



1996 - 1997

**Comprehensive Annual
Financial Report**

The Dalles, Oregon
For Fiscal Year Ended June 30, 1997

CITY OF THE DALLES, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 1997

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CITY OF THE DALLES, OREGON

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INTRODUCTORY SECTION

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City Council
City of The Dalles
The Dalles, Oregon 97058

September 17, 1997

The Comprehensive Annual Financial Report of the City of The Dalles, Oregon, for the year ended June 30, 1997, is submitted herewith. This report presents a comprehensive and detailed picture of The Dalles' financial transactions during 1996-97 and the financial condition of the various funds and account groups at June 30, 1997. 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, 1997, 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, 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, 1997, 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 1994, 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 has a population currently estimated at 11,460, yet the City serves a trading area of about 70,000 persons. 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.

Tourism continues to be a growing industry for the City. The Dalles has an excellent and diverse natural resource base. These include the Columbia River and its gorge, not only from the scenic and aesthetic perspective, but also because of water, transportation and power generation. The designated Columbia River Gorge Scenic Area is also a treasured natural resource asset, as are the spectacular views of the Cascade Mountains and the Columbia Plateau from The Dalles.

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 began during 1995-96, and 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.

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.

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.

The Dalles was selected as the site for a 150 bed Veterans' long-term nursing and care home. Design work for this project was completed during 1994-95 with construction beginning during 1995-96 and continuing through 1996-97. The facility will open during 1997-98, with 106 jobs anticipated upon completion.

The Dalles is the major shopping center in the Mid-Columbia area. Recently, two large retail outlets opened, and a 14-acre shopping mall is currently in construction. The City was awarded a grant for renewal of a portion of the downtown business area. Phase I was completed during 1995-96, with additional work planned to expand the improvements to the entire downtown core area during 1997-98.

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. The limitation had no significant impact on the 1996-97 property tax collections, as the City moved out from under compression. It is estimated that there will be no significant impact on the City resulting from Measure 5 for the 1997-98 year.

The City has revised certain fees and charges of the general fund to enhance revenues other than property taxes, and through prudent budgeting is operating on a fiscally sound basis. The general fund balance remained relatively stable during the 1996-97 fiscal year as compared to the prior year.

In November 1995, the voters of the State approved Ballot Measure 47, furthering 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 impact of Ballot Measure on the City is an estimated \$137,000 reduction in property tax collections relative to the prior fiscal year. Under Ballot Measure 50, the City estimates it will collect \$50,000 more that would have been the case under Ballot Measure 47.

MAJOR INITIATIVES

Utilities Master Plan

A master plan addressing the current and future needs of the water and wastewater utilities was completed, and adopted by the City Council, during 1991-92. Environmental concerns are addressed in this comprehensive report. Major renovation and construction at the existing sewer treatment plant, including an additional clarifier, was completed in 1993-94. Additional improvements to the plant including ultra violet disinfection and outfall projects were completed during 1996-97. The City has continued to contract for wastewater treatment operations at the City Treatment Plant.

Street Master Plan

A Street Master Plan study was initiated during 1991-92 and completed during 1993-94. Future needs as well as scheduled repair and preventive maintenance are addressed by this program. Continuing work in connection with this plan is budgeted for 1997-98.

Airport Master Plan

An Airport Master Plan study was authorized by City Council. This comprehensive long-term improvement plan for all future development of The Dalles Municipal Airport and its property was completed during 1992-93. The City received a grant from the FAA for taxiway extensions and other improvements. These improvements were completed during 1995-96. Further improvements to the airport, funded in part by the FAA, are in the planning stages, and are expected to commence during 1997-98.

Columbia Gateway Urban Renewal Agency

The Columbia Gateway Urban Renewal Agency, a component unit of the City of the Dalles, operated throughout the 1996-97 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 1996-97 for the first time since its inception. With the passage of Ballot Measure 50, future collections of tax increment proceeds are uncertain at this time. The Agency is working with a consultant and the Oregon Department of Revenue to maximize benefits to the District in the implementation of the measure.

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 and Tourism Agency Funds. 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. 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, 1997. 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 at the department level and are reviewed at the Finance office. 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 commingles 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 general government functions totaled \$5,171,810 compared to \$5,240,198 in 1995-96, a decrease of \$68,388. This decrease is due primarily to the reduction in intergovernmental revenues, offset to a great extent by increases in other revenues. General property taxes accounted for 40.4 percent of general revenue compared to 34.0 percent in 1995-96. The following table compares revenue and other financing sources for 1996-97 and 1995-96.

<u>Revenue Sources</u>	<u>Amount of Revenue</u>	<u>Percentage of Total</u>	<u>Increase (Decrease) From Prior Year</u>	<u>Percent of Increase (Decrease)</u>
Taxes: Property	\$ 2,091,065	30.2 %	\$ 315,086	17.7 %
Other	<u>601,619</u>	<u>8.7 %</u>	<u>23,294</u>	4.0 %
	2,692,684	38.9 %	338,380	14.4 %
Franchise Fees	250,291	3.6%	12,649	5.3%
Intergovernmental	1,172,906	16.9%	(647,256)	(35.6)%
Charges for Services	333,992	4.8%	194,970	140.2%
Fines & Forfeitures	145,822	2.1%	17,468	13.6%
Interest on Investments	158,577	2.3%	(38,616)	(19.6)%
Special Assessments	140,231	2.0%	122,535	692.4%
Miscellaneous	<u>277,307</u>	<u>4.1%</u>	<u>(68,518)</u>	(19.8)%
	5,171,810	74.7%	(68,388)	(1.3)%
Other Financing Sources	<u>1,749,993</u>	<u>25.3%</u>	<u>1,161,954</u>	197.6 %
Total Resources	<u>\$6,921,803</u>	<u>100.0 %</u>	<u>\$ 1,093,566</u>	18.8 %

The tabulation shows that property taxes were a major revenue source in 1996-97. A comparative tabulation of property taxes by fund is shown below:

	<u>1996-1997</u>	<u>Percent of Total</u>	<u>1995-1996</u>	<u>Percent of Total</u>
General Fund	\$1,493,777	71.5 %	\$ 1,479,346	83.1%
Water Bond Debt Fund	370,779	17.7 %	299,959	16.9%
Columbia Gateway				
Urban Renewal Agency	<u>226,509</u>	<u>10.8 %</u>	<u>179</u>	<u>0.0%</u>
Total	<u>\$ 2,091,065</u>	<u>100.0 %</u>	<u>\$ 1,779,484</u>	<u>100%</u>

Property tax collections increased significantly relative to 1995-96, a total of \$311,581, or 17.5%. The increase is the result of increased collection efforts by the County Tax Office, a partial settlement in the railroad appeals, and the statutory increase in the tax base allowed annually through the 1996-97 fiscal year.

Intergovernmental revenues declined sharply from 1995-96 levels. This decline is attributable primarily to the FAA project funds received during 1995-96. No grants of this size (\$400,000 +) were received during the 1996-97 fiscal year.

Charges for services increased substantially in 1996-97 relative to the prior year. This increase is the result of a reclassification of lease proceeds within the Capital Projects Fund, recorded in prior years as miscellaneous revenues. This reclassification also explains the decrease in miscellaneous revenues relative to 1995-96.

Falling interest rates and less active management of investments during the year account for the decrease in interest earnings during the 1996-97 relative to the prior year.

A significant increase is noted in the Special Assessments revenues for 1996-97. This results from the fact that several projects were completed and assessed during the fiscal year.

Other financing sources indicate a tremendous rise from 1995-96 due to the issuance of revenue bonds just prior to year-end 1997. These bonds will be used to purchase and renovate a new facility for the City Police Department.

Expenditures/Other Financing Uses

Expenditures for general government fund types decreased from \$5,528,601 in 1995-96 to \$5,276,523 in 1996-97. The following table compares expenditures by major functions and other financing uses for 1996-97 and 1995-96.

	<u>Amount of Expenditure</u>	<u>Percentage of Total</u>	<u>Increase (Decrease) From Prior Year</u>	<u>Percent of Increase (Decrease)</u>
General Government	\$ 1,961,892	34.6 %	\$ 323,626	19.7 %
Public Safety	1,307,395	23.1 %	85,558	7.0 %
Highway and Streets	840,677	14.8 %	83,894	11.1 %
Culture and Recreation	516,399	9.1 %	176,877	52.1 %
Capital Outlay	277,719	4.9 %	(914,031)	(76.7) %
Debt Service	<u>372,441</u>	<u>6.6 %</u>	<u>(8,092)</u>	<u>(2.1) %</u>
	5,276,523	93.1 %	(252,078)	(4.6) %
Other Financing Uses	<u>389,440</u>	<u>6.9 %</u>	<u>30,072</u>	8.4 %
Total Uses	<u>\$ 5,665,963</u>	<u>100.0 %</u>	<u>\$ (222,006)</u>	(3.8) %

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 \$323,626 or 19.7 percent primarily due to work performed in the Special Assessments Fund relating to several local improvement district projects during the year. General government expenditures within the Capital Projects fund group increased \$259,905 relative to 1995-96.

Culture and recreation expenditures increased significantly in 1996-97. The increase is attributable for the most part, to increased services levels at the library, which had been reduced in 1995-96 due to decreased funding. Capital outlay in the Capital Projects Fund decreased sharply (\$453,899) compared to 1995-96, relating to completion of the FAA airport improvements project. In addition, the downtown improvement project was also completed during 1995-96. Other reductions in capital outlay expenditures relating to deferral of projects and foregone purchases help to account for the reduction in 1996-97 relative to the prior year.

The Special Revenue Funds account for revenue derived from specific sources that are restricted to finance particular functions or activities. Active funds included in this fund category are the Street and Storm Sewer Fund, Public Works Reserve, Unemployment Insurance Reserve, Vietnam Memorial, Street and Bridge Replacement, Special Grants, Parks Reserve, and State Office Building. The results of operations include revenues and other sources of \$1,372,437 and expenditures and other uses of \$1,274,321.

The Capital Projects Funds include the Special Assessments, Capital Projects and FAA Grant Improvement Funds. The results of operations include revenues and other sources of \$1,463,872 and expenditures and other uses of \$471,995. Proceeds of \$1 million from the issuance of revenue bonds were deposited in the Capital Projects Fund for purchase and renovation of a new police facility.

Enterprise Funds

Water Utility

Gross revenues of the water utility increased from \$1,996,782 in 1995-96 to \$2,393,331 in 1996-97, or \$396,549. A comparative tabulation of gross revenue is shown below.

	<u>1996-1997</u>	<u>1995-1996</u>	<u>Increase (Decrease)</u>
Service Charges and Fees	\$ 2,121,781	\$ 1,882,072	\$ 239,709
Interest on Investments	76,371	90,055	(13,684)
Other Non-Operating Income	<u>195,179</u>	<u>24,655</u>	<u>170,524</u>
Totals	<u>\$ 2,393,331</u>	<u>\$ 1,996,782</u>	<u>\$ 396,549</u>

Gross revenues of the Water Utility increased relative to the previous year as indicated in the table. The increase in non-operating revenues is primarily due to timber harvest receipts during the year, which were not collected during 1995-96. Service charges and fees increased 12.7% under the first full fiscal year using metered water rates. Those metered rates were implemented in March of 1996.

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

	<u>1996-1997</u>	<u>1995-1996</u>	<u>Increase (Decrease)</u>
Salaries and Wages	\$ 763,071	\$ 711,281	\$ 51,790
Operations and Maintenance	221,651	258,375	(36,724)
General Administration	398,087	270,110	127,977
Depreciation	343,354	348,738	(5,384)
General Fund Administrative Charge	<u>199,542</u>	<u>211,824</u>	<u>(12,282)</u>
Total	<u>\$ 1,925,705</u>	<u>\$ 1,800,328</u>	<u>\$ 125,377</u>

Wastewater Utility

Gross revenues of the wastewater utility increased from \$1,847,549 in 1995-96 to \$1,899,039 in 1996-97, or \$51,490. A comparative tabulation of gross revenues is shown in the following table:

	<u>1996-1997</u>	<u>1995-1996</u>	<u>Increase (Decrease)</u>
Service Charges and Fees	\$ 1,779,811	\$ 1,630,360	\$ 149,451
Interest on Investments	100,329	150,141	(49,812)
Other Non-Operating Income	<u>18,899</u>	<u>67,048</u>	<u>(48,149)</u>
Totals	<u>\$ 1,899,039</u>	<u>\$ 1,847,549</u>	<u>\$ 51,490</u>

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

	<u>1996-1997</u>	<u>1995-1996</u>	<u>Increase (Decrease)</u>
Salaries and Wages	\$ 323,574	\$ 326,821	\$ (3,247)
Operations and Maintenance	680,860	566,133	114,727
General Administration	76,930	67,597	9,333
Depreciation	201,593	116,353	85,240
General Fund Administrative Charge	<u>111,070</u>	<u>139,855</u>	<u>(28,785)</u>
Total	<u>\$ 1,394,027</u>	<u>\$ 1,216,759</u>	<u>\$ 177,268</u>

Airport

Gross revenues increased from \$16,506 in 1995-96 to \$81,677 in 1996-97, or \$65,171. A comparative tabulation is shown below:

	<u>1996-1997</u>	<u>1995-1996</u>	<u>Increase (Decrease)</u>
Service Charges and Fees	\$ 16,259	\$ 1,417	\$ 14,842
Rental Income	18,117	13,023	5,094
Interest on Investments	887	487	400
Other Non-Operating Income	<u>46,414</u>	<u>1,579</u>	<u>44,835</u>
Totals	<u>\$ 81,677</u>	<u>\$ 16,506</u>	<u>\$ 65,171</u>

Revenues within the Airport Fund increased significantly during 1996-97 as compared to the prior year as a result of the City operating the airport during the transition between fixed base operators (FBO). During the time the City operated the airport, it recognized additional rental revenues as well as revenues from fuel sales and transfers from the General Fund. These combined resources account for the increase relative to 1995-96.

A comparative tabulation of operating expenses is shown below:

	<u>1996-1997</u>	<u>1995-1996</u>	<u>Increase (Decrease)</u>
Salaries and Wages	\$ 5,155	\$ -	\$ 5,155
Operations and Maintenance	54,230	23,195	31,035
Depreciation	<u>21,923</u>	<u>13,582</u>	<u>8,341</u>
Total	<u>\$ 81,308</u>	<u>\$ 36,777</u>	<u>\$ 44,531</u>

Agency Funds

Deferred compensation of current and former City employees is accounted for in the Deferred Compensation Agency Fund. A qualified deferred compensation plan is available to all City employees. The fund had a net increase of \$50,547 in assets and liabilities during 1996-97.

The Tourism Agency Fund was established during 1995-96 to account for the expenditures by The Dalles Area Chamber of Commerce under contract to provide tourism services for the City. Budgeted transfers are made to the fund from the General Fund, and all expenditures are recorded for the Chamber's tourism related activities.

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, 1997, the general fixed assets of the City amounted to \$4,005,096. 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 increase in the General Fixed Asset Account Group relative to 1995-96 reflects the net of acquisition and disposition of assets.

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.

Long-term indebtedness totaled \$2,613,368 as of June 30, 1997. This total is represented by the following:

<u>City of The Dalles:</u>	
1993 Advance Refunding General Obligation Bonds	\$ 1,285,000
1997 Police Facility Revenue Bonds	1,095,000
Note Payable to Oregon Department of Energy	12,254
Note Payable to Columbia River Bank	44,926
Capital Leases	65,827
Compensated Absences Payable	<u>110,361</u>
Total	<u>\$ 2,613,368</u>

The City's long-term debt per capita is \$228.04 based upon an estimated population of 11,460, as of June 30, 1997.

The ratio of the City's long-term debt to the assessed valuation as of June 30, 1997, is approximately one half of one percent.

RISK MANAGEMENT

The City continued to review and evaluate its risk management program during 1996-97. 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, 1996. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

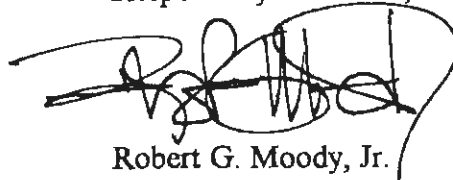
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standard. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal 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, 1996. 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,

A handwritten signature in black ink, appearing to read 'R. G. Moody, Jr.', written over a horizontal line.

Robert G. Moody, Jr.
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, 1996

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.



Arthur R. Lynch
President

Jeffrey L. Esser
Executive Director

CITY OF THE DALLES, OREGON

**OFFICIALS OF THE CITY
JUNE 30, 1997**

CITY COUNCIL

	<u>Term Expires December 31,</u>
David R. Beckley, Mayor 623 East Brentwood The Dalles, Oregon 97058	1998
Sean Barrett 512 Liberty Street The Dalles, Oregon 97058	1998
Mary Ann Davis 1814 East 14th Street The Dalles, Oregon 97058	2000
Bill Gosiak P.O. Box 1150 The Dalles, Oregon 97058	2000
Bob McFadden 2904 Old Dufur Road The Dalles, Oregon 97058	1998
Robb Van Cleave 912 E. 15th Place The Dalles, Oregon 97058	1998

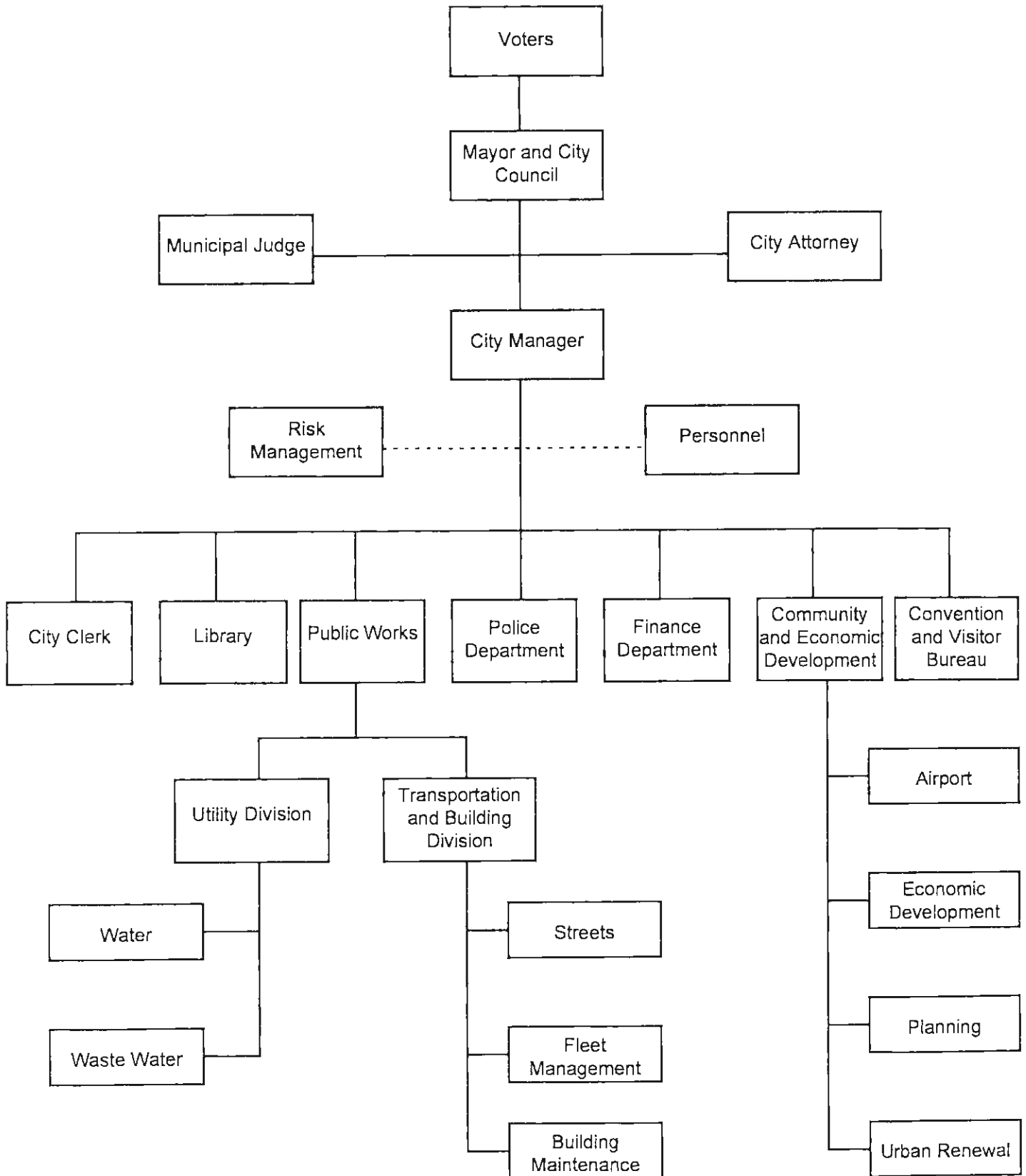
CITY ADMINISTRATION

Nolan Young	City Manager - Budget Officer
Julie Krueger	City Clerk
Robert G. Moody, Jr.	Finance Director/Treasurer
Gene E. Parker	City Attorney

CITY ADDRESS

City Hall
313 Court Street
The Dalles, Oregon 97058

CITY OF THE DALLES, OREGON ORGANIZATION CHART



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

August 28, 1997

City Council
City of The Dalles
The Dalles, Oregon

We have audited the accompanying general purpose financial statements of the City of The Dalles, Oregon, as of and for the year ended June 30, 1997. These general purpose financial statements are the responsibility of the City of The Dalles' 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 generally accepted auditing standards. 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 general purpose 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 the City of The Dalles, Oregon, as of June 30, 1997, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

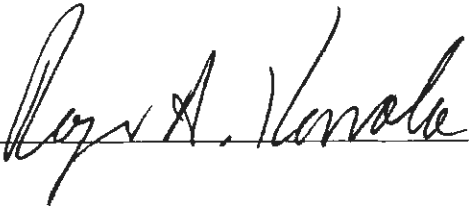
Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the financial section of the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of The Dalles, Oregon. 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 presented in all material respects in relation to the general purpose financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT (Continued)

City Council
City of The Dalles
August 28, 1997
Page 2

The information listed in the statistical section of the table of contents has not been audited by us and, accordingly, we express no opinion on it.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By  _____

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF THE DALLES, OREGON

**COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNIT**

JUNE 30, 1997

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>ASSETS AND OTHER DEBITS</u>				
ASSETS:				
Cash and cash equivalents	\$ 1,303,128	\$ 997,690	\$ 155,528	\$ 1,775,773
Collections held by the county	16,655	-	3,777	-
Receivables	1,181,191	120,549	39,366	180,841
Inventories	-	-	-	-
Due from other funds	22,637	-	-	-
Restricted assets - cash and cash equivalents	-	-	-	-
Fixed assets, net	-	-	-	-
OTHER DEBITS:				
Amount available for debt service	-	-	-	-
Amount to be provided for retirement of general long term debt	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 2,523,611	\$ 1,118,239	\$ 198,671	\$ 1,956,614
<u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u>				
LIABILITIES:				
Book overdraft	\$ 17,211	\$ -	\$ -	\$ -
Accounts payable	104,481	120,022	-	88,619
Accounts payable from restricted assets	-	-	-	-
Customer deposits	6,950	-	-	-
Retainage payable	-	-	-	20,815
Due to other funds	-	-	-	22,637
Compensated absences payable	17,105	3,353	-	-
Deferred compensation payable	-	-	-	-
Deferred revenues:				
Property taxes	158,202	-	36,163	-
Assessment liens	-	-	-	143,540
Other	865,705	-	-	-
Notes payable	-	-	-	-
General obligation bonds payable	-	-	-	-
Obligations under capital leases	-	-	-	-
TOTAL LIABILITIES	1,169,654	123,375	36,163	275,611
<u>FUND EQUITY AND OTHER CREDITS:</u>				
OTHER CREDITS:				
Investment in general fixed assets	-	-	-	-
FUND EQUITY:				
Contributed capital	-	-	-	-
Retained earnings:				
Reserved for construction	-	-	-	-
Unreserved	-	-	-	-
Fund balances:				
Reserved for debt service	-	-	162,508	-
Unreserved:				
Undesignated	1,353,957	994,864	-	1,681,003
TOTAL FUND EQUITY AND OTHER CREDITS	1,353,957	994,864	162,508	1,681,003
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 2,523,611	\$ 1,118,239	\$ 198,671	\$ 1,956,614

See notes to general purpose financial statements.

Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Account Groups		Totals City of The Dalles (Memorandum Only)	Component Unit-Columbia Gateway Urban Renewal Agency	Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Debt			
\$ 1,673,499	\$ -	\$ -	\$ -	\$ 5,905,618	\$ 216,879	\$ 6,122,497
-	-	-	-	20,432	1,147	21,579
341,012	-	-	-	1,862,959	10,882	1,873,841
117,699	-	-	-	117,699	-	117,699
-	-	-	-	22,637	-	22,637
2,447,857	181,419	-	-	2,629,276	-	2,629,276
13,784,550	-	4,005,096	-	17,789,646	-	17,789,646
-	-	-	162,508	162,508	-	162,508
-	-	-	2,450,860	2,450,860	-	2,450,860
<u>\$ 18,364,617</u>	<u>\$ 181,419</u>	<u>\$ 4,005,096</u>	<u>\$ 2,613,368</u>	<u>\$ 30,961,635</u>	<u>\$ 228,908</u>	<u>\$ 31,190,543</u>
\$ -	\$ -	\$ -	\$ -	\$ 17,211	\$ -	\$ 17,211
86,297	-	-	-	399,419	25,630	425,049
17,872	-	-	-	17,872	-	17,872
638	-	-	-	7,588	-	7,588
59,889	-	-	-	80,704	-	80,704
-	-	-	-	22,637	-	22,637
-	-	-	-	20,458	-	20,458
-	181,419	-	110,361	291,780	-	291,780
-	-	-	-	194,365	10,158	204,523
-	-	-	-	143,540	-	143,540
-	-	-	-	865,705	-	865,705
-	-	-	57,180	57,180	-	57,180
-	-	-	2,380,000	2,380,000	-	2,380,000
-	-	-	65,827	65,827	-	65,827
<u>164,696</u>	<u>181,419</u>	<u>-</u>	<u>2,613,368</u>	<u>4,564,286</u>	<u>35,788</u>	<u>4,600,074</u>
-	-	4,005,096	-	4,005,096	-	4,005,096
3,010,077	-	-	-	3,010,077	-	3,010,077
2,429,985	-	-	-	2,429,985	-	2,429,985
12,759,859	-	-	-	12,759,859	-	12,759,859
-	-	-	-	162,508	-	162,508
-	-	-	-	4,029,824	193,120	4,222,944
<u>18,199,921</u>	<u>-</u>	<u>4,005,096</u>	<u>-</u>	<u>26,397,349</u>	<u>193,120</u>	<u>26,590,469</u>
<u>\$ 18,364,617</u>	<u>\$ 181,419</u>	<u>\$ 4,005,096</u>	<u>\$ 2,613,368</u>	<u>\$ 30,961,635</u>	<u>\$ 228,908</u>	<u>\$ 31,190,543</u>

CITY OF THE DALLES, OREGON

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNIT**

YEAR ENDED JUNE 30, 1997

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES:				
Taxes	\$ 1,756,490	\$ 338,906	\$ 370,779	\$ -
Special assessment collections	-	-	-	140,231
Intergovernmental	571,778	595,699	3,180	2,249
Franchise fees	250,291	-	-	-
Fines and forfeitures	145,822	-	-	-
Charges for services	-	163,018	-	170,974
Investment income	66,667	44,051	3,558	37,659
Miscellaneous	220,122	57,175	10	-
Total revenues	3,011,170	1,198,849	377,527	351,113
EXPENDITURES:				
Current:				
General government	1,239,135	195,092	400	432,093
Public safety	1,300,155	7,240	-	-
Highways and streets	-	840,677	-	-
Culture and recreation	516,399	-	-	-
Capital outlay	185,754	75,813	-	16,152
Debt service:				
Principal	-	-	306,900	-
Interest	-	-	65,541	-
Total expenditures	3,241,443	1,118,822	372,841	448,245
Revenues over (under) expenditures	(230,273)	80,027	4,686	(97,132)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	367,291	173,588	-	112,759
Operating transfers out	(210,191)	(155,499)	-	(23,750)
Bond Proceeds	-	-	96,355	1,000,000
Total other financing sources (uses)	157,100	18,089	96,355	1,089,009
Revenues and other financing sources over (under) expenditures and other financing uses	(73,173)	98,116	101,041	991,877
FUND BALANCES, July 1, 1996	1,387,188	936,690	61,467	689,126
Residual equity transfers	39,942	(39,942)	-	-
FUND BALANCES, June 30, 1997	\$ 1,353,957	\$ 994,864	\$ 162,508	\$ 1,681,003

See notes to general purpose financial statements.

Totals City of The Dalles (Memorandum Only)	Component Unit- Columbia Gateway Urban Renewal Agency	Totals (Memorandum Only)
\$ 2,466,175	\$ 226,509	\$ 2,692,684
140,231	-	140,231
1,172,906	-	1,172,906
250,291	-	250,291
145,822	-	145,822
333,992	-	333,992
151,935	6,642	158,577
277,307	-	277,307
<u>4,938,659</u>	<u>233,151</u>	<u>5,171,810</u>
1,866,720	95,172	1,961,892
1,307,395	-	1,307,395
840,677	-	840,677
516,399	-	516,399
277,719	-	277,719
306,900	-	306,900
65,541	-	65,541
<u>5,181,351</u>	<u>95,172</u>	<u>5,276,523</u>
<u>(242,692)</u>	<u>137,979</u>	<u>(104,713)</u>
653,638	-	653,638
(389,440)	-	(389,440)
<u>1,096,355</u>	<u>-</u>	<u>1,096,355</u>
<u>1,360,553</u>	<u>-</u>	<u>1,360,553</u>
1,117,861	137,979	1,255,840
3,074,471	55,141	3,129,612
-	-	-
<u>\$ 4,192,332</u>	<u>\$ 193,120</u>	<u>\$ 4,385,452</u>

CITY OF THE DALLES, OREGON

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES - BUDGETARY BASIS**

YEAR ENDED JUNE 30, 1997

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavor- able)	Budget	Actual	Variance Favorable (Unfavor- able)
REVENUES:						
Taxes	\$ 1,692,270	\$ 1,756,490	\$ 64,220	\$ 325,000	\$ 338,906	\$ 13,906
Special assessment collections	-	-	-	-	-	-
Intergovernmental	499,823	571,778	71,955	1,191,830	595,699	(596,131)
Franchise fees	244,500	250,291	5,791	-	-	-
Fines and forfeitures	120,500	145,822	25,322	-	-	-
Charges for services	-	-	-	197,822	163,018	(34,804)
Investment income	50,000	66,667	16,667	21,150	44,051	22,901
Miscellaneous	93,490	220,122	126,632	200,695	57,175	(143,520)
Total revenues	2,700,583	3,011,170	310,587	1,936,497	1,198,849	(737,648)
EXPENDITURES:						
Current:						
General government	1,472,616	1,351,192	121,424	589,530	195,092	394,438
Public safety	1,476,404	1,352,696	123,708	7,647	7,240	407
Highways and streets	-	-	-	1,623,490	913,990	709,500
Culture and recreation	384,522	369,555	14,967	370,952	2,500	368,452
Capital outlay	-	-	-	-	-	-
Contingency	668,277	-	668,277	135,342	-	135,342
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	4,001,819	3,073,443	928,376	2,726,961	1,118,822	1,608,139
Revenues over (under) expenditures	(1,301,236)	(62,273)	1,238,963	(790,464)	80,027	870,491
OTHER FINANCING SOURCES (USES):						
Operating transfers in	402,330	407,233	4,903	367,611	173,588	(194,023)
Operating transfers out	(361,210)	(378,191)	(16,981)	(356,829)	(195,441)	161,388
Bond proceeds	-	-	-	-	-	-
Total other financing sources (uses)	41,120	29,042	(12,078)	10,782	(21,853)	(32,635)
Revenues and other financing sources over (under) expenditures and other financing uses	(1,260,116)	(33,231)	1,226,885	(779,682)	58,174	837,856
FUND BALANCES, July 1, 1996	1,260,116	1,387,188	127,072	779,682	936,690	157,008
FUND BALANCES, June 30, 1997	\$ -	\$ 1,353,957	\$ 1,353,957	\$ -	\$ 994,864	\$ 994,864

See notes to general purpose financial statements.

Debt Service Funds			Capital Projects Funds			Totals City of The Dalles (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 358,981	\$ 370,779	\$ 11,798	\$ -	\$ -	\$ -	\$ 2,376,251	\$ 2,466,175	\$ 89,924
63,750	-	(63,750)	253,408	140,231	(113,177)	317,158	140,231	(176,927)
3,180	3,180	-	-	2,249	2,249	1,694,833	1,172,906	(521,927)
-	-	-	-	-	-	244,500	250,291	5,791
-	-	-	-	-	-	120,500	145,822	25,322
-	-	-	170,974	170,974	-	368,796	333,992	(34,804)
3,000	3,558	558	20,140	37,659	17,519	94,290	151,935	57,645
-	10	10	15,000	-	(15,000)	309,185	277,307	(31,878)
<u>428,911</u>	<u>377,527</u>	<u>(51,384)</u>	<u>459,522</u>	<u>351,113</u>	<u>(108,409)</u>	<u>5,525,513</u>	<u>4,938,659</u>	<u>(586,854)</u>
3,500	400	3,100	989,100	432,093	557,007	3,054,746	1,978,777	1,075,969
-	-	-	-	-	-	1,484,051	1,359,936	124,115
-	-	-	-	-	-	1,623,490	913,990	709,500
-	-	-	-	-	-	755,474	372,055	383,419
-	-	-	576,547	16,152	560,395	576,547	16,152	560,395
-	-	-	394,029	-	394,029	1,197,648	-	1,197,648
306,900	306,900	-	-	-	-	306,900	306,900	-
88,093	65,541	22,552	-	-	-	88,093	65,541	22,552
<u>398,493</u>	<u>372,841</u>	<u>25,652</u>	<u>1,959,676</u>	<u>448,245</u>	<u>1,511,431</u>	<u>9,086,949</u>	<u>5,013,351</u>	<u>4,073,598</u>
30,418	4,686	(25,732)	(1,500,154)	(97,132)	1,403,022	(3,561,436)	(74,692)	3,486,744
-	-	-	-	112,759	112,759	769,941	693,580	(76,361)
-	-	-	(23,750)	(23,750)	-	(741,789)	(597,382)	144,407
-	96,355	96,355	750,000	1,000,000	250,000	750,000	1,096,355	346,355
-	96,355	96,355	726,250	1,089,009	362,759	778,152	1,192,553	414,401
30,418	101,041	70,623	(773,904)	991,877	1,765,781	(2,783,284)	1,117,861	3,901,145
37,270	61,467	24,197	773,904	689,126	(84,778)	2,850,972	3,074,471	223,499
<u>\$ 67,688</u>	<u>\$ 162,508</u>	<u>\$ 94,820</u>	<u>\$ -</u>	<u>\$ 1,681,003</u>	<u>\$ 1,681,003</u>	<u>\$ 67,688</u>	<u>\$ 4,192,332</u>	<u>\$ 4,124,644</u>

CITY OF THE DALLES, OREGON

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS -
PROPRIETARY FUND TYPE**

YEAR ENDED JUNE 30, 1997

	<u>Enterprise</u>
OPERATING REVENUES:	
Service charges and fees	\$ 3,917,851
Rental income	18,117
Other operating income	<u>260,492</u>
Total operating revenues	<u>4,196,460</u>
OPERATING EXPENSES:	
Salaries and benefits	1,091,800
Operations and maintenance	956,741
General administration	475,017
General Fund administrative charge	310,612
Depreciation	<u>566,870</u>
Total operating expenses	<u>3,401,040</u>
Operating income	795,420
NONOPERATING INCOME:	
Interest earnings	<u>177,587</u>
Net income	973,007
RETAINED EARNINGS, July 1, 1996	<u>14,216,837</u>
RETAINED EARNINGS, June 30, 1997	<u>\$ 15,189,844</u>

See notes to general purpose financial statements.

CITY OF THE DALLES, OREGON

COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE

YEAR ENDED JUNE 30, 1997

	<u>Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating income	\$ 795,420
Adjustments to reconcile operating income to net cash provided by operations:	
Depreciation	566,870
Change in current assets and liabilities:	
Receivables	(32,323)
Inventories	36,355
Accounts payable	(579,717)
Customer deposits	(33,913)
Retainage payable	(16,881)
Compensated absences payable	(431)
	<u>735,380</u>
Net cash provided by operations	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Federal grant	230,087
Acquisition of fixed assets	<u>(600,372)</u>
Net cash used by capital and related financing activities	<u>(370,285)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earnings	<u>177,587</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	542,682
CASH AND CASH EQUIVALENTS, July 1, 1996	<u>3,578,674</u>
CASH AND CASH EQUIVALENTS, June 30, 1997	<u>\$ 4,121,356</u>
COMPRISED AS FOLLOWS:	
Cash and cash equivalents	\$ 1,673,499
Restricted cash and cash equivalents	<u>2,447,857</u>
	<u>\$ 4,121,356</u>
SCHEDULE OF NONCASH TRANSACTIONS:	
Fixed assets contributed from the General Fixed Asset Account Group	<u>\$ 12,009</u>

See notes to general purpose financial statements.

CITY OF THE DALLES, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 1997

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City:

The City of The Dalles, Oregon (the 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. As required by generally accepted accounting principles, these financial statements present the City and its component unit, Columbia Gateway Urban Renewal Agency (the Agency), for which the City is considered to be financially accountable. The Agency, a discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the City. Both the City, and the Agency have June 30 year ends.

There are various other governmental agencies and special service districts which provide services within the City's boundaries. However, the City is not financially accountable for any of these entities and accordingly their financial information is not included in these financial statements.

Discretely Presented Component Unit:

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, and an additional five non-council members 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. The City has the ability to significantly influence the operations and provides a financial benefit to the Agency. The Agency's financial information is presented as a governmental fund type.

Financial statements for the Agency may be obtained at the City's administrative offices, 313 Court Street, The Dalles, Oregon 97058.

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

CITY OF THE DALLES, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

certain assets and liabilities of the governmental funds not recorded directly in those funds.

The City has the following fund types and account groups:

Governmental Fund Types:

Governmental funds - 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 60 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.

CITY OF THE DALLES, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Governmental Fund Types (Continued)

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.

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 of buildings.

Proprietary Fund Type:

Proprietary (Enterprise) 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 issued on or before November 30, 1989, unless those pronouncements conflict or contradict Governmental Accounting Standards Board (GASB) pronouncements.

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. Services accounted for through Enterprise Funds are water utility, waste water utility, and the airport.

CITY OF THE DALLES, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Fiduciary Fund Type:

Fiduciary Funds account for assets held by the City as an agent on behalf of others. The City maintains Agency Funds which are custodial in nature and do not present results of operations or have a measurement focus. Agency Funds are used to account for assets that the City holds for others in an agent capacity. The Agency Funds are accounted for on the modified accrual basis of accounting.

General Fixed Assets Account Group:

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

General Long-Term Debt Account Group:

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

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.

Assets, Liabilities and Equity

Cash and Cash Equivalents:

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Oregon Revised Statutes authorize the City to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the State Treasurers' Short-Term Investment Pool. As of June 30, 1997, and for the year then ended, the City was in compliance with the aforementioned statutes.

CITY OF THE DALLES, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Equity (Continued)

Cash and Cash Equivalents (Continued):

Investments are stated at cost, except for investments in the Deferred Compensation Agency Fund which are reported at market value.

Receivables:

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 60 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 Capital Projects Funds are recorded as receivables at the time property owners are assessed for property improvements. The 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 Enterprise Funds are recorded as revenue in all funds as earned. The allowance for doubtful accounts is established on a specific identification basis.

Inventories:

Inventories are stated at the lower of cost (first-in, first-out basis) or market, and charged against operations as used.

Restricted Assets:

Assets, whose use is restricted by the City Council, are segregated on the combined balance sheet.

CITY OF THE DALLES, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Equity (Continued)

Fixed Assets:

Fixed assets are recorded in the General Fixed Asset Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. General fixed assets are not depreciated.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks, storm sewers and other assets that are immovable and of value only 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 1997.

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>
Buildings and improvements	45
Plant in service	45
Machinery and equipment	5-20

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.

CITY OF THE DALLES, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Equity (Continued)

Long-Term Debt:

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.

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 represent 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:

- Fixed assets contributed from other funds or the General Fixed Assets Account Group.
- Fixed assets 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.
- Fixed assets contributed by developers.

CITY OF THE DALLES, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. However, a budget was not adopted for the FAA Grant Improvement Fund, and the City was not required to adopt a budget for the Police Facility Revenue Bond Fund under ORS 294.326(4). The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at June 30.

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 ordinance authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The General Fund level of budgetary control is established at the department level for personal services, materials and services, capital outlay, operating contingency and operating transfers. For all other funds, except the Special Grants Fund, the level of budgetary control is established at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirements levels. For the Special Grants Fund, appropriations are at the grant level. The budget for the Governmental Funds includes capital outlay in each program for capital outlays applicable to that program. Budget amounts shown in the general purpose financial statements have been revised since the original budget amounts were approved by City Council. These revisions were not significant. Management must obtain City Council authorization for all appropriation transfers and supplementary budgetary appropriations.

CITY OF THE DALLES, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

Appropriations lapse at the end of the fiscal year. The City overexpended its appropriations for:

General Fund:		
Finance Department - Materials and services	\$	(482)
Operating transfers out		(16,981)
Tourist Promotion Fund:		
Operating transfers out		(842)
Ambulance Reserve Fund:		
Operating transfers out		(14)
Special Grants Fund:		
Regional strategies - airport		(500)
Water Capital Reserve Fund:		
Materials and services		(1,748)
Waste Water Fund:		
Materials and services		(17,488)
Airport Fund:		
Materials and services		(1,765)

The budget of the City is prepared differently from generally accepted accounting principles. Therefore, the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis and is adjusted to the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types presented on the generally accepted accounting principle basis.

	General Fund	Special Revenue Funds
Expenditures - generally accepted accounting principles basis	\$ 3,241,443	\$ -
Agency Fund expenditures budgeted as operating transfers out	(168,000)	-
Expenditures - budgetary basis	<u>\$ 3,073,443</u>	<u>\$ -</u>
Other financing sources (uses) - generally accepted accounting principles basis	\$ 157,100	\$ 18,089
Agency Fund expenditures budgeted as an operating transfer	(168,000)	-
Residual equity transfer budgeted as an operating transfer in (out)	39,942	(39,942)
Other financing sources (uses) - budgetary basis	<u>\$ 29,042</u>	<u>\$ (21,853)</u>

CITY OF THE DALLES, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Component Unit Budget and Actual

The following summarizes revenues, expenditures and changes in fund balance - budget and actual, for the year ended June 30, 1997, of the Columbia Gateway Urban Renewal Agency, the City's discretely presented component unit.

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 423,430	\$ 226,509	\$ (196,921)
Interest on investments	46,567	6,642	(39,925)
Total revenues	469,997	233,151	(236,846)
Expenditures:			
Materials and services	273,598	95,172	178,426
Revenues over expenditures	196,339	137,979	(58,420)
Fund balance, July 1, 1996	2,000	55,141	53,141
Fund balance, June 30, 1997	<u>\$ 198,399</u>	<u>\$ 193,120</u>	<u>\$ (5,229)</u>

DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

Deposits and Investments

At June 30, the City's carrying amount of deposits was \$1,153,130 and the bank balance was \$176,878. These deposits were fully covered by federal depository insurance and collateral pledged by the depository to secure the deposit of public funds. Oregon Revised Statutes require the depository institution to maintain on deposit with a collateral pool manager, securities having a value not less than 25% of the outstanding certificates of participation issued by the pool manager.

The carrying amount of deposits and bank balance for the Agency, the City's discretely presented component unit, was \$66,184, which was covered by federal depository insurance.

The City's investments consist solely of the State Treasurers' Short-Term Investment Pool - \$7,398,513 and deferred compensation assets held by a custodian, primarily annuity contracts - \$181,419. These investments are not subject to categorization under the provisions of GASB No. 3.

CITY OF THE DALLES, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

Deposits and Investments (Continued)

Cash and cash equivalents are comprised of the following:

Book overdraft	\$ (17,211)
Cash on hand	1,500
Deposits with financial institutions	1,170,341
State Treasurers' Short-Term Investment Pool (at cost)	7,398,513
Deferred compensation assets (at market)	181,419
	<u>\$ 8,734,562</u>

Cash and cash equivalents	\$ 6,122,497
Cash and cash equivalents - Restricted	2,629,276
Book overdraft	<u>(17,211)</u>
 Total per combined balance sheet	 <u>\$ 8,734,562</u>

Receivables

Receivables are comprised of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Columbia Gateway Urban Renewal Agency</u>	<u>Total</u>
Receivables:							
Taxes	\$ 172,251	\$ -	\$ 39,366	\$ -	\$ -	\$ 10,882	\$ 222,499
Accounts	143,235	120,549	-	37,300	345,512	-	646,596
Fines and forfeitures	865,705	-	-	-	-	-	865,705
Assessments	-	-	-	143,541	-	-	143,541
	<u>1,181,191</u>	<u>120,549</u>	<u>39,366</u>	<u>180,841</u>	<u>345,512</u>	<u>10,882</u>	<u>1,878,341</u>
Less: Allowance for doubtful accounts	-	-	-	-	(4,500)	-	(4,500)
	<u>\$ 1,181,191</u>	<u>\$ 120,549</u>	<u>\$ 39,366</u>	<u>\$ 180,841</u>	<u>\$ 341,012</u>	<u>\$ 10,882</u>	<u>\$ 1,873,841</u>

Interfund Receivables and Payables

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 22,637	\$ -
Capital Projects Fund - FAA Grant Improvement	-	22,637
	<u>\$ 22,637</u>	<u>\$ 22,637</u>

CITY OF THE DALLES, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Fixed Assets

Changes in general fixed assets were as follows:

	Balance July 1, 1996	Additions	Retirements	Transfers	Balance June 30, 1997
Land and land improvements	\$ 172,923	\$ 5,050	\$ -	\$ (12,009)	\$ 165,964
Buildings and improvements	1,906,476	30,224	(70,000)	-	1,866,700
Machinery and equipment	1,900,392	76,851	(4,811)	-	1,972,432
	<u>\$ 3,979,791</u>	<u>\$ 112,125</u>	<u>\$ (74,811)</u>	<u>\$ (12,009)</u>	<u>\$ 4,005,096</u>

Enterprise Funds fixed assets at June 30, 1997, are comprised of the following:

Land and land improvements	\$ 4,755,341
Buildings and improvements	4,813,502
Plant in service	7,052,523
Machinery and equipment	2,303,883
	18,925,249
Less: Accumulated depreciation	<u>(5,140,699)</u>
	<u>\$ 13,784,550</u>

Capital Leases

The City has entered into various capital leases for the acquisition of assets.

The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 1997, were:

Year Ending June 30,	
1998	\$ 68,893
Less: amount representing interest	<u>(3,066)</u>
Present value of minimum lease payments	<u>\$ 65,827</u>

CITY OF THE DALLES, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Long-Term Debt

Changes in long-term debt are as follows:

<u>General Obligation Bonds</u>	<u>Outstanding July 1, 1996</u>	<u>Issued</u>	<u>Matured and Redeemed</u>	<u>Outstanding June 30, 1996</u>
1993 Advance Refunding Bonds, interest rates from 2.75% to 4.25%; payable from property taxes	\$ 1,590,000	\$ -	\$ (305,000)	\$ 1,285,000
<u>Revenue Bonds</u>				
1997 Revenue Bonds, interest rates from 4.15% to 5.40%; payable from state office building lease proceeds	-	1,095,000	-	1,095,000
	<u>\$ 1,590,000</u>	<u>\$ 1,095,000</u>	<u>\$ (305,000)</u>	<u>\$ 2,380,000</u>
<u>Notes Payable:</u>				
Due in semi-annual installments, including interest at 7.25% to 9.10%; due through March 2002	\$ 73,034	\$ -	\$ (15,854)	\$ 57,180

Future maturities are as follows:

<u>Year Ending June 30,</u>	<u>Bond Principal</u>	<u>Notes Payable Principal</u>	<u>Total</u>	<u>Bond Interest</u>
1998	\$ 400,000	\$ 16,512	\$ 416,512	\$ 104,972
1999	415,000	17,220	432,220	90,945
2000	420,000	17,963	437,963	73,780
2001	430,000	2,678	432,678	55,755
2002	105,000	2,834	107,834	36,930
2003-2007	610,000	-	610,000	99,960
	<u>\$ 2,380,000</u>	<u>\$ 57,207</u>	<u>\$ 2,437,207</u>	<u>\$ 462,432</u>

Changes in the General Long-Term Debt Account Group for the year ended June 30, 1997, were as follows:

	<u>Balance July 1, 1996</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 1997</u>
Compensated absences	\$ 111,629	\$ 110,361	\$ (111,629)	\$ 110,361
General obligation bond	1,590,000	-	(305,000)	1,285,000
Revenue bond	-	1,095,000	-	1,095,000
Capital leases	142,281	-	(76,454)	65,827
Notes payable	73,034	-	(15,854)	57,180
	<u>\$ 1,916,944</u>	<u>\$ 1,205,361</u>	<u>\$ (508,910)</u>	<u>\$ 2,613,368</u>

CITY OF THE DALLES, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Contributed Capital

Changes in contributed capital for the Enterprise Funds were as follows:

	<u>Water Fund</u>	<u>Waste Water Fund</u>	<u>Airport Fund</u>	<u>Totals</u>
Balance, July 1, 1996	\$ 912,674	\$ 1,037,393	\$ 1,048,001	\$ 2,998,068
Contributions:				
General Fixed Assets Account Group	-	-	12,009	12,009
Balance, June 30, 1997	<u>\$ 912,674</u>	<u>\$ 1,037,393</u>	<u>\$ 1,060,010</u>	<u>\$ 3,010,077</u>

Operating Transfers

Operating transfers in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Discretely Presented Component Unit do not equal because of transfers made with the Enterprise Funds. Following is a reconciliation of operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
Total operating transfers included in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Discretely Presented Component Unit	\$ 653,638	\$ 389,440
Transfers from Enterprise Funds:		
Shown as Administrative Charge from General Fund	-	310,612
Shown as Other Operating Income for the Airport Fund	46,414	-
	<u>\$ 700,052</u>	<u>\$ 700,052</u>

OTHER INFORMATION

Risk Management

The City is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City does not engage in risk financing activities where the risk is retained (self-insurance) by the City. For the past three years insurance coverage has been sufficient to cover any losses.

CITY OF THE DALLES, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

OTHER INFORMATION (Continued)

Segment Information - Enterprise Funds

The City maintains three Enterprise Funds. The Water Utility Fund accounts for the provision of water service, the Waste Water Fund accounts for the operations and maintenance related to collection and treatment of waste water and the Airport Fund accounts for the maintenance and operation of the Columbia Gorge Regional/The Dalles Municipal Airport located in Dallesport, Washington. Selected segment information for the year ended June 30, 1997, is as follows:

	<u>Water Utility</u>	<u>Waste Water Utility</u>	<u>Airport</u>	<u>Totals</u>
Operating revenues	\$ 2,316,960	\$ 1,798,710	\$ 80,790	\$ 4,196,460
Depreciation	343,354	201,593	21,923	566,870
Operating income (loss)	391,255	404,683	(518)	795,420
Net income	467,626	505,012	369	973,007
Current capital contributions	-	-	12,009	12,009
Fixed asset additions	287,143	313,229	-	600,372
Net working capital	825,885	1,130,740	28,761	1,985,386
Total assets	11,131,367	5,699,301	1,533,949	18,364,617
Total equity	11,006,433	5,662,621	1,530,867	18,199,921

Deferred Compensation Plan

The City offers all employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Substantially all plan assets are maintained by insurance companies, and are valued at market. The plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property of the City subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred amount for each participant. It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

CITY OF THE DALLES, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

OTHER INFORMATION (Continued)

Deferred Compensation Plan (Continued)

The amount deferred under the plan, including investment earnings thereon, totaled \$181,419 as of June 30, 1997, and is included as a restricted asset cash and cash equivalents and offset by a corresponding liability in the Agency Fund on the Combined Balance Sheet.

Employee Retirement Plans

The City provides pension benefits for substantially all of its full-time employees through a defined contribution plan. 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% for police employees and 7.5% for other employees. The mandatory employee contribution rate is 6% 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% of their compensation and other employees up to 10% 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, 1997, was approximately \$2,233,000 and the City's total payroll was approximately \$2,681,000. Total contributions for the year ended June 30, 1997, were approximately \$362,000 or 16.2% of the year's covered payroll.

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SUPPLEMENTAL INFORMATION

CITY OF THE DALLES, OREGON

FUND DESCRIPTIONS

YEAR ENDED JUNE 30, 1997

The City maintains the following funds:

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.

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 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 Unemployment Insurance Reserve Fund provides for the payment of unemployment benefits. Resources are provided by transfer from other funds.
- The Vietnam Memorial 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 Retirement Reserve Fund accounts for the reimbursement to employees for retirement contributions made under Measure 8.
- The Special Grants Fund accounts for a variety of revenues and expenditures related to various grants.
- The Parks Reserve Fund accounts for the acquisition and development of park and recreation facilities.

CITY OF THE DALLES, OREGON

FUND DESCRIPTIONS (Continued)

YEAR ENDED JUNE 30, 1997

Special Revenue Funds (Continued)

- 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.

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 outstanding general obligation bonds.
- The Senior Center Grant Debt Service fund accounts for the repayment of a loan from the State of Oregon, Department of Energy. Revenues consist of monthly rental payments from the Senior Center.
- 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 LID Debt Service Fund accounts for the accumulation of resources for, and the payment of bonded indebtedness related to various LID projects. Resources for payment of debt consist primarily of assessments paid by benefited property holders.

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

- 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 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.

CITY OF THE DALLES, OREGON

FUND DESCRIPTIONS (Continued)

YEAR ENDED JUNE 30, 1997

Capital Project Funds (Continued)

- The F.A.A. Grant Improvement Fund accounts for Federal Aviation Administration (F.A.A.) funded improvements to the Columbia Gorge Regional/The Dalles Municipal Airport.

Enterprise Funds - These funds account for the City's utility operations. Funds included in this 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 Waste Water Fund accounts for the operations of the waste water 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 Waste Water and Sewer Special Reserve Funds.
- 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.

Agency Funds - These funds account for resources received and disbursed for which the City acts as fiduciary. Included are the City's Deferred Compensation and Tourism Agency Funds.

Component Unit - Columbia Gateway Urban Renewal Agency - The component unit accounts for the operations of the City's urban renewal agency. The operations include the financing and expending of monies for urban renewal projects and activities pursuant to the City's redevelopment plan.

GENERAL FUND

CITY OF THE DALLES, OREGON

GENERAL FUND

REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL

PERIOD ENDED JUNE 30, 1997

204,000 - Current
263,000
262,713
0832-862

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Local:			
Property taxes:			
Current year	\$ 1,317,035	\$ 1,386,242	\$ 69,207
Prior years	135,235	107,535	(27,700)
Total property taxes	1,452,270	1,493,777	41,507
Hotel-motel tax	240,000	262,713	22,713
Franchise fees	244,500	250,291	5,791
Fines and forfeitures	120,500	145,822	25,322
Miscellaneous	63,490	106,363	42,873
Sale of fixed assets	30,000	113,759	83,759
Total local revenues	2,150,760	2,372,725	221,965
Intergovernmental:			
State library grant	4,000	3,982	(18)
County share of library	185,723	181,484	(4,239)
State liquor and amusement tax	79,650	89,407	9,757
State cigarette tax	30,000	31,667	1,667
State revenue sharing	55,700	69,324	13,624
Urban renewal services	9,000	4,717	(4,283)
PUD intergovernmental agreement	135,000	190,118	55,118
Other intergovernmental revenue	750	1,079	329
Total intergovernmental revenues	499,823	571,778	71,955
Investment income	50,000	66,667	16,667
TOTAL REVENUES	2,700,583	3,011,170	310,587
OTHER FINANCING SOURCES:			
Operating transfers in	402,330	407,233	4,903
TOTAL REVENUE AND OTHER FINANCING SOURCES	3,102,913	3,418,403	315,490
FUND BALANCE, July 1, 1996	1,260,116	1,387,188	127,072
	\$ 4,363,029	\$ 4,805,591	\$ 442,562

CITY OF THE DALLES, OREGON

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL GOVERNMENT:			
City council:			
Personal services	\$ 24,881	\$ 16,054	\$ 8,827
Materials and services	165,192	151,708	13,484
Total City council	<u>190,073</u>	<u>167,762</u>	<u>22,311</u>
City manager:			
Personal services	102,808	94,954	7,854
Materials and services	24,555	16,682	7,873
Capital outlay	450	432	18
Total City manager	<u>127,813</u>	<u>112,068</u>	<u>15,745</u>
City clerk:			
Personal services	61,446	61,061	385
Materials and services	7,050	2,589	4,461
Capital outlay	300	-	300
Total City clerk	<u>68,796</u>	<u>63,650</u>	<u>5,146</u>
Legal and judicial:			
Personal services	173,956	165,897	8,059
Materials and services	38,200	35,293	2,907
Capital outlay	500	385	115
Total legal and judicial	<u>212,656</u>	<u>201,575</u>	<u>11,081</u>
Finance:			
Personal services	200,557	199,570	987
Materials and services	92,833	93,315	(482)
Capital outlay	25,650	24,876	774
Total finance	<u>319,040</u>	<u>317,761</u>	<u>1,279</u>
Personnel:			
Personal services	73,154	73,106	48
Materials and services	7,185	4,251	2,934
Capital outlay	1,650	1,649	1
Total personnel	<u>81,989</u>	<u>79,006</u>	<u>2,983</u>
Community and economic development:			
Personal services	196,412	188,329	8,083
Materials and services	38,979	36,409	2,570
Capital outlay	850	545	305
Total community and economic development	<u>236,241</u>	<u>225,283</u>	<u>10,958</u>

CITY OF THE DALLES, OREGON

GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL GOVERNMENT (Continued):			
City hall:			
Personal services	\$ 19,850	\$ 14,939	\$ 4,911
Materials and services	144,975	120,842	24,133
Capital outlay	48,340	48,306	34
Total City hall	<u>213,165</u>	<u>184,087</u>	<u>29,078</u>
Codes enforcement:			
Personal services	19,533	-	19,533
Materials and services	2,810	-	2,810
Capital outlay	500	-	500
Total codes enforcement	<u>22,843</u>	<u>-</u>	<u>22,843</u>
Total general government	<u>1,472,616</u>	<u>1,351,192</u>	<u>121,424</u>
PUBLIC SAFETY:			
Police:			
Personal services	1,132,938	1,056,933	76,005
Materials and services	274,226	243,222	31,004
Capital outlay	69,240	52,541	16,699
Total police	<u>1,476,404</u>	<u>1,352,696</u>	<u>123,708</u>
CULTURE AND RECREATION:			
Library:			
Personal services	220,595	217,909	2,686
Materials and services	137,392	130,490	6,902
Capital outlay	26,535	21,156	5,379
Total library	<u>384,522</u>	<u>369,555</u>	<u>14,967</u>
CONTINGENCY	<u>668,277</u>	<u>-</u>	<u>668,277</u>
TOTAL EXPENDITURES	<u>4,001,819</u>	<u>3,073,443</u>	<u>928,376</u>
OTHER FINANCING USE:			
Operating transfers out	<u>361,210</u>	<u>378,191</u>	<u>(16,981)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 4,363,029</u>	<u>\$ 3,451,634</u>	<u>\$ 911,395</u>

SPECIAL REVENUE FUNDS

CITY OF THE DALLES, OREGON

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1997

	<u>Street and Storm Sewer</u>	<u>Public Works Reserve</u>	<u>Unemploy- ment Insurance Reserve</u>	<u>Vietnam Memorial</u>	<u>Street and Bridge Replace- ment</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 496,811	\$ 61,182	\$ 38,689	\$ 1,735	\$ 141,004
Accounts receivable	91,691	-	-	-	-
TOTAL ASSETS	\$ 588,502	\$ 61,182	\$ 38,689	\$ 1,735	\$ 141,004
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Accounts payable	\$ 54,731	\$ -	\$ 1,025	\$ -	\$ 22,500
Compensated absences payable	3,353	-	-	-	-
TOTAL LIABILITIES	58,084	-	1,025	-	22,500
Fund equity:					
Fund balances:					
Unreserved:					
Undesignated	530,418	61,182	37,664	1,735	118,504
TOTAL LIABILITIES AND FUND EQUITY	\$ 588,502	\$ 61,182	\$ 38,689	\$ 1,735	\$ 141,004

<u>Retirement Reserve</u>	<u>Special Grants</u>	<u>Parks Reserve</u>	<u>State Office Building</u>	<u>Total</u>
\$ 2,586	\$ 169,072	\$ 11,159	\$ 75,452	\$ 997,690
-	28,858	-	-	120,549
<u>\$ 2,586</u>	<u>\$ 197,930</u>	<u>\$ 11,159</u>	<u>\$ 75,452</u>	<u>\$ 1,118,239</u>
\$ -	\$ 37,426	\$ -	\$ 4,340	\$ 120,022
-	-	-	-	3,353
-	37,426	-	4,340	123,375
<u>2,586</u>	<u>160,504</u>	<u>11,159</u>	<u>71,112</u>	<u>994,864</u>
<u>\$ 2,586</u>	<u>\$ 197,930</u>	<u>\$ 11,159</u>	<u>\$ 75,452</u>	<u>\$ 1,118,239</u>

CITY OF THE DALLES, OREGON

SPECIAL REVENUE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

YEAR ENDED JUNE 30, 1997

	<u>Street and Storm Sewer</u>	<u>Tourist Promotion</u>	<u>Ambulance Reserve</u>	<u>Public Works Reserve</u>	<u>Unemploy- ment Insurance Reserve</u>
REVENUES:					
Taxes	\$ 338,906	\$ -	\$ -	\$ -	\$ -
Intergovernmental	501,155	-	-	-	-
Charges for services	51,852	-	-	-	-
Interest on investments	24,857	-	-	2,028	1,685
Rental income	-	-	-	-	-
Other	36,861	-	-	-	-
Total revenues	953,631	-	-	2,028	1,685
EXPENDITURES:					
General government	-	-	-	-	17,101
Highways and streets	840,677	-	-	-	-
Public safety	-	-	-	-	-
Capital outlay	6,686	-	-	-	-
Total expenditures	847,363	-	-	-	17,101
Revenues over (under) expenditures	106,268	-	-	2,028	(15,416)
OTHER FINANCING SOURCES (USES):					
Operating transfers in	-	-	-	46,032	19,200
Operating transfers out	(153,499)	-	-	-	-
Total other financing sources (uses)	(153,499)	-	-	46,032	19,200
Revenues and other financing sources over (under) expenditures and other financing uses	(47,231)	-	-	48,060	3,784
FUND BALANCES, July 1, 1996	577,649	39,435	507	13,122	33,880
Residual equity transfer	-	(39,435)	(507)	-	-
FUND BALANCES, June 30, 1997	\$ 530,418	\$ -	\$ -	\$ 61,182	\$ 37,664

Vietnam Memorial	Street and Bridge Replacement	Retirement Reserve	Special Grants	Parks Reserve	State Office Building	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 338,906
-	-	-	94,544	-	-	595,699
-	-	-	-	-	-	51,852
81	6,828	-	7,684	571	317	44,051
-	-	-	-	-	111,166	111,166
-	-	-	17,722	2,592	-	57,175
<u>81</u>	<u>6,828</u>	<u>-</u>	<u>119,950</u>	<u>3,163</u>	<u>111,483</u>	<u>1,198,849</u>
-	-	54,255	38,631	-	85,105	195,092
-	-	-	-	-	-	840,677
-	-	-	7,240	-	-	7,240
-	66,627	-	-	2,500	-	75,813
<u>-</u>	<u>66,627</u>	<u>54,255</u>	<u>45,871</u>	<u>2,500</u>	<u>85,105</u>	<u>1,118,822</u>
<u>81</u>	<u>(59,799)</u>	<u>(54,255)</u>	<u>74,079</u>	<u>663</u>	<u>26,378</u>	<u>80,027</u>
-	51,515	56,841	-	-	-	173,588
-	-	-	(2,000)	-	-	(155,499)
<u>-</u>	<u>51,515</u>	<u>56,841</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>18,089</u>
81	(8,284)	2,586	72,079	663	26,378	98,116
1,654	126,788	-	88,425	10,496	44,734	936,690
-	-	-	-	-	-	(39,942)
<u>\$ 1,735</u>	<u>\$ 118,504</u>	<u>\$ 2,586</u>	<u>\$ 160,504</u>	<u>\$ 11,159</u>	<u>\$ 71,112</u>	<u>\$ 994,864</u>

CITY OF THE DALLES, OREGON

STREET AND STORM SEWER FUND

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

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Taxes	\$ 325,000	\$ 338,906	\$ 13,906
Intergovernmental	575,731	501,155	(74,576)
Charges for services	96,040	51,852	(44,188)
Interest on investments	16,000	24,857	8,857
Other	170,195	36,861	(133,334)
Total revenues	<u>1,182,966</u>	<u>953,631</u>	<u>(229,335)</u>
EXPENDITURES:			
Personal services	475,121	464,729	10,392
Materials and services	483,243	375,948	107,295
Capital outlay	295,753	6,686	289,067
Contingency	135,342	-	135,342
Total expenditures	<u>1,389,459</u>	<u>847,363</u>	<u>542,096</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(206,493)</u>	<u>106,268</u>	<u>312,761</u>
OTHER FINANCING USES:			
Operating transfers out	<u>(313,743)</u>	<u>(153,499)</u>	<u>160,244</u>
EXPENDITURES AND OTHER FINANCING USES OVER REVENUES	<u>(520,236)</u>	<u>(47,231)</u>	<u>473,005</u>
FUND BALANCE, July 1, 1996,	<u>520,236</u>	<u>577,649</u>	<u>57,413</u>
FUND BALANCE, June 30, 1997	<u>\$ -</u>	<u>\$ 530,418</u>	<u>\$ 530,418</u>

CITY OF THE DALLES, OREGON

TOURIST PROMOTION FUND

**SCHEDULE OF OTHER FINANCING USES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OTHER FINANCING USES:			
Operating transfers out	\$ (38,593)	\$ (39,435)	\$ (842)
FUND BALANCE, July 1, 1996	<u>38,593</u>	<u>39,435</u>	<u>842</u>
FUND BALANCE, June 30, 1997	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF THE DALLES, OREGON

AMBULANCE RESERVE FUND

**SCHEDULE OF OTHER FINANCING USES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OTHER FINANCING USES:			
Operating transfers out	\$ (493)	\$ (507)	\$ (14)
FUND BALANCE, July 1, 1996	<u>493</u>	<u>507</u>	<u>14</u>
FUND BALANCE, June 30, 1997	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF THE DALLES, OREGON

UNEMPLOYMENT INSURANCE RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Interest on investments	<u>\$ 1,100</u>	<u>\$ 1,685</u>	<u>\$ 585</u>
EXPENDITURES:			
Personal services	<u>64,503</u>	<u>17,101</u>	<u>47,402</u>
EXPENDITURES OVER REVENUES	<u>(63,403)</u>	<u>(15,416)</u>	<u>47,987</u>
OTHER FINANCING SOURCES:			
Operating transfers in	<u>19,200</u>	<u>19,200</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>(44,203)</u>	<u>3,784</u>	<u>47,987</u>
FUND BALANCE, July 1, 1996	<u>44,203</u>	<u>33,880</u>	<u>(10,323)</u>
FUND BALANCE, June 30, 1997	<u>\$ -</u>	<u>\$ 37,664</u>	<u>\$ 37,664</u>

CITY OF THE DALLES, OREGON

PUBLIC WORKS RESERVE FUND

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

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Interest on investments	<u>\$ 1,500</u>	<u>\$ 2,028</u>	<u>\$ 528</u>
EXPENDITURES:			
Capital outlay	<u>60,020</u>	<u>-</u>	<u>60,020</u>
REVENUES OVER (UNDER) EXPENDITURES	(58,520)	2,028	(60,548)
OTHER FINANCING SOURCES:			
Operating transfers in	<u>46,032</u>	<u>46,032</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(12,488)	48,060	60,548
FUND BALANCE, July 1, 1996	<u>12,488</u>	<u>13,122</u>	<u>634</u>
FUND BALANCE, June 30, 1997	<u><u>\$ -</u></u>	<u><u>\$ 61,182</u></u>	<u><u>\$ 61,182</u></u>

CITY OF THE DALLES, OREGON

VIETNAM MEMORIAL FUND

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

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Interest on investments	<u>\$ 50</u>	<u>\$ 81</u>	<u>\$ 31</u>
EXPENDITURES:			
Materials and services	<u>1,777</u>	<u>-</u>	<u>1,777</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,727)</u>	<u>81</u>	<u>1,808</u>
FUND BALANCE, July 1, 1996	<u>1,727</u>	<u>1,654</u>	<u>(73)</u>
FUND BALANCE, June 30, 1997	<u>\$ -</u>	<u>\$ 1,735</u>	<u>\$ 1,735</u>

CITY OF THE DALLES, OREGON

STREET AND BRIDGE REPLACEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Interest on investments	<u>\$ 1,500</u>	<u>\$ 6,828</u>	<u>\$ 5,328</u>
EXPENDITURES:			
Capital outlay	<u>234,361</u>	<u>66,627</u>	<u>167,734</u>
EXPENDITURES OVER REVENUES	<u>(232,861)</u>	<u>(59,799)</u>	<u>173,062</u>
OTHER FINANCING SOURCES:			
Operating transfer in	<u>212,768</u>	<u>51,515</u>	<u>(161,253)</u>
EXPENDITURES OVER REVENUES AND OTHER FINANCING SOURCES	<u>(20,093)</u>	<u>(8,284)</u>	<u>11,809</u>
FUND BALANCE, July 1, 1996	<u>20,093</u>	<u>126,788</u>	<u>106,695</u>
FUND BALANCE, June 30, 1997	<u>\$ -</u>	<u>\$ 118,504</u>	<u>\$ 118,504</u>

CITY OF THE DALLES, OREGON

RETIREMENT RESERVE FUND

SCHEDULE OF EXPENDITURES, OTHER FINANCING SOURCES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:			
Personal services	<u>\$ 56,841</u>	<u>\$ 54,255</u>	<u>\$ 2,586</u>
OTHER FINANCING SOURCES:			
Operating transfer in	<u>56,841</u>	<u>56,841</u>	<u>-</u>
OTHER FINANCING SOURCES OVER EXPENDITURES	<u>-</u>	<u>2,586</u>	<u>2,586</u>
FUND BALANCE, July 1, 1996	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 1997	<u>\$ -</u>	<u>\$ 2,586</u>	<u>\$ 2,586</u>

CITY OF THE DALLES, OREGON

SPECIAL GRANTS FUND

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

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 616,099	\$ 94,544	\$ (521,555)
Interest on investments	600	7,684	7,084
Program income	30,000	17,722	(12,278)
Total revenues	<u>646,699</u>	<u>119,950</u>	<u>(526,749)</u>
EXPENDITURES:			
Community action program	78,809	15	78,794
ODOT bike paths	74,992	-	74,992
ISTEA greenway	357,880	-	357,880
SHPO/ certified local government	21,857	4,904	16,953
Regional strategies - airport	29,500	30,000	(500)
ADA ramp access	63,210	11	63,199
Downtown improvements	61,574	-	61,574
Washington state grant - signage/lighting	54,000	-	54,000
LCDC grants	3,701	3,701	-
Local law enforcement	7,647	7,240	407
Total expenditures	<u>753,170</u>	<u>45,871</u>	<u>707,299</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(106,471)</u>	<u>74,079</u>	<u>180,550</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	32,770	-	(32,770)
Operating transfers out	(4,000)	(2,000)	2,000
Total other financing sources (uses)	<u>28,770</u>	<u>(2,000)</u>	<u>(30,770)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(77,701)</u>	<u>72,079</u>	<u>149,780</u>
FUND BALANCE, July 1, 1996	<u>77,701</u>	<u>88,425</u>	<u>10,724</u>
FUND BALANCE, June 30, 1997	<u>\$ -</u>	<u>\$ 160,504</u>	<u>\$ 160,504</u>

CITY OF THE DALLES, OREGON

PARKS RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Interest on investments	\$ 400	\$ 571	\$ 171
Miscellaneous	500	2,592	2,092
Total revenues	<u>900</u>	<u>3,163</u>	<u>2,263</u>
EXPENDITURES:			
Materials and services	1,295	-	1,295
Capital outlay	10,000	2,500	7,500
Total expenditures	<u>11,295</u>	<u>2,500</u>	<u>8,795</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,395)</u>	<u>663</u>	<u>11,058</u>
FUND BALANCE, July 1, 1996	<u>10,395</u>	<u>10,496</u>	<u>101</u>
FUND BALANCE, June 30, 1997	<u>\$ -</u>	<u>\$ 11,159</u>	<u>\$ 11,159</u>

CITY OF THE DALLES, OREGON

STATE OFFICE BUILDING FUND

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

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Rental income	\$ 97,982	\$ 111,166	\$ 13,184
Interest on investments	3,800	317	(3,483)
Total revenues	<u>101,782</u>	<u>111,483</u>	<u>9,701</u>
EXPENDITURES:			
Materials and services	115,535	85,105	30,430
Capital outlay	40,000	-	40,000
Total expenditures	<u>155,535</u>	<u>85,105</u>	<u>70,430</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(53,753)</u>	<u>26,378</u>	<u>80,131</u>
FUND BALANCE, July 1, 1996	<u>53,753</u>	<u>44,734</u>	<u>(9,019)</u>
FUND BALANCE, June 30, 1997	<u>\$ -</u>	<u>\$ 71,112</u>	<u>\$ 71,112</u>

DEBT SERVICE FUNDS

CITY OF THE DALLES, OREGON

DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1997

<u>ASSETS</u>	<u>Water Bond Debt</u>	<u>Police Facility Revenue Bond</u>	<u>Total</u>
Cash and cash equivalents	\$ 58,783	\$ 96,745	\$ 155,528
Collections held by the County	3,777	-	3,777
Property taxes receivable	39,366	-	39,366
TOTAL ASSETS	\$ 101,926	\$ 96,745	\$ 198,671
 <u>LIABILITY AND FUND EQUITY</u>			
Liability:			
Deferred revenue - property taxes	\$ 36,163	\$ -	\$ 36,163
Fund equity:			
Fund balances:			
Reserved:			
Reserved for debt service	65,763	96,745	162,508
TOTAL LIABILITY AND FUND EQUITY	\$ 101,926	\$ 96,745	\$ 198,671

CITY OF THE DALLES, OREGON

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 1997

	<u>Water Bond Debt</u>	<u>Senior Center Grant Debt Service</u>	<u>Police Facility Revenue Bond</u>	<u>Total</u>
REVENUES:				
Property taxes	\$ 370,779	\$ -	\$ -	\$ 370,779
Interest on investments	3,168	-	390	3,558
Intergovernmental	-	3,180	-	3,180
Miscellaneous	10	-	-	10
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	373,957	3,180	390	377,527
EXPENDITURES:				
Debt service:				
Bond principal	305,000	1,900	-	306,900
Interest	64,261	1,280	-	65,541
Trustee fees	400	-	-	400
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	369,661	3,180	-	372,841
REVENUES OVER EXPENDITURES	4,296	-	390	4,686
OTHER FINANCING SOURCES:				
Bond proceeds	-	-	96,355	96,355
	<hr/>	<hr/>	<hr/>	<hr/>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	4,296	-	96,745	101,041
FUND BALANCES, July 1, 1996	61,467	-	-	61,467
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, June 30, 1997	<u>\$ 65,763</u>	<u>\$ -</u>	<u>\$ 96,745</u>	<u>\$ 162,508</u>

CITY OF THE DALLES, OREGON

WATER BOND DEBT FUND

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

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Taxes	\$ 358,981	\$ 370,779	\$ 11,798
Interest on investments	3,000	3,168	168
Miscellaneous	-	10	10
Total revenues	<u>361,981</u>	<u>373,957</u>	<u>11,976</u>
EXPENDITURES:			
Debt service:*			
Principal	305,000	305,000	-
Interest	64,313	64,261	52
Trustee fees	3,500	400	3,100
Total expenditures	<u>372,813</u>	<u>369,661</u>	<u>3,152</u>
REVENUES OVER (UNDER) EXPENDITURES	(10,832)	4,296	15,128
FUND BALANCE, July 1, 1996	<u>37,270</u>	<u>61,467</u>	<u>24,197</u>
FUND BALANCE, June 30, 1997	<u>\$ 26,438</u>	<u>\$ 65,763</u>	<u>\$ 39,325</u>

* Legally adopted appropriation level.

CITY OF THE DALLES, OREGON

SENIOR CENTER GRANT DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	<u>\$ 3,180</u>	<u>\$ 3,180</u>	<u>\$ -</u>
EXPENDITURES:			
Debt service:*			
Principal	<u>1,900</u>	<u>1,900</u>	<u>-</u>
Interest	<u>1,280</u>	<u>1,280</u>	<u>-</u>
Total expenditures	<u>3,180</u>	<u>3,180</u>	<u>-</u>
REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, July 1, 1996	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 1997	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

* Legally adopted appropriation level.

CITY OF THE DALLES, OREGON

POLICE FACILITY REVENUE BOND DEBT FUND

SCHEDULE OF REVENUES, OTHER FINANCING
SOURCES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 1997

REVENUES:	
Interest on investments	\$ 390
OTHER FINANCING SOURCES:	
Bond proceeds	<u>96,355</u>
REVENUES AND OTHER FINANCING SOURCES	96,745
FUND BALANCE, July 1, 1996	<u>-</u>
FUND BALANCE, June 30, 1997	<u>\$ 96,745</u>

CITY OF THE DALLES, OREGON

LID DEBT SERVICE FUND

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

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Assessment collections	<u>\$ 63,750</u>	<u>\$ -</u>	<u>\$ (63,750)</u>
EXPENDITURES:			
Debt service:			
Interest	<u>22,500</u>	<u>-</u>	<u>22,500</u>
REVENUES OVER EXPENDITURES	<u>41,250</u>	<u>-</u>	<u>41,250</u>
FUND BALANCE, July 1, 1996	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 1997	<u><u>\$ 41,250</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 41,250</u></u>

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CAPITAL PROJECTS FUNDS

CITY OF THE DALLES, OREGON

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1997

	<u>Special Assessments</u>	<u>Capital Projects</u>	<u>F.A.A. Grant Improvement</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 321,622	\$ 1,454,151	\$ -	\$ 1,775,773
Accounts receivable	-	-	37,301	37,301
Assessments receivable	143,540	-	-	143,540
TOTAL ASSETS	\$ 465,162	\$ 1,454,151	\$ 37,301	\$ 1,956,614
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ 69,704	\$ 8,303	\$ 10,612	\$ 88,619
Retainage payable	20,815	-	-	20,815
Due to other funds	-	-	22,637	22,637
Deferred revenues	143,540	-	-	143,540
Total liabilities	234,059	8,303	33,249	275,611
Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	231,103	1,445,848	4,052	1,681,003
TOTAL LIABILITIES AND FUND EQUITY	\$ 465,162	\$ 1,454,151	\$ 37,301	\$ 1,956,614

CITY OF THE DALLES, OREGON

CAPITAL PROJECTS FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

YEAR ENDED JUNE 30, 1997

	<u>Special Assessments</u>	<u>Capital Projects</u>	<u>F.A.A. Grant Improvement</u>	<u>Total</u>
REVENUES:				
Interest on investments	\$ 20,127	\$ 16,905	\$ 627	\$ 37,659
Intergovernmental	-	-	2,249	2,249
Assessment collections	140,231	-	-	140,231
Rental income	-	170,974	-	170,974
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	160,358	187,879	2,876	351,113
EXPENDITURES:				
General government	420,921	560	10,612	432,093
Capital outlay	-	13,953	2,199	16,152
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	420,921	14,513	12,811	448,245
REVENUES OVER (UNDER) EXPENDITURES	<hr/>	<hr/>	<hr/>	<hr/>
	(260,563)	173,366	(9,935)	(97,132)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	112,759	-	112,759
Operating transfers out	(23,750)	-	-	(23,750)
Bond proceeds	-	1,000,000	-	1,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(23,750)	1,112,759	-	1,089,009
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<hr/>	<hr/>	<hr/>	<hr/>
	(284,313)	1,286,125	(9,935)	991,877
FUND BALANCE, July 1, 1996	<hr/>	<hr/>	<hr/>	<hr/>
	515,416	159,723	13,987	689,126
FUND BALANCE, June 30, 1997	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 231,103	\$ 1,445,848	\$ 4,052	\$ 1,681,003

CITY OF THE DALLES, OREGON

SPECIAL ASSESSMENTS FUND

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

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Interest on investments	\$ 10,000	\$ 20,127	\$ 10,127
Assessment collections - non-bonded:			
Principal	195,906	55,577	(140,329)
Interest	400	-	(400)
Assessment collections - bonded:			
Principal	34,551	62,930	28,379
Interest	22,551	21,724	(827)
Sale of foreclosed property	15,000	-	(15,000)
 Total revenues	<u>278,408</u>	<u>160,358</u>	<u>(118,050)</u>
 EXPENDITURES:			
Materials and services	985,350	420,921	564,429
Capital outlay	556,547	-	556,547
 Total expenditures	<u>1,541,897</u>	<u>420,921</u>	<u>1,120,976</u>
 EXPENDITURES OVER REVENUES	<u>(1,263,489)</u>	<u>(260,563)</u>	<u>1,002,926</u>
 OTHER FINANCING SOURCES (USES):			
Bond proceeds	750,000	-	(750,000)
Operating transfers out	(23,750)	(23,750)	-
 Total other financing sources (uses)	<u>726,250</u>	<u>(23,750)</u>	<u>(750,000)</u>
 EXPENDITURES AND OTHER FINANCING USES OVER REVENUES AND OTHER FINANCING SOURCES	<u>(537,239)</u>	<u>(284,313)</u>	<u>252,926</u>
 FUND BALANCE, July 1, 1996	<u>537,239</u>	<u>515,416</u>	<u>(21,823)</u>
 FUND BALANCE, June 30, 1997	<u>\$ -</u>	<u>\$ 231,103</u>	<u>\$ 231,103</u>

CITY OF THE DALLES, OREGON

CAPITAL PROJECTS FUND

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

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Rental income	\$ 170,974	\$ 170,974	\$ -
Interest on investments	10,140	16,905	6,765
Total revenues	<u>181,114</u>	<u>187,879</u>	<u>6,765</u>
EXPENDITURES:			
Materials and services	3,750	560	3,190
Capital outlay	20,000	13,953	6,047
Contingency	394,029	-	394,029
Total expenditures	<u>417,779</u>	<u>14,513</u>	<u>403,266</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(236,665)</u>	<u>173,366</u>	<u>410,031</u>
OTHER FINANCING SOURCES:			
Operating transfers in	-	112,759	112,759
Bond proceeds	-	1,000,000	1,000,000
Total other financing sources	<u>-</u>	<u>1,112,759</u>	<u>1,112,759</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>(236,665)</u>	<u>1,286,125</u>	<u>1,522,790</u>
FUND BALANCE, July 1, 1996	<u>236,665</u>	<u>159,723</u>	<u>(76,942)</u>
FUND BALANCE, June 30, 1997	<u>\$ -</u>	<u>\$ 1,445,848</u>	<u>\$ 1,445,848</u>

CITY OF THE DALLES, OREGON

F.A.A. GRANT IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 1997

REVENUES:

Interest on investments	\$ 627
Intergovernmental revenue	<u>2,249</u>
Total revenues	<u>2,876</u>

EXPENDITURES:

Materials and services	10,612
Capital outlay	<u>2,199</u>
Total expenditures	<u>12,811</u>

EXPENDITURES OVER REVENUES (9,935)

FUND BALANCE, July 1, 1996 13,987

FUND BALANCE, June 30, 1997 \$ 4,052

ENTERPRISE FUNDS

CITY OF THE DALLES, OREGON

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1997

	<u>Water Utility</u>	<u>Waste Water Utility</u>	<u>Airport</u>	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 695,609	\$ 946,671	\$ 31,219	\$ 1,673,499
Receivables	161,639	178,749	624	341,012
Inventories	91,225	26,474	-	117,699
Total current assets	<u>948,473</u>	<u>1,151,894</u>	<u>31,843</u>	<u>2,132,210</u>
Restricted assets-cash and cash equivalents	<u>1,192,485</u>	<u>1,255,372</u>	<u>-</u>	<u>2,447,857</u>
Fixed assets	12,320,804	5,004,791	1,599,654	18,925,249
Accumulated depreciation	<u>(3,330,395)</u>	<u>(1,712,756)</u>	<u>(97,548)</u>	<u>(5,140,699)</u>
Net fixed assets	<u>8,990,409</u>	<u>3,292,035</u>	<u>1,502,106</u>	<u>13,784,550</u>
TOTAL ASSETS	<u>\$ 11,131,367</u>	<u>\$ 5,699,301</u>	<u>\$ 1,533,949</u>	<u>\$ 18,364,617</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Current liabilities:				
Accounts payable	\$ 79,429	\$ 3,786	\$ 3,082	\$ 86,297
Retainage payable	638	-	-	638
Compensated absences payable	42,521	17,368	-	59,889
Total current liabilities	<u>122,588</u>	<u>21,154</u>	<u>3,082</u>	<u>146,824</u>
Current liabilities payable from restricted assets:				
Accounts payable	<u>2,346</u>	<u>15,526</u>	<u>-</u>	<u>17,872</u>
Total liabilities	<u>124,934</u>	<u>36,680</u>	<u>3,082</u>	<u>164,696</u>
Fund equity:				
Contributed capital	912,674	1,037,393	1,060,010	3,010,077
Retained earnings:				
Reserved for construction	1,190,139	1,239,846	-	2,429,985
Unreserved	8,903,620	3,385,382	470,857	12,759,859
Total fund equity	<u>11,006,433</u>	<u>5,662,621</u>	<u>1,530,867</u>	<u>18,199,921</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 11,131,367</u>	<u>\$ 5,699,301</u>	<u>\$ 1,533,949</u>	<u>\$ 18,364,617</u>

CITY OF THE DALLES, OREGON

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS

YEAR ENDED JUNE 30, 1997

	<u>Water Utility</u>	<u>Waste Water Utility</u>	<u>Airport</u>	<u>Total</u>
OPERATING REVENUES:				
Service charges and fees	\$ 2,121,781	\$ 1,779,811	\$ 16,259	\$ 3,917,851
Rental income	-	-	18,117	18,117
Other operating income	195,179	18,899	46,414	260,492
	<u>2,316,960</u>	<u>1,798,710</u>	<u>80,790</u>	<u>4,196,460</u>
Total operating revenues				
OPERATING EXPENSES:				
Salaries and benefits	763,071	323,574	5,155	1,091,800
Operations and maintenance	221,651	680,860	54,230	956,741
General administration	398,087	76,930	-	475,017
General Fund administrative charge	199,542	111,070	-	310,612
Depreciation	343,354	201,593	21,923	566,870
	<u>1,925,705</u>	<u>1,394,027</u>	<u>81,308</u>	<u>3,401,040</u>
Total operating expenses				
Operating income (loss)	391,255	404,683	(518)	795,420
NONOPERATING INCOME:				
Interest earnings	76,371	100,329	887	177,587
	<u>467,626</u>	<u>505,012</u>	<u>369</u>	<u>973,007</u>
Net income				
RETAINED EARNINGS, July 1, 1996	9,626,133	4,120,216	470,488	14,216,837
RETAINED EARNINGS, June 30, 1997	<u>\$ 10,093,759</u>	<u>\$ 4,625,228</u>	<u>\$ 470,857</u>	<u>\$ 15,189,844</u>

CITY OF THE DALLES, OREGON

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 1997

	<u>Water Utility</u>	<u>Waste Water Utility</u>	<u>Airport</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ 391,255	\$ 404,683	\$ (518)	\$ 795,420
Adjustments to reconcile operating income to net cash provided by operations:				
Depreciation	343,354	201,593	21,923	566,870
Change in current assets and liabilities:				
Receivables	26,772	(60,412)	1,317	(32,323)
Inventories	37,152	(797)	-	36,355
Accounts payable	(69,534)	(511,594)	1,411	(579,717)
Customer deposits	(33,913)	-	-	(33,913)
Retainage payable	638	(17,519)	-	(16,881)
Compensated absences payable	(2,566)	2,135	-	(431)
Net cash provided by operations	<u>693,158</u>	<u>18,089</u>	<u>24,133</u>	<u>735,380</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Federal grant	230,087	-	-	230,087
Acquisition of fixed assets	<u>(287,143)</u>	<u>(313,229)</u>	<u>-</u>	<u>(600,372)</u>
Net cash used by capital and related financing activities	<u>(57,056)</u>	<u>(313,229)</u>	<u>-</u>	<u>(370,285)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earnings	<u>76,370</u>	<u>100,329</u>	<u>888</u>	<u>177,587</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	712,472	(194,811)	25,021	542,682
CASH AND CASH EQUIVALENTS, July 1, 1996	<u>1,175,622</u>	<u>2,396,854</u>	<u>6,198</u>	<u>3,578,674</u>
CASH AND CASH EQUIVALENTS, June 30, 1997	<u><u>\$ 1,888,094</u></u>	<u><u>\$ 2,202,043</u></u>	<u><u>\$ 31,219</u></u>	<u><u>\$ 4,121,356</u></u>
COMPRISED AS FOLLOWS:				
Cash and cash equivalents	\$ 695,609	\$ 946,671	\$ 31,219	\$ 1,673,499
Restricted cash and cash equivalents	<u>1,192,485</u>	<u>1,255,372</u>	<u>-</u>	<u>2,447,857</u>
	<u><u>\$ 1,888,094</u></u>	<u><u>\$ 2,202,043</u></u>	<u><u>\$ 31,219</u></u>	<u><u>\$ 4,121,356</u></u>
SCHEDULE OF NONCASH TRANSACTIONS				
Fixed assets contributed from the General Fixed Asset Account Group	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,009</u>	<u>\$ 12,009</u>

CITY OF THE DALLES, OREGON

WATER UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Charges and services	\$ 2,034,829	\$ 2,074,213	\$ 39,384
Interest on investments	15,000	38,985	23,985
Sale of fixed assets	64,750	-	(64,750)
Other	423,996	195,179	(228,817)
Total revenues	<u>2,538,575</u>	<u>2,308,377</u>	<u>(230,198)</u>
EXPENDITURES:			
Personal services	817,488	763,071	54,417
Materials and services	751,225	607,700	143,525
Capital outlay	395,997	88,470	307,527
Contingency	156,846	-	156,846
Total expenditures	<u>2,121,556</u>	<u>1,459,241</u>	<u>662,315</u>
REVENUES OVER EXPENDITURES	417,019	849,136	432,117
OTHER FINANCING USES:			
Operating transfers out	<u>(931,907)</u>	<u>(596,545)</u>	<u>335,362</u>
EXPENDITURES AND OTHER FINANCING USES OVER (UNDER) REVENUES	(514,888)	252,591	767,479
FUND BALANCE, July 1, 1996	<u>514,888</u>	<u>444,919</u>	<u>(69,969)</u>
FUND BALANCE, June 30, 1997	<u>\$ -</u>	<u>\$ 697,510</u>	<u>\$ 697,510</u>

CITY OF THE DALLES, OREGON

WATER CAPITAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Charges and services	\$ 20,160	\$ 47,568	\$ 27,408
Interest on investments	20,000	37,386	17,386
Total revenues	<u>40,160</u>	<u>84,954</u>	<u>44,794</u>
EXPENDITURES:			
Materials and services	-	1,748	(1,748)
Capital outlay	<u>1,226,584</u>	<u>208,963</u>	<u>1,017,621</u>
Total expenditures	<u>1,226,584</u>	<u>210,711</u>	<u>1,015,873</u>
EXPENDITURES OVER REVENUES	<u>(1,186,424)</u>	<u>(125,757)</u>	<u>1,060,667</u>
OTHER FINANCING SOURCES:			
Operating transfers in	<u>734,190</u>	<u>397,003</u>	<u>(337,187)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>(452,234)</u>	<u>271,246</u>	<u>723,480</u>
FUND BALANCE, July 1, 1996	<u>452,234</u>	<u>918,893</u>	<u>466,659</u>
FUND BALANCE, June 30, 1997	<u>\$ -</u>	<u>\$ 1,190,139</u>	<u>\$ 1,190,139</u>

CITY OF THE DALLES, OREGON

WATER UTILITY FUND

**SCHEDULE OF RECONCILIATION OF
REVENUES AND EXPENDITURES
TO NET INCOME**

YEAR ENDED JUNE 30, 1997

	<u>Revenues</u>	<u>Expenditures</u>	<u>Net Income (Loss)</u>
BUDGETARY BASIS:			
Water Utility Fund	\$ 2,308,377	\$ 1,459,241	\$ 849,136
Water Capital Reserve Fund	84,954	210,711	(125,757)
	<u>\$ 2,393,331</u>	<u>\$ 1,669,952</u>	723,379
Adjustments:			
Depreciation expense			(343,354)
Expenditures capitalized			287,143
Expenses budgeted as other financing uses			<u>(199,542)</u>
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS			<u>\$ 467,626</u>

CITY OF THE DALLES, OREGON

WASTE WATER FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS**

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Charges for services	\$ 1,605,100	\$ 1,743,675	\$ 138,575
Intergovernmental	16,919	8,813	(8,106)
Interest on investments	15,000	38,686	23,686
Other	366,686	10,085	(356,601)
Total revenues	<u>2,003,705</u>	<u>1,801,259</u>	<u>(202,446)</u>
EXPENDITURES:			
Personal services	377,919	323,574	54,345
Materials and services	730,009	747,497	(17,488)
Capital outlay	297,382	110,913	186,469
Contingency	175,829	-	175,829
Total expenditures	<u>1,581,139</u>	<u>1,181,984</u>	<u>399,155</u>
REVENUES OVER EXPENDITURES	<u>422,566</u>	<u>619,275</u>	<u>196,709</u>
OTHER FINANCING USES:			
Operating transfers out	<u>(889,745)</u>	<u>(162,712)</u>	<u>727,033</u>
REVENUES OVER (UNDER) EXPEND- ITURES AND OTHER FINANCING USES	<u>(467,179)</u>	<u>456,563</u>	<u>923,742</u>
FUND BALANCE, July 1, 1996	<u>467,179</u>	<u>644,573</u>	<u>177,394</u>
FUND BALANCE, June 30, 1997	<u>\$ -</u>	<u>\$ 1,101,136</u>	<u>\$ 1,101,136</u>

CITY OF THE DALLES, OREGON

SEWER SPECIAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Charges for services	\$ 7,920	\$ 36,136	\$ 28,216
Interest on investments	25,000	61,644	36,644
Total revenues	32,920	97,780	64,860
EXPENDITURES:			
Capital outlay	2,224,472	212,609	2,011,863
EXPENDITURES OVER REVENUES	(2,191,552)	(114,829)	2,076,723
OTHER FINANCING SOURCES:			
Operating transfers in	779,888	51,642	(728,246)
EXPENDITURES OVER REVENUES AND OTHER FINANCING SOURCES	(1,411,664)	(63,187)	1,348,477
FUND BALANCE, July 1, 1996	1,411,664	1,295,816	(115,848)
FUND BALANCE, June 30, 1997	<u>\$ -</u>	<u>\$ 1,232,629</u>	<u>\$ 1,232,629</u>

CITY OF THE DALLES, OREGON

WASTE WATER FUND

**SCHEDULE OF RECONCILIATION OF
REVENUES AND EXPENDITURES
TO NET INCOME**

YEAR ENDED JUNE 30, 1997

	<u>Revenues</u>	<u>Expenditures</u>	<u>Net Income</u>
BUDGETARY BASIS:			
Waste Water Fund	\$ 1,801,259	\$ 1,181,984	\$ 619,275
Sewer Special Reserve Fund	97,780	212,609	(114,829)
	<u>\$ 1,899,039</u>	<u>\$ 1,394,593</u>	504,446
Adjustments:			
Depreciation			(201,593)
Expenditures capitalized			313,229
Expenses budgeted as other financing uses			(111,070)
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS			<u>\$ 505,012</u>

CITY OF THE DALLES, OREGON

AIRPORT FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS**

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Rental income	\$ 13,100	\$ 18,117	\$ 5,017
Charges for services (net of sales taxes)	2,010	16,259	14,249
Interest on investments	400	887	487
	<hr/>	<hr/>	<hr/>
Total revenues	15,510	35,263	19,753
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Personal services	5,562	5,155	407
Materials and services	52,465	54,230	(1,765)
Capital outlay	67,713	-	67,713
Contingency	1,579	-	1,579
	<hr/>	<hr/>	<hr/>
Total expenditures	127,319	59,385	67,934
	<hr/>	<hr/>	<hr/>
EXPENDITURES OVER REVENUES	(111,809)	(24,122)	87,687
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES:			
Operating transfers in	109,422	46,414	(63,008)
	<hr/>	<hr/>	<hr/>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(2,387)	22,292	24,679
	<hr/>	<hr/>	<hr/>
FUND BALANCE, July 1, 1996	2,387	6,467	4,080
	<hr/>	<hr/>	<hr/>
FUND BALANCE, June 30, 1997	\$ -	\$ 28,759	\$ 28,759
	<hr/>	<hr/>	<hr/>
RECONCILIATION OF REVENUES AND EXPENDITURES/EXPENSES BUDGETARY BASIS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS:		Revenues	Expenditures/ Expenses
Budgetary basis		\$ 35,263	\$ 59,385
Revenues budgeted as other financing sources		46,414	-
Depreciation expense		-	21,923
		<hr/>	<hr/>
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS		\$ 81,677	\$ 81,308
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COMPONENT UNIT

CITY OF THE DALLES, OREGON

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
A COMPONENT UNIT**

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

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Property taxes	\$ 423,430	\$ 226,509	\$ (196,921)
Interest on investments	46,567	6,642	(39,925)
Total revenues	<u>469,997</u>	<u>233,151</u>	<u>(236,846)</u>
EXPENDITURES:			
Materials and services	<u>273,598</u>	<u>95,172</u>	<u>178,426</u>
REVENUES OVER EXPENDITURES	196,399	137,979	(58,420)
FUND BALANCE, July 1, 1996	<u>2,000</u>	<u>55,141</u>	<u>53,141</u>
FUND BALANCE, June 30, 1997	<u>\$ 198,399</u>	<u>\$ 193,120</u>	<u>\$ (5,279)</u>

AGENCY FUNDS

CITY OF THE DALLES, OREGON

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 1997

	<u>Balance July 1, 1996</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1997</u>
<u>DEFERRED COMPENSATION FUND</u>				
<u>ASSETS</u>				
Restricted assets:				
Cash and cash equivalents	<u>\$ 130,872</u>	<u>\$ 51,009</u>	<u>\$ (462)</u>	<u>\$ 181,419</u>
<u>LIABILITY</u>				
Deferred compensation payable	<u>\$ 130,872</u>	<u>\$ 51,009</u>	<u>\$ (462)</u>	<u>\$ 181,419</u>
<u>TOURISM AGENCY FUND</u>				
<u>ASSET</u>				
Restricted assets:				
Due from General Fund	<u>\$ 14,770</u>	<u>\$ -</u>	<u>\$ (14,770)</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Accounts payable	<u>\$ 14,770</u>	<u>\$ -</u>	<u>\$ (14,770)</u>	<u>\$ -</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Restricted assets:				
Cash and cash equivalents	<u>\$ 130,872</u>	<u>\$ 51,009</u>	<u>\$ (462)</u>	<u>\$ 181,419</u>
Due from general fund	<u>14,770</u>	<u>-</u>	<u>(14,770)</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 145,642</u>	<u>\$ 51,009</u>	<u>\$ (15,232)</u>	<u>\$ 181,419</u>
<u>LIABILITIES</u>				
Accounts payable	<u>\$ 14,770</u>	<u>\$ -</u>	<u>\$ (14,770)</u>	<u>\$ -</u>
Deferred compensation payable	<u>130,872</u>	<u>51,009</u>	<u>(462)</u>	<u>181,419</u>
TOTAL LIABILITIES	<u>\$ 145,642</u>	<u>\$ 51,009</u>	<u>\$ (15,232)</u>	<u>\$ 181,419</u>

GENERAL FIXED ASSETS

CITY OF THE DALLES, OREGON

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

JUNE 30, 1997

GENERAL FIXED ASSETS:

Land and land improvements	\$ 165,964
Buildings and improvements	1,866,700
Machinery and equipment	<u>1,972,432</u>

TOTAL GENERAL FIXED ASSETS \$ 4,005,096

INVESTMENTS IN GENERAL FIXED ASSETS:

General Fund	\$ 2,040,657
Special Revenue Funds	1,528,966
Capital Projects Funds	<u>435,473</u>

TOTAL INVESTMENT IN GENERAL FIXED ASSETS \$ 4,005,096

CITY OF THE DALLES, OREGON

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY SOURCE

YEAR ENDED JUNE 30, 1997

	<u>Land and Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Totals</u>
Balance, July 1, 1996	\$ 172,923	\$ 1,906,476	\$ 1,900,392	\$ 3,979,791
Additions:				
General Fund	-	16,271	64,417	80,688
Special Revenue Funds	2,852	-	12,434	15,286
Capital Projects Funds	2,198	13,953	-	16,151
Total additions	5,050	30,224	76,851	112,125
Deduct retirements and transfers:				
General Fund	-	(70,000)	(4,811)	(74,811)
Transfer to Airport Fund	(12,009)	-	-	(12,009)
Balance, June 30, 1997	<u>\$ 165,964</u>	<u>\$ 1,866,700</u>	<u>\$ 1,972,432</u>	<u>\$ 4,005,096</u>

CITY OF THE DALLES, OREGON

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

JUNE 30, 1997

	<u>Land and Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Total</u>
General government	\$ 82,741	\$ 1,419,949	\$ 251,760	\$ 1,754,450
Public safety	-	-	417,882	417,882
Highways and streets	6,938	145,726	1,163,250	1,315,914
Culture and recreation	76,285	301,025	139,540	516,850
	<u>\$ 165,964</u>	<u>\$ 1,866,700</u>	<u>\$ 1,972,432</u>	<u>\$ 4,005,096</u>

CITY OF THE DALLES, OREGON

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION

YEAR ENDED JUNE 30, 1997

	<u>General Government</u>	<u>Public Safety</u>	<u>Highways and Streets</u>	<u>Culture and Recreation</u>	<u>Total</u>
Balance, July 1, 1996	1,813,316	\$ 362,913	\$ 1,310,368	\$ 493,194	\$ 3,979,791
Additions	23,143	59,780	5,546	23,656	112,125
Retirements	(70,000)	(4,811)	-	-	(74,811)
Transfer to Airport Fund	<u>(12,009)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,009)</u>
Balance, June 30, 1997	<u>1,754,450</u>	<u>\$ 417,882</u>	<u>\$ 1,315,914</u>	<u>\$ 516,850</u>	<u>\$ 4,005,096</u>

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OTHER SCHEDULES

CITY OF THE DALLES, OREGON

SCHEDULE OF BONDED DEBT TRANSACTIONS

YEAR ENDED JUNE 30, 1997

	Interest Rate	Principal			Outstanding June 30, 1997
		Outstanding July 1, 1996	Issued	Matured and Redeemed	
<u>GENERAL OBLIGATION BOND</u>					
1993 Advance Refunding Bonds	2.75% to 4.25%	\$ 1,590,000	\$ -	\$ 305,000	\$ 1,285,000
<u>REVENUE BOND</u>					
1997 Police Facility Revenue Bonds	4.15% to 5.40%	-	1,095,000	-	1,095,000
		<u>\$ 1,590,000</u>	<u>\$ 1,095,000</u>	<u>\$ 305,000</u>	<u>\$ 2,380,000</u>

Interest

Outstanding July 1, 1996	Matured	Redeemed	Outstanding June 30, 1997
\$ -	\$ 64,313	\$ 64,313	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ 64,313</u>	<u>\$ 64,313</u>	<u>\$ -</u>

CITY OF THE DALLES, OREGON

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS

JUNE 30, 1997

Fiscal Year	Series 1993 Bonds		1997 Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
1997-98	\$ 310,000	\$ 52,875	\$ 90,000	\$ 52,097	\$ 400,000	\$ 104,972
1998-99	320,000	40,475	95,000	50,470	415,000	90,945
1999-00	325,000	27,675	95,000	46,195	420,000	73,870
2000-01	330,000	14,025	100,000	41,730	430,000	55,755
2001-02	-	-	105,000	36,930	105,000	36,930
2002-06	-	-	610,000	99,960	610,000	99,960
	<u>\$ 1,285,000</u>	<u>\$ 135,050</u>	<u>\$ 1,095,000</u>	<u>\$ 327,382</u>	<u>\$ 2,380,000</u>	<u>\$ 462,432</u>

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CITY OF THE DALLES, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS

YEAR ENDED JUNE 30, 1997

CITY OF THE DALLES:

	Tax Year	Uncollected July 1, 1996	Levy as Extended by Assessor	Discounts Allowed	Interest
GENERAL FUND:					
Current	1996-97	\$ -	\$ 1,518,216	\$ (33,517)	\$ 919
Prior	1995-96	66,527	-	43	2,595
	1994-95	61,738	-	35	6,282
	1993-94	29,924	-	-	6,374
	1992-93	9,266	-	-	2,965
	1991-92	666	-	-	110
	1990-91 and prior	7,171	-	-	1,058
Total prior		175,292	-	78	19,384
Total General Fund		175,292	1,518,216	(33,439)	20,303
WATER BOND DEBT FUND:					
Current	1996-97	-	381,539	(8,423)	231
Prior	1995-96	14,132	-	9	551
	1994-95	10,589	-	6	1,077
	1993-94	7,135	-	-	1,520
	1992-93	2,066	-	-	661
	1991-92	205	-	-	34
	1990-91 and prior	1,424	-	-	198
Total prior		35,551	-	15	4,041
Total Water Bond Debt Fund		35,551	381,539	(8,408)	4,272
Total City of The Dalles		\$ 210,843	\$ 1,899,755	\$ (41,847)	\$ 24,575
COLUMBIA GATEWAY URBAN RENEWAL AGENCY:					
Current	1996-97	\$ -	\$ 247,547	\$ (5,465)	\$ 150
Prior		183	-	-	3
Total Columbia Urban Renewal Agency		\$ 183	\$ 247,547	\$ (5,465)	\$ 153

<u>Adjustments</u>	<u>Collections</u>	<u>Uncollected June 30, 1997</u>
\$ (1,520)	\$ (1,386,101)	\$ 97,997
(1,546)	(35,364)	32,255
(788)	(39,096)	28,171
(5)	(26,847)	9,446
(143)	(11,314)	774
(2)	(479)	295
(40)	(4,876)	3,313
(2,524)	(117,976)	74,254
(4,044)	(1,504,077)	172,251
(382)	(348,334)	24,631
(331)	(7,511)	6,850
(137)	(6,704)	4,831
1	(6,403)	2,253
(32)	(2,522)	173
-	(148)	91
(5)	(1,080)	537
(504)	(24,368)	14,735
(886)	(372,702)	39,366
<u>\$ (4,930)</u>	<u>\$ (1,876,779)</u>	<u>\$ 211,617</u>
\$ (5,731)	\$ (225,772)	\$ 10,729
(20)	(13)	153
<u>\$ (5,751)</u>	<u>\$ (225,785)</u>	<u>\$ 10,882</u>

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

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 the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.

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

August 28, 1997

City Council
City of The Dalles
The Dalles, Oregon

ACCOUNTING RECORDS

We found that the accounting records of the City of The Dalles, The Dalles, Oregon, (the City) were maintained in a generally satisfactory manner.

ACCOUNTING AND INTERNAL CONTROL STRUCTURE

We have audited the general purpose financial statements of the City as of and for the year ended June 30, 1997, and have issued our report thereon dated August 28, 1997.

We conducted our audit in accordance with generally accepted auditing standards. 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.

Management of the City is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors and irregularities may nevertheless

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS (Continued)**

Page 2

ACCOUNTING AND INTERNAL CONTROL STRUCTURE (Continued)

occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the City for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level, the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. However, we noted certain matters involving the internal control structure and its operation that we have reported to management of the City in a separate letter dated August 28, 1997.

COLLATERAL

Oregon Revised Statutes (ORS) Chapter 295 provides that public officials maintain sufficient collateral certificates to secure deposits of public funds, in excess of those insured by the Federal Deposit Insurance Corporation.

Our review of the adequacy of collateral certificates securing depository balances indicated the certificates were sufficient at June 30, 1997.

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS (Continued)**

Page 3

INDEBTEDNESS

During the audit, nothing came to our attention that caused us to believe the City was not in compliance with statutory requirements.

BUDGET

The City appears to have complied with Local Budget Law (ORS 294.305 to 294.520 and 294.555) in the preparation and adoption of its budgets and tax levies for fiscal years 1996-97 and 1997-98, and the execution of its 1996-97 budget, except as follows:

- a. Overexpenditures
 - General Fund:
 - Finance Department - Materials and services \$ (482)
 - Operating transfers out (16,981)
 - Tourist Promotion Fund:
 - Operating transfers out (842)
 - Ambulance Reserve Fund:
 - Operating transfers out (14)
 - Special Grants Fund:
 - Regional strategies - airport (500)
 - Water Capital Reserve Fund:
 - Materials and services (1,748)
 - Waste Water Fund:
 - Materials and services (17,488)
 - Airport Fund:
 - Materials and services (1,765)
- b. The City did not adopt a budget for 1996-97 for the FAA Grant Improvement Fund.

The City established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirements levels for all funds except the General Fund and the Special Grants Fund. For the General Fund, budgetary control is at the department level and then personal services, materials and services, capital outlay, and non-departmental level. For the Special Grants Fund, appropriations are at the grant level.

INSURANCE AND FIDELITY BONDS

We reviewed the City's insurance and fidelity bond coverage at June 30, 1997, and ascertained that such policies appeared to be in force. We are not competent by training to comment on the adequacy of the insurance policies covering City-owned property at June 30, 1997.

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS (Continued)**

Page 4

PROGRAMS FUNDED FROM OUTSIDE SOURCES

Based upon our review, the City appears to be in compliance with appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies.

HIGHWAY FUNDS

The City appears to have complied with the provisions of Article IX, Section 3a of the Oregon Constitution and ORS Sections 294, 368 and 373 in regards to the expenditures of motor vehicle use funds.

INVESTMENTS

Our review of deposit and investment balances indicated that the City was in compliance with ORS 294, as it pertains to investment of public funds, during the year ended June 30, 1997.

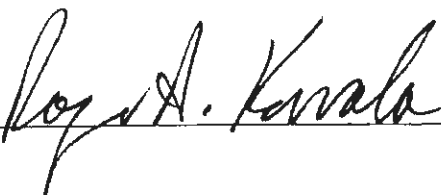
PUBLIC CONTRACTS AND PURCHASING

Based on our review of the City's compliance with ORS 279.061, we determined that the City had not adopted a formal cost accounting system to support the use of City personnel and equipment for construction projects in excess of \$ 5,000.

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These comments are intended for the information of the City Council, management, and state agencies. However, these comments are a matter of public record and their distribution is not limited.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By 

STATISTICAL SECTION

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CITY OF THE DALLES, OREGON

GENERAL REVENUES BY SOURCE

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Taxes</u>	<u>Franchise Fees</u>	<u>Inter-governmental Revenues</u>	<u>Charges for Services</u>
1988	\$ 2,149,265	\$ 275,560	\$ 1,035,890	\$ 326,230
1989	2,301,305	260,171	632,041	352,954
1990	2,435,763	272,819	985,155	186,417
1991	2,883,615	318,128	809,562	223,815
1992	2,832,970	328,689	1,146,363	408,935
1993	2,620,169	190,604	1,818,669	405,077
1994	2,682,851	219,477	1,147,154	411,252
1995	3,241,507	230,359	1,683,909	418,362
1996	2,354,125	237,642	1,820,162	139,022
1997	2,466,175	250,291	1,172,906	333,992

Note: The schedule above includes only those revenues recorded in the governmental fund types, and does not include the City's component unit.

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

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

<u>Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Highways and Streets</u>
1988	\$ 862,903	\$ 1,447,375	\$ 325,569
1989	1,055,807	1,587,096	378,323
1990	1,351,295	1,478,940	582,474
1991	1,499,011	1,473,773	492,511
1992	1,375,512	1,714,254	552,431
1993	2,024,769	1,891,226	734,023
1994	1,567,628	2,030,700	740,212
1995	1,517,413	2,126,472	763,453
1996	1,590,782	1,221,837	756,693
1997	1,866,720	1,307,395	840,677

Note: The schedule above includes only those expenditures recorded in the governmental fund types, and does not include the City's component unit.

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

<u>Fines and Forfeitures</u>	<u>Investment Income</u>	<u>Special Assessments</u>	<u>Other Revenues</u>	<u>Totals</u>
\$ 81,882	\$ 218,201	\$ 214,087	\$ 423,069	\$ 4,724,184
77,631	192,975	59,120	54,540	3,930,737
106,012	185,252	242,622	392,490	4,806,530
73,193	196,954	305,646	84,841	4,895,754
73,190	305,833	238,176	237,514	5,571,670
81,748	144,874	107,696	259,816	5,628,653
101,474	98,317	118,505	521,410	5,300,440
101,844	144,716	116,953	379,588	6,317,238
128,354	192,448	17,696	345,792	5,235,241
145,822	151,935	140,231	277,307	4,938,659

<u>Culture and Recreation</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Totals</u>
\$ 216,726	\$ 955,876	\$ 512,802	\$ 4,321,251
221,916	407,931	339,144	3,990,217
227,172	618,986	505,885	4,764,752
244,990	370,173	562,719	4,643,177
261,846	734,932	569,928	5,208,903
283,644	1,183,995	2,966,585	9,084,242
297,728	921,545	440,008	5,997,821
267,656	1,217,615	382,767	6,275,376
339,522	1,191,750	380,533	5,481,117
516,399	277,719	372,441	5,181,351

CITY OF THE DALLES, OREGON

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

<u>Tax Levy Year</u>	<u>Total Levy</u>	<u>Current Year Collections</u>	<u>Percent of Tax Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections as Percent of Current Tax Levy</u>
1988	\$ 2,098,750	\$ 1,751,821	83.47 %	\$ 221,625	\$ 1,973,446	94.03 %
1989	1,954,689	1,621,232	82.94	268,229	1,889,461	96.66
1990	2,096,136	1,812,273	86.46	300,909	2,113,182	100.81
1991	2,210,998	1,917,228	86.71	425,475	2,342,703	105.96
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	90.38	491,763	2,743,493	110.12
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

Source: Wasco County Department of Assessment and Taxation. Schedules of Property tax transactions by year.

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

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CITY OF THE DALLES, OREGON

PROPERTY TAX RATES - ALL
DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

<u>Year</u>	<u>City of The Dalles</u>	<u>Wasco County</u>	<u>Port of The Dalles</u>	<u>Mid-Columbia Fire and Rescue</u>
1988	\$ 8.91	\$ 6.66	\$ 1.45	\$ 3.99
1989	8.19	7.17	1.60	4.08
1990	8.37	7.41	1.57	4.55
1991	8.44	6.34	1.31	4.12
1992	8.00	6.23	1.21	3.45
1993	7.23	5.40	1.03	2.62
1994	7.12	5.38	1.04	3.09
1995	8.24	4.95	0.89	2.83
1996	5.76	4.25	0.76	2.14
1997	6.89	4.20	0.75	2.08

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

Source: Wasco County Department of Assessment and Taxation.

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
\$ 0.89	\$ 19.98	\$ 24.48	\$ 15.40	\$ 1.74	\$ 1.03
0.93	19.74	19.65	15.51	1.84	1.08
1.00	19.74	23.24	15.20	1.87	1.16
0.99	18.80	22.93	10.37	1.71	1.06
1.24	22.60	21.54	13.94	1.72	1.06
1.06	21.51	16.15	12.20	1.53	0.94
1.12	21.05	20.10	13.54	1.58	1.65
0.89	18.25	19.54	13.65	1.49	1.57
0.85	17.87	15.27	10.33	1.37	1.38
0.75	18.20	15.63	12.02	1.36	1.31

CITY OF THE DALLES, OREGON

COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 1997

Total estimated true cash value		<u>\$ 496,383,585</u>
State debt limit - 3% of total equalized value		\$ 14,891,508
Amount of debt applicable to debt limit:		
General bonded long-term debt	\$ 2,380,000	
Less amount in debt service funds available for payment of principal:		
Debt Service Fund Balance	<u>(162,508)</u>	
Total amount of debt applicable to limit		<u>2,542,508</u>
LEGAL DEBT MARGIN		<u>\$ 12,349,000</u>

CITY OF THE DALLES, OREGON

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

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Gross General Bonded Debt</u>	<u>True Cash Value and Assessed Value</u>	<u>Ratio of Gross General Bonded Debt to Assessed Value</u>	<u>Population</u>	<u>Gross Bonded Debt per Capita</u>
1987	\$ 2,945,000	\$ 270,712,403	1.09 %	10,265	\$ 287
1988	2,825,000	235,636,929	1.20	10,715	264
1989	3,125,000	238,595,098	1.31	10,590	295
1990	2,935,000	250,408,479	1.17	11,060	265
1991	2,730,000	261,778,914	1.04	11,130	245
1992	2,515,000	305,002,343	.82	11,200	225
1993	2,290,000	338,832,980	.68	11,370	201
1994	2,165,000	361,571,408	.60	11,325	191
1995	1,885,000	444,517,119	.42	11,325	166
1996	1,590,000	464,027,786	.34	11,355	140
1997	2,380,000	496,383,585	.48	11,460	208

Notes: Population information for fiscal year ended June 30, 1997 estimated.

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, OREGON

RATIO OF ANNUAL DEBT SERVICE
EXPENDITURES FOR GENERAL BONDED DEBT TO
TOTAL GENERAL GOVERNMENTAL EXPENDITURES

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Annual Debt Service Expen- ditures for General Bonded Debt</u>	<u>Total General Government Expen- ditures</u>	<u>Ratio of Debt Service to Total Expen- ditures</u>
1988	\$ 509,400	\$ 4,321,251	11.79 %
1989	510,148	3,990,217	12.78
1990	502,706	4,764,752	10.55
1991	506,954	4,643,177	10.92
1992	504,715	5,208,903	9.69
1993	501,350	9,084,242	5.52
1994	401,856	5,997,821	6.70
1995	379,587	6,275,376	6.04
1996	377,618	5,481,117	6.88
1997	369,261	5,181,351	7.13

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.

CITY OF THE DALLES, OREGON

DIRECT AND OVERLAPPING GROSS BONDED DEBT

JUNE 30, 1997

GOVERNMENTS:	<u>Percent Within The City</u>	<u>Gross Bonded Debt</u>
City of The Dalles	100.00 %	\$ 2,380,000
Wasco County	42.50	2,381,879
Northern Wasco Parks and Recreation District	75.05	258,936
Port of The Dalles	54.67	1,959,515
Wasco County School District 9	14.25	470,094
Columbia Gorge Community College	42.64	3,086,991

Source: Municipal Debt Advisory Commission, State of Oregon.

CITY OF THE DALLES, OREGON

ASSESSMENTS LEVIED AND COLLECTIONS

LAST TEN FISCAL YEARS

<u>Year</u>	<u>New Assessments Levied</u>	<u>Assessments Collected</u>
1988	\$ 128,030	\$ 214,087
1989	110,526	59,120
1990	97,408	242,622
1991	86,370	305,646
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

Sources: Assessment Subsidiary Ledger.
Combined Statements of Revenues, Expenditures and Changes in Fund Balance for all
Governmental Fund Types by Year.

CITY OF THE DALLES, OREGON

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Unemploy- ment Rate</u>
1988	10,715	\$ 14,400	7.8 %
1989	10,590	15,506	8.3
1990	11,060	16,501	7.6
1991	11,130	16,726	7.7
1992	11,200	18,667	9.7
1993	11,370	19,437	7.1
1994	11,325	17,990	7.3
1995	11,325	N/A	7.1
1996	11,355	N/A	7.5
1997	11,460	N/A	N/A

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

N/A - Not available

Sources: U.S. Bureau of Economic Analysis. Center for Population and Census, Portland State University. State of Oregon Employment Division.

CITY OF THE DALLES, OREGON

PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Commercial</u>		<u>Residential</u>		<u>Bank Deposits</u>	<u>Property Value True Cash Valuation</u>
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>		
1988	54	\$ 1,622,709	73	\$ 566,743	\$ 153,269,000	\$ 235,636,929
1989	45	1,502,335	66	897,311	114,220,000	238,595,098
1990	47	8,020,012	92	1,587,212	117,530,000	250,408,479
1991	70	5,583,917	84	1,213,445	163,525,000	261,778,914
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

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, OREGON

PRIMARY TAXPAYERS

JUNE 30, 1997

	<u>Assessed Valuation</u>	<u>Percentage of Total District's Assessed Value</u>
Sprint Corporation	\$ 7,257,689	1.46 %
Northern Wasco County P.U.D.	6,461,405	1.30
Kerr McGee Chemical Corp.	5,788,470	1.17
GFI The Dalles Investment Ltd.	5,529,600	1.11
Oregon Cherry Growers	5,041,803	1.06
Union Pacific Railroad Company	4,625,000	0.93
Gershman Harold Family Trust	4,623,860	0.93
Stadelman, George P., et al.	4,578,240	0.92
Portland Fixture	4,462,110	0.90
Hemstreet, Mark S.	4,283,770	0.86
Subtotal	52,651,947	10.64
All other taxpayers	443,731,638	89.36
Grand total	<u>\$ 496,383,585</u>	<u>100.00 %</u>

Source: Wasco County Department of Assessment and Taxation.

CITY OF THE DALLES, OREGON

MISCELLANEOUS STATISTICS

City's charter granted by Territorial Legislature	1857
Total housing units (within city limits)	5,001
Vacancy rate	6.2%
Total areas of the City of The Dalles in square miles	4,646
Altitude in feet	Ranges from 75 to 750
Mean temperature - Fahrenheit	55
Annual rainfall in inches	14
Water Enterprise:	
Daily consumption in gallons (winter average)	2,000,000
System storage capacity in gallons	16,600,000
Total connections/services	4,083
Number of motel rooms	575
Miles of paved streets within City	70
Employees:	
Total employees	88
Full-time	76
Part-time/temporary	12

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 Dept.