

LEBANON

OREGON

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**CITY OF LEBANON
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 1994**



CITY OF LEBANON, OREGON

CITY OFFICIALS

June 30, 1994

MAYOR

Robert Smith
1111 Walker Road
Lebanon, Oregon 97355

COUNCIL MEMBERS

Wayne Rieskamp
87 W. Cedar Drive
Lebanon, Oregon 97355

Diane Branson
295 Violet Street
Lebanon, Oregon 97355

Lyle Winters
144 2nd Street
Lebanon, Oregon 97355

Jim Mills
685 Fifth St. Apt. K
Lebanon, Oregon 97355

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

Ken Toombs
1299 Franklin Street
Lebanon, Oregon 97355

CITY ADMINISTRATOR

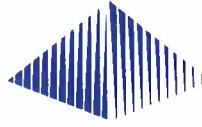
Joseph A. Windell
550 East Vine Street
Lebanon, Oregon 97355

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GROVE, MUELLER, HALL & SWANK
P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Lebanon
Lebanon, Oregon

We have audited the accompanying general purpose financial statements of the City of Lebanon as of and for the year ended June 30, 1994, as listed in the foregoing table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, and the Minimum Standards for Audits of Oregon Municipal Corporations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lebanon, as of June 30, 1994, 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 financial statements and supplemental information listed in the foregoing 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 Lebanon. 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.

GROVE, MUELLER, HALL & SWANK, P.C.

by:

Charles A. Swank, Shareholder

October 20, 1994

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF LEBANON, OREGON
COMBINED BALANCE SHEET
JUNE 30, 1994

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets:				
Cash and investments	\$ 463,098	\$ 1,889,606	\$ 276,269	\$ 1,880,465
Receivables:				
Court fines	612,296	-	-	-
Property taxes	197,223	34,581	11,511	-
Accounts	112,778	54,529	1,822	67,162
Special assessments/loans	2,580	252,222	85,717	-
Other funds	-	5,039	-	-
Prepaid expenses	74	-	2,569	-
Fixed assets	-	-	-	-
Accumulated depreciation	-	-	-	-
Other Debits:				
Amount available for debt retirement	-	-	-	-
Amount to be provided for debt retirement	-	-	-	-
Total Assets	\$ 1,388,049	\$ 2,235,977	\$ 377,888	\$ 1,947,627

Proprietary Fund Type	Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	Expendable Trust	Agency	General Long Term Debt	General Fixed Assets	
Enterprise					
\$ 5,978,107	\$ (51,628)	\$ 302,718	\$ -	\$ -	\$ 10,738,635
-	-	-	-	-	612,296
724	-	-	-	-	244,039
230,140	55,756	-	-	-	522,187
134,308	-	-	-	-	474,827
-	-	-	-	-	5,039
108	10,069	-	-	-	12,820
16,042,225	-	-	-	3,767,999	19,810,224
(3,235,688)	-	-	-	-	(3,235,688)
-	-	-	273,052	-	273,052
-	-	-	1,857,864	-	1,857,864
<u>\$ 19,149,924</u>	<u>\$ 14,197</u>	<u>\$ 302,718</u>	<u>\$ 2,130,916</u>	<u>\$ 3,767,999</u>	<u>\$ 31,315,295</u>

The accompanying notes and independent auditors' report
are integral parts of the financial statements.

CITY OF LEBANON, OREGON
COMBINED BALANCE SHEET (Continued)
JUNE 30, 1994

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$ 50,603	\$ 45,092	\$ -	\$ 11,997
Deposits	-	-	-	-
Due to other funds	-	-	5,039	-
Loan payable	-	-	-	-
Bonds payable	-	-	-	-
Bond discount	-	-	-	-
Paid absences and deferred comp payable	33,155	5,464	-	3,445
Deferred revenues	812,099	291,887	99,797	67,162
Total Liabilities	895,857	342,443	104,836	82,604
Equity and Other Credits:				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings (deficit)	-	-	-	-
Reserved for claims	-	-	-	-
Fund balances:				
Reserved for claims	58,912	27,487	-	-
Reserved for petty cash	1,100	-	-	-
Unreserved, undesignated	432,180	1,866,047	273,052	1,865,023
Total Equity and Other Credits	492,192	1,893,534	273,052	1,865,023
Total Liabilities, Equity, and Other Credits	\$ 1,388,049	\$ 2,235,977	\$ 377,888	\$ 1,947,627

Proprietary Fund Type	Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	Expendable Trust	Agency	General Long Term Debt	General Fixed Assets	
Enterprise					
\$ 57,276	\$ 9,641	\$ -	\$ -	\$ -	\$ 174,609
35,510	-	-	-	-	35,510
-	-	-	-	-	5,039
24,442	-	-	300,796	-	325,238
12,765,000	-	-	1,490,000	-	14,255,000
(308,335)	-	-	-	-	(308,335)
93,820	-	302,718	340,120	-	778,722
-	-	-	-	-	1,270,945
<u>12,667,713</u>	<u>9,641</u>	<u>302,718</u>	<u>2,130,916</u>	<u>-</u>	<u>16,536,728</u>
-	-	-	-	3,767,999	3,767,999
7,426,192	-	-	-	-	7,426,192
(980,220)	-	-	-	-	(980,220)
36,239	-	-	-	-	36,239
-	-	-	-	-	86,399
-	-	-	-	-	1,100
-	4,556	-	-	-	4,440,858
<u>6,482,211</u>	<u>4,556</u>	<u>-</u>	<u>-</u>	<u>3,767,999</u>	<u>14,778,567</u>
<u>\$ 19,149,924</u>	<u>\$ 14,197</u>	<u>\$ 302,718</u>	<u>\$ 2,130,916</u>	<u>\$ 3,767,999</u>	<u>\$ 31,315,295</u>

The accompanying notes and independent auditors' report
are integral parts of the financial statements.

CITY OF LEBANON, OREGON

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 1994

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES:				
Taxes and assessments	\$ 1,473,113	\$ 275,219	\$ 146,678	\$ 133,356
Licenses and permits	479,505	-	-	-
Fines and forfeits	154,282	1,594	-	-
Intergovernmental	166,658	889,875	-	265,489
Charges for services	1,607	-	-	-
Miscellaneous	76,134	110,696	9,183	199,728
Total Revenues	2,351,299	1,277,384	155,861	598,573
EXPENDITURES:				
Personnel services	1,559,689	330,797	-	157,311
Materials and services	567,040	344,164	1,023	110,069
Capital outlay	91,252	536,327	-	1,017,277
Other requirements	7,645	289,432	83,432	-
Total Expenditures	2,225,626	1,500,720	84,455	1,284,657
Excess (deficiency) of revenues over expenditures	125,673	(223,336)	71,406	(686,084)
OTHER FINANCING SOURCES (USES):				
Bond sale proceeds	-	1,315,000	-	-
Loan proceeds	280,000	-	-	-
Transfers in	592	262,402	-	351,272
Transfers out	(34,085)	(81,456)	-	(143,460)
Loan repayment	(280,000)	-	-	-
Total Other Financing Sources (Uses)	(33,493)	1,495,946	-	207,812
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	92,180	1,272,610	71,406	(478,272)
UNRESERVED FUND BALANCES, July 1	340,000	593,437	201,646	2,343,295
UNRESERVED FUND BALANCES, June 30	\$ 432,180	\$ 1,866,047	\$ 273,052	\$ 1,865,023

Fiduciary Fund Type Expendable Trust	Total (Memorandum Only)
\$ -	\$ 2,028,366
8,575	488,080
50,312	206,188
-	1,322,022
-	1,607
43,251	438,992
<u>102,138</u>	<u>4,485,255</u>
-	2,047,797
95,143	1,117,439
-	1,644,856
-	380,509
<u>95,143</u>	<u>5,190,601</u>
<u>6,995</u>	<u>(705,346)</u>
-	1,315,000
-	280,000
-	614,266
(7,357)	(266,358)
-	(280,000)
<u>(7,357)</u>	<u>1,662,908</u>
(362)	957,562
<u>4,918</u>	<u>3,483,296</u>
<u>\$ 4,556</u>	<u>\$ 4,440,858</u>

The accompanying notes and independent auditors' report
are integral parts of the financial statements.

CITY OF LEBANON, OREGON

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1994**

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
Taxes and assessments	\$ 1,255,606	\$ 1,473,113	\$ 217,507
Licenses and permits	393,500	479,505	86,005
Fines and forfeits	175,500	154,282	(21,218)
Intergovernmental	434,234	166,658	(267,576)
Charges for services	2,000	1,607	(393)
Miscellaneous	92,770	76,134	(16,636)
Total Revenues	2,353,610	2,351,299	(2,311)
EXPENDITURES:			
Personnel services	1,558,399	1,557,083	1,316
Materials and services	872,322	567,040	305,282
Capital outlay	29,195	91,252	(62,057)
Other requirements	109,609	7,645	101,964
Total Expenditures	2,569,525	2,223,020	346,505
Excess (deficiency) of revenues over expenditures	(215,915)	128,279	344,194
OTHER FINANCING SOURCES (USES):			
Bond sale proceeds	-	-	-
Loan proceeds	280,000	280,000	-
Transfers in	-	592	592
Transfers out	(34,085)	(34,085)	-
Loan repayment	(280,000)	(280,000)	-
Total Other Financing Sources (Uses)	(34,085)	(33,493)	592
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(250,000)	94,786	344,786
FUND BALANCES, July 1 - Budget basis	250,000	370,548	120,548
FUND BALANCES, June 30 - Budget basis	\$ -	465,334	\$ 465,334
Adjustments to GAAP basis		(33,154)	
FUND BALANCES, June 30 - GAAP basis		\$ 432,180	

Special Revenue Funds			Debt Service Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 314,116	\$ 275,219	\$ (38,897)	\$ 117,970	\$ 146,678	\$ 28,708
-	-	-	-	-	-
6,400	1,594	(4,806)	-	-	-
1,171,390	889,875	(281,515)	-	-	-
-	-	-	-	-	-
25,750	110,696	84,946	7,700	9,183	1,483
<u>1,517,656</u>	<u>1,277,384</u>	<u>(240,272)</u>	<u>125,670</u>	<u>155,861</u>	<u>30,191</u>
318,930	330,197	(11,267)	-	-	-
864,759	344,164	520,595	94,700	1,023	93,677
1,944,262	536,327	1,407,935	-	-	-
198,247	289,432	(91,185)	576,238	86,650	489,588
<u>3,326,198</u>	<u>1,500,120</u>	<u>1,826,078</u>	<u>670,938</u>	<u>87,673</u>	<u>583,265</u>
<u>(1,808,542)</u>	<u>(222,736)</u>	<u>1,585,806</u>	<u>(545,268)</u>	<u>68,188</u>	<u>613,456</u>
1,080,000	1,315,000	235,000	-	-	-
-	-	-	-	-	-
276,243	262,402	(13,841)	-	-	-
(44,052)	(81,456)	(37,404)	-	-	-
-	-	-	-	-	-
<u>1,312,191</u>	<u>1,495,946</u>	<u>183,755</u>	<u>-</u>	<u>-</u>	<u>-</u>
(496,351)	1,273,210	1,769,561	(545,268)	68,188	613,456
534,351	598,303	63,952	629,488	209,902	(419,586)
<u>\$ 38,000</u>	<u>1,871,513</u>	<u>\$ 1,833,513</u>	<u>\$ 84,220</u>	<u>278,090</u>	<u>\$ 193,870</u>
	<u>(5,466)</u>			<u>(5,038)</u>	
	<u>\$ 1,866,047</u>			<u>\$ 273,052</u>	

The accompanying notes and independent auditors' report are integral parts of the financial statements.

CITY OF LEBANON, OREGON

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (continued)

FOR THE YEAR ENDED JUNE 30, 1994

	Capital Projects Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes and assessments	\$ 3,750	\$ 133,356	\$ 129,606
Licenses and permits	-	-	-
Fines and foreits	-	-	-
Intergovernmental	568,000	265,489	(302,511)
Charges for services	-	-	-
Miscellaneous	68,300	199,728	131,428
Total Revenues	<u>640,050</u>	<u>598,573</u>	<u>(41,477)</u>
EXPENDITURES:			
Personnel services	224,130	157,058	67,072
Materials and services	202,094	110,069	92,025
Capital outlay	1,975,992	1,017,277	958,715
Other requirements	666,074	-	666,074
Total Expenditures	<u>3,068,290</u>	<u>1,284,404</u>	<u>1,783,886</u>
Excess (deficiency) of revenues over expenditures	<u>(2,428,240)</u>	<u>(685,831)</u>	<u>1,742,409</u>
OTHER FINANCING SOURCES (USES):			
Bond sale proceeds	-	-	-
Bank loans	-	-	-
Transfers in	410,666	351,272	(59,394)
Transfers out	(312,258)	(143,460)	168,798
Loan repayment	-	-	-
Total Other Financing Sources (Uses)	<u>98,408</u>	<u>207,812</u>	<u>109,404</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,329,832)</u>	<u>(478,019)</u>	<u>1,851,813</u>
FUND BALANCE, July 1 - Budget basis	<u>2,329,832</u>	<u>2,346,487</u>	<u>16,655</u>
FUND BALANCE, June 30 - Budget basis	<u>\$ -</u>	<u>1,868,468</u>	<u>\$ 1,868,468</u>
Adjustments to GAAP basis		<u>(3,445)</u>	
FUND BALANCE, June 30 - GAAP basis		<u>\$ 1,865,023</u>	

Expendable Trust Fund			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 1,691,442	\$ 2,028,366	\$ 336,924
-	8,575	8,575	393,500	488,080	94,580
106,000	50,312	(55,688)	287,900	206,188	(81,712)
-	-	-	2,173,624	1,322,022	(851,602)
-	-	-	2,000	1,607	(393)
-	43,251	43,251	194,520	438,992	244,472
106,000	102,138	(3,862)	4,742,986	4,485,255	(257,731)
-	-	-	2,101,459	2,044,338	57,121
106,000	95,143	10,857	2,139,875	1,117,439	1,022,436
-	-	-	3,949,449	1,644,856	2,304,593
-	-	-	1,550,168	383,727	1,166,441
106,000	95,143	10,857	9,740,951	5,190,360	4,550,591
-	6,995	6,995	(4,997,965)	(705,105)	4,292,860
-	-	-	1,080,000	1,315,000	235,000
-	-	-	280,000	280,000	-
-	-	-	686,909	614,266	(72,643)
-	(7,357)	(7,357)	(390,395)	(266,358)	124,037
-	-	-	(280,000)	(280,000)	-
-	(7,357)	(7,357)	1,376,514	1,662,908	286,394
-	(362)	(362)	(3,621,451)	957,803	4,579,254
-	4,918	4,918	3,743,671	3,530,158	(213,513)
\$ -	4,556	\$ 4,556	\$ 122,220	4,487,961	\$ 4,365,741
-	-	-	-	(47,103)	-
\$	4,556			\$ 4,440,858	

The accompanying notes and independent auditors' report are integral parts of the financial statements.

CITY OF LEBANON, OREGON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS - PROPRIETARY FUND TYPE -
ENTERPRISE FUND

OPERATING REVENUES:	
Charges for services	\$ 2,794,334
Miscellaneous	<u>252,646</u>
 Total Operating Revenues	 <u>3,046,980</u>
 OPERATING EXPENSES:	
Personnel services	536,578
Materials and services	1,028,703
Depreciation	<u>304,077</u>
 Total Operating Expenses	 <u>1,869,358</u>
 Operating Income	 <u>1,177,622</u>
 NONOPERATING REVENUE (EXPENSES):	
Interest expense	(1,169,654)
Transfers (to) from other funds	(61,200)
Loss on disposal of assets	<u>(404)</u>
 Net Income (Loss)	 (53,636)
 NET RETAINED EARNINGS (DEFICIT), July 1	 <u>(926,584)</u>
 NET RETAINED EARNINGS (DEFICIT), June 30	 <u>\$ (980,220)</u>

The accompanying notes and independent auditors' report
are integral parts of the financial statements.

CITY OF LEBANON, OREGON
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 1994

CASH FLOWS FROM OPERATING ACTIVITIES:

Operating income	\$ 1,177,622
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	304,077
Amortization	14,213
Increase in accounts receivable	(36,190)
Increase in prepaid expenses	(108)
Increase in accounts payable	(179,213)
Increase in accrued liabilities	<u>(5,820)</u>
 Net Cash Provided By Operating Activities	 <u>1,274,581</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfers (to) other funds	<u>(61,200)</u>
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CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES:

FINANCING ACTIVITIES:

Purchase of equipment and construction in progress	(616,577)
Repayment of long-term debt	(2,906,319)
Bond sale expenses	(53,034)
Bond sale proceeds	3,215,000
Contributed capital	31,390
Interest paid	(1,169,654)
Increase in reserve for claims	<u>4,980</u>

Net Cash Used By Capital And Related Financing Activities	<u>(1,494,214)</u>
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Net (decrease) in cash and investments	(280,833)
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CASH AND INVESTMENTS, July 1	<u>6,258,940</u>
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CASH AND INVESTMENTS, June 30	<u>\$ 5,978,107</u>
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The accompanying notes and independent auditors' report
are integral parts of the financial statements.

CITY OF LEBANON, OREGON
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1994

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose 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.

Reporting Entity

The general purpose financial statements include the accounts of the City of Lebanon, the Lebanon Urban Renewal District, and the Lebanon Northwest Urban Renewal District. The City and the Urban Renewal Districts are governed by a Mayor and a six member City Council.

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 the net expendable 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 project 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.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to outside parties (enterprise funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

CITY OF LEBANON, OREGON
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1994

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund 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. The City considers property taxes as available if they are collected within 30 days after the year end. Undistributed taxes held by the County Treasurer are included in the balance as accounts receivable 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 the proprietary fund type. 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.

CITY OF LEBANON, OREGON
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1994

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets

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

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.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

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 asset 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. Public domain, or infrastructure fixed assets such as roads, sidewalks, and curbs are not capitalized.

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. Applicable interest costs incurred in acquiring fixed assets are also capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment, and vehicles in the proprietary fund is computed using the straight-line method.

CITY OF LEBANON, OREGON
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1994

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. For GAAP purposes, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability of the fund that will pay it when the liability is incurred.

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 reported as a fund liability of a governmental fund. The remaining portion of such obligation is reported in the general long-term debt account group. Long-term liabilities financed from proprietary fund operations are accounted for that fund.

Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Bond Discounts/Issuance Costs

Bond discounts and issuance costs for the proprietary fund type are deferred and amortized over the term of the bonds using the straight-line method.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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 cash flows 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.

CITY OF LEBANON, OREGON
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1994

LEGAL COMPLIANCE - BUDGETS

The Budget Officer prepares a budget for the Budget Committee to approve. At the Budget Committee meetings, public input is solicited and considered. The Budget Committee makes any changes and approves the budget.

A budget summary is then printed in the newspaper and public hearings are held before the City Council. The Council directs any changes to be made.

Prior to July 1, the budget is legally adopted by the City Council through passage of a resolution.

The Council is authorized to transfer budgeted amounts among 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, unless increases exceed 10% of a fund.

Appropriations lapse at year end.

The basis of budgeting for the City's various funds are the same as the basis of accounting used by the funds, except for the proprietary fund type, which budget on the modified accrual basis instead of on the full accrual basis used in its financial reporting. The City complies with the budgetary process requirements established by the appropriate sections of the Oregon Revised Statutes.

Expenditures may not legally exceed budgeted appropriations.

CASH AND INVESTMENTS

Investments - The City's investment policies are governed by state statutes. 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.

CITY OF LEBANON, OREGON
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1994

CASH AND INVESTMENTS (Continued)

Deposits and investments at June 30, 1994 were comprised of the following:

	Category			Carrying Amount	Market Value
	1	2	3		
Investments with financial institutions:					
US Government Agencies:					
TVA Note	\$ -	\$ 1,533,604	\$ -	\$ 1,533,604	\$ 1,508,355
US Treasury Strip	-	501,391	-	501,391	508,405
Federal Farm Credit Bank	-	691,877	-	691,877	699,930
Federal Farm Credit Bank	-	488,941	-	488,941	489,380
Federal National Mortgage Assoc.	-	378,973	-	378,973	382,763
Federal National Mortgage Assoc.	-	490,358	-	490,358	494,688
Federal Home Loan Bank	-	137,748	-	137,748	139,125
Federal Home Loan Bank	-	714,405	-	714,405	716,625
Subtotal	-	4,937,297	-	4,937,297	4,939,271
US Bank Bankers' Acceptances	-	488,733	-	488,733	494,569
Investment in Oregon State					
Treasurer's Local Government Pool				4,273,191	4,273,191
Held by custodian under					
deferred compensation plan				<u>302,718</u>	<u>302,718</u>
Total investments				<u>10,001,939</u>	<u>10,009,749</u>
Demand deposits				735,596	735,596
Petty cash				<u>1,100</u>	<u>1,100</u>
Total cash and investments				<u>\$ 10,738,635</u>	<u>\$ 10,746,445</u>

Due to the significant higher cash flows at certain times during the year than at year end, the City's investments, 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 different than at year end.

The City's investment in the Local Government Investment Pool of \$4,273,191 represents approximately .28% of the equity of the Pool at June 30, 1994.

Demand deposits at June 30, 1994 included bank demand deposits. These deposits were insured by Federal depository insurance in the amount of \$200,000. The remaining balances were collateralized by securities held by the financial institutions in the City's name.

CITY OF LEBANON, OREGON
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1994

PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUE

Real and personal property taxes are levied each July 1 on the assessed value of the property located in the City as of July 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, 1994 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Available</u>	<u>Deferred</u>
General Fund	\$ 197,223	\$ -	\$ 197,223
Debt Service Fund	11,511	-	11,511
Urban Renewal Fund	22,520	-	22,520
Lebanon URD Bonds Fund	8,969	-	8,969
NW Urban Renewal Fund	3,092	-	3,092
Enterprise Fund	724	724	-
Total	\$ 244,039	\$ 724	\$ 243,315

FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>July 1, 1993</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1994</u>
Total Fixed Assets	<u>\$ 3,517,059</u>	<u>\$ 303,693</u>	<u>\$ (52,753)</u>	<u>\$ 3,767,999</u>

The following is a summary of proprietary fund type fixed assets for the year ended June 30, 1994:

	<u>Water</u>	<u>Wastewater</u>	<u>Railroad</u>	<u>Total</u>
Balance, July 1, 1993	\$ 5,430,183	\$ 9,120,896	\$ 1,482	\$ 14,552,561
Additions	258,404	287,356	-	545,760
Deletions	(818)	(848)	-	(1,666)
Balance, June 30, 1994	5,687,769	9,407,404	1,482	15,096,655
Less: accumulated depreciation	(1,245,787)	(1,989,309)	(592)	(3,235,688)
Net property, plant, and equipment	4,441,982	7,418,095	890	11,860,967
Construction in-progress	445,280	500,290	-	945,570
Net fixed assets	<u>\$ 4,887,262</u>	<u>\$ 7,918,385</u>	<u>\$ 890</u>	<u>\$ 12,806,537</u>

In the proprietary fund, the following estimated useful lives are used to compute depreciation:

Buildings	50 years
Plant equipment	40 years
Office equipment	5 years

CITY OF LEBANON, OREGON
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1994

LONG-TERM DEBT

The bonds payable of \$14,255,000 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 general obligation bonds and interest coupons as they mature.

<u>Type of Bond</u>	<u>Outstanding July 30, 1993</u>	<u>Issued</u>	<u>Paid/ Defeased</u>	<u>Outstanding June 30, 1994</u>
Bancroft improvement	\$ 90,000	\$ -	\$ 15,000	\$ 75,000
General obligation	415,000	1,315,000	315,000	1,415,000
Revenue supported general obligation	4,470,000	-	140,000	4,330,000
Wastewater revenue supported	620,000	-	-	620,000
Water revenue supported	3,150,000	-	2,765,000	385,000
Wastewater revenue refunding	4,215,000	-	-	4,215,000
Water revenue refunding	-	3,215,000	-	3,215,000
Total	<u>\$ 12,960,000</u>	<u>\$ 4,530,000</u>	<u>\$ 3,235,000</u>	<u>\$ 14,255,000</u>

Annual debt service requirements to maturity for all bonds, including interest of \$14,255,000 are as follows:

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1994-95	\$ 1,264,260	\$ 415,000	\$ 849,260
1995-96	1,274,676	450,000	824,676
1996-97	1,224,336	425,000	799,336
1997-98	1,223,467	450,000	773,467
1998-99	1,225,660	480,000	745,660
1999-00	1,170,154	455,000	715,154
2000-01	1,165,061	480,000	685,061
2001-02	1,149,275	495,000	654,275
2002-03	1,148,415	525,000	623,415
2003-04	1,151,020	560,000	591,020
2004-05	1,155,960	600,000	555,960
2005-06	1,162,405	645,000	517,405
2006-07	1,166,172	690,000	476,172
2007-08	1,161,407	730,000	431,407
2008-09	1,158,937	775,000	383,937
2009-10	1,173,053	840,000	333,053
2010-11	714,957	420,000	294,957
2011-12	701,051	430,000	271,051
Thereafter	<u>5,731,861</u>	<u>4,390,000</u>	<u>1,341,861</u>
	<u>\$ 26,122,127</u>	<u>\$ 14,255,000</u>	<u>\$ 11,867,127</u>

CITY OF LEBANON, OREGON
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30, 1994

LONG-TERM DEBT (Continued)

On August 1, 1993, the City issued \$3,215,000 in General Obligation Refunding Water Bonds with an average interest rate of 4.5 percent to advance refund \$2,765,000 of outstanding water revenue supported bonds with an average interest rate of 7.0 percent. The net proceeds of \$3,076,563 (after payment of \$138,437 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the water revenue supporting bonds. As a result, this amount of the water revenue supported bonds are considered to be defeased and the liability for those bonds has been removed from the balance sheet.

Although the advance refunding resulted in increased debt of \$450,000 for the year ended June 30, 1994, the City in effect reduced its aggregate debt service payments by almost \$320,000 over the next 27 years.

The proceeds from Bonds were applied as follows:

Source of Funds

Principal Amount	\$ 3,215,000
Less: Original Issue Discount	(48,925)
Less: Underwriters Discount	<u>(46,618)</u>
 Total Available Proceeds	 <u>\$ 3,119,457</u>

Use of Funds

Escrow Requirements	\$ 3,076,563
Contingency and Issuance Costs	15,812
Proceeds to City	<u>27,082</u>
 Total Use of Funds	 <u>\$ 3,119,457</u>

On March 1, 1994 the City issued \$1,315,000 in General Obligation Bonds. The proceeds were used to retire \$235,000 of outstanding General Obligation Bonds and the remaining proceeds will be used for capital improvements. The bonds bear interest at rates ranging from 3.0% to 6.0% and are due on March 1, 1995 through March 1, 2014.

Bonds maturing in years 1995 through 2004 inclusive are not subject to redemption prior to maturity. Bonds maturing on or after March 1, 2005 are subject to redemption at the option of the City, in whole or in part, by lot within a maturity, on any interest date, at the following prices:

<u>Redemption date</u>	<u>Price (as % of par)</u>
2004	101.00%
2005	100.50
2006 and following	100.00

Total defeased debt at June 30, 1994 was \$6,498,870.

CITY OF LEBANON, OREGON
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1994

LONG-TERM DEBT (Continued)

Debt service requirement for other long-term obligations are as follows:

Lease/purchase of Police Department hardware and software, interest at 6.0% to 6.97%:

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1994-95	\$ 24,000	\$ 19,230	\$ 4,770
1995-96	24,000	15,489	8,511
1996-97	28,500	20,985	7,515
1997-98	30,000	23,892	6,108
1998-99	<u>70,898</u>	<u>66,362</u>	<u>4,536</u>
	<u>\$ 177,398</u>	<u>\$ 145,958</u>	<u>\$ 31,440</u>

Lease/purchase of municipal court software, interest at 7.76%:

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1994-95	\$ 10,440	\$ 9,514	\$ 926
1995-96	<u>2,246</u>	<u>2,077</u>	<u>169</u>
	<u>\$ 12,686</u>	<u>\$ 11,591</u>	<u>\$ 1,095</u>

Payments on the above lease/purchases are being made from the General Fund.

SCIP Loan:

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1994-95	\$ -	\$ -	\$ -
1995-96	13,132	-	13,132
1996-97	13,132	-	13,132
1997-98	13,132	-	13,132
1998-99	13,132	4,586	8,546
1999-00	13,132	6,821	6,311
Thereafter	<u>163,259</u>	<u>97,692</u>	<u>65,567</u>
	<u>\$ 228,919</u>	<u>\$ 109,099</u>	<u>\$ 119,820</u>

The SCIP loan was incurred in connection with development of the Santiam Canal Industrial Park. No payments are due until July 15, 1995. Accrued interest until payments begin is added to loan principal. The amount of accrued interest at June 30, 1994 was \$34,148.

CITY OF LEBANON, OREGON
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1994

LONG-TERM DEBT (Continued)

Enterprise Fund - Department of Energy loan, monthly payments of \$268 including interest at 8%.

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1994-95	\$ 3,216	\$ 1,307	\$ 1,909
1995-96	3,216	1,416	1,800
1996-97	3,216	1,533	1,683
Thereafter	<u>27,976</u>	<u>20,186</u>	<u>7,790</u>
	<u>\$ 37,624</u>	<u>\$ 24,442</u>	<u>\$ 13,182</u>

CONTRIBUTED CAPITAL

The following is a summary of contributed capital:

	<u>Water</u>	<u>Wastewater</u>	<u>Railroad</u>	<u>Total</u>
Contributed capital July 1, 1993	\$ 4,725	\$ 7,368,927	\$ 21,150	\$ 7,394,802
Additions	<u>9,062</u>	<u>22,328</u>	<u>-</u>	<u>31,390</u>
Contributed capital June 30, 1994	<u>\$ 13,787</u>	<u>\$ 7,391,255</u>	<u>\$ 21,150</u>	<u>\$ 7,426,192</u>

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 \$1,834,814, and the contribution for the year was \$226,851.

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, 1993.

CITY OF LEBANON, OREGON
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1994

EMPLOYEE RETIREMENT SYSTEMS (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.

	<u>12/31/93</u>
Pension Benefit Obligation	
Accumulated Member Contributions	\$ 2,109,053
Employer - Financed Vested Benefits	2,346,060
Employer - Financed Non Vested Benefits	<u>139,162</u>
Total	<u>\$ 4,594,275</u>
Net Assets Available for Benefits	
PERS Book Value	\$ 6,617,687
Market Value	7,170,467
Actuarial Value	6,972,181
Employer Contribution Rates	
Effective July 1, 1993	6.00%
Effective July 1, 1995	6.00

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, 1993 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."

CITY OF LEBANON, OREGON
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1994

EMPLOYEE RETIREMENT SYSTEMS (Continued)

Common stock and real estate investments are valued at market, and bonds, mortgages and loans are valued at an adjusted price which would yield 8.0% interest to maturity. The actuarial value of asset 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 these assumptions will result in corresponding changes in estimated costs of the System's benefits.

LIABILITY FOR DEFERRED COMPENSATION

The City of Lebanon by Council action, authorized a deferred compensation plan to be made available to its employees wherein they may execute an individual agreement with the City for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service.

Contributions made to the plan are executed under a salary reduction agreement and represent no obligation for funding or contribution by the City.

Monies accumulated by the City under its deferred compensation plan have been deposited with a financial institution. These deposits are not subject to the collateral requirements of ORS Chapter 295.

ORS 295.361, as amended by Chapter 102, Oregon laws 1977, provides that amounts accumulated by the City under approved deferred compensation plan shall not be included as resources for budgetary purposes. Such amounts represent a general liability by the City to its employees whose rights are equal to but no greater than the rights of other general creditors with respect to such amounts.

Similarly, ORS 294.326, as amended by Chapter 102, Oregon laws 1977, stipulates that disbursement of funds to employees under the plan, once circumstances of termination occur, shall not be included as an expenditure for budgetary purposes.

The Deferred Compensation assets at June 30, 1994, valued at market, include \$302,718 which is attributable to the accumulation of amounts deferred since the inception of the plan and investment earnings thereon. However, this separation is maintained for purposes of satisfying the legal requirement for excluding such amounts as budgetary resources only, and does not represent a segregation of fund balances with respect to these accumulations which grants any preference to the claims of one group of creditors over another.

CITY OF LEBANON, OREGON
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1994

RECONCILIATION OF BUDGETARY TO GAAP BASIS

A reconciliation of revenues and expenditures per the budgetary basis to revenues and expenditures per the GAAP basis is as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>
Revenues and other financing sources:					
Per budgetary basis	\$ 2,351,299	\$ 1,277,384	\$ 155,861	\$ 598,573	\$ 3,942,807
Adjustment for:					
Accounts receivable/deposits	-	-	-	-	19,443
Refunds	-	-	-	-	(27,082)
Per GAAP basis	<u>\$ 2,351,299</u>	<u>\$ 1,277,384</u>	<u>\$ 155,861</u>	<u>\$ 598,573</u>	<u>\$ 3,935,168</u>
Expenditures and other financing uses:					
Per budgetary basis	\$ 2,223,020	\$ 1,501,320	\$ 87,673	\$ 1,284,404	\$ 4,057,371
Adjustments for:					
Deposit refunds	-	-	-	-	(24,819)
Change in accrued compensated absences	(2,606)	(600)	-	253	(5,820)
Loan repayments/bond principal	-	-	(3,218)	-	(154,319)
Capital outlay	-	-	-	-	(557,974)
Depreciation	-	-	-	-	304,077
Loss on refunding	-	-	-	-	450,000
Amortization/bond issue costs	-	-	-	-	(53,034)
Refunds	-	-	-	-	(27,082)
Loss on disposal of assets	-	-	-	-	404
Per GAAP basis	<u>\$ 2,225,626</u>	<u>\$ 1,500,720</u>	<u>\$ 84,455</u>	<u>\$ 1,284,657</u>	<u>\$ 4,014,804</u>

OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the general purpose financial statements, of certain information concerning individual funds including:

- A. Excess of expenditures over appropriations in individual funds. The City did not overexpend any appropriations for the year ended June 30, 1994.
- B. Individual fund interfund receivable and payable balances. Such balances at June 30, 1994 were:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Debt Service Fund	\$ -	\$ 5,039
Urban Renewal Fund	<u>5,039</u>	<u>-</u>
Totals	<u>\$ 5,039</u>	<u>\$ 5,039</u>

CITY OF LEBANON, OREGON
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1994

OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (Continued)

- C. Interfund transfers in exceeded interfund transfers out because allocation of project costs from the Capital Projects Fund to the Enterprise Fund in the amount of \$270,588 were budgeted and recorded as transfers in for the Capital Projects Fund but as capital outlay expenditures in the Enterprise Fund. Also an interfund loan repayment was budgeted as a transfer in for the Capital Projects Fund, but as a debt service expenditure in the Debt Service Fund.

INSURANCE RESERVES

For the past several years, the City has been setting aside funds in an insurance reserve account to use for self insurance against various risks. The deductibles on most city policies range from \$1,000 to \$5,000. However, the greatest portion of the reserve is set aside to meet the deductible on the earthquake policy, which is \$75,000. In addition, from time to time, when special expenditures are needed for safety reasons, funds from this reserve are used. Examples are replacement of 4 wheel office chairs with required 5 wheel chairs and improvements to make work stations ergonomically correct. All expenditures are made in accordance with Oregon Local Budget Law.

PROPERTY TAX ASSESSMENT

During 1991-92 the Linn County Assessor's Office physically reappraised the City for the first time in more than six years. As a result of that appraisal, back taxes of \$35,755 were assessed to the City for City owned property currently rented to Albany - Lebanon Sanitation. The City is appealing this levy.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

GENERAL FUND

The General Fund accounts for financial operations of the City not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, and State shared revenues. Primary expenditures are for police protection and general administration.

CITY OF LEBANON, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 1994

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
REVENUES:				
Taxes and assessments	\$ 1,255,606	\$ 1,473,113	\$ -	\$ 1,473,113
Licenses and permits	393,500	479,505	-	479,505
Fines and forfeits	175,500	154,282	-	154,282
Intergovernmental	434,234	166,658	-	166,658
Charges for services	2,000	1,607	-	1,607
Miscellaneous	92,770	76,134	-	76,134
Total Revenues	2,353,610	2,351,299	-	2,351,299
EXPENDITURES:				
Administration	127,694	127,552	2,606	130,158
City attorney	21,300	21,037	-	21,037
Building inspection	49,368	44,755	-	44,755
Public works	9,334	8,814	-	8,814
Parks	135,049	125,888	-	125,888
Finance	68,436	67,595	-	67,595
Legislative	13,338	10,955	-	10,955
Library	149,771	142,985	-	142,985
Municipal court	152,065	146,551	-	146,551
Police	1,266,911	1,257,421	-	1,257,421
Senior services	84,525	82,174	-	82,174
Nondepartmental	491,734	187,293	-	187,293
Total Expenditures	2,569,525	2,223,020	2,606	2,225,626
Excess (deficiency) of revenues over expenditures	(215,915)	128,279	(2,606)	125,673
OTHER FINANCING SOURCES (USES):				
Loan proceeds	280,000	280,000	-	280,000
Transfers in	-	592	-	592
Transfers out	(34,085)	(34,085)	-	(34,085)
Loan repayment	(280,000)	(280,000)	-	(280,000)
Total Other Financing Sources (Uses)	(34,085)	(33,493)	-	(33,493)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(250,000)	94,786	(2,606)	92,180
FUND BALANCE, July 1	250,000	370,548	(30,548)	340,000
FUND BALANCE, June 30	\$ -	\$ 465,334	\$ (33,154)	\$ 432,180

See independent auditors' report.

SPECIAL REVENUE FUNDS

These funds account for revenues designated for specific purposes, including state grants which are legally restricted to finance particular functions or activities. The City's special revenue funds include the following:

- Intergovernmental Fund
- Urban Renewal District Fund
- Lebanon URD Bonds Fund
- NW Urban Renewal District Fund

CITY OF LEBANON, OREGON
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 1994

	Inter- governmental Fund	Urban Renewal Fund	Lebanon URD Bonds Fund	NW Urban Renewal Fund
ASSETS				
Cash and investments	\$ 357,971	\$ 1,455,409	\$ 41,470	\$ 34,756
Receivables:				
Property taxes	-	22,520	8,969	3,092
Accounts	48,988	3,570	1,469	502
Special assessments/loans	252,222	-	-	-
Other funds	-	5,039	-	-
Total Assets	\$ 659,181	\$ 1,486,538	\$ 51,908	\$ 38,350
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 42,652	\$ 1,197	\$ -	\$ 1,243
Compensated absences payable	5,333	131	-	-
Deferred revenues	252,268	27,558	8,969	3,092
Total Liabilities	300,253	28,886	8,969	4,335
Fund Balances:				
Reserved for claims	27,487	-	-	-
Unreserved, undesignated	331,441	1,457,652	42,939	34,015
Total Fund Balance	358,928	1,457,652	42,939	34,015
Total Liabilities And Fund Equity	\$ 659,181	\$ 1,486,538	\$ 51,908	\$ 38,350

Total
\$ 1,889,606

34,581
54,529
252,222
5,039

\$ 2,235,977

\$ 45,092
5,464
291,887

342,443

27,487
1,866,047

1,893,534

\$ 2,235,977

See independent auditors' report.

CITY OF LEBANON, OREGON

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES

IN FUND BALANCES

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 1994

	Inter- governmental Fund	Urban Renewal Fund	Lebanon URD Bonds Fund	NW Urban Renewal Fund
REVENUES:				
Taxes and assessments	\$ 5,826	\$ 165,472	\$ 77,517	\$ 26,404
Fines and forfeits	1,594	-	-	-
Intergovernmental	889,875	-	-	-
Miscellaneous	76,830	31,519	1,069	1,278
Total Revenues	974,125	196,991	78,586	27,682
EXPENDITURES:				
Personnel services	306,194	24,229	-	374
Materials and services	289,949	40,200	-	14,015
Capital outlay	453,599	81,747	-	981
Debt service	-	235,000	54,432	-
Total Expenditures	1,049,742	381,176	54,432	15,370
Excess (deficiency) of revenues over expenditures	(75,617)	(184,185)	24,154	12,312
OTHER FINANCING SOURCES (USES):				
Bond sale proceeds	-	1,315,000	-	-
Transfers in	262,402	-	-	-
Transfers out	(81,456)	-	-	-
Total Other Financing Sources (Uses)	180,946	1,315,000	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	105,329	1,130,815	24,154	12,312
FUND BALANCE, July 1	226,112	326,837	18,785	21,703
FUND BALANCE, June 30	\$ 331,441	\$ 1,457,652	\$ 42,939	\$ 34,015

Total

\$ 275,219
1,594
889,875
110,696

1,277,384

330,797
344,164
536,327
289,432

1,500,720

(223,336)

1,315,000
262,402
(81,456)

1,495,946

1,272,610
593,437

\$ 1,866,047

See independent auditors' report.

CITY OF LEBANON, OREGON
STATEMENT OF REVENUE AND EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
INTERGOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 1994

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
REVENUES:				
Taxes and assessments	\$ 12,000	\$ 5,826	\$ -	\$ 5,826
Fines and forfeits	6,400	1,594	-	1,594
Intergovernmental	1,171,390	889,875	-	889,875
Miscellaneous	16,500	76,830	-	76,830
Total Revenues	1,206,290	974,125	-	974,125
EXPENDITURES:				
Motel tax	10,900	5,243	-	5,243
Santiam travel station	160,000	1,930	-	1,930
OTSC Grant	237	-	-	-
GIS	100,000	5,490	-	5,490
Bikepath	118,836	72,983	(271)	72,712
Streets	515,785	432,950	1,143	434,093
Storm drains	38,200	30,566	(300)	30,266
Dial-a-bus	54,685	38,035	212	38,247
911 Communications	31,000	-	-	-
Sr center grant	24,000	13,275	207	13,482
FAU streets	433,732	370,891	(48)	370,843
Historic resources	5,550	-	-	-
Special events sign grant	3,757	-	-	-
Civil forfeitures	9,600	4,666	-	4,666
Affordable hsing grant	700	-	-	-
85-86 Rehab (unrestricted)	20,500	10,000	-	10,000
1983-84 Rehab	78,500	59,062	-	59,062
1985-86 Rehab	5,100	-	-	-
1994 Housing Rehab Grant	15,000	2,562	-	2,562
Gills Landing	3,250	1,146	-	1,146
Total Expenditures	1,629,332	1,048,799	943	1,049,742
Excess (deficiency) of revenues over expenditures	(423,042)	(74,674)	(943)	(75,617)
OTHER FINANCING SOURCES (USES):				
Transfers in	276,243	262,402	-	262,402
Transfers out	(44,052)	(81,456)	-	(81,456)
Total Other Financing Sources (Uses)	232,191	180,946	-	180,946
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(190,851)	106,272	(943)	105,329
FUND BALANCE, July 1	190,851	230,502	(4,390)	226,112
FUND BALANCE, June 30	\$ -	\$ 336,774	\$ (5,333)	\$ 331,441

See independent auditors' report.

CITY OF LEBANON, OREGON
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
URBAN RENEWAL FUND
FOR THE YEAR ENDED JUNE 30, 1994

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
REVENUES:				
Taxes and assessments	\$ 200,264	\$ 165,472	\$ -	\$ 165,472
Miscellaneous	9,000	31,519	-	31,519
Total Revenues	209,264	196,991	-	196,991
EXPENDITURES:				
Personnel services	14,004	24,274	(45)	24,229
Materials and services	193,108	40,200	-	40,200
Capital outlay	1,294,151	81,747	-	81,747
Debt service	-	235,000	-	235,000
Operating contingency	108,001	-	-	-
Total Expenditures	1,609,264	381,221	(45)	381,176
Excess (deficiency) of revenues over expenditures	(1,400,000)	(184,230)	45	(184,185)
OTHER FINANCING SOURCES (USES):				
Bond sale proceeds	1,080,000	1,315,000	-	1,315,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(320,000)	1,130,770	45	1,130,815
FUND BALANCE, July 1	320,000	327,015	(178)	326,837
FUND BALANCE, June 30	\$ -	\$ 1,457,785	\$ (133)	\$ 1,457,652

See independent auditors' report.

CITY OF LEBANON, OREGON
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LEBANON URD BONDS FUND
FOR THE YEAR ENDED JUNE 30, 1994

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
REVENUES:				
Taxes and assessments	\$ 77,332	\$ 77,517	\$ -	\$ 77,517
Miscellaneous	100	1,069	-	1,069
Total Revenues	<u>77,432</u>	<u>78,586</u>	<u>-</u>	<u>78,586</u>
EXPENDITURES:				
Debt service	<u>54,432</u>	<u>54,432</u>	<u>-</u>	<u>54,432</u>
Excess (deficiency) of revenues over expenditures	23,000	24,154	-	24,154
FUND BALANCE, July 1	<u>15,000</u>	<u>18,785</u>	<u>-</u>	<u>18,785</u>
FUND BALANCE, June 30	<u>\$ 38,000</u>	<u>\$ 42,939</u>	<u>\$ -</u>	<u>\$ 42,939</u>

See independent auditors' report.

CITY OF LEBANON, OREGON
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
NW URBAN RENEWAL FUND
FOR THE YEAR ENDED JUNE 30, 1994

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
REVENUES:				
Taxes and assessments	\$ 24,520	\$ 26,404	\$ -	\$ 26,404
Miscellaneous	150	1,278	-	1,278
Total Revenues	24,670	27,682	-	27,682
EXPENDITURES:				
Personnel services	675	672	(298)	374
Materials and services	25,600	14,015	-	14,015
Capital outlay	3,000	981	-	981
Operating contingency	3,895	-	-	-
Total Expenditures	33,170	15,668	(298)	15,370
Excess (deficiency) of revenues over expenditures	(8,500)	12,014	298	12,312
FUND BALANCE, July 1	8,500	22,001	(298)	21,703
FUND BALANCE, June 30	\$ -	\$ 34,015	\$ -	\$ 34,015

See independent auditors' report.

DEBT SERVICE FUNDS

These funds account for the payment of principal and interest on long-term debt. The principal sources of revenue are property taxes and collections on assessments. The City's debt service funds include the following:

- Debt Service Fund
- Bancroft Bond Fund

CITY OF LEBANON, OREGON
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 1994

	Debt Service Fund	Bancroft Bond Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 32,821	\$ 243,448	\$ 276,269
Receivables:			
Property taxes	11,511	-	11,511
Accounts	1,822	-	1,822
Special assessments/loans	-	85,717	85,717
Prepaid expenses	-	2,569	2,569
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 46,154</u>	<u>\$ 331,734</u>	<u>\$ 377,888</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ -	\$ 5,039	\$ 5,039
Deferred revenue	11,511	88,286	99,797
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	11,511	93,325	104,836
 Fund Balances:			
Undesignated, unreserved	34,643	238,409	273,052
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 46,154</u>	<u>\$ 331,734</u>	<u>\$ 377,888</u>

See independent auditors' report.

CITY OF LEBANON, OREGON
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE
DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1994

	Debt Service Fund	Bancroft Bond Fund	Total
REVENUES:			
Taxes and assessments	\$ 91,369	\$ 55,309	\$ 146,678
Miscellaneous	1,237	7,946	9,183
Total Revenues	<u>92,606</u>	<u>63,255</u>	<u>155,861</u>
EXPENDITURES:			
Materials and services	-	1,023	1,023
Debt service	58,725	24,707	83,432
Total Expenditures	<u>58,725</u>	<u>25,730</u>	<u>84,455</u>
Excess (deficiency) of revenues over expenditures	33,881	37,525	71,406
FUND BALANCES, July 1	<u>762</u>	<u>200,884</u>	<u>201,646</u>
FUND BALANCES, June 30	<u>\$ 34,643</u>	<u>\$ 238,409</u>	<u>\$ 273,052</u>

See independent auditors' report.

CITY OF LEBANON, OREGON
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 1994

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
REVENUES:				
Taxes and assessments	\$ 92,250	\$ 91,369	\$ -	\$ 91,369
Miscellaneous	100	1,237	-	1,237
Total Revenues	92,350	92,606	-	92,606
EXPENDITURES:				
Debt service	479,313	58,725	-	58,725
Excess (deficiency) of revenues over expenditures	(386,963)	33,881	-	33,881
FUND BALANCE, July 1	420,588	762	-	762
FUND BALANCE, June 30	\$ 33,625	\$ 34,643	\$ -	\$ 34,643

See independent auditors' report.

CITY OF LEBANON, OREGON
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
BANCROFT BOND FUND
FOR THE YEAR ENDED JUNE 30, 1994

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
REVENUES:				
Taxes and assessments	\$ 25,720	\$ 55,309	\$ -	\$ 55,309
Miscellaneous	7,600	7,946	-	7,946
Total Revenue	33,320	63,255	-	63,255
EXPENDITURES:				
Material and services	94,700	1,023	-	1,023
Capital outlay	-	-	-	-
Debt service	95,925	27,925	(3,218)	24,707
Operating contingency	1,000	-	-	-
Total Expenditures	191,625	28,948	(3,218)	25,730
Excess (deficiency) of revenues over expenditures	(158,305)	34,307	3,218	37,525
FUND BALANCE, July 1	208,900	209,140	(8,256)	200,884
FUND BALANCE, June 30	<u>\$ 50,595</u>	<u>\$ 243,447</u>	<u>\$ (5,038)</u>	<u>\$ 238,409</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

This fund accounts for the accumulation and expenditure of resources for capital construction projects. Intergovernmental revenues and transfers from other funds are the primary sources of revenue. The City has only one capital projects fund.

CITY OF LEBANON, OREGON
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 1994

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
REVENUES:				
Taxes and assessments	\$ 3,750	\$ 133,356	\$ -	\$ 133,356
Intergovernmental	568,000	265,489	-	265,489
Miscellaneous	68,300	199,728	-	199,728
Total Revenues	640,050	598,573	-	598,573
EXPENDITURES:				
Equipment acquisition	494,766	25,920	-	25,920
Pioneer Cemetery	6,989	246	-	246
D.A.R.E.	10,200	5,574	-	5,574
Library	4,200	329	-	329
Streets	1,080,842	678,237	(2,078)	676,159
Streets capital projects	395,000	253,320	-	253,320
Senior services	43,210	5,627	-	5,627
SDC Drainage	64,213	13,635	(98)	13,537
SDC Park	44,170	16,803	(98)	16,705
SDC Wastewater	453,531	44,784	(81)	44,703
SDC Streets	66,669	4,068	(99)	3,969
SDC Water	72,000	4,661	(80)	4,581
Police	1,500	106	-	106
Allocable direct costs	331,000	231,094	2,787	233,881
Total Expenditures	3,068,290	1,284,404	253	1,284,657
Excess (deficiency) of revenues over expenditures	(2,428,240)	(685,831)	(253)	(686,084)
OTHER FINANCING SOURCES (USES):				
Transfers in	410,666	351,272	-	351,272
Transfers out	(312,258)	(143,460)	-	(143,460)
Total Other Financing Sources (Uses)	98,408	207,812	-	207,812
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,329,832)	(478,019)	(253)	(478,272)
FUND BALANCE, July 1	2,329,832	2,346,487	(3,192)	2,343,295
FUND BALANCE, June 30	\$ -	\$ 1,868,468	\$ (3,445)	\$ 1,865,023

See independent auditors' report.

ENTERPRISE FUND

The City's enterprise fund accounts for the operation of the City's water and wastewater utility system. User charges are the primary source of revenue. Expenditure are primarily for personal services and system operating expenses.

CITY OF LEBANON, OREGON
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 1994

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
REVENUES:				
Charges for services	\$ 2,684,000	\$ 2,746,695	\$ 47,639	\$ 2,794,334
Miscellaneous	230,950	280,842	(28,196)	252,646
Total Revenues	2,914,950	3,027,537	19,443	3,046,980
EXPENDITURES:				
Personnel services	625,366	562,271	(25,693)	536,578
Material and services	1,703,171	1,076,316	(47,613)	1,028,703
Capital outlay/depreciation	3,178,835	515,307	(211,230)	304,077
Other requirements	2,069,449	941,089	228,565	1,169,654
Total Expenditures	7,576,821	3,094,983	(55,971)	3,039,012
Excess (deficiency) of revenues over expenditures	(4,661,871)	(67,446)	75,414	7,968
OTHER FINANCING SOURCES (USES):				
Bond proceeds	-	27,082	(27,082)	-
Transfer in	1,019,688	888,188	-	888,188
Transfer out	(962,388)	(962,388)	13,000	(949,388)
Loss on disposal of assets	-	-	(404)	(404)
Total Other Financing Sources (Uses)	57,300	(47,118)	(14,486)	(61,604)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(4,604,571)	(114,564)	60,928	(53,636)
RETAINED EARNINGS (DEFICIT), July 1	5,905,107	5,999,369	(6,925,953)	(926,584)
RETAINED EARNINGS (DEFICIT), June 30	\$ 1,300,536	\$ 5,884,805	\$ (6,865,025)	\$ (980,220)

See independent auditors' report.

CITY OF LEBANON, OREGON
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
WATER DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 1994

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
REVENUES:				
Charges for services	\$ 1,480,000	\$ 1,516,169	\$ 26,710	\$ 1,542,879
Miscellaneous	53,900	71,736	(26,071)	45,665
Total Revenues	1,533,900	1,587,905	639	1,588,544
EXPENDITURES:				
Personnel services	347,623	304,309	6,171	310,480
Material and services	509,610	484,782	(22,468)	462,314
Capital outlay/depreciation	12,135	12,220	132,657	144,877
Other requirements	596,588	436,588	(140,000)	296,588
Total Expenditures	1,465,956	1,237,899	(23,640)	1,214,259
Excess (deficiency) of revenues over expenditures	67,944	350,006	24,279	374,285
OTHER FINANCING SOURCES (USES):				
Transfer out	(303,770)	(303,770)	-	(303,770)
Loss on disposal of assets	-	-	(404)	(404)
Total Other Financing Sources (Uses)	(303,770)	(303,770)	(404)	(304,174)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(235,826)	46,236	23,875	70,111
RETAINED EARNINGS (DEFICIT), July 1	488,000	536,511	(714,916)	(178,405)
RETAINED EARNINGS (DEFICIT), June 30	\$ 252,174	\$ 582,747	\$ (691,041)	\$ (108,294)

See independent auditors' report.

CITY OF LEBANON, OREGON
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
WATER CAPITAL IMPROVEMENT DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 1994

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
REVENUES:				
Miscellaneous	\$ 62,000	\$ 70,076	\$ -	\$ 70,076
EXPENDITURES:				
Personnel services	16,130	16,981	(16,981)	-
Material and services	294,025	38,499	(9,904)	28,595
Capital outlay/depreciation	1,754,000	238,059	(236,168)	1,891
Other requirements	555,841	214,229	369,884	584,113
Total Expenditures	2,619,996	507,768	106,831	614,599
Excess (deficiency) of revenues over expenditures	(2,557,996)	(437,692)	(106,831)	(544,523)
OTHER FINANCING SOURCES (USES):				
Bond proceeds	-	27,082	(27,082)	-
Transfer in	374,660	278,160	-	278,160
Transfer out	(6,500)	(6,500)	6,500	-
Total Other Financing Sources (Uses)	368,160	298,742	(20,582)	278,160
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,189,836)	(138,950)	(127,413)	(266,363)
RETAINED EARNINGS (DEFICIT), July 1	2,199,835	2,073,452	(1,916,826)	156,626
RETAINED EARNINGS (DEFICIT), June 30	\$ 9,999	\$ 1,934,502	\$ (2,044,239)	\$ (109,737)

See independent auditors' report.

CITY OF LEBANON, OREGON
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
WASTEWATER DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 1994

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
REVENUES:				
Charges for services	\$ 1,204,000	\$ 1,230,526	\$ 20,929	\$ 1,251,455
Miscellaneous	23,020	40,823	(2,125)	38,698
Total Revenues	1,227,020	1,271,349	18,804	1,290,153
EXPENDITURES:				
Personnel services	241,957	228,144	(1,820)	226,324
Material and services	529,546	523,158	-	523,158
Capital outlay/depreciation	40,400	34,427	121,447	155,874
Other requirements	153,216	3,216	(1,319)	1,897
Total Expenditures	965,119	788,945	118,308	907,253
Excess (deficiency) of revenues over expenditures	261,901	482,404	(99,504)	382,900
OTHER FINANCING SOURCES (USES):				
Transfer out	(645,618)	(645,618)	-	(645,618)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(383,717)	(163,214)	(99,504)	(262,718)
RETAINED EARNINGS (DEFICIT), July 1	618,000	639,093	(1,258,986)	(619,893)
RETAINED EARNINGS (DEFICIT), June 30	\$ 234,283	\$ 475,879	\$ (1,358,490)	\$ (882,611)

See independent auditors' report.

CITY OF LEBANON, OREGON
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
WASTEWATER CAPITAL IMPROVEMENT DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 1994

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
REVENUES:				
Miscellaneous	\$ 92,000	\$ 98,107	\$ -	\$ 98,107
EXPENDITURES:				
Personnel services	19,656	12,837	(12,837)	-
Material and services	368,960	29,714	(15,241)	14,473
Capital outlay/depreciation	1,372,300	230,601	(229,314)	1,287
Other requirements	763,804	287,056	-	287,056
Total Expenditures	2,524,720	560,208	(257,392)	302,816
Excess (deficiency) of revenues over expenditures	(2,432,720)	(462,101)	257,392	(204,709)
OTHER FINANCING SOURCES (USES):				
Transfer in	645,028	610,028	-	610,028
Transfer out	(6,500)	(6,500)	6,500	-
Total Other Financing Sources (Uses)	638,528	603,528	6,500	610,028
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,794,192)	141,427	263,892	405,319
RETAINED EARNINGS (DEFICIT), July 1	2,598,272	2,749,056	(3,014,886)	(265,830)
RETAINED EARNINGS (DEFICIT), June 30	\$ 804,080	\$ 2,890,483	\$ (2,750,994)	\$ 139,489

See independent auditors' report.

CITY OF LEBANON, OREGON
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
RAILROAD DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 1994

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
REVENUES:				
Miscellaneous	\$ 30	\$ 100	\$ -	\$ 100
EXPENDITURES:				
Personnel services	-	-	(226)	(226)
Material and services	1,030	163	-	163
Capital outlay/depreciation	-	-	148	148
Other requirements	-	-	-	-
Total Expenditures	1,030	163	(78)	85
Excess (deficiency) of revenues over expenditures	(1,000)	(63)	78	15
RETAINED EARNINGS (DEFICIT), July 1	1,000	1,257	(20,339)	(19,082)
RETAINED EARNINGS (DEFICIT), June 30	\$ -	\$ 1,194	\$ (20,261)	\$ (19,067)

See independent auditors' report.

TRUST AND AGENCY FUNDS

Resources held in trust for third parties are accounted for in the City's trust fund. Resources set aside to pay deferred compensation payable are accounted for in the City's agency fund.

CITY OF LEBANON, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TRUST FUND
FOR THE YEAR ENDED JUNE 30, 1994

	Budget	Actual		GAAP Basis
		Budget Basis	Adjustments	
REVENUES:				
Licenses and permits	\$ -	\$ 8,575	\$ -	\$ 8,575
Fines and forfeits	106,000	50,312	-	50,312
Miscellaneous	-	43,251	-	43,251
	<u>106,000</u>	<u>102,138</u>	<u>-</u>	<u>102,138</u>
EXPENDITURES:				
Materials and services	<u>106,000</u>	<u>95,143</u>	<u>-</u>	<u>95,143</u>
Excess (deficiency) of revenues over expenditures	-	6,995	-	6,995
OTHER FINANCING SOURCES (USES):				
Transfer out	<u>-</u>	<u>(7,357)</u>	<u>-</u>	<u>(7,357)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(362)	-	(362)
FUND BALANCE, July 1	<u>-</u>	<u>4,918</u>	<u>-</u>	<u>4,918</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 4,556</u>	<u>\$ -</u>	<u>\$ 4,556</u>

See independent auditors' report.

CITY OF LEBANON, OREGON
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
DEFERRED COMPENSATION AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 1994

	<u>Balance</u> <u>July 1, 1993</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1994</u>
ASSETS				
Cash and investments	\$ 227,899	\$ 74,819	\$ -	\$ 302,718
	<u>\$ 227,899</u>	<u>\$ 74,819</u>	<u>\$ -</u>	<u>\$ 302,718</u>
 LIABILITIES				
Deferred comp payable	\$ 227,899	\$ 74,819	\$ -	\$ 302,718
	<u>\$ 227,899</u>	<u>\$ 74,819</u>	<u>\$ -</u>	<u>\$ 302,718</u>

See independent auditors' report.

SUPPLEMENTAL INFORMATION

CITY OF LEBANON, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
JUNE 30, 1994

<u>Tax Year</u>	<u>Taxes Receivable July 1, 1993</u>	<u>Levy</u>	<u>Discounts and Adjustments</u>	<u>Total Linn County Collections</u>
1993-94	\$ -	\$ 2,209,834	\$ (403,626)	\$ 1,683,195
Prior years	252,512	-	17,676	149,162
Totals	<u>\$ 252,512</u>	<u>\$ 2,209,834</u>	<u>\$ (385,950)</u>	\$ 1,832,357
Cash with County Treasurer, July 1, 1993				-
Total Cash Available				<u>1,832,357</u>
Taxes received by City during 1993-94				<u>1,832,357</u>
Cash with County Treasurer, June 30, 1994				<u>\$ -</u>

Summary of taxes receivable by fund:

General Fund
Debt Service Fund
Urban Renewal Fund
Lebanon URD Bonds Fund
NW Urban Renewal Fund
Enterprise Fund

Taxes
Receivable
June 30, 1994

\$ 123,013
121,026

\$ 244,039

\$ 197,223
11,511
22,520
8,969
3,092
724
\$ 244,039

CITY OF LEBANON, OREGON
SCHEDULE OF BOND TRANSACTIONS
YEAR ENDED JUNE 30, 1994

Issue	Date of Issue	Interest Rate		Outstanding July 1, 1993	
		From	To	Matured	Unmatured
Bancroft Improvement					
1985	11/01/84	8.300%	12.000%	\$ -	\$ 20,000
1990	10/01/90	6.000	12.000	-	70,000
				-	90,000
General Obligation					
Sewage Treatment	12/01/75	4.250	7.000	-	150,000
Urban Renewal	11/01/84	8.750	12.000	-	265,000
General Obligation	03/01/94	3.000	6.000	-	-
				-	415,000
Revenue Supported General Obligation					
Water service refinancing	11/01/86	6.000	6.750	-	4,470,000
Revenue					
Wastewater	06/01/90	7.125	7.500	-	620,000
Water	10/01/91	5.500	7.250	-	3,150,000
Wastewater Refunding	06/01/93	5.250	5.875	-	4,215,000
Water Refunding	09/01/93	3.750	5.500	-	-
				-	7,985,000
				\$ -	\$ 12,960,000

1993-94 Transactions		Outstanding June 30, 1994	
Issued	Matured and Retired	Matured	Unmatured
\$ -	\$ 10,000	\$ -	\$ 10,000
-	5,000	-	65,000
-	15,000	-	75,000
-	50,000	-	100,000
-	265,000	-	-
1,315,000	-	-	1,315,000
1,315,000	315,000	-	1,415,000
-	140,000	-	4,330,000
-	-	-	620,000
-	2,765,000	-	385,000
-	-	-	4,215,000
3,215,000	-	-	3,215,000
3,215,000	2,765,000	-	8,435,000
<u>\$ 4,530,000</u>	<u>\$ 3,235,000</u>	<u>\$ -</u>	<u>\$ 14,255,000</u>

CITY OF LEBANON, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS
JUNE 30, 1994

Fiscal Year	Wastewater Revenue Supported Bonds		
	Total	Bonds	Coupons
1994-95	\$ 129,175	\$ 85,000	\$ 44,175
1995-96	133,119	95,000	38,119
1996-97	131,350	100,000	31,350
1997-98	129,225	105,000	24,225
1998-99	131,744	115,000	16,744
1999-2000	128,550	120,000	8,550
2000-01	-	-	-
2001-02	-	-	-
2002-03	-	-	-
2003-04	-	-	-
2004-05	-	-	-
2005-06	-	-	-
2006-07	-	-	-
2007-08	-	-	-
2008-09	-	-	-
2009-10	-	-	-
2010-11	-	-	-
2011-12	-	-	-
Thereafter	-	-	-
	<u>\$ 783,163</u>	<u>\$ 620,000</u>	<u>\$ 163,163</u>

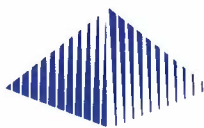
Wastewater Revenue Refunding Bonds			Water Revenue Supported C.O.P.		
Total	Bonds	Coupons	Total	Bonds	Coupons
\$ 242,880	\$ -	\$ 242,880	\$ 63,107	\$ 40,000	\$ 23,107
242,881	-	242,881	60,858	40,000	20,858
242,880	-	242,880	63,358	45,000	18,358
242,881	-	242,881	60,636	45,000	15,636
242,880	-	242,880	62,701	50,000	12,701
242,881	-	242,881	59,450	50,000	9,450
362,880	120,000	242,880	60,906	55,000	5,906
361,581	125,000	236,581	62,025	60,000	2,025
360,019	130,000	230,019	-	-	-
363,194	140,000	223,194	-	-	-
365,844	150,000	215,844	-	-	-
362,219	155,000	207,219	-	-	-
363,306	165,000	198,306	-	-	-
358,819	170,000	188,819	-	-	-
359,044	180,000	179,044	-	-	-
363,694	195,000	168,694	-	-	-
367,481	210,000	157,481	-	-	-
360,406	215,000	145,406	-	-	-
2,896,268	2,260,000	636,268	-	-	-
<u>\$ 8,702,038</u>	<u>\$ 4,215,000</u>	<u>\$ 4,487,038</u>	<u>\$ 493,041</u>	<u>\$ 385,000</u>	<u>\$ 108,041</u>

Revenue Supported Bonds			General Obligation		
General Obligation			General Obligation		
Totals	Bonds	Coupons	Totals	Bonds	Coupons
\$ 437,887	\$ 150,000	\$ 287,887	\$ 141,913	\$ 75,000	\$ 66,913
438,508	160,000	278,508	144,663	80,000	64,663
438,315	170,000	268,315	146,663	85,000	61,663
442,082	185,000	257,082	143,263	85,000	58,263
439,825	195,000	244,825	144,650	90,000	54,650
446,393	215,000	231,393	90,600	40,000	50,600
446,592	230,000	216,592	93,700	45,000	48,700
445,619	245,000	200,619	91,450	45,000	46,450
448,406	265,000	183,406	89,110	45,000	44,110
444,838	280,000	164,838	91,703	50,000	41,703
449,728	305,000	144,728	89,053	50,000	39,053
452,900	330,000	122,900	91,403	55,000	36,403
454,353	355,000	99,353	93,488	60,000	33,488
458,675	385,000	73,675	89,963	60,000	29,963
455,850	410,000	45,850	91,438	65,000	26,438
465,750	450,000	15,750	92,619	70,000	22,619
-	-	-	93,506	75,000	18,506
-	-	-	89,100	75,000	14,100
-	-	-	179,688	165,000	14,688
<u>\$ 7,165,721</u>	<u>\$ 4,330,000</u>	<u>\$ 2,835,721</u>	<u>\$ 2,087,973</u>	<u>\$ 1,315,000</u>	<u>\$ 772,973</u>

CITY OF LEBANON, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS
JUNE 30, 1994 (Continued)

1994 Water Refunding			All Issues		
Totals	Bonds	Coupons	Totals	Bonds	Coupons
\$ 173,973	\$ -	\$ 173,973	\$ 1,264,260	\$ 415,000	\$ 849,260
188,692	15,000	173,692	1,274,676	450,000	824,676
188,110	15,000	173,110	1,224,336	425,000	799,336
192,385	20,000	172,385	1,223,467	450,000	773,467
191,510	20,000	171,510	1,225,660	480,000	745,660
190,585	20,000	170,585	1,170,154	455,000	715,154
189,610	20,000	169,610	1,165,061	480,000	685,061
188,600	20,000	168,600	1,149,275	495,000	654,275
250,880	85,000	165,880	1,148,415	525,000	623,415
251,285	90,000	161,285	1,151,020	560,000	591,020
251,335	95,000	156,335	1,155,960	600,000	555,960
255,883	105,000	150,883	1,162,405	645,000	517,405
255,025	110,000	145,025	1,166,172	690,000	476,172
253,950	115,000	138,950	1,161,407	730,000	431,407
252,605	120,000	132,605	1,158,937	775,000	383,937
250,990	125,000	125,990	1,173,053	840,000	333,053
253,970	135,000	118,970	714,957	420,000	294,957
251,545	140,000	111,545	701,051	430,000	271,051
2,655,905	1,965,000	690,905	5,731,861	4,390,000	1,341,861
<u>\$ 6,686,838</u>	<u>\$ 3,215,000</u>	<u>\$ 3,471,838</u>	<u>\$ 26,122,127</u>	<u>\$ 14,255,000</u>	<u>\$ 11,867,127</u>

AUDITORS' COMMENTS



GROVE, MUELLER, HALL & SWANK

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE

We have audited the financial statements of City of Lebanon as of and for the year ended June 30, 1994, and have issued our report thereon dated October 20, 1994.

We conducted our audit in accordance with generally accepted auditing standards and the Minimum Standards for Audits of Oregon Municipal Corporations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of City of Lebanon for the year ended June 30, 1993, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the City of Lebanon is responsible for establishing and maintaining the 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 financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless 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.

Our consideration of the internal control structure would not necessarily disclose all matter in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accounts. A material weakness is a reportable condition in which the design or operation of one or more of the specific 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 in the 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.

This report is intended for the information of the City Council and management of City of Lebanon. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

OTHER COMMENTS AND DISCLOSURES

ACCOUNTING RECORDS

We found the records of the City to be adequate for audit purposes.

INDEBTEDNESS

The general obligation bonded debt of the City is in compliance with the limitation imposed by ORS 264.250 (3). We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the City's liabilities, and no breach of the bond agreements, at June 30, 1994.

ADEQUACY OF COLLATERAL SECURING DEPOSITORY BALANCES

ORS 295 provides that each depository, throughout the period of its possession of public fund deposits, shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Deposit Insurance Corporation. Our review of the adequacy of collateral securing depository balances indicated the collateral was sufficient during the year ended June 30, 1994.

BUDGET COMPLIANCE

The City has complied with Local Budget Law (ORS 294) and ORS 264.300 in the preparation and adoption of its budget and tax levy for fiscal years ended June 30, 1994 and 1995.

INSURANCE AND FIDELITY BONDS

We have reviewed the City's insurance and fidelity bond coverage at June 30, 1994. We ascertained that such policies appeared to be in force and comply with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies.


INVESTMENTS

Our review of deposit and investment balances indicated that the City was in compliance with ORS 295, as it pertains to investment of public funds, during the year ended June 30, 1994.

PUBLIC CONTRACTING AND PURCHASING

Our review of the City's public contracting, purchasing procedures and construction of public improvement requirements (ORS 279) indicated that the City was in compliance.

GROVE, MUELLER, HALL & SWANK, PC.

By 
Charles A. Swank, Shareholder

October 20, 1994