



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Year Ended June 30, 2001**

Prepared by:
Finance Department

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Finance Director

CITY OF THE DALLES

TABLE OF CONTENTS Year Ended June 30, 2001

	<u>Page</u>
INTRODUCTORY SECTION	
Introductory Letter	i - xiii
Certificate of Achievement for Excellence in Financial Reporting	xiv
City Officials	xv
Organizational Chart	xvi
FINANCIAL SECTION	
Independent Auditor's Report	1
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	2, 3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types	5, 6
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	7
Combined Statement of Cash Flows - All Proprietary Fund Types	8
Notes to General Purpose Financial Statements	9 - 25
Additional Information - Combining, Individual Fund and Account Group Statements and Other Financial Schedules	
<i>General Fund:</i>	
Statement of Revenues, Expenditures and Changes in Fund Balance	26, 27
<i>Special Revenue Funds:</i>	
Combining Balance Sheet	28, 29
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	30, 31
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Library	32
Street and Storm Sewer	33
Public Works Reserve	34
Community Benevolence	35
Street and Bridge Replacement	36
Special Grants	37
State Office Building	38

TABLE OF CONTENTS (Continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
Additional Information - Combining, Individual Fund and Account Group Statements and Other Financial Schedules (continued)	
<i>Debt Service Funds:</i>	
Combining Balance Sheet	39
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	40
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Water Bond Debt	41
Police Facility Revenue Bond	42
Local Improvement District	43
Urban Renewal	44
<i>Capital Projects Funds:</i>	
Combining Balance Sheet	45
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	46
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Capital Projects	47
Special Assessments	48
FAA Grant	49
Urban Renewal	50
<i>Enterprise Funds:</i>	
Combining Balance Sheet	51
Combining Statement of Revenues, Expenditures and Changes in Retained Earnings	52
Combining Statement of Cash Flows	53
Schedule of Revenues, Expenditures and Changes in Retained Earnings (Budgetary Basis) – Budget and Actual:	
Water Utility	54
Water Capital Reserve	55
Waste Water	56
Sewer Capital Reserve	57
Airport	58
<i>Internal Service Fund:</i>	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Unemployment Reserve	59
<i>General Fixed Assets Account Group:</i>	
Schedule of General Fixed Assets by Source	60
Schedule of Changes in General Fixed Assets by Source	61
Schedule of General Fixed Assets by Function	62
Schedule of Changes in General Fixed Assets by Function	63
<i>General Long-Term Debt Account Group:</i>	
Schedule of General Long-Term Debt and Interest Transactions	64
Schedule of Future Debt Service Requirements	65

TABLE OF CONTENTS (Continued)

Page

STATISTICAL SECTION:

General Revenues by Source – Last Ten Fiscal Years.....	66
General Governmental Expenditures by Function – Last Ten Fiscal Years	67
Property Tax Levies and Collections – Last Ten Fiscal Years	68
Property Tax Rates – All Direct and Overlapping Governments – Last Ten Fiscal Years.....	69
Computation of Legal Debt Margin – June 30, 2001	70
Ratios of Gross General Bonded Debt to True Cash and Assessed Value and Gross Bonded Debt per Capita – Last Ten Fiscal Years	71
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures – Last Ten Fiscal Years.....	72
Direct and Overlapping Gross Bonded Debt	73
Assessments Levied and Collections – Last Ten Fiscal Years	74
Demographic Statistics – Last Ten Fiscal Years.....	75
Property Values, Construction, and Bank Deposits – Last Ten Fiscal Years	76
Primary Taxpayers - June 30, 2001.....	77
Miscellaneous Statistics	78

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

Disclosures and Independent Auditor's Comments Required by the Minimum Standards For Audits of Oregon Municipal Corporations.....	79 – 82
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INTRODUCTORY SECTION





CITY of THE DALLES

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THE DALLES, OREGON 97058

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City Council
City of The Dalles
The Dalles, Oregon 97058

October 13, 2001

The Comprehensive Annual Financial Report of the City of The Dalles, Oregon, for the year ended June 30, 2001, is submitted herewith. This report presents a comprehensive and detailed picture of The Dalles' financial transactions during 2000-2001 and the financial condition of the various funds and account groups at June 30, 2001. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures, rests with the City. To the best of our knowledge and belief, the report is accurate and complete in all material respects, including all funds, account groups, and financial transactions, and is presented fairly to disclose the financial position and the results of operations of the City at June 30, 2001, and for the year then ended. Further, it is our belief that all disclosures necessary to enable the reader to gain an understanding of the City's financial operations have been included. The organization and content of this report, including the financial statements, supplementary information and statistical tables, follow the standards for annual financial reporting recommended by the Governmental Accounting Standards Board.

This report is divided into three sections:

The first section is an introduction containing this letter of transmittal, a list of the City officials and officers, and an organizational chart of the City.

Following the introduction is the financial section. This section consists of the Independent Auditor's Report, the general-purpose financial statements, which disclose fully and fairly the City's financial position as of June 30, 2001, and the results of its operations for the year then ended. This is followed by supplemental information containing individual fund and combining statements, general fixed assets, other schedules, and audit comments and disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations.

The third section contains statistical information of interest to bond rating agencies, dealers in municipal securities, investors and citizens who are interested in financial statistics of the City.

CITY HISTORY AND GEOGRAPHICAL AREA

The City of The Dalles, Oregon, is situated in the north-central part of the state on the Columbia River, the nation's second largest river. It is the county seat and the largest community in Wasco County. The Dalles is one of Oregon's most historic cities and was known earlier in its history as the town at the end of the Oregon Trail. Archaeological evidence suggests the area has been inhabited more or less continuously for more than 10,000 years. The City was first incorporated by the Oregon Territorial Government in 1857 as "Dalles City" and was made the county seat shortly thereafter. Strategically located on the Columbia River and bordered by the Cascade Mountains to the West, The Dalles provides an ideal distribution or manufacturing setting with available riverside locations, as well as bulk container and international shipping options. It has historically been an economic hub of the Pacific Northwest, linking major transportation routes between Eastern and Southern Oregon and Washington State. It offers residents the pleasures of rural living while providing the advantages of access to metropolitan amenities in Portland, only 80 miles to the west.

In accordance with the City Charter of 1899, revised in 1998, the City of The Dalles is governed by a City Council. This Council consists of an elected mayor and five council members. The City operates under a council-manager form of government.

ECONOMIC CONDITIONS

The City's 2000 census population was 12,175. The City serves a trading area of about 70,000 persons in Washington and Oregon. Principal economic activities are agriculture, aluminum smelting and alloys and tourism, along with healthcare, government, and retail services.

The major agricultural product of the City is sweet cherries. The Dalles is a primary producer for both domestic and overseas markets. There are in excess of 6,000 acres of sweet cherry trees around the City. Wheat is another important agricultural product with 50,000 acres currently in cultivation in The Dalles area. Additional agricultural products include cattle, hay and tree fruits.

Northwest Aluminum Company is the largest manufacturing employer in the area. In addition to the production of primary metals, several years ago the firm added a sixteen million-dollar smelter facility allowing a move into production of secondary metals. Due to a current energy cost, the plants in The Dalles and Goldendale, Washington, have significantly curtailed operation since April, 2001, and anticipate continuing curtailment until March, 2002. Employee salaries are to be supplemented by the sale of the power that would have been used for production. New power sources are being developed to allow this facility to open and be competitive in the world aluminum market.

The City is a strategic home base for year-round recreation. Water sport enthusiasts will find boating, excellent fishing, and one of the finest windsurfing areas in the United States on the Columbia River. To the east are substantial opportunities to camp, fish, hike, and sightsee. To the west, ski enthusiasts have the opportunity to challenge the ski slopes of magnificent Mt. Hood; and there are numerous resorts that lie on Mt. Hood and at its base.

Construction of the Columbia Gorge National Scenic Area Discovery Center and Wasco County Museum was completed in May 1997, in time to open for the Memorial Day weekend. The Center is located along the Columbia River bordering the City. Thousands of visitors are expected annually at this attraction. Over 60,000 have visited the Center during its first four years of operation. It has become a center for many community festivities and events.

Mid-Columbia Medical Center is the major hospital in the Mid-Columbia Region of Oregon and Washington. It is also the major trauma center in the region. This first class medical facility has attracted numerous health care professionals to The Dalles area. They have added a new Oncology Center that will save the region's population from traveling to Portland to receive those services.

The Wasco County Courthouse and offices are located in the City as are various State offices. The Dalles Dam at the eastern edge of the City is a major power generating facility. Also at the eastern edge of the City is the Celilo Converter Station, one of the world's largest electric power converter stations. Electricity is transported to and from Southern California through this station.

Through a competitive process, The Dalles was selected as the site for a 150 bed Veterans' long-term nursing and care home. The facility opened in November 1997, currently providing 151 jobs and has 100 residents.

The Dalles is the major shopping center in the Mid-Columbia area. The last few years, several retail developments have been completed in the community.

The City has an Urban Renewal District that is working to renovate the older commercial areas of the community. In June 2000, the city issued \$3.5 million bond to help finance programs. A 10 Block Downtown Renovation Project was completed during the summer of 2001.

On November 6, 1990, the Oregon voters approved a State constitutional limit on property taxes for schools and non-school government operations. Under the provisions of the limitation, taxes are separated into those for public school systems and those for other local government operations. The limitation specifies the maximum allowable tax to be imposed for all non-school local governments at \$10 for each \$1000 of real market value. If the total allowable levies for all non-school governments exceed \$10 per \$1000 of real market value, only \$10 is imposed and collections are distributed to the pertinent local governments on a pro rata basis, thereby reducing the allowable taxes to the limitation.

In November 1996, the voters of the State approved Ballot Measure 47, placing further limitations on property taxes in Oregon. The measure called for rolling property tax bills back to 1994-95 levels, or 1995-96 levels less 10%, and capping future growth in tax bills at 3% per year. The measure had several other components relating to property taxes, assessed value, bonded debt and fees charged by governments. In addressing the implementation of the measure, the Oregon Legislature put another measure on the May 1997 ballot. This measure, Ballot Measure 50, incorporated the main concepts, while attempting to simplify many of the complexities of the previous measure. Ballot Measure 50 was passed at the May election, and the Legislature enacted implementing legislation, calling for a reduction in property taxes of 17% statewide. While impacts to specific areas may be greater or less than the target 17%, the legislation calls for maintaining the statewide average at 17%. The initial

impact of the Ballot Measure on the City was a \$204,470 reduction in property tax collections relative to the prior fiscal year. It will continue to limit funds in future years, as the increase cannot exceed 3%.

The City, through prudent budgeting, is operating on a fiscally sound basis. The general fund balance remained relatively stable during the 2000-2001 fiscal year.

MAJOR INITIATIVES

Utilities Master Plan

The City purchased a site for a wastewater treatment expansion in 1997-98. The City is in the final stages of updating its wastewater master plan. A 5-year water and wastewater capital improvement plan is being utilized.

Street Master Plan

The 1993-94 Street Master Plan is currently being updated. A 5-year capital improvement plan has been implemented for street development and to provide preventative maintenance.

Regional Airport Authority

For the last two years, Klickitat County and the City have been investigating formation of a Regional Airport Authority. The City and County hope to have completed negotiations and creation of a Regional Board by the end of 2001.

Columbia Gateway Urban Renewal Agency

The Columbia Gateway Urban Renewal Agency, a component unit of the City of the Dalles, continued operating throughout the 2000-2001 fiscal year. The Agency consists of an Urban Renewal District, formed by the citizens, to resolve issues of blight within the boundaries of the District. The Agency did levy and collect tax increment proceeds during 2000-2001. Through a community initiative, the District has been limited to collection of tax increment proceeds. A mediated settlement with a Citizen Action Group resulted in a smaller District boundary and lower tax collection.

FINANCIAL INFORMATION

Accounting System and Budgetary Controls

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenue being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's proprietary fund type are maintained using the accrual basis of accounting. The assets and liabilities of the agency funds are accounted for using the modified accrual basis of accounting.

The City's management is responsible for establishing and maintaining an internal control structure designed to protect the assets of the City from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Management recognizes the significance of internal controls, which are incorporated in the accounting system. We believe our internal accounting controls adequately safeguard the assets and provide reasonable assurance of proper recording of all financial transactions.

A budget is prepared and legally adopted by the City Council for each fund, except the Deferred Compensation Fund. All changes to the budget must be approved by the City Council. These budgets are all 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 personal services, materials and services, capital outlay, operation contingencies, debt service and all other requirements levels. For the General Fund, appropriations are at the department level for personal services, materials and services, capital outlay and other uses.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. A supplemental budget requires hearings before the public, publications in newspapers and approval by the City Council, if the change is greater than, or equal to, 10% of the original budget. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. The City Council approved several appropriation transfer resolutions during the year ended June 30, 2001. Appropriations lapse at year end.

The City has established a procurement policy for the purchases of goods and services. All items purchased by the City require a purchase order. Purchase orders are initiated and approved at the department level. Purchase orders greater than \$7,500 require the approval of the City Manager and those greater than \$15,000 require approval from the City Council.

Cash Management

The City has a cash management policy, which allows investing of cash funds that are in excess of immediate need. This policy coincides with Oregon statutes restricting the types of investments that may be made by municipalities. Primary importance is placed on the safety of principal and then on the maximization of investment earnings. The City co-mingles cash and investments and allocates interest earnings based upon monthly cash balances in the various funds.

General Government Functions

Major functions included are general government, public safety (police), highways and streets, culture and recreation, capital outlay, debt service, and other financing sources and uses. The functions are accounted for in the generic fund types of General, Special Revenue, Debt Service and Capital Projects Funds.

Revenues/Other Financing Sources

Revenues for governmental functions totaled \$9,748,777, compared to \$9,946,613 in 1999-2000, a decrease of \$197,836 (2%). This decrease is due primarily to bond proceeds of \$3,493,000 recorded in the Urban Renewal Agency in 1999-2000 which is not an ongoing revenue source, however there was an offsetting increase in intergovernmental revenue received by the Special Grants fund from the Urban Renewal Agency in the amount of \$2,235,239 for capital improvements. General property taxes accounted for 25.06 percent of general revenue compared to 23.70 percent in 1999-2000, and property revenues increased 3.61 percent in total. Fines and forfeitures increased 41.61 percent due to improved collections resulting from training received by city staff on the court system. Interest increased due to favorable returns on amounts invested with the local government investment pool.

The following table compares revenue and other financing sources for 2000-2001 and 1999-2000.

	<u>2000-01</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from Prior</u>	<u>Percent Increase (Decrease)</u>
Taxes:				
Property	\$ 2,442,871	25.06%	\$ 85,037	3.61%
Transient	318,524	3.27%	24,055	8.17%
Local fuel	282,622	2.90%	(9,599)	-3.28%
Franchises	<u>295,004</u>	3.03%	<u>20,463</u>	7.45%
	<u>3,339,021</u>	34.25%	<u>119,956</u>	3.73%
Special Assessments	10,918	0.11%	(29,794)	-73.18%
Licenses and permits	9,354	0.10%	1,165	14.23%
Intergovernmental	4,064,228	41.69%	2,753,751	210.13%
Fines and forfeitures	253,112	2.60%	74,378	41.61%
Charges for services	34,914	0.36%	(17,753)	-33.71%
Rental income	298,743	3.06%	9,757	3.38%
Interest	449,511	4.61%	197,861	78.63%
Miscellaneous	<u>78,837</u>	0.81%	<u>(11,325)</u>	-12.56%
	<u>5,199,617</u>	53.34%	<u>2,978,040</u>	134.05%
Other sources:				
Transfers in	1,210,139	12.41%	207,451	20.69%
Proceeds from L/T Debt	-		(3,493,000)	-100.00%
Sale of assets	<u>-</u>		<u>(10,283)</u>	-100.00%
	<u>1,210,139</u>	12.41%	<u>(3,295,832)</u>	-73.14%
Total	<u>\$ 9,748,777</u>	100.00%	<u>\$ (197,836)</u>	-1.99%

The tabulation below shows a slight increase in property taxes of \$85,037. The General Fund property taxes increased only 2.7 percent, and 3.6 percent in total. Property taxes remain a major revenue source in 2000-2001. In May of 1997, the voters of Oregon approved a major renovation of the state's property tax system. This resulted in a reduction of property taxes to the General Fund of \$204,470. The legislation that implemented Ballot Measure 50 made it possible for the City to collect, for the first time, 100% of Urban Renewal division of property taxes.

	<u>2000-01</u>	<u>Percent of Total</u>	<u>1999-00</u>	<u>Percent of Total</u>
General Fund	\$ 1,437,809	58.86%	\$1,399,616	59.36%
Water Bonded Debt	327,623	13.41%	336,856	14.29%
Urban Renewal	287,091	11.75%	621,362	26.35%
Urban Renewal Debt	<u>390,348</u>	15.98%	<u>-</u>	0.00%
	<u>\$ 2,442,871</u>	100.00%	<u>\$2,357,834</u>	100.00%

Expenditures/Other Financing Uses

Expenditures for governmental fund types increased from \$6,250,453 in 1999-2000 to \$12,210,672 in 2000-2001. The following table compares expenditures by major functions and other financing uses for 2000-2001 and 1999-2000.

	<u>2000-01</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from Prior</u>	<u>Percent Increase (Decrease)</u>
General Government	\$ 1,578,697	12.93%	\$ 65,969	4.36%
Public Safety	1,653,271	13.54%	160,191	10.73%
Highway and streets	892,326	7.31%	12,161	1.38%
Culture and recreation	529,487	4.34%	(15,049)	-2.76%
Capital outlay	6,673,875	54.66%	5,402,241	424.83%
Debt service	<u>883,016</u>	7.23%	<u>334,706</u>	61.04%
	<u>\$12,210,672</u>	100.00%	<u>\$5,960,219</u>	95.36%

NOTE: This table includes expenditures of all general government fund types including general, special revenue, debt service, capital projects funds and the City's component unit.

Expenditures for general government increased \$65,969 or 4.36 percent primarily due to an increase in the Police department.

Highways and Streets increased by 1.38 percent. City Council and the Budget Committee have mandated that maintenance and repair street infrastructure be a continuing priority.

Capital outlay in the Capital Projects Fund increased sharply (\$5,402,241) compared to 1999-2000, relating to the downtown streetscape project, the sixth street bridge restoration and the effect of presenting the Urban Renewal as a blended component unit which results in the duplication of capital outlay expenditures between the Special Revenue and Capital Project funds.

The increase in Debt Service is due to the payments on the Urban Renewal Agency bond issued in 1999-2000.

Enterprise Funds

Water Utility

Gross revenues of the water utility increased slightly over 1999-2000 by \$46,429. This followed the prior years increase of \$241,691. A comparative tabulation of gross revenue is shown below.

	<u>2000-01</u>	<u>1999-00</u>	<u>Increase (Decrease)</u>
Charges for services	\$2,192,071	\$2,142,099	\$ 49,972
Rental income	4,080	-	4,080
Interest	165,254	146,033	19,221
Other	26,336	253,180	(226,844)
Transfers in	<u>200,000</u>	<u>-</u>	<u>200,000</u>
	<u>\$2,587,741</u>	<u>\$2,541,312</u>	<u>\$ 46,429</u>

Interest income remains steady due to changes made in the interest savings rate at LGIP. Due to current economic conditions the return on investment is expected to decrease significantly in the future. There was a structure change in the water rates, but no increase in the rates themselves. Overall water rate revenues was up 2.33%.

A comparative tabulation of operating expenses including transfers to the general fund for services provided is shown below:

	<u>2000-01</u>	<u>1999-00</u>	<u>Increase (Decrease)</u>
Personal Services	\$ 934,089	\$ 874,174	\$ 59,915
Materials and Services	869,850	494,499	375,351
Depreciation	381,033	363,574	17,459
Transfers out	<u>548,996</u>	<u>316,232</u>	<u>232,764</u>
	<u>\$ 2,733,968</u>	<u>\$2,048,479</u>	<u>\$ 685,489</u>

The increase in personnel is due, in part, to the change in wages as directed by the OPEU Union contract. Materials and services increased due to replacement of water lines in conjunction with the downtown streetscape project. The increase in the Transfers out was due to transfers between the Water Utilities funds. The Water Utility is being treated as an outside franchisee providing monies to the Street Fund, a primary directive of the City Council.

Wastewater Utility

Gross revenues of the wastewater utility increased from \$2,032,901 in 1999-2000 to \$2,157,109 or \$124,208. The primary increase was in transfers in, which were between wastewater utility funds. Interest on investments has remained steady due to changes made in the interest savings rate at LGIP. Due to current economic conditions the return on investment is expected to decrease significantly in the future. A comparative tabulation of gross revenues is shown in the following table:

	<u>2000-01</u>	<u>1999-00</u>	<u>Increase (Decrease)</u>
Charges for services	\$1,852,268	\$1,850,495	\$ 1,773
Rental income	8,200	-	8,200
Interest	139,185	130,894	8,291
Other	21,456	51,512	(30,056)
Transfers in	<u>136,000</u>	<u>-</u>	<u>136,000</u>
	<u>\$2,157,109</u>	<u>\$2,032,901</u>	<u>\$ 124,208</u>

Expenses in wastewater increased to \$2,161,559, an increase of \$356,266 (19.73% over 1999-2000). A comparative tabulation of operating expenses, including transfers to the general fund for services provided, is shown below:

	<u>2000-01</u>	<u>1999-00</u>	<u>Increase (Decrease)</u>
Personal Services	\$ 446,067	\$ 429,264	\$ 16,803
Materials and Services	977,534	851,116	126,418
Depreciation	331,959	256,613	75,346
Interest	15,610	20,456	(4,846)
Transfers out	<u>390,389</u>	<u>247,844</u>	<u>142,545</u>
	<u>\$2,161,559</u>	<u>\$1,805,293</u>	<u>\$ 356,266</u>

The increase in Transfers out was due to transfers between Wastewater utility funds. The Waster Water fund was considered an outside agency like the water utility, this required a franchise fee to be paid to the Street Fund.

Airport

Gross revenues increased from \$80,841 in 1999-2000 to \$92,484 in 2000-2001 (14.4%). The transfer from the General Fund to the Airport Fund was for the city's share of operating costs. We also received \$33,271 from Klickitat County as its share of the outside resources needed to operate the airport. A comparative tabulation is shown below:

	<u>2000-01</u>	<u>1999-00</u>	<u>Increase (Decrease)</u>
Charges for services	\$ 1,321	\$ 1,677	\$ (356)
Rental income	23,148	16,450	6,698
Interest	1,503	796	707
Other	33,271	30,959	2,312
Transfers in	<u>33,241</u>	<u>30,959</u>	<u>2,282</u>
	<u>\$ 92,484</u>	<u>\$ 80,841</u>	<u>\$ 11,643</u>

Expenditures within the Airport decreased only slightly during 2000-2001 as compared to the prior year.

A comparative tabulation of operating expenses is shown below:

	<u>2000-01</u>	<u>1999-00</u>	<u>Increase (Decrease)</u>
Personal Services	\$ 19,998	\$ 37,777	\$ (17,779)
Materials and Services	34,767	35,866	(1,099)
Depreciation	<u>50,585</u>	<u>39,249</u>	<u>11,336</u>
	<u>\$ 105,350</u>	<u>\$ 112,892</u>	<u>\$ (7,542)</u>

Account Groups

The General Fixed Assets Account Group records all those fixed assets of the City used in the performance of general government functions and excludes the fixed assets of the enterprise funds. As of June 30, 2001 the general fixed assets of the City amounted to \$6,502,476. This amount represents the original cost, estimated historical cost, or donated value of the assets and is considerably less than their present value. Depreciation of general fixed assets is not recognized in the City's accounting system. The decrease in the General Fixed Asset Account Group relative to 1999-2000 reflects the results of an exhaustive inventory of all fixed assets. Based on this inventory it was determined that \$1,003,978 of infrastructure costs had been improperly recorded as land improvements, and certain assets previously included in General Fixed Assets were in more properly includable as assets in the proprietary funds.

The General Long-Term Debt Account Group records all debt and other obligations that will be repaid from governmental resources. Long-term obligations in this account group consist of outstanding general obligation and revenue bonds, capitalized lease obligations, long-term loans, and accrued compensated absences. The City paid off the 1993 Advance refunding bonds during 2000-2001.

Long-term indebtedness totaled \$4,405,552 as of June 30, 2001. This total is represented by the following:

1999 Police Facilities Revenue Bond	\$ 950,000
2000 Full Faith and Credit Financing Agreement	3,300,000
Caterpillar Financial Services Capital Lease	34,665
Compensated absences payable	<u>120,887</u>
	<u><u>\$4,405,552</u></u>

The City's long-term debt per capita is \$361.85 based upon an estimated population of 12,175, as of June 30, 2001.

The ratio of the City's long-term debt to the assessed valuation as of June 30, 2001, is less than one percent.

RISK MANAGEMENT

The City continued to review and evaluate its risk management program during 2000-2001. A citywide safety program with regular committee meetings and inspections is in force.

The City maintains property and liability insurance coverage. The City will continue to evaluate loss potential, risk retention, and insurance coverage to achieve optimum levels of risk management.

The City does not engage in risk financing activities where the risk is retained (self-insurance) by the City at this time.

OTHER INFORMATION

Independent Audit

Oregon Revised Statutes Chapter 297 requires that an independent audit be made of all City funds and account groups within six months following the close of a fiscal year. The independent auditors, who were selected by the City Council, have completed their audit of the City's funds and account groups; and their opinion and State of Oregon required audit comments and disclosures are included in this report.

Certificate of Achievement

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 The Dalles, Oregon, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2000. The Certificate of Achievement is a prestigious national award, recognizing conformance with the

highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standard. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. The City of The Dalles, Oregon, has received a Certificate of Achievement for the fiscal year ended June 30, 2000. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are again submitting it to the GFOA.

Acknowledgments

The preparation of this report on a timely basis has been accomplished through the diligent efforts of the Finance Department's entire staff. I should like to express my appreciation to all the members of this department for their assistance and contributions to its preparation. I also thank the Mayor and members of City Council for their interest and support in planning and conducting the financial operations of the City.

Respectfully submitted,

Daniel W. Izzo
Finance Director



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of The Dalles,
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Anne Spray Kinney
President

Jeffrey L. Esser
Executive Director



CITY OF THE DALLES
Year Ended June 30, 2001

CITY OFFICIALS

City Council

Term Expires/Expired

Mary Ann Davis, President
1814 East 14th Street
The Dalles, OR 97058

December 31, 2004

Robb Van Cleave, Mayor
912 East 15th Place
The Dalles, OR 97058

December 31, 2002

Jim Broehl
318 West 12th Street
The Dalles, OR 97058

December 31, 2004

Pete Wasser
1017 B Pomona Street
The Dalles, OR 97058

July 24, 2000

Chris Zukin
(Term began January 8, 2001)
915 West 14th Street
The Dalles, OR 97058

December 31, 2002

Bill Gosiak
P.O. Box 1150
The Dalles, OR 97058

December 31, 2000

Dorothy Davison
2500 East 12th Street
The Dalles, OR 97058

December 31, 2002

Mike Tenney
(Term began January 1, 2001)
923 East 12th Street
The Dalles, OR 97058

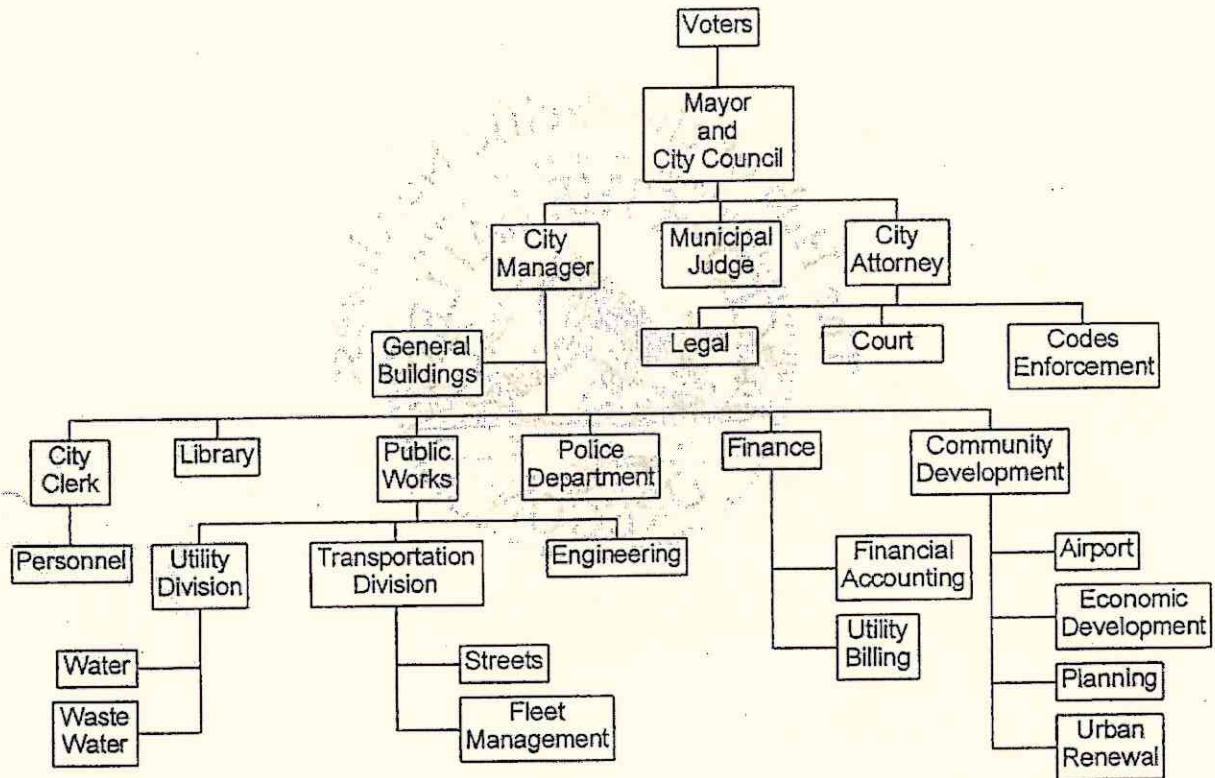
December 31, 2004

City Administration

Nolan Young, City Manager – Budget Officer
Julie Krueger, City Clerk
Daniel W. Izzo, Finance Director/Treasurer
Gene E. Parker, City Attorney



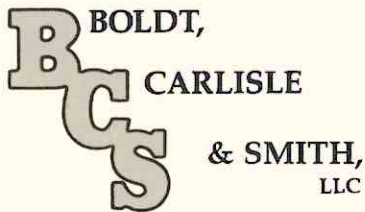
CITY OF THE DALLES
ORGANIZATIONAL CHART





FINANCIAL SECTION





CERTIFIED PUBLIC ACCOUNTANTS

480 CHURCH STREET SE
SALEM, OR 97301
(503) 585-7751
FAX 370-3781

408 NORTH THIRD AVENUE
STAYTON, OR 97383-1797
(503) 769-2186
FAX 769-4312

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
CITY OF THE DALLES
The Dalles, Oregon

We have audited the accompanying general purpose financial statements of **CITY OF THE DALLES** as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the city's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of **CITY OF THE DALLES** as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying additional information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of **CITY OF THE DALLES**. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Boldt, Carlisle & Smith, LLC
Certified Public Accountants
Salem, Oregon
August 31, 2001

By:

Douglas C. Parham, Member



GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF THE DALLES
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 2001

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<u>ASSETS AND OTHER DEBITS</u>						
ASSETS						
Cash and investments	\$ 1,108,756	\$ 1,429,393	\$ 507,452	\$ 1,771,474	\$ 4,950,927	\$ 31,568
Receivables	732,871	437,764	31,701	207,098	373,566	--
Inventories	--	48,089	--	--	215,204	--
Property, plant and equipment	--	--	--	--	16,048,261	--
OTHER DEBITS						
Amount available in debt service fund	--	--	--	--	--	--
Amount to be provided for retirement of long-term obligations	--	--	--	--	--	--
TOTAL ASSETS AND OTHER DEBITS	\$ 1,841,627	\$ 1,915,246	\$ 539,153	\$ 1,978,572	\$ 21,587,958	\$ 31,568
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>						
LIABILITIES						
Accounts payable and accrued expenses	\$ 33,150	\$ 531,272	--	\$ 255	\$ 45,293	\$ 2,256
Deposits	--	--	--	8,126	--	--
Deferred revenue	571,874	112,067	28,849	206,171	--	--
Compensated absences payable	27,836	5,713	--	--	68,271	--
Long-term obligations	--	--	--	--	300,000	--
TOTAL LIABILITIES	632,860	649,052	28,849	214,552	413,564	2,256
EQUITY AND OTHER CREDITS						
Investment in general fixed assets	--	--	--	--	--	--
Contributed capital	--	--	--	--	4,138,714	--
Retained earnings						
Reserved for construction	--	--	--	--	3,490,790	--
Unreserved	--	--	--	--	13,544,890	29,312
Fund balance						
Reserved for						
Debt service	--	--	510,304	--	--	--
Inventories	--	48,089	--	--	--	--
Unreserved	1,208,767	1,218,105	--	1,764,020	--	--
TOTAL EQUITY AND OTHER CREDITS	1,208,767	1,266,194	510,304	1,764,020	21,174,394	29,312
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 1,841,627	\$ 1,915,246	\$ 539,153	\$ 1,978,572	\$ 21,587,958	\$ 31,568

See notes to general purpose financial statements
Continued on page 3

Account Groups		
General	General	Totals
Fixed	Long-term	(Memorandum
Assets	Debt	Only)
\$	-- \$	-- \$
	--	9,799,570
	--	1,783,000
	--	263,293
6,502,476	--	22,550,737
--	510,304	510,304
--	<u>3,895,248</u>	<u>3,895,248</u>
<u>\$ 6,502,476</u>	<u>\$ 4,405,552</u>	<u>\$ 38,802,152</u>

\$	-- \$	-- \$	612,226
	--	--	8,126
	--	--	918,961
	120,887	--	222,707
--	<u>4,284,665</u>	--	<u>4,584,665</u>
--	<u>4,405,552</u>	--	<u>6,346,685</u>
6,502,476	--	--	6,502,476
--	--	--	4,138,714
--	--	--	3,490,790
--	--	--	13,574,202
--	--	--	510,304
--	--	--	48,089
--	--	--	<u>4,190,892</u>
<u>6,502,476</u>	--	--	<u>32,455,467</u>
<u>\$ 6,502,476</u>	<u>\$ 4,405,552</u>	<u>\$ 38,802,152</u>	



CITY OF THE DALLES

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
Year Ended June 30, 2001**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
REVENUES					
Taxes	\$ 2,051,337	\$ 282,622	\$ 717,971	\$ 287,091	\$ 3,339,021
Special assessments	--	--	--	10,918	10,918
Licenses and permits	9,354	--	--	--	9,354
Intergovernmental	521,740	3,542,488	--	--	4,064,228
Fines and forfeitures	245,380	7,732	--	--	253,112
Charges for services	8,308	25,901	--	705	34,914
Rental income	7,865	107,355	138,695	44,828	298,743
Interest on investments	76,150	85,768	19,655	267,938	449,511
Miscellaneous	15,891	36,983	--	25,963	78,837
TOTAL REVENUES	<u>2,936,025</u>	<u>4,088,849</u>	<u>876,321</u>	<u>637,443</u>	<u>8,538,638</u>
EXPENDITURES					
Current					
General government	1,270,825	98,292	--	209,580	1,578,697
Public safety	1,653,271	--	--	--	1,653,271
Highways and streets	--	892,326	--	--	892,326
Culture and recreation	192,000	337,487	--	--	529,487
Capital outlay	147,056	3,278,997	--	3,247,822	6,673,875
Debt service	--	18,973	864,043	--	883,016
TOTAL EXPENDITURES	<u>3,263,152</u>	<u>4,626,075</u>	<u>864,043</u>	<u>3,457,402</u>	<u>12,210,672</u>
Excess (deficiency) of revenues over expenditures	<u>(327,127)</u>	<u>(537,226)</u>	<u>12,278</u>	<u>(2,819,959)</u>	<u>(3,672,034)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	491,212	643,614	75,313	--	1,210,139
Operating transfers out	<u>(234,762)</u>	<u>(26,678)</u>	<u>--</u>	<u>(385,872)</u>	<u>(647,312)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>256,450</u>	<u>616,936</u>	<u>75,313</u>	<u>(385,872)</u>	<u>562,827</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>(70,677)</u>	<u>79,710</u>	<u>87,591</u>	<u>(3,205,831)</u>	<u>(3,109,207)</u>
Fund Balances at beginning of year	<u>1,279,444</u>	<u>1,138,395</u>	<u>422,713</u>	<u>4,969,851</u>	<u>7,810,403</u>
Fund Balances at end of year	<u>\$ 1,208,767</u>	<u>\$ 1,218,105</u>	<u>\$ 510,304</u>	<u>\$ 1,764,020</u>	<u>\$ 4,701,196</u>

See notes to general purpose financial statements

CITY OF THE DALLES

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
Year Ended June 30, 2001**

	General			Special Revenue		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Taxes	\$ 2,044,113	\$ 2,051,337	\$ 7,224	\$ 300,000	\$ 282,622	\$ (17,378)
Special assessments	--	--	--	--	--	--
Licenses and permits	8,250	9,354	1,104	--	--	--
Intergovernmental	496,208	521,740	25,532	3,549,446	3,542,488	(6,958)
Fines and forfeitures	201,746	245,380	43,634	7,000	7,732	732
Charges for services	8,900	8,308	(592)	43,286	25,901	(17,385)
Rental income	6,685	7,865	1,180	96,380	107,355	10,975
Interest on investments	69,200	76,150	6,950	47,875	85,768	37,893
Miscellaneous	14,919	15,891	972	97,585	36,983	(60,602)
TOTAL REVENUES	<u>2,850,021</u>	<u>2,936,025</u>	<u>86,004</u>	<u>4,141,572</u>	<u>4,088,849</u>	<u>(52,723)</u>
EXPENDITURES						
Current						
General government	1,425,307	1,270,825	154,482	201,911	98,292	103,619
Public safety	1,706,993	1,653,271	53,722	--	--	--
Highways and streets	--	--	--	972,003	892,326	79,677
Culture and recreation	192,000	192,000	--	356,306	337,487	18,819
Capital outlay	159,661	147,056	12,605	4,086,905	3,278,997	807,908
Debt service	--	--	--	--	18,973	(18,973)
Contingency	274,300	--	274,300	166,212	--	166,212
TOTAL EXPENDITURES	<u>3,758,261</u>	<u>3,263,152</u>	<u>495,109</u>	<u>5,783,337</u>	<u>4,626,075</u>	<u>1,157,262</u>
Excess (deficiency) of revenues over expenditures	<u>(908,240)</u>	<u>(327,127)</u>	<u>581,113</u>	<u>(1,641,765)</u>	<u>(537,226)</u>	<u>1,104,539</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term obligations	--	--	--	--	--	--
Operating transfers in	491,212	491,212	--	643,614	643,614	--
Operating transfers out	(234,762)	(234,762)	--	(26,678)	(26,678)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>256,450</u>	<u>256,450</u>	<u>--</u>	<u>616,936</u>	<u>616,936</u>	<u>--</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>(651,790)</u>	<u>(70,677)</u>	<u>581,113</u>	<u>(1,024,829)</u>	<u>79,710</u>	<u>1,104,539</u>
Fund Balances at beginning of year	<u>1,151,790</u>	<u>1,279,444</u>	<u>127,654</u>	<u>1,024,829</u>	<u>1,138,395</u>	<u>113,566</u>
Fund Balances at end of year	<u>\$ 500,000</u>	<u>\$ 1,208,767</u>	<u>\$ 708,767</u>	<u>\$ --</u>	<u>\$ 1,218,105</u>	<u>\$ 1,218,105</u>

*See notes to general purpose financial statements
Continued on page 6*

Debt Service			Capital Projects			Totals (Memorandum Only)		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$ 721,348	\$ 717,971	\$ (3,377)	\$ 234,770	\$ 287,091	\$ 52,321	\$ 3,300,231	\$ 3,339,021	\$ 38,790
131,588	--	(131,588)	23,267	10,918	(12,349)	154,855	10,918	(143,937)
--	--	--	--	--	--	8,250	9,354	1,104
--	--	--	--	--	--	4,045,654	4,064,228	18,574
--	--	--	--	--	--	208,746	253,112	44,366
--	--	--	--	705	705	52,186	34,914	(17,272)
138,695	138,695	--	44,828	44,828	--	286,588	298,743	12,155
19,700	19,655	(45)	99,525	267,938	168,413	236,300	449,511	213,211
--	--	--	--	25,963	25,963	112,504	78,837	(33,667)
<u>1,011,331</u>	<u>876,321</u>	<u>(135,010)</u>	<u>402,390</u>	<u>637,443</u>	<u>235,053</u>	<u>8,405,314</u>	<u>8,538,638</u>	<u>133,324</u>
30,500	--	30,500	422,783	209,580	213,203	2,080,501	1,578,697	501,804
--	--	--	--	--	--	1,706,993	1,653,271	53,722
--	--	--	--	--	--	972,003	892,326	79,677
--	--	--	--	--	--	548,306	529,487	18,819
700,000	--	700,000	4,305,247	3,247,822	1,057,425	9,251,813	6,673,875	2,577,938
1,020,556	864,043	156,513	--	--	--	1,020,556	883,016	137,540
--	--	--	--	--	--	440,512	--	440,512
<u>1,751,056</u>	<u>864,043</u>	<u>887,013</u>	<u>4,728,030</u>	<u>3,457,402</u>	<u>1,270,628</u>	<u>16,020,684</u>	<u>12,210,672</u>	<u>3,810,012</u>
<u>(739,725)</u>	<u>12,278</u>	<u>752,003</u>	<u>(4,325,640)</u>	<u>(2,819,959)</u>	<u>1,505,681</u>	<u>(7,615,370)</u>	<u>(3,672,034)</u>	<u>3,943,336</u>
825,000	--	825,000	--	--	--	825,000	--	825,000
75,313	75,313	--	--	--	--	1,210,139	1,210,139	--
(15,000)	--	(15,000)	(385,872)	(385,872)	--	662,312	647,312	(15,000)
<u>885,313</u>	<u>75,313</u>	<u>810,000</u>	<u>(385,872)</u>	<u>(385,872)</u>	<u>--</u>	<u>1,372,827</u>	<u>562,827</u>	<u>810,000</u>
145,588	87,591	(57,997)	(4,711,512)	(3,205,831)	1,505,681	(6,242,543)	(3,109,207)	3,133,336
<u>440,912</u>	<u>422,713</u>	<u>(18,199)</u>	<u>4,711,512</u>	<u>4,969,851</u>	<u>258,339</u>	<u>7,329,043</u>	<u>7,810,403</u>	<u>481,360</u>
<u>\$ 586,500</u>	<u>\$ 510,304</u>	<u>\$ (76,196)</u>	<u>\$ --</u>	<u>\$ 1,764,020</u>	<u>\$ 1,764,020</u>	<u>\$ 1,086,500</u>	<u>\$ 4,701,196</u>	<u>\$ 3,614,696</u>

CITY OF THE DALLES

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS ALL PROPRIETARY FUND TYPES Year Ended June 30, 2001

	Enterprise	Internal Service	Totals (Memorandum Only)
OPERATING REVENUES			
Charges for services	\$ 3,973,660	\$ --	\$ 3,973,660
Rental income	35,428	--	35,428
Total operating revenues	<u>4,009,088</u>	<u>--</u>	<u>4,009,088</u>
OPERATING EXPENSES			
Personal services	1,400,154	2,256	1,402,410
Materials and services	1,882,151	--	1,882,151
Depreciation	763,577	--	763,577
Total operating expenses	<u>4,045,882</u>	<u>2,256</u>	<u>4,048,138</u>
Operating (loss)	<u>(36,794)</u>	<u>(2,256)</u>	<u>(39,050)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	305,942	1,600	307,542
Other	81,063	--	81,063
Interest expense	(15,610)	--	(15,610)
Total nonoperating revenues (expenses)	<u>371,395</u>	<u>1,600</u>	<u>372,995</u>
Income (loss) before operating transfers	<u>334,601</u>	<u>(656)</u>	<u>333,945</u>
OPERATING TRANSFERS			
Operating transfers in	369,241	7,317	376,558
Operating transfers out	(939,385)	--	(939,385)
Total operating transfers	<u>(570,144)</u>	<u>7,317</u>	<u>(562,827)</u>
Net income (loss)	(235,543)	6,661	(228,882)
Retained earnings - beginning of year	17,271,223	22,651	17,293,874
Retained earnings - end of year	<u>\$ 17,035,680</u>	<u>\$ 29,312</u>	<u>\$ 17,064,992</u>
Reserved for construction	3,490,790	--	3,490,790
Unreserved	13,544,890	29,312	13,574,202
	<u>\$ 17,035,680</u>	<u>\$ 29,312</u>	<u>\$ 17,064,992</u>

See notes to general purpose financial statements

CITY OF THE DALLES

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
Year Ended June 30, 2001**

	Enterprise	Internal Service	Totals (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating (loss)	\$ (72,222)	\$ (2,256)	\$ (74,478)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:	-		
Other	116,491	-	116,491
Depreciation	763,577	-	763,577
(Increase) decrease in assets	-		
Receivables	10,597	-	10,597
Inventories	(46,742)	-	(46,742)
Increase (decrease) in liabilities	-		
Accounts payable and accrued expenses	(160,791)	(1,704)	(162,495)
Compensated absences payable	3,587	-	3,587
Net cash provided by (used in) operating activities	614,497	(3,960)	610,537
CASH FLOWS FROM NON-CAPITAL FINANCING AND INVESTING ACTIVITIES			
Operating transfers in	369,241	7,317	376,558
Operating transfers out	(939,385)	-	(939,385)
Net cash provided by (used in) non-capital financing and investing activities	(570,144)	7,317	(562,827)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of property, plant and equipment	(245,966)	-	(245,966)
Principal paid on long-term obligations	(180,000)	-	(180,000)
Interest paid on long-term obligations	(25,131)	-	(25,131)
Net cash (used in) capital and related financing activities	(451,097)	-	(451,097)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	305,942	1,600	307,542
Net increase (decrease) in cash and cash equivalents	(100,802)	4,957	(95,845)
Cash and cash equivalents - beginning of year	5,051,729	26,611	5,078,340
Cash and cash equivalents - end of year	\$ 4,950,927	\$ 31,568	\$ 4,982,495

See notes to general purpose financial statements



NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS



CITY OF THE DALLES

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS Year Ended June 30, 2001

1. Summary of significant accounting policies

A. Financial reporting entity

The City

The **CITY OF THE DALLES** (City) is organized under the general laws of the State of Oregon. The City Council, composed of the mayor and five Council members, comprises the legislative branch of the City. Individual departments are under the direction of the City Manager, who is appointed by the City Council.

The accompanying general purpose financial statements present all funds, account groups, and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of this criteria, the City is a primary government with the following includable component unit.

Columbia Gateway Urban Renewal Agency

The Agency was formed to undertake urban renewal projects and activities pursuant to the City's redevelopment plan. The Board of Directors of the Agency consists of the Mayor and the five elected City Council members, which receives its recommendations from a seven member advisory committee appointed by the City Council. The City is required to certify to the County Assessor any incremental taxes to be levied for the benefit of the Agency. Since the City is financially accountable for and significantly influences the operations of the Agency, it has been included as a blended component unit in the general purpose financial statements. Complete financial statements for the Agency may be obtained at the City's administrative offices, 313 Court Street, The Dalles, OR 97058.

B. Measurement focus, basis of accounting, and basis of presentation

The accounts of the city are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the government funds not recorded directly in those funds.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

1. Summary of significant accounting policies (continued)

B. Measurement focus, basis of accounting, and basis of presentation (continued)

The City has the following fund types and account groups:

Governmental Fund Types

Governmental funds are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are *measurable and available*). *Measurable* means the amount of the transaction can be determined and *available* means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 31 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term obligations which is recognized when due, and certain compensated absences which are recognized when the obligation is expected to be liquidated with expendable available financial resources.

Property taxes, franchise fees, state shared revenues, transient room taxes and local fuel taxes are susceptible to accrual. Other receipts become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlement revenues are recorded at the time of receipt, or earlier, if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

General Fund

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, hotel-motel tax, and state shared revenues. Expenditures are primarily for general government operations, public safety (police), and culture and recreation.

Special Revenue Funds

The Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects). Principal revenue sources are taxes, charges for services, rent and an allocation of state gas tax proceeds. Major expenditures are for street maintenance, general governmental operations and capital improvements.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

1. Summary of significant accounting policies (continued)

B. Measurement focus, basis of accounting, and basis of presentation (continued)

Debt Service Funds

The Debt Service Funds account for the payment of principal and interest on general long-term debt. The principal source of revenue is property taxes.

Capital Projects Funds

The Capital Projects Funds account for the acquisition and construction of major capital projects other than those being financed by proprietary funds. The principal revenue sources are special assessment collections and rental building.

Proprietary Fund Type

Proprietary (Enterprise and Internal Service) funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City has applied all applicable Financial Accounting Standards Board (FASB) pronouncements, unless those pronouncements conflict or contradict Government Accounting Standards Board (GASB) pronouncements. Proprietary funds include the following fund types:

Enterprise Funds

These funds account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The City bills minimum monthly usage in advance. No deferred revenue has been included for the prepayment at year end. This has been the ongoing practice for the City, and follows industry practice. Services accounted for through Enterprise funds are water utility, waste water utility, and the airport.

Internal Service Fund

This fund accounts for operations that provide service to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The service provided is the payment of unemployment benefits.

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to account for fixed assets not accounted for in the Proprietary Funds.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

1. Summary of significant accounting policies (continued)

B. Measurement focus, basis of accounting, and basis of presentation (continued)

General Long-Term Debt Account Group

The General Long-Term Debt Account Group is used to account for general long-term debt, capital leases, notes payable, and the long-term portion of compensated absences as applicable.

C. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year end.

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City Council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The City established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds, except the General Fund budgetary control is established at the department level.

Budget amounts shown in the general purpose financial statements have been revised since the original budget amounts were adopted. The City Council must authorize all appropriation transfers and supplementary budgetary appropriations.

D. Investments

In accordance with Government Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Fair Value is determined at the quoted market price, if available, otherwise the fair value is estimated based on the amount at which the investment would be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

1. Summary of significant accounting policies (continued)

D. Investments (continued)

The LGIP is administered by the Oregon State Treasury. The LGIP is an open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the state's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. The fair value of the position in the LGIP is the same as the value of the pool shares.

Investments included in equity in pooled cash and investments are stated at fair value.

E. Receivables and payables

Property taxes are assessed and become a lien on all taxable property as of July 1. Property taxes are levied on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Property taxes receivable collected within 31 days subsequent to year end are considered measurable and available, and are recognized as revenues. All other property taxes receivable are offset by deferred revenue because they are not deemed available to finance operations of the current period.

Assessment liens receivable in the Capitol Projects Funds are recorded as receivables at the time property owners are assessed for property improvements. The unpaid liens and related interest receivable are offset by deferred revenue and, accordingly, have not been recorded as revenue.

Receivables for federal and state grants, and state, county, and local shared revenue are recorded as revenue in all fund types as earned. No allowance for doubtful accounts is necessary.

Receivables of the Proprietary Funds are recorded as revenue in all funds as earned. The allowance for doubtful accounts is established on a specific identification basis.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

1. Summary of significant accounting policies (continued)

F. Inventories

Inventories in the Water Utility and Waste Water Utility Enterprise Funds are reported at the lower of cost (first-in, first-out) or market. Other inventories are taken for control purposes only with no dollar value assigned. The cost value of such inventories have been recorded as expenditures when purchased.

Accordingly, with the exception of Enterprise Funds inventories, a value is not included on the balance sheet.

G. Property, plant and equipment

Property, plant and equipment are recorded in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated items are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks, storm sewers, and other assets that are immovable and of value to the City) are not capitalized.

Property, plant, and equipment in the Enterprise Funds are recorded at cost. Donated property, plant, and equipment is recorded at its estimated fair value at the date of donation. Interest incurred during the construction phase of Enterprise Fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. No interest was capitalized in 2001.

Upon disposal of property, plant, and equipment in the Enterprise Funds, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income. Depreciation taken on contributed fixed assets is recorded as an expense of operations and charged to retained earnings.

Property, plant, and equipment are depreciated in the Enterprise Funds of the City using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	45
Plant in service	45
Machinery and equipment	5-20

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

1. Summary of significant accounting policies (continued)

H. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation, holiday, and sick pay benefits. No liability is reported for unpaid accumulated sick pay benefits. Vacation and holiday pay is accrued when incurred in the Enterprise Funds and recorded as a liability. Vacation and holiday pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability in the Governmental Funds. Amounts not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Debt Account Group. No expenditure is reported for these amounts.

I. Long-term obligations

The City reports long-term debt at face value in the General Long-Term Debt Account Group. Certain other obligations, such as capital leases, notes payable, and compensated absences, not expected to be financed with current available financial resources are also reported in the General Long-Term Debt Account Group. These obligations are to be repaid from governmental fund resources.

For Governmental Funds, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source, net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

J. Fund equity

Reservations of fund balance represent amounts that are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Contributed capital in the Enterprise Funds represents the accumulation of contributions in the form of cash or other assets which generally do not have to be returned to the contributor. Such contributions are recorded directly to contributed capital and, accordingly, are not recognized as revenue. The following transactions are recorded as contributions in the Enterprise Funds:

- Property, plant and equipment contributed from other funds or the General Fixed Assets Account Group.
- Property, plant and equipment contributed from intergovernmental agencies.
- Cash transfers of equity from other funds.
- Proceeds of federal and state grants for acquisition of fixed assets.
- Contributions from customers for the acquisition of fixed assets.
- Property, plant and equipment contributed by developers.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

1. Summary of significant accounting policies (continued)

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

L. Risk management

The City is exposed to various risks of loss related to errors and omissions, automobile, damage to and destruction of assets, bodily injury, and worker's compensation for which the City carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

M. Memorandum only total columns

Total columns on the general purpose financial statements are captioned "Totals Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with generally accepted accounting principles.

2. Deposits and investments

At June 30, 2001, the carrying amount of the City's deposits was \$(298,386) and the bank balance was \$159,335. Of the bank balance, \$132,534 was covered by federal depository insurance and \$26,801 was collateralized with securities held by the pledging financial institution's agent, but not in the City's name. Balances so collateralized meet the requirements of state law, but are considered uncollateralized per GASB No. 3.

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly liquid debt instruments purchased with a maturity of three months or less.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

2. Deposits and investments (continued)

The City's investments are presented in three categories of credit risk as follows:

1. Insured or registered, or securities held by government or its agent in the government's name.
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the government's name.
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent, but not in the government's name.

Time certificates of deposit and investment in the State Treasurer's pool are not required to be categorized.

A. The city's deposits and investments at June 30, 2001, are shown below:

	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Repurchase agreements	\$ <u>566,425</u>	\$ 566,425	\$ 566,425
Investments not categorized:			
State Treasurer's Investment Pool		<u>9,504,650</u>	<u>9,504,650</u>
Total investments		10,071,075	<u>\$ 10,071,075</u>
Cash with County treasurer		25,381	
Cash on hand		1,500	
Deposits with banks		<u>(298,386)</u>	
Total deposits and investments		<u>\$ 9,799,570</u>	

B. Deposits and investments by fund type

	<u>Deposits</u>	<u>Investments</u>	<u>Totals</u>
<u>Governmental</u>			
General	\$ (40,028)	\$ 1,148,784	\$ 1,108,756
Special Revenue	(51,603)	1,480,996	1,429,393
Debt Service	--	507,452	507,452
Capital Projects	--	1,771,474	1,771,474
<u>Proprietary</u>			
Enterprise	(178,735)	5,129,662	4,950,927
Internal Service	<u>(1,139)</u>	<u>32,707</u>	<u>31,568</u>
Total deposits and investments	<u>\$ (271,505)</u>	<u>\$ 10,071,075</u>	<u>\$ 9,799,570</u>

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

3. Receivables

A. The City's receivables at June 30, 2001, are shown below:

	Governmental Fund Types				Proprietary Fund Types	Totals
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	
Property taxes	\$ 121,296	\$ --	\$ 28,849	\$ 57,850	\$ --	\$ 207,995
Fines and forfeitures	450,578	--	--	--	--	450,578
Assessments	--	--	--	122,182	31,206	153,388
Interest	--	--	--	26,139	--	26,139
Accounts	161,010	325,722	2,852	927	385,387	875,898
Loans	--	112,067	--	--	--	112,067
Allowance for doubtful accounts	(13)	(25)	--	--	(43,027)	(43,065)
	<u>\$ 732,871</u>	<u>\$ 437,764</u>	<u>\$ 31,701</u>	<u>\$ 207,098</u>	<u>\$ 373,566</u>	<u>\$ 1,783,000</u>

B. Property taxes

i. Collection procedures

Taxes are levied on July 1 and are payable in three installments due November 15, February 15, and May 15.

ii. Transactions

	Balances July 1, 2000	2000-01 Levy	Net Adjust- ments	Interest (Discounts)	Collections	Balances June 30, 2001
Current	\$ --	\$ 2,551,828	\$ --	\$ --	\$ 2,351,450	\$ 117,038
Prior	185,973	--	--	--	100,140	90,957
	<u>\$ 185,973</u>	<u>\$ 2,551,828</u>	<u>\$ 32,587</u>	<u>\$ (45,629)</u>	2,451,590	<u>\$ 207,995</u>
Change in accrual					(8,719)	
					<u>\$ 2,442,871</u>	

Revenue by levy and fund type	General	Debt Service	Capital Projects	Totals
Current	\$1,375,898	\$ 704,903	\$ 262,695	\$ 2,343,496
Prior	61,911	13,068	24,396	99,375
	<u>\$1,437,809</u>	<u>\$ 717,971</u>	<u>\$ 287,091</u>	<u>\$ 2,442,871</u>

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

3. Receivables (continued)

B. Property taxes (continued)

iii. Ensuing year's levies

The City's permanent tax rate is \$3.0155 per \$1,000 assessed value as limited by the Constitution of the State of Oregon.

In addition, the Columbia Gateway Urban Renewal Agency will levy 100 percent of its authority under option one of ORS 457.435(2)(a).

The tax rate limit of \$10.00 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect these levies.

4. Property, plant, and equipment

A. Changes in general fixed assets

	Balances July 1, 2000	Additions	Deletions	Transfers to Proprietary Funds	Balances June 30, 2001
Land and improvements	\$ 2,016,750	\$ --	\$ 1,003,978	\$ 936,013	\$ 76,759
Buildings	3,525,130	332,203	--	93,043	3,764,290
Equipment	<u>2,567,274</u>	<u>193,734</u>	<u>--</u>	<u>99,581</u>	<u>2,661,427</u>
	<u>\$ 8,109,154</u>	<u>\$ 525,937</u>	<u>\$ 1,003,978</u>	<u>\$ 1,128,637</u>	<u>\$ 6,502,476</u>

During 2000-01, the City conducted an exhaustive inventory of fixed assets. As a result, it was determined that \$1,003,978 of infrastructure had been improperly recorded as land improvements.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

4. Property, plant, and equipment (continued)

B. Proprietary funds

<u>Fund</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Water	\$ 11,611,855	\$ 4,078,994	\$ 7,532,861
Wastewater	9,090,601	3,289,650	5,800,951
Airport	<u>3,185,488</u>	<u>471,039</u>	<u>2,714,449</u>
	<u>\$ 23,887,944</u>	<u>\$ 7,839,683</u>	<u>\$ 16,048,261</u>

Depreciation charged to operations for 2000-01 amounted to \$763,577.

5. Deferred revenue

Resources owned by the City, which are measurable but not available, consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
Property taxes	\$ 121,296	\$ --	\$ 28,849	\$ 57,850	\$ 207,995
Fines and forfeitures	450,578	--	--	--	450,578
Loans	--	112,067	--	--	112,067
Assessments	--	--	--	122,182	122,182
Interest	<u>--</u>	<u>--</u>	<u>--</u>	<u>26,139</u>	<u>26,139</u>
	<u>\$ 571,874</u>	<u>\$ 112,067</u>	<u>\$ 28,849</u>	<u>\$ 206,171</u>	<u>\$ 918,961</u>

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

6. Long-term obligations

A. Transactions for the year ended June 30, 2001

	Balances July 1, 2000	Matured	Retired	Balances June 30, 2001
<u>GENERAL LONG-TERM DEBT</u>				
<u>General Obligation Bonds</u>				
1993 Advance refunding bonds – original issue				
\$1,690,000, 8 years, interest at rates from				
2.75% to 4.25%				
Principal	\$ 330,000	\$ 330,000	\$ 330,000	\$ --
Interest	--	14,025	14,025	--
	<u>330,000</u>	<u>344,025</u>	<u>344,025</u>	<u>--</u>
<u>Revenue Bonds</u>				
1999 Police facilities revenue bonds – original				
issue \$1,690,000, 8 years, interest at rates				
from 2.75% to 4.25%				
Principal	1,045,000	95,000	95,000	950,000
Interest	--	43,695	43,695	--
	<u>1,045,000</u>	<u>138,695</u>	<u>138,695</u>	<u>950,000</u>
<u>Urban Renewal Bonds</u>				
2000 Full Faith and Credit Financing Agreement –				
original issue \$3,500,000, 10 years, interest at				
rates from 5.05% to 5.8%				
Principal	3,500,000	200,000	200,000	3,300,000
Interest	--	180,923	180,923	--
	<u>3,500,000</u>	<u>380,923</u>	<u>380,923</u>	<u>3,300,000</u>
<u>Capital Lease</u>				
Caterpillar Financial Services – 3 years, annual				
installments of \$18,973, including interest at				
6.25%				
Principal	50,483	15,818	15,818	34,665
Interest	--	3,155	3,155	--
	<u>50,483</u>	<u>18,973</u>	<u>18,973</u>	<u>34,665</u>
Total long-term obligations	<u>\$ 4,925,483</u>	<u>\$ 882,616</u>	<u>\$ 882,616</u>	<u>\$ 4,284,665</u>

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

6. Long-term obligations (continued)

A. Transactions for the year ended June 30, 2001 (continued)

	Balances July 1, 2000	Matured	Retired	Balances June 30, 2001
<u>PROPRIETARY FUND DEBT</u>				
<u>Note Payable</u>				
Mid-Columbia Economic Development – due in semi-annual installments of \$60,000, plus interest at 4%				
Principal	\$ 420,000	\$ 120,000	\$ 120,000	\$ 300,000
Interest	—	15,610	15,610	—
Total Proprietary Fund Debt	<u>\$ 420,000</u>	<u>\$ 135,610</u>	<u>\$ 135,610</u>	<u>\$ 300,000</u>

B. Future maturities of long-term obligations as of June 30, 2001, are as follows:

GENERAL LONG-TERM DEBT

	1999 Police Facilities Revenue Bonds		Urban Renewal Bonds		Capital Lease		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2001-02	\$ 100,000	\$ 39,793	\$ 210,000	\$ 185,492	\$ 16,806	\$ 2,167	\$ 326,806	\$ 227,452
2002-03	105,000	35,537	315,000	174,258	17,859	1,116	437,859	210,911
2003-04	110,000	30,968	335,000	157,090	-	-	445,000	188,058
2004-05	115,000	26,072	355,000	138,665	-	-	470,000	164,737
2005-06	120,000	20,873	370,000	118,963	-	-	490,000	139,836
Thereafter	400,000	27,664	1,715,000	253,408	-	-	2,115,000	281,072
	<u>\$ 950,000</u>	<u>\$ 180,907</u>	<u>\$ 3,300,000</u>	<u>\$ 1,027,876</u>	<u>\$ 34,665</u>	<u>\$ 3,283</u>	<u>\$ 4,284,665</u>	<u>\$ 1,212,066</u>

PROPRIETARY FUND DEBT

2001-02	\$ 120,000	\$ 10,800
2002-03	120,000	6,000
2003-04	60,000	1,200
	<u>\$ 300,000</u>	<u>\$ 18,000</u>

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

7. Compensated absences payable

As described in Note 1, employees of the City are allowed to accumulate vacation and holiday pay. Amounts so accumulated are vested with the employees and will be paid out upon termination or retirement. Changes in the fund liabilities and general long-term debt are as follows:

<u>Fund Type/Account Group</u>	<u>Balances</u> <u>July 1, 2000</u>	<u>(Decrease)</u>	<u>Balances</u> <u>June 30, 2001</u>
General	\$ 31,346	\$ (3,510)	\$ 27,836
Special Revenue	5,084	629	5,713
Enterprise	64,684	3,587	68,271
General long-term debt	<u>127,193</u>	<u>(6,306)</u>	<u>120,887</u>
	<u>\$ 228,307</u>	<u>\$ (5,600)</u>	<u>\$ 222,707</u>

8. Contributed capital

Contributed capital reported in the Enterprise Funds represents assets acquired by federal and state grants and assets acquired by governmental funds transferred to Enterprise Fund operations as follows:

Contributed capital—beginning of year	\$ 3,010,077
Assets transferred from general fixed assets account group	<u>1,128,637</u>
Contributed capital - end of year	<u>\$ 4,138,714</u>

9. Employee retirement plans

The City sponsors a defined contribution plan for substantially all of its full-time employees. The City administers the plan, and funds are deposited into an investment fund maintained by Standard Insurance Company for police employees and National Associates for all other City employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees of the City are eligible to participate after one year of employment. Under terms of the plan, both the City and the employees are required to make contributions. In addition, the employees may make additional voluntary contributions. Currently, the City's contribution rate is 16.6 percent for police employees and 7.5 percent for other employees. The mandatory employee contribution rate is 6 percent for all employees. The City pays both the employer and mandatory employee contributions. In addition, police employees may contribute up to an additional 2.4 percent of their compensation and other employees up to 10 percent of their compensation. All contributions to the plan are fully vested when made.

The payroll for employees covered by the plan for the year ended June 30, 2001, was \$2,771,893 and the City's total payroll was \$3,017,381. Total contributions for the year ended June 30, 2001, were \$445,783 or 16.17 percent of the year's covered payroll.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

10. Interfund transfers

Interfund transfers during the year ended June 30, 2001, were as follows:

<u>Fund Type</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 491,212	\$ 234,762
Special Revenue	643,614	26,678
Debt Service	75,313	--
Capital Projects	--	385,872
Enterprise	369,241	939,385
Internal Service	7,317	--
	<u>\$ 1,586,697</u>	<u>\$ 1,586,697</u>

11. Segment information for enterprise funds

The City maintains three enterprise activities, which provide water and waste water services, and operates an airport.

Segment information for the year ended June 30, 2001, is as follows:

	<u>Water</u>	<u>Wastewater</u>	<u>Airport</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$ 2,124,151	\$ 1,860,468	\$ 24,469	\$ 4,009,088
Depreciation	381,033	331,959	50,585	763,577
Operating income (loss)	(60,821)	104,908	(80,881)	(36,794)
Operating transfers in	200,000	136,000	33,241	369,241
Operating transfers out	(548,996)	(390,389)	--	(939,385)
Net (loss)	(218,227)	(4,450)	(12,866)	(235,543)
Capital contributions	--	--	1,128,637	1,128,637
Property, plant, and equipment – additions	175,115	60,659	10,192	245,966
Net working capital	2,916,546	2,354,865	34,722	5,306,133
Total assets	10,526,265	8,312,052	2,749,641	21,587,958
Long-term obligations	--	180,000	--	180,000
Total equity	10,449,407	7,975,816	2,749,171	21,174,394

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

12. Contingencies – accumulated sick leave

Portions of sick pay accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2001, City employees had accumulated 3,750 days of sick leave.

13. Expenditures in excess of appropriations

Oregon law prohibits expenditures of a fund in excess of City approved appropriations. The City council approves appropriations by major object class (personal services, materials and services, capital outlay, and debt service) for each fund.

Expenditures in excess of appropriations in individual funds for the year ended June 30, 2001, occurred as follows:

<u>Fund/Appropriations Category</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General—city manager	\$ 140,470	\$ 141,343	\$ (873)
Library – capital outlay	--	2,432	(2,432)
Street and Storm Sewer – debt service	--	18,973	(18,973)



ADDITIONAL INFORMATION

**(Combining and Individual Fund and Account Group
Statements and Other Financial Schedules)**



General Fund

This fund accounts for the financial operations of the City not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, transient room taxes and State shared revenues. Expenditures are primarily for general government operations, public safety, and culture and recreation.

CITY OF THE DALLES

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

Year Ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 1,482,113	\$ 1,437,809	\$ (44,304)
Franchises fees	262,000	295,004	33,004
Transient room taxes	300,000	318,524	18,524
Licenses and permits	8,250	9,354	1,104
Intergovernmental	496,208	521,740	25,532
Fines and forfeitures	201,746	245,380	43,634
Charges for services	8,900	8,308	(592)
Rental income	6,685	7,865	1,180
Interest	69,200	76,150	6,950
Miscellaneous	14,919	15,891	972
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	2,850,021	2,936,025	86,004
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
City council	166,880	141,898	24,982
City clerk	78,450	73,541	4,909
City manager	140,470	141,343	(873)
Legal	139,364	136,956	2,408
Judiciary	106,765	103,590	3,175
Finance	345,051	294,676	50,375
Utility billing	97,940	92,575	5,365
Personnel	25,050	20,276	4,774
Community development	259,075	215,360	43,715
Police	1,703,995	1,645,302	58,693
City hall	125,306	117,566	7,740
Transportation center	6,996	3,677	3,319
Code enforcement	35,521	23,294	12,227
Other	253,098	253,098	--
Contingency	274,300	--	274,300
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	3,758,261	3,263,152	495,109
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(908,240)	(327,127)	581,113
	<hr/>	<hr/>	<hr/>

Continued on page 27

GENERAL FUND (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	\$ 491,212	\$ 491,212	\$ --
Operating transfers out	<u>(234,762)</u>	<u>(234,762)</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>256,450</u>	<u>256,450</u>	<u>--</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(651,790)	(70,677)	581,113
Fund balances at beginning of year	<u>1,151,790</u>	<u>1,279,444</u>	<u>127,654</u>
Fund balances at end of year	<u>\$ 500,000</u>	<u>\$ 1,208,767</u>	<u>\$ 708,767</u>



Special Revenue Funds

These funds are used to account for revenue from specific sources that are legally restricted to expenditures for specified purposes. Funds included in this category are:

- The Library Fund provides Wasco County's citizens with free and equal access to materials relevant to their informational needs. Half of the resources are provided through operating transfers from the General Fund and the other half is funded by Wasco County.
- The Street and Storm Sewer Fund provides for a range of services involved with the construction, maintenance and repair of streets and storm sewer system. Principal revenue sources include allocations of state fuel tax proceeds and local fuel tax receipts as well as interest on investments.
- The Public Works Reserve Fund provides for the replacing or adding to the machinery and equipment of the Public Works Department. Resources are provided through operating transfers from the Street and Storm Sewer Fund and from interest earned on investments.
- The Community Benevolence Fund expends monies for the preservation, enhancement, protection, maintenance, repair, replacement or restoration of the Mid-Columbia Vietnam Veterans' Memorial and its surroundings. Revenues consist primarily of donations and interest earnings.
- The Street and Bridge Replacement Fund accounts for the replacement of streets and bridges. Resources consist of interest earned on investments.
- The Special Grants Fund accounts for a variety of revenues and expenditures related to various grants.
- The State Office Building Fund accounts for resources received and expended for the operation, repairs and maintenance of the State Office Building owned by the City. Revenues consist of a portion of the building's lease payments collected by the City.

CITY OF THE DALLES

**COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
June 30, 2001**

	<u>Library</u>	<u>Street and Storm Sewer</u>	<u>Public Works Reserve</u>	<u>Community Benevolence</u>
<u>ASSETS</u>				
Cash and investments	\$ 44,127	\$ 560,067	\$ 201,088	\$ 1,260
Receivables	--	74,030	--	--
Inventories	--	48,089	--	--
TOTAL ASSETS	<u>\$ 44,127</u>	<u>\$ 682,186</u>	<u>\$ 201,088</u>	<u>\$ 1,260</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts payable and accrued expenses	\$ 11,793	\$ 50,660	\$ --	\$ --
Deferred revenue	--	--	--	--
Compensated absences	2,423	2,949	--	--
TOTAL LIABILITIES	<u>14,216</u>	<u>53,609</u>	<u>--</u>	<u>--</u>
<u>FUND BALANCE</u>				
Reserved for inventories	--	48,089	--	--
Unreserved	29,911	580,488	201,088	1,260
TOTAL FUND BALANCE	<u>29,911</u>	<u>628,577</u>	<u>201,088</u>	<u>1,260</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 44,127</u>	<u>\$ 682,186</u>	<u>\$ 201,088</u>	<u>\$ 1,260</u>

Continued on page 29

Street and Bridge Replacement	Special Grants	State Office Building	Total
\$ 127,914	\$ 443,255	\$ 51,682	\$ 1,429,393
--	362,067	1,667	437,764
--	--	--	48,089
<u>\$ 127,914</u>	<u>\$ 805,322</u>	<u>\$ 53,349</u>	<u>\$ 1,915,246</u>

\$ 82,103	\$ 384,986	1,730	\$ 531,272
--	112,067	--	112,067
--	--	341	5,713
<u>82,103</u>	<u>497,053</u>	<u>2,071</u>	<u>649,052</u>

--	--	--	48,089
<u>45,811</u>	<u>308,269</u>	<u>51,278</u>	<u>1,218,105</u>
<u>45,811</u>	<u>308,269</u>	<u>51,278</u>	<u>1,266,194</u>
<u>\$ 127,914</u>	<u>\$ 805,322</u>	<u>\$ 53,349</u>	<u>\$ 1,915,246</u>

CITY OF THE DALLES

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE SPECIAL REVENUE FUNDS Year Ended June 30, 2001

	Library	Street and Storm Sewer	Public Works Reserve	Community Benevolence
REVENUES				
Fuel taxes	\$ --	\$ 282,622	\$ --	\$ --
Intergovernmental	125,249	650,000	--	--
Fines and forfeitures	7,732	--	--	--
Charges for services	--	25,901	--	--
Rental income	--	--	--	--
Interest	2,259	33,710	10,102	83
Miscellaneous	1,924	5,477	1,413	25,950
TOTAL REVENUES	<u>137,164</u>	<u>997,710</u>	<u>11,515</u>	<u>26,033</u>
EXPENDITURES				
General government	--	--	--	222
Streets	--	892,326	--	--
Culture and recreation	337,487	--	--	--
Capital outlay	2,432	123,809	32,010	25,950
Debt service	--	18,973	--	--
TOTAL EXPENDITURES	<u>339,919</u>	<u>1,035,108</u>	<u>32,010</u>	<u>26,172</u>
Excess (deficiency) of revenues over expenditures	<u>(202,755)</u>	<u>(37,398)</u>	<u>(20,495)</u>	<u>(139)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	197,996	114,289	--	--
Operating transfers out	(378)	(116,300)	(90,000)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>197,618</u>	<u>(2,011)</u>	<u>90,000</u>	<u>--</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(5,137)	(39,409)	69,505	(139)
Fund balances at beginning of year	<u>35,048</u>	<u>619,897</u>	<u>131,583</u>	<u>1,399</u>
Fund balances at end of year	<u>\$ 29,911</u>	<u>\$ 580,488</u>	<u>\$ 201,088</u>	<u>\$ 1,260</u>

Continued on page 31

Street and Bridge Replacement	Special Grants	State Office Building	Total
\$ --	\$ --	\$ --	\$ 282,622
200,000	2,567,239	--	3,542,488
--	--	--	7,732
--	--	--	25,901
--	--	107,355	107,355
11,446	25,696	2,472	85,768
--	2,219	--	36,983
211,446	2,595,154	109,827	4,088,849
--	--	98,070	98,292
--	--	--	892,326
--	--	--	337,487
389,845	2,704,951	--	3,278,997
--	--	--	18,973
389,845	2,704,951	98,070	4,626,075
(178,399)	(109,797)	11,757	(537,226)
30,000	301,329	--	643,614
--	--	--	(26,678)
30,000	301,329	--	616,936
(148,399)	191,532	11,757	79,710
194,210	116,737	39,521	1,138,395
\$ 45,811	\$ 308,269	\$ 51,278	\$ 1,218,105

CITY OF THE DALLES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY - SPECIAL REVENUE FUND
Year Ended June 30, 2001**

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 125,408	\$ 125,249	\$ (159)
Fines and forfeitures	7,000	7,732	732
Interest	1,000	2,259	1,259
Miscellaneous	723	1,924	1,201
TOTAL REVENUES	<u>134,131</u>	<u>137,164</u>	<u>3,033</u>
EXPENDITURES			
Personal services	227,952	221,522	6,430
Materials and services	128,354	115,965	12,389
Capital outlay	--	2,432	(2,432)
Contingency	223	--	223
TOTAL EXPENDITURES	<u>356,529</u>	<u>339,919</u>	<u>16,610</u>
Excess (deficiency) of revenues over expenditures	<u>(222,398)</u>	<u>(202,755)</u>	<u>19,643</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	197,996	197,996	--
Operating transfers out	(378)	(378)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>197,618</u>	<u>197,618</u>	<u>--</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>(24,780)</u>	<u>(5,137)</u>	<u>19,643</u>
Fund balances at beginning of year	24,780	35,048	10,268
Fund balances at end of year	<u>\$ --</u>	<u>\$ 29,911</u>	<u>\$ 29,911</u>

CITY OF THE DALLES

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL STREET AND STORM SEWER- SPECIAL REVENUE FUND Year Ended June 30, 2001

	Budget	Actual	Variance
REVENUES			
Fuel taxes	\$ 300,000	\$ 282,622	\$ (17,378)
Intergovernmental	649,299	650,000	701
Charges for services	43,286	25,901	(17,385)
Interest	25,000	33,710	8,710
Miscellaneous	4,862	5,477	615
TOTAL REVENUES	<u>1,022,447</u>	<u>997,710</u>	<u>(24,737)</u>
EXPENDITURES			
Personal services	452,870	428,249	24,621
Materials and services	515,533	460,761	54,772
Capital outlay	438,856	127,125	311,731
Debt service	--	18,973	(18,973)
Contingency	165,989	--	165,989
TOTAL EXPENDITURES	<u>1,573,248</u>	<u>1,035,108</u>	<u>538,140</u>
Excess (deficiency) of revenues over expenditures	<u>(550,801)</u>	<u>(37,398)</u>	<u>513,403</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	114,289	114,289	--
Operating transfers out	(116,300)	(116,300)	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,011)</u>	<u>(2,011)</u>	<u>--</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>(552,812)</u>	<u>(39,409)</u>	<u>513,403</u>
Fund balances at beginning of year	<u>552,812</u>	<u>619,897</u>	<u>67,085</u>
Fund balances at end of year	<u>\$ --</u>	<u>\$ 580,488</u>	<u>\$ 580,488</u>

CITY OF THE DALLES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC WORKS RESERVE - SPECIAL REVENUE FUND
Year Ended June 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 6,500	\$ 10,102	\$ 3,602
Miscellaneous	--	1,413	1,413
TOTAL REVENUES	6,500	11,515	5,015
EXPENDITURES			
Capital outlay	226,789	32,010	194,779
Excess (deficiency) of revenues over expenditures	(220,289)	(20,495)	199,794
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(90,000)	(90,000)	--
Excess (deficiency) of revenues over expenditures and other sources (uses)	(130,289)	69,505	199,794
Fund balances at beginning of year	130,289	131,583	1,294
Fund balances at end of year	\$ --	\$ 201,088	\$ 201,088

CITY OF THE DALLES

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL COMMUNITY BENEVOLENCE- SPECIAL REVENUE FUND Year Ended June 30, 2001

	Budget	Actual	Variance
REVENUES			
Interest	\$ 75	\$ 83	\$ 8
Miscellaneous	90,000	25,950	(64,050)
TOTAL REVENUES	90,075	26,033	(64,042)
EXPENDITURES			
Materials and services	1,754	222	1,532
Capital outlay	90,000	25,950	64,050
TOTAL EXPENDITURES	91,754	26,172	65,582
Excess (deficiency) of revenues over expenditures	(1,679)	(139)	1,540
Fund balances at beginning of year	1,679	1,399	(280)
Fund balances at end of year	\$ --	\$ 1,260	\$ 1,260

CITY OF THE DALLES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET AND BRIDGE REPLACEMENT - SPECIAL REVENUE FUND
Year Ended June 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 200,000	\$ 200,000	\$ --
Interest	<u>9,500</u>	<u>11,446</u>	<u>1,946</u>
TOTAL REVENUES	209,500	211,446	1,946
EXPENDITURES			
Capital outlay	<u>436,022</u>	<u>389,845</u>	<u>46,177</u>
Excess (deficiency) of revenues over expenditures	(226,522)	(178,399)	48,123
OTHER FINANCING SOURCES (USES)			
Operating transfers in	<u>30,000</u>	<u>30,000</u>	<u>--</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(196,522)	(148,399)	48,123
Fund balances at beginning of year	<u>196,522</u>	<u>194,210</u>	<u>(2,312)</u>
Fund balances at end of year	<u>\$ --</u>	<u>\$ 45,811</u>	<u>\$ 45,811</u>

CITY OF THE DALLES

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SPECIAL GRANTS- SPECIAL REVENUE FUND Year Ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 2,574,739	\$ 2,567,239	\$ (7,500)
Interest	4,000	25,696	21,696
Miscellaneous	<u>2,000</u>	<u>2,219</u>	<u>219</u>
TOTAL REVENUES	2,580,739	2,595,154	14,415
EXPENDITURES			
Capital outlay	<u>2,987,512</u>	<u>2,704,951</u>	<u>282,561</u>
Excess (deficiency) of revenues over expenditures	(406,773)	(109,797)	296,976
OTHER FINANCING SOURCES (USES)			
Operating transfers in	<u>301,329</u>	<u>301,329</u>	<u>--</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(105,444)	191,532	296,976
Fund balances at beginning of year	<u>105,444</u>	<u>116,737</u>	<u>11,293</u>
Fund balances at end of year	<u>\$ --</u>	<u>\$ 308,269</u>	<u>\$ 308,269</u>

CITY OF THE DALLES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE OFFICE BUILDING- SPECIAL REVENUE FUND
Year Ended June 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Rental income	\$ 96,380	\$ 107,355	\$ 10,975
Interest	<u>1,800</u>	<u>2,472</u>	<u>672</u>
TOTAL REVENUES	<u>98,180</u>	<u>109,827</u>	<u>11,647</u>
EXPENDITURES			
Personal services	11,108	9,514	1,594
Materials and services	<u>100,375</u>	<u>88,556</u>	<u>11,819</u>
TOTAL EXPENDITURES	<u>111,483</u>	<u>98,070</u>	<u>13,413</u>
Excess (deficiency) of revenues over expenditures	(13,303)	11,757	25,060
Fund balances at beginning of year	<u>13,303</u>	<u>39,521</u>	<u>26,218</u>
Fund balances at end of year	<u>\$ --</u>	<u>\$ 51,278</u>	<u>\$ 51,278</u>

Debt Service Funds

These funds are used to account for revenues and expenditures related to the City's long-term indebtedness. Funds included in this category are:

- The Water Bond Debt Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest relating to the City's 1993 issuance of outstanding general obligation bonds.
- The Police Facility Revenue Bond Fund accounts for the accumulation of resources for, and the repayment of, revenue bonds relating to the remodeling of the Police facilities.
- The Local Improvement District Fund was created to account for the collection of property assessments to be used for repayment of debt issued to finance the construction of public improvements which benefit the assessed properties.
- The Urban Renewal Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest relating to the Columbia Gateway Urban Renewal, Downtown Area Services 2000 general obligation bonds.

CITY OF THE DALLES, OREGON

**COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2001**

	Water Bond Debt	Police Facility Revenue Bond	Urban Renewal	Totals
<u>ASSETS</u>				
Cash and investments	\$ 29,382	\$ 108,145	\$ 369,925	\$ 507,452
Receivables	<u>28,849</u>	<u>2,852</u>	<u>--</u>	<u>31,701</u>
TOTAL ASSETS	<u>\$ 58,231</u>	<u>\$ 110,997</u>	<u>\$ 369,925</u>	<u>\$ 539,153</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Deferred revenue	\$ 28,849	\$ --	\$ --	\$ 28,849
<u>FUND BALANCE</u>				
Reserved for debt service	<u>29,382</u>	<u>110,997</u>	<u>369,925</u>	<u>510,304</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 58,231</u>	<u>\$ 110,997</u>	<u>\$ 369,925</u>	<u>\$ 539,153</u>

CITY OF THE DALLES, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS
Year Ended June 30, 2001**

	Water Bond Debt	Police Facility Revenue Bond	Urban Renewal	Totals
REVENUES				
Property taxes	\$ 327,623	\$ --	\$ 390,348	\$ 717,971
Rental income	--	138,695	--	138,695
Interest	4,674	4,481	10,500	19,655
TOTAL REVENUES	332,297	143,176	400,848	876,321
EXPENDITURES				
Debt service	344,425	138,695	380,923	864,043
Excess (deficiency) of revenues over expenditures	(12,128)	4,481	19,925	12,278
OTHER FINANCING SOURCES (USES)				
Transfers in	--	75,313	--	75,313
Excess (deficiency) of revenues over expenditures and other sources (uses)	(12,128)	79,794	19,925	87,591
Fund balances at beginning of year	41,510	31,203	350,000	422,713
Fund balances at end of year	\$ 29,382	\$ 110,997	\$ 369,925	\$ 510,304

CITY OF THE DALLES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WATER BOND DEBT - DEBT SERVICE FUND
Year Ended June 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 331,000	\$ 327,623	\$ (3,377)
Interest	<u>1,600</u>	<u>4,674</u>	<u>3,074</u>
TOTAL REVENUES	332,600	332,297	(303)
EXPENDITURES			
Debt service	<u>344,425</u>	<u>344,425</u>	<u>--</u>
Excess (deficiency) of revenues over expenditures	(11,825)	(12,128)	(303)
Fund balances at beginning of year	<u>11,825</u>	<u>41,510</u>	<u>29,685</u>
Fund balances at end of year	<u>\$ --</u>	<u>\$ 29,382</u>	<u>\$ 29,382</u>

CITY OF THE DALLES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE FACILITY REVENUE BOND - DEBT SERVICE FUND
Year Ended June 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Rental income	\$ 138,695	\$ 138,695	\$ --
Interest	7,600	4,481	(3,119)
TOTAL REVENUES	146,295	143,176	(3,119)
EXPENDITURES			
Debt service	138,695	138,695	--
Excess (deficiency) of revenues over expenditures	7,600	4,481	(3,119)
OTHER FINANCING SOURCES (USES)			
Transfers in	75,313	75,313	--
Excess (deficiency) of revenues over expenditures and other sources (uses)	82,913	79,794	(3,119)
Fund balances at beginning of year	31,087	31,203	116
Fund balances at end of year	<u>\$ 114,000</u>	<u>\$ 110,997</u>	<u>\$ (3,003)</u>

CITY OF THE DALLES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL IMPROVEMENT DISTRICT- DEBT SERVICE FUND
Year Ended June 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Special assessments	\$ 131,588	\$ --	\$ (131,588)
EXPENDITURES			
Materials and services	30,500	--	30,500
Capital outlay	700,000	--	700,000
Debt service	<u>136,588</u>	<u>--</u>	<u>136,588</u>
TOTAL EXPENDITURES	<u>867,088</u>	<u>--</u>	<u>867,088</u>
 Excess (deficiency) of revenues over expenditures	 <u>(735,500)</u>	 <u>--</u>	 <u>735,500</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term obligations	825,000	--	825,000
Operating transfers out	<u>(15,000)</u>	<u>--</u>	<u>(15,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>810,000</u>	<u>--</u>	<u>(810,000)</u>
 Excess (deficiency) of revenues over expenditures and other sources (uses)	 <u>74,500</u>	 <u>--</u>	 <u>(74,500)</u>
 Fund balances at end of year	 <u>\$ 74,500</u>	 <u>\$ --</u>	 <u>\$ (74,500)</u>

CITY OF THE DALLES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
URBAN RENEWAL - DEBT SERVICE FUND
Year Ended June 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 390,348	\$ 390,348	\$ --
Interest	<u>10,500</u>	<u>10,500</u>	<u>--</u>
TOTAL REVENUES	400,848	400,848	--
EXPENDITURES			
Debt service	<u>400,848</u>	<u>380,923</u>	<u>19,925</u>
Excess (deficiency) of revenues over expenditures	--	19,925	19,925
Fund balances at beginning of year	<u>398,000</u>	<u>350,000</u>	<u>(48,000)</u>
Fund balances at end of year	<u>\$ 398,000</u>	<u>\$ 369,925</u>	<u>\$ (28,075)</u>



Capital Projects Funds

These funds account for construction projects related primarily to infrastructure. Funds included in this category are:

- The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by the enterprise funds. Principal resources to the fund are grants, a portion of lease payments received on the State Office Building owned by the City, and interest earned on investments.
- The Special Assessments Fund accounts for the financing of public improvements or services deemed to benefit primarily the properties against which the assessments are levied. Revenues consist primarily of assessment principal and interest collected.
- The FFA Grant Improvement Fund accounts for Federal Aviation Administration (FAA) funded improvements to the Columbia Gorge Regional/The Dalles Municipal Airport.
- The Urban Renewal Fund accounts for financial resources to be used for the construction of public improvements to eliminate blight within the Columbia Gateway Urban Renewal area.

CITY OF THE DALLES, OREGON

**COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
June 30, 2001**

	Capital Projects	Special Assessment	FAA Grant Improvement	Urban Renewal	Totals
<u>ASSETS</u>					
Cash and investments	\$ 6,455	\$ 237,414	\$ 1,157	\$ 1,526,448	\$ 1,771,474
Receivables	927	148,321	--	57,850	207,098
TOTAL ASSETS	\$ 7,382	\$ 385,735	\$ 1,157	\$ 1,584,298	\$ 1,978,572
<u>LIABILITIES AND FUND BALANCE</u>					
<u>LIABILITIES</u>					
Accounts payable and accrued expenditures	\$ --	\$ 58	\$ --	\$ 197	\$ 255
Deposits	--	8,126	--	--	8,126
Deferred revenue	--	148,321	--	57,850	206,171
TOTAL LIABILITIES	--	156,505	--	58,047	214,552
FUND BALANCE UNRESERVED	7,382	229,230	1,157	1,526,251	1,764,020
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,382	\$ 385,735	\$ 1,157	\$ 1,584,298	\$ 1,978,572

CITY OF THE DALLES

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE CAPITAL PROJECT FUNDS Year Ended June 30, 2001

	Capital Projects	Special Assessments	FAA Grant Improvement	Urban Renewal	Totals
REVENUES					
Property taxes	\$ --	\$ --	\$ --	\$ 287,091	\$ 287,091
Special assessments	--	10,918	--	--	10,918
Charges for services	705	--	--	--	705
Rental income	44,828	--	--	--	44,828
Interest	9,822	27,016	66	231,034	267,938
Miscellaneous	13	--	--	25,950	25,963
TOTAL REVENUES	<u>55,368</u>	<u>37,934</u>	<u>66</u>	<u>544,075</u>	<u>637,443</u>
EXPENDITURES					
General government	22,413	5,209	--	181,958	209,580
Capital outlay	332,173	--	--	2,915,649	3,247,822
TOTAL EXPENDITURES	<u>354,586</u>	<u>5,209</u>	<u>--</u>	<u>3,097,607</u>	<u>3,457,402</u>
Excess (deficiency) of revenues over expenditures	(299,218)	32,725	66	(2,553,532)	(2,819,959)
OTHER FINANCING SOURCES (USES)					
Operating transfers out	--	(385,872)	--	--	(385,872)
Excess (deficiency) of revenues over expenditures and other sources (uses)	(299,218)	(353,147)	66	(2,553,532)	(3,205,831)
Fund balances at beginning of year	306,600	582,377	1,091	4,079,783	4,969,851
Fund balances at end of year	<u>\$ 7,382</u>	<u>\$ 229,230</u>	<u>\$ 1,157</u>	<u>\$ 1,526,251</u>	<u>\$ 1,764,020</u>

CITY OF THE DALLES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS - CAPITAL PROJECTS FUND
Year Ended June 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ --	\$ 705	\$ 705
Intergovernmental	44,828	44,828	--
Interest	7,000	9,822	2,822
Miscellaneous	--	13	13
TOTAL REVENUES	<u>51,828</u>	<u>55,368</u>	<u>3,540</u>
EXPENDITURES			
Materials and services	23,272	22,413	859
Capital outlay	345,419	332,173	13,246
TOTAL EXPENDITURES	<u>368,691</u>	<u>354,586</u>	<u>14,105</u>
Excess (deficiency) of revenues over expenditures	(316,863)	(299,218)	17,645
Fund balances at beginning of year	316,863	306,600	(10,263)
Fund balances at end of year	<u>\$ --</u>	<u>\$ 7,382</u>	<u>\$ 7,382</u>

CITY OF THE DALLES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL ASSESSMENTS - CAPITAL PROJECTS FUND
Year Ended June 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Special assessments	\$ 23,267	\$ 10,918	\$ (12,349)
Interest	<u>2,500</u>	<u>27,016</u>	<u>24,516</u>
TOTAL REVENUES	25,767	37,934	12,167
EXPENDITURES			
Materials and services	<u>205,386</u>	<u>5,209</u>	<u>200,177</u>
Excess (deficiency) of revenues over expenditures	(179,619)	32,725	212,344
OTHER FINANCING SOURCES (USES)			
Operating transfers out	<u>(385,872)</u>	<u>(385,872)</u>	<u>--</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(565,491)	(353,147)	212,344
Fund balances at beginning of year	<u>565,491</u>	<u>582,377</u>	<u>16,886</u>
Fund balances at end of year	<u>\$ --</u>	<u>\$ 229,230</u>	<u>\$ 229,230</u>

CITY OF THE DALLES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FAA GRANT IMPROVEMENT- CAPITAL PROJECT FUND
Year Ended June 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 25	\$ 66	\$ 41
EXPENDITURES			
Capital outlay	<u>1,105</u>	<u>--</u>	<u>1,105</u>
Excess (deficiency) of revenues over expenditures	(1,080)	66	1,146
Fund balances at beginning of year	<u>1,080</u>	<u>1,091</u>	<u>11</u>
Fund balances at end of year	<u>\$ --</u>	<u>\$ 1,157</u>	<u>\$ 1,157</u>

CITY OF THE DALLES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
URBAN RENEWAL - CAPITAL PROJECT FUND
Year Ended June 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 234,770	\$ 287,091	\$ 52,321
Interest	90,000	231,034	141,034
Miscellaneous	--	25,950	25,950
TOTAL REVENUES	<u>324,770</u>	<u>544,075</u>	<u>219,305</u>
EXPENDITURES			
Materials and services	194,125	181,958	12,167
Capital outlay	3,958,723	2,915,649	1,043,074
TOTAL EXPENDITURES	<u>4,152,848</u>	<u>3,097,607</u>	<u>1,055,241</u>
Excess (deficiency) of revenues over expenditures	(3,828,078)	(2,553,532)	1,274,546
Fund balances at beginning of year	<u>3,828,078</u>	<u>4,079,783</u>	<u>251,705</u>
Fund balances at end of year	<u>\$ --</u>	<u>\$ 1,526,251</u>	<u>\$ 1,526,251</u>



Enterprise Funds

These funds account for the operations of predominately self-supporting activities which render services on a user charge basis to the public. Funds included in this fund category are:

- The Water Utility Fund accounts for all activity related to the treatment and distribution of water from source to the customer. Primary revenues are user charges for services. Expenditures relate to the operation and maintenance of the water system and capital improvements. Included are the budgetary Water Utility and Water Capital Reserve Funds.
- The Water Capital Reserve Fund accounts for the accumulation of resources for future water system capital improvements.
- The Wastewater Utility Fund accounts for the operations of the wastewater collection and processing plant and system. Revenues consist primarily of user charges for services. Primary expenditures are for the operation and maintenance of plant in service and capital improvements. Included are the budgetary Wastewater and Sewer Special Reserve Funds.
- The Sewer Capital Reserve Fund accounts for the accumulation of resources for future sewer system capital improvements.
- The Airport Fund accounts for revenues and expenditures relating to the operation and maintenance of the Columbia Gorge Regional/The Dalles Municipal Airport located in Dallesport, Washington.

CITY OF THE DALLES
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
June 30, 2001

	Water Utility	Water Capital Reserve	Waste- water Utility	Sewer Capital Reserve	Airport	Totals
<u>ASSETS</u>						
Current assets						
Cash and investments	\$ 776,283	\$ 1,833,120	\$ 650,590	\$ 1,656,945	\$ 33,989	\$ 4,950,927
Receivables	199,788	--	171,708	867	1,203	373,566
Inventories	184,213	--	30,991	--	--	215,204
Total current assets	1,160,284	1,833,120	853,289	1,657,812	35,192	5,539,697
Property, plant and equipment	7,532,861	--	5,800,951	--	2,714,449	16,048,261
TOTAL ASSETS	\$ 8,693,145	\$ 1,833,120	\$ 6,654,240	\$ 1,657,812	\$ 2,749,641	\$ 21,587,958
<u>LIABILITIES AND EQUITY</u>						
<u>LIABILITIES</u>						
Current liabilities						
Accounts payable and accrued expenses	\$ 28,500	\$ 142	\$ 16,343	\$ --	\$ 308	\$ 45,293
Compensated absences payable	48,216	--	19,893	--	162	68,271
Current portion of long-term obligations	--	--	120,000	--	--	120,000
Total current liabilities	76,716	142	156,236	--	470	233,564
Long-term obligations	--	--	180,000	--	--	180,000
TOTAL LIABILITIES	76,716	142	336,236	--	470	413,564
<u>EQUITY</u>						
Contributed capital	912,674	--	1,037,393	--	2,188,647	4,138,714
Retained earnings						
Reserved	--	1,832,978	--	1,657,812	--	3,490,790
Unreserved	7,703,755	--	5,280,611	--	560,524	13,544,890
TOTAL EQUITY	8,616,429	1,832,978	6,318,004	1,657,812	2,749,171	21,174,394
TOTAL LIABILITIES AND EQUITY	\$ 8,693,145	\$ 1,833,120	\$ 6,654,240	\$ 1,657,812	\$ 2,749,641	\$ 21,587,958

CITY OF THE DALLES

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS ENTERPRISE FUNDS Year Ended June 30, 2001

	Water Utility	Water Capital Reserve	Waste- water Utility	Sewer Capital Reserve	Airport	Totals
OPERATING REVENUES						
Charges for services	\$ 2,108,647	\$ 11,424	\$ 1,823,037	\$ 29,231	\$ 1,321	\$ 3,973,660
Rental income	4,080	--	--	8,200	23,148	35,428
Total operating revenues	<u>2,112,727</u>	<u>11,424</u>	<u>1,823,037</u>	<u>37,431</u>	<u>24,469</u>	<u>4,009,088</u>
OPERATING EXPENSES						
Personal services	934,089	--	446,067	--	19,998	1,400,154
Materials and services	505,430	364,420	872,460	105,074	34,767	1,882,151
Depreciation	381,033	--	331,959	--	50,585	763,577
Total operating expenses	<u>1,820,552</u>	<u>364,420</u>	<u>1,650,486</u>	<u>105,074</u>	<u>105,350</u>	<u>4,045,882</u>
Operating income (loss)	<u>292,175</u>	<u>(352,996)</u>	<u>172,551</u>	<u>(67,643)</u>	<u>(80,881)</u>	<u>(36,794)</u>
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	51,061	114,193	41,333	97,852	1,503	305,942
Other	26,336	--	21,456	--	33,271	81,063
Interest expense	--	--	--	(15,610)	--	(15,610)
Total nonoperating revenues (expenses)	<u>77,397</u>	<u>114,193</u>	<u>62,789</u>	<u>82,242</u>	<u>34,774</u>	<u>371,395</u>
Income (loss) before operating transfers	<u>369,572</u>	<u>(238,803)</u>	<u>235,340</u>	<u>14,599</u>	<u>(46,107)</u>	<u>334,601</u>
OPERATING TRANSFERS						
Operating transfers in	--	200,000	--	136,000	33,241	369,241
Operating transfers out	(548,996)	--	(390,389)	--	--	(939,385)
Total operating transfers	<u>(548,996)</u>	<u>200,000</u>	<u>(390,389)</u>	<u>136,000</u>	<u>33,241</u>	<u>(570,144)</u>
Net income (loss)	(179,424)	(38,803)	(155,049)	150,599	(12,866)	(235,543)
Retained earnings - beginning of year	9,146,166	1,871,781	4,111,720	1,640,523	501,033	17,271,223
Equity transfers	(1,262,987)	--	1,323,940	(133,310)	72,357	--
Retained earnings - end of year	<u>\$ 7,703,755</u>	<u>\$ 1,832,978</u>	<u>\$ 5,280,611</u>	<u>\$ 1,657,812</u>	<u>\$ 560,524</u>	<u>\$ 17,035,680</u>

CITY OF THE DALLES

COMBINING STATEMENT OF CASH FLOWS ALL ENTERPRISE FUNDS Year Ended June 30, 2001

	Water Utility	Water Capital Reserve	Waste- water Utility	Sewer Capital Reserve	Airport	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ 288,095	\$ (352,996)	\$ 172,551	\$ (75,843)	\$(104,029)	\$ (72,222)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Other	30,416	-	21,456	8,200	56,419	116,491
Depreciation	381,033	-	331,959	-	50,585	763,577
(Increase) decrease in assets						
Receivables	15,412	-	(2,745)	(867)	(1,203)	10,597
Inventories	(50,194)	-	3,452	-	-	(46,742)
Increase (decrease) in liabilities						
Accounts payable and accrued expenses	(10,788)	142	(147,235)	-	(2,910)	(160,791)
Compensated absences payable	5,510	-	(728)	-	(1,195)	3,587
Net cash provided by (used in) operating activities	659,484	(352,854)	378,710	(68,510)	(2,333)	614,497
CASH FLOWS FROM NON-CAPITAL FINANCING AND INVESTING ACTIVITIES						
Operating transfers in	-	200,000	-	136,000	33,241	369,241
Operating transfers out	(548,996)		(390,389.00)	-	-	(939,385)
Net cash (used in) non-capital financing & investing activities	(548,996)	200,000	(390,389)	136,000	33,241	(570,144)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of property, plant and equipment	(175,115)	-	(47,349)	(13,310)	(10,192)	(245,966)
Principal paid on long-term obligations	-	-	(60,000)	(120,000)	-	(180,000)
Interest paid on long-term obligations	-	-	(9,521)	(15,610)	-	(25,131)
Net cash (used-in) non-capital financing & investing activities	(175,115)	-	(116,870)	(148,920)	(10,192)	(451,097)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	51,061	114,193	41,333	97,852	1,503	305,942
Net increase (decrease) in cash & cash equivalents	(13,566)	(38,661)	(87,216)	16,422	22,219	(100,802)
Cash and cash equivalents--beginning of year	789,849	1,871,781	737,806	1,640,523	11,770	5,051,729
Cash and cash equivalents--end of year	\$ 776,283	\$ 1,833,120	\$ 650,590	\$ 1,656,945	\$ 33,989	\$ 4,950,927

CITY OF THE DALLES

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS (BUDGETARY BASIS) - BUDGET AND ACTUAL WATER UTILITY - ENTERPRISE FUND Year Ended June 30, 2001

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 24,186	\$ 18,920	\$ (5,266)
Charges for services	2,097,235	2,108,647	11,412
Rental income	4,080	4,080	--
Interest	30,000	51,061	21,061
Other	5,605	7,416	1,811
TOTAL REVENUES	<u>2,161,106</u>	<u>2,190,124</u>	<u>29,018</u>
EXPENDITURES			
Water treatment department			
Personal services	456,461	401,254	55,207
Materials and services	380,389	254,009	126,380
Capital outlay	97,017	15,078	81,939
Total water treatment department	<u>933,867</u>	<u>670,341</u>	<u>263,526</u>
Water distribution department			
Personal services	557,667	532,835	24,832
Materials and services	400,949	248,408	152,541
Capital outlay	239,463	163,050	76,413
Total water distribution department	<u>1,198,079</u>	<u>944,293</u>	<u>253,786</u>
Contingency	280,028	--	280,028
TOTAL EXPENDITURES	<u>2,411,974</u>	<u>1,614,634</u>	<u>797,340</u>
Excess (deficiency) of revenues over expenditures	(250,868)	575,490	826,358
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(548,996)	(548,996)	--
Excess (deficiency) of revenues over expenditures and other sources (uses)	(799,864)	26,494	826,358
Fund balance at beginning of year	799,864	1,057,074	257,210
Fund balance at end of year	<u>\$ --</u>	<u>1,083,568</u>	<u>\$ 1,083,568</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES			
Property, plant and equipment, net of depreciation		7,532,861	
Contributed capital		<u>(912,674)</u>	
Retained earnings end of year		<u>\$ 7,703,755</u>	

CITY OF THE DALLES

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN RETAINED EARNINGS (BUDGETARY BASIS) - BUDGET AND ACTUAL
WATER CAPITAL RESERVE- ENTERPRISE FUND
Year Ended June 30, 2001**

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 26,880	\$ 11,424	\$ (15,456)
Interest	75,000	114,193	39,193
TOTAL REVENUES	101,880	125,617	23,737
EXPENDITURES			
Capital outlay	2,166,321	364,420	1,801,901
Excess (deficiency) of revenues over expenditures	(2,064,441)	(238,803)	1,825,638
OTHER FINANCING SOURCES (USES)			
Operating transfers in	200,000	200,000	--
Excess (deficiency) of revenues over expenditures and other sources (uses)	(1,864,441)	(38,803)	1,825,638
Fund balance at beginning of year	1,864,441	1,871,781	7,340
Fund balance at end of year	\$ --	\$ 1,832,978	\$ 1,832,978
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES			
Retained earnings end of year		<u>\$ 1,832,978</u>	

CITY OF THE DALLES

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS (BUDGETARY BASIS) - BUDGET AND ACTUAL WASTEWATER - ENTERPRISE FUND Year Ended June 30, 2001

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 17,590	\$ 18,920	\$ 1,330
Charges for services	1,817,276	1,823,037	5,761
Interest	28,000	41,333	13,333
Other	2,962	2,536	(426)
TOTAL REVENUES	<u>1,865,828</u>	<u>1,885,826</u>	<u>19,998</u>
EXPENDITURES			
Personal services	460,938	446,067	14,871
Materials and services	939,544	836,604	102,940
Capital outlay	326,147	83,206	242,941
Contingency	228,854	--	228,854
TOTAL EXPENDITURES	<u>1,955,483</u>	<u>1,365,877</u>	<u>589,606</u>
Excess (deficiency) of revenues over expenditures	(89,655)	519,949	609,604
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(390,389)	(390,389)	--
Excess (deficiency) of revenues over expenditures and other sources (uses)	(480,044)	129,560	609,604
Fund balance beginning of year	480,044	687,493	207,449
Fund balance end of year	<u>\$ --</u>	<u>817,053</u>	<u>\$ 817,053</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES			
Property, plant and equipment, net of depreciation		5,800,951	
Long-term obligations		(300,000)	
Contributed Capital		<u>(1,037,393)</u>	
Retained earnings end of year		<u>\$ 5,280,611</u>	

CITY OF THE DALLES

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS (BUDGETARY BASIS) - BUDGET AND ACTUAL SEWER CAPITAL RESERVE - ENTERPRISE FUND Year Ended June 30, 2001

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 13,200	\$ 29,231	\$ 16,031
Interest	55,000	97,852	42,852
Rental income	--	8,200	8,200
TOTAL REVENUES	<u>68,200</u>	<u>135,283</u>	<u>67,083</u>
EXPENDITURES			
Materials and services	260,000	105,074	154,926
Capital outlay	1,178,234	13,310	1,164,924
Debt service	136,000	135,610	390
TOTAL EXPENDITURES	<u>1,574,234</u>	<u>253,994</u>	<u>1,320,240</u>
Excess (deficiency) of revenues over expenditures	(1,506,034)	(118,711)	1,387,323
OTHER FINANCING SOURCES (USES)			
Operating transfers in	136,000	136,000	--
Excess (deficiency) of revenues over expenditures and other sources (uses)	(1,370,034)	17,289	1,387,323
Fund balance beginning of year	<u>1,370,034</u>	<u>1,640,523</u>	<u>270,489</u>
Fund balance end of year	<u>\$ --</u>	<u>\$ 1,657,812</u>	<u>\$ 1,657,812</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES			
Retained earnings end of year		<u>\$ 1,657,812</u>	

CITY OF THE DALLES

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN RETAINED EARNINGS (BUDGETARY BASIS) - BUDGET AND ACTUAL
AIRPORT- ENTERPRISE FUND
Year Ended June 30, 2001**

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 40,741	\$ 33,241	\$ (7,500)
Charges for services	1,700	1,321	(379)
Rental income	18,000	23,148	5,148
Interest	350	1,503	1,153
Other	--	30	30
TOTAL REVENUES	<u>60,791</u>	<u>59,243</u>	<u>(1,548)</u>
EXPENDITURES			
Personal services	30,108	21,354	8,754
Materials and services	47,274	34,767	12,507
Capital outlay	17,150	10,192	6,958
TOTAL EXPENDITURES	<u>94,532</u>	<u>66,313</u>	<u>28,219</u>
Excess (deficiency) of revenues over expenditures	(33,741)	(7,070)	26,671
OTHER FINANCING SOURCES (USES)			
Operating transfers in	33,241	33,241	--
Excess (deficiency) of revenues over expenditures and other sources (uses)	(500)	26,171	26,671
Fund balance beginning of year	500	8,551	8,051
Fund balance end of year	<u>\$ --</u>	34,722	<u>\$ 34,722</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES			
Property, plant and equipment, net of depreciation		2,714,449	
Contributed capital		<u>(2,188,647)</u>	
		<u>\$ 560,524</u>	



Internal Service Fund

These funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

- The Unemployment Reserve Fund provides for the payment of unemployment benefits. Resources are provided by transfers from other funds.

CITY OF THE DALLES

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL UNEMPLOYMENT RESERVE - INTERNAL SERVICE FUND Year Ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 1,200	\$ 1,600	\$ 400
EXPENDITURES			
Personal services	<u>25,794</u>	<u>2,256</u>	<u>23,538</u>
Excess (deficiency) of revenues over expenditures	(24,594)	(656)	23,938
OTHER FINANCING SOURCES (USES)			
Operating transfers in	<u>7,317</u>	<u>7,317</u>	<u>--</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(17,277)	6,661	23,938
Fund balances at beginning of year	<u>17,277</u>	<u>22,651</u>	<u>5,374</u>
Fund balances at end of year	<u>\$ --</u>	<u>\$ 29,312</u>	<u>\$ 29,312</u>

General Fixed Assets Account Group

This account group accounts for the fixed assets of the City other than those recorded in the proprietary fund types.

CITY OF THE DALLES

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

June 30, 2001

GENERAL FIXED ASSETS

Land and land improvements	\$ 76,759
Buildings and improvements	3,764,290
Machinery and equipment	<u>2,661,427</u>
Total general fixed assets	<u>\$ 6,502,476</u>

INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE (FUND TYPE)

General	\$ 2,308,249
Special Revenue	2,367,893
Capital Projects	<u>1,826,334</u>
Total investment in general fixed assets	<u>\$ 6,502,476</u>

CITY OF THE DALLES

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY SOURCE Year Ended June 30, 2001

	<u>Land and Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Totals</u>
Balance, July 1, 2000	<u>\$ 2,016,750</u>	<u>\$ 3,525,130</u>	<u>\$ 2,567,274</u>	<u>\$ 8,109,154</u>
Additions:				
General	--	1,287	141,982	143,269
Special Revenue	--	609	51,752	52,361
Capital Projects	<u>--</u>	<u>330,307</u>	<u>--</u>	<u>330,307</u>
Total additions	<u>--</u>	<u>332,203</u>	<u>193,734</u>	<u>525,937</u>
Deletions:				
Capital Project	<u>1,003,978</u>	<u>--</u>	<u>--</u>	<u>1,003,978</u>
Transfers to Enterprise funds:				
Capital Project	<u>936,013</u>	<u>93,043</u>	<u>99,581</u>	<u>1,128,637</u>
Balance, June 30, 2001	<u>\$ 76,759</u>	<u>\$ 3,764,290</u>	<u>\$ 2,661,427</u>	<u>\$ 6,502,476</u>

CITY OF THE DALLES

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

June 30, 2001

	<u>Land and Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Totals</u>
General government	\$ 15,295	\$ 2,209,877	\$ 527,956	\$ 2,753,128
Public safety	--	1,095,000	513,964	1,608,964
Highways and streets	--	158,388	1,524,707	1,683,095
Culture and recreation	<u>61,464</u>	<u>301,025</u>	<u>94,800</u>	<u>457,289</u>
	<u>\$ 76,759</u>	<u>\$ 3,764,290</u>	<u>\$ 2,661,427</u>	<u>\$ 6,502,476</u>

CITY OF THE DALLES

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION
Year Ended June 30, 2001

	<u>General Government</u>	<u>Public Safety</u>	<u>Highways and Streets</u>	<u>Culture and Recreation</u>	<u>Totals</u>
Balance, July 1, 2000	\$ 5,060,941	\$ 463,935	\$ 2,114,600	\$ 469,678	\$ 8,109,154
Additions	456,066	50,029	17,410	2,432	525,937
Reclassifications	(1,095,000)	1,095,000	--	--	--
Deletions	(989,157)	--	--	(14,821)	(1,003,978)
Transfers to Enterprise funds	<u>(679,722)</u>	<u>--</u>	<u>(448,915)</u>	<u>--</u>	<u>(1,128,637)</u>
Balance, June 30, 2001	<u>\$ 2,753,128</u>	<u>\$ 1,608,964</u>	<u>\$ 1,683,095</u>	<u>\$ 457,289</u>	<u>\$ 6,502,476</u>



General Long-Term Debt Account Group

The general long-term debt account group accounts for all long-term debt of the City other than long-term debt recorded in the proprietary fund types. General long-term debt consists of a capital lease, vested compensated absences, and general obligation bonds.

CITY OF THE DALLES

SCHEDULE OF GENERAL LONG-TERM DEBT AND INTEREST TRANSACTIONS Year Ended June 30, 2001

			Principal			Interest
	Interest Rates	Date of Issue	Outstanding July 1, 2000	Matured and Paid	Outstanding June 30, 2001	Matured and Paid
<u>Long-term obligations</u>						
1993 advance refunding bonds	2.75%-4.25%	10/1/1993	\$ 330,000	\$ 330,000	\$ -	\$ 14,025
1999 police facilities revenue bonds	3.65%-4.6%	2/1/1999	1,045,000	95,000	950,000	43,695
2000 urban renewal bonds	5.05%-5.8%	6/29/2000	3,500,000	200,000	3,300,000	180,923
Capital lease	6.25%	11/12/1999	50,483	15,818	34,665	3,155
Total long-term obligations			4,925,483	640,818	4,284,665	241,798
<u>Compensated absences payable</u>			127,193	6,306	120,887	-
Total long-term debt			\$ 5,052,676	\$ 647,124	\$ 4,405,552	\$ 241,798

CITY OF THE DALLES

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS

Year Ended June 30, 2001

	1999 Police Facilities Revenue Bonds		Urban Renewal Bonds		Capital Lease		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2001-02	\$ 100,000	\$ 39,793	\$ 210,000	\$ 185,492	\$ 16,806	\$ 2,167	\$ 326,806	\$ 227,452
2002-03	105,000	35,537	315,000	174,258	17,859	1,116	437,859	210,911
2003-04	110,000	30,968	335,000	157,090	-	-	445,000	188,058
2004-05	115,000	26,072	355,000	138,665	-	-	470,000	164,737
2005-06	120,000	20,873	370,000	118,963	-	-	490,000	139,836
2006-07	130,000	15,278	395,000	98,243	-	-	525,000	113,521
2007-08	135,000	9,281	415,000	75,925	-	-	550,000	85,206
2008-09	135,000	3,105	440,000	52,270	-	-	575,000	55,375
2009-10	-	-	465,000	26,970	-	-	465,000	26,970
	<u>\$ 950,000</u>	<u>\$ 180,907</u>	<u>\$ 3,300,000</u>	<u>\$ 1,027,876</u>	<u>\$ 34,665</u>	<u>\$ 3,283</u>	<u>\$ 4,284,665</u>	<u>\$ 1,212,066</u>



STATISTICAL SECTION



CITY OF THE DALLES

GENERAL REVENUES BY SOURCE Last Ten Fiscal Years

Year	Taxes	Franchise Fees	Inter- governmental	Charges for Services	Fines and Forfeitures	Investment Income	Special Assess- ments	Other	Totals
1992	\$ 2,832,970	\$ 328,689	\$ 1,146,363	\$ 408,935	\$ 73,190	\$ 305,833	\$ 238,176	\$ 237,514	\$ 5,571,670
1993	2,620,169	190,604	1,818,669	405,077	81,748	144,874	107,696	259,816	5,628,653
1994	2,682,851	219,477	1,147,154	411,252	101,474	98,317	118,505	521,410	5,300,440
1995	3,241,507	230,359	1,683,909	418,362	101,844	144,716	116,953	379,588	6,317,238
1996	2,354,125	237,642	1,820,162	139,022	128,354	192,448	17,696	345,792	5,235,241
1997	2,466,175	250,291	1,172,906	333,992	145,822	151,935	140,231	277,307	4,938,659
1998	2,209,207	248,688	1,350,496	171,570	168,922	215,837	261,614	211,149	4,837,483
1999	2,290,378	258,755	2,877,482	63,125	208,750	198,811	131,118	579,384	6,607,803
2000	2,323,162	274,541	1,310,477	52,667	178,734	204,914	40,712	387,337	4,772,544
2001 (1)	3,044,017	295,004	4,064,228	34,914	253,112	449,511	10,918	386,934	8,538,638

Source: Combined Statements of Revenues, Expenditures, and Changes in Fund Balance for all Governmental Fund Types by Year.

(1) Beginning in 2001, the schedule includes the City's blended component unit.

Prior years did not include the City's component unit as it was discretely presented.

CITY OF THE DALLES

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION Last Ten Fiscal Years

Year	General Government	Public Safety	Highways and Streets	Culture and Recreation	Capital Outlay	Debt Service	Totals
1992	\$ 1,375,512	\$ 1,714,254	\$ 552,431	\$ 261,846	\$ 734,932	\$ 569,928	\$ 5,208,903
1993	2,024,769	1,891,226	734,023	283,644	1,183,995	2,966,585	9,084,242
1994	1,567,628	2,030,700	740,212	297,728	921,545	440,008	5,997,821
1995	1,517,413	2,126,472	763,453	267,656	1,217,615	382,767	6,275,376
1996	1,590,782	1,221,837	756,693	339,522	1,191,750	380,533	5,481,117
1997	1,866,720	1,307,395	840,677	516,399	277,719	372,441	5,181,351
1998	1,638,006	1,272,708	774,485	306,413	917,209	507,718	5,416,539
1999	1,519,639	1,394,577	802,189	540,337	2,308,386	427,369	6,992,497
2000	1,422,397	1,493,080	880,165	544,536	876,624	520,610	5,737,412
2001 (1)	1,578,697	1,653,271	892,326	529,487	6,673,875	883,016	12,210,672

Source: Combined Statements of Revenues, Expenditures, and Changes in Fund Balance for all Governmental Fund Types by Year.

(1) Beginning in 2001, the schedule includes the City's blended component unit.

Prior years did not include the City's component unit as it was discretely presented.

CITY OF THE DALLES

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Fiscal Years

Tax Levy Year	Total Levy	Current Year Collections	Percent of Tax Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Current Tax Levy
1992	\$ 2,346,777	\$ 2,062,986	87.91%	\$ 273,971	\$ 2,336,957	99.58%
1993	2,108,756	1,788,232	84.80%	224,477	2,012,709	95.45%
1994	2,205,323	1,766,206	80.09%	273,341	2,039,547	92.48%
1995	2,491,195	2,251,730	90.39%	491,763	2,743,493	110.13%
1996	1,725,455	1,596,041	92.50%	183,978	1,780,019	103.16%
1997	1,899,755	1,734,435	91.30%	142,344	1,876,779	98.79%
1998	1,666,937	1,543,639	92.60%	109,738	1,653,377	99.19%
1999	1,684,505	1,570,146	93.21%	134,880	1,705,026	101.22%
2000	1,756,647	1,644,212	93.60%	90,362	1,734,574	98.74%
2001 (1)	2,551,828	2,343,496	91.84%	99,375	2,442,871	95.73%

Sources: Wasco County Department of Assessment and Taxation, Schedules of Property Tax Transactions by Year.
Combined Statements of Revenues, Expenditures, and Changes in Fund Balance for all Governmental
Fund Types by Year.

(1) Beginning in 2001, the schedule includes the City's blended component unit.
Prior years did not include the City's component unit as it was discretely presented.

CITY OF THE DALLES

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS Last Ten Fiscal Years

Year	City of The Dalles	Wasco County	Wasco County VA Bonds	Port of The Dalles	Mid-Columbia Fire and Rescue	Northern Wasco County Parks and Recreation District	School District No. 12	School District No. 9	School District No. 14	Wasco County Educational Service District	Columbia Gorge Community College	Norco
1992	\$ 8.00	\$ 6.23	\$ -	\$ 1.21	\$ 3.45	\$ 1.24	\$ 22.60	\$ 21.54	\$ 13.94	\$ 1.72	\$ 1.06	\$ -
1993	7.23	5.40	-	1.03	2.62	1.06	21.51	16.15	12.20	1.53	0.94	-
1994	7.12	5.38	-	1.04	3.09	1.12	21.05	20.10	13.54	1.58	1.65	-
1995	8.24	4.95	-	0.89	2.83	0.89	18.25	19.54	13.65	1.49	1.57	-
1996	5.76	4.25	0.45	0.76	2.14	0.85	17.87	15.27	10.33	1.37	1.38	-
1997	6.89	4.20	0.45	0.75	2.08	0.75	18.20	15.63	12.02	1.36	1.31	-
1998	3.85	4.25	0.50	0.81	2.10	0.90	5.49	6.18	4.49	0.47	0.84	0.47
1999	3.82	4.22	0.47	0.75	2.45	0.90	5.49	6.12	(1)	0.47	0.83	0.33
2000	3.65	4.23	0.44	0.72	2.40	0.86	5.49	6.09	(1)	0.47	0.78	0.38
2001	3.63	4.24	0.34	0.66	2.39	0.68	6.60	6.00	(1)	0.47	0.80	0.41

Note: Property tax rates listed are per \$1,000 assessed value.

Source: Wasco County Department of Assessment and Taxation.

(1) Petersburg School District No. 14 merged with Dufur School District No. 29.

CITY OF THE DALLES

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2001

Total estimated true cash value	<u>\$ 545,592,961</u>
State debt limit and legal debt margin - 3% of total equalized value	<u>\$ 16,367,789</u>

CITY OF THE DALLES

RATIOS OF GROSS GENERAL BONDED DEBT TO TRUE CASH AND ASSESSED VALUE AND GROSS BONDED DEBT PER CAPITA

Last Ten Fiscal Years

Year	Gross General Bonded Debt	True Cash Value and Assessed Value	Ratio of Gross General Bonded Debt to Assessed Value	Population	Gross General Bonded Debt per Capita
1992	\$ 2,515,000	\$ 305,002,343	0.82%	11,200	\$ 225
1993	2,290,000	338,832,980	0.68%	11,370	201
1994	2,165,000	361,571,408	0.60%	11,325	191
1995	1,885,000	444,517,119	0.42%	11,325	166
1996	1,590,000	464,027,786	0.34%	11,355	140
1997	1,285,000	496,383,585	0.26%	11,460	112
1998	975,000	541,217,509	0.18%	11,765	83
1999	655,000	441,801,391	0.15%	11,880	55
2000	330,000	481,336,658	0.07%	12,156	27
2001	-	545,592,961	0.00%	12,175	-

Sources: Wasco County Department of Assessment and Taxation.
Statements of Bond Transactions By Year.
Center for Population Research and Census, Portland State University.

CITY OF THE DALLES

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES Last Ten Fiscal Years

Year	Annual Debt Service Expenditures for General Bonded Debt	Total General Government Expenditures	Ratio of Debt Debt Service to Total Expenditures
1992	\$ 393,953	\$ 5,208,903	7.56%
1993	391,888	9,084,242	4.31%
1994	390,837	5,997,821	6.52%
1995	379,587	6,275,376	6.05%
1996	377,618	5,481,117	6.89%
1997	369,313	5,181,351	7.13%
1998	362,875	5,416,539	6.70%
1999	360,475	6,992,497	5.16%
2000	352,675	5,737,412	6.15%
2001 (1)	344,025	12,210,672	2.82%

Sources: Schedules of Future Debt Service Requirements by Year.

Combined Statements of Revenues, Expenditures, and Changes in Fund Balances for all Governmental
Fund Types by Year.

(1) Beginning in 2001, the schedule includes the City's blended component unit.

Prior years did not include the City's component unit as it was discretely presented.

CITY OF THE DALLES

DIRECT AND OVERLAPPING GROSS BONDED DEBT

June 30, 2001

<u>Governments</u>	<u>Total</u>	<u>Percent Within The City</u>	<u>Gross Bonded Debt</u>
Direct			
City of The Dalles	\$ -	100.00%	\$ -
Overlapping			
Wasco County	4,050,000	43.53%	1,763,095
Port of The Dalles	2,070,000	56.49%	1,169,366
Mid Columbia Fire and Rescue	3,435,000	63.48%	2,180,438
Wasco County School District No. 9 (Chenowith)	2,400,000	13.67%	328,123
Wasco County School District No. 12 (The Dalles)	17,290,000	79.91%	13,816,110
Wasco County School District No. 29 (Dufur)	1,340,000	1.55%	20,808
Columbia Gorge Community College	6,440,000	43.69%	2,813,559
Northern Oregon Regional Corrections (NORCO)	12,690,000	19.74%	2,504,613
			<u>24,596,112</u>
Source	Municipal Debt Advisory Commission, State of Oregon		<u>\$ 24,596,112</u>

CITY OF THE DALLES

ASSESSMENTS LEVIED AND COLLECTIONS

Last Ten Fiscal Years

<u>Year</u>	<u>New Assessments Levied</u>	<u>Assessments Collected</u>
1992	\$ 56,499	\$ 238,176
1993	46,055	107,696
1994	25,459	118,505
1995	120,135	116,953
1996	1,096	17,696
1997	213,454	140,231
1998	188,947	261,614
1999	2,181	118,872
2000	3,904	31,688
2001	15,908	15,655

Source: Assessment Subsidiary Ledger, Lien Docket #4.
Combined Statements of Revenues, Expenditures, and Changes in Fund Balances for all Governmental
Fund Types by Year.

CITY OF THE DALLES

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

<u>Year</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
1992	11,200	\$ 18,667	9.7%
1993	11,370	19,437	7.1%
1994	11,325	17,990	7.3%
1995	11,325	18,625	7.1%
1996	11,355	19,720	8.8%
1997	11,460	20,374	8.9%
1998	11,765	22,876	7.8%
1999	11,880	N/A	7.5%
2000	12,156	N/A	5.8%
2001	12,175	N/A	8.6%

Notes: Per capita income and unemployment rate figures are stated for Wasco County in its entirety.

N/A - Not available.

Sources: US Bureau of Economic Analysis.
Center for Population and Census, Portland State University.
State of Oregon Economic and Community Development Department.

CITY OF THE DALLES

PROPERTY VALUES, CONSTRUCTION, AND BANK DEPOSITS Last Ten Fiscal Years

Year	Commercial		Residential		Bank Deposits	Value True Cash Valuation
	Permits	Value	Permits	Value		
1992	89	\$ 6,939,871	105	\$ 3,401,321	\$ 172,455,000	\$ 305,002,343
1993	79	4,228,750	120	2,542,930	201,855,000	338,832,980
1994	85	6,646,121	122	1,752,115	196,120,000	361,571,408
1995	81	4,781,849	142	4,471,773	177,366,000	444,517,119
1996	78	5,371,334	177	2,753,471	209,880,000	464,027,786
1997	64	14,107,657	194	4,001,277	209,072,000	496,383,585
1998	132	16,370,229	123	3,877,808	222,893,000	541,217,509
1999	116	7,840,302	130	3,024,242	213,467,000	441,801,391
2000	78	2,622,546	95	7,036,259	219,917,000	481,336,658
2001	97	15,695,958	72	1,279,488	230,450,000	545,592,961

Sources: State of Oregon, Commerce Department/Building Codes Agency.
State of Oregon, Division of Finance and Corporate Securities.
Wasco County Department of Assessment and Taxation.

CITY OF THE DALLES

PRIMARY TAXPAYERS

June 30, 2001

	Assessed Valuation	Percentage of Total District's Assessed Value
Sprint Corporation	\$ 9,227,430	1.81%
Northern Wasco County PUD	9,999,953	1.96%
Oregon Cherry Growers	6,482,054	1.27%
Kerr McGee Chemical Corp.	8,433,670	1.66%
Union Pacific Railroad Company	4,927,326	0.97%
GFI The Dalles Investment LTD	5,453,209	1.07%
Cascade Fruit Co.	5,144,341	1.01%
Portland Fixture LTD Partnership	4,416,522	0.87%
Gershman Properties LLC	4,163,778	0.82%
Northwest Natural Gas	5,228,535	1.03%
Subtotal	63,476,818	12.47%
All other taxpayers	445,592,595	87.53%
	<u>\$ 509,069,413</u>	<u>100.00%</u>

Source: Wasco County Department of Assessment and Taxation.

CITY OF THE DALLES
MISCELLANEOUS STATISTICS
June 30, 2001

City's charter granted by Territorial Legislature	1857
Total housing units (within City limits)	4,511
Vacancy rate	6.20%
Total area of the City of The Dalles (in square miles)	5.37
Altitude (in feet)	80 - 720
Mean temperature (Fahrenheit)	59
Annual rainfall (in inches)	13.97
Water Enterprise:	
Daily consumption (in gallons)	2,651,567
System storage capacity (in gallons)	16,000,000
Total connections/services	4,568
Number of motel rooms	594
Miles of paved streets within the City	73
Employees:	
Total employees	92
Full-time	81
Part-time/temporary	11

Sources: Bureau of Governmental Research, University of Oregon
Dalles Area Chamber of Commerce
Finance Department, City of The Dalles
Oregon Employment Division, Research Section
Planning Department, City of The Dalles
Oregon Economic Development Department



**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**

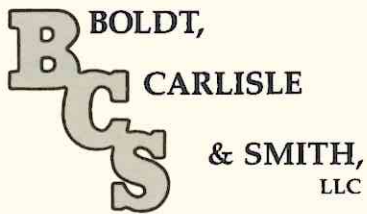


DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth in the following pages.

- *Accounting and Internal Controls*
- *Collateral*
- *Indebtedness*
- *Budget*
- *Insurance and Fidelity Bonds*
- *Programs Funded from Outside Sources*
- *Highway Funds*
- *Investments*
- *Public Contracts and Purchasing*





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CITY OF THE DALLES

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS Year Ended June 30, 2001

Accounting and Internal Controls

The broad objectives of internal accounting control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded from unauthorized use or disposition and that financial records are reliable to permit the preparation of financial statements. The following operative objectives are necessary to achieve the broad objectives:

- a. Transactions are executed in accordance with management's general or specific authorization.
- b. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and (2) to maintain accountability for assets.
- c. Access to assets is permitted only in accordance with management's authorization.
- d. The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. Any projection of a current evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with prescribed procedures may deteriorate.

The accounting records and internal controls are adequate considering the size and complexity of the municipal corporation's financial activities.

**DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM
STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)**

Collateral

ORS 295.015 requires collateral pool certificates of participation to be obtained from the pool manager of the depository in an amount equal to the funds on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. Collateral pool certificates warrant that the pool manager holds custodian's receipts for eligible securities pledged by the depository bank to secure deposits of public funds of a value as of the last valuation date of not less than 25 percent of the aggregate amount of certificates outstanding. At June 30, 2001, the deposits of the City were covered by the following collateral pool certificates:

<u>Depository Bank</u>	<u>Pool Manager</u>	<u>Amount</u>
Bank of the West	US Bank	\$ 750,000
Columbia River Bank	Federal Home Loan Bank of Seattle	1,000,000

Deposits of the City were secured in accordance with ORS 295.015.

Indebtedness

The legal debt limitation has not been exceeded.

Budget

1. Preparation and adoption

The budgets for the years ended June 30, 2001 and 2002, were prepared and adopted in compliance with legal requirements, except as follows:

- a. For the 2001-2002 budget, the financial summary and budget detail published did not comply with the requirements of ORS 294.416 as follows:
 - 1) The financial summary did not agree to the budget detail.
 - 2) The budget detail did not separately report each fund for which a budget was prepared.
 - 3) The detail of organizational units or programs was used to report the budget detail for all funds.

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)

Budget (continued)

1. Preparation and adoption (continued)

- b. Prior to adoption of the 2001-2002 budget, estimated expenditures were increased by more than \$5,000 or 10 percent as allowed by ORS 294.435 as follows:

	<u>Approved Budget</u>	<u>Adopted Budget</u>	<u>Amount of Increase</u>	<u>Percent Increase</u>
Street and Bridge Replacement	\$ 17,025	\$ 33,025	\$ 16,000	99.8%
Capital Projects	93,057	120,557	27,500	29.6
Water Capital Reserve	1,878,858	2,077,855	198,997	10.6

2. Execution

The budget for the year ended June 30, 2001, was executed in compliance with legal requirements, except that expenditures in excess of appropriations (which is prohibited by ORS 294.435) were made in the following categories:

<u>Fund/Appropriations Category</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General – city manager	\$ 140,470	\$ 141,343	\$ (873)
Library – capital outlay	--	2,432	(2,432)
Street and Storm Sewer – debt service	--	18,973	(18,973)

Insurance and Fidelity Bonds

The City's insurance agent confirmed that insurance coverage was adequate as of June 30, 2001.

The City has obtained fidelity bond coverage for the following personnel:

Finance officer	\$ 50,000
City manager	50,000
City attorney	50,000
City clerk	50,000
Municipal judge	20,000
Police chief	20,000
Public employees blanket bond	10,000

**DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM
STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)**

Programs Funded From Outside Sources

The city operates various programs funded wholly or partially by other governmental agencies. In addition to our audit, these grants and projects are subject to further review by federal audit agencies.

Highway Funds

The city used revenue from taxes on motor vehicle use fuel in compliance with ORS 373.240 to 373.250.

Investments

Funds of the city were invested in compliance with ORS 294.035.

Public Contracts and Purchasing

1. Awarding of public contracts

The city awarded public contracts in accordance with ORS 279.

2. Construction of public improvements

The city did not construct any public improvements as defined by ORS 279.

Boldt, Carlisle & Smith, LLC
Certified Public Accountants
Salem, Oregon
August 31, 2001