

Linn County, Oregon
ANNUAL FINANCIAL REPORT
For The Year Ended
June 30, 1989

WARNER, PRICE, KOONTZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
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CITY OF LEBANON
Linn County, Oregon
June 30, 1989

CITY OFFICIALS

Mayor

Robert Smith
1111 Walker Road
Lebanon, Oregon 97355

Council Members

Gerald Lynch
2425 Third Street
Lebanon, OR 97355

Diane Branson
295 Violet Street
Lebanon, Oregon 9735

Lyle Winters
144 2nd Street
Lebanon, Oregon 97355

John Richard
315 11th Street
Lebanon, Oregon 97355

Ronald E. Miller, Jr.
1115 Franklin Street
Lebanon, Oregon 97355

Ken Toombs
1299 Franklin Street
Lebanon, OR 97355

City Administrator

Joseph A. Windell
550 East Vine Street
Lebanon, Oregon 97355

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The Honorable Robert Smith, Mayor
and Members of the City Council
City of Lebanon, Oregon

We have examined the general purpose financial statements of the City of Lebanon, Oregon, as of and for the year ended June 30, 1989, as listed in the table of contents. Our examination was made in accordance with generally accepted auditing standards and the Minimum Standards for Audits of Oregon Municipal Corporations and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the general purpose financial statements referred to above present fairly the financial position of the City of Lebanon, Oregon, at June 30, 1989, and the results of its operations and the changes in financial position of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements, and the accompanying financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Lebanon, Oregon. Such information has been subjected to the auditing procedures applied in the examination of the general purpose, combining, individual fund, and individual account group financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account groups, taken as a whole.

Warner, Price, Koontz & Co., P.C.

By 

October 16, 1989

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF LEBANON

Linn County, Oregon

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1989

<u>ASSETS AND OTHER DEBITS</u>	<u>Governmental</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
Assets:			
Cash and investments	\$ 511,051	\$337,146	\$161,745
Receivables:			
Court fines	220,134	-	-
Property taxes	298,292	40,479	14,989
Accounts	10,241	3,500	-
Special assessments	-	1,159	501,013
Loans	77,842	580,808	-
Due from other funds	11,347	-	-
Prepaid expenses	-	11,347	-
Fixed assets	-	-	-
Accumulated depreciation	-	-	-
Other debits:			
Amount available for bond retirement	-	-	-
Amount to be provided for bond retirement	-	-	-
Total assets	<u>\$1,128,907</u>	<u>\$974,439</u>	<u>\$677,747</u>
<u>LIABILITIES EQUITY AND OTHER CREDITS</u>			
Liabilities:			
Accounts payable	\$ 23,529	\$ 27,783	\$ -
Deposits	-	-	-
Due to other funds	-	11,347	-
Loan payable	-	-	-
Matured bonds and interest coupons payable	-	-	523
Bonds payable	-	-	-
Bond discount	-	-	-
Capital lease payable	-	-	-
Compensated absences payable	53,668	3,563	-
Deferred revenues	617,856	622,446	516,002
Total liabilities	<u>695,053</u>	<u>665,139</u>	<u>516,525</u>
Equity and other credits:			
Investment in general fixed assets	-	-	-
Contributed capital	-	-	-
Retained earnings (deficit)	-	-	-
Fund balances:			
Reserved for claims	37,581	4,146	-
Reserved for petty cash	900	-	-
Unreserved, undesignated	395,373	305,154	161,222
Total equity and other credits	<u>433,854</u>	<u>309,300</u>	<u>161,222</u>
Total liabilities, equity, and other credits	<u>\$1,128,907</u>	<u>\$974,439</u>	<u>\$677,747</u>

See accompanying notes to combined financial statements.

Fund Types	Proprietary	Fiduciary	Account Groups		Total (Memorandum Only)
	Fund Type	Fund Type	General Long	General	
Capital Projects	Enterprise	Expendable Trust	Term Debt	Fixed Assets	
\$841,503	\$ 309,181	\$97,088	\$ -	\$ -	\$ 2,257,714
-	-	-	-	-	220,134
-	-	-	-	-	353,760
-	210,726	-	-	-	224,467
33,074	-	-	-	-	535,246
-	-	-	-	-	658,650
-	-	-	-	-	11,347
-	-	-	-	-	11,347
-	12,529,866	-	-	3,131,028	15,660,894
-	(2,040,064)	-	-	-	(2,040,064)
-	-	-	161,222	-	161,222
-	-	-	1,106,841	-	1,106,841
<u>\$874,577</u>	<u>\$11,009,709</u>	<u>\$97,088</u>	<u>\$1,268,063</u>	<u>\$3,131,028</u>	<u>\$19,161,558</u>
\$ -	\$ 5,110	\$90,808	\$ -	\$ -	\$ 147,230
-	30,325	-	-	-	30,325
-	-	-	-	-	11,347
-	29,178	-	112,237	-	141,415
-	-	-	-	-	523
-	4,965,000	-	945,000	-	5,910,000
-	(39,480)	-	-	-	(39,480)
-	-	-	13,577	-	13,577
-	25,826	-	197,249	-	280,306
33,074	-	-	-	-	1,789,378
33,074	5,015,959	90,808	1,268,063	-	8,284,621
-	-	-	-	3,131,028	3,131,028
-	7,388,152	-	-	-	7,388,152
-	(1,404,105)	-	-	-	(1,404,105)
-	9,703	-	-	-	51,430
-	-	-	-	-	900
841,503	-	6,280	-	-	1,709,532
841,503	5,993,750	6,280	-	3,131,028	10,876,937
<u>\$874,577</u>	<u>\$11,009,709</u>	<u>\$97,088</u>	<u>\$1,268,063</u>	<u>\$3,131,028</u>	<u>\$19,161,558</u>

CITY OF LEBANON

Linn County, Oregon

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

All Governmental Fund Types and Expendable Trust Funds

Year Ended June 30, 1989

	<u>Governmental</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
Revenues:			
Taxes	\$1,436,364	\$ 199,010	\$114,647
Licenses and permits	326,327	-	-
Intergovernmental	151,232	307,047	-
Fines and forfeits	134,581	-	-
Miscellaneous	148,052	82,519	24,246
Total revenues	<u>2,196,556</u>	<u>588,576</u>	<u>138,893</u>
Expenditures:			
Personal services	1,510,105	237,373	-
Materials and services	518,152	290,293	-
Capital outlay	80,154	648,831	1,455
Other requirements	9,145	55,200	228,793
Total expenditures	<u>2,117,556</u>	<u>1,231,697</u>	<u>230,248</u>
Excess (deficiency) of revenues over expenditures	<u>79,000</u>	<u>(643,121)</u>	<u>(91,355)</u>
Other financing sources (uses):			
Bank loans	350,000	-	-
Transfers in	60,000	149,196	-
Transfers out	(38,072)	(201,794)	-
Net change in reserves	38,306	4,146	-
Loan repayment	(350,000)	-	-
Total other financing sources (uses)	<u>60,234</u>	<u>(48,452)</u>	<u>-</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	139,234	(691,573)	(91,355)
Fund equity - July 1	<u>294,620</u>	<u>1,000,873</u>	<u>252,577</u>
Fund equity - June 30	<u>\$ 433,854</u>	<u>\$ 309,300</u>	<u>\$161,222</u>

See accompanying notes to combined financial statements.

<u>Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
<u>Capital Projects</u>	<u>Trust & Agency</u>	
\$ 14,230	\$ -	\$1,764,251
-	-	326,327
1,456	-	459,735
-	-	134,581
<u>106,433</u>	<u>72,991</u>	<u>434,241</u>
<u>122,119</u>	<u>72,991</u>	<u>3,119,135</u>
7,084	-	1,754,562
94,829	-	903,274
33,106	-	763,546
-	<u>72,104</u>	<u>365,242</u>
<u>135,019</u>	<u>72,104</u>	<u>3,786,624</u>
<u>(12,900)</u>	<u>887</u>	<u>(667,489)</u>
-	-	350,000
19,820	-	229,016
-	-	(239,866)
-	-	42,452
-	-	<u>(350,000)</u>
<u>19,820</u>	<u>-</u>	<u>31,602</u>
6,920	887	(635,887)
<u>834,583</u>	<u>5,393</u>	<u>2,388,046</u>
<u>\$841,503</u>	<u>\$ 6,280</u>	<u>\$1,752,159</u>

CITY OF LEBANON
Linn County, Oregon

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

Budget and Actual
All Governmental Fund Types and Expendable Trust Funds
Year Ended June 30, 1989

	<u>General Fund</u>		<u>Governmental</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$1,400,652	\$1,436,354	\$ 35,712
Licenses and permits	271,500	326,327	54,827
Intergovernmental	137,000	151,232	14,232
Fines and forfeits	105,000	134,581	29,581
Miscellaneous	<u>88,400</u>	<u>148,052</u>	<u>59,652</u>
Total revenues	<u>2,002,552</u>	<u>2,196,556</u>	<u>194,004</u>
Expenditures:			
Personal services		1,500,548	
Materials and services		518,152	
Capital outlay		80,154	
Other requirements		9,145	
Total expenditures	<u>2,231,253</u>	<u>2,107,999</u>	<u>123,254</u>
Excess (deficiency) of revenues over expenditures	<u>(228,701)</u>	<u>88,557</u>	<u>317,258</u>
Other financing sources (uses):			
Bank loans	350,000	350,000	-
Transfers in	66,000	60,000	(6,000)
Transfers out	(38,072)	(38,072)	-
Net change in reserves	-	38,306	38,306
Loan repayment	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>27,928</u>	<u>60,234</u>	<u>32,306</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(200,773)</u>	<u>148,791</u>	<u>349,564</u>
Fund equity July 1, budget basis	<u>200,773</u>	<u>338,731</u>	<u>137,958</u>
Fund equity June 30, budget basis	<u>\$ -</u>	<u>487,522</u>	<u>\$487,522</u>
Adjustments to GAAP basis		<u>(53,668)</u>	
Fund equity, June 30, GAAP basis		<u>\$ 433,854</u>	

See accompanying notes to combined financial statements.

Fund Types

Special Revenue Funds			Debt Service Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 203,000	\$ 199,010	\$ (3,990)	\$ 79,250	\$114,647	\$ 35,397
-	-	-	-	-	-
324,386	307,047	(17,339)	-	-	-
-	-	-	-	-	-
57,200	82,519	25,319	24,000	24,246	246
584,586	588,576	3,990	103,250	138,893	35,643
	238,709			-	
	290,293			-	
	648,831			1,455	
	55,200			228,793	
1,632,152	1,233,033	399,119	308,155	230,248	77,907
(1,047,566)	(644,457)	403,109	(204,905)	(91,355)	113,550
-	-	-	-	-	-
140,377	149,196	8,819	-	-	-
(60,000)	(201,794)	(141,794)	-	-	-
-	4,146	4,146	-	-	-
-	-	-	-	-	-
80,377	(48,452)	(128,829)	-	-	-
(967,189)	(692,909)	274,280	(204,905)	(91,355)	113,550
967,189	1,000,873	33,684	249,362	252,577	3,215
\$ -	307,964	\$307,964	\$ 44,457	161,222	\$116,765
	1,336			-	
	\$ 309,300			\$161,222	

CITY OF LEBANON

Linn County, Oregon

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

Budget and Actual
All Governmental Fund Types and Expendable Trust Funds
 Year Ended June 30, 1989
 (Continued)

	<u>Capital Projects</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 4,573	\$ 14,230	\$ 9,657
Licenses and permits	-	-	-
Intergovernmental	2,000	1,456	(544)
Fines and forfeits	-	-	-
Miscellaneous	<u>42,025</u>	<u>106,433</u>	<u>64,408</u>
Total revenues	<u>48,598</u>	<u>122,119</u>	<u>73,521</u>
Expenditures:			
Personal services		7,084	
Materials and services		94,425	
Capital outlay		33,510	
Other requirements		-	
Total expenditures	<u>841,683</u>	<u>135,019</u>	<u>706,664</u>
Excess (deficiency) of revenues over expenditures	<u>(793,085)</u>	<u>(12,900)</u>	<u>780,185</u>
Other financing sources (uses):			
Operating contingencies	(119,792)	-	119,792
Bank loans	-	-	-
Transfers in	58,950	19,820	(39,130)
Transfers out	-	-	-
Net change in reserves	-	-	-
Loan repayment	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(60,842)</u>	<u>19,820</u>	<u>80,662</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(853,927)</u>	<u>6,920</u>	<u>860,847</u>
Fund equity July 1, budget basis	<u>866,274</u>	<u>834,583</u>	<u>(31,691)</u>
Fund equity June 30, budget basis	<u>\$ 12,347</u>	841,503	<u>\$829,156</u>
Adjustments to GAAP basis		-	
Fund Balance June 30, GAAP basis		<u>\$841,503</u>	

See accompanying notes to combined financial statements.

Trust and Agency			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$1,687,475	\$1,764,251	\$ 76,776
-	-	-	271,500	326,327	54,827
-	-	-	463,386	459,735	(3,651)
-	-	-	105,000	134,581	29,581
<u>60,000</u>	<u>72,991</u>	<u>-</u>	<u>271,625</u>	<u>434,241</u>	<u>162,616</u>
<u>60,000</u>	<u>72,991</u>	<u>12,991</u>	<u>2,798,986</u>	<u>3,119,135</u>	<u>320,149</u>
-	-	-		1,746,341	
-	-	-		903,274	
-	-	-		763,950	
-	<u>72,104</u>	<u>-</u>		<u>365,242</u>	
<u>60,000</u>	<u>72,104</u>	<u>(12,104)</u>	<u>4,933,603</u>	<u>3,778,807</u>	<u>1,154,796</u>
-	<u>887</u>	<u>887</u>	<u>(2,134,617)</u>	<u>(659,672)</u>	<u>1,474,945</u>
-	-	-	(259,432)	-	259,432
-	-	-	350,000	350,000	-
-	-	-	265,327	229,016	(36,311)
-	-	-	(98,072)	(239,866)	(141,794)
-	-	-	-	42,452	42,452
-	-	-	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
-	-	-	<u>(92,177)</u>	<u>31,602</u>	<u>123,779</u>
-	887	887	(2,226,794)	(628,070)	1,598,724
-	<u>5,393</u>	<u>5,393</u>	<u>2,283,598</u>	<u>2,432,157</u>	<u>148,559</u>
<u>\$ -</u>	<u>6,280</u>	<u>\$ 6,280</u>	<u>\$ 56,804</u>	<u>1,804,087</u>	<u>\$1,747,283</u>
-	-	-		(51,928)	
-	<u>\$ 6,280</u>			<u>\$1,752,159</u>	

CITY OF LEBANON

Linn County, Oregon

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

Proprietary Fund Type - Enterprise Fund

Year Ended June 30, 1989

Operating revenues:	
Charges for services	\$ 1,582,337
Miscellaneous	<u>49,848</u>
Total operating revenues	<u>1,632,185</u>
Operating expenses:	
Personal services	491,285
Materials and services	819,615
Depreciation	229,855
Interest	<u>337,968</u>
Total operating expenses	<u>1,878,723</u>
Operating income (loss)	(246,538)
Nonoperating revenue (expenses):	
Transfers (to) from other funds	10,850
Increase in appropriated retained earnings	<u>9,703</u>
Net income (loss)	(225,985)
Retained earnings (deficit) July 1	<u>(1,168,417)</u>
Retained earnings June 30	<u>\$(1,394,402)</u>
Appropriated for claims	\$ 9,703
Unappropriated	<u>(1,404,105)</u>
Retained earnings, June 30	<u>\$(1,394,402)</u>

See accompanying notes to combined financial statements.

CITY OF LEBANON

Linn County, Oregon

STATEMENT OF CASH FLOWS

Proprietary Fund Type - Enterprise Fund

Year Ended June 30, 1989

Cash flows from operating activities:	
Income collected	\$ 1,599,705
Operating expenses paid:	
Personal services	427,432
Materials and supplies	840,734
Interest	<u>336,088</u>
Total operating expenses paid	<u>1,604,254</u>
Net cash provided (used) by operating activities	<u>(4,549)</u>
Cash flows from investing activities:	
Capital expenditures	<u>(75,959)</u>
Cash flows from financing activities:	
Debt principal payments	(105,766)
Transfers from other funds	<u>10,850</u>
Net cash provided (used) by financing activities	<u>(94,916)</u>
Net (decrease) in cash and temporary cash investments	(175,424)
Cash and temporary cash investments at beginning of year	<u>484,605</u>
Cash and temporary cash investments at end of year	<u>\$ 309,181</u>

See accompanying notes to financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

CITY OF LEBANON

Linn County, Oregon

NOTES TO FINANCIAL STATEMENTS

June 30, 1989

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Lebanon have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The financial statements include the accounts of the City of Lebanon and the Lebanon Urban Renewal District. The City and the Urban Renewal District are both governed by a mayor and a six member City Council.

B. Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the City not accounted for in some other fund.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these

Note 1, C, (continued)

funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds, nonexpendable trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both 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 be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 30 days after year end. Undistributed taxes held by the County Treasurer are included in the balance of cash on hand at year end. A one-year available period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types, pension trust funds and nonexpendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. Budgets

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles, except for compensated absences (as described in G. below). Annual appropriated budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year

Note 1, D, (continued)

end. The City complies with the budgetary process requirements established by the appropriate sections of the Oregon Revised Statutes. The budget for the Enterprise Fund is adopted on the same basis as the budgets for the governmental funds.

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments.

State statutes authorize the City to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the States of Oregon, Washington, Idaho, or California, certain interest bearing bonds, time deposit open accounts, certificates of deposit and savings accounts in banks, mutual savings banks and savings and loan associations which maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

F. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated.

G. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure when paid for budgetary purposes. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

H. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is

Note 1, H, (continued)

reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

I. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - LEGAL COMPLIANCE - BUDGETS

- A. The Budget Officer prepares a budget for the Budget Committee to review.
- B. The budget is then printed in proposed form and is presented for public hearings to obtain taxpayer comments and approval from the Budget Committee.
- C. Prior to July 1, the budget is legally adopted by the City Council through passage of a resolution.
- D. The Council is authorized to transfer budgeted amounts between departments and line items within any fund by resolution order. Supplemental budgets must follow the same criteria as the original budget, except that portion involving the Budget Committee.
- E. Appropriations lapse at year end.
- F. The bases of budgeting for the City's various funds are the same as the bases of accounting used by the funds except for the Proprietary Fund Types, which budget on the modified accrual basis instead of on the full accrual basis used in their financial reporting. The City complies with the budgetary process requirements established by the appropriate sections of the Oregon Revised Statutes.
- G. Expenditures may not legally exceed budgeted appropriations.

NOTE 3 - CASH AND INVESTMENTS

Investments - The City's investment policies are governed by State Statutes. Permissible investments include bankers acceptances, repurchase agreement, time certificates of deposits, obligations of the United States, its agencies and instrumentalities, and the Oregon State Treasurer's Short-term Investment Fund, among others. The City's investments are categorized as follows:

1. Insured for which the securities are held by the City
2. Uninsured for which the securities are held by the bank's trust department in the City's name
3. Uninsured for which the securities are held by the Bank in the bank's name

Deposits and investments at June 30, 1989 were comprised of the following:

Note 3, (continued)

	Category			Carrying Amount	Market Value
	1	2	3		
Investments with financial institutions:					
Commercial paper	\$ -	\$138,494	\$ -	\$ 138,494	\$ 139,060
Banker's Acceptance	-	<u>347,211</u>	-	<u>347,211</u>	<u>348,515</u>
Investments with financial institutions	<u>\$ -</u>	<u>\$485,705</u>	<u>\$ -</u>	485,705	487,575
Investment in Oregon State Treasurer's Short-Term Local Government Investment Fund				<u>1,621,004</u>	<u>1,621,004</u>
Total investments				2,106,709	2,108,579
Demand deposits				77,387	77,387
Held by County Treasurers				33,610	33,610
Held by other governmental agencies					<u>39,108</u>
<u>39,108</u>					
Total cash deposits				<u>2,256,814</u>	<u>2,258,684</u>
Petty cash				<u>900</u>	<u>900</u>
Total cash & investments				<u>\$2,257,714</u>	<u>\$2,259,584</u>

Due to the significantly higher cash flows at certain times during the year than at year end, the City's investments in bankers acceptances, for which the underlying securities were held by the bank, varies. Consequently, the amounts held in Category 2 at certain times during the year were significantly greater than at year end.

The City's investment in the Local Government Investment Pool of \$1,621,004 represents approximately .06% of the equity of the Pool at June 30, 1989. As of June 30, 1989 the Local Government Investment Pool had the following investment portfolio:

Note 3, (continued)

TOTAL DOLLARS INVESTED AT MONTH END \$2,617,096,122

<u>Security Description</u>	<u>Par Value (000's omitted)</u>	<u>% of Total Portfolio</u>	<u>Difference Between Cost & Market (000's omitted)</u>
Time certificates of deposit	\$ 65,350	2.50%	0.00
Commercial paper	1,087,951	41.57%	0.00
Masternotes/floating rate notes	640,590	24.48%	0.00
Bankers acceptances	91,800	3.51%	0.00
State loans	78	0.00%	0.00
US Treasury notes/bonds/bills	250,000	9.55%	0.00
US Agencies (excluding PC's)	462,065	17.66%	0.00
GNMA PC's	12,893	0.49%	(232.07)
Mortgage pass-throughs	6,368	0.24%	(422.12)
	<u>\$2,617,095</u>	<u>100.00%</u>	<u>\$ (654.19)</u>
	MARKET VALUE = 99.98% of par		

MATURITY SCHEDULE

<u>Maturity</u>	<u>Amount (000's omitted)</u>	<u>% of Total</u>
01-30 Days	\$ 928,283	35.47%
31-60 Days	403,728	15.43%
61-90 Days	363,455	13.89%
91-360 Days	860,885	32.89%
1-3 Years	41,483	1.58%
Over 3 Years	19,261	.74%
Total	<u>\$2,617,095</u>	<u>100.00%</u>

NOTE 4 - PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUE

The real property tax is levied each July 1 and on personal property each January 1 on the assessed value of property located in the City as of January 1. Taxes are payable November 15 in full or, at the election of the taxpayer, in three equal installments on November 15, February 15 and May 15. Taxes become delinquent after each payment date. Uncollected taxes at June 30, 1989 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Available</u>	<u>Deferred</u>
General Fund	\$298,292	\$ -	\$298,292
Debt Service Fund	14,989	-	14,989
Urban Renewal	40,479	-	40,479
Total	<u>\$353,760</u>	<u>\$ -</u>	<u>\$353,760</u>

Notes (continued)

NOTE 5 - FIXED ASSETS

Fixed assets are stated at actual cost and estimated cost. Purchases of general fixed assets are recorded as expenditures in governmental funds and capitalized in the General Fixed Asset Account Group for recent years. Other recorded assets are at estimated cost.

Depreciation is not computed on general fixed assets. Upon disposal, the General Fixed Asset Account Group is relieved of the related cost or estimated cost if identified; any receipt from such disposal is accounted for as revenue of the General Fund.

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>July 1, 1987</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1989</u>
Total Fixed Assets	<u>\$3,026,615</u>	<u>\$121,646</u>	<u>\$17,233</u>	<u>\$3,131,028</u>

NOTE 6 - LONG-TERM DEBT

The bonds payable of \$5,910,000 consist of unmatured bonds of serial issues as detailed below. All bonds outstanding are general obligation bonds. Under Oregon laws, the City has continuing authority to levy taxes annually to retire bonds and interest coupons as they mature.

<u>Type of Bond</u>	<u>Outstanding</u> <u>June 30, 1988</u>	<u>Matured</u>	<u>Retired</u>	<u>Outstanding</u> <u>June 30, 1989</u>
Bancroft	\$ 370,000	\$130,000	\$130,000	\$ 240,000
General Obligation	775,000	70,000	70,000	705,000
Revenue Supported				
General Obligation	<u>5,070,000</u>	<u>105,000</u>	<u>105,000</u>	<u>4,965,000</u>
Total	<u>\$6,215,000</u>	<u>\$305,000</u>	<u>\$305,000</u>	<u>\$5,910,000</u>

Note 6, (continued)

<u>Fiscal Year</u>	<u>Bond Principal</u>	<u>Bond Interest</u>	<u>Total</u>
1989-90	315,000	397,266	712,266
1990-91	220,000	379,277	599,277
1991-92	230,000	363,653	593,653
1992-93	240,000	347,275	587,275
1993-94	230,000	331,145	561,145
1994-95	240,000	315,250	555,250
1995-96	245,000	298,810	543,810
1996-97	205,000	283,481	488,481
1997-98	225,000	268,562	493,562
1998-99	240,000	252,075	492,075
1999-00	265,000	233,893	498,893
2000-01	230,000	216,592	446,592
2001-02	245,000	200,619	445,619
2002-03	265,000	183,406	448,406
2003-04	280,000	164,838	444,838
2004-05	305,000	144,728	449,728
2005-06	330,000	122,900	452,900
2006-07	355,000	99,353	454,353
2007-08	385,000	73,675	458,675
2008-09	410,000	45,850	455,850
2009-10	450,000	15,750	465,750
TOTALS	<u>\$5,910,000</u>	<u>\$4,738,398</u>	<u>\$10,648,398</u>

NOTE 7 - EMPLOYEE RETIREMENT SYSTEMS

All full time employees after six months of employment with the City participate in the multiple-employer State of Oregon Public Employees' Retirement System (PERS). The total payroll was \$1,564,376, and the contribution for the year was \$218,297.

Assets available to meet benefit commitments are shown on two bases: the actuarial value of assets and an estimate of the book value of assets.

The Pension Benefit Obligation is a standardized disclosure measure of the pension benefits. It is adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of "Credited Projected Benefits" and is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons with other systems.

The measure is independent of the actuarial funding method used to determine contributions. The Pension Benefit Obligation was determined as part of the actuarial valuation at December 31, 1987.

Note 6, (continued)

Statement No. 5 of the Governmental Accounting Standards Board defines "Credited Projected Benefits" as those benefits based on service already performed and salary projected to the actual date of assumed termination or retirement. The Pension Benefit Obligation presented in this statement was determined using the following assumptions:

- a. Future service was considered only to the extent that it would permit active plan participants to become eligible for benefits attributable to service rendered prior to the date of determination.
- b. Regular valuation assumptions were used as to mortality, withdrawal, retirement ages, disability, future salaries and investment return.

The actuarial present values were calculated using actuarial assumptions that were based on the presumption that the System will continue. Were the System to terminate, different actuarial assumptions and other factors might be applicable in determining the Pension Benefit Obligation. The values presented in this statement should not be confused with information presented elsewhere regarding funding requirements.

Pension benefit obligation:

	<u>12/31/87</u>
Member account balances	\$ 818,772
Vested accrued benefits	498,721
Nonvested accrued benefits	<u>140,516</u>
Total	<u>\$1,458,009</u>
Actuarial value of assets:	<u>\$3,415,657</u>

Ten-year historical trend information presenting the PERS' progress in accumulating sufficient assets to pay benefits when due is contained in the PERS December 31, 1987 financial report.

Funding Methods and Assumptions

A fundamental principle in financing the liabilities of a retirement program is that the cost of its benefits should be related to when those benefits are earned, rather than to when they are paid. There are a number of methods in use for making such a determination. The method used for this valuation is technically referred to as the "entry age actuarial cost method."

Common stock and real estate investments are value at market, and bonds, mortgages and loans are valued at an adjusted price which would yield 7.5% interest to maturity. The actuarial value of assets includes member account balances.

The actuarial assumptions used in this valuation have been chosen on the basis of recent experience of the System and on current expectations as to future economic conditions. The assumptions are intended to estimate the future experience of the members of the System and of the System itself in areas which affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in estimated costs of the System's benefits.

Notes (continued)

NOTE 8 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the Combined Statements, of certain information concerning individual funds including:

- A. Summary disclosures of debt service requirements to maturity for all types of outstanding debt. This requirement is met by NOTE 6.
- B. Summary disclosures of changes in general fixed assets by major asset class. This requirement is met by NOTE 5.
- C. Summary disclosures of changes in general long-term debt. This requirement is met by NOTE 6.
- D. Excess of expenditures over appropriations in individual funds. The City overexpended the following appropriations for the year ended June 30, 1989:

<u>Fund</u>	<u>Amount of Appropriation</u>	<u>Overexpenditure</u>
General	Legislative	\$ 9

Because of this overexpenditures the City may be in noncompliance with ORS 294.100.

- E. Deficit fund balances or retained earnings balances of individual funds. There were no deficit fund balances at June 30, 1989 for budgetary purposes.
- F. Individual fund interfund receivable and payable balances. Such balances at June 30, 1989 were:

<u>Interfund Fund</u>	<u>Interfund Receivables</u>	<u>Payables</u>
General Fund	\$11,347	\$ -
Intergovernmental Fund	-	11,347
Totals	<u>\$11,347</u>	<u>\$11,347</u>

NOTE 9 - SALE OF FORECLOSED PROPERTIES IN ASPEN PARK SUBDIVISION

In 1984 and again in 1987, the City of Lebanon foreclosed on two groups of unimproved lots in the Aspen Park Subdivision. The City had made sewer, storm drainage, and street improvements and allowed bancroft funding to repay outstanding bonds. Attempts to sell the lots after foreclosure were unsuccessful due to a depressed real estate market. Linn County had also foreclosed on some of the lots and in June, 1989, the lots were offered for sale at a tax foreclosure sale. The Linn-Benton Housing authority purchased 28 lots from the county, 26 of which had

Note 9, (continued)

unpaid liens totalling \$142,219 principal and \$88,399 unpaid interest. The liens on each lot far exceeded the \$4,000 estimate of fair market value placed on them by the Assessor's office. Under Oregon Law, the City had the option of purchasing the lots from the county for the amount of taxes owed within 20 days of the foreclosure sale. To do this would have cost the City \$23,886. While the amount of the unpaid liens is quite high, the projected deficit in the Bancroft Bond Fund for the bond issue was only about \$50,000 to the final pay off date in 1995. This is attributed to interest earnings on early payoffs and the City's policy of allowing only 10 year amortization on liens receivable and selling bonds with 20 year amortization. Therefore, the City negotiated with the Housing Authority and the Housing Authority agreed to pay the city \$10,000 in exchange for the City's promise to not exercise its option to purchase the lots for taxes. The City now has 16 lots remaining to sell. In August, 1989 the City Council adopted a formal sales policy for the lots and began actively marketing them.

NOTE 10 - ADJUSTMENTS TO BEGINNING BALANCES

Certain reclassifications were necessary during the current year in the Debt Service Fund and Enterprise Fund which are properly reported as adjustments to beginning fund balance. These adjustments are detailed below.

	<u>Enterprise Fund</u>	<u>Debt Service Fund</u>
Balance, as originally reported (GAAP basis)	\$(1,131,482)	\$(13,591)
Overstatement of cash at beginning of year	<u>(36,935)</u>	<u>36,935</u>
Balance, as adjusted	<u>\$(1,168,417)</u>	<u>\$ 23,344</u>

COMBINING AND INDIVIDUAL FUNDS FINANCIAL STATEMENTS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

CITY OF LEBANON

Linn County, Oregon

STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - Budget and Actual

Year Ended June 30, 1989

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
Revenues:				
Taxes	\$1,400,652	\$1,436,364	\$ -	\$1,436,364
Licenses and permits	271,500	326,327	-	326,327
Intergovernmental	137,000	151,232	-	151,232
Fines and forfeits	105,000	134,581	-	134,581
Miscellaneous	88,400	148,052	-	148,052
Total revenue	2,002,552	2,196,556	-	2,196,556
Expenditures:				
Administration	71,661	70,278	9,557	79,835
City attorney	35,823	34,427	-	34,427
Community & Economic Development	44,228	41,683	-	41,683
Planning	20,768	18,584	-	18,584
Building inspection	30,557	30,278	-	30,278
Engineering	62,154	56,684	-	56,684
Parks	179,102	128,823	-	128,823
Finance	79,534	77,949	-	77,949
Legislative	23,817	23,826	-	23,826
Library	201,180	196,351	-	196,351
Municipal court	70,557	69,844	-	69,844
Police	1,090,316	1,082,513	-	1,082,513
Senior services	65,974	58,765	-	58,765
Nondepartmental	255,582	217,994	-	217,994
Total expenditures	2,231,253	2,107,999	9,557	2,117,556
Excess (deficiency) of revenues over expenditures	(228,701)	88,557	(9,557)	79,000
Other financing sources (uses):				
Bank loans	350,000	350,000	-	350,000
Transfers in	66,000	60,000	-	60,000
Transfers out	(38,072)	(38,072)	-	(38,072)
Net change in reserves	-	38,306	-	38,306
Loan repayment	(350,000)	(350,000)	-	(350,000)
Total other financing sources (uses)	27,928	60,234	-	60,234
Excess (deficiency) of revenues and other financing sources over expenditures	(200,773)	148,791	(9,557)	139,234
Fund balance July 1	200,773	338,731	(44,111)	294,620
Fund balance June 30	\$ -	\$ 487,522	\$ (53,668)	\$ 433,854

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Intergovernmental Fund - This fund is used to account for grants and other intergovernmental revenues which are legally restricted for specific purposes.

Urban Renewal Fund - This fund is used to account for the activity of the Lebanon Urban Renewal District.

CITY OF LEBANON

Linn County, Oregon

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS

June 30, 1989

<u>ASSETS</u>	<u>Inter- governmental Fund</u>	<u>Urban Renewal Fund</u>	<u>Total</u>
Cash and investments	\$187,538	\$149,608	\$337,146
Receivables accounts	3,500	-	3,500
Property taxes	-	40,479	40,479
Special assessments	-	1,159	1,159
Loans	580,808	-	580,808
Prepaid expenses	<u>11,347</u>	<u>-</u>	<u>11,347</u>
Total assets	<u>\$783,193</u>	<u>\$191,246</u>	<u>\$974,439</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 27,783	\$ -	\$ 27,783
Due to other funds	11,347	-	11,347
Compensated absences payable	3,563	-	3,563
Deferred revenues	<u>580,808</u>	<u>41,638</u>	<u>622,446</u>
Total liabilities	<u>623,501</u>	<u>41,638</u>	<u>665,139</u>
Fund Balances:			
Reserved for claims	4,146	-	4,146
Unreserved, undesignated	<u>155,546</u>	<u>149,608</u>	<u>305,154</u>
Total fund balance	<u>159,692</u>	<u>149,608</u>	<u>309,300</u>
Total liabilities and fund equity	<u>\$783,193</u>	<u>\$191,246</u>	<u>\$974,439</u>

CITY OF LEBANON

Linn County, Oregon

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS

Year Ended June 30, 1989

	<u>Inter- governmental Fund</u>	<u>Urban Renewal Fund</u>	<u>Total (Memorandum Only)</u>
Revenues:			
Taxes	\$ -	\$199,010	\$ 199,010
Intergovernmental	307,047	-	307,047
Miscellaneous	<u>59,036</u>	<u>23,483</u>	<u>82,519</u>
Total revenues	<u>366,083</u>	<u>222,493</u>	<u>588,576</u>
Expenditures:			
Personal services	231,282	6,091	237,373
Materials and services	243,638	46,655	290,293
Capital outlay	64,006	584,825	648,831
Debt service	<u>-</u>	<u>55,200</u>	<u>55,200</u>
Total expenditures	<u>538,926</u>	<u>692,771</u>	<u>1,231,697</u>
Excess (deficiency) of revenues over expenditures	<u>(172,843)</u>	<u>(470,278)</u>	<u>(643,121)</u>
Other financing sources (uses):			
Transfers in	149,196	-	149,196
Transfers out	(141,794)	(60,000)	(201,794)
Net change in reserves	<u>4,146</u>	<u>-</u>	<u>4,146</u>
Total other financing sources (uses)	<u>11,548</u>	<u>(60,000)</u>	<u>(48,452)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(161,295)</u>	<u>(530,278)</u>	<u>(691,573)</u>
Fund balance - July 1	<u>320,987</u>	<u>679,886</u>	<u>1,000,873</u>
Fund balance - June 30	<u>\$159,692</u>	<u>\$149,608</u>	<u>\$ 309,300</u>

CITY OF LEBANON

Linn County, Oregon

STATEMENT OF INTERGOVERNMENTAL FUND REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - Budget and Actual

Year Ended June 30, 1989

		Actual		
	Budget	Budget Basis	Adjustments	GAAP Basis
Revenues:				
Intergovernmental	\$324,386	\$307,047	\$ -	\$307,047
Miscellaneous	41,600	59,036	-	59,036
Total revenue	365,986	366,083	-	366,083
Expenditures:				
Teknetics	37,992	2,438	-	2,438
SCIP Road	26,000	10,870	(10,870)	-
Federal Revenue Sharing	147,633	146,460	(99,152)	47,308
OTSC Grant	10,000	2,977	-	2,977
Bikepath	31,054	9,511	-	9,511
Streets	391,678	384,335	(32,862)	351,473
Storm drains	31,772	25,775	-	25,775
Dial-a-bus	40,522	30,460	(246)	30,214
FAU Streets	32,496	10,182	-	10,182
LCDC	18,462	14,379	-	14,379
1983-84 Rehab	33,500	33,378	-	33,378
1985-86 Rehab	6,500	9,200	-	9,200
Ralston Park	1,000	-	-	-
Gills Landing	2,200	2,091	-	2,091
Vaughn Lane	-	-	-	-
Total expenditures	810,809	682,056	(143,130)	538,926
Excess (deficiency) of revenues over expenditures	(444,823)	(315,973)	143,130	(172,843)
Other financing (uses):				
Transfers in	140,377	149,196	-	149,196
Transfers out	-	-	(141,794)	(141,794)
Net changes in reserves	-	4,146	-	4,146
Operating contingency	(7,589)	-	-	-
Total other financing sources (uses)	132,788	153,342	(141,794)	11,548
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(312,035)	(162,631)	1,336	(161,295)
Fund balance July 1	312,035	325,886	(4,899)	320,987
Fund balance June 30	\$ -	\$163,255	\$ (3,563)	\$159,692

CITY OF LEBANON

Linn County, Oregon

STATEMENT OF URBAN RENEWAL FUND REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - Budget and Actual

Year Ended June 30, 1989

		Actual		
	Budget	Budget Basis	Adjustments	GAAP Basis
Revenues:				
Taxes	\$203,000	\$199,010	\$ -	\$199,010
Miscellaneous	15,600	23,483	-	23,483
Total revenue	218,600	222,493	-	222,493
Expenditures:				
Personal services	9,349	6,091	-	6,091
Materials and services	80,200	46,655	-	46,655
Capital outlay	585,000	584,825	-	584,825
Debt Service	55,200	55,200	-	55,200
Total expenditures	729,749	692,771	-	692,771
Excess (deficiency) of revenues over expenditures	(511,149)	(470,278)	-	(470,278)
Other financing (uses):				
Operating contingency	(84,005)	-	-	-
Transfers out	(60,000)	(60,000)	-	(60,000)
Total other financing (uses)	(144,005)	(60,000)	-	(60,000)
Excess (deficiency) of revenues over expenditures and other financing uses	(655,154)	(530,278)	-	(530,278)
Fund balance July 1	655,154	679,886	-	679,886
Fund balance June 30	\$ -	\$149,608	\$ -	\$149,608

DEBT SERVICE FUNDS

The Debt Service Funds are used to account for the accumulation of resources for and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

CITY OF LEBANON

Linn County, Oregon

COMBINING BALANCE SHEET - DEBT SERVICE FUNDS

June 30, 1989

<u>ASSETS</u>	<u>Debt Service Fund</u>	<u>Bancroft Bond Redemption Fund</u>	<u>Total</u>
Cash	\$ 16,046	\$145,699	\$161,745
Receivables:			
Property taxes	14,989	-	14,989
Special Assessments	-	501,013	501,013
Total assets	<u>\$ 31,035</u>	<u>\$646,712</u>	<u>\$677,747</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Matured bond and interest coupons payable	\$ 523	\$ -	\$ 523
Deferred revenue	14,989	501,013	516,002
Total liabilities	<u>15,512</u>	<u>501,013</u>	<u>516,525</u>
Fund Balances:			
Undesignated, unreserved	<u>15,523</u>	<u>145,699</u>	<u>161,222</u>
Total liabilities and fund balances	<u>\$ 31,035</u>	<u>\$646,712</u>	<u>\$677,747</u>

CITY OF LEBANON

Linn County, Oregon

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - DEBT SERVICE FUNDS

Year Ended June 30, 1989

	<u>Debt Service Fund</u>	<u>Bancroft Bond Redemption Fund</u>	<u>Total</u>
Revenues:			
Taxes	\$ 65,248	\$ 49,399	\$114,647
Miscellaneous	<u>2,181</u>	<u>22,065</u>	<u>24,246</u>
Total revenues	<u>67,429</u>	<u>71,464</u>	<u>138,893</u>
Expenditures:			
Capital outlay	-	1,455	1,455
Bond principal	50,000	130,000	180,000
Bond interest	<u>25,250</u>	<u>23,543</u>	<u>48,793</u>
Total expenditures	<u>75,250</u>	<u>154,998</u>	<u>230,248</u>
Excess (deficiency) of revenues over expenditures	(7,821)	(83,534)	(91,355)
Fund balance - July 1	<u>23,344</u>	<u>229,233</u>	<u>252,577</u>
Fund balance - June 30	<u>\$ 15,523</u>	<u>\$145,699</u>	<u>\$161,222</u>

CITY OF LEBANON

Linn County, Oregon

STATEMENT OF DEBT SERVICE FUND REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - Budget and Actual

Year Ended June 30, 1989

	Budget		Actual	
	Budget	Budget Basis	Adjustments	GAAP Basis
Revenues:				
Taxes	\$ 59,250	\$ 65,248	\$ -	\$ 65,248
Miscellaneous	<u>1,000</u>	<u>2,181</u>	<u>-</u>	<u>2,181</u>
Total revenue	<u>60,250</u>	<u>67,429</u>	<u>-</u>	<u>67,429</u>
Expenditures:				
Bond principal	50,000	50,000	-	50,000
Bond interest	<u>25,250</u>	<u>25,250</u>	<u>-</u>	<u>25,250</u>
Total expenditures	<u>75,250</u>	<u>75,250</u>	<u>-</u>	<u>75,250</u>
Excess (deficiency) of revenues over expenditures	(15,000)	(7,821)	-	(7,821)
Fund balance July 1	<u>25,000</u>	<u>23,344</u>	<u>-</u>	<u>23,344</u>
Fund balance June 30	<u>\$ 10,000</u>	<u>\$ 15,523</u>	<u>\$ -</u>	<u>\$ 15,523</u>

CITY OF LEBANON
Linn County, Oregon
STATEMENT OF BANCROFT BOND FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - Budget and Actual

Year Ended June 30, 1989

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
Revenues:				
Taxes	\$ 20,000	\$ 49,399	\$ -	\$ 49,399
Miscellaneous	<u>23,000</u>	<u>22,065</u>	<u>-</u>	<u>22,065</u>
Total revenue	<u>43,000</u>	<u>71,464</u>	<u>-</u>	<u>71,464</u>
Expenditures:				
Capital outlay	79,362	1,455	-	1,455
Bond principal	130,000	130,000	-	130,000
Bond interest	<u>23,543</u>	<u>23,543</u>	<u>-</u>	<u>23,543</u>
Total expenditures	<u>232,905</u>	<u>154,998</u>	<u>-</u>	<u>154,998</u>
Excess (deficiency) of revenues over expenditures	(189,905)	(83,534)	-	(83,534)
Fund balance July 1	<u>224,362</u>	<u>229,233</u>	<u>-</u>	<u>229,233</u>
Fund balance June 30	<u>\$ 34,457</u>	<u>\$145,699</u>	<u>\$ -</u>	<u>\$145,699</u>

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by property or fiduciary funds.

CITY OF LEBANON

Linn County, Oregon

STATEMENT OF CAPITAL PROJECTS FUND REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - Budget and Actual -

Year Ended June 30, 1989

		Actual		
	Budget	Budget Basis	Adjustments	GAAP Basis
Revenues:				
Taxes	\$ 4,573	\$ 14,230	\$ -	\$ 14,230
Intergovernmental	2,000	1,456	-	1,456
Miscellaneous	<u>42,025</u>	<u>106,433</u>	<u>-</u>	<u>106,433</u>
Total revenues	<u>48,598</u>	<u>122,119</u>	<u>-</u>	<u>122,119</u>
Expenditures:				
Special contingency	7,400	7,400	-	7,400
Equipment acquisition	16,700	13,715	-	13,715
Interview room	4,000	3,458	-	3,458
Library	5,411	1,615	-	1,615
Senior services	34,403	3,898	-	3,898
SDC Drainage	89,116	2,217	-	2,217
SDC Park	24,313	195	-	195
SDC Wastewater	508,123	92,430	-	92,430
SDC Streets	149,917	10,091	-	10,091
SDC Water	<u>2,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>841,683</u>	<u>135,019</u>	<u>-</u>	<u>135,019</u>
Excess (deficiency) of revenues over expenditures	<u>(793,085)</u>	<u>(12,900)</u>	<u>-</u>	<u>(12,900)</u>
Other financing sources:				
Operating contingency	(119,792)	-	-	-
Transfers in	<u>58,950</u>	<u>19,820</u>	<u>-</u>	<u>19,820</u>
Total other financing sources (uses)	<u>(60,842)</u>	<u>19,820</u>	<u>-</u>	<u>19,820</u>
Excess of revenue and other financing sources over expenditures	<u>(853,927)</u>	<u>6,920</u>	<u>-</u>	<u>6,920</u>
Fund balance July 1	<u>866,274</u>	<u>834,583</u>	<u>-</u>	<u>834,583</u>
Fund balance June 30	<u>\$ 12,347</u>	<u>\$841,503</u>	<u>\$ -</u>	<u>\$841,503</u>

ENTERPRISE FUND

The Enterprise Fund accounts for the operations of the City's utility system.

CITY OF LEBANON

Linn County, Oregon

STATEMENT OF REVENUES, EXPENSES AND CHANGES

IN RETAINED EARNINGS - Budget and Actual - Enterprise Fund

Year Ended June 30, 1989

		Actual		
	Budget	Budget Basis	Adjustments	GAAP Basis
Revenues:				
Charges for services	\$1,662,500	\$1,575,893	\$ 6,444	\$ 1,582,337
Miscellaneous	38,000	49,848	-	49,848
Total revenues	1,700,500	1,625,741	6,444	1,632,185
Expenses:				
Water	1,485,807	1,178,156	(28,334)	1,149,822
Wastewater	719,500	666,587	58,283	724,870
Railroad	33,300	4,031	-	4,031
Total expenses	2,238,607	1,848,774	29,949	1,878,723
Excess (deficiency) of revenues over expenses	(538,107)	(223,033)	(23,505)	(246,538)
Other financing (uses):				
Transfer in	14,900	14,900	-	14,900
Transfer out	(34,050)	(4,050)	-	(4,050)
Increase in appropriated retained earnings	-	9,703	-	9,703
Total other financing sources (uses)	(19,150)	20,553	-	20,553
Excess (deficiency) of revenues over expenses and other financing uses	(557,257)	(202,480)	(23,505)	(225,985)
Retained earnings July 1	557,257	506,551	(1,674,968)	(1,168,417)
Retained earnings June 30	\$ -	\$ 304,071	\$(1,698,473)	\$(1,394,402)

CITY OF LEBANON

Linn County, Oregon

STATEMENT OF REVENUES, EXPENSES AND CHANGES

IN RETAINED EARNINGS - Budget and Actual - Trust and Agency

Year Ended June 30, 1989

		<u>Actual</u>		
	<u>Budget</u>	<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP basis</u>
Revenues:				
Miscellaneous	\$60,000	\$72,991	\$ -	\$72,991
Expenditures:				
Other requirements	<u>60,000</u>	<u>72,104</u>	<u>-</u>	<u>72,104</u>
Excess (deficiency) of revenues over expenditures	-	887	-	887
Fund balance, July 1	<u>-</u>	<u>5,393</u>	<u>-</u>	<u>5,393</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ 6,280</u>	<u>\$ -</u>	<u>\$ 6,280</u>

See accompanying notes to financial statements.

SUPPLEMENTAL INFORMATION

CITY OF LEBANON

Linn County, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

June 30, 1989

<u>Tax Year</u>	<u>Taxes Receivable July 1, 1988</u>	<u>Levy</u>
1988-89	\$ -	\$1,673,810
Prior years	<u>372,152</u>	<u>-</u>
Totals	<u>\$372,152</u>	<u>\$1,673,810</u>

Add: Other taxes and interest

Cash with City Treasurer, July 1, 1988

Total cash available

Taxes received by City during 1988-89

Cash with City Treasurer, June 30, 1989

<u>Discount and Adjustments</u>	<u>Total Linn City Collections</u>	<u>Net Taxes Receivable June 30, 1989</u>
\$(54,894)	\$1,451,150	\$167,766
<u>20,093</u>	<u>206,251</u>	<u>185,994</u>
<u>\$(34,801)</u>	1,657,401	<u>\$353,760</u>
	7,592	
	<u>40,853</u>	
	1,705,846	
	<u>1,705,846</u>	
	<u>\$ -</u>	

Summary of taxes receivable
by fund:

General fund	\$298,292
Debt service fund	14,989
Urban renewal fund	<u>40,479</u>
Total	<u>\$353,760</u>

CITY OF LEBANON

Linn County, Oregon

SCHEDULE OF BOND TRANSACTIONS

June 30, 1989

<u>Issue</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	
		<u>From</u>	<u>To</u>
<u>Special Assessment</u>			
Bonds:			
1979	9/01/79	5.60	7.00
1982	8/01/83	9.25	11.25
1985	11/01/84	8.30	12.00
<u>General</u>			
Bonds:			
Sewage Treatment	12/01/75	4.25	7.00
Urban Renewal	11/01/84	8.75	12.00
Water Service Refinancing	11/01/86	6.00	6.75

Outstanding June 30, 1988		1988-89 Transactions		Outstanding June 30, 1989	
<u>Matured</u>	<u>Unmatured</u>	<u>Maturities</u>	<u>Retirements</u>	<u>Matured</u>	<u>Unmatured</u>
\$ -	\$ 200,000	\$100,000	\$100,000	\$ -	\$ 100,000
-	120,000	25,000	25,000	-	95,000
-	50,000	5,000	5,000	-	45,000
-	370,000	130,000	130,000	-	240,000
-	400,000	50,000	50,000	-	350,000
-	375,000	20,000	20,000	-	355,000
-	5,070,000	105,000	105,000	-	4,965,000
-	5,845,000	175,000	175,000	-	5,670,000
<u>\$ -</u>	<u>\$6,215,000</u>	<u>\$305,000</u>	<u>\$305,000</u>	<u>\$ -</u>	<u>\$5,910,000</u>

CITY OF LEBANON

Linn County, Oregon

SCHEDULE OF FUTURE REQUIREMENTS FOR THE

RETIREMENT OF BONDED DEBT

June 30, 1989

<u>Fiscal</u> <u>Year</u>	<u>Total</u> <u>Requirements</u> <u>All Issues</u>	<u>Bancroft Improvement Bonds</u>		
		<u>Total</u>	<u>Bonds</u>	<u>Coupons</u>
1989-90	\$ 712,266	\$145,029	\$130,000	\$15,029
1990-91	599,277	39,290	30,000	9,290
1991-92	593,653	36,334	30,000	6,334
1992-93	587,275	33,350	30,000	3,350
1993-94	561,145	11,400	10,000	1,400
1994-95	555,250	10,470	10,000	470
1995-96	543,810	-	-	-
1996-97	488,481	-	-	-
1997-98	493,562	-	-	-
1998-99	492,075	-	-	-
1999-00	498,893	-	-	-
2000-01	446,592	-	-	-
2001-02	445,619	-	-	-
2002-03	448,406	-	-	-
2003-04	444,838	-	-	-
2004-05	449,728	-	-	-
2005-06	452,900	-	-	-
2006-07	454,353	-	-	-
2007-08	458,675	-	-	-
2008-09	455,850	-	-	-
2009-10	465,750	-	-	-
	<u>\$10,648,398</u>	<u>\$275,873</u>	<u>\$240,000</u>	<u>\$35,873</u>

General Obligation Bonds			General Obligation Revenue Supported Bonds		
Total	Bonds	Coupons	Total	Bonds	Coupons
\$ 125,200	\$ 70,000	\$ 55,200	\$ 442,037	\$ 115,000	\$ 327,037
120,000	70,000	50,000	439,987	120,000	319,987
119,681	75,000	44,681	437,638	125,000	312,638
114,088	75,000	39,088	439,837	135,000	304,837
113,157	80,000	33,157	436,588	140,000	296,588
106,893	80,000	26,893	437,887	150,000	287,887
105,302	85,000	20,302	438,508	160,000	278,508
50,166	35,000	15,166	438,315	170,000	268,315
51,480	40,000	11,480	442,082	185,000	257,082
52,250	45,000	7,250	439,825	195,000	244,825
52,500	50,000	2,500	446,393	215,000	231,393
-	-	-	446,592	230,000	216,592
-	-	-	445,619	245,000	200,619
-	-	-	448,406	265,000	183,406
-	-	-	444,838	280,000	164,838
-	-	-	449,728	305,000	144,728
-	-	-	452,900	330,000	122,900
-	-	-	454,353	355,000	99,353
-	-	-	458,675	385,000	73,675
-	-	-	455,850	410,000	45,850
-	-	-	465,750	450,000	15,750
<u>\$1,010,717</u>	<u>\$705,000</u>	<u>\$305,717</u>	<u>\$9,361,808</u>	<u>\$4,965,000</u>	<u>\$4,396,808</u>

CITY OF LEBANON

Linn County, Oregon

SCHEDULE OF SPECIAL ASSESSMENT LIEN TRANSACTIONS

June 30, 1989

	<u>Bonded Assessments</u>
Balance at July 1, 1988	\$455,745
Transactions from July 1, 1988 to June 30, 1989:	
New liens	122,728
Liens paid by private owners	(48,664)
Liens paid by foreclosure	<u>(142,219)</u>
Balance at June 30, 1989	<u>\$387,590</u>

CITY OF LEBANON

Linn County, Oregon

SCHEDULE OF INSURANCE COVERAGE AND FIDELITY BONDS IN FORCE

June 30, 1989

<u>Dates</u>	<u>Policy No.</u>	<u>Company</u>	<u>Coverage</u>
7/01/88 to 7/01/89	PE01496	Northland Insurance Company	\$ 500,000 CSL Bodily Injury & Property Damage Comprehensive Gen- eral Liability covering premises & operations of the City
7/01/88 to 7/01/89	BA00458	Northland Insurance Company	\$ 500,000 CSL Bodily Injury & Property Damage Owned and Non-owned Automobiles
7/01/88 to 7/01/89	UM05676	Northland Insurance Company	\$1,500,000 Umbrella Liability
7/01/88 to 7/01/89	CPP326242900	American Guarantee	\$9,054,806 per occurrence All Real and Personal Property - Blanket
All Locations			
7/01/88 to 7/01/89	CPP326242900	American Guarantee	\$ 151,101 Contractors Equipment
10/01/87 to 10/01/90	3XM043586-01	Lumbermen's Mutual Casualty Company	\$1,000,000 Comprehensive Boiler & Machinery
7/01/88 to 7/01/89	5537452	Safeco Insurance Company	\$ 100,000 Public Official Bond for Joseph. A. Windell, City Administrator
7/01/88 to 7/01/89	5537489	Safeco Insurance Company	\$ 100,000 Public Official Casey Cole, Finance Operations Manager
7/01/88 to 7/01/89	5537454	Safeco Insurance Company	\$ 100,000 Public Official Bond for Judith Wendland, Finance Director
1/01/88 to 1/01/89	FS67925600	Great American Insurance Company	\$ 10,000 Public Employee Blanket Bond
2/02/88 to 2/01/89	01CC200675-1	American States Insurance Company	\$ 404,188 Computer Policy

CITY OF LEBANON
Linn County, Oregon

AUDITOR'S COMMENTS

Oregon Administrative Rules 162-10-050 through 162-10-320 of 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, comments and disclosures required in audit reports. The required comments and disclosures not included in preceding sections of this report are set forth as follows.

Statement of Accountability for Independently Elected Officials (OAR 162-10-140)

The City has no independently elected officials.

Statement of Endorsed Warrants Outstanding (OAR 162-10-180)

The City had no endorsed warrants outstanding at June 30, 1989

Accounting and Internal Control Systems (OAR 162-10-230)

In general the condition of the accounting records and the accounting and internal control systems were adequate for audit purposes.

Collateral (OAR 162-10-250)

Our audit of the City disclosed no instances of noncompliance pertaining to the amount and adequacy of collateral pledged to secure the deposit of public funds.

Indebtedness (OAR 162-10-250)

The City has not exceeded its legal debt limitation as provided in ORS 440.375, and is in compliance with all provisions of bond indentures and other agreements.

Budget (OAR 162-10-260)

The City's compliance with the provisions of the Oregon Statutes as they apply to the preparation, adoption, and execution of the annual budget for the 1988-89 fiscal year and the preparation and adoption of the annual budget for the 1989-1990 fiscal year was reviewed. Our review showed that there was compliance with the statutes.

Insurance and Fidelity Bonds (OAR 162-10-270)

The City's insurance and fidelity bond coverage was reviewed and found to be in compliance with the Oregon Statutes relating thereto. We do not express an opinion as to the adequacy of insurance coverage, since we are not trained in this regard.

Financial Reporting Requirements (OAR 162-10-290)

Financial reports and related data filed with other governmental agencies are in agreement with and are supported by the accounting records.

Investments (OAR 162-10-300)

Our audit of the City disclosed compliance with the statutes applicable to the investment of public funds.

Public Contracts and Purchasing (OAR 162-10-310)

The City is in compliance with the provisions of ORS 279 pertaining to the awarding of public contracts and the construction of public improvements.