

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDING JUNE 30, 2018**

**CITY OF DALLAS
POLK COUNTY, OREGON**

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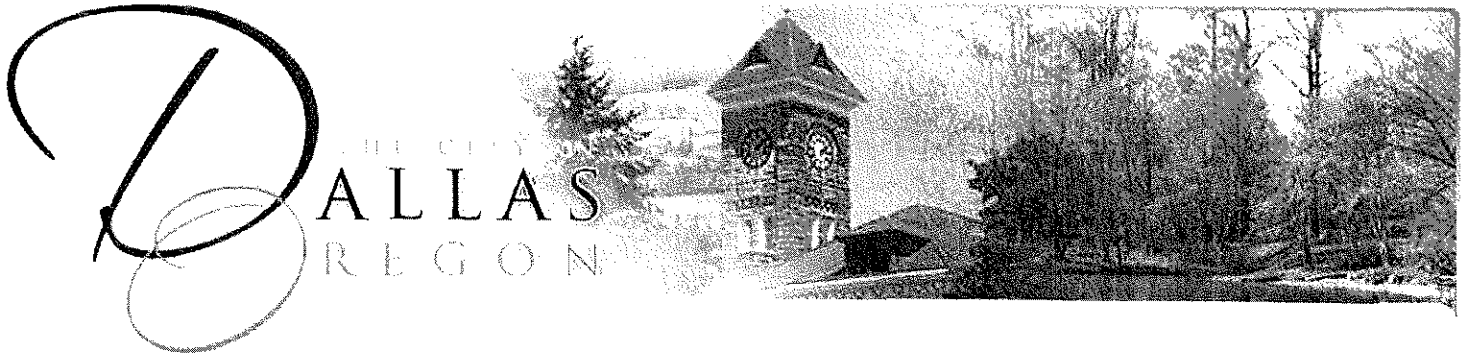
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November 2, 2018

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, 2018.

This report presents the financial position of the City as of June 30, 2018 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. Management is responsible for the content of the Comprehensive Annual Financial Report. 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 and has been provided as a separate financial report.

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 2018 for the City of Dallas was 15,830.

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>
2018 PSU Estimate	15,830	82,100
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 2019 look stronger than in 2018. The report outlines that our region can continue to expect more new housing starts between 2018 and 2019. This can be directly attributed to the robust increase in construction employment across the entire state. The City of Dallas's population increased by 1.6% in 2018 and based on current development activities since April 2018, it appears that the City will continue to grow at about the same rate in 2019.

The City's business sector economy has seen quite a bit of growth, mostly in the commercial sector. The businesses and industries in the City are doing well and this trend is expected to continue in 2019. The regional report indicated that job growth will continue to be strong, but there current lack of qualified candidates for skilled positions is pushing many firms to address equity and inclusion as ways of to lift more people into the work force. Through the help of educational institutions locally and regionally, CTE (Career & Technical Education) programs by both the Dallas School District and Chemeketa Community College are playing a key role in training the next generation of workers. As with 2018, the lack of industrial land on the I-5 corridor has helped Dallas' outlook on the manufacturing front, as several companies have steadily shown interest in the available industrial land and facilities. Though no industrial construction has begun in 2018, there are several ongoing recruitment and expansion projects that will make their mark on 2019. One definite upside for the City is that a number of empty storefronts in the historic downtown, have finally changed hands and new retail businesses have or will open their doors in 2018 and 2019.

The City's revenues have increased over the last three years and our 2018 revenue forecasts were met. With a positive economic outlook for 2019, we are estimating City revenue will increase approximately 3.2%. 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 2019 challenges that will eat take away from the revenue gains. The major issues the City will face in 2019 are annual increase to minimum wage, an across the board increase in the Public Employees Retirement System (PERS) and increase in health care premiums. 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 2018 and based on the revenue and expenditure forecast for 2019, 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 annual 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 \$12.65 million (excluding premium) in long-term debt outstanding as of June 30, 2018.

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, 2018.

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, 2018, 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, 2017. 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-seven 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.

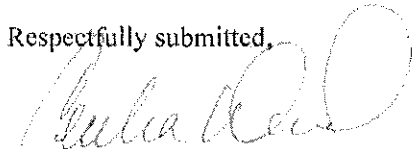
Distinguished Budget Presentation Award. The GFOA presented a Distinguished Budget Presentation Award to the City for its annual budget beginning July 1, 2017. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations 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

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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

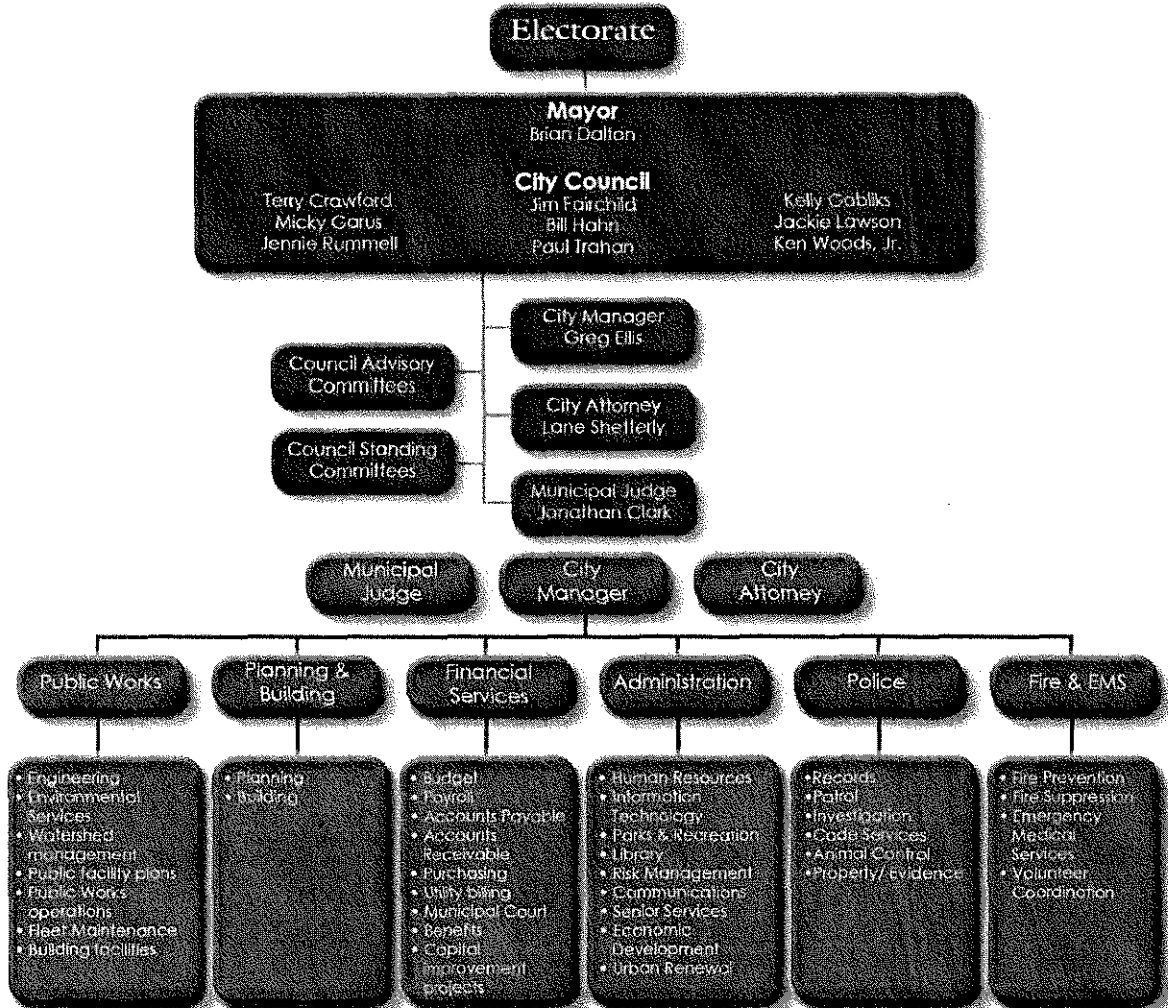
June 30, 2017

Christopher P. Morrill

Executive Director/CEO

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ORGANIZATION STRUCTURE AND CHART



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CITY OF DALLAS
POLK COUNTY, OREGON

2017-2018
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
James 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
Kenneth Woods Jr.	December 31, 2020

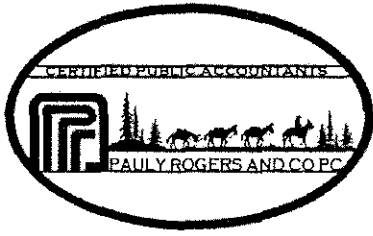
All Council members receive mail at the address listed below.

ADMINISTRATION

City Hall
187 SE Court St,
Dallas, Oregon 97338

Greg Ellis, City Manager
Cecilia Ward, Finance Director

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

November 2, 2018

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, 2018, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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, 2018, 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.

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 on them.

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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are 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 sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our reports dated November 2, 2018 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with Government Auditing Standards in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 2, 2018, 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, 2018

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, 2018. 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.

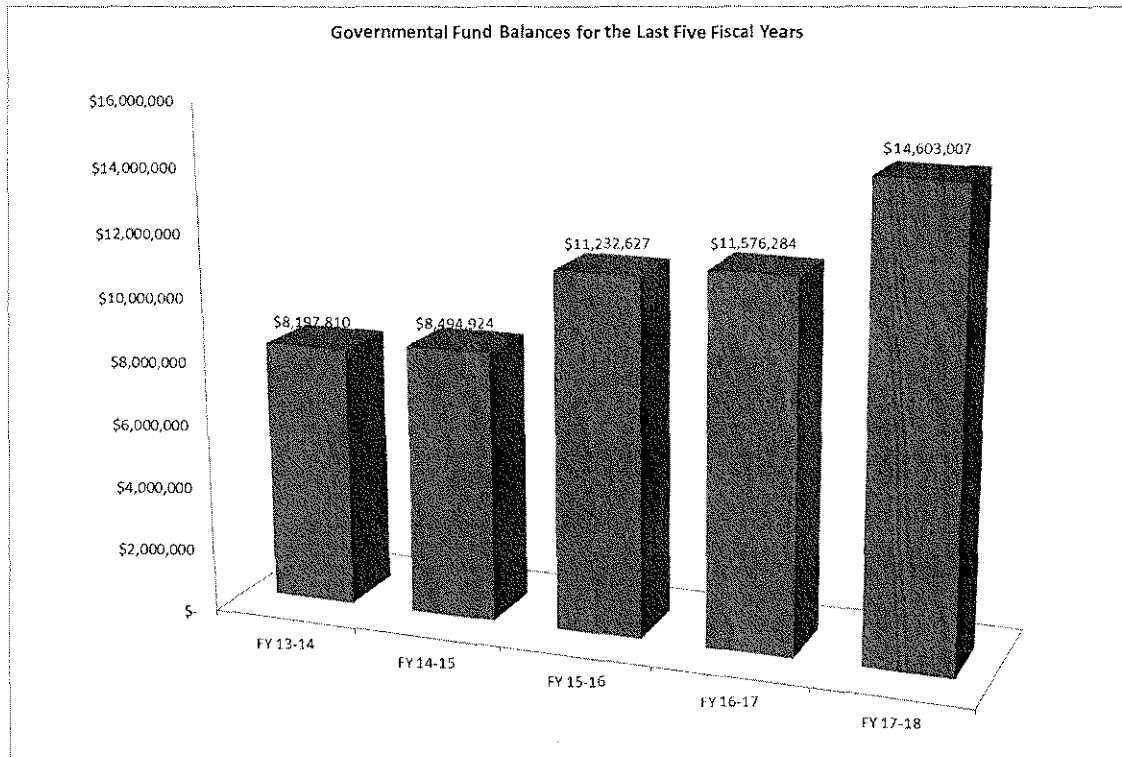
FINANCIAL HIGHLIGHTS

As of the close of the current fiscal year the City's governmental funds reported a combined ending fund balance of \$14,603,007, an increase of \$3,026,723 in comparison with the previous year. The General Fund ending fund balance increased 13.80 percent to \$2,278,112.

Governmental Funds: Changes in Fund Balances

Fund	June 30, 2018 Fund Balance	June 30, 2017 Fund Balance	Increase (decrease)	Percent Change
General Fund	\$ 2,278,112	\$ 2,001,787	\$ 276,325	13.80%
Capital Projects Fund	9,277,727	7,014,754	2,262,973	24.39%
Risk Management Fund	122,387	236,960	(114,573)	-93.62%
Building Inspection Fund	444,948	217,738	227,210	51.06%
Street Fund	1,464,543	1,127,774	336,769	29.86%
Trust/Reserve Fund	213,301	166,342	46,959	28.23%
Urban Renewal Fund	454,296	450,199	4,097	0.91%
General Obligation Bond Fund	347,682	360,719	(13,037)	-3.61%
General Debt Fund	11	11	-	0.00%
	<u>\$ 14,603,007</u>	<u>\$ 11,576,284</u>	<u>\$ 3,026,723</u>	<u>26.15%</u>

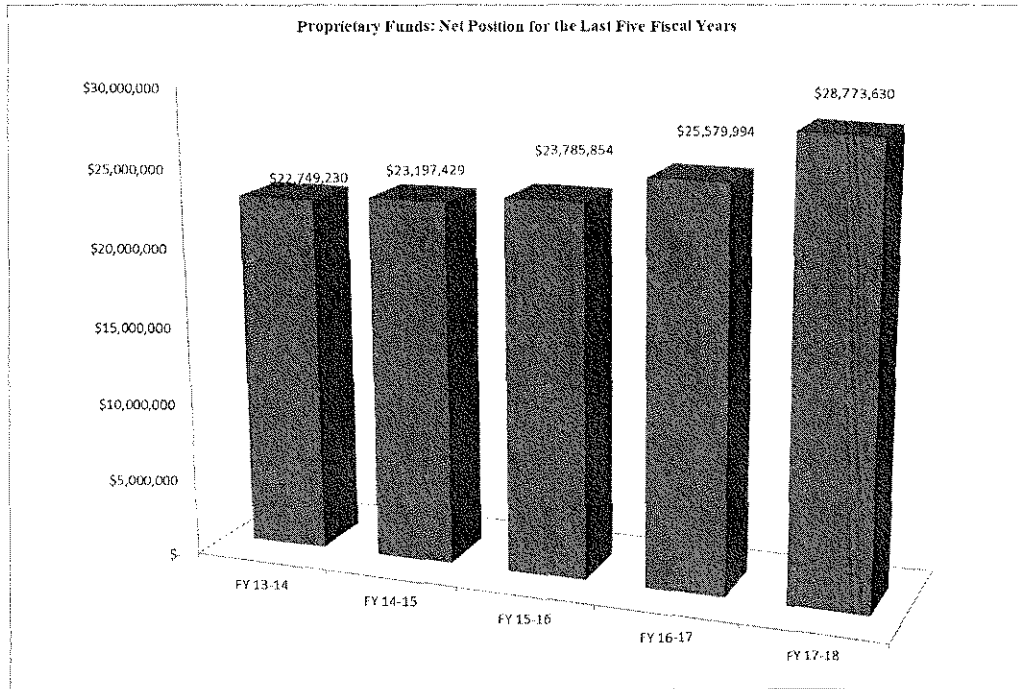
*The Grants Fund and Systems Development Fund are combined with the Capital Projects Fund.



Business-type net position increased \$3,193,636 (11.10 percent) for the 2017-18 fiscal year. Operating income for the Sewer, Water and Storm Water Funds was \$2,081,299. The net position decrease from non-operating revenues and expenses was \$185,608. During 2017-18 property was purchased for the watershed and wastewater treatment plant equipment upgraded, along with ongoing water and sewer line replacements.

Changes in Net Position: Proprietary Funds

Fund	June 30, 2018		June 30,		Increase (decrease)	Percent Change
	Net Position	Ne Positio				
Water Fund	\$ 12,392,296	\$ 11,204,961	\$	\$ 1,187,335	10.60%	
Sewer Fund	14,870,248	13,754,668		1,115,580	8.11%	
Storm Water Fund	1,511,086	620,365		890,721	143.58%	
	<u>\$ 28,773,630</u>	<u>\$ 25,579,994</u>	<u>\$</u>	<u>\$ 3,193,636</u>	<u>12.48%</u>	



For Fiscal Year 2017-18 there was minimal growth in net position for the three enterprise funds where net position increased 10.60 percent in the Water Fund and increased 8.11 percent in the Sewer Fund. The increase in the Water Fund and Sewer Fund reflects a growth in operating revenue and decrease in operating expenses. The Storm Water Fund, shows an increase of 143.58 percent as there was a considerable addition of capital contributions.

Internal Service Fund (Fleet Management Fund) net position decreased by \$52,867 for the 2017-18 fiscal year due to a decrease in reimbursed services 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 total 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, water service and storm 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 43 through 45 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 49A through 60 of this report.

Proprietary Funds. The City of Dallas maintains two different types of proprietary funds - enterprise and internal service fund. These funds are used to show activities that operate more like those of commercial enterprises. Fees are charged for services provided, both to outside customers and to other units of the City of Dallas. Enterprise funds are presented as business-type activities in the government-wide financial statements. The City of Dallas uses enterprise funds to account for its Sewage Disposal, Water, and Storm 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 36 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 \$109,709,343, while total liabilities were \$21,316,646 resulting in combined net position (governmental and business-type activities) of \$87,916,725. The largest component of the City's total net position, \$75,629,297 or 86%, 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, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
ASSETS						
Current Asset	\$ 15,796,672	\$ 12,836,206	\$ 3,938,820	\$ 3,248,640	\$ 19,735,492	\$ 16,084,846
Non-current Assets:						
Capital Assets	<u>51,223,172</u>	<u>52,886,885</u>	<u>35,937,493</u>	<u>32,966,586</u>	<u>87,160,665</u>	<u>85,853,471</u>
Total Assets	67,019,844	65,723,091	39,876,313	36,215,226	106,896,157	101,938,317
Deferred Outflows of Resources	<u>2,460,731</u>	<u>3,978,071</u>	<u>352,455</u>	<u>583,796</u>	<u>2,813,186</u>	<u>4,561,867</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 69,480,575</u>	<u>\$ 69,701,162</u>	<u>\$ 40,228,768</u>	<u>\$ 36,799,022</u>	<u>\$ 109,709,343</u>	<u>\$ 106,500,184</u>
LIABILITIES						
Current Liabilities	\$ 1,237,278	\$ 1,313,393	\$ 1,770,108	\$ 1,435,920	\$ 3,007,386	\$ 2,749,313
Long-Term Liabilities:						
Net Pension Liability	6,378,582	7,500,358	913,618	1,100,703	7,292,200	8,601,061
Other Liabilities	<u>2,305,281</u>	<u>2,908,436</u>	<u>8,711,779</u>	<u>8,638,248</u>	<u>11,017,060</u>	<u>11,546,684</u>
Total Liabilities	9,921,141	11,722,187	11,395,505	11,174,871	21,316,646	22,897,058
Deffered Inflows of Resources	<u>416,339</u>	<u>300,889</u>	<u>59,633</u>	<u>44,157</u>	<u>475,972</u>	<u>345,046</u>
NET POSITION						
Net Investment in Capital Assets	49,729,006	49,522,634	25,900,291	23,439,707	75,629,297	72,962,341
Restricted	11,357,160	9,100,601	-	-	11,357,160	9,100,601
Unrestricted	<u>(1,943,071)</u>	<u>(945,149)</u>	<u>2,873,339</u>	<u>2,140,287</u>	<u>930,268</u>	<u>1,195,138</u>
Total Net Position	<u>59,143,095</u>	<u>57,678,086</u>	<u>28,773,630</u>	<u>25,579,994</u>	<u>87,916,725</u>	<u>83,258,080</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 69,480,575</u>	<u>\$ 69,701,162</u>	<u>\$ 40,228,768</u>	<u>\$ 36,799,022</u>	<u>\$ 109,709,343</u>	<u>\$ 106,500,184</u>

Statement of Activities
Years ended June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
REVENUES						
Program Revenues:						
Charges for Services	5,944,461	4,507,892	6,162,438	5,768,881	12,106,899	10,276,773
Operating Grants and Contributions	235,827	95,408	-	-	235,827	95,408
Capital Grants and Contributions	1,385,564	41,929	2,216,095	1,363,150	3,601,659	1,405,079
General Revenues:						
Property and Taxes	4,747,934	4,455,725	-	-	4,747,934	4,455,725
Public Service Taxes	1,758,461	1,376,961	-	-	1,758,461	1,376,961
Franchise Fees	1,254,229	1,185,056	-	-	1,254,229	1,185,056
Interest and Investment Earnings	143,345	79,024	111,519	62,471	254,864	141,495
Loss on Sale of Capital Assets	-	(784)	-	-	-	(784)
Other Revenues	926,836	662,381	406,982	955,826	1,333,818	1,618,207
Total Revenues	16,396,657	12,403,592	8,897,034	8,150,328	25,293,691	20,553,920
EXPENSES						
General Government	(3,072,693)	(2,618,629)	-	-	(3,072,693)	(2,618,629)
Public Safety	(8,421,394)	(7,462,693)	-	-	(8,421,394)	(7,462,693)
Highways and Street	(750,043)	(776,622)	-	-	(750,043)	(776,622)
Culture and Recreation	(863,203)	(833,397)	-	-	(863,203)	(833,397)
Community Development	(2,794,594)	(2,434,292)	-	-	(2,794,594)	(2,434,292)
Interest on Long-Term Debt	(124,871)	(157,956)	-	-	(124,871)	(157,956)
Sewage Disposal	-	-	(2,384,194)	(2,584,857)	(2,384,194)	(2,584,857)
Water	-	-	(2,062,003)	(2,587,227)	(2,062,003)	(2,587,227)
Storm Water	-	-	(162,051)	(159,480)	(162,051)	(159,480)
Total Expenses	(16,026,798)	(14,283,589)	(4,608,248)	(5,331,564)	(20,635,046)	(19,615,153)
Increase (Decrease) in Net Position Before Transfers	369,859	(1,879,997)	4,288,786	2,818,764	4,658,645	938,767
Transfers in (out)	1,095,150	1,025,000	(1,095,150)	(1,025,000)	-	-
Change in Net Position	1,465,009	(854,997)	3,193,636	1,793,764	4,658,645	938,767
Net Position - Beginning	57,678,086	58,638,952	25,579,994	23,786,230	83,258,080	82,425,182
Prior Period Adjustment	-	(105,869)	-	-	-	(105,869)
Net Position - Ending	<u>59,143,095</u>	<u>57,678,086</u>	<u>28,773,630</u>	<u>25,579,994</u>	<u>87,916,725</u>	<u>83,258,080</u>

Governmental Activities. Total revenues for the City of Dallas' governmental activities for the fiscal year ended June 30, 2018, were \$16,396,657 (excluding transfers). Approximately 29% 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 \$16,026,798 (excluding transfers), resulting in an increase in net position of \$1,465,009. The majority of the governmental activities revenue was used to fund public safety, which accounts for approximately 53% of the total governmental activities expense. Culture and recreation expenses account for 5% of the total, community development account for 17%, highways and streets account for 5%, and general government expenses account for 19% 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, Capital Grants & Contributions, and general revenues of business-type activities totaled \$8,897,034 (excluding transfers) for the current fiscal year. Approximately 69% of the total business-type activities revenue was derived from charges for services. The total expenses for business-type activities were \$4,608,248 (excluding transfers), resulting in an increase of net position by \$3,193,636. 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 \$14,603,007, an increase of \$3,026,723 or 26.15%, 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 \$2,278,112, an increase of \$276,325 (13.80 percent) from the prior year (on the modified accrual basis). The increase was due to higher than expected collection of ambulance fees and property tax.

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 \$1,464,543, an increase of 29.86% from the prior year. The increase was due to the legislator passing HB2017 a transportation infrastructure package, which in part, increased transportation funding to counties and cities.

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 Bond with an outstanding balance of \$1,670,000.

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 are combined with the Capital Projects Fund. The fund balance of the Capital Projects Fund at June 30, 2018 was \$9,277,727.

Proprietary Funds. At the end of the current fiscal year, net position of the enterprise funds equaled \$28,773,630. The change in total net position of all the proprietary funds was minimal. The Sewer fund net position increased by \$1,115,580 and Water fund net position increased by \$1,187,335. The increase in the Water Fund and Sewer Fund was due to increased capital contributions and deferred maintenance. The change in net position for the new Storm water fund was \$890,721.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were several amendments to the original budget. Actual revenues (budgetary basis) were 4.5% more than budgeted amounts due to an increase in charges for services and interest. Actual expenditures were 3.6% 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, \$87,160,665 net of accumulated depreciation, compared to \$85,853,471 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 land and 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, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Land and Land Improvements	\$ 992,046	\$ 892,046	\$ 2,653,765	\$ 923,385	\$ 3,645,811	\$ 1,815,431
Buildings and Improvements	16,122,775	15,935,272	59,486,424	57,133,385	75,609,199	73,068,657
Machinery and Equipment	10,992,836	10,731,812	795,839	703,940	11,788,675	11,435,752
Infrastructure	77,352,226	76,249,233	-	-	77,352,226	76,249,233
Accumulated Depreciation	(54,236,711)	(50,921,478)	(26,998,535)	(25,794,124)	(81,235,246)	(76,715,602)
Total Net Capital Assets	\$ 51,223,172	\$ 52,886,885	\$ 35,937,493	\$ 32,966,586	\$ 87,160,665	\$ 85,853,471

Long-term Debt. At the end of the current fiscal year, long-term debt outstanding for the governmental activities totaled \$2,744,166 (excluding compensated absences payable), compared to \$3,364,251 the prior year. For business-type activities, long term debt outstanding totaled \$10,037,202 (excluding compensated absences payable), compared to \$9,526,879 the prior year. The decrease in governmental debt is due to principal payments on debt outstanding. The increase in business-type activity debt is due to a new loan for the watershed property. Additional information about the City’s long-term debt is presented in the notes to the financial statements on page 31 through 35.

Long-Term Debt
Years ended June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
General Obligation Bonds	\$ 420,000	\$ 915,000	\$ 7,135,000	\$ 8,325,000	\$ 420,000	\$ 915,000
Pension Obligation Bonds	1,250,000	1,320,000	-	-	1,250,000	1,320,000
Capital Lease/Loans	846,904	864,337	-	-	846,904	864,337
Notes Payable	214,369	239,128	2,787,498	1,029,824	10,136,867	9,593,952
Bond Premium	12,893	25,786	114,704	172,055	127,597	197,841
Total Long-Term Debt	\$ 2,744,166	\$ 3,364,251	\$ 10,037,202	\$ 9,526,879	\$ 12,781,368	\$ 12,891,130

ECONOMIC FACTORS 2018

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 2018, which is also true for the City. The City had expansion in both commercial and residential development. Two major projects were Grocery Outlet construction and West Valley Hospital improvements totaling approximately \$3 million. In 2018, the City issued 144 single family building permits, which is comparable with 2017. The new residential building added approximately \$34.3 million to the City’s assessed value. The increase is due to an expanding economy and a larger number of available residential building lots. It is worth noting that approval was given to four new subdivisions in 2018, totaling 118 residential lots. 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 1.6% this year and now has an estimated population of 15,830.

The 2018 unemployment rate in the Dallas area is 4.5%, which is down slightly from 4.6% in 2017. 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, like many other rural areas, is up over last year at a faster rate than for the nation, but continues to be behind the Oregon average (includes metro areas).

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 City’s financial position has improved.

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, 2018**

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current Assets			
Cash and Investments	\$ 14,798,840	\$ 3,488,035	\$ 18,286,875
Cash Held with County	32,054	-	32,054
Accounts Receivable, net	623,100	306,146	929,246
Property Taxes Receivable	342,678	-	342,678
Inventory	-	144,639	144,639
Total Current Assets	<u>15,796,672</u>	<u>3,938,820</u>	<u>19,735,492</u>
Noncurrent Assets:			
Capital Assets:			
Nondepreciable	992,046	2,653,765	3,645,811
Depreciable, net	<u>50,231,126</u>	<u>33,283,728</u>	<u>83,514,854</u>
Total Noncurrent Assets	<u>51,223,172</u>	<u>35,937,493</u>	<u>87,160,665</u>
Total Assets	<u>67,019,844</u>	<u>39,876,313</u>	<u>106,896,157</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows Related to Pension - PERS	<u>2,460,731</u>	<u>352,455</u>	<u>2,813,186</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 69,480,575</u>	<u>\$ 40,228,768</u>	<u>\$ 109,709,343</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 222,642	\$ 295,468	\$ 518,110
Interest Payable	16,896	108,059	124,955
Deposit Payable	239,268	-	239,268
Current Portion of Compensated Absences	79,897	10,290	90,186
Current Portion of Long-term Debt	<u>678,575</u>	<u>1,356,291</u>	<u>2,034,866</u>
Total Current Liabilities	<u>1,237,278</u>	<u>1,770,108</u>	<u>3,007,385</u>
Noncurrent Liabilities:			
Net Pension Liability - PERS	6,378,582	913,618	7,292,200
Noncurrent Portion of Compensated Absences	239,690	30,869	270,559
Noncurrent Portion of Long-term Debt	<u>2,065,591</u>	<u>8,680,911</u>	<u>10,746,502</u>
Total Noncurrent Liabilities	<u>8,683,863</u>	<u>9,625,398</u>	<u>18,309,261</u>
Total Liabilities	<u>9,921,141</u>	<u>11,395,505</u>	<u>21,316,646</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pension - PERS	<u>416,339</u>	<u>59,633</u>	<u>475,972</u>
NET POSITION:			
Net Investment in Capital Assets	49,729,006	25,900,291	75,629,297
Restricted			
Debt Service	347,682	-	347,682
Urban Renewal Projects	454,296	-	454,296
Streets	1,464,543	-	1,464,543
System Development	9,090,639	-	9,090,639
Unrestricted	<u>(1,943,071)</u>	<u>2,873,339</u>	<u>930,268</u>
Total Net Position	<u>59,143,095</u>	<u>28,773,630</u>	<u>87,916,725</u>
Total Liabilities, Deferred Inflows of Resources, Net Position	<u>\$ 69,480,575</u>	<u>\$ 40,228,768</u>	<u>\$ 109,709,343</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, 2018**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$ 3,072,693	\$ 2,697,392	\$ -	\$ -
Public Safety	8,421,394	2,130,488	232,087	-
Highways and Streets	750,043	171,029	-	1,052,700
Culture and Recreations	863,203	388,827	-	332,864
Community Development	2,794,594	556,725	3,740	-
Interest on Long-Term Debt	124,871	-	-	-
Total Governmental Activities	<u>16,026,798</u>	<u>5,944,461</u>	<u>235,827</u>	<u>1,385,564</u>
Business-Type Activities				
Sewer	2,384,194	3,331,989	-	595,620
Water	2,062,003	2,627,056	-	743,475
Storm Water	162,051	203,393	-	877,000
Total Business-Type Activities	<u>4,608,248</u>	<u>6,162,438</u>	<u>-</u>	<u>2,216,095</u>
Total Primary Government	<u>\$ 20,635,046</u>	<u>\$ 12,106,899</u>	<u>\$ 235,827</u>	<u>\$ 3,601,659</u>

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, 2018**

	Program Revenues			Total
	Net Revenue (Expenses)	Governmental Activities	Business-Type Activities	
Functions/Programs				
Primary Government				
Governmental Activities				
General Government	\$ (375,301)	\$ (375,301)	\$ -	\$ (375,301)
Public Safety	(6,058,819)	(6,058,819)	-	(6,058,819)
Highways and Streets	473,686	473,686	-	473,686
Culture and Recreations	(141,512)	(141,512)	-	(141,512)
Community Development	(2,234,129)	(2,234,129)	-	(2,234,129)
Interest on Long-Term Debt	(124,871)	(124,871)	-	(124,871)
Total Governmental Activities	(8,460,946)	(8,460,946)	-	(8,460,946)
Business-Type Activities				
Sewer	1,543,415	-	1,543,415	1,543,415
Water	1,308,528	-	1,308,528	1,308,528
Storm Water	918,342	-	918,342	918,342
Total Business-Type Activities	3,770,285	-	3,770,285	3,770,285
Total Primary Government	\$ (4,690,661)	(8,460,946)	3,770,285	(4,690,661)
General Revenues:				
Property Taxes, Levied for General		4,053,964	-	4,053,964
Property Taxes, Levied for Debt Service		516,465	-	516,465
Property Taxes, Levied for Urban Renewal		177,505	-	177,505
Public Service Taxes		1,758,461	-	1,758,461
Franchise Fees		1,254,229	-	1,254,229
Interest and Investment earnings		143,345	111,519	254,864
Other Revenues		926,836	406,982	1,333,818
Total General Revenues		8,830,805	518,501	9,349,306
Transfers		1,095,150	(1,095,150)	-
Change in Net Position		1,465,009	3,193,636	4,658,645
Beginning Net Position		57,678,086	25,579,994	83,258,080
Ending Net Position		\$ 59,143,095	\$ 28,773,630	\$ 87,916,725

See accompanying notes to the basic financial statements

**CITY OF DALLAS
POLK COUNTY, OREGON**

**COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018**

	GENERAL FUND	STREET FUND	GENERAL OBLIGATION BOND FUND
ASSETS:			
Cash and Investments	\$ 2,106,719	\$ 1,392,946	\$ 344,009
Cash Held with County	27,225	-	3,673
Accounts Receivable	525,144	97,506	-
Property Taxes Receivable	287,199	-	44,156
Due from Other Funds	5,067	-	-
	<u>2,951,354</u>	<u>1,490,452</u>	<u>391,838</u>
Total Assets	<u>\$ 2,951,354</u>	<u>\$ 1,490,452</u>	<u>\$ 391,838</u>
LIABILITIES:			
Liabilities:			
Accounts Payable and Other Current Liabilities	\$ 146,775	\$ 25,909	\$ -
Deposit Payable	239,268	-	-
Due to Other Funds	-	-	-
	<u>386,043</u>	<u>25,909</u>	<u>-</u>
Total Liabilities	<u>386,043</u>	<u>25,909</u>	<u>-</u>
Deferred inflows:			
Unavailable Property Taxes Revenues	287,199	-	44,156
	<u>287,199</u>	<u>-</u>	<u>44,156</u>
Total Deferred inflows	<u>287,199</u>	<u>-</u>	<u>44,156</u>
Fund Balances:			
Restricted for:			
Debt	-	-	347,682
Urban Renewal Projects	-	-	-
Streets	-	1,464,543	-
System Development	-	-	-
Committed for:			
Community Development	-	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Assigned	-	-	-
Unassigned	2,278,112	-	-
	<u>2,278,112</u>	<u>1,464,543</u>	<u>347,682</u>
Total Fund Balances	<u>2,278,112</u>	<u>1,464,543</u>	<u>347,682</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,951,354</u>	<u>\$ 1,490,452</u>	<u>\$ 391,838</u>

Continued on page 3B

See accompanying notes to basic financial statements.

**CITY OF DALLAS
POLK COUNTY, OREGON**

**COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2018

	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL	TOTAL
ASSETS:			
Cash and Investments	\$ 9,316,604	\$ 1,239,960	\$ 14,400,238
Cash Held with County	-	1,156	32,054
Accounts Receivable	-	-	622,650
Property Taxes Receivable	-	11,323	342,678
Due from Other Funds	-	-	5,067
	<u>9,316,604</u>	<u>1,252,439</u>	<u>15,402,687</u>
Total Assets	<u>\$ 9,316,604</u>	<u>\$ 1,252,439</u>	<u>\$ 15,402,687</u>
LIABILITIES:			
Liabilities:			
Accounts Payable and Other Current Liabilities	\$ 33,810	\$ 6,173	\$ 212,667
Deposit Payable	-	-	239,268
Due to Other Funds	5,067	-	5,067
	<u>38,877</u>	<u>6,173</u>	<u>457,002</u>
Total Liabilities	<u>38,877</u>	<u>6,173</u>	<u>457,002</u>
Deferred inflows:			
Unavailable Property Taxes Revenues	-	11,323	342,678
	<u>-</u>	<u>11,323</u>	<u>342,678</u>
Total Deferred inflows	<u>-</u>	<u>11,323</u>	<u>342,678</u>
Fund Balances:			
Restricted for:			
Debt	-	-	347,682
Urban Renewal Projects	-	454,296	454,296
Streets	-	-	1,464,543
System Development	9,090,639	-	9,090,639
Committed for:			
Community Development	-	213,301	213,301
Debt Service	-	11	11
Capital Projects	192,212	-	192,212
Assigned	-	567,335	567,335
Unassigned	(5,124)	-	2,272,988
	<u>9,277,727</u>	<u>1,234,943</u>	<u>14,603,007</u>
Total Fund Balances	<u>9,277,727</u>	<u>1,234,943</u>	<u>14,603,007</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 9,316,604</u>	<u>\$ 1,252,439</u>	<u>\$ 15,402,687</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, 2018**

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

Fund Balances - Governmental Funds	\$	14,603,007
Fund Balances - Internal Service Fund (Fleet Management)		389,077

The PERS 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.

Governmental Funds	\$ (6,201,722)	
Internal Service Fund	<u>(176,860)</u>	(6,378,582)

Deferred inflows and outflows of resources related to the PERS 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		
Deferred Outflows - PERS - Governmental Funds	\$ 2,392,502	
Deferred Outflows - PERS - Internal Service Fund	<u>68,229</u>	2,460,731
Deferred Inflows - PERS - Governmental Funds	\$ (404,795)	
Deferred Inflows - PERS - Internal Service Fund	<u>(11,544)</u>	(416,339)

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	\$ 50,827,551	
Net Capital Assets - Internal Service Fund	<u>395,621</u>	51,223,172

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	\$ (308,988)	
Accrued Compensated Absences - Internal Service Fund	<u>(10,599)</u>	(319,587)

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	\$ (1,670,000)	
Loans Payable	(846,904)	
Notes Payable	(214,369)	
Interest Payable	(16,896)	
Bond Premium	<u>(12,893)</u>	(2,761,062)

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		<u>342,678</u>
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Total Net Position	\$	<u>59,143,095</u>
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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, 2018

	GENERAL FUND	STREET FUND	GENERAL OBLIGATION BOND FUND
REVENUES:			
Property Taxes	\$ 4,024,216	\$ -	\$ 515,340
Public Service Taxes	442,261	1,160,011	-
Franchise Fees	1,254,229	-	-
Grants or Intergovernmental	-	-	-
Charges for Service	2,350,932	-	-
Licenses and Permits	173,292	-	-
Fines and Forfeitures	246,826	-	-
Interest	88,298	37,288	-
Miscellaneous	620,369	68,054	1,851
Total Revenues	9,200,423	1,265,353	517,191
EXPENDITURES:			
General Government	1,651,513	-	-
Public Safety	6,115,758	-	-
Highways and Streets	-	544,728	-
Culture and Recreation	515,178	-	-
Community Development	1,282,846	-	-
Capital Outlay	-	290,056	-
Debt Service			
Principal	107,433	-	495,000
Interest	23,769	-	35,228
Total Expenditures	9,696,497	834,784	530,228
Excess of Revenues Over, (Under) Expenditures	(496,074)	430,569	(13,037)
Other Financing Sources, (Uses)			
Proceeds from sale of capital assets	1,500	-	-
Transfers In	1,431,806	-	-
Transfers Out	(660,907)	(93,800)	-
Total Other Financing Sources, (Uses)	772,399	(93,800)	-
Net Change in Fund Balance	276,325	336,769	(13,037)
Fund Balance - Beginning	2,001,787	1,127,774	360,719
Fund Balance - End of Year	\$ 2,278,112	\$ 1,464,543	\$ 347,682

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, 2018

	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL	TOTAL
REVENUES:			
Property Taxes	\$ -	\$ 175,817	\$ 4,715,373
Public Service Taxes	-	156,189	1,758,461
Franchise Fees	-	-	1,254,229
Grants or Intergovernmental	568,691	-	568,691
Charges for Service	-	-	2,350,932
Licenses and Permits	2,139,519	582,275	2,895,086
Fines and Forfeitures	-	-	246,826
Interest	-	17,759	143,345
Miscellaneous	69,175	166,416	925,865
	<u>2,777,385</u>	<u>1,098,456</u>	<u>14,858,808</u>
EXPENDITURES:			
General Government	-	60,211	1,711,724
Public Safety	-	-	6,115,758
Highways and Streets	-	-	544,728
Culture and Recreation	-	111,734	626,912
Community Development	-	746,763	2,029,609
Capital Outlay	690,551	131,086	1,111,693
Debt Service			
Principal	24,759	70,000	697,192
Interest	3,417	65,705	128,119
	<u>718,727</u>	<u>1,185,499</u>	<u>12,965,735</u>
Excess of Revenues Over, (Under) Expenditures	2,058,658	(87,043)	1,893,073
Other Financing Sources, (Uses)			
Proceeds from sale of capital assets	-	-	1,500
Transfers In	484,137	384,625	2,300,568
Transfers Out	(279,822)	(133,889)	(1,168,418)
	<u>204,315</u>	<u>250,736</u>	<u>1,133,650</u>
Net Change in Fund Balance	2,262,973	163,693	3,026,723
Fund Balance - Beginning	7,014,754	1,071,250	11,576,284
Fund Balance - End of Year	<u>\$ 9,277,727</u>	<u>\$ 1,234,943</u>	<u>\$ 14,603,007</u>

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, 2018**

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	\$	3,026,723
Excess of Revenues over Expenditures - Internal Service Funds		(42,309)

The PERS 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	\$	(505,834)
Pension Expense - Internal Service Fund		(5,180)
		(511,014)

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 - Governmental Funds	\$	1,865,182
Capital Asset Additions - Internal Service Fund		64,338
		1,929,520
Depreciation Expense - Governmental Funds	\$	(3,461,820)
Depreciation Expense - Internal Service Fund		(99,913)
		(3,561,733)

Proceeds From Sale of Capital Assets		(1,500)
Loss on Disposal of Capital Assets		(30,000)

Inventory is reported as an asset in the statement of net position, and the related expenses must be reported in the statement of activities according to the function the inventory relates to.

Change in Inventory - Internal Service Fund		(2,821)
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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		(769)
Changes in Compensated Absences - Internal Service Fund		3,018
Change in Accrued Interest		3,248
Debt Principal Payments		720,085
Proceeds from New Loan		(100,000)

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.

32,561

Change in Net Position	\$	1,465,009
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See accompanying notes to basic financial statements.

**CITY OF DALLAS
POLK COUNTY, OREGON**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018**

	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	\$ 913,349	\$ 2,478,243	\$ 96,443	\$ 3,488,035	\$ 398,602
Accounts Receivable, net	165,675	130,611	9,860	306,146	450
Inventory	-	144,639	-	144,639	-
Total Current Assets	1,079,024	2,753,493	106,303	3,938,820	399,052
Noncurrent Assets					
Nondepreciable Capital Assets	663,527	1,990,238	-	2,653,765	7,010
Depreciable Capital Assets, net	16,260,980	15,563,527	1,459,221	33,283,728	388,611
Total Noncurrent Assets	16,924,507	17,553,765	1,459,221	35,937,493	395,621
Deferred Outflows of Resources					
Deferred Outflows Related to Pension - PERS	177,501	149,691	25,263	352,455	68,229
Total Assets and Deferred Outflows of Resources	\$ 18,181,032	\$ 20,456,949	\$ 1,590,787	\$ 40,228,768	\$ 862,902
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION:					
Current Liabilities:					
Accounts Payable and Accrued Expenses	\$ 48,384	\$ 242,277	\$ 4,807	\$ 295,468	\$ 9,975
Interest Payable	37,300	70,759	-	108,059	-
Interfund Loan Payable	-	-	-	-	10,000
Accrued Compensated Absences - Current	4,564	4,443	1,283	10,290	2,650
Bonds Payable - Current	910,000	446,291	-	1,356,291	-
Total Current Liabilities	1,000,248	763,770	6,090	1,770,108	22,625
Long Term Liabilities					
Accrued Compensated Absences	13,691	13,328	3,850	30,869	7,949
Bonds Payable	1,806,704	6,874,207	-	8,680,911	-
Net Pension Liability - PERS	460,110	388,021	65,487	913,618	176,860
Total Long Term Liabilities	2,280,505	7,275,556	69,337	9,625,398	184,809
Total Liabilities	3,280,752	8,039,326	75,427	11,395,505	207,434
Deferred Inflows of Resources:					
Deferred Inflow Related to Pension - PERS	30,032	25,327	4,274	59,633	11,544
Net Position					
Net Investment in Capital Assets	14,207,803	10,233,267	1,459,221	25,900,291	395,621
Unrestricted	662,445	2,159,029	51,865	2,873,339	248,303
Total Net Position	14,870,248	12,392,296	1,511,086	28,773,630	643,924
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 18,181,032	\$ 20,456,949	\$ 1,590,787	\$ 40,228,768	\$ 862,902

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, 2018**

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities</u>
	<u>SEWER FUND</u>	<u>WATER FUND</u>	<u>STORM WATER FUND</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE FUND</u>
OPERATING REVENUES:					
Charges for Services	\$ 3,331,989	\$ 2,627,056	\$ 203,393	\$ 6,162,438	\$ 451,617
Miscellaneous	136,318	90,830	2,834	229,982	971
Total Operating Revenues	<u>3,468,307</u>	<u>2,717,886</u>	<u>206,227</u>	<u>6,392,420</u>	<u>452,588</u>
OPERATING EXPENSES:					
Personnel Services	601,968	542,186	79,328	1,223,482	226,426
Materials and Services	1,002,203	816,315	64,710	1,883,228	172,116
Depreciation and Amortization	660,169	526,229	18,013	1,204,411	99,913
Total Operating Expenses	<u>2,264,340</u>	<u>1,884,730</u>	<u>162,051</u>	<u>4,311,121</u>	<u>498,455</u>
Operating Income (Loss)	1,203,967	833,156	44,176	2,081,299	(45,867)
NON-OPERATING INCOME (EXPENSE):					
Loan Proceeds	-	177,000	-	177,000	-
Interest Income	30,847	77,477	3,195	111,519	-
Interest Expense	(119,854)	(177,273)	-	(297,127)	-
Total Non-operating Income (Expense)	<u>(89,007)</u>	<u>77,204</u>	<u>3,195</u>	<u>(8,608)</u>	<u>-</u>
Net Income (Loss) Before Operating Transfers	1,114,960	910,360	47,371	2,072,691	(45,867)
TRANSFERS:					
Transfers In	-	-	-	-	59,800
Transfers Out	(595,000)	(466,500)	(33,650)	(1,095,150)	(66,800)
Net Income (Loss) Before Contributions	519,960	443,860	13,721	977,541	(52,867)
CAPITAL CONTRIBUTIONS:					
Capital Contributions	595,620	743,475	877,000	2,216,095	-
Change in Net Position	1,115,580	1,187,335	890,721	3,193,636	(52,867)
Beginning Net Position	13,754,668	11,204,961	620,365	25,579,994	696,791
Ending Net Position	<u>\$ 14,870,248</u>	<u>\$ 12,392,296</u>	<u>\$ 1,511,086</u>	<u>\$ 28,773,630</u>	<u>\$ 643,924</u>

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, 2018

	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	\$ 3,442,262	\$ 2,691,181	\$ 204,942	\$ 6,338,385	\$ 452,438
Cash Payments to Suppliers	(1,166,459)	(765,585)	(60,092)	(1,992,136)	(200,312)
Cash Payments to Employees	(583,053)	(494,726)	(83,039)	(1,160,818)	(224,264)
Net Cash From Operations	<u>1,692,750</u>	<u>1,430,870</u>	<u>61,811</u>	<u>3,185,431</u>	<u>27,862</u>
Cash Flows From Non-Capital Financing Activities:					
Transfers to Other Funds	(714,854)	(643,773)	(33,650)	(1,392,277)	(66,800)
Net Cash (Used) By Non-Capital Financing Activities	<u>(714,854)</u>	<u>(643,773)</u>	<u>(33,650)</u>	<u>(1,392,277)</u>	<u>(66,800)</u>
Cash Flows From Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	(157,285)	(1,766,159)	(35,779)	(1,959,223)	(64,338)
Debt Principal Repayments	(932,351)	(315,000)	-	(1,247,351)	-
Proceeds from Issuance of Debt	-	1,757,674	-	1,757,674	-
Net Cash (Used) By Capital and Related Financing Activities	<u>(1,089,636)</u>	<u>(323,485)</u>	<u>(35,779)</u>	<u>(1,448,900)</u>	<u>(64,338)</u>
Cash Flows From Investing Activities					
Investment Income	30,847	254,477	3,195	288,519	59,800
Net Cash Provided By Investing Activities	<u>30,847</u>	<u>254,477</u>	<u>3,195</u>	<u>288,519</u>	<u>59,800</u>
Net Increase (Decrease) In Cash and Investments	(80,893)	718,089	(4,423)	632,773	(43,476)
Cash and Investments at Beginning of Year	994,242	1,760,154	100,866	2,855,262	442,078
Cash and Investments at End of Year	<u>\$ 913,349</u>	<u>\$ 2,478,243</u>	<u>\$ 96,443</u>	<u>\$ 3,488,035</u>	<u>\$ 398,602</u>
Reconciliation of Cash Flows From Operating Activities to Operating Income					
Operating Income	\$ 1,203,967	\$ 833,156	\$ 44,176	\$ 2,081,299	\$ (45,867)
Adjustments					
Depreciation/Amortization	660,169	526,229	18,013	1,204,411	99,913
(Increase), Decrease in Accounts Receivable	(26,045)	(26,705)	(1,285)	(54,035)	(150)
(Increase), Decrease in Supply Inventory	25,756	(29,128)	-	(3,372)	2,821
Increase, (Decrease) in Accounts Payable	(182,973)	47,549	4,618	(130,806)	(1,017)
Increase, (Decrease) in Accrued Compensated Absences	(161)	1,126	1,967	2,932	(3,018)
Increase, (Decrease) in Interest Payable	(7,039)	32,309	-	25,270	-
Increase, (Decrease) in Net Pension Liability	19,076	46,334	(5,678)	59,732	5,180
Increase, (Decrease) in Interfund Loan Payable	-	-	-	-	(30,000)
Net Cash From Operations	<u>\$ 1,692,750</u>	<u>\$ 1,430,870</u>	<u>\$ 61,811</u>	<u>\$ 3,185,431</u>	<u>\$ 27,862</u>
Non-cash Investing and Financing Activities:					
1. Capital Contributions	\$ 595,620	\$ 743,475	\$ 877,000	\$ 2,216,095	\$ -

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 basic 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

1. 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 fund balances at June 30, 2018.

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, 2018, there were pension related deferred outflows of \$2,813,186 representing PERS pension related deferrals reported 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 \$342,678, is reported only in the governmental funds balance sheet for property taxes. At June 30, 2018, there were also deferred inflows of \$475,972 reported in the Statement of Net Position representing PERS 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.

CITY OF DALLAS
POLK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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.

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, 2018 except for Grant Fund-Transfer Out was over expended by (\$9,017), Water Fund-Debt Service-Principal was over expended by (\$3,686), and Fleet Management Fund combined Personnel Services and Material and Services was over expended by (\$1,001).

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2018:

Deposits with financial institutions	\$ 1,892,979
Online Xpress	44,124
Investment	2,998,942
Oregon State Treasurer's Local Government Investment Pool	<u>13,350,830</u>
Total	<u>\$ 18,286,875</u>

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

Governmental Activities	\$ 14,798,840
Business-Type Activities	<u>3,488,035</u>
Total cash and investments	<u>\$ 18,286,875</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. The total bank balance per the bank statements as of June 30, 2018 was \$2,181,295, of which \$271,018 was covered by federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

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, 2018, none of the bank balances were exposed to custodial credit risk.

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.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (CONTINUED)

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.

As of June 30, 2018 there were the following investments:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	18-59
Corporate Bonds	\$ 2,998,942	\$ -	\$ -	\$ 2,998,942
State Treasurer's Investment Pool	13,350,830	13,350,830	-	-
Total	\$ 16,349,772	\$ 13,350,830	\$ -	\$ 2,998,942

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 Corporate 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, 2018.

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 \$11,357,160 of restricted net position, of which \$10,555,182 is restricted by enabling legislation.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2018, the total amount of inventory on hand for all funds was \$144,639.

6. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2018 was as follows:

	Balance <u>07/01/17</u>	Increases	Decreases	Balance <u>06/30/18</u>
Capital Assets, non-depreciable				
Land and Land Improvements	\$ 892,046	\$ 100,000	\$ -	\$ 992,046
Total Non-Depreciable	<u>892,046</u>	<u>100,000</u>	<u>-</u>	<u>992,046</u>
Capital Assets, depreciable				
Infrastructure	76,249,233	1,102,993	-	77,352,226
Buildings and Improvements	15,935,272	187,503	-	16,122,775
Machinery and Equipment	10,731,812	539,024	(278,000)	10,992,836
Total Depreciable	<u>102,916,317</u>	<u>1,829,520</u>	<u>(278,000)</u>	<u>104,467,837</u>
Accumulated Depreciation:				
Infrastructure	(33,288,626)	(2,613,467)	-	(35,902,093)
Buildings and Improvements	(9,201,967)	(495,082)	-	(9,697,049)
Machinery and Equipment	(8,430,885)	(453,184)	246,500	(8,637,569)
Total Accumulated Depreciation	<u>(50,921,478)</u>	<u>(3,561,733)</u>	<u>246,500</u>	<u>(54,236,711)</u>
Governmental Wide Activities				
Capital Assets, Net	<u>\$ 52,886,885</u>			<u>\$ 51,223,172</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 a vehicle which was disposed of with a remaining book value of \$31,500, and recorded a sale of \$1,500, with a loss on sale of capital assets of \$30,000 reported at general government expense on Statement of Activities.

Depreciation on internal service capital assets in the amount of \$99,913 is included in general government expenses. All depreciation expense for governmental activities is charged to functions as follows:

General Government	\$ 763,246
Public Safety	1,837,094
Highways and Streets	163,592
Culture and Recreation	188,273
Community Development	<u>609,528</u>
Total depreciation expense, governmental activities	<u>\$ 3,561,733</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, 2018 was as follows:

	Balance <u>07/01/17</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>06/30/18</u>
Capital Assets, non-depreciable				
Land and Land Improvements	\$ 923,385	\$1,730,380	\$ -	\$ 2,653,765
Total Non-Depreciable	<u>923,385</u>	<u>1,730,380</u>	<u>-</u>	<u>2,653,765</u>
Capital Assets, depreciable				
Buildings and Improvments	57,133,385	2,353,039	-	59,486,424
Machinery and Equipment	703,940	91,899	-	795,839
Total Depreciable	<u>57,837,325</u>	<u>2,444,938</u>	<u>-</u>	<u>60,282,263</u>
Accumulated Depreciation:				
Buildings and Improvments	(25,344,573)	(1,160,036)	-	(26,504,609)
Machinery and Equipment	(449,551)	(44,375)	-	(493,926)
Total Accumulated Depreciation	<u>(25,794,124)</u>	<u>(1,204,411)</u>	<u>-</u>	<u>(26,998,535)</u>
Business Type Activities				
Capital Assets, Net	<u>\$32,966,586</u>			<u>\$ 35,937,493</u>

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

Sewer	\$ 660,169
Water	526,229
Storm Water	<u>18,013</u>
Total depreciation expense, business-type activities	<u>\$ 1,204,411</u>

7. DEPOSITS

Deposits are funds held as collateral by the City for public improvements. At June 30, 2018, the total amount of deposits held by the City was \$239,268 as reported in the Governmental Funds Balance Sheet.

8. 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/Documents/Financials/CAFR/2017-CAFR.pdf>

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

CITY OF DALLAS
POLK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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.
A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
 - 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.
- b. **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.

CITY OF DALLAS
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NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

- 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, 2015 actuarial valuation, which became effective July 1, 2017. 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, 2018 were \$914,094, excluding amounts to fund employer specific liabilities. In addition approximately \$303,028 in employee contributions were paid by the City during 2017-18.

Pension Asset or Liability - At June 30, 2018, the City reported a net pension liability of \$7,292,200 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. 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. As of the measurement dates of June 30, 2017 and 2016, the City's proportion was 0.054 and 0.057 percent respectively. Pension expense for the year ended June 30, 2018 was \$570,746.

The rates in effect for the year ended June 30, 2018 were:

- (1) Tier 1/Tier 2 – 22.03%
- (2) OPSRP general services – 13.74%
- (3) OPSRP police and fire – 18.51%

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 352,654	\$ -
Changes in assumptions	1,329,238	-
Net difference between projected and actual earnings on pension plan investments	75,127	-
Net changes in proportionate share	-	(437,631)
Differences between City contributions and proportionate share of contributions	<u>142,073</u>	<u>(38,341)</u>
Subtotal - Amortized Deferrals (below)	1,899,092	(475,972)
City contributions subsequent to measurement date	<u>914,094</u>	<u>-</u>
Deferred outflow (inflow) of resources	<u>\$ 2,813,186</u>	<u>\$ (475,972)</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

Subtotal amounts related to pension reported as deferred outflows of resources, \$1,889,092, and deferred inflows of resources, (\$475,972), net to \$1,423,120 and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ 248,124
2020	838,967
2021	549,612
2022	(215,318)
2023	1,735
Thereafter	-
Total	<u>\$ 1,423,120</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, 2018. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf>

Actuarial Valuations – The employer contribution rates effective July 1, 2017 through June 30, 2019, 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),

**CITY OF DALLAS
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NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

(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.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, Published September 23, 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
Investment rate of return	7.50 percent
Projected salary increase	3.50 percent overall payroll growth
Cost of Living Adjustment	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, 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) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality 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 2015 Experience Study which is reviewed for the four-year period ending December 31, 2015.

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%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

Source: June 30, 2017 PERS CAFR; p. 92

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 2015 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	8.00%	4.00%
Short-term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-driven	63.00%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
<i>Assumed Inflation - Mean</i>		<i>2.50%</i>

Source: June 30, 2017 PERS CAFR, p.69

Discount Rate – The discount rate used to measure the total pension liability, as of the measurement dates June 30, 2017 and 2016, was 7.50 and 7.50 percent respectively, 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

8. 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.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 12,427,241	\$ 7,292,200	\$ 2,998,356

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.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the City are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member 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, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

CITY OF DALLAS
POLK COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Death Benefits:

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions:

Employees of the City pay six (6) percent of their covered payroll. The City did not make any optional contributions to member IAP accounts for the year ended June 30, 2018.

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/Pages/GASB.aspx>

9. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA)

Plan Description:

As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy:

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA) (CONTINUED)

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the City currently contributes 0.50% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for the year ended June 30, 2018 were considered by management to be immaterial to the basic financial statements.

At June 30, 2018, the City's net OPEB liability/(asset) and deferred inflows and outflows were not considered to be material to the basic financial statements by management and were not accrued on the government wide statements.

10. 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	\$ 660,907	\$ 1,431,806
Capital Projects Fund	279,822	484,137
Street Fund	93,800	-
Non-major Governmental Funds	133,889	384,625
Total Governmental Funds	<u>1,168,418</u>	<u>2,300,568</u>
Business-Type Funds:		
Sewer Fund	595,000	-
Water Fund	466,500	-
Storm Water Fund	33,650	-
Fleet Management Fund	96,800	59,800
Total Business-Type Funds	<u>1,191,950</u>	<u>59,800</u>
Total All Funds	<u>\$ 2,360,368</u>	<u>\$ 2,360,368</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.

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

11. INTERFUND LOANS RECEIVABLE AND PAYABLE

Interfund loans receivable and payable represent a loan balance owed on the fund financials. The Fleet Management Fund is presented as an Internal Service Fund under the proprietary funds statement of net position. When the Fleet Management Fund is combined with the General Fund under the governmental activities on the statement of net position, the balance gets eliminated. Amounts were comprised of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 10,000	\$ -
Fleet Management Fund	-	10,000
Total	\$ 10,000	\$ 10,000

12. 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:

	Interfund Receivable	Interfund Payable
General Fund	\$ 5,067	\$ -
Capital Projects Fund	-	5,067
	\$ 5,067	\$ 5,067

13. 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.

Compensated absences as shown in the table below and on the following page is the City's compensated absence liability for approximately 80 employees who have accumulated vacation and compensatory time that is unused at June 30. Expenditures for liquidating the liability are primarily in the General Fund, Street Fund, Building Inspections Fund, Fleet Management Fund, Sewer Fund, Water Fund, and Storm Water Fund. The liability includes salaries and associated payroll costs.

	Outstanding 7/1/2017	Issued	Matured and Redeemed	Outstanding 6/30/2018	Due Within One Year
Governmental Activities:					
Governmental Bonds	\$ 2,235,000	\$ -	\$ 565,000	\$ 1,670,000	\$ 500,000
Governmental Loans	864,337	100,000	117,433	846,904	140,549
Governmental Notes	239,128	-	24,759	214,369	25,133
Total Debt	3,338,465	100,000	707,192	2,731,273	665,682
Bond Premium	25,786	-	12,893	12,893	12,893
Total Premium	25,786	-	12,893	12,893	12,893
Compensated Absences	321,836	769	3,018	319,587	79,897
Total Compensated Absences	321,836	769	3,018	319,587	79,897
Total governmental activities	\$ 3,686,087	\$ 100,769	\$ 723,103	\$ 3,063,753	\$ 758,472

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

13. LONG TERM OBLIGATIONS (CONTINUED)

Bonds

Series 2005: original amount \$4,695,000; interest rates form 4.25% to 5.00%; final payment due June 1, 2019	\$ 420,000
2005 PERS Bonds: original amount \$1,585,000; interest rates from 4.38% to 5.00%; final payment due June 1, 2028	<u>1,250,000</u>
Total Bonds	<u>\$ 1,670,000</u>

Loans

2013 Urban Renewal Loan: original amount \$750,000; interest rate 2.90%; final payment due June 30, 2024	475,806
2015 Fire Pumper Loan: original amount \$385,795; interest rate 2.82%; final payment due Novemeber 30, 2024	281,098
2017 Land Sale Contract Loan: original amount \$100,000; final payment due Novemeber 30, 2020	<u>90,000</u>
Total Loans	<u>\$ 846,904</u>

Notes

2016 Radio Shack Note: original amount \$261,500; interest rate 1.50%; final payment due September 5, 2026	<u>214,369</u>
Total Loans	<u>\$ 214,369</u>

Future Governmental bonds debt service requirements are as follows:

Year Ending	Series 2005		Year Ending	2005 PERS Bonds	
June 30	Principal	Interest	June 30	Principal	Interest
2019	\$ 420,000	\$ 16,800	2019	\$ 80,000	\$ 62,304
2020	-	-	2020	90,000	58,416
2021	-	-	2021	100,000	54,043
2022	-	-	2022	115,000	49,040
2023	-	-	2023	125,000	43,284
2024-2028	-	-	2024-2028	740,000	107,338
Total	<u>\$ 420,000</u>	<u>\$ 16,800</u>	Total	<u>\$ 1,250,000</u>	<u>\$ 374,425</u>

Year Ending	Total of All Bonds	
June 30	Principal	Interest
2019	\$ 500,000	\$ 79,104
2020	90,000	58,416
2021	100,000	54,043
2022	115,000	49,040
2023	125,000	43,284
2024-2028	740,000	107,338
Total	<u>\$ 1,670,000</u>	<u>\$ 391,225</u>

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

13. LONG TERM OBLIGATIONS (CONTINUED)

Future Governmental loans debt service requirements are as follows:

Year Ending June 30	2013 Urban Renewal Loan		Year Ending June 30	2015 Fire Pumper Loan	
	Principal	Interest		Principal	Interest
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	82,725	3,669	2023	41,226	3,587
2024-2025	85,160	1,235	2024-2025	85,971	3,654
Total	\$ 475,806	\$ 42,562	Total	\$ 281,098	\$ 32,592
Year Ending June 30	2017 Land Sale Loan		Year Ending June 30	Total of All Loans	
	Principal	Interest		Principal	Interest
2019	\$ 30,000	\$ -	2019	\$ 140,549	\$ 20,658
2020	30,000	-	2020	143,758	17,450
2021	30,000	-	2021	147,059	14,149
2022	-	-	2022	120,456	10,752
2023	-	-	2023	123,951	7,256
2024-2025	-	-	2024-2025	171,131	4,889
Total	\$ 90,000	\$ -	Total	\$ 846,904	\$ 75,154

Future Governmental notes debt service requirements are as follows:

Year Ending June 30	2016 Radio Shack	
	Principal	Interest
2019	\$ 25,133	\$ 3,043
2020	25,513	2,664
2021	25,898	2,278
2022	26,289	1,887
2023	26,687	1,490
2024-2026	84,849	1,995
Total	\$ 214,369	\$ 13,357

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

13. LONG TERM OBLIGATIONS (CONTINUED)

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

	Outstanding 7/1/2017	Issued	Matured and Redeemed	Outstanding 6/30/2018	Due Within One Year
Business-type Activities:					
Sewer Fund Bonds:					
Series 2011	\$ 2,725,000	\$ -	\$ 875,000	\$ 1,850,000	\$ 910,000
Series 2017	752,000	-	-	752,000	-
Water Fund Bonds:					
Series 2017	4,848,000	-	315,000	4,533,000	313,000
Bond Subtotal	8,325,000	-	1,190,000	7,135,000	1,223,000
Water Fund Loans:					
Total Debt	1,029,824	1,757,674	-	2,787,498	75,940
Total Debt	9,354,824	1,757,674	1,190,000	9,922,498	1,298,940
Bond Premium					
Total Premium	172,055	-	57,351	114,704	57,351
Compensated Absences					
Total Compensated Absences	38,226	2,932	-	41,158	10,290
Total Compensated Absences	38,226	2,932	-	41,158	10,290
Total business-type activities					
	<u>\$ 9,565,105</u>	<u>\$ 1,760,606</u>	<u>\$ 1,247,351</u>	<u>\$ 10,078,360</u>	<u>\$ 1,366,581</u>

Bonds

Series 2011: original amount \$7,285,000; interest rate from 2.0% to 4.0%; final payment due February 1, 2020	\$ 1,850,000
Series 2017: original amount \$5,600,000; interest rate 2.58%; final payment due March 1, 2032	<u>5,285,000</u>
Total Bonds	<u>\$ 7,135,000</u>

Loans

IFA Safe Drinking Water Loan: original amount \$1,715,000; interest rate 3.46%; final payment due December 1, 2018	\$ 1,037,498
Clean Water State Revolving Fund Loan: original amount \$1,750,000; interest rate 1.41%; final payment due February 1, 2038	<u>1,750,000</u>
Total Loans	<u>\$ 2,787,498</u>

Series 2017 bond is a 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

13. LONG TERM OBLIGATIONS (CONTINUED)

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

Year Ending June 30	2011 Refunding Bond		Year Ending June 30	2017 Refunding Bond	
	Principal	Interest		Principal	Interest
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	-	-	2023	405,000	99,872
2024-2028	-	-	2024-2028	2,185,000	337,232
2029-2032	-	-	2029-2032	1,281,000	66,588
Total	\$1,850,000	\$ 111,600	Total	\$ 5,285,000	\$ 998,356

Year Ending June 30	Total of All Bonds	
	Principal	Interest
2019	\$1,223,000	\$ 210,354
2020	1,262,000	165,878
2021	384,000	119,970
2022	395,000	110,062
2023	405,000	99,872
2024-2028	2,185,000	337,232
2029-2032	1,281,000	66,588
Total	\$7,135,000	\$1,109,956

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

Year Ending June 30	IFA 2014		Year Ending June 30	2018 Clean Water State Revolving Fund Loan	
	Principal	Interest		Principal	Interest
2019	\$ 37,527	\$ 35,209	2019	\$ 38,413	\$ 23,333
2020	38,137	34,599	2020	77,750	27,076
2021	39,456	33,279	2021	78,999	25,827
2022	40,821	31,914	2022	80,268	24,558
2023	42,234	30,502	2023	81,557	23,269
2024-2028	234,126	129,553	2024-2028	427,866	96,264
2029-2033	277,531	86,148	2029-2033	463,354	60,776
2034-2038	327,666	34,694	2034-2038	501,793	22,342
Total	\$1,037,498	\$ 415,898	Total	\$ 1,750,000	\$ 303,445

Year Ending June 30	Total of All Loans	
	Principal	Interest
2019	\$ 75,940	\$ 58,542
2020	115,887	61,675
2021	118,455	59,106
2022	121,089	56,472
2023	123,791	53,771
2024-2028	661,992	225,817
2029-2033	740,885	146,924
2034-2038	829,459	57,036
Total	\$2,787,498	\$ 719,343

**CITY OF DALLAS
POLK COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

14. DEFICIT FUND BALANCE

The Grants Fund (combined with Capital Projects Fund) had a deficit fund balance at June 30, 2018 of (\$5,124). The deficit will be financed through future revenues.

15. 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.

16. 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.

17. 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.

18. TAX ABATEMENTS

As of June 30, 2018, the City potentially had tax abatements through various state allowed programs that impacted levied taxes and would require disclosure under GASB 77. 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, 2018 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.

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**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, 2018**

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Property taxes	\$ 3,980,000	\$ 3,980,000	\$ 4,024,216	\$ 44,216
Public Services taxes	421,400	421,400	442,261	20,861
Franchise fees	1,228,000	1,250,500	1,254,229	3,729
Charges for services	2,045,000	2,045,000	2,350,932	305,932
Licenses and permits	224,000	224,000	173,292	(50,708)
Fines and forfeitures	250,500	250,500	246,826	(3,674)
Interest	30,000	30,000	88,298	58,298
Miscellaneous Revenues	330,000	582,337	620,369	38,032
Total Revenue	<u>8,508,900</u>	<u>8,783,737</u>	<u>9,200,423</u>	<u>416,686</u>
EXPENDITURES:				
General government	1,629,000	1,747,000	1,651,513	95,487
Public safety	5,846,400	6,261,737	6,115,758	145,979
Culture and recreation	531,900	531,900	515,178	16,722
Community development	1,383,200	1,370,700	1,282,846	87,854
Debt Service				
Principal	107,433	107,433	107,433	-
Interest	23,776	23,776	23,769	7
Contingency	100,000	-	-	-
Total Expenditures	<u>9,621,709</u>	<u>10,042,546</u>	<u>9,696,497</u>	<u>346,049</u>
Excess of Revenues Over, (Under) Expenditures	(1,112,809)	(1,258,809)	(496,074)	762,735
Other Financing Sources, (Uses)				
Proceeds from sale of capital assets	-	-	1,500	1,500
Transfers In	1,422,800	1,422,800	1,431,806	9,006
Transfers Out	(806,909)	(660,909)	(660,907)	2
Total Other Financing Sources, (Uses)	<u>615,891</u>	<u>761,891</u>	<u>772,399</u>	<u>10,508</u>
Net Change in Fund Balance	(496,918)	(496,918)	276,325	773,243
Beginning Fund Balance	2,250,000	2,250,000	2,001,125	(248,875)
Ending Fund Balance	<u>\$ 1,753,082</u>	<u>\$ 1,753,082</u>	2,277,450	<u>\$ 524,368</u>

Reconciliation to Governmental Fund Balance as required by GASB #54

Ending Fund Balance:
Improvement Fund

662
\$ 2,278,112

**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, 2018**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<u>STREET FUND</u>				
REVENUES:				
Public service taxes	\$ 1,030,000	\$ 1,030,000	\$ 1,160,011	\$ 130,011
Interest	20,000	20,000	37,288	17,288
Miscellaneous	35,000	35,000	68,054	33,054
Total Revenues	<u>1,085,000</u>	<u>1,085,000</u>	<u>1,265,353</u>	<u>180,353</u>
EXPENDITURES:				
Personnel services	316,000	316,000 (1)	277,851	38,149
Materials and services	311,700	311,700 (1)	266,877	44,823
Capital outlay	698,000	698,000 (1)	290,056	407,944
Contingencies	869,500	869,500 (1)	-	869,500
Total Expenditures	<u>2,195,200</u>	<u>2,195,200</u>	<u>834,784</u>	<u>1,360,416</u>
Excess of Revenues Over, (Under) Expenditures	(1,110,200)	(1,110,200)	430,569	1,540,769
Other Financing (Uses):				
Transfer In	60,000	60,000	-	(60,000)
Transfers Out	(99,800)	(99,800) (1)	(93,800)	6,000
Total Other Financing (Uses)	<u>(39,800)</u>	<u>(39,800)</u>	<u>(93,800)</u>	<u>6,000</u>
Net Change in Fund Balance	(1,150,000)	(1,150,000)	336,769	1,486,769
Beginning Fund Balance	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,127,774</u>	<u>(22,226)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,464,543</u>	<u>\$ 1,464,543</u>

(1) Appropriation Level

CITY OF DALLAS
POLK COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2018

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
2018	0.054 %	\$ 7,292,200	\$ 4,665,098	156.3 %	83.1 %
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
2018	\$ 914,094	\$ 914,094	\$ -	\$ 5,171,562	17.7 %
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**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2018**

	<u>CAPITAL PROJECTS FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 69,175	\$ 69,175
Total Revenues	<u>-</u>	<u>-</u>	<u>69,175</u>	<u>69,175</u>
EXPENDITURES:				
Debt Service				
Principal	24,759	24,759 (1)	24,759	-
Interest	3,417	3,417 (1)	3,417	-
Capital outlay	702,940	702,940 (1)	442,754	260,186
Contingencies	137,824	137,824 (1)	-	137,824
Total Expenditures	<u>868,940</u>	<u>868,940</u>	<u>470,930</u>	<u>398,010</u>
Excess of Revenues Over Expenditures	<u>(868,940)</u>	<u>(868,940)</u>	<u>(401,755)</u>	<u>467,185</u>
Other Financing Sources (Uses):				
Transfers Out	(34,000)	(34,000) (1)	-	34,000
Transfers In	702,940	702,940	359,470	(343,470)
Total Other Financing Sources (Uses)	<u>668,940</u>	<u>668,940</u>	<u>359,470</u>	<u>(309,470)</u>
Net Change in Fund Balance	(200,000)	(200,000)	(42,285)	123,715
Beginning Fund Balance	<u>200,000</u>	<u>200,000</u>	<u>234,497</u>	<u>34,497</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>192,212</u>	<u>\$ 158,212</u>

(1) Appropriation Level

Reconciliation to Governmental Fund Balance as required by GASB #54

Ending Fund Balance:

 System Development Fund

 Grants Fund

9,090,639

(5,124)

\$ 9,277,727

**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, 2018**

<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	\$ 1,035,000	\$ 1,035,000	\$ 2,139,519	\$ 1,104,519
Total Revenues	<u>1,035,000</u>	<u>1,035,000</u>	<u>2,139,519</u>	<u>1,104,519</u>
EXPENDITURES:				
Capital Outlay	<u>7,459,705</u>	<u>7,459,705</u> (1)	<u>164,651</u>	<u>7,295,054</u>
Total Expenditures	<u>7,459,705</u>	<u>7,459,705</u>	<u>164,651</u>	<u>7,295,054</u>
Excess of Revenues Over, (Under) Expenditures	(6,424,705)	(6,424,705)	1,974,868	8,399,573
Other Financing (Uses)				
Transfers in	146,980	146,980	124,667	(22,313)
Transfers out	<u>(737,275)</u>	<u>(737,275)</u> (1)	<u>(170,805)</u>	<u>566,470</u>
Total Other Financing Sources (Uses)	<u>(590,295)</u>	<u>(590,295)</u>	<u>(46,138)</u>	<u>566,470</u>
Net Change in Fund Balance	(7,015,000)	(7,015,000)	1,928,730	8,966,043
Beginning Fund Balance	<u>7,015,000</u>	<u>7,015,000</u>	<u>7,161,909</u>	<u>146,909</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,090,639</u>	<u>\$ 9,090,639</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, 2018**

<u>GRANT FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Grants	\$ 2,923,085	\$ 2,923,085	\$ 568,691	\$ (2,354,394)
Total Revenues	<u>2,923,085</u>	<u>2,923,085</u>	<u>568,691</u>	<u>(2,354,394)</u>
EXPENDITURES:				
Capital Outlay	<u>2,828,085</u>	<u>2,828,085</u> (1)	<u>83,146</u>	<u>2,744,939</u>
Total Expenditures	<u>2,828,085</u>	<u>2,828,085</u>	<u>83,146</u>	<u>2,744,939</u>
Excess of Revenues Over Expenditures	95,000	95,000	485,545	390,545
Other Financing Sources (Uses):				
Transfers Out	<u>(100,000)</u>	<u>(100,000)</u> (1)	<u>(109,017)</u>	<u>(9,017)</u>
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(109,017)</u>	<u>(9,017)</u>
Net Change in Fund Balance	(5,000)	(5,000)	376,528	381,528
Beginning Fund Balance	<u>5,000</u>	<u>5,000</u>	<u>(381,652)</u>	<u>(386,652)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,124)</u>	<u>\$ (5,124)</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 comitted or restricted sources.

(1) Appropriation Level

**CITY OF DALLAS
POLK COUNTY, OREGON**

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2018**

	NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR GENERAL DEBT SERVICE FUND	TOTAL
ASSETS:			
Cash and Investments	\$ 1,239,949	\$ 11	\$ 1,239,960
Cash Held with County	1,156	-	1,156
Property Taxes Receivable	11,323	-	11,323
Total Assets	\$ 1,252,428	\$ 11	\$ 1,252,439
LIABILITIES:			
Accounts Payable	\$ 6,173	\$ -	\$ 6,173
Total Liabilities	6,173	-	6,173
DEFERRED INFLOWS:			
Unavailable Property Taxes Revenues	11,323	-	11,323
Total Deferred inflows	11,323	-	11,323
FUND BALANCES:			
Restricted	454,296	-	454,296
Committed	213,301	11	213,312
Unassigned	567,335	-	567,335
Total Fund Balances	1,234,932	11	1,234,943
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 1,252,428	\$ 11	\$ 1,252,439

CITY OF DALLAS
POLK COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018

	NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR GENERAL DEBT SERVICE FUND	TOTAL
REVENUES:			
Property Taxes	\$ 175,817	\$ -	\$ 175,817
Public Service Taxes	156,189	-	156,189
Licenses and Permits	582,275	-	582,275
Interest	17,759	-	17,759
Miscellaneous	30,711	135,705	166,416
Total Revenues	962,751	135,705	1,098,456
EXPENDITURES:			
General Government	60,211	-	60,211
Culture and Recreation	111,734	-	111,734
Community Development	746,763	-	746,763
Capital Outlay	131,086	-	131,086
Debt Service:			
Principal	-	70,000	70,000
Interest	-	65,705	65,705
Total Expenditures	1,049,794	135,705	1,185,499
Excess of Revenues Over, (Under) Expenditures	(87,043)	-	(87,043)
Other Financing Sources, (Uses):			
Transfers In	384,625	-	384,625
Transfers Out	(133,889)	-	(133,889)
Total Other Financing Sources, (Uses)	250,736	-	250,736
Net Change in Fund Balance	163,693	-	163,693
Beginning Fund Balance	1,071,239	11	1,071,250
Ending Fund Balance	<u>\$ 1,234,932</u>	<u>\$ 11</u>	<u>\$ 1,234,943</u>

CITY OF DALLAS
POLK COUNTY, OREGON

COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2018

	RISK MANAGEMENT FUND	BUILDING INSPECTIONS FUND	TRUST/ RESERVE FUND	URBAN RENEWAL FUND	TOTAL
ASSETS:					
Cash and Investments	\$ 122,387	\$ 445,927	\$ 218,320	\$ 453,315	\$ 1,239,949
Cash Held with County	-	-	-	1,156	1,156
Property Taxes Receivable	-	-	-	11,323	11,323
Total Assets	\$ 122,387	\$ 445,927	\$ 218,320	\$ 465,794	\$ 1,252,428
LIABILITIES:					
Accounts Payable	-	979	5,019	175	6,173
Total Liabilities	-	979	5,019	175	6,173
DEFERRED INFLOWS:					
Unavailable Property Taxes Revenues	-	-	-	11,323	11,323
Total Deferred inflows	-	-	-	11,323	11,323
FUND BALANCES:					
Restricted	-	-	-	454,296	454,296
Committed	-	-	213,301	-	213,301
Unassigned	122,387	444,948	-	-	567,335
Total Fund Balances	122,387	444,948	213,301	454,296	1,234,932
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 122,387	\$ 445,927	\$ 218,320	\$ 465,794	\$ 1,252,428

**CITY OF DALLAS
POLK COUNTY, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018**

	RISK MANAGEMENT FUND	BUILDING INSPECTIONS FUND	TRUST/ RESERVE FUND	URBAN RENEWAL FUND	TOTAL
REVENUES:					
Property Taxes	\$ -	\$ -	\$ -	\$ 175,817	\$ 175,817
Public Service Taxes	-	-	156,189	-	156,189
Licenses and Permits	-	582,275	-	-	582,275
Interest	-	-	-	17,759	17,759
Miscellaneous	15,000	-	-	15,711	30,711
Total Revenues	15,000	582,275	156,189	209,287	962,751
EXPENDITURES:					
General Government	-	-	-	60,211	60,211
Culture and Recreation	-	-	111,734	-	111,734
Community Development	413,323	333,440	-	-	746,763
Capital Outlay	-	-	72,496	58,590	131,086
Total Expenditures	413,323	333,440	184,230	118,801	1,049,794
Excess of Revenues Over, (Under) Expenditures	(398,323)	248,835	(28,041)	90,486	(87,043)
Other Financing Sources, (Uses):					
Transfers In	283,750	25,875	75,000	-	384,625
Transfers Out	-	(47,500)	-	(86,389)	(133,889)
Total Other Financing Sources, (Uses)	283,750	(21,625)	75,000	(86,389)	250,736
Net Change in Fund Balance	(114,573)	227,210	46,959	4,097	163,693
Beginning Fund Balance	236,960	217,738	166,342	450,199	1,071,239
Ending Fund Balance	\$ 122,387	\$ 444,948	\$ 213,301	\$ 454,296	\$ 1,234,932

**CITY OF DALLAS
POLK COUNTY, OREGON**

**COMBINING BALANCE SHEET
GENERAL FUND - GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
June 30, 2018**

	GENERAL FUND	IMPROVEMENT FUND	Total General Fund Generally Accepted Accounting Principles
ASSETS:			
Cash and Investments	\$ 2,106,057	\$ 662	\$ 2,106,719
Cash Held with County	27,225	-	27,225
Accounts Receivable	525,144	-	525,144
Property Taxes Receivable	287,199	-	287,199
Due from Other Funds	5,067	-	5,067
Total Assets	\$ 2,950,692	\$ 662	\$ 2,951,354
LIABILITIES:			
Accounts Payable	\$ 146,775	\$ -	\$ 146,775
Deposit Payable	239,268	-	239,268
Total Liabilities	386,043	-	386,043
DEFERRED INFLOWS:			
Unavailable Property Taxes Revenues	287,199	-	287,199
Total Deferred inflows	287,199	-	287,199
FUND BALANCES:			
Nonspendable			-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	2,277,450	662	2,278,112
Total Fund Balances	2,277,450	662	2,278,112
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 2,950,692	\$ 662	\$ 2,951,354

**CITY OF DALLAS
POLK COUNTY, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018**

	GENERAL FUND	IMPROVEMENT FUND	Total General Fund Generally Accepted Accounting Principles
REVENUES:			
Property Taxes	\$ 4,024,216	\$ -	\$ 4,024,216
Public Service Taxes	442,261	-	442,261
Franchise Fees	1,254,229	-	1,254,229
Charges for Service	2,350,932	-	2,350,932
Licenses and Permits	173,292	-	173,292
Fines and Forfeitures	246,826	-	246,826
Interest	88,298	-	88,298
Miscellaneous	620,369	-	620,369
	<u>9,200,423</u>	<u>-</u>	<u>9,200,423</u>
EXPENDITURES:			
General Government	1,651,513	-	1,651,513
Public Safety	6,115,758	-	6,115,758
Culture and Recreation	515,178	-	515,178
Community Development	1,282,846	-	1,282,846
Debt Service:			
Principal	107,433	-	107,433
Interest	23,769	-	23,769
	<u>9,696,497</u>	<u>-</u>	<u>9,696,497</u>
Excess of Revenues Over, (Under) Expenditures	(496,074)	-	(496,074)
Other Financing Sources, (Uses):			
Proceeds from sale of capital assets	1,500	-	1,500
Transfers In	1,431,806	-	1,431,806
Transfers Out	(660,907)	-	(660,907)
	<u>772,399</u>	<u>-</u>	<u>772,399</u>
Net Change in Fund Balance	276,325	-	276,325
Beginning Fund Balance	<u>2,001,125</u>	<u>662</u>	<u>2,001,787</u>
Ending Fund Balance	<u>\$ 2,277,450</u>	<u>\$ 662</u>	<u>\$ 2,278,112</u>

CITY OF DALLAS
POLK COUNTY, OREGON

GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Administration:				
Personnel services	\$ 569,000	\$ 674,000	\$ 674,535	\$ (535)
Materials and services	185,500	185,500	172,206	13,294
Subtotal	754,500	859,500 (1)	846,741	12,759
Finance:				
Personnel services	433,000	436,000	394,232	41,768
Materials and services	254,500	264,500	225,119	39,381
Subtotal	687,500	700,500 (1)	619,351	81,149
Facilities:				
Personnel services	113,000	113,000	105,959	7,041
Materials and services	74,000	74,000	79,462	(5,462)
Subtotal	187,000	187,000 (1)	185,421	1,579
Municipal court:				
Personnel services	112,000	112,000	101,531	10,469
Materials and services	130,700	130,700	132,770	(2,070)
Subtotal	242,700	242,700 (1)	234,301	8,399
Ambulance department:				
Personnel services	1,227,000	1,262,000	1,270,779	(8,779)
Materials and services	352,000	387,000	377,569	9,431
Loan payments	29,122	29,122	29,121	1
Transfer out	30,000	30,000	30,000	-
Subtotal	1,638,122	1,708,122 (1)	1,707,469	653
Fire department:				
Personnel services	435,000	472,822	449,085	23,737
Materials and services	333,000	464,515	383,526	80,989
Loan payments	22,135	22,135	22,134	1
Transfer out	75,000	75,000	75,000	-
Debt service				
Principal	35,874	35,874	35,874	-
Interest	8,940	8,940	8,939	1
Subtotal	909,949	1,079,286 (1)	974,558	104,728
Police department:				
Personnel services	2,771,000	2,947,000	2,941,503	5,497
Materials and services	485,700	485,700	458,995	26,705
Transfer out	14,000	14,000	14,000	-
Subtotal	3,270,700	3,446,700 (1)	3,414,498	32,202

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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, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Library:				
Personnel services	\$ 435,000	\$ 435,000	\$ 430,486	\$ 4,514
Materials and services	96,900	96,900	84,692	12,208
Subtotal	<u>531,900</u>	<u>531,900 (1)</u>	<u>515,178</u>	<u>16,722</u>
Community development - Parks:				
Personnel services	236,000	236,000	206,575	29,425
Materials and services	77,900	77,900	72,694	5,206
Transfer out	8,300	8,300	8,300	-
Subtotal	<u>322,200</u>	<u>322,200 (1)</u>	<u>287,569</u>	<u>34,631</u>
Community development - Aquatic center:				
Personnel services	502,000	512,000	514,389	(2,389)
Materials and services	309,600	309,600	290,145	19,455
Loan payments	43,412	43,412	43,412	-
Subtotal	<u>855,012</u>	<u>865,012 (1)</u>	<u>847,946</u>	<u>17,066</u>
Community development - Planning department:				
Personnel services	206,000	183,500	178,834	4,666
Materials and services	51,700	51,700	20,209	31,491
Subtotal	<u>257,700</u>	<u>235,200 (1)</u>	<u>199,043</u>	<u>36,157</u>
Non-departmental				
Transfer out	584,940	438,940	438,940	-
Debt service				
Principal	71,559	71,559	71,559	-
Interest	14,836	14,836	14,830	6
Subtotal	<u>671,335</u>	<u>525,335 (1)</u>	<u>525,329</u>	<u>6</u>
Total Expenditures	<u>\$ 10,328,618</u>	<u>\$ 10,703,455</u>	<u>\$ 10,357,404</u>	<u>\$ 346,051</u>

(1) Appropriation Level

Continued from page 49A

**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, 2018**

	<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	-	-	-	-
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, 2018**

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	\$ 560,000	\$ 560,000	\$ 515,340	\$ (44,660)
Miscellaneous	-	-	1,851	1,851
	<u>560,000</u>	<u>560,000</u>	<u>517,191</u>	<u>(42,809)</u>
EXPENDITURES:				
Debt service				
Principal	495,000	495,000 (1)	495,000	-
Interest	35,228	35,228 (1)	35,228	-
	<u>530,228</u>	<u>530,228</u>	<u>530,228</u>	<u>-</u>
Net Change in Fund Balance	29,772	29,772	(13,037)	(42,809)
Beginning Fund Balance	<u>360,000</u>	<u>360,000</u>	<u>360,719</u>	<u>719</u>
Ending Fund Balance	<u>\$ 389,772</u>	<u>\$ 389,772</u>	<u>\$ 347,682</u>	<u>\$ (42,090)</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, 2018**

RISK MANAGEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Miscellaneous	\$ 10,000	\$ 10,000	\$ 15,000	\$ 5,000
Total Revenue	<u>10,000</u>	<u>10,000</u>	<u>15,000</u>	<u>5,000</u>
EXPENDITURES:				
Materials and services	<u>457,450</u>	<u>457,450 (1)</u>	<u>413,323</u>	<u>44,127</u>
Total Expenditures	<u>457,450</u>	<u>457,450</u>	<u>413,323</u>	<u>44,127</u>
Excess of Revenues Over, (Under) Expenditures	(447,450)	(447,450)	(398,323)	49,127
Other Financing Sources, (Uses)				
Transfers In	<u>342,450</u>	<u>342,450</u>	<u>283,750</u>	<u>(58,700)</u>
Total Other Financing Sources, (Uses)	<u>342,450</u>	<u>342,450</u>	<u>283,750</u>	<u>(58,700)</u>
Net Change in Fund Balance	(105,000)	(105,000)	(114,573)	(9,573)
Beginning Fund Balance	<u>105,000</u>	<u>105,000</u>	<u>236,960</u>	<u>131,960</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,387</u>	<u>\$ 122,387</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, 2018**

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	\$ 400,000	\$ 400,000	\$ 582,275	\$ 182,275
Miscellaneous	2,000	2,000	-	(2,000)
Total Revenue	<u>402,000</u>	<u>402,000</u>	<u>582,275</u>	<u>180,275</u>
EXPENDITURES:				
Personnel services	357,000	357,000 (1)	304,298	52,702
Materials and services	34,500	34,500 (1)	29,142	5,358
Contingency	38,875	38,875 (1)	-	38,875
Total Expenditures	<u>430,375</u>	<u>430,375</u>	<u>333,440</u>	<u>96,935</u>
Excess of Revenues Over, (Under) Expenditures	(28,375)	(28,375)	248,835	277,210
Other Financing Sources, (Uses)				
Transfers In	25,875	25,875	25,875	-
Transfers Out	(47,500)	(47,500) (1)	(47,500)	-
Total Other Financing Sources, (Uses)	<u>(21,625)</u>	<u>(21,625)</u>	<u>(21,625)</u>	<u>-</u>
Net Change in Fund Balance	(50,000)	(50,000)	227,210	277,210
Beginning Fund Balance	<u>50,000</u>	<u>50,000</u>	<u>217,738</u>	<u>167,738</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,948</u>	<u>\$ 444,948</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, 2018**

	<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	\$ 172,000	\$ 172,000	\$ 156,189	\$ (15,811)
Total Revenues	<u>172,000</u>	<u>172,000</u>	<u>156,189</u>	<u>(15,811)</u>
EXPENDITURES:				
Materials and service Capital Outlay	190,000	190,000 (1)	111,734	78,266
Park	21,000	21,000 (1)	1,463	19,537
Fire Equipment	45,975	45,975 (1)	32,173	13,802
Library	55,000	55,000 (1)	38,435	16,565
Economic development	25,000	25,000 (1)	200	24,800
Community Dinner	2,900	2,900 (1)	225	2,675
Total Expenditures	<u>339,875</u>	<u>339,875</u>	<u>184,230</u>	<u>155,645</u>
Excess of Revenues Over, (Under) Expenditures	(167,875)	(167,875)	(28,041)	139,834
Other Financing Sources, (Uses):				
Transfer In	-	-	75,000	75,000
Total Other Financing Sources, (Uses)	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>75,000</u>
Net Change in Fund Balance	(167,875)	(167,875)	46,959	214,834
Beginning Fund Balance	<u>167,875</u>	<u>167,875</u>	<u>166,342</u>	<u>(1,533)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,301</u>	<u>\$ 213,301</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, 2018**

<u>URBAN RENEWAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Property Taxes	\$ 169,000	\$ 169,000	\$ 175,817	\$ 6,817
Interest	3,000	3,000	17,759	14,759
Miscellaneous	1,000	1,000	15,711	14,711
	<u>173,000</u>	<u>173,000</u>	<u>209,287</u>	<u>36,287</u>
Total Revenues				
EXPENDITURES:				
Personnel Services	19,000	19,000 (1)	15,308	3,692
Materials and Services	48,500	78,500 (1)	44,903	33,597
Capital Outlay	160,000	160,000 (1)	58,590	101,410
Contingencies	147,710	117,710 (1)	-	117,710
	<u>375,210</u>	<u>375,210</u>	<u>118,801</u>	<u>256,409</u>
Total Expenditures				
Excess of Revenues Over, (Under) Expenditures	(202,210)	(202,210)	90,486	292,696
Other Financing (Uses):				
Transfers Out	(86,395)	(86,395) (1)	(86,389)	6
	<u>(86,395)</u>	<u>(86,395)</u>	<u>(86,389)</u>	<u>6</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(288,605)	(288,605)	4,097	292,702
Beginning Fund Balance	<u>375,000</u>	<u>375,000</u>	<u>450,199</u>	<u>75,199</u>
Ending Fund Balance	<u>\$ 86,395</u>	<u>\$ 86,395</u>	<u>\$ 454,296</u>	<u>\$ 367,901</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, 2018**

<u>GENERAL LONG-TERM DEBT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Miscellaneous	\$ 135,705	\$ 135,705	\$ 135,705	\$ -
Total Revenues	<u>135,705</u>	<u>135,705</u>	<u>135,705</u>	<u>-</u>
EXPENDITURES:				
Debt Service				
Principal	70,000	70,000 (1)	70,000	-
Interest	<u>65,705</u>	<u>65,705 (1)</u>	<u>65,705</u>	<u>-</u>
Total Expenditures	<u>135,705</u>	<u>135,705</u>	<u>135,705</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, 2018**

<u>SEWER ENTERPRISE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Charges for Services	\$ 3,115,000	\$ 3,115,000	\$ 3,331,989	\$ 216,989
Interest	17,000	17,000	30,847	13,847
Miscellaneous	75,000	75,000	136,318	61,318
Total Revenues	<u>3,207,000</u>	<u>3,207,000</u>	<u>3,499,154</u>	<u>292,154</u>
EXPENDITURES:				
Personnel Services	590,000	590,000 (1)	583,432	6,568
Materials and Services	1,121,000	1,121,000 (1)	991,691	129,309
Capital Outlay	963,000	963,000 (1)	199,013	763,987
Debt Service:				
Principal	997,220	997,220 (1)	875,000	122,220
Interest	165,949	165,949 (1)	126,893	39,056
Contingency	400,366	400,366 (1)	-	400,366
Total Expenditures	<u>4,237,535</u>	<u>4,237,535</u>	<u>2,776,029</u>	<u>1,461,506</u>
Excess of Revenues Over Expenditures	(1,030,535)	(1,030,535)	723,125	(1,169,352)
Other Financing Sources, (Uses)				
Finance Proceeds	670,000	670,000	-	(670,000)
Transfers In	60,000	60,000	-	(60,000)
Transfers Out	(599,465)	(599,465) (1)	(595,000)	4,465
Total Other Financing Sources, (Uses)	<u>130,535</u>	<u>130,535</u>	<u>(595,000)</u>	<u>(725,535)</u>
Net Change in Fund Balance	(900,000)	(900,000)	128,125	(1,894,887)
Beginning Fund Balance	900,000	900,000	902,515	2,515
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	1,030,640	<u>\$ (1,892,372)</u>
RECONCILIATION TO NET POSITION				
Capital Assets, net			16,924,507	
Inventory			-	
Loans Payable			(2,716,704)	
Accrued Interest			(37,300)	
Compensated absences			(18,254)	
Net pension liability - PERS			(460,110)	
Pension Deferred Outflows - PERS			177,501	
Pension Deferred Inflows - PERS			(30,032)	
TOTAL NET POSITION			<u>\$ 14,870,248</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, 2018**

<u>WATER ENTERPRISE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Charges for Services	\$ 2,465,000	\$ 2,465,000	\$ 2,627,056	\$ 162,056
Interest	30,000	30,000	77,477	47,477
Miscellaneous	85,000	85,000	90,830	5,830
Total Revenues	<u>2,580,000</u>	<u>2,580,000</u>	<u>2,795,363</u>	<u>215,363</u>
EXPENDITURES:				
Personnel Services	455,000	455,000 (1)	492,021	(37,021) *
Materials and Services	823,500	823,500 (1)	784,482	39,018 *
Capital Outlay	2,483,000	2,483,000 (1)	1,829,825	653,175
Debt Service:				
Principal	311,314	311,314 (1)	315,000	(3,686)
Interest	188,803	188,803 (1)	144,964	43,839
Contingencies	1,357,418	1,357,418 (1)	-	1,357,418
Total Expenditures	<u>5,619,035</u>	<u>5,619,035</u>	<u>3,566,292</u>	<u>2,052,743</u>
Excess of Revenues Over Expenditures	(3,039,035)	(3,039,035)	(770,929)	2,268,106
Other Financing Sources, (Uses)				
Finance Proceeds	1,750,000	1,750,000	1,934,674	184,674
Transfers In	60,000	60,000	-	(60,000)
Transfers Out	(470,965)	(470,965) (1)	(466,500)	4,465
Total Other Financing Sources, (Uses)	<u>1,339,035</u>	<u>1,339,035</u>	<u>1,468,174</u>	<u>129,139</u>
Net Change in Fund Balance	<u>(1,700,000)</u>	<u>(1,700,000)</u>	<u>697,245</u>	<u>2,397,245</u>
Beginning Fund Balance	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,669,332</u>	<u>(30,668)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,366,577</u>	<u>\$ 2,366,577</u>
RECONCILIATION TO NET POSITION:				
Capital Assets, net			17,553,765	
Inventory			144,639	
Compensated absences			(17,771)	
Long-term Debt			(7,320,498)	
Accrued Interest			(70,759)	
Net pension liability - PERS			(388,021)	
Pension Deferred Outflows - PERS			149,691	
Pension Deferred Inflows - PERS			(25,327)	
TOTAL NET POSITION			<u>\$ 12,392,296</u>	

(1) Appropriation Level

* Total of Personnel Services and Materials and Services are within budgeted 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, 2018**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>STORM WATER ENTERPRISE FUND</u>				
REVENUES:				
Charges for Services	\$ 200,000	\$ 200,000	\$ 203,393	\$ 3,393
Interest	3,000	3,000	3,195	195
Miscellaneous	7,500	7,500	2,834	(4,666)
Total Revenues	<u>210,500</u>	<u>210,500</u>	<u>209,422</u>	<u>(1,078)</u>
EXPENDITURES:				
Personnel Services	110,000	110,000 (1)	83,039	26,961 *
Materials and Services	58,500	58,500 (1)	61,111	(2,611) *
Capital Outlay	110,000	110,000 (1)	39,378	70,622
Operating Contingency	83,885	83,885 (1)	-	83,885
Total Expenditures	<u>362,385</u>	<u>362,385</u>	<u>183,528</u>	<u>178,857</u>
Excess of Revenues Over Expenditures	(151,885)	(151,885)	25,894	177,779
Other Financing Sources (Uses):				
Transfers In	60,000	60,000	-	
Transfers Out	(38,115)	(38,115) (1)	(33,650)	4,465
Total Other Financing Sources (Uses)	<u>21,885</u>	<u>21,885</u>	<u>(33,650)</u>	<u>(55,535)</u>
Net Change in Fund Balance	(130,000)	(130,000)	(7,756)	122,244
Beginning Fund Balance	<u>130,000</u>	<u>130,000</u>	<u>109,252</u>	<u>(20,748)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>101,496</u>	<u>\$ 101,496</u>

Reconciliation to GAAP Basis:
RECONCILIATION TO NET POSITION:

Capital Assets, net	1,459,221
Compensated absences	(5,133)
Net pension liability - PERS	(65,487)
Pension Deferred Outflows - PERS	25,263
Pension Deferred Inflows - PERS	(4,274)
TOTAL NET POSITION	<u>\$ 1,511,086</u>

(1) Appropriation Level

* Total of Personnel Services and Materials and Services are within budgeted 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, 2018**

	INTERNAL SERVICE FLEET MANAGEMENT FUND			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Charges for Services	\$ 483,000	\$ 483,000	\$ 451,617	\$ (31,383)
Total Revenues	<u>483,000</u>	<u>483,000</u>	<u>451,617</u>	<u>(31,383)</u>
EXPENDITURES:				
Personnel Services	225,000	225,000 (1)	224,264	736 *
Materials and Services	168,200	178,200 (1)	179,937	(1,737) *
Capital Outlay	90,000	90,000 (1)	53,696	36,304
Contingencies	448,335	438,335 (1)	-	438,335
Total Expenditures	<u>931,535</u>	<u>931,535</u>	<u>457,897</u>	<u>473,638</u>
Excess of Revenues Over Expenditures	<u>(448,535)</u>	<u>(448,535)</u>	<u>(6,280)</u>	<u>442,255</u>
Other Financing Sources (Uses):				
Sale of Equipment	5,000	5,000	971	(4,029)
Transfers In	119,800	119,800	59,800	(60,000)
Transfers Out	(101,265)	(101,265) (1)	(96,800)	4,465
Total Other Financing Sources (Uses)	<u>23,535</u>	<u>23,535</u>	<u>(36,029)</u>	<u>(59,564)</u>
Net Change in Fund Balance	(425,000)	(425,000)	(42,309)	446,720
Beginning Fund Balance	<u>425,000</u>	<u>425,000</u>	<u>431,386</u>	<u>6,386</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>389,077</u>	<u>\$ 453,106</u>

RECONCILIATION TO NET POSITION

Capital Assets, net	395,621
Compensated absences	(10,599)
Net pension liability - PERS	(176,860)
Pension Deferred Outflows - PERS	68,229
Pension Deferred Inflows - PERS	(11,544)
Due to other governmental fund	(10,000)

TOTAL NET POSITION \$ 643,924

(1) Appropriation Level

* Total of Personnel Services and Materials and Services are not within budgeted appropriation level

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2018**

GENERAL PROPERTY TAX LEVY

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT 7/1/17	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/18
Current:						
2017-18	\$ 4,168,361	\$ 110,831	\$ (3,206)	\$ 1,574	\$ 3,940,830	\$ 115,068
Prior Years:						
2016-17	113,669	(1)	(3,310)	2,947	41,900	71,407
2015-16	51,785	-	(3,418)	3,175	17,886	33,656
2014-15	34,300	-	(4,313)	4,081	14,414	19,654
2013-14	19,334	-	(2,934)	2,709	7,841	11,268
Prior	38,363	-	(1,978)	1,106	1,345	36,146
Total Prior	257,451	(1)	(15,953)	14,018	83,386	172,131
Total All Funds	<u>\$ 4,425,812</u>	<u>\$ 110,830</u>	<u>\$ (19,159)</u>	<u>\$ 15,592</u>	<u>\$ 4,024,216</u>	<u>\$ 287,199</u>

RECONCILIATION TO REVENUE:

	ALL FUNDS
Cash Collections by County Treasurer Above	\$ 4,024,216
Accrual of Receivables:	
Other taxes	29,748
Total Revenue	<u>\$ 4,053,964</u>

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2018**

DEBT SERVICE PROPERTY TAX LEVY

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT 7/1/17	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/18
Current:						
2017-18	\$ 530,892	\$ 14,116	\$ (408)	\$ 200	\$ 501,913	\$ 14,655
Prior Years:						
2016-17	15,293	-	(445)	396	5,637	9,607
2015-16	8,847	-	(583)	542	3,056	5,750
2014-15	6,577	-	(828)	783	2,764	3,768
2013-14	4,131	-	(628)	579	1,675	2,407
Prior	8,183	-	(162)	243	295	7,969
Total Prior	43,031	-	(2,646)	2,543	13,427	29,501
Total All Funds	<u>\$ 573,923</u>	<u>\$ 14,116</u>	<u>\$ (3,054)</u>	<u>\$ 2,743</u>	<u>\$ 515,340</u>	<u>\$ 44,156</u>

RECONCILIATION TO REVENUE:

	ALL FUNDS
Cash Collections by County Treasurer Above	\$ 515,340
Accrual of Receivables:	
Other taxes	1,125
Total Revenue	<u>\$ 516,465</u>

**CITY OF DALLAS
POLK COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2018**

URBAN RENEWAL PROPERTY TAX LEVY

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT 7/1/17	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/18
Current:						
2017-18	\$ 180,692	\$ 4,804	\$ (139)	\$ 68	\$ 170,829	\$ 4,988
Prior Years:						
2016-17	4,601	-	(381)	113	1,602	2,731
2015-16	1,998	-	(132)	123	690	1,299
2014-15	1,267	-	(159)	151	533	726
2013-14	708	-	(107)	99	287	413
Prior	1,061	-	113	36	44	1,166
Total Prior	9,635	-	(666)	522	3,156	6,335
Total All Funds	\$ 190,327	\$ 4,804	\$ (805)	\$ 590	\$ 173,985	\$ 11,323

RECONCILIATION TO REVENUE:

	ALL FUNDS
Cash Collections by County Treasurer Above	\$ 173,985
Accrual of Receivables:	
Other taxes	3,520
Total Revenue	\$ 177,505

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**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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental activities:				
Net investment in capital assets	\$ 49,729,006	\$ 49,522,634	\$ 52,121,875	\$ 53,826,746
Restricted for special purposes	11,357,160	9,100,601	8,835,176	6,760,554
Unrestricted	(1,943,071)	(945,149)	(2,318,099)	(746,388)
Total governmental activities net position	<u>\$ 59,143,095</u>	<u>\$ 57,678,086</u>	<u>\$ 58,638,952</u>	<u>\$ 59,840,912</u>
Business-type activities:				
Net investment in capital assets	\$ 25,900,291	\$ 23,439,707	\$ 22,291,458	\$ 21,049,915
Restricted for special purposes		-	-	-
Unrestricted	2,873,339	2,140,287	1,494,772	2,147,514
Total business-type activities net position	<u>\$ 28,773,630</u>	<u>\$ 25,579,994</u>	<u>\$ 23,786,230</u>	<u>\$ 23,197,429</u>
Primary government:				
Net investment in capital assets	\$ 75,629,297	\$ 72,962,341	\$ 74,413,333	\$ 74,876,661
Restricted for special purposes	\$ 11,357,160	9,100,601	8,835,176	6,760,554
Unrestricted	\$ 930,268	1,195,138	(823,327)	1,401,126
Total primary government net position	<u>\$ 87,916,725</u>	<u>\$ 83,258,080</u>	<u>\$ 82,425,182</u>	<u>\$ 83,038,341</u>

Source: City of Dallas Comprehensive Annual Financial Reports

2014	2013	2012	2011	2010	2009
\$ 55,722,739	\$ 57,146,650	\$ 57,754,349	\$ 60,594,063	\$ 62,406,592	\$ 73,971,661
6,321,162	5,598,814	4,265,637	3,619,756	3,826,763	5,529,207
952,467	1,004,454	2,901,846	2,102,524	2,297,554	1,180,532
<u>\$ 62,996,368</u>	<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>
\$ 20,584,724	\$ 20,017,073	\$ 19,755,540	\$ 19,358,365	\$ 19,200,108	\$ 22,309,835
-	-	-	1,058,654	1,058,954	-
2,164,506	2,389,514	2,341,712	1,629,019	2,493,016	3,601,695
<u>\$ 22,749,230</u>	<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>
\$ 76,307,463	\$ 77,163,723	\$ 77,509,889	\$ 79,952,428	\$ 81,606,700	\$ 96,281,496
6,321,162	5,598,814	4,265,637	4,678,410	4,885,717	5,529,207
3,116,973	3,393,968	5,243,558	3,731,543	4,790,570	4,782,227
<u>\$ 85,745,598</u>	<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>

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

	2018	2017	2016	2015
EXPENSES				
Governmental activities:				
General government	\$ 3,072,693	\$ 2,618,629	\$ 2,815,836	\$ 2,018,683
Public safety	8,421,394	7,462,693	6,812,741	4,208,590
Highways and streets	750,043	776,622	3,183,830	2,968,164
Culture and recreation	863,203	833,397	1,020,182	705,867
Community development	2,794,594	2,434,292	1,982,360	1,561,447
Interest on long-term debt	124,871	157,956	183,031	211,552
Total governmental activities expenses	16,026,798	14,283,589	15,997,980	11,674,303
Business-type activities:				
Sewage disposal	2,384,194	2,584,857	2,681,117	2,472,804
Water	2,062,003	2,587,227	1,935,944	1,656,456
Storm water	162,051	159,480	185,698	-
Total business-type activities expenses	4,608,248	5,331,564	4,802,759	4,129,260
Total expenses	\$ 20,635,046	\$ 19,615,153	\$ 20,800,739	\$ 15,803,563
PROGRAM REVENUES				
Governmental activities:				
Charges for services				
General Government	\$ 2,697,392	\$ 1,978,726	\$ 2,412,882	\$ 1,198,834
Public Safety	2,130,488	1,707,545	1,621,164	1,014,802
Highways and streets	171,029	80,333	203,855	92,806
Culture and Recreation	388,827	203,841	564,981	547,647
Community development	556,725	537,447	282,305	406,971
Operating grants and contributions	235,827	95,408	251,797	16,252
Capital grants and contributions	1,385,564	41,929	800,746	160,224
Total governmental activities program revenues	7,565,852	4,645,229	6,137,730	3,437,536
Business-type activities:				
Charges for services	6,162,438	5,768,881	5,600,125	5,435,502
Operating grants and contributions	-	-	-	-
Capital grants and contributions	2,216,095	1,363,150	569,295	247,351
Total business-type activities program revenues	8,378,533	7,132,031	6,169,420	5,682,853
Total program revenues	\$ 15,944,385	\$ 11,777,260	\$ 12,307,150	\$ 9,120,389
Net (Expense)/Revenue				
Governmental activities	\$ (8,460,946)	\$ (9,638,360)	\$ (9,860,250)	\$ (8,236,767)
Business-type activities	3,770,285	1,800,467	1,366,661	1,553,593
Total net expense	\$ (4,690,661)	\$ (7,837,893)	\$ (8,493,589)	\$ (6,683,174)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes and assessments	\$ 6,506,395	\$ 5,832,686	\$ 5,938,713	\$ 6,152,989
Franchise Fees	1,254,229	1,185,056	1,116,780	1,093,765
Intergovernmental	-	-	-	-
Miscellaneous	1,070,181	740,621	577,797	310,686
Transfer of capital assets	-	-	-	-
Proceeds from property sales	-	-	-	-
Transfers	1,095,150	1,025,000	1,025,000	1,025,000
Total governmental activities	9,925,955	8,783,363	8,658,290	8,582,440
Business-type activities:				
Miscellaneous	518,501	1,018,297	247,140	271,629
Gain on sale of land	-	-	-	-
Transfer of capital assets	-	-	-	-
Transfers	(1,095,150)	(1,025,000)	(1,025,000)	(1,025,000)
Total business-type activities	(576,649)	(6,703)	(777,860)	(753,371)
Total	\$ 9,349,306	\$ 8,776,660	\$ 7,880,430	\$ 7,829,069
Change in Net Position				
Governmental activities	\$ 1,465,009	\$ (854,997)	\$ (1,201,960)	\$ 345,673
Business-type activities	3,193,636	1,793,764	588,801	800,222
Total	\$ 4,658,645	\$ 938,767	\$ (613,159)	\$ 1,145,895

Source: City of Dallas Comprehensive Annual Financial Reports

	2014	2013	2012	2011	2010	2009
\$	2,159,324	\$ 1,951,720	\$ 2,742,049	\$ 2,641,018	\$ 2,298,816	\$ 776,276
	4,965,673	5,169,796	5,227,369	5,041,368	5,013,276	5,181,413
	2,985,706	2,949,068	2,820,314	2,741,552	16,526,988	771,311
	748,446	730,924	688,907	762,439	672,989	2,657,682
	1,419,268	1,332,910	1,346,705	1,477,722	1,545,603	-
	219,436	239,631	264,813	292,992	315,071	290,438
	<u>12,497,853</u>	<u>12,374,049</u>	<u>13,090,157</u>	<u>12,957,091</u>	<u>26,372,743</u>	<u>9,677,120</u>
	2,463,249	2,406,124	2,403,297	2,471,140	2,690,895	2,760,869
	1,759,774	1,615,326	1,754,639	2,108,937	2,188,120	2,034,191
	-	-	-	-	-	-
	<u>4,223,023</u>	<u>4,021,450</u>	<u>4,157,936</u>	<u>4,580,077</u>	<u>4,879,015</u>	<u>4,795,060</u>
\$	<u>\$ 16,720,876</u>	<u>\$ 16,395,499</u>	<u>\$ 17,248,093</u>	<u>\$ 17,537,168</u>	<u>\$ 31,251,758</u>	<u>\$ 14,472,180</u>

\$	1,174,241	\$ 908,346	\$ 641,463	\$ 607,535	\$ 260,475	\$ 301,725
	1,399,346	1,177,937	1,045,911	1,321,333	1,287,955	1,311,170
	75,605	58,899	24,854	46,585	25,413	-
	104,465	92,220	77,705	606,867	572,865	519,554
	768,352	667,287	611,452	243,775	699,139	-
	5,981	7,305	9,573	11,579	48,167	1,217,259
	158,583	126,726	1,408,562	280,080	315,877	797,474
	<u>3,686,573</u>	<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>
	5,077,759	5,025,147	4,852,972	4,698,913	4,745,483	4,757,990
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>5,077,759</u>	<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>\$ 8,764,332</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>

\$	(8,811,280)	\$ (9,335,329)	\$ (9,270,637)	\$ (9,839,337)	\$ (23,162,852)	\$ (5,529,938)
	854,736	1,003,697	695,036	118,836	(133,532)	(37,070)
\$	<u>(7,956,544)</u>	<u>(8,331,632)</u>	<u>(8,575,601)</u>	<u>(9,720,501)</u>	<u>(23,296,384)</u>	<u>(5,567,008)</u>

\$	5,736,327	\$ 5,755,796	\$ 5,607,607	\$ 5,496,250	\$ 5,234,147	\$ 3,799,318
	1,170,721	1,028,427	1,062,257	908,608	777,412	828,690
	-	-	-	-	-	289,854
	354,160	422,866	429,937	219,913	440,239	290,244
	-	-	-	-	-	(352,861)
	-	-	-	-	-	-
	796,522	956,326	776,325	1,000,000	(300,549)	312,600
	<u>8,057,730</u>	<u>8,163,415</u>	<u>7,876,126</u>	<u>7,624,771</u>	<u>6,151,249</u>	<u>5,167,845</u>
	278,691	261,964	132,503	175,124	205,206	250,705
	87,141	-	-	-	-	-
	-	-	-	-	-	352,861
	(796,522)	(956,326)	(776,325)	(1,000,000)	300,549	(312,600)
	<u>(430,690)</u>	<u>(694,362)</u>	<u>(643,822)</u>	<u>(824,876)</u>	<u>505,755</u>	<u>290,966</u>
\$	<u>\$ 7,627,040</u>	<u>\$ 7,469,053</u>	<u>\$ 7,232,304</u>	<u>\$ 6,799,895</u>	<u>\$ 6,657,004</u>	<u>\$ 5,458,811</u>

\$	(753,550)	\$ (1,171,914)	\$ (1,394,511)	\$ (2,214,566)	\$ (17,011,603)	\$ (362,093)
	424,046	309,335	51,214	(706,040)	372,223	253,896
\$	<u>(329,504)</u>	<u>(862,579)</u>	<u>(1,343,297)</u>	<u>(2,920,606)</u>	<u>(16,639,380)</u>	<u>(108,197)</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	2,278,112	2,001,787	2,049,619	1,793,551	1,825,054
Total General Fund	<u>\$ 2,278,112</u>	<u>\$ 2,001,787</u>	<u>\$ 2,049,619</u>	<u>\$ 1,793,551</u>	<u>\$ 1,825,054</u>
Special Revenue Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	1,918,839	1,577,973	8,463,452	6,379,403	5,980,728
Committed	213,301	166,342	157,749	108,813	51,583
Assigned	567,335 ³	454,698 ³	-	-	-
Unassigned	-	-	(185,924)	(168,005)	-
Total Special Revenue Funds	<u>\$ 2,699,475</u>	<u>\$ 2,199,013</u>	<u>\$ 8,435,277</u>	<u>\$ 6,320,211</u>	<u>\$ 6,032,311</u>
Debt Service Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	347,682	360,719	371,724	381,151	340,434
Committed	11	11	11	11	11
Unassigned	-	-	-	-	-
Total Debt Service Funds	<u>\$ 347,693</u>	<u>\$ 360,730</u>	<u>\$ 371,735</u>	<u>\$ 381,162</u>	<u>\$ 340,445</u>
Capital Projects Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	9,090,639 ²	7,161,909 ²	-	-	-
Committed	192,212	234,497	445,996	130,902	-
Unassigned	(5,124)	(381,652)	-	-	-
Total Capital Projects Funds	<u>\$ 9,277,727</u>	<u>\$ 7,014,754</u>	<u>\$ 445,996</u>	<u>\$ 130,902</u>	<u>\$ -</u>
All Governmental Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	11,357,160	9,100,601	8,835,176	6,760,554	6,321,162
Committed	405,524	400,850	603,756	239,726	51,594
Assigned	567,335	454,698	-	-	-
Unassigned	2,272,988	1,620,135	1,863,695	1,625,546	1,825,054
Gene Total All Governmental Funds	<u>\$ 14,603,007</u>	<u>\$ 11,576,284</u>	<u>\$ 11,302,627</u>	<u>\$ 8,625,826</u>	<u>\$ 8,197,810</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.

2013	2012	2011	2010	2009
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,211,673	1,526,191
-	600,450	-	-	-
-	-	-	-	-
925,202	653,127	1,702,807	-	-
<u>\$ 925,202</u>	<u>\$ 1,253,577</u>	<u>\$ 1,702,807</u>	<u>\$ 1,211,673</u>	<u>\$ 1,526,191</u>
\$ -	\$ -	\$ -	\$ 4,128,493	\$ 676,339
-	-	-	257,241	4,768,067
5,291,538	3,400,740	3,387,580	-	-
217,990	222,078	315,841	-	-
-	-	-	-	-
(17,817)	533,689	(258,241)	-	-
<u>\$ 5,491,711</u>	<u>\$ 4,156,507</u>	<u>\$ 3,445,180</u>	<u>\$ 4,385,734</u>	<u>\$ 5,444,406</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	199,477	194,574
307,287	264,447	232,176	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 307,287</u>	<u>\$ 264,447</u>	<u>\$ 232,176</u>	<u>\$ 199,477</u>	<u>\$ 194,574</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(514,507)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (514,507)</u>
\$ -	\$ -	\$ -	\$ 4,128,493	\$ 676,339
-	-	-	1,668,391	5,974,325
5,598,825	4,265,637	3,619,756	-	-
217,990	222,078	315,841	-	-
-	-	-	-	-
907,385	1,186,816	1,444,566	-	-
<u>\$ 6,724,200</u>	<u>\$ 5,674,531</u>	<u>\$ 5,380,163</u>	<u>\$ 5,796,884</u>	<u>\$ 6,650,664</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES				
Taxes and assessments	\$ 4,715,373	\$ 4,427,603	\$ 4,444,923	\$ 4,368,926
Licenses and permits	2,895,086	1,856,176	2,511,999	1,092,380
Intergovernmental	2,327,152	1,514,298	2,056,850	1,990,867
Franchise fees	1,254,229	1,185,056	1,116,780	1,093,765
Charges for services	2,350,932	1,940,726	1,890,230	1,481,555
Fines and forfeitures	246,826	217,196	209,729	189,771
Miscellaneous	1,069,210	1,000,526	567,788	277,386
Total Revenues	<u>14,858,808</u>	<u>12,141,581</u>	<u>12,798,299</u>	<u>10,494,650</u>
EXPENDITURES				
Current operating:				
General government	1,711,724	1,453,008	1,343,077	1,292,338
Highways and streets	544,728	574,813	585,384	529,501
Culture and recreation	626,912	616,834	539,061	456,838
Public Safety	6,115,758	5,523,810	5,118,464	4,951,183
Community development	2,029,609	1,801,729	1,605,064	1,440,384
Capital outlay	1,111,693	2,032,532	1,397,170	1,486,639
Debt service				
Interest	128,119	656,772	179,014	199,555
Principal	697,192	153,826	711,459	680,596
Total Expenditures	<u>12,965,735</u>	<u>12,813,324</u>	<u>11,478,693</u>	<u>11,037,034</u>
REVENUES OVER (UNDER) EXPENDITURES	1,893,073	(671,743)	1,319,606	(542,384)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	30,000	120,632	385,795	-
Transfers in	2,175,901	2,349,323	1,944,307	1,459,395
Transfers out	(1,073,751)	(1,454,555)	(972,907)	(488,995)
Proceeds from sale of capital assets	1,500	-	-	-
Debt proceeds	-	-	-	-
Bond refunding	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,133,650</u>	<u>1,015,400</u>	<u>1,357,195</u>	<u>970,400</u>
NET CHANGE IN FUND BALANCES	<u>\$ 3,026,723</u>	<u>\$ 343,657</u>	<u>\$ 2,676,801</u>	<u>\$ 428,016</u>
Debt service as a percentage of noncapital expenditures	<u>7.48%</u>	<u>8.13%</u>	<u>9.69%</u>	<u>10.15%</u>

Source: City of Dallas Comprehensive Annual Financial Reports

	2014	2013	2012	2011	2010	2009
\$	4,216,923	\$ 4,244,493	\$ 4,094,852	\$ 3,988,407	\$ 3,846,626	\$ 3,797,194
	939,972	630,626	321,837	430,191	416,350	1,570,479
	1,744,193	1,663,520	2,897,961	1,763,122	1,703,570	1,334,690
	1,170,721	1,028,427	1,062,257	908,608	777,412	828,690
	1,997,338	1,726,277	1,554,881	1,753,479	1,729,236	938,379
	146,523	117,985	141,888	187,692	257,229	353,964
	347,941	408,894	429,937	243,427	440,239	467,680
	<u>10,563,611</u>	<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>
	1,232,720	1,151,147	1,150,826	1,171,990	1,230,491	1,997,088
	548,007	538,624	564,266	525,820	478,340	682,657
	409,615	393,963	350,244	440,054	379,147	1,631,550
	4,689,828	4,874,365	4,918,023	4,787,775	4,670,936	3,902,463
	1,410,708	1,323,313	1,325,302	1,449,292	1,479,368	-
	1,672,887	561,519	2,043,949	1,275,423	1,618,527	2,831,297
	219,436	239,631	264,813	292,992	500,000	317,989
	620,000	604,330	588,147	578,301	315,071	502,547
	<u>10,803,201</u>	<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>
	(239,590)	133,330	(701,957)	(1,246,721)	(1,501,218)	(2,574,515)
	750,000	-	-	-	-	-
	1,315,147	1,812,349	1,251,603	1,870,664	1,727,916	2,145,129
	(351,947)	(896,010)	(475,278)	(1,040,664)	(1,559,921)	(1,892,529)
	-	-	-	-	-	-
	-	-	-	-	55,410	1,568,733
	-	-	-	-	-	-
	<u>1,713,200</u>	<u>916,339</u>	<u>776,325</u>	<u>830,000</u>	<u>223,405</u>	<u>1,821,333</u>
\$	<u>1,473,610</u>	<u>\$ 1,049,669</u>	<u>\$ 74,368</u>	<u>\$ (416,721)</u>	<u>\$ (1,277,813)</u>	<u>\$ (753,182)</u>
	<u>10.12%</u>	<u>10.19%</u>	<u>10.27%</u>	<u>10.40%</u>	<u>9.89%</u>	<u>9.99%</u>

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

FUNCTIONS/PROGRAMS	2018	2017	2016	2015
Governmental Activities:				
General government	\$ 2,697,392	\$ 1,978,726	\$ 2,412,882	\$ 1,198,834
Public safety	2,362,575	1,800,545	1,808,359	1,028,641
Highways and streets	1,223,729	80,333	696,605	92,806
Culture and recreation	721,691	245,770	567,143	550,060
Community development	560,465	539,855	652,741	567,195
Total Governmental Activities	<u>7,565,852</u>	<u>4,645,229</u>	<u>6,137,730</u>	<u>3,437,536</u>
Business-type Activities:				
Sewage disposal	3,927,609	3,660,323	3,222,212	3,148,628
Water	3,370,531	2,888,059	2,596,955	2,534,225
Storm Water	1,080,393	583,649	350,253	-
Total Business-type Activities	<u>8,378,533</u>	<u>7,132,031</u>	<u>6,169,420</u>	<u>5,682,853</u>
Total Activities	<u>\$ 15,944,385</u>	<u>\$ 11,777,260</u>	<u>\$ 12,307,150</u>	<u>\$ 9,120,389</u>

Source: City of Dallas Comprehensive Annual Financial Reports

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,174,241	\$ 908,346	\$ 641,463	\$ 609,185	\$ 260,475	\$ 936,322
1,403,096	1,309,998	1,973,067	1,427,817	1,336,943	1,743,251
75,605	58,899	24,854	46,585	316,961	656,475
106,696	94,190	350,739	613,337	575,173	811,134
926,935	667,287	829,397	420,830	720,339	-
<u>3,686,573</u>	<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>
3,026,851	2,966,576	2,879,216	2,824,141	2,826,340	2,846,712
2,050,908	2,058,571	1,973,756	1,874,772	1,919,143	1,911,278
-	-	-	-	-	-
<u>5,077,759</u>	<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>\$ 8,764,332</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>

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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>
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
2018	4,715,373	-	4,715,373
Change 2009 - 2018	24.4%	-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 Actual Value	Assessed Value	Estimated Actual Value
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
2018	900,461,155	1,181,625,123	22,019,212	24,333,730

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

* Includes mobile homes

Source: Polk County Assessor's Office-Assessment and Taxation Information

<u>Public Utility Property</u>		<u>Total</u>		<u>Ratio of Total Assessed to Total Estimated Actual Value</u>	<u>Total Direct Tax Rate</u>
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>		
\$ 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
17,086,639	17,653,830	939,567,006	1,223,612,683	76.79	4.73

**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
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
2018	4.20	0.53	4.73	2.07	5.93

Note: ¹ Permanent tax rate = Total direct tax rate; ² Tax levy for debt service

Source: Polk County Department of Assessment and Taxation
Oregon Department of Revenue Property Tax Districts Information Supplemental

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	\$ -	\$ 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
0.89	0.08	0.05	0.29	0.05	0.07	14.16

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

Taxpayer	2018			2009		
	Assessed Value	Rank	% of Total City Taxable Assessed Value	Assessed Value	Rank	% of Total City Taxable Assessed Value
Dallas Mennonite Retirement Comm	\$ 11,358,430	1	1.13%	\$ -	-	-
Greenway	8,106,600	2	0.80%	6,399,540	3	0.87%
Wal-Mart	7,080,920	3	0.70%	5,445,130	4	0.74%
Northwest Natural Gas	6,994,000	4	0.69%	7,902,000	2	1.08%
Victoria Place General Partnership	6,743,820	5	0.67%	5,323,690	5	0.73%
Dallas Mennonite Ret Comm, Inc	5,984,480	6	0.59%	4,288,840	6	0.58%
Charter Communications	5,380,800	7	0.53%	2,859,900	9	0.39%
1351 Tandem Ave LLC Etal	4,002,750	8	0.40%	-	-	-
Safeway #404	3,501,790	9	0.35%	-	-	-
Lacreole Properties Inc	3,176,300	10	0.32%	-	-	-
FR Acquisition, Inc.	-	-	-	2,829,160	10	0.39%
Weyerhaeuser Company	-	-	-	15,471,594	1	2.11%
TTM Printed Circuit Group, LP	-	-	-	3,352,250	7	0.46%
Qwest Corporation	-	-	-	3,977,400	8	0.54%
	<u>\$ 62,329,890</u>		<u>6.18%</u>	<u>\$ 57,849,504</u>		<u>7.89%</u>

Source: Polk County Assessor's Office-Assessment and Taxation Information

**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
2009	\$ 3,861,639	\$ 3,574,325	92.56	\$ 215,131	\$ 3,789,456	98.13
2010	3,963,447	3,677,240	92.78	202,768	3,880,008	97.89
2011	4,083,452	3,791,192	92.84	186,250	3,977,442	97.40
2012	4,197,403	3,869,533	92.19	147,327	4,016,860	95.70
2013	4,279,410	3,985,073	93.12	149,874	4,134,947	96.62
2014	4,298,867	4,012,740	93.34	137,489	4,150,229	96.54
2015	4,399,871	4,157,700	94.50	105,312	4,263,012	96.89
2016	4,518,220	4,278,742	94.70	79,793	4,358,535	96.47
2017	4,432,938	4,324,659	97.56	49,139	4,373,798	98.67
2018	4,699,253	4,613,572	98.18	-	4,613,572	98.18

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>
2009	15,445	\$ 733,680,172	\$ 6,790,000	0.0093	1.88%	\$ 439.62
2010	15,555	763,231,415	6,290,000	0.0082	1.69%	404.37
2011	14,590	785,870,537	5,760,000	0.0073	1.53%	394.79
2012	14,620	804,688,321	5,200,000	0.0065	1.34%	355.68
2013	14,690	826,006,459	4,610,000	0.0056	1.15%	313.82
2014	14,800	828,776,831	4,740,000	0.0057	1.09%	320.27
2015	14,940	864,298,791	4,059,404	0.0047	0.90%	271.71
2016	15,040	835,176,758	3,733,740	0.0045	0.70%	248.25
2017	15,570	874,558,624	3,364,251	0.0038	0.54%	216.07
2018	15,830	\$ 939,567,006	\$ 2,744,166	0.0029	NA	\$ 173.35

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>
2009	15,445	\$ 733,680,172	\$ 14,927,743	0.0203	4.13%	\$ 966.51
2010	15,555	763,231,415	14,634,621	0.0192	3.94%	940.83
2011	14,590	785,870,537	13,502,102	0.0172	3.58%	925.44
2012	14,620	804,688,321	12,147,154	0.0151	3.12%	830.86
2013	14,690	826,006,459	10,921,544	0.0132	2.71%	743.47
2014	14,800	828,776,831	9,846,469	0.0119	2.27%	665.30
2015	14,940	864,298,791	9,839,085	0.0114	2.19%	658.57
2016	15,040	835,176,758	9,843,419	0.0118	1.86%	654.48
2017	15,570	874,558,624	9,526,879	0.0109	1.53%	611.87
2018	15,830	\$ 939,567,006	\$ 10,037,202	0.0107	NA	\$ 634.06

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						
2009	15,445	\$ 733,680,172	\$ 21,717,743	0.0296	6.01%	\$ 1,406.13
2010	15,555	763,231,415	20,924,621	0.0274	5.63%	1,345.20
2011	14,590	785,870,537	19,262,102	0.0245	5.11%	1,320.23
2012	14,620	804,688,321	17,347,154	0.0216	4.46%	1,186.54
2013	14,690	826,006,459	15,531,544	0.0188	3.86%	1,057.29
2014	14,800	828,776,831	14,586,469	0.0176	3.36%	985.57
2015	14,940	864,298,791	13,898,489	0.0161	3.09%	930.29
2016	15,040	835,176,758	13,577,159	0.0163	2.56%	902.74
2017	15,570	874,558,624	12,891,130	0.0147	2.07%	827.95
2018	15,830	\$ 939,567,006	\$ 12,781,368	0.0136	NA	\$ 807.41

**CITY OF DALLAS, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2018**

<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	\$ 51,680,390,288	\$ 73,078,244	2.54 %	\$ 1,859,111
Willamette ESD	57,005,262,267	9,309,144	2.31 %	214,706
Polk Cty SD 2 (Dallas)	2,111,108,302	12,506,050	62.28 %	7,788,518
Polk County	7,818,064,180	<u>1,370,000</u>	16.82 %	<u>230,392</u>
Subtotal, overlapping debt		<u>96,263,438</u>		<u>10,092,727</u>
Direct debt outstanding:				
City of Dallas	<u>1,314,756,611</u>	<u>2,731,273</u>	100.00 %	<u>2,731,273</u> ¹
Total Direct and Overlapping Debt	<u>\$ 1,314,756,611</u>	<u>\$ 98,994,711</u>		<u>\$ 12,824,000</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, 2018**

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

Assessed value	\$ 939,567,006
Rate	x 3%
Debt limit	<u>28,187,010</u>
Debt applicable to limit	<u>(72,318)</u>
Legal debt margin	<u><u>\$ 28,114,692</u></u>

<u>Fiscal year ended June 30,</u>	<u>Debt Limit</u>	<u>Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>
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	26,236,759	554,281	25,682,478
2018	28,187,010	72,318	28,114,692

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	
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
2018	2,972,363	2,528,503	443,860	315,000	144,964	459,964	96.50

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	
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
2018	3,499,154	2,979,194	519,960	875,000	126,893	1,001,893	51.90

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	
2009	1,816	-	-	-	-
2010	1,028	-	-	-	-
2011	769	-	-	-	-

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

Fiscal Year Ended June 30,	Population	Per Capita Personal Income	Total Personal Income (in 000's)	Estimated Employed Population†	Average Annual Wage**	Area in square miles	Average Density (persons / square mile)	Average Annual Unemploy- ment	
2009	15,445	\$ 23,423	\$ 361,768	8,834	\$ 40,952	4.45	3,470.8	9.5%	*
2010	15,555	23,873	371,345	8,897	41,739	4.45	3,495.5	9.7%	*
2011	14,590	25,883	377,633	8,345	45,254	4.45	3,278.7	9.3%	*
2012	14,620	26,634	389,389	8,362	46,566	4.45	3,285.4	8.9%	*
2013	14,690	27,395	402,433	8,402	47,897	4.45	3,301.1	8.1%	*
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	5.6%	*
2016	15,040	35,249	530,145	8,602	49,899	4.45	3,379.8	5.0%	*
2017	15,570	39,958	622,146	4,338	48,220	4.45	3,498.9	4.3%	*
2018	15,830	NA	NA	NA	NA	4.45	3,557.3	4.3%	*

*State of Oregon Employment Department

** Total Personal Income Divided by Estimated Employed Population

Source: Portland State University Population Research and Census
www.qualityinfo.org - Oregon Employment Department

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

Employer	2018			2009		
	Employees	Rank	% of Total City Employment†	Employees	Rank	% of Total City Employment
Dallas Public Schools	380	1	8.76%	310	1	6.57%
Forest River	250	4	5.76%	125	8	2.65%
Polk County	379	2	8.74%	265	2	5.62%
Dallas Retirement Village	338	3	7.79%	252	3	5.34%
Wal-Mart	143	7	3.30%	150	5	3.18%
West Valley Hospital	153	5	3.53%	125	7	2.65%
Mak Metals	38	10	0.88%	-	-	-
City of Dallas	141	8	3.25%	103	9	2.18%
Safeway Stores, Inc.	149	6	3.43%	145	6	3.07%
Goodwill Dallas	50	9	1.15%	-	-	-
James W. Fowler Company	-	-	-	160	4	3.39%
	<u>2,021</u>		<u>37.83%</u>	<u>1,635</u>		<u>34.67%</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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	20	19	18	18	18	15	18	16	17	21
Public safety	26	26	26	26	23	23	25	25	29	28
Highways and streets	6	3	4	4	4	4	4	4	3	3
Culture and recreation	17	20	18	20	20	22	23	23	26	27
Sewage disposal	6	6	6	6	6	6	6	9	6	7
Water	9	8	6	5	5	5	5	3	4	7
Ambulance	19	19	19	18	19	19	17	19	18	16
Total	103	101	97	97	95	93	98	99	103	109

Source: City of Dallas

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Arrests	1,355	988	904	927	1,035	993	1,114	1,064	1,108	1,336
Traffic violations	1,025	810	472	529	412	714	846	1,550	1,570	1,300
Municipal Court Cases	1,381	1,475	888	938	475	1,846	2,045	2,504	2,439	2,061
Fire Responses										
City	319	350	373	356	352	282	500	757	1,025	1,099
Rural	316	455	411	332	322	321	480	610	641	578
Ambulance										
Transports	1,804	1,708	1,817	1,811	1,949	2,045	2,297	2,378	2,466	2,468
Building Activity										
Permits Issued	145	160	132	108	147	191	194	242	214	642
Estimated Value (000's)	\$14,736	\$16,100	\$9,863	\$10,004	\$11,900	\$17,044	\$19,979	\$41,262	\$37,976	\$45,331
Planning Applications	33	47	36	43	73	108	118	175	136	118
Library										
Circulation	176,004	183,498	203,762	248,881	201,764	199,801	193,366	196,650	206,462	204,653
Miles of Streets Maintained	55.00	55.00	55.00	55.00	55.00	56.46	56.89	57.37	57.74	59.57
Water										
Connections	5,073	5,329	5,331	5,348	5,394	5,420	5,444	5,541	5,653	5,782
Sewer										
Connections	4,417	4,474	4,467	4,483	4,539	4,614	4,634	4,675	4,778	4,887

Source: City of Dallas

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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)	59	59	59	59	59	59	60	60	60	61
Culture and recreation										
Number of parks	11	11	11	11	11	11	11	11	11	13
Acreage	80	80	80	80	80	99	99	99	99	106
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	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	10.5 mgd
Fire hydrants	483	485	485	485	485	486	488	490	505	559

Source: City of Dallas

**CITY OF DALLAS
POLK COUNTY, OREGON
GRANT COMPLIANCE REVIEW**

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City of Dallas
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2018

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Federal Expenditures(\$)</i>
Federal Grantor (Environmental Protection Agency)			
Passed-through State of Oregon - Infrastructure Finance Authority			
Clean Water State Revolving Fund	66.458		\$ 1,732,477
Total Federal Grantor			<u>1,732,477</u>
Federal Grantor (Department of Justice-Bureau of Justice Assistance)			
Direct Programs			
Bulletproof Vest Partnership (BVP)	16.607		3,800
Total Federal Grantor			<u>3,800</u>
Federal Grantor (Department of Homeland Security-FEMA)			
Direct Programs			
Assistance to Firefighters Grant Safer Grant	97.044		109,017
Total Federal Grantor			<u>109,017</u>
Federal Grantor (Department of Housing and Urban Development)			
Community Development Block Grant - Senior Center Project C14012	14.228		32,137
Total Federal Grantor			<u>32,137</u>
Total Expenditures of Federal Awards			<u>\$ 1,877,431</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of the schedule of expenditures of federal awards

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November 2, 2018

To the City Council
City of Dallas
Polk County, Oregon

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dallas as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 2, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

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

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

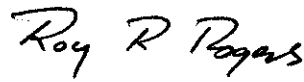
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

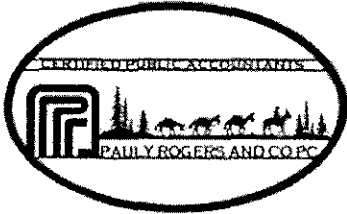
As part of obtaining reasonable assurance about whether the basic financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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



ROY R. ROGERS, CPA
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November 2, 2018

To the City Council
City of Dallas
Polk County, Oregon

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

We have audited the City of Dallas compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2018. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Dallas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

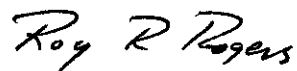
Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

THE CITY OF DALLAS
POLK COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 515(d)(2) of the Uniform Guidance? yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) of the Uniform Guidance? yes no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER **NAME OF FEDERAL PROGRAM CLUSTER**
66.458 Clean Water State Revolving Funds Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

THE CITY OF DALLAS
POLK COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has not elected to use the ten percent de minimis indirect cost rate as allowed under Uniform Guidance, since indirect cost rates are not used for Clean Water State Revolving Funds.

CITY OF DALLAS
POLK COUNTY, OREGON

Independent Auditors' Report Required by Oregon State Regulations

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November 2, 2018

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, 2018, and have issued our report thereon dated November 2, 2018. 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.

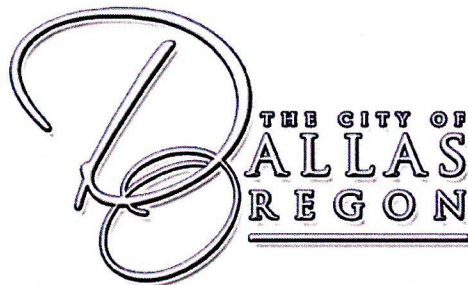
OAR 162-10-0230 Internal Control

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.

Roy R Rogers

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



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