760,554	6,321,162
Unrestricted	(945,149)	(2,318,099)	(746,388)	952,467
Total governmental activities net position	<u>\$ 57,678,086</u>	<u>\$ 58,638,952</u>	<u>\$ 59,840,912</u>	<u>\$ 62,996,368</u>
Business-type activities:				
Net investment in capital assets	\$ 23,439,707	\$ 22,291,458	\$ 21,049,915	\$ 20,584,724
Restricted for special purposes	-	-	-	-
Unrestricted	2,140,287	1,494,772	2,147,514	2,164,506
Total business-type activities net position	<u>\$ 25,579,994</u>	<u>\$ 23,786,230</u>	<u>\$ 23,197,429</u>	<u>\$ 22,749,230</u>
Primary government:				
Net investment in capital assets	\$ 72,962,341	\$ 74,413,333	\$ 74,876,661	\$ 76,307,463
Restricted for special purposes	9,100,601	8,835,176	6,760,554	6,321,162
Unrestricted	1,195,138	(823,327)	1,401,126	3,116,973
Total primary government net position	<u>\$ 83,258,080</u>	<u>\$ 82,425,182</u>	<u>\$ 83,038,341</u>	<u>\$ 85,745,598</u>

Source: City of Dallas Comprehensive Annual Financial Reports

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 57,146,650	\$ 57,754,349	\$ 60,594,063	\$ 62,406,592	\$ 73,971,661	\$ 73,563,864
5,598,814	4,265,637	3,619,756	3,826,763	5,529,207	6,458,604
1,004,454	2,901,846	2,102,524	2,297,554	1,180,532	1,021,024
<u>\$ 63,749,918</u>	<u>\$ 64,921,832</u>	<u>\$ 66,316,343</u>	<u>\$ 68,530,909</u>	<u>\$ 80,681,400</u>	<u>\$ 81,043,492</u>
\$ 20,017,073	\$ 19,755,540	\$ 19,358,365	\$ 19,200,108	\$ 22,309,835	\$ 21,999,548
-	-	1,058,654	1,058,954	-	-
2,389,514	2,341,712	1,629,019	2,493,016	3,601,695	3,658,086
<u>\$ 22,406,587</u>	<u>\$ 22,097,252</u>	<u>\$ 22,046,038</u>	<u>\$ 22,752,078</u>	<u>\$ 25,911,530</u>	<u>\$ 25,657,634</u>
\$ 77,163,723	\$ 77,509,889	\$ 79,952,428	\$ 81,606,700	\$ 96,281,496	\$ 95,563,412
5,598,814	4,265,637	4,678,410	4,885,717	5,529,207	6,458,604
3,393,968	5,243,558	3,731,543	4,790,570	4,782,227	4,679,110
<u>\$ 86,156,505</u>	<u>\$ 87,019,084</u>	<u>\$ 88,362,381</u>	<u>\$ 91,282,987</u>	<u>\$ 106,592,930</u>	<u>\$ 106,701,126</u>

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

	2017	2016	2015	2014	2013
EXPENSES					
Governmental activities:					
General government	\$ 2,618,629	\$ 2,815,836	\$ 2,018,683	\$ 2,159,324	\$ 1,951,720
Public safety	7,462,693	6,812,741	4,208,590	4,965,673	5,169,796
Highways and streets	776,622	3,183,830	2,968,164	2,985,706	2,949,068
Culture and recreation	833,397	1,020,182	705,867	748,446	730,924
Community development	2,434,292	1,982,360	1,561,447	1,419,268	1,332,910
Interest on long-term debt	157,956	183,031	211,552	219,436	239,631
Total governmental activities expenses	14,283,589	15,997,980	11,674,303	12,497,853	12,374,049
Business-type activities:					
Sewage disposal	2,584,857	2,681,117	2,472,804	2,463,249	2,406,124
Water	2,587,227	1,935,944	1,656,456	1,759,774	1,615,326
Storm water	159,480	185,698	-	-	-
Total business-type activities expenses	5,331,564	4,802,759	4,129,260	4,223,023	4,021,450
Total expenses	\$ 19,615,153	\$ 20,800,739	\$ 15,803,563	\$ 16,720,876	\$ 16,395,499
PROGRAM REVENUES					
Governmental activities:					
Charges for services					
General Government	\$ 1,978,726	\$ 2,412,882	\$ 1,198,834	\$ 1,174,241	\$ 908,346
Public Safety	1,707,545	1,621,164	1,014,802	1,399,346	1,177,937
Highways and streets	80,333	203,855	92,806	75,605	58,899
Culture and Recreation	203,841	564,981	547,647	104,465	92,220
Community development	537,447	282,305	406,971	768,352	667,287
Operating grants and contributions	95,408	251,797	16,252	5,981	7,305
Capital grants and contributions	41,929	800,746	160,224	158,583	126,726
Total governmental activities program revenues	4,645,229	6,137,730	3,437,536	3,686,573	3,038,720
Business-type activities:					
Charges for services	5,768,881	5,600,125	5,435,502	5,077,759	5,025,147
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	1,363,150	569,295	247,351	-	-
Total business-type activities program revenues	7,132,031	6,169,420	5,682,853	5,077,759	5,025,147
Total program revenues	\$ 11,777,260	\$ 12,307,150	\$ 9,120,389	\$ 8,764,332	\$ 8,063,867
Net (Expense)/Revenue					
Governmental activities	\$ (9,638,360)	\$ (9,860,250)	\$ (8,236,767)	\$ (8,811,280)	\$ (9,335,329)
Business-type activities	1,800,467	1,366,661	1,553,593	854,736	1,003,697
Total net expense	\$ (7,837,893)	\$ (8,493,589)	\$ (6,683,174)	\$ (7,956,544)	\$ (8,331,632)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes and assessments	\$ 5,832,686	\$ 5,938,713	\$ 6,152,989	\$ 5,736,327	\$ 5,755,796
Franchise Fees	1,185,056	1,116,780	1,093,765	1,170,721	1,028,427
Intergovernmental	-	-	-	-	-
Miscellaneous	740,621	577,797	310,686	354,160	422,866
Transfer of capital assets	-	-	-	-	-
Proceeds from property sales	-	-	-	-	-
Transfers	1,025,000	1,025,000	1,025,000	796,522	956,326
Total governmental activities	8,783,363	8,658,290	8,582,440	8,057,730	8,163,415
Business-type activities:					
Miscellaneous	1,018,297	247,140	271,629	278,691	261,964
Gain on sale of land	-	-	-	87,141	-
Transfer of capital assets	-	-	-	-	-
Transfers	(1,025,000)	(1,025,000)	(1,025,000)	(796,522)	(956,326)
Total business-type activities	(6,703)	(777,860)	(753,371)	(430,690)	(694,362)
Total	\$ 8,776,660	\$ 7,880,430	\$ 7,829,069	\$ 7,627,040	\$ 7,469,053
Change in Net Position					
Governmental activities	\$ (854,997)	\$ (1,201,960)	\$ 345,673	\$ (753,550)	\$ (1,171,914)
Business-type activities	1,793,764	588,801	800,222	424,046	309,335
Total	\$ 938,767	\$ (613,159)	\$ 1,145,895	\$ (329,504)	\$ (862,579)

	2012	2011	2010	2009	2008
\$	2,742,049	\$ 2,641,018	\$ 2,298,816	\$ 776,276	\$ 1,117,810
	5,227,369	5,041,368	5,013,276	5,181,413	4,374,809
	2,820,314	2,741,552	16,526,988	771,311	1,128,744
	688,907	762,439	672,989	2,657,682	2,961,453
	1,346,705	1,477,722	1,545,603	-	-
	264,813	292,992	315,071	290,438	337,515
	13,090,157	12,957,091	26,372,743	9,677,120	9,920,331
	2,403,297	2,471,140	2,690,895	2,760,869	2,917,079
	1,754,639	2,108,937	2,188,120	2,034,191	1,960,357
	-	-	-	-	-
	4,157,936	4,580,077	4,879,015	4,795,060	4,877,436
\$	17,248,093	\$ 17,537,168	\$ 31,251,758	\$ 14,472,180	\$ 14,797,767
\$	641,463	\$ 607,535	\$ 260,475	\$ 301,725	\$ 792,460
	1,045,911	1,321,333	1,287,955	1,311,170	1,285,393
	24,854	46,585	25,413	-	-
	77,705	606,867	572,865	519,554	507,689
	611,452	243,775	699,139	-	-
	9,573	11,579	48,167	1,217,259	1,523,440
	1,408,562	280,080	315,877	797,474	1,218,332
	3,819,520	3,117,754	3,209,891	4,147,182	5,327,314
	4,852,972	4,698,913	4,745,483	4,757,990	4,498,870
	-	-	-	-	-
	-	-	-	-	-
	4,852,972	4,698,913	4,745,483	4,757,990	4,498,870
\$	8,672,492	\$ 7,816,667	\$ 7,955,374	\$ 8,905,172	\$ 9,826,184
\$	(9,270,637)	\$ (9,839,337)	\$ (23,162,852)	\$ (5,529,938)	\$ (4,593,017)
	695,036	118,836	(133,532)	(37,070)	(378,566)
\$	(8,575,601)	\$ (9,720,501)	\$ (23,296,384)	\$ (5,567,008)	\$ (4,971,583)
\$	5,607,607	\$ 5,496,250	\$ 5,234,147	\$ 3,799,318	\$ 3,762,441
	1,062,257	908,608	777,412	828,690	822,530
	-	-	-	289,854	180,474
	429,937	219,913	440,239	290,244	246,708
	-	-	-	(352,861)	(822,680)
	-	-	-	-	-
	776,325	1,000,000	(300,549)	312,600	325,450
	7,876,126	7,624,771	6,151,249	5,167,845	4,514,923
	132,503	175,124	205,206	250,705	291,996
	-	-	-	-	-
	-	-	-	352,861	822,680
	(776,325)	(1,000,000)	300,549	(312,600)	(325,450)
	(643,822)	(824,876)	505,755	290,966	789,226
\$	7,232,304	\$ 6,799,895	\$ 6,657,004	\$ 5,458,811	\$ 5,304,149
\$	(1,394,511)	\$ (2,214,566)	\$ (17,011,603)	\$ (362,093)	\$ (78,094)
	51,214	(706,040)	372,223	253,896	410,660
\$	(1,343,297)	\$ (2,920,606)	\$ (16,639,380)	\$ (108,197)	\$ 332,566

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	2,001,787	2,049,619	1,793,551	1,825,054	925,202
Total General Fund	<u>\$ 2,001,787</u>	<u>\$ 2,049,619</u>	<u>\$ 1,793,551</u>	<u>\$ 1,825,054</u>	<u>\$ 925,202</u>
Special Revenue Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	1,577,973	8,463,452	6,379,403	5,980,728	5,291,538
Committed	166,342	157,749	108,813	51,583	217,990
Assigned	454,698 ³	-	-	-	-
Unassigned	-	(185,924)	(168,005)	-	(17,817)
Total Special Revenue Funds	<u>\$ 2,199,013</u>	<u>\$ 8,435,277</u>	<u>\$ 6,320,211</u>	<u>\$ 6,032,311</u>	<u>\$ 5,491,711</u>
Debt Service Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	360,719	371,724	381,151	340,434	307,287
Committed	11	11	11	11	-
Unassigned	-	-	-	-	-
Total Debt Service Funds	<u>\$ 360,730</u>	<u>\$ 371,735</u>	<u>\$ 381,162</u>	<u>\$ 340,445</u>	<u>\$ 307,287</u>
Capital Projects Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	7,161,909 ²	-	-	-	-
Committed	234,497	445,996	130,902	-	-
Unassigned	(381,652)	-	-	-	-
Total Capital Projects Funds	<u>\$ 7,014,754</u>	<u>\$ 445,996</u>	<u>\$ 130,902</u>	<u>\$ -</u>	<u>\$ -</u>
All Governmental Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	9,100,601	8,835,176	6,760,554	6,321,162	5,598,825
Committed	400,850	603,756	239,726	51,594	217,990
Assigned	454,698	-	-	-	-
Unassigned	1,620,135	1,863,695	1,625,546	1,825,054	907,385
Gene Total All Governmental Funds	<u>\$ 11,576,284</u>	<u>\$ 11,302,627</u>	<u>\$ 8,625,826</u>	<u>\$ 8,197,810</u>	<u>\$ 6,724,200</u>

Source: City of Dallas Comprehensive Annual Financial Reports

Notes:

¹ Government Accounting Standard Board Statement 54 changed the reporting requirements for fund balances. The entity has not restated periods prior to June 30, 2011.

² System Development and Grants Fund are now under Capital Projects instead of Special Revenue as it was in the previous years.

³ Risk Management Fund and Building Inspections Fund are new fund in the current year.

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES				
Taxes and assessments	\$ 4,427,603	\$ 4,444,923	\$ 4,368,926	\$ 4,216,923
Licenses and permits	1,856,176	2,511,999	1,092,380	939,972
Intergovernmental	1,514,298	2,056,850	1,990,867	1,744,193
Franchise fees	1,185,056	1,116,780	1,093,765	1,170,721
Charges for services	1,940,726	1,890,230	1,481,555	1,997,338
Fines and forfeitures	217,196	209,729	189,771	146,523
Miscellaneous	1,000,526	567,788	277,386	347,941
Total Revenues	<u>12,141,581</u>	<u>12,798,299</u>	<u>10,494,650</u>	<u>10,563,611</u>
EXPENDITURES				
Current operating:				
General government	1,453,008	1,343,077	1,292,338	1,232,720
Highways and streets	574,813	585,384	529,501	548,007
Culture and recreation	616,834	539,061	456,838	409,615
Public Safety	5,523,810	5,118,464	4,951,183	4,689,828
Community development	1,801,729	1,605,064	1,440,384	1,410,708
Capital outlay	2,032,532	1,397,170	1,486,639	1,672,887
Debt service				
Interest	656,772	179,014	199,555	219,436
Principal	153,826	711,459	680,596	620,000
Total Expenditures	<u>12,813,324</u>	<u>11,478,693</u>	<u>11,037,034</u>	<u>10,803,201</u>
REVENUES OVER (UNDER) EXPENDITURES	(671,743)	1,319,606	(542,384)	(239,590)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	120,632	385,795	-	750,000
Transfers in	2,349,323	1,944,307	1,459,395	1,315,147
Transfers out	(1,454,555)	(972,907)	(488,995)	(351,947)
Payment of prepaid pension asset	-	-	-	-
Debt proceeds	-	-	-	-
Bond refunding	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,015,400</u>	<u>1,357,195</u>	<u>970,400</u>	<u>1,713,200</u>
NET CHANGE IN FUND BALANCES	<u>\$ 343,657</u>	<u>\$ 2,676,801</u>	<u>\$ 428,016</u>	<u>\$ 1,473,610</u>
Debt service as a percentage of noncapital expenditures	<u>7.88%</u>	<u>8.89%</u>	<u>8.48%</u>	<u>8.72%</u>

Source: City of Dallas Comprehensive Annual Financial Reports

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$	4,244,493	\$ 4,094,852	\$ 3,988,407	\$ 3,846,626	\$ 3,797,194	\$ 3,734,315
	630,626	321,837	430,191	416,350	1,570,479	1,526,492
	1,663,520	2,897,961	1,763,122	1,703,570	1,334,690	1,367,900
	1,028,427	1,062,257	908,608	777,412	828,690	822,530
	1,726,277	1,554,881	1,753,479	1,729,236	938,379	1,516,376
	117,985	141,888	187,692	257,229	353,964	365,946
	408,894	429,937	243,427	440,239	467,680	980,026
	<u>9,820,222</u>	<u>10,503,613</u>	<u>9,274,926</u>	<u>9,170,662</u>	<u>9,291,076</u>	<u>10,313,585</u>
	1,151,147	1,150,826	1,171,990	1,230,491	1,997,088	1,682,609
	538,624	564,266	525,820	478,340	682,657	902,450
	393,963	350,244	440,054	379,147	1,631,550	1,817,384
	4,874,365	4,918,023	4,787,775	4,670,936	3,902,463	3,533,823
	1,323,313	1,325,302	1,449,292	1,479,368	-	-
	561,519	2,043,949	1,275,423	1,618,527	2,831,297	6,219,811
	239,631	264,813	292,992	500,000	317,989	337,515
	604,330	588,147	578,301	315,071	502,547	445,000
	<u>9,686,892</u>	<u>11,205,570</u>	<u>10,521,647</u>	<u>10,671,880</u>	<u>11,865,591</u>	<u>14,938,592</u>
	133,330	(701,957)	(1,246,721)	(1,501,218)	(2,574,515)	(4,625,007)
	-	-	-	-	-	-
	1,812,349	1,251,603	1,870,664	1,727,916	2,145,129	593,375
	(896,010)	(475,278)	(1,040,664)	(1,559,921)	(1,892,529)	(367,925)
	-	-	-	-	-	-
	-	-	-	55,410	1,568,733	3,109,795
	-	-	-	-	-	-
	<u>916,339</u>	<u>776,325</u>	<u>830,000</u>	<u>223,405</u>	<u>1,821,333</u>	<u>3,335,245</u>
\$	<u>1,049,669</u>	<u>\$ 74,368</u>	<u>\$ (416,721)</u>	<u>\$ (1,277,813)</u>	<u>\$ (753,182)</u>	<u>\$ (1,289,762)</u>
	<u>9.03%</u>	<u>8.76%</u>	<u>8.93%</u>	<u>8.36%</u>	<u>7.45%</u>	<u>5.97%</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General government	\$ 1,978,726	\$ 2,412,882	\$ 1,198,834	\$ 1,174,241
Public safety	1,800,545	1,808,359	1,028,641	1,403,096
Highways and streets	80,333	696,605	92,806	75,605
Culture and recreation	245,770	567,143	550,060	106,696
Community development	539,855	652,741	567,195	926,935
Total Governmental Activities	<u>4,645,229</u>	<u>6,137,730</u>	<u>3,437,536</u>	<u>3,686,573</u>
Business-type Activities:				
Sewage disposal	3,660,323	3,222,212	3,148,628	3,026,851
Water	2,888,059	2,596,955	2,534,225	2,050,908
Storm Water	583,649	350,253	-	-
Total Business-type Activities	<u>7,132,031</u>	<u>6,169,420</u>	<u>5,682,853</u>	<u>5,077,759</u>
Total Activities	<u>\$ 11,777,260</u>	<u>\$ 12,307,150</u>	<u>\$ 9,120,389</u>	<u>\$ 8,764,332</u>

Source: City of Dallas Comprehensive Annual Financial Reports

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 908,346	\$ 641,463	\$ 609,185	\$ 260,475	\$ 936,322	\$ 1,663,143
1,309,998	1,973,067	1,427,817	1,336,943	1,743,251	1,986,654
58,899	24,854	46,585	316,961	656,475	912,983
94,190	350,739	613,337	575,173	811,134	764,534
667,287	829,397	420,830	720,339	-	-
<u>3,038,720</u>	<u>3,819,520</u>	<u>3,117,754</u>	<u>3,209,891</u>	<u>4,147,182</u>	<u>5,327,314</u>
2,966,576	2,879,216	2,824,141	2,826,340	2,846,712	2,617,239
2,058,571	1,973,756	1,874,772	1,919,143	1,911,278	1,881,631
-	-	-	-	-	-
<u>5,025,147</u>	<u>4,852,972</u>	<u>4,698,913</u>	<u>4,745,483</u>	<u>4,757,990</u>	<u>4,498,870</u>
<u>\$ 8,063,867</u>	<u>\$ 8,672,492</u>	<u>\$ 7,816,667</u>	<u>\$ 7,955,374</u>	<u>\$ 8,905,172</u>	<u>\$ 9,826,184</u>

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

<u>Fiscal Year Ending</u>	<u>Property</u>	<u>Special Assessments</u>	<u>Total</u>
2008	\$ 3,685,599	\$ 2,244	\$ 3,687,843
2009	3,788,972	518	3,789,490
2010	3,879,023	376	3,879,399
2011	3,998,629	-	3,998,629
2012	4,032,622	-	4,032,622
2013	4,093,879	-	4,093,879
2014	4,088,991	-	4,088,991
2015	4,368,926	-	4,368,926
2016	4,444,923	-	4,444,923
2017	4,427,603	-	4,427,603
Change 2008 - 2017	20.1%	-100.0%	

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

Fiscal Year Ended June 30,	Real Property		Personal Property*	
	Assessed Value	Estimated	Assessed Value	Estimated
		Actual Value		Actual Value
2008	\$ 672,844,569	\$ 1,070,608,106	\$ 27,077,450	\$ 28,024,460
2009	694,267,295	1,133,818,532	25,085,157	25,992,860
2010	718,755,409	1,077,982,914	26,479,386	27,345,280
2011	743,665,180	1,046,051,831	24,825,707	25,538,640
2012	763,676,927	977,827,398	22,964,094	23,577,060
2013	786,988,600	920,317,855	22,626,259	23,294,880
2014	792,003,938	890,833,202	19,482,173	20,120,730
2015	826,326,001	950,906,011	19,661,327	20,305,700
2016	803,156,128	930,135,179	20,153,830	21,172,910
2017	841,626,815	1,021,312,224	20,761,689	22,244,150

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

* Includes mobile homes

Source: Polk County Department of Assessment and Taxation

Public Utility Property		Total		Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$ 14,194,480	\$ 14,215,870	\$714,116,499	\$ 1,112,848,436	64.17	5.27
14,327,720	14,335,524	733,680,172	1,174,146,916	62.49	5.26
17,996,620	18,003,660	763,231,415	1,123,331,854	67.94	5.19
17,379,650	17,658,479	785,870,537	1,089,248,950	72.15	5.20
18,047,300	19,931,067	804,688,321	1,021,335,525	78.79	5.22
16,391,600	18,346,106	826,006,459	961,958,841	85.87	5.17
17,290,720	18,689,559	828,776,831	929,643,491	89.15	5.09
18,311,463	19,314,768	864,298,791	990,526,479	87.26	4.99
11,866,800	13,158,182	835,176,758	964,466,271	86.59	4.91
12,170,120	12,223,910	874,558,624	1,055,780,284	82.84	4.66

**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
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
2015	4.20	0.79	4.99	2.24	6.22
2016	4.20	0.71	4.91	2.52	6.10
2017	4.20	0.46	4.66	2.52	5.98

Chemeketa Community College	Chemeketa Regional Library	Polk Conservation District	Willamette ESD	Dallas Cemetery District	4-H Extension District	Total
\$ 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
0.89	0.08	0.05	0.29	0.05	0.07	14.88
0.93	0.08	0.05	0.29	0.05	0.07	15.00
0.89	0.08	0.05	0.29	0.05	0.07	14.59

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

Taxpayer	2017			2008		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
Greenway	\$ 7,870,500	1	0.90%	\$ 6,213,160	3	0.85%
Wal-Mart	6,874,690	2	0.79%	5,286,550	4	0.72%
Northwest Natural Gas	6,577,000	3	0.75%	7,506,000	2	1.02%
Victoria Place General Partnership	6,547,400	4	0.75%	5,168,640	5	0.70%
Dallas Mennonite Retirement Center	5,810,180	5	0.66%	2,891,700	9	0.39%
Charter Communications	4,069,100	6	0.47%	-	-	-
Safeway #404	3,399,800	7	0.39%	2,683,870	10	0.37%
Forest River Inc	3,199,070	8	0.37%	-	-	-
Lacreole Properties Inc	3,066,820	9	0.35%	-	-	-
Pacificorp (PP&L)	2,974,000	10	0.34%	-	-	-
FR Acquisition, Inc.	-	-	-	3,322,110	8	0.45%
Weyerhaeuser Company	-	-	-	17,879,836	1	2.44%
TTM Printed Circuit Group, LP	-	-	-	3,604,570	7	0.49%
Qwest Corporation	-	-	-	3,977,400	6	0.54%
	<u>\$ 50,388,560</u>		<u>5.77%</u>	<u>\$ 58,533,836</u>		<u>7.97%</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
2008	\$ 3,763,738	\$ 3,529,331	93.77	\$ 156,285	\$ 3,685,616	97.92
2009	3,861,639	3,574,325	92.56	215,062	3,789,387	98.13
2010	3,963,447	3,677,240	92.78	202,724	3,879,964	97.89
2011	4,083,452	3,791,192	92.84	186,190	3,977,382	97.40
2012	4,197,403	3,869,533	92.19	146,864	4,016,397	95.69
2013	4,279,410	3,985,073	93.12	148,807	4,133,880	96.60
2014	4,298,867	4,012,740	93.34	127,686	4,140,426	96.31
2015	4,399,871	4,157,700	94.50	87,601	4,245,301	96.49
2016	4,518,220	4,278,742	94.70	58,161	4,336,903	95.99
2017	4,432,938	4,324,659	97.56	-	4,324,659	97.56

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:

<u>Fiscal Year Ended June 30,</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Debt as % Personal Income</u>	<u>Bonded Debt Per Capita</u>
2008	15,360	\$ 714,116,499	\$ 7,055,000	0.0099	1.77%	\$ 459.31
2009	15,445	733,680,172	6,790,000	0.0093	1.79%	439.62
2010	15,555	763,231,415	6,290,000	0.0082	1.74%	404.37
2011	14,590	785,870,537	5,760,000	0.0073	1.55%	394.79
2012	14,620	804,688,321	5,200,000	0.0065	1.38%	355.68
2013	14,690	826,006,459	4,610,000	0.0056	1.18%	313.82
2014	14,800	828,776,831	4,740,000	0.0057	1.18%	320.27
2015	14,940	864,298,791	4,059,404	0.0047	0.94%	271.71
2016	15,040	835,176,758	3,733,740	0.0045	0.83%	248.25
2017	15,570	874,558,624	3,364,251	0.0038	0.87%	216.07

BUSINESS-TYPE ACTIVITIES:

<u>Fiscal Year Ended June 30,</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Notes Payable and Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Debt as % Personal Income</u>	<u>Bonded Debt Per Capita</u>
2008	15,360	\$ 714,116,499	\$ 14,543,749	0.0204	3.65%	\$ 946.86
2009	15,445	733,680,172	14,927,743	0.0203	3.94%	966.51
2010	15,555	763,231,415	14,634,621	0.0192	4.05%	940.83
2011	14,590	785,870,537	13,502,102	0.0172	3.64%	925.44
2012	14,620	804,688,321	12,147,154	0.0151	3.22%	830.86
2013	14,690	826,006,459	10,921,544	0.0132	2.80%	743.47
2014	14,800	828,776,831	9,846,469	0.0119	2.45%	665.30
2015	14,940	864,298,791	9,839,085	0.0114	2.27%	658.57
2016	15,040	835,176,758	9,843,419	0.0118	2.19%	654.48
2017	15,570	874,558,624	9,526,879	0.0109	2.46%	611.87

TOTAL DEBT:

<u>Fiscal Year Ended June 30,</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Notes Payable and Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Debt as % Personal Income</u>	<u>Bonded Debt Per Capita</u>
General Revenues and Other Changes in Net Position						
2008	15,360	\$ 714,116,499	\$ 21,598,749	0.0302	5.42%	\$ 1,406.17
2009	15,445	733,680,172	21,717,743	0.0296	5.73%	1,406.13
2010	15,555	763,231,415	20,924,621	0.0274	5.79%	1,345.20
2011	14,590	785,870,537	19,262,102	0.0245	5.19%	1,320.23
2012	14,620	804,688,321	17,347,154	0.0216	4.60%	1,186.54
2013	14,690	826,006,459	15,531,544	0.0188	3.98%	1,057.29
2014	14,800	828,776,831	14,586,469	0.0176	3.63%	985.57
2015	14,940	864,298,791	13,898,489	0.0161	3.21%	930.29
2016	15,040	835,176,758	13,577,159	0.0163	3.02%	902.74
2017	15,570	874,558,624	12,891,130	0.0147	3.33%	827.95

CITY OF DALLAS, OREGON
 COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 JUNE 30, 2017

<u>Governmental Unit</u>	<u>Real market values of overlapping districts</u>	<u>Tax-supported debt outstanding¹</u>	<u>Percentage overlapping²</u>	<u>Overlapping debt applicable to the City of Dallas</u>
Debt Repaid with Property Taxes				
Chemeketa Community College	\$ 46,944,803,075	\$ 80,186,466	2.44 %	\$ 1,953,583
Willamette ESD	51,747,103,538	10,111,880	2.21 %	223,493
Polk Cty SD 2 (Dallas)	1,860,223,843	7,474,940	61.48 %	4,595,862
Polk County	6,938,212,288	1,540,559	16.48 %	253,955
Subtotal, overlapping debt		<u>99,313,845</u>		<u>7,026,893</u>
Direct debt outstanding:				
City of Dallas	<u>1,143,733,414</u>	<u>3,338,465</u>	100.00 %	<u>7,764,338</u>
Total Direct and Overlapping Debt	<u>\$ 1,143,733,414</u>	<u>\$ 102,652,310</u>		<u>\$ 14,791,231</u>

NOTE:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlap is determined by how much of the real market value is shared by each entity with the City of Dallas. This information is provided by the Oregon Department of Revenue and used by the Oregon State Treasury Department to develop the overlapping debt reports for the City.

¹ Tax supported debt outstanding includes General Obligation (GO) bonds, Full Faith & Credit Bonds, loans, capital leases, notes, and certificates of participation 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, 2017**

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

Assessed value	\$ 874,558,624
Rate	x 3%
Debt limit	<u>26,236,759</u>
Debt applicable to limit	<u>(554,281)</u>
Legal debt margin	<u>\$ 25,682,478</u>

<u>Fiscal year ended June 30,</u>	<u>Debt Limit</u>	<u>Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>
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	24,140,650	3,290,553	20,850,097
2013	24,780,194	3,030,000	21,750,194
2014	24,863,305	2,139,566	22,723,739
2015	25,928,964	1,563,849	24,365,115
2016	26,711,967	1,013,276	25,698,691
2017	28,293,922	554,281	27,739,641

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	
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
2015	3,487,583	2,402,348	1,085,235	204,405	146,806	351,211	309.00
2016	3,043,968	2,812,299	231,669	211,315	151,517	362,832	63.85
2017	3,084,785	3,032,227	52,558	218,458	150,771	369,229	14.23

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	
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
2015	3,303,920	1,890,390	1,413,530	830,000	243,925	1,073,925	131.62
2016	3,734,368	2,986,994	747,374	845,000	146,990	991,990	75.34
2017	3,493,180	3,135,857	357,323	855,000	71,522	926,522	38.57

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	
2008	2,244	-	-	-	-
2009	1,816	-	-	-	-
2010	1,028	-	-	-	-
2011	769	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-

**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)	Estimated Employed Population†	Average Annual Wage**	Area in square miles	Average Density (persons / square mile)	Average Annual Unemploy- ment
2008	15,360	\$ 24,639	\$ 378,455	8,785	\$ 43,078	4.45	3,451.7	7.3%
2009	15,445	23,423	361,768	8,834	40,952	4.45	3,470.8	8.3%
2010	15,555	23,873	371,345	8,897	41,739	4.45	3,495.5	9.8%
2011	14,590	25,883	377,633	8,345	45,254	4.45	3,278.7	8.8%
2012	14,620	26,634	389,389	8,362	46,566	4.45	3,285.4	8.5%
2013	14,690	27,395	402,433	8,402	47,897	4.45	3,301.1	8.7%
2014	14,800	29,289	433,477	8,465	51,209	4.45	3,325.8	6.8%
2015	14,940	30,045	448,872	8,545	52,530	4.45	3,357.3	6.0%
2016	15,040	25,783	387,776	8,602	49,899	4.45	3,379.8	5.7%
2017	15,570	NA	NA	4,302	N/A	4.45	3,498.9	4.3%

*State of Oregon Employment Department

** Total Personal Income Divided by Estimated Employed Population

† Number of returns filed with ORDOR under Total Income Table

Source: Portland State University Population Research and Census
 Oregon Department of Revenue, Oregon Personal Income Tax Reports and Statistics
 Oregon Employment Department

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

Employer	2017			2008		
	Employees	Rank	% of Total City Employment†	Employees	Rank	% of Total City Employment
Dallas Public Schools	387	2	9.00%	351	1	6.02%
Forest River	450	1	10.46%	195	4	4.36%
Polk County	380	3	8.83%	300	2	5.84%
Dallas Retirement Village	324	4	7.53%	255	3	4.55%
Wal-Mart	190	5	4.42%	180	5	3.45%
West Valley Hospital	149	6	3.46%	150	7	2.91%
Mak Metals	42	10	0.98%	-	-	-
City of Dallas	141	7	3.28%	153	6	3.09%
Safeway Stores, Inc.	125	8	2.91%	145	9	2.45%
Goodwill Dallas	60	9	1.39%	-	-	-
James W. Fowler Company	-	-	-	148	8	2.67%
Weyerhaeuser Corp.	-	-	-	139	10	2.29%
	<u>2,248</u>		<u>43.26%</u>	<u>2,016</u>		<u>37.63%</u>

† Number of returns filed with ORDOR under Total Income Table
 Source: Dallas Area Chamber of Commerce and Employers

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	14	20	19	18	18	18	15	18	16	17
Public safety	25	26	26	26	26	23	23	25	25	29
Highways and streets	5	6	3	4	4	4	4	4	4	3
Culture and recreation	25	17	20	18	20	20	22	23	23	26
Sewage disposal	8	6	6	6	6	6	6	6	9	6
Water	9	9	8	6	5	5	5	5	3	4
Ambulance	14	19	19	19	18	19	19	17	19	18
Total	100	103	101	97	97	95	93	98	99	103

Source: City of Dallas

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Arrests	1,312	1,355	988	904	927	1,035	993	1,114	1,064	1,108
Traffic violations	1,236	1,025	810	472	529	412	714	846	1,550	1,570
Municipal Court Cases	1,933	1,381	1,475	888	938	475	1,846	2,045	2,504	2,439
Fire Responses										
City	381	319	350	373	356	352	282	500	757	1,025
Rural	367	316	455	411	332	322	321	480	610	641
Ambulance										
Transports	1,718	1,804	1,708	1,817	1,811	1,949	2,045	2,297	2,378	2,466
Building Activity										
Permits Issued	191	145	160	132	108	147	191	194	242	214
Estimated Value (000's)	\$17,049	\$14,736	\$16,100	\$9,863	\$10,004	\$11,900	\$17,044	\$19,979	\$41,262	\$37,976
Planning Applications	54	33	47	36	43	73	108	118	175	136
Library										
Circulation	181,473	176,004	183,498	203,762	248,881	201,764	199,801	193,366	196,650	206,462
Miles of Streets Maintained	55.00	55.00	55.00	55.00	55.00	55.00	56.46	56.89	57.37	57.74
Water										
Connections	4,930	5,073	5,329	5,331	5,348	5,394	5,420	5,444	5,541	5,653
Sewer										
Connections	4,326	4,417	4,474	4,467	4,483	4,539	4,614	4,634	4,675	4,778

Source: City of Dallas

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	59	59	59	59	59	59	60	60	60
Culture and recreation										
Number of parks	11	11	11	11	11	11	11	11	11	11
Acreage	80	80	80	80	80	80	99	99	99	99
Aquatic centers (sq ft)	32170	32170	32170	32170	32170	32170	32170	32170	32170	32170
Sewage disposal										
Max daily capacity	12.5 mgd	12.5 mgd	12.5 mgd	12.5 mgd	12.5 mgd	12.5 mgd	12.5 mgd	12.5 mgd	12.5 mgd	12.5 mgd
Water										
Max daily capacity	8.5 mgd	10.5 mgd	10.5 mgd	10.5 mgd	10.5 mgd	10.5 mgd	10.5 mgd	10.5 mgd	10.5 mgd	10.5 mgd
Fire hydrants	479	483	485	485	485	485	486	488	490	505

Source: City of Dallas



DALLAS

CITY PARK