

LEBANON

OREGON

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CITY OF LEBANON, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 1997



CITY OF LEBANON, OREGON

CITY OFFICIALS

JUNE 30, 1997

MAYOR

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CITY ADMINISTRATOR

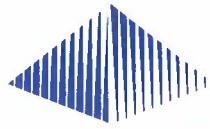
Joseph A. Windell
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GROVE, MUELLER, HALL & SWANK
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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, 1997, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. 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, 1997, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with the *Government Auditing Standards*, we have also issued reports dated December 30, 1997, on our consideration of the City of Lebanon's internal control structure over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts and grants.

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 schedules and other financial schedules listed as supplementary data in the table of contents, which are also the responsibility of the City of Lebanon are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Lebanon. The supplementary Schedule of Federal Awards on page 42 is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing

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City of Lebanon
December 30, 1997
Page 2

procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

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

By:  _____
Charles A. Swank, Shareholder

December 30, 1997

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF LEBANON, OREGON

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1997

	<i>Governmental Fund Types</i>			
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>
ASSETS AND OTHER DEBITS				
<i>Assets</i>				
Cash and investments	\$ 380,103	\$ 1,167,547	\$ 570,161	\$ 2,229,466
Receivables				
Court fines	713,074	-	-	-
Property taxes	188,659	50,443	41,578	-
Accounts	171,937	143,177	9,831	220,796
Special assessments/loans	-	816,609	40,961	-
Other funds	21,290	136,190	-	20,340
Prepaid expenses	2,209	1,497	2,569	-
Fixed assets	-	-	-	-
Accumulated depreciation	-	-	-	-
<i>Total Assets</i>	<u>1,477,272</u>	<u>2,315,463</u>	<u>665,100</u>	<u>2,470,602</u>
<i>Other Debits</i>				
Amount available for debt retirement	-	-	-	-
Amount to be provided for debt retirement	-	-	-	-
<i>Total Debits</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Assets and Other Debits</i>	<u>\$ 1,477,272</u>	<u>\$ 2,315,463</u>	<u>\$ 665,100</u>	<u>\$ 2,470,602</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
<i>Liabilities</i>				
Accounts payable	\$ 71,267	\$ 342,328	\$ -	\$ 7,051
Payroll taxes payable	-	-	-	-
Retainage payable	-	45,410	-	-
Deposits	-	-	-	-
Due to other funds	-	177,820	-	-
Loans payable	-	-	-	-
Bonds payable	-	-	-	-
Bond discount	-	-	-	-
Paid absences and deferred compensation	53,929	15,646	-	18,499
Reserved for claims	83,889	42,783	-	-
Deferred revenues	<u>924,433</u>	<u>894,299</u>	<u>85,108</u>	<u>220,796</u>
<i>Total Liabilities</i>	<u>1,133,518</u>	<u>1,518,286</u>	<u>85,108</u>	<u>246,346</u>
<i>Equity and Other Credits</i>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings	-	-	-	-
Fund balances - unreserved	<u>343,754</u>	<u>797,177</u>	<u>579,992</u>	<u>2,224,256</u>
<i>Total Equity and Other Credits</i>	<u>343,754</u>	<u>797,177</u>	<u>579,992</u>	<u>2,224,256</u>
<i>Total Liabilities, Equity and Other Credits</i>	<u>\$ 1,477,272</u>	<u>\$ 2,315,463</u>	<u>\$ 665,100</u>	<u>\$ 2,470,602</u>

<i>Proprietary Fund Type</i>	<i>Fiduciary Fund Types</i>		<i>Account Groups</i>		<i>Totals (Memorandum Only)</i>
	<i>Expendable Trust</i>	<i>Agency</i>	<i>General Long- Term Debt</i>	<i>General Fixed Assets</i>	
<i>Enterprise</i>					
\$ 5,696,678	\$ (82,045)	\$ 647,559	\$ -	\$ -	\$ 10,609,469
-	-	-	-	-	713,074
770	-	-	-	-	281,450
368,769	168,373	-	-	-	1,082,883
-	-	-	-	-	857,570
-	-	-	-	-	177,820
3,420	-	-	-	-	9,695
18,627,112	-	-	-	4,966,007	23,593,119
(4,365,288)	-	-	-	-	(4,365,288)
20,331,461	86,328	647,559	-	4,966,007	32,959,792
-	-	-	579,992	-	579,992
-	-	-	5,653,831	-	5,653,831
-	-	-	6,233,823	-	6,233,823
<u>\$ 20,331,461</u>	<u>\$ 86,328</u>	<u>\$ 647,559</u>	<u>\$ 6,233,823</u>	<u>\$ 4,966,007</u>	<u>\$ 39,193,615</u>
\$ 115,868	\$ 25,365	\$ -	\$ -	\$ -	\$ 561,879
-	56,133	-	-	-	56,133
-	-	-	-	-	45,410
37,846	-	-	-	-	37,846
-	-	-	-	-	177,820
20,694	-	-	346,554	-	367,248
8,000,000	-	-	5,390,000	-	13,390,000
(241,256)	-	-	-	-	(241,256)
119,687	-	647,559	497,269	-	1,352,589
55,645	-	-	-	-	182,317
-	15	-	-	-	2,124,651
8,108,484	81,513	647,559	6,233,823	-	18,054,637
-	-	-	-	4,966,007	4,966,007
11,943,470	-	-	-	-	11,943,470
279,507	-	-	-	-	279,507
-	4,815	-	-	-	3,949,994
12,222,977	4,815	-	-	4,966,007	21,138,978
<u>\$ 20,331,461</u>	<u>\$ 86,328</u>	<u>\$ 647,559</u>	<u>\$ 6,233,823</u>	<u>\$ 4,966,007</u>	<u>\$ 39,193,615</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
BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
YEAR ENDED JUNE 30, 1997**

	<i>Governmental Fund Types</i>			
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>
REVENUES				
Taxes and assessments	\$ 2,107,614	\$ 674,464	\$ 727,877	\$ 544,050
Licenses and permits	463,959	211,704	-	-
Fines and forfeitures	241,089	-	-	-
Intergovernmental	200,620	2,818,063	-	-
Charges for services	22,397	-	-	-
Miscellaneous	133,447	260,283	28,764	195,751
<i>Total Revenues</i>	3,169,126	3,964,514	756,641	739,801
EXPENDITURES				
Personnel services	2,160,381	661,361	-	642,668
Materials and services	783,601	893,949	7,903	154,384
Capital outlay	327,217	3,688,663	-	261,399
Other requirements	21,667	146,663	640,684	-
<i>Total Expenditures</i>	3,292,866	5,390,636	648,587	1,058,451
Excess (deficiency) of revenues over expenditures	(123,740)	(1,426,122)	108,054	(318,650)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	100,000	-	-	-
Transfers in	8,093	458,067	53,033	884,220
Transfers out	(96,373)	(205,721)	(14,432)	(135,122)
<i>Total Other Financing Sources (Uses)</i>	11,720	252,346	38,601	749,098
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(112,020)	(1,173,776)	146,655	430,448
FUND BALANCES, (DEFICIT),				
<i>Beginning of year</i>	455,774	1,970,953	433,337	1,793,808
FUND BALANCES, End of year	<u>\$ 343,754</u>	<u>\$ 797,177</u>	<u>\$ 579,992</u>	<u>\$ 2,224,256</u>

<u>Fiduciary Fund Type</u> <u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
\$ -	\$ 4,054,005
-	675,663
93,772	334,861
-	3,018,683
-	22,397
<u>36,349</u>	<u>654,594</u>
130,121	8,760,203
-	3,464,410
111,619	1,951,456
-	4,277,279
<u>-</u>	<u>809,014</u>
<u>111,619</u>	<u>10,502,159</u>
18,502	(1,741,956)
-	100,000
-	1,403,413
<u>-</u>	<u>(451,648)</u>
<u>-</u>	<u>1,051,765</u>
18,502	(690,191)
<u>(13,687)</u>	<u>4,640,185</u>
<u>\$ 4,815</u>	<u>\$ 3,949,994</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 BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
YEAR ENDED JUNE 30, 1997**

	<u>General Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes and assessments	\$ 2,107,614	\$ 2,068,523	\$ 39,091
Licenses and permits	463,959	429,500	34,459
Fines and forfeitures	241,089	176,500	64,589
Intergovernmental	200,620	166,000	34,620
Charges for services	22,397	20,500	1,897
Miscellaneous	<u>133,447</u>	<u>120,370</u>	<u>13,077</u>
<i>Total Revenues</i>	3,169,126	2,981,393	187,733
EXPENDITURES			
Personnel services	2,155,270	2,209,974	54,704
Materials and services	783,601	764,411	(19,190)
Debt service	-	-	-
Capital outlay	327,217	331,407	4,190
Other requirements	<u>21,667</u>	<u>81,133</u>	<u>59,466</u>
<i>Total Expenditures</i>	<u>3,287,755</u>	<u>3,386,925</u>	<u>99,170</u>
Excess (deficiency) of revenues over expenditures	(118,629)	(405,532)	286,903
OTHER FINANCING SOURCES (USES)			
Loan proceeds	594,000	500,000	94,000
Transfers in	8,093	26,905	(18,812)
Transfers out	(96,373)	(96,373)	-
Loan repayment	<u>(494,000)</u>	<u>(500,000)</u>	<u>6,000</u>
<i>Total Other Financing Sources (Uses)</i>	<u>11,720</u>	<u>(69,468)</u>	<u>81,188</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(106,909)	(475,000)	368,091
FUND BALANCE, Beginning of year, Budget basis	<u>504,594</u>	<u>425,000</u>	<u>79,594</u>
FUND BALANCE, End of year, Budget basis	\$ 397,685	\$ (50,000)	\$ 447,685
Adjustments to GAAP basis	<u>(53,931)</u>		
FUND BALANCE, End of year, GAAP basis	<u>\$ 343,754</u>		

<i>Special Revenue Funds</i>			<i>Debt Service Funds</i>		
<i>Actual</i>	<i>Budget</i>	<i>Variance Favorable (Unfavorable)</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance Favorable (Unfavorable)</i>
\$ 674,464	\$ 641,231	\$ 33,233	\$ 727,877	\$ 671,683	\$ 56,194
211,704	144,400	67,304	-	-	-
-	-	-	-	-	-
2,818,063	4,331,810	(1,513,747)	-	-	-
-	-	-	-	-	-
<u>260,283</u>	<u>155,276</u>	<u>105,007</u>	<u>28,764</u>	<u>12,525</u>	<u>16,239</u>
3,964,514	5,272,717	(1,308,203)	756,641	684,208	72,433
657,815	702,657	44,842	-	-	-
893,949	1,387,667	493,718	7,903	5,500	(2,403)
-	-	-	640,684	705,239	64,555
3,688,663	5,378,553	1,689,890	-	-	-
<u>146,663</u>	<u>390,619</u>	<u>243,956</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,387,090</u>	<u>7,859,496</u>	<u>2,472,406</u>	<u>648,587</u>	<u>710,739</u>	<u>62,152</u>
(1,422,576)	(2,586,779)	1,164,203	108,054	(26,531)	134,585
-	-	-	-	-	-
478,407	410,598	67,809	53,033	90,325	(37,292)
(295,078)	(218,500)	(76,578)	(14,432)	(16,325)	1,893
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>183,329</u>	<u>192,098</u>	<u>(8,769)</u>	<u>38,601</u>	<u>74,000</u>	<u>(35,399)</u>
(1,239,247)	(2,394,681)	1,155,434	146,655	47,469	99,186
<u>2,093,699</u>	<u>2,425,681</u>	<u>(331,982)</u>	<u>433,337</u>	<u>453,175</u>	<u>(19,838)</u>
854,452	<u>\$ 31,000</u>	<u>\$ 823,452</u>	579,992	<u>\$ 500,644</u>	<u>\$ 79,348</u>
(57,275)					
<u>\$ 797,177</u>			<u>\$ 579,992</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 BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND (Continued)
YEAR ENDED JUNE 30, 1997

	<u>Capital Projects Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes and assessments	\$ 544,050	\$ 68,350	\$ 475,700
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental	-	185,525	(185,525)
Charges for services	-	-	-
Miscellaneous	<u>195,751</u>	<u>68,030</u>	<u>127,721</u>
<i>Total Revenues</i>	739,801	321,905	417,896
EXPENDITURES			
Personnel services	637,417	684,716	47,299
Materials and services	154,384	247,424	93,040
Debt service	-	-	-
Capital outlay	261,399	1,552,741	1,291,342
Other requirements	<u>-</u>	<u>267,495</u>	<u>267,495</u>
<i>Total Expenditures</i>	<u>1,053,200</u>	<u>2,752,376</u>	<u>1,699,176</u>
Excess (deficiency) of revenues over expenditures	(313,399)	(2,430,471)	2,117,072
OTHER FINANCING SOURCES (USES)			
Bank loans	-	-	-
Transfers in	951,593	883,767	67,826
Transfers out	(156,529)	(157,312)	783
Loan repayment	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>795,064</u>	<u>726,455</u>	<u>68,609</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	481,665	(1,704,016)	2,185,681
FUND BALANCE, Beginning of year, Budget basis	<u>1,740,751</u>	<u>1,698,422</u>	<u>42,329</u>
FUND BALANCE (DEFICIT), End of year, Budget basis	2,222,416	<u>\$ (5,594)</u>	<u>\$ 2,228,010</u>
Adjustment to GAAP basis	<u>1,840</u>		
FUND BALANCE, End of year, GAAP basis	<u>\$ 2,224,256</u>		

<i>Expendable Trust Fund</i>			<i>Totals (Memorandum Only)</i>		
<i>Actual</i>	<i>Budget</i>	<i>Variance Favorable (Unfavorable)</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance Favorable (Unfavorable)</i>
\$ -	\$ -	\$ -	\$ 4,054,005	\$ 3,449,787	\$ 604,218
-	-	-	675,663	573,900	101,763
93,772	113,500	(19,728)	334,861	290,000	44,861
-	-	-	3,018,683	4,683,335	(1,664,652)
-	-	-	22,397	20,500	1,897
<u>36,349</u>	<u>-</u>	<u>36,349</u>	<u>654,594</u>	<u>356,201</u>	<u>298,393</u>
130,121	113,500	16,621	8,760,203	9,373,723	(613,520)
-	-	-	3,450,502	3,597,347	146,845
111,619	113,500	1,881	1,951,456	2,518,502	567,046
-	-	-	640,684	705,239	64,555
-	-	-	4,277,279	7,262,701	2,985,422
<u>-</u>	<u>-</u>	<u>-</u>	<u>168,330</u>	<u>739,247</u>	<u>570,917</u>
<u>111,619</u>	<u>113,500</u>	<u>1,881</u>	<u>10,488,251</u>	<u>14,823,036</u>	<u>4,334,785</u>
18,502	-	18,502	(1,728,048)	(5,449,313)	3,721,265
-	-	-	594,000	500,000	94,000
-	-	-	1,491,126	1,411,595	79,531
-	-	-	(562,412)	(488,510)	(73,902)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(494,000)</u>	<u>(500,000)</u>	<u>6,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,028,714</u>	<u>923,085</u>	<u>105,629</u>
18,502	-	18,502	(699,334)	(4,526,228)	3,826,894
<u>(13,687)</u>	<u>-</u>	<u>(13,687)</u>	<u>4,758,694</u>	<u>5,002,278</u>	<u>(243,584)</u>
4,815	<u>\$ -</u>	<u>\$ 4,815</u>	4,059,360	<u>\$ 476,050</u>	<u>\$ 3,583,310</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(109,366)</u>	<u>-</u>	<u>-</u>
<u>\$ 4,815</u>	<u>-</u>	<u>-</u>	<u>\$ 3,949,994</u>	<u>-</u>	<u>-</u>

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
YEAR ENDED JUNE 30, 1997

OPERATING REVENUES

Charges for services	\$ 3,012,481
Miscellaneous	<u>364,714</u>
<i>Total Operating Revenues</i>	3,377,195

OPERATING EXPENSES

Personnel services	646,865
Materials and services	1,296,267
Depreciation	<u>424,191</u>
<i>Total Operating Expenses</i>	<u>2,367,323</u>

OPERATING INCOME

1,009,872

NONOPERATING REVENUE (EXPENSES)

Interest expense	(467,374)
Transfers in	1,235,307
Transfers out	(1,452,235)
Loss on disposal of assets	<u>(35,264)</u>
<i>Total Nonoperating Revenue (Expenses)</i>	<u>(719,566)</u>

NET INCOME

290,306

RETAINED EARNINGS (DEFICIT), July 1, 1996

(10,799)

RETAINED EARNINGS, June 30, 1997

\$ 279,507

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
YEAR ENDED JUNE 30, 1997

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ 1,009,872
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	424,191
Amortization	12,333
Net book value of disposed assets	(44,237)
Accounts receivable	18,218
Property taxes receivable	(10)
Prepaid expenses	(2,250)
Accounts payable	50,488
Accrued liabilities	<u>8,028</u>
<i>Net Cash Flows Provided by Operating Activities</i>	1,476,633

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers in	1,235,307
Transfers out	<u>(1,452,235)</u>
<i>Net Cash Flows Used in Noncapital Financing Activities</i>	(216,928)

CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of equipment and construction in progress	(529,030)
Repayment of long-term debt	(161,414)
Contributed capital	14,977
Interest paid	(467,374)
Increase in reserve for claims	<u>8,000</u>
<i>Net Cash Flows Used in Capital and Related Financing Activities</i>	<u>(1,134,841)</u>

Net increase in Cash and Investments 124,864

CASH AND INVESTMENTS, Beginning of year 5,571,814

CASH AND INVESTMENTS, End of year \$ 5,696,678

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

CITY OF LEBANON, OREGON
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1997

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.

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.

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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.

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. Budgets are adopted at the departmental level in the general fund and expenditure type for other funds. The budgets for the enterprise fund are 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.

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments (Continued)

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.

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 in that fund.

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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, which are adopted at the department level for all funds.

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

CASH AND INVESTMENTS

Investments

The City's investment policies are governed by state statutes. In addition, the City has followed the recommendations of the Oregon Municipal Debt Advisory Commission and has its own investment policy, approved by the City Council, which provides further guidelines for investments. 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, 1997 were comprised of the following:

	<u>Category 2</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Investments with Financial Institutions			
US Government Agencies			
US Treasury Strip	\$ 750,925	\$ 750,925	\$ 763,553
Federal Home Loan Mortgage Corp.	754,720	754,720	774,720
Federal Home Loan Bank	749,567	749,567	765,035
Federal Farm Credit Bank	710,874	710,874	744,600
Resolution Trust Corp.	852,779	852,779	871,430
FICO Strip			
Federal Home Loan Bank	480,123	480,123	487,500
Federal National Mortgage Corp.	701,073	701,073	732,110
Commercial Paper			
Northwest Natural Gas	<u>485,688</u>	<u>485,688</u>	<u>487,830</u>
Subtotal		5,485,749	5,626,778
Investment in Oregon State Treasurer's Local Government Pool		3,661,485	3,661,485
Held by custodian under deferred compensation plan		<u>647,559</u>	<u>647,559</u>
<i>Total Investments</i>		9,794,793	9,935,822
Demand deposits		<u>814,676</u>	<u>814,673</u>
<i>Total Cash and Investments</i>		<u>\$ 10,609,469</u>	<u>\$ 10,750,495</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.

Demand deposits at June 30, 1997, included bank demand deposits. These deposits were insured by Federal depository insurance to the legal limit. The remaining balances were collateralized by securities held by a custodian in the City's name.

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

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, 1997 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Available</u>	<u>Deferred</u>
General Fund	\$ 188,659	\$ -	\$ 188,659
Debt Service Fund	41,577	-	41,577
Urban Renewal Fund	24,762	-	24,762
NW Urban Renewal Fund	25,682	-	25,682
Enterprise Fund	<u>770</u>	<u>770</u>	<u>-</u>
<i>Total</i>	<u>\$ 281,450</u>	<u>\$ 770</u>	<u>\$ 280,680</u>

FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance July 1, 1996</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1997</u>
<i>Total Fixed Assets</i>	<u>\$ 4,504,640</u>	<u>\$ 566,780</u>	<u>\$ 105,413</u>	<u>\$ 4,966,007</u>

The following is a summary of proprietary fund type fixed assets for the year ended June 30, 1997:

	<u>Water</u>	<u>Small Water Line</u>	<u>Wastewater</u>	<u>Railroad</u>	<u>Total</u>
<i>BALANCE, July 1, 1996</i>	\$ 7,135,044	\$ -	\$ 9,825,408	\$ 1,482	\$16,961,934
Additions	84,288	180,067	264,675	-	529,030
Deletions	(19,272)	-	(3,672)	-	(22,944)
<i>BALANCE, June 30, 1997</i>	7,200,060	180,067	10,086,411	1,482	17,468,020
Less: accumulated depreciation	(1,822,563)	(18,537)	(2,523,152)	(1,036)	(4,365,288)
<i>Net Property, Plant, and Equipment</i>	5,377,497	161,530	7,563,259	446	13,102,732
Construction in-progress	<u>549,865</u>	<u>-</u>	<u>609,227</u>	<u>-</u>	<u>1,159,092</u>
<i>Net Fixed Assets</i>	<u>\$ 5,927,362</u>	<u>\$ 161,530</u>	<u>\$ 8,172,486</u>	<u>\$ -</u>	<u>\$14,261,824</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 GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

LONG-TERM DEBT

The bonds payable of \$13,390,000 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 1, 1996</u>	<u>Issued</u>	<u>Paid</u>	<u>Outstanding June 30, 1997</u>
Bancroft improvement	\$ 50,000	\$ -	\$ 10,000	\$ 40,000
General obligation	1,160,000	-	85,000	1,075,000
General obligation refunding	4,380,000	-	105,000	4,275,000
Wastewater revenue supported	440,000	-	100,000	340,000
Water revenue supported	305,000	-	45,000	260,000
Wastewater revenue refunding	4,215,000	-	-	4,215,000
Water revenue refunding	3,200,000	-	15,000	3,185,000
<i>Total</i>	<u>\$ 13,750,000</u>	<u>\$ -</u>	<u>\$ 360,000</u>	<u>\$ 13,390,000</u>

Annual debt service requirements to maturity for all bonds follows:

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1997-98	\$ 1,220,083	\$ 505,000	\$ 715,083
1998-99	1,224,598	535,000	689,598
1999-00	1,166,755	505,000	661,755
2000-01	1,159,421	525,000	634,421
2001-02	1,148,061	540,000	608,061
2002-03	1,146,027	565,000	581,027
2003-04	1,147,935	595,000	552,935
2004-05	1,152,542	630,000	522,542
2005-06	1,159,078	670,000	489,078
2006-07	1,163,319	710,000	453,319
2007-08	1,159,357	745,000	414,357
2008-09	1,158,187	785,000	373,187
2009-10	1,169,341	840,000	329,341
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>\$ 22,322,573</u>	<u>\$ 13,390,000</u>	<u>\$ 8,932,573</u>

In November, 1995 the City advance refunded \$4,180,000 of revenue supported general obligation bonds. The refunding was financed by the issuance of \$4,380,000 of general obligation refunding bonds. The new bonds were issued at an average interest rate of 5.15% and will result in a savings of \$422,477 over the life of the bonds.

Total defeased debt at June 30, 1997, was \$6,753,870.

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

LONG-TERM DEBT (Continued)

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

Lease/purchase of Court hardware and software, interest at 5.5%:

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1997-98	\$ 28,921	\$ 23,000	\$ 5,921
1998-99	27,656	23,000	4,656
1999-2000	26,391	23,000	3,391
2000-2001	25,126	23,000	2,126
2001-2002	<u>16,510</u>	<u>15,649</u>	<u>861</u>
<i>Total</i>	<u>\$ 124,604</u>	<u>\$ 107,649</u>	<u>\$ 16,955</u>

Note Payable, Key Bank. The loan was incurred to finance Police and Court software. Interest at 5.5%

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1997-98	\$ 27,700	\$ 20,000	\$ 7,700
1998-99	24,461	20,000	4,461
1999-2000	23,346	20,000	3,346
2000-2001	22,231	20,000	2,231
2001-2002	<u>21,116</u>	<u>20,000</u>	<u>1,116</u>
<i>Total</i>	<u>\$ 118,854</u>	<u>\$ 100,000</u>	<u>\$ 18,854</u>

SCIP Loan: The SCIP loan was incurred in connection with development of the Santiam Canal Industrial Park. Payments include accrued interest payable of \$29,806.

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1997-98	\$ 13,132	\$ 6,187	\$ 6,945
1998-99	13,132	6,496	6,636
1999-2000	13,132	6,821	6,311
2000-2001	13,132	7,162	5,970
Thereafter	<u>150,126</u>	<u>112,239</u>	<u>37,887</u>
	<u>\$ 202,654</u>	<u>\$ 138,905</u>	<u>\$ 63,749</u>

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

LONG-TERM DEBT (Continued)

Enterprise Fund - Department of Energy loan, monthly payments of \$268 including interest at 8.5%.

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1997-98	\$ 3,216	\$ 1,515	\$ 1,701
1998-99	3,216	1,649	1,567
1999-2000	3,216	1,795	1,421
2000-2001	3,216	1,953	1,263
2001-2002	3,216	2,126	1,090
Thereafter	<u>13,982</u>	<u>11,656</u>	<u>2,326</u>
	<u>\$ 30,062</u>	<u>\$ 20,694</u>	<u>\$ 9,368</u>

CONTRIBUTED CAPITAL

The following is a summary of contributed capital:

	<u>Water</u>	<u>Small Waterline</u>	<u>Wastewater</u>	<u>Railroad</u>	<u>Total</u>
<i>Contributed Capital, July 1, 1996</i>	\$ 4,412,505	\$ -	\$ 7,494,838	\$ 21,150	\$11,928,493
Additions (Deletions)	(302,457)	308,253	9,181	-	14,977
<i>Contributed Capital, June 30, 1997</i>	<u>\$ 4,110,048</u>	<u>\$ 308,253</u>	<u>\$ 7,504,019</u>	<u>\$ 21,150</u>	<u>\$11,943,470</u>

EMPLOYEE RETIREMENT SYSTEM

City employees participate in the Oregon Public Employee's Retirement System (PERS), a cost sharing multiple-employer defined benefit pension plan. All the City employees are eligible to participate in the system after completing six months of service. Total payroll was \$3,065,366 and covered payroll was \$2,992,049 for the year ended June 30, 1997. PERS is administered by the Public Employees Retirement Board under the guidelines of Oregon Revised Statutes, Chapter 238. The PERS retirement allowance, payable monthly for life, may be selected from twelve retirement benefit options. Options include survivorship benefits and lump sum refunds. The basic benefit formula is 1.67 percent of a member's final average salary multiplied by the member's number of years of service. Benefits may also be calculated under either a money match or an annuity-plus-pension computation if a greater benefit results. PERS also provides death and disability benefits. A copy of the Oregon Public Employees Retirement System annual financial report may be obtained from PERS, P.O. Box 73, Portland, Oregon 97207-0073.

Covered employees are required by State statute to contribute 6.0 percent of their salary to the plan. The City is required by statute to contribute actuarially computed amounts as determined by PERS. Rates are subject to change as a result of subsequent actuarial valuations. Currently, the rate is 6.0 percent of each covered employee's salary. The amount contributed by the City for the years ended June 30, 1997, 1996 and 1995, were \$359,046, \$303,925 and \$256,465, which was equal to the required contributions for the years. No pension liability existed at June 30, 1997, determined in accordance with Statement No. 27 of the Governmental Accounting Standards Board.

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

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, 1997, valued at market, include \$647,559 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.

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	\$ 3,771,219	\$ 4,442,921	\$ 809,674	\$ 1,691,394	\$ 4,653,512
Adjustment for					
Accounts receivable/deposits	-	-	-	-	(41,010)
Short-term loan proceeds	(494,000)	-	-	-	-
Budgetary transfer	-	(20,340)	-	(67,373)	-
<i>Per GAAP Basis</i>	<u>\$ 3,277,219</u>	<u>\$ 4,422,581</u>	<u>\$ 809,674</u>	<u>\$ 1,624,021</u>	<u>\$ 4,612,502</u>

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1997

RECONCILIATION OF BUDGETARY TO GAAP BASIS (Continued)

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>
Expenditures and Other Financing Uses					
Per Budgetary Basis	\$ 3,878,128	\$ 5,682,168	\$ 663,019	\$ 1,209,729	\$ 4,584,855
Change in accrued compensated absences	5,111	3,546	-	5,251	5,040
Loan repayments/bond principal	(494,000)	-	-	-	(161,414)
Capital outlay	-	-	-	-	(566,989)
Depreciation	-	-	-	-	424,191
Amortization/bond issue costs	-	-	-	-	12,333
Loss on disposal of assets	-	-	-	-	35,264
Budgetary transfer	-	(89,357)	-	(21,407)	(11,084)
<i>Per GAAP Basis</i>	<u>\$ 3,389,239</u>	<u>\$ 5,596,357</u>	<u>\$ 663,019</u>	<u>\$ 1,193,573</u>	<u>\$ 4,322,196</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. Individual fund interfund receivable and payable balances at June 30, 1997 were:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 21,290	\$ -
Intergovernmental Fund	-	41,630
Urban Renewal Fund	136,190	-
NW Urban Renewal Fund	-	136,190
Capital Projects Fund	20,340	-
<i>Totals</i>	<u>\$ 177,820</u>	<u>\$ 177,820</u>

B. Interfund transfers in exceeded interfund transfers out on a budgetary basis by \$734,837 due to the City's cost allocation method.

C. Over expenditures of line items on a budgetary basis do not constitute a violation of local budget law, as the budget is adopted on a department basis.

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 \$200,000. In addition, from time to time, when special expenditures are needed for safety reasons, funds from this reserve are used. All expenditures are made in accordance with Oregon Local Budget Law. The insurance reserves are classified as liabilities on the combined balance sheet.

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
YEAR ENDED JUNE 30, 1997**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Taxes and assessments	\$ 2,068,523	\$ 2,107,614	\$ -	\$ 2,107,614
Licenses and permits	429,500	463,959	-	463,959
Fines and forfeitures	176,500	241,089	-	241,089
Intergovernmental	166,000	200,620	-	200,620
Charges for services	20,500	22,397	-	22,397
Miscellaneous	120,370	133,447	-	133,447
<i>Total Revenues</i>	<u>2,981,393</u>	<u>3,169,126</u>	<u>-</u>	<u>3,169,126</u>
EXPENDITURES				
Administration	179,501	177,548	5,111	182,659
City attorney	25,256	24,660	-	24,660
Public works	39,296	38,049	-	38,049
Parks	262,109	248,826	-	248,826
Finance	89,539	88,404	-	88,404
Legislative	12,173	11,450	-	11,450
Library	244,376	240,776	-	240,776
Municipal court	214,822	208,504	-	208,504
Police	1,833,875	1,791,492	-	1,791,492
Senior services	136,295	132,667	-	132,667
Nondepartmental	349,683	325,379	-	325,379
<i>Total Expenditures</i>	<u>3,386,925</u>	<u>3,287,755</u>	<u>5,111</u>	<u>3,292,866</u>
Excess (deficiency) of revenues over expenditures	(405,532)	(118,629)	(5,111)	(123,740)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	500,000	594,000	(494,000)	100,000
Transfers in	26,905	8,093	-	8,093
Transfers out	(96,373)	(96,373)	-	(96,373)
Loan repayment	(500,000)	(494,000)	494,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>(69,468)</u>	<u>11,720</u>	<u>-</u>	<u>11,720</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(475,000)	(106,909)	(5,111)	(112,020)
FUND BALANCE, Beginning of year	<u>425,000</u>	<u>504,594</u>	<u>(48,820)</u>	<u>455,774</u>
FUND BALANCE, End of year	<u>\$ (50,000)</u>	<u>\$ 397,685</u>	<u>\$ (53,931)</u>	<u>\$ 343,754</u>

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
- NW Urban Renewal District Fund

CITY OF LEBANON, OREGON
COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS
JUNE 30, 1997

	<i>Inter- governmental Fund</i>	<i>Urban Renewal Fund</i>	<i>NW Urban Renewal Fund</i>	<i>Total</i>
ASSETS				
Cash and investments	\$ 635,588	\$ 426,598	\$ 105,361	\$ 1,167,547
Receivables				
Property taxes	-	24,761	25,682	50,443
Accounts	79,177	5,116	58,884	143,177
Special assessments/loans	816,609	-	-	816,609
Prepayments	1,069	428	-	1,497
Other funds	-	136,190	-	136,190
<i>Total Assets</i>	<u>\$ 1,532,443</u>	<u>\$ 593,093</u>	<u>\$ 189,927</u>	<u>\$ 2,315,463</u>
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>				
Accounts payable	\$ 52,839	\$ 287,631	\$ 1,858	\$ 342,328
Retainage payable	-	-	45,410	45,410
Compensated absences payable	13,865	900	881	15,646
Due to other funds	41,630	-	136,190	177,820
Deferred revenues	820,522	24,761	49,016	894,299
<i>Total Liabilities</i>	928,856	313,292	233,355	1,475,503
<i>Fund Balances</i>				
Reserved for claims	42,783	-	-	42,783
Unreserved, undesignated (deficit)	560,804	279,801	(43,428)	797,177
<i>Total Fund Balance</i>	<u>603,587</u>	<u>279,801</u>	<u>(43,428)</u>	<u>839,960</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,532,443</u>	<u>\$ 593,093</u>	<u>\$ 189,927</u>	<u>\$ 2,315,463</u>

CITY OF LEBANON, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 1997**

	<u>Inter- governmental Fund</u>	<u>Urban Renewal Fund</u>	<u>NW Urban Renewal Fund</u>	<u>Total</u>
REVENUES				
Taxes and assessments	\$ 7,264	\$ 292,769	\$ 374,431	\$ 674,464
Fines and forfeitures	-	-	-	-
Licenses and permits	211,704	-	-	211,704
Intergovernmental	1,894,571	-	923,492	2,818,063
Miscellaneous	<u>160,605</u>	<u>61,940</u>	<u>37,738</u>	<u>260,283</u>
<i>Total Revenues</i>	2,274,144	354,709	1,335,661	3,964,514
EXPENDITURES				
Personnel services	622,520	20,808	18,033	661,361
Materials and services	811,833	21,266	60,850	893,949
Capital outlay	1,158,026	1,429,718	1,100,919	3,688,663
Debt service	<u>-</u>	<u>146,663</u>	<u>-</u>	<u>146,663</u>
<i>Total Expenditures</i>	<u>2,592,379</u>	<u>1,618,455</u>	<u>1,179,802</u>	<u>5,390,636</u>
Excess (deficiency) of revenues over expenditures	(318,235)	(1,263,746)	155,859	(1,426,122)
OTHER FINANCING SOURCES (USES)				
Transfers in	458,067	-	-	458,067
Transfers out	<u>(196,259)</u>	<u>(3,725)</u>	<u>(5,737)</u>	<u>(205,721)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>261,808</u>	<u>(3,725)</u>	<u>(5,737)</u>	<u>252,346</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(56,427)	(1,267,471)	150,122	(1,173,776)
FUND BALANCE, Beginning of year	<u>617,231</u>	<u>1,547,272</u>	<u>(193,550)</u>	<u>1,970,953</u>
FUND BALANCE (DEFICIT), End of year	<u>\$ 560,804</u>	<u>\$ 279,801</u>	<u>\$ (43,428)</u>	<u>\$ 797,177</u>

CITY OF LEBANON, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL - INTERGOVERNMENTAL FUND

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Taxes and assessments	\$ 9,000	\$ 7,264	\$ -	\$ 7,264
Fines and forfeitures	-	-	-	-
Licenses and permits	144,400	211,704	-	211,704
Intergovernmental	2,653,310	1,894,571	-	1,894,571
Miscellaneous	90,276	160,605	-	160,605
<i>Total Revenues</i>	<u>2,896,986</u>	<u>2,274,144</u>	<u>-</u>	<u>2,274,144</u>
EXPENDITURES				
ADA Requirements	227,500	10,357	-	10,357
Motel Tax	8,145	6,709	-	6,709
Santiam Travel Station	299,000	68,307	-	68,307
OTSC Grant	300	-	-	-
Building Inspections	189,000	171,661	882	172,543
Special Events	4,500	4,500	-	4,500
Park Enterprise	31,950	4,126	(13)	4,113
Park Grant	20,000	20,000	-	20,000
Century Park Grant	200	-	-	-
GIS	335,350	165,581	2,332	167,913
USFS Grant Cheadle	3,000	2,845	-	2,845
Farm Home Administration Grant	350,000	335,717	-	335,717
SPWF Grant and Loan	680,000	658,259	-	658,259
Sidewalk and Bikepath	191,000	92,073	708	92,781
Engineering Development	51,580	21,862	85	21,947
Streets	559,747	489,748	(250)	489,498
Storm Drains	63,645	53,639	61	53,700
911 Communications	34,000	-	-	-
Civil Forfeitures	20,500	6,370	-	6,370
Oregon School Grant	58,753	40,457	1,085	41,542
Federal Community Policing	58,753	56,929	(243)	56,686
Dial-A-Bus	52,383	51,480	(1,049)	50,431
FAU Streets	174,000	46,545	(17)	46,528
1983-84 Rehabilitation	36,700	324	-	324
85-86 Housing Rehabilitation	11,000	-	-	-
Gills Landings	5,529	2,917	2	2,919
1996 Housing Rehabilitation Grant	350,000	278,390	-	278,390
<i>Total Expenditures</i>	<u>3,816,535</u>	<u>2,588,796</u>	<u>3,583</u>	<u>2,592,379</u>
Excess (deficiency) of revenues over expenditures	(919,549)	(314,652)	(3,583)	(318,235)
OTHER FINANCING SOURCES (USES)				
Transfers in	410,598	478,407	(20,340)	458,067
Transfers out	(212,378)	(197,559)	1,300	(196,259)
<i>Total Other Financing Sources (Uses)</i>	<u>198,220</u>	<u>280,848</u>	<u>(19,040)</u>	<u>261,808</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(721,329)	(33,804)	(22,623)	(56,427)
FUND BALANCE, Beginning of year	<u>721,329</u>	<u>650,104</u>	<u>(32,873)</u>	<u>617,231</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 616,300</u>	<u>\$ (55,496)</u>	<u>\$ 560,804</u>

CITY OF LEBANON, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - URBAN RENEWAL FUND
YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Taxes and assessments	\$ 264,699	\$ 292,769	\$ -	\$ 292,769
Miscellaneous	<u>61,000</u>	<u>61,940</u>	<u>-</u>	<u>61,940</u>
<i>Total Revenues</i>	325,699	354,709	-	354,709
EXPENDITURES				
Urban renewal	1,598,238	1,471,854	(62)	1,471,792
Urban renewal debt service	146,663	146,663	-	146,663
Operating contingency	<u>141,533</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures</i>	<u>1,886,434</u>	<u>1,618,517</u>	<u>(62)</u>	<u>1,618,455</u>
Excess (deficiency) of revenues over expenditures	(1,560,735)	(1,263,808)	62	(1,263,746)
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(3,725)</u>	<u>(3,725)</u>	<u>-</u>	<u>(3,725)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,564,460)	(1,267,533)	62	(1,267,471)
FUND BALANCE, Beginning of year	<u>1,595,460</u>	<u>1,412,043</u>	<u>135,229</u>	<u>1,547,272</u>
FUND BALANCE, End of year	<u>\$ 31,000</u>	<u>\$ 144,510</u>	<u>\$ 135,291</u>	<u>\$ 279,801</u>

CITY OF LEBANON, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - NW URBAN RENEWAL FUND
YEAR ENDED JUNE 30, 1997**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Taxes and assessments	\$ 367,532	\$ 374,431	\$ -	\$ 374,431
Intergovernmental	1,678,500	923,492	-	923,492
Miscellaneous	<u>4,000</u>	<u>37,738</u>	<u>-</u>	<u>37,738</u>
<i>Total Revenues</i>	2,050,032	1,335,661	-	1,335,661
EXPENDITURES				
Personnel services	18,128	18,008	25	18,033
Materials and services	166,412	60,850	-	60,850
Capital outlay	1,970,900	1,100,919	-	1,100,919
Operating contingency	<u>1,087</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures</i>	<u>2,156,527</u>	<u>1,179,777</u>	<u>25</u>	<u>1,179,802</u>
Excess (deficiency) of revenues over expenditures	(106,495)	155,884	(25)	155,859
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(2,397)</u>	<u>(93,794)</u>	<u>88,057</u>	<u>(5,737)</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(108,892)	62,090	88,032	150,122
FUND BALANCE, Beginning of year	<u>108,892</u>	<u>31,552</u>	<u>(225,102)</u>	<u>(193,550)</u>
FUND BALANCE(DEFICIT), End of year	<u>\$ -</u>	<u>\$ 93,642</u>	<u>\$ (137,070)</u>	<u>\$ (43,428)</u>

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 - ALL DEBT SERVICE FUNDS
JUNE 30, 1997

	<i>Debt Service Fund</i>	<i>Bancroft Bond Fund</i>	<i>Total</i>
ASSETS			
Cash and investments	\$ 414,323	\$ 155,838	\$ 570,161
Receivables			
Property taxes	41,578	-	41,578
Accounts	9,831	-	9,831
Special assessments/loans	-	40,961	40,961
Prepaid expenses	-	2,569	2,569
<i>Total Assets</i>	<u>\$ 465,732</u>	<u>\$ 199,368</u>	<u>\$ 665,100</u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities</i>			
Deferred revenues	\$ 41,578	\$ 43,530	\$ 85,108
<i>Fund Balances</i>			
Undesignated, unreserved	<u>424,154</u>	<u>155,838</u>	<u>579,992</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 465,732</u>	<u>\$ 199,368</u>	<u>\$ 665,100</u>

CITY OF LEBANON, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 1997

	<u>Debt Service Fund</u>	<u>Bancroft Bond Fund</u>	<u>Total</u>
REVENUES			
Taxes and assessments	\$ 720,408	\$ 7,469	\$ 727,877
Miscellaneous	<u>20,289</u>	<u>8,475</u>	<u>28,764</u>
<i>Total Revenues</i>	740,697	15,944	756,641
EXPENDITURES			
Materials and services	7,500	403	7,903
Debt service	<u>614,557</u>	<u>26,127</u>	<u>640,684</u>
<i>Total Expenditures</i>	<u>622,057</u>	<u>26,530</u>	<u>648,587</u>
Excess of revenues over expenditures	118,640	(10,586)	108,054
OTHER FINANCING SOURCES (USES)			
Transfers in	50,740	2,293	53,033
Transfers out	<u>(8,133)</u>	<u>(6,299)</u>	<u>(14,432)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>42,607</u>	<u>(4,006)</u>	<u>38,601</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	161,247	(14,592)	146,655
FUND BALANCES, Beginning of year	<u>262,907</u>	<u>170,430</u>	<u>433,337</u>
FUND BALANCES, End of year	<u>\$ 424,154</u>	<u>\$ 155,838</u>	<u>\$ 579,992</u>

CITY OF LEBANON, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Taxes and assessments	\$ 655,783	\$ 720,408	\$ -	\$ 720,408
Miscellaneous	5,500	20,289	-	20,289
<i>Total Revenues</i>	661,283	740,697	-	740,697
EXPENDITURES				
Materials and services	-	7,500	-	7,500
Debt service	679,111	614,557	-	614,557
<i>Total Expenditures</i>	679,111	622,057	-	622,057
Excess of revenues over expenditures	(17,828)	118,640	-	118,640
OTHER FINANCING SOURCES (USES)				
Transfers in	88,000	50,740	-	50,740
Transfers out	(10,000)	(8,133)	-	(8,133)
<i>Total Other Financing Sources (Uses)</i>	78,000	42,607	-	42,607
Excess of revenues over other financing sources over expenditures	60,172	161,247	-	161,247
FUND BALANCE, Beginning of year	<u>284,500</u>	<u>262,907</u>	<u>-</u>	<u>262,907</u>
FUND BALANCE, End of year	<u>\$ 344,672</u>	<u>\$ 424,154</u>	<u>\$ -</u>	<u>\$ 424,154</u>

CITY OF LEBANON, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL - BANCROFT BOND FUND

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Taxes and assessments	\$ 15,900	\$ 7,469	\$ -	\$ 7,469
Miscellaneous	<u>7,025</u>	<u>8,475</u>	<u>-</u>	<u>8,475</u>
<i>Total Revenues</i>	22,925	15,944	-	15,944
EXPENDITURES				
Materials and services	5,500	403	-	403
Debt service	<u>26,128</u>	<u>26,127</u>	<u>-</u>	<u>26,127</u>
<i>Total Expenditures</i>	<u>31,628</u>	<u>26,530</u>	<u>-</u>	<u>26,530</u>
Excess (deficiency) of revenues over expenditures	(8,703)	(10,586)	-	(10,586)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,325	2,293	-	2,293
Transfers out	<u>(6,325)</u>	<u>(6,299)</u>	<u>-</u>	<u>(6,299)</u>
<i>Total Other Financing Sources (Uses)</i>	(4,000)	(4,006)	-	(4,006)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(12,703)	(14,592)	-	(14,592)
FUND BALANCE, Beginning of year	<u>168,675</u>	<u>170,430</u>	<u>-</u>	<u>170,430</u>
FUND BALANCE, End of year	<u>\$ 155,972</u>	<u>\$ 155,838</u>	<u>\$ -</u>	<u>\$ 155,838</u>

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 REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Taxes and assessments	\$ 68,350	\$ 544,050	\$ -	\$ 544,050
Intergovernmental	185,525	-	-	-
Miscellaneous	68,030	195,751	-	195,751
<i>Total Revenues</i>	<u>321,905</u>	<u>739,801</u>	<u>-</u>	<u>739,801</u>
EXPENDITURES				
Equipment acquisition	526,459	147,465	-	147,465
Historic restoration	4,900	265	-	265
Pioneer cemetery	2,857	-	-	-
DARE	17,500	15,172	-	15,172
Police	12,652	4,632	-	4,632
Library	14,450	2,395	-	2,395
Library/Senior center	11,000	932	-	932
Senior services	65,930	23,724	-	23,724
Streets	120,360	60,015	(587)	59,428
Streets capital projects	181,000	25,316	-	25,316
Allocable costs	787,038	655,730	5,790	661,520
SDC drainage	11,200	27	-	27
Restricted SDC drainage	100,830	11,948	44	11,992
SDC drainage improvements	7,300	-	-	-
SDC park	15,500	-	-	-
Restricted SDC park	25,780	9,758	(75)	9,683
SDC Park improvements	37,000	1,980	-	1,980
SDC wastewater	405,800	25,489	-	25,489
Restricted SDC wastewater	88,910	22,909	65	22,974
SDC wastewater improvements	40,700	-	-	-
SDC wastewater reimbursements	1,150	-	-	-
SDC streets	18,800	250	-	250
Restricted SDC streets	85,240	19,482	(52)	19,430
SDC streets improvements	59,000	-	-	-
SDC water	2,600	1,146	-	1,146
Restricted SDC water	50,020	24,565	66	24,631
SDC water improvements	57,000	-	-	-
SDC water reimbursements	1,400	-	-	-
<i>Total Expenditures</i>	<u>2,752,376</u>	<u>1,053,200</u>	<u>5,251</u>	<u>1,058,451</u>
Excess (deficiency) of revenues over expenditures	(2,430,471)	(313,399)	(5,251)	(318,650)
OTHER FINANCING SOURCES (USES)				
Transfers in	883,767	951,593	(67,373)	884,220
Transfers out	(157,312)	(156,529)	21,407	(135,122)
<i>Total Other Financing Sources (Uses)</i>	<u>726,455</u>	<u>795,064</u>	<u>(45,966)</u>	<u>749,098</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,704,016)	481,665	(51,217)	430,448
FUND BALANCE, Beginning of year	<u>1,698,422</u>	<u>1,740,751</u>	<u>53,057</u>	<u>1,793,808</u>
FUND BALANCE, End of year	<u>\$ (5,594)</u>	<u>\$ 2,222,416</u>	<u>\$ 1,840</u>	<u>\$ 2,224,256</u>

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. Expenditures are primarily for personal services and system operating expenses.

CITY OF LEBANON, OREGON**COMBINING BALANCE SHEET - ENTERPRISE FUND - ALL DEPARTMENTS - GAAP BASIS**

JUNE 30, 1997

	<u>Water</u>	<u>Water CIP</u>	<u>Small Water Line</u>	<u>Wastewater</u>
ASSETS AND OTHER DEBITS				
<i>Assets</i>				
Cash and investments	\$ 700,157	\$ 1,200,598	\$ 162,877	\$ 632,751
Receivables				
Property taxes	-	-	-	770
Accounts	230,857	-	-	137,912
Prepaid expenses	1,710	-	-	1,710
Fixed assets	7,190,609	559,316	180,067	10,077,992
Accumulated depreciation	<u>(1,813,112)</u>	<u>(9,451)</u>	<u>(18,537)</u>	<u>(2,517,001)</u>
<i>Total Assets and Other Debits</i>	<u>\$ 6,310,221</u>	<u>\$ 1,750,463</u>	<u>\$ 324,407</u>	<u>\$ 8,334,134</u>
 LIABILITIES, EQUITY AND OTHER CREDITS				
<i>Liabilities</i>				
Accounts payable	\$ 64,108	\$ -	\$ 7,263	\$ 42,380
Deposits	37,846	-	-	-
Loan payable	-	-	-	20,694
Bonds payable	-	3,445,000	-	-
Bond discount	-	(131,671)	-	-
Paid absences and deferred compensation payable	62,773	-	1,385	55,529
Reserved for claims	<u>34,218</u>	<u>-</u>	<u>-</u>	<u>21,427</u>
<i>Total Liabilities</i>	198,945	3,313,329	8,648	140,030
 <i>Equity and Other Credits</i>				
Contributed capital	6,363,901	(2,253,853)	308,253	9,298,231
Retained earnings (deficit)	<u>(252,625)</u>	<u>690,987</u>	<u>7,506</u>	<u>(1,104,127)</u>
<i>Total Equity and Other Credits</i>	<u>6,111,276</u>	<u>(1,562,866)</u>	<u>315,759</u>	<u>8,194,104</u>
 <i>Total Liabilities, Equity, and Other Credits</i>	<u>\$ 6,310,221</u>	<u>\$ 1,750,463</u>	<u>\$ 324,407</u>	<u>\$ 8,334,134</u>

<i>Wastewater</i>			
<u>CIP</u>	<u>Railroad</u>	<u>Total</u>	
\$ 2,997,145	\$ 3,150	\$ 5,696,678	
-	-	770	
-	-	368,769	
-	-	3,420	
617,646	1,482	18,627,112	
<u>(6,151)</u>	<u>(1,036)</u>	<u>(4,365,288)</u>	
<u>\$ 3,608,640</u>	<u>\$ 3,596</u>	<u>\$ 20,331,461</u>	

\$ 102	\$ 2,015	\$ 115,868	
-	-	37,846	
-	-	20,694	
4,555,000	-	8,000,000	
<u>(109,585)</u>	<u>-</u>	<u>(241,256)</u>	
-	-	119,687	
-	-	<u>55,645</u>	
4,445,517	2,015	8,108,484	
<u>(1,794,212)</u>	<u>21,150</u>	<u>11,943,470</u>	
<u>957,335</u>	<u>(19,569)</u>	<u>279,507</u>	
<u>(836,877)</u>	<u>1,581</u>	<u>12,222,977</u>	
<u>\$ 3,608,640</u>	<u>\$ 3,596</u>	<u>\$ 20,331,461</u>	

CITY OF LEBANON, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED
EARNINGS - ALL ENTERPRISE FUND - ALL DEPARTMENTS - GAAP BASIS
YEAR ENDED JUNE 30, 1997**

	<u>Water</u>	<u>Water CIP</u>	<u>Small Water Line</u>
REVENUES			
Charges for services	\$ 1,628,213	\$ -	\$ -
Miscellaneous	<u>107,650</u>	<u>39,296</u>	<u>20,964</u>
<i>Total Revenues</i>	1,735,863	39,296	20,964
EXPENDITURES			
Personnel services	387,927	-	15,592
Materials and services	546,430	5,486	122,426
Capital outlay/depreciation	208,254	-	18,537
Debt service	<u>-</u>	<u>191,341</u>	<u>-</u>
<i>Total Expenditures</i>	<u>1,142,611</u>	<u>196,827</u>	<u>156,555</u>
Excess (deficiency) of revenues over expenditures	593,252	(157,531)	(135,591)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	676,468	127,203
Transfers out	(935,312)	-	-
Loss on disposal of assets	<u>(35,014)</u>	<u>-</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(970,326)</u>	<u>676,468</u>	<u>127,203</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(377,074)	518,937	(8,388)
RETAINED EARNINGS (DEFICIT),			
<i>Beginning of year</i>	<u>124,449</u>	<u>172,050</u>	<u>15,894</u>
RETAINED EARNINGS (DEFICIT),			
<i>End of year</i>	<u>\$ (252,625)</u>	<u>\$ 690,987</u>	<u>\$ 7,506</u>

<u>Wastewater</u>	<u>Wastewater CIP</u>	<u>Railroad</u>	<u>Totals</u>
\$ 1,384,268	\$ -	\$ -	\$ 3,012,481
<u>36,054</u>	<u>160,397</u>	<u>353</u>	<u>364,714</u>
1,420,322	160,397	353	3,377,195
243,346	-	-	646,865
612,846	6,847	2,232	1,296,267
197,252	-	148	424,191
<u>1,802</u>	<u>274,231</u>	<u>-</u>	<u>467,374</u>
<u>1,055,246</u>	<u>281,078</u>	<u>2,380</u>	<u>2,834,697</u>
365,076	(120,681)	(2,027)	542,498
8,133	423,503	-	1,235,307
(516,923)	-	-	(1,452,235)
<u>(250)</u>	<u>-</u>	<u>-</u>	<u>(35,264)</u>
<u>(509,040)</u>	<u>423,503</u>	<u>-</u>	<u>(252,192)</u>
(143,964)	302,822	(2,027)	290,306
<u>(960,163)</u>	<u>654,513</u>	<u>(17,542)</u>	<u>(10,799)</u>
<u>\$ (1,104,127)</u>	<u>\$ 957,335</u>	<u>\$ (19,569)</u>	<u>\$ 279,507</u>

CITY OF LEBANON, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS -
BUDGET AND ACTUAL - ENTERPRISE FUND - ALL DEPARTMENTS
YEAR ENDED JUNE 30, 1997**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Charges for services	\$ 3,003,500	\$ 3,032,273	\$ (19,792)	\$ 3,012,481
Miscellaneous	<u>401,881</u>	<u>385,932</u>	<u>(21,218)</u>	<u>364,714</u>
<i>Total Revenues</i>	3,405,381	3,418,205	(41,010)	3,377,195
EXPENDITURES				
Personnel services	708,788	641,825	5,040	646,865
Materials and services	1,345,169	1,301,608	(5,341)	1,296,267
Capital outlay/depreciation	3,288,407	549,315	(125,124)	424,191
Debt service	<u>2,459,217</u>	<u>628,788</u>	<u>(161,414)</u>	<u>467,374</u>
<i>Total Expenditures</i>	<u>7,801,581</u>	<u>3,121,536</u>	<u>(286,839)</u>	<u>2,834,697</u>
Excess (deficiency) of revenues over expenditures	(4,396,200)	296,669	245,829	542,498
OTHER FINANCING SOURCES (USES)				
Transfers in	1,332,523	1,235,307	-	1,235,307
Transfers out	(1,548,088)	(1,463,319)	11,084	(1,452,235)
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>(35,264)</u>	<u>(35,264)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(215,565)</u>	<u>(228,012)</u>	<u>(24,180)</u>	<u>(252,192)</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(4,611,765)	68,657	221,649	290,306
RETAINED EARNINGS (DEFICIT),				
<i>Beginning of year</i>	<u>5,418,359</u>	<u>5,460,079</u>	<u>(5,470,878)</u>	<u>(10,799)</u>
RETAINED EARNINGS (DEFICIT),				
<i>End of year</i>	<u>\$ 806,594</u>	<u>\$ 5,528,736</u>	<u>\$ (5,249,229)</u>	<u>\$ 279,507</u>

CITY OF LEBANON, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL - WATER DEPARTMENT
YEAR ENDED JUNE 30, 1997**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Charges for services	\$ 1,643,500	\$ 1,638,906	\$ (10,693)	\$ 1,628,213
Miscellaneous	<u>186,500</u>	<u>130,425</u>	<u>(22,775)</u>	<u>107,650</u>
<i>Total Revenues</i>	1,830,000	1,769,331	(33,468)	1,735,863
EXPENDITURES				
Personnel services	410,197	386,811	,1116	387,927
Materials and services	605,085	563,921	(17,491)	546,430
Capital outlay/depreciation	117,085	88,757	119,497	208,254
Other requirements	<u>285,419</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures</i>	<u>1,417,786</u>	<u>1,039,489</u>	<u>103,122</u>	<u>1,142,611</u>
Excess (deficiency) of revenues over expenditures	412,214	729,842	(136,590)	593,252
OTHER FINANCING SOURCES (USES)				
Transfers in	12,100	-	-	-
Transfers out	(1,019,314)	(935,312)	-	(935,312)
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>(35,014)</u>	<u>(35,014)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(1,007,214)</u>	<u>(935,312)</u>	<u>(35,014)</u>	<u>(970,326)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(595,000)	(205,470)	(171,604)	(377,074)
RETAINED EARNINGS (DEFICIT),				
<i>Beginning of year</i>	<u>875,000</u>	<u>809,012</u>	<u>(684,563)</u>	<u>124,449</u>
RETAINED EARNINGS, End of year	<u>\$ 280,000</u>	<u>\$ 603,542</u>	<u>\$ (856,167)</u>	<u>\$ (252,625)</u>

CITY OF LEBANON, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS -
BUDGET AND ACTUAL - WATER CAPITAL IMPROVEMENT DEPARTMENT
YEAR ENDED JUNE 30, 1997**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Miscellaneous	\$ 51,281	\$ 39,296	\$ -	\$ 39,296
EXPENDITURES				
Personnel services	-	-	-	-
Materials and services	-	3	5,483	5,486
Capital outlay/depreciation	952,800	31,307	(31,307)	-
Other requirements	<u>567,266</u>	<u>251,341</u>	<u>(60,000)</u>	<u>191,341</u>
<i>Total Expenditures</i>	<u>1,520,066</u>	<u>282,651</u>	<u>(85,824)</u>	<u>196,827</u>
Excess (deficiency) of revenues over expenditures	(1,468,785)	(243,355)	85,824	(157,531)
OTHER FINANCING SOURCES (USES)				
Transfers in	759,717	676,468	-	676,468
Transfers out	<u>(5,542)</u>	<u>(5,542)</u>	<u>5,542</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>754,175</u>	<u>670,926</u>	<u>5,542</u>	<u>676,468</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(714,610)	427,571	91,366	518,937
RETAINED EARNINGS, Beginning of year	<u>714,610</u>	<u>773,027</u>	<u>(600,977)</u>	<u>172,050</u>
RETAINED EARNINGS, End of year	<u>\$ -</u>	<u>\$ 1,200,598</u>	<u>\$ (509,611)</u>	<u>\$ 690,987</u>

CITY OF LEBANON, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL - SMALL WATER LINE DEPARTMENT
YEAR ENDED JUNE 30, 1997**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Miscellaneous	\$ 25,000	\$ 20,964	\$ -	\$ 20,964
EXPENDITURES				
Personnel services	34,468	14,207	1,385	15,592
Materials and services	124,080	122,426	-	122,426
Capital outlay/depreciation	184,700	173,507	(154,970)	18,537
Other requirements	<u>126,149</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures</i>	<u>469,397</u>	<u>310,140</u>	<u>(153,585)</u>	<u>156,555</u>
Excess (deficiency) of revenues over expenditures	(444,397)	(289,176)	(153,585)	(135,591)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>127,203</u>	<u>127,203</u>	<u>-</u>	<u>127,203</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(317,194)	(161,973)	153,585	(8,388)
RETAINED EARNINGS, Beginning of year	<u>317,194</u>	<u>317,588</u>	<u>(301,694)</u>	<u>15,894</u>
RETAINED EARNINGS, End of year	<u>\$ -</u>	<u>\$ 155,615</u>	<u>\$ (148,109)</u>	<u>\$ 7,506</u>

CITY OF LEBANON, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED
EARNINGS - BUDGET AND ACTUAL - WASTEWATER DEPARTMENT
YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>Basis</u>
		<u>Budget</u> <u>Basis</u>	<u>Adjustments</u>	
REVENUES				
Charges for services	\$ 1,360,000	\$ 1,393,367	\$ (9,099)	\$ 1,384,268
Miscellaneous	39,000	34,497	1,557	36,054
<i>Total Revenues</i>	1,399,000	1,427,864	(7,542)	1,420,322
EXPENDITURES				
Personnel services	264,123	240,807	2,539	243,346
Materials and services	613,104	612,846	-	612,846
Capital outlay/depreciation	217,822	158,545	38,707	197,252
Other requirements	280,593	3,216	(1,414)	1,802
<i>Total Expenditures</i>	1,375,642	1,015,414	39,832	1,055,246
Excess (deficiency) of revenues over expenditures	23,358	412,450	(47,374)	365,076
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	8,133	-	8,133
Transfers out	(517,690)	(516,923)	-	(516,923)
Loss on disposal of assets	=	=	(250)	(250)
<i>Total Other Financing Sources (Uses)</i>	(507,690)	(508,790)	(250)	(509,040)
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(484,332)	(96,340)	(47,624)	(143,964)
RETAINED EARNINGS (DEFICIT),				
<i>Beginning of year</i>	701,000	667,143	(1,627,306)	(960,163)
RETAINED EARNINGS (DEFICIT),				
<i>End of year</i>	\$ 216,668	\$ 570,803	\$ (1,674,930)	\$ (1,104,127)

CITY OF LEBANON, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL - WASTEWATER CAPITAL IMPROVEMENT DEPARTMENT
YEAR ENDED JUNE 30, 1997**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Miscellaneous	\$ 100,000	\$ 160,397	\$ -	\$ 160,397
EXPENDITURES				
Materials and services	-	180	6,667	6,847
Capital outlay/depreciation	1,816,000	97,199	(97,199)	-
Other requirements	<u>1,199,790</u>	<u>374,231</u>	<u>(100,000)</u>	<u>274,231</u>
<i>Total Expenditures</i>	<u>3,015,790</u>	<u>471,610</u>	<u>(190,532)</u>	<u>281,078</u>
Excess (deficiency) of revenues over expenditures	(2,915,790)	(311,213)	190,532	(120,681)
OTHER FINANCING SOURCES (USES)				
Transfers in	423,503	423,503	-	423,503
Transfers out	(5,542)	(5,542)	5,542	-
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>417,961</u>	<u>417,961</u>	<u>5,542</u>	<u>423,503</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,497,829)	106,748	196,074	302,822
RETAINED EARNINGS, Beginning of year	<u>2,807,755</u>	<u>2,890,295</u>	<u>(2,235,782)</u>	<u>654,513</u>
RETAINED EARNINGS, End of year	<u>\$ 309,926</u>	<u>\$ 2,997,043</u>	<u>\$ (2,039,708)</u>	<u>\$ 957,335</u>

CITY OF LEBANON, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED
EARNINGS - BUDGET AND ACTUAL - RAILROAD DEPARTMENT
YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>Basis</u>
		<u>Budget</u> <u>Basis</u>	<u>Adjustments</u>	
REVENUES				
Miscellaneous	\$ 100	\$ 353	\$ -	\$ 353
EXPENDITURES				
Materials and services	2,900	2,232	-	2,232
Capital outlay/depreciation	-	-	148	148
<i>Total Expenditures</i>	<u>2,900</u>	<u>2,232</u>	<u>148</u>	<u>2,380</u>
Excess (deficiency) of revenues over expenditures	(2,800)	(1,879)	(148)	(2,027)
RETAINED EARNINGS (DEFICIT),				
<i>Beginning of year</i>	<u>2,800</u>	<u>3,014</u>	<u>(20,556)</u>	<u>(17,542)</u>
RETAINED EARNINGS (DEFICIT),				
<i>End of year</i>	<u>\$ -</u>	<u>\$ 1,135</u>	<u>\$ (20,704)</u>	<u>\$ (19,569)</u>

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
YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Fines and forfeitures	\$ 113,500	\$ 93,772	\$ -	\$ 93,772
Miscellaneous	-	36,349	-	36,349
<i>Total Revenues</i>	113,500	130,121	-	130,121
EXPENDITURES				
Materials and services	113,500	111,619	-	111,619
Excess (deficiency) of revenues over expenditures	-	18,502	-	18,502
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	18,502	-	18,502
FUND BALANCE (DEFICIT),				
<i>Beginning of year</i>	-	(13,687)	-	(13,687)
FUND BALANCE (DEFICIT),				
<i>End of year</i>	\$ -	\$ 4,815	\$ -	\$ 4,815

CITY OF LEBANON, OREGON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES DEFERRED COMPENSATION AGENCY FUND

YEAR ENDED JUNE 30, 1997

	<i>Balance July 1, 1996</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30, 1997</i>
ASSETS				
Cash and investments	\$ 547,451	\$ 170,634	\$ (70,526)	\$ 647,559
LIABILITIES				
Deferred compensation payable	\$ 547,451	\$ 170,634	\$ (70,526)	\$ 647,559

CITY OF LEBANON, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 1997

<i>Federal</i>	<i>CFDA</i>	
<i>Federal Grantor/Pass-through Grantor/ Program Title</i>	<i>Number</i>	<i>Expenditures</i>
<i>U.S. Department of Housing and Urban Development passed through Oregon Economic Development Department Community Development Block Grant</i>	14.228	\$ 278,390
<i>U.S. Department of Justice</i>	16.580	97,386
<i>Farmers' Home Administration passed through Rural Economic and Community Development</i>	*10.769	335,717
<i>U.S. Department of Commerce passed through Economic Development Administration Economic Development Grant</i>	*11.307	<u>472,623</u>
<i>Total Federal Financial Assistance</i>		<u>\$ 1,184,116</u>

* Major program

SUPPLEMENTAL INFORMATION

CITY OF LEBANON, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 1997

<u>Tax Year</u>	<u>Taxes Receivable July 1, 1996</u>	<u>Levy</u>	<u>Discounts and Adjustments</u>	<u>Total Collections</u>	<u>Taxes Receivable June 30, 1997</u>
1996-97	\$ -	\$ 3,648,991	\$ (117,446)	\$ 3,345,267	\$ 186,278
Prior years	<u>235,639</u>	<u>-</u>	<u>18,205</u>	<u>158,671</u>	<u>95,173</u>
<i>Totals</i>	<u>\$ 235,639</u>	<u>\$ 3,648,991</u>	<u>\$ (99,241)</u>	<u>\$ 3,503,938</u>	<u>\$ 281,451</u>

Summary of taxes receivable by fund

General Fund	\$ 188,659
Debt Service Fund	41,577
Urban Renewal Fund	24,762
NW Urban Renewal Fund	25,682
Enterprise Fund	<u>770</u>
	<u>\$ 281,450</u>

CITY OF LEBANON, OREGON
SCHEDULE OF BOND TRANSACTIONS
YEAR ENDED JUNE 30, 1997

<u>Issue</u>	<u>Date of Issue</u>	<u>Interest Rate</u>		<u>Outstanding July 1, 1996</u>	
		<u>From</u>	<u>To</u>	<u>Matured</u>	<u>Unmatured</u>
Bancroft Improvement					
1990	10/01/90	6.000%	12.000%	\$ -	\$ 50,000
General Obligation					
Sewage treatment	12/01/75	4.250	7.000	-	-
General obligation	03/01/94	3.000	6.000	-	1,160,000
Refunding	08/01/95	3.750	5.350	-	4,380,000
				-	5,590,000
Revenue Supported General Obligation					
Water service refinancing	11/01/86	6.00	6.750	-	-
				-	-
Revenue					
Wastewater	06/01/90	7.125	7.500	-	440,000
Water	10/01/91	5.500	7.250	-	305,000
Wastewater refunding	06/01/93	5.250	5.875	-	4,215,000
Water refunding	09/01/93	3.750	5.500	-	3,200,000
				-	8,160,000
				\$ -	\$13,750,000

<u>1996-97 Transactions</u>		<u>Outstanding June 30, 1997</u>	
<u>Issued</u>	<u>Matured and Retired/ Deferred</u>	<u>Matured</u>	<u>Unmatured</u>
\$ -	\$ 10,000	\$ -	\$ 40,000
-	-	-	-
-	85,000	-	1,075,000
-	<u>105,000</u>	-	<u>4,275,000</u>
-	200,000	-	5,390,000
-	-	-	-
-	-	-	-
-	100,000	-	340,000
-	45,000	-	260,000
-	-	-	4,215,000
-	<u>15,000</u>	-	<u>3,185,000</u>
-	<u>160,000</u>	-	<u>8,000,000</u>
<u>\$ -</u>	<u>\$ 360,000</u>	<u>\$ -</u>	<u>\$ 13,390,000</u>

CITY OF LEBANON, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS
JUNE 30, 1997

<u>Fiscal Year</u>	<u>Bancroft Improvement Bonds</u>			<u>General Obligation</u>		
	<u>Total</u>	<u>Bonds</u>	<u>Coupons</u>	<u>Total</u>	<u>Bonds</u>	<u>Coupons</u>
1997-98	\$ 12,350	\$ 10,000	\$ 2,350	\$ 143,263	\$ 85,000	\$ 58,263
1998-99	11,695	10,000	1,695	144,650	90,000	54,650
1999-2000	11,028	10,000	1,028	90,600	40,000	50,600
2000-01	10,345	10,000	345	93,700	45,000	48,700
2001-02	-	-	-	91,450	45,000	46,450
2002-03	-	-	-	89,110	45,000	44,110
2003-04	-	-	-	91,703	50,000	41,703
2004-05	-	-	-	89,053	50,000	39,053
2005-06	-	-	-	91,403	55,000	36,403
2006-07	-	-	-	93,488	60,000	33,488
2007-08	-	-	-	89,963	60,000	29,963
2008-09	-	-	-	91,438	65,000	26,438
2009-10	-	-	-	92,619	70,000	22,619
2010-11	-	-	-	93,506	75,000	18,506
2011-12	-	-	-	89,100	75,000	14,100
Thereafter	-	-	-	179,688	165,000	14,688
	<u>\$ 45,418</u>	<u>\$ 40,000</u>	<u>\$ 5,418</u>	<u>\$1,654,734</u>	<u>\$1,075,000</u>	<u>\$ 579,734</u>

<i>General Obligation - Refunding</i>			<i>Revenue Supported Wastewater Bonds</i>			<i>Revenue Supported Refunding Wastewater Bonds</i>		
<i>Total</i>	<i>Bonds</i>	<i>Coupons</i>	<i>Total</i>	<i>Bonds</i>	<i>Coupons</i>	<i>Total</i>	<i>Bonds</i>	<i>Coupons</i>
\$ 439,343	\$ 240,000	\$ 199,343	\$ 129,225	\$ 105,000	\$ 24,225	\$ 242,881	\$ -	\$ 242,881
439,418	250,000	189,418	131,744	115,000	16,744	242,880	-	242,880
443,661	265,000	178,661	128,550	120,000	8,550	242,881	-	242,881
441,980	275,000	166,980	-	-	-	362,880	120,000	242,880
444,405	290,000	154,405	-	-	-	361,581	125,000	236,581
446,018	305,000	141,018	-	-	-	360,019	130,000	230,019
441,753	315,000	126,753	-	-	-	363,194	140,000	223,194
446,310	335,000	111,310	-	-	-	365,844	150,000	215,844
449,573	355,000	94,573	-	-	-	362,219	155,000	207,219
451,500	375,000	76,500	-	-	-	363,306	165,000	198,306
456,625	400,000	56,625	-	-	-	358,819	170,000	188,819
455,100	420,000	35,100	-	-	-	359,044	180,000	179,044
462,038	450,000	12,038	-	-	-	363,694	195,000	168,694
-	-	-	-	-	-	367,481	210,000	157,481
-	-	-	-	-	-	360,406	215,000	145,406
-	-	-	-	-	-	<u>2,896,268</u>	<u>2,260,000</u>	<u>636,268</u>
<u>\$5,817,724</u>	<u>\$4,275,000</u>	<u>\$1,542,724</u>	<u>\$ 389,519</u>	<u>\$ 340,000</u>	<u>\$ 49,519</u>	<u>\$7,973,397</u>	<u>\$4,215,000</u>	<u>\$3,758,397</u>

CITY OF LEBANON, OREGON

SCHEDULE OF FUTURE BONDED DEBT REQUIREMENT (Continued)

JUNE 30, 1997

<u>Fiscal Year</u>	<u>Revenue Supported Water COP</u>			<u>Revenue Supported Water Refunding</u>		
	<u>Total</u>	<u>Bonds</u>	<u>Coupons</u>	<u>Total</u>	<u>Bonds</u>	<u>Coupons</u>
1997-98	\$ 60,636	\$ 45,000	\$ 15,636	\$ 192,385	\$ 20,000	\$ 172,385
1998-99	62,701	50,000	12,701	191,510	20,000	171,510
1999-2000	59,450	50,000	9,450	190,585	20,000	170,585
2000-01	60,906	55,000	5,906	189,610	20,000	169,610
2001-02	62,025	60,000	2,025	188,600	20,000	168,600
2002-03	-	-	-	250,880	85,000	165,880
2003-04	-	-	-	251,285	90,000	161,285
2004-05	-	-	-	251,335	95,000	156,335
2005-06	-	-	-	255,883	105,000	150,883
2006-07	-	-	-	255,025	110,000	145,025
2007-08	-	-	-	253,950	115,000	138,950
2008-09	-	-	-	252,605	120,000	132,605
2009-10	-	-	-	250,990	125,000	125,990
2010-11	-	-	-	253,970	135,000	118,970
2011-12	-	-	-	251,545	140,000	111,545
Thereafter	-	-	-	2,655,905	1,965,000	690,905
	<u>\$ 305,718</u>	<u>\$ 260,000</u>	<u>\$ 45,718</u>	<u>\$ 6,136,063</u>	<u>\$ 3,185,000</u>	<u>\$ 2,951,063</u>

<i>All Issues</i>		
<u>Total</u>	<u>Bonds</u>	<u>Coupons</u>
\$ 1,220,083	\$ 505,000	\$ 715,083
1,224,598	535,000	689,598
1,166,755	505,000	661,755
1,159,421	525,000	634,421
1,148,061	540,000	608,061
1,146,027	565,000	581,027
1,147,935	595,000	552,935
1,152,542	630,000	522,542
1,159,078	670,000	489,078
1,163,319	710,000	453,319
1,159,357	745,000	414,357
1,168,187	785,000	373,187
1,169,341	840,000	329,341
714,957	420,000	294,957
701,051	430,000	271,051
<u>5,731,861</u>	<u>4,390,000</u>	<u>1,341,861</u>
<u>\$ 22,322,573</u>	<u>\$ 13,390,000</u>	<u>\$ 8,932,573</u>

COMPLIANCE SECTION

CITY OF LEBANON, OREGON

**COMMENTS OF THE INDEPENDENT AUDITOR REQUIRED BY STATE OF OREGON MINIMUM
STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS
YEAR ENDED JUNE 30, 1997**

STATE OF OREGON COMPLIANCE SECTION

Oregon Administrative Rules 162-10-000 through 162-16-000 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 annual financial reports. Required comments and disclosures related to our audit of such financial statements and schedules are set forth on the following pages.

ACCOUNTING AND INTERNAL CONTROL STRUCTURE

Our reports relating to accounting and internal control systems are contained in the Single Audit Section of this annual financial report. We did note certain areas in which improvements should be made and our recommendations have been communicated to management personnel.

ADEQUACY OF COLLATERAL SECURING DEPOSITORY BALANCES

Oregon Revised Statutes Chapter 295 requires 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, 1997.

INVESTMENTS

Our review of deposit and investment balances indicated that, during the year ended June 30, 1997, the City was in compliance with ORS 295, as it pertains to investment of public funds.

LEGAL REQUIREMENTS RELATING TO DEBT

The City has no bonded debt.

BUDGET COMPLIANCE

The City appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in the preparation and adoption of its budget and tax levy for the years ending June 30, 1997 and 1998. A description of the budgeting process is in the notes to the combined financial statements.

INSURANCE POLICIES AND FIDELITY BONDS

We have reviewed the City's insurance and fidelity bond coverage at June 30, 1997. 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 covering District-owned property at June 30, 1997.

CITY OF LEBANON, OREGON

***COMMENTS OF THE INDEPENDENT AUDITOR REQUIRED BY STATE OF OREGON MINIMUM
STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)
YEAR ENDED JUNE 30, 1997***

PUBLIC CONTRACTS

The City's procedures for awarding public contracts were reviewed and found to be in accordance with ORS Chapter 279.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We have reviewed the City's compliance with appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by the other governmental agencies. The City is in compliance with the guidelines in all material respects.

We have issued reports to disclose compliance with federal financial assistance programs under the Single Audit Act.

FINANCIAL REPORTING REQUIREMENTS

We have reviewed financial reports and other data relating to programs funded wholly or partially by other governmental agencies. This data, filed with other governmental agencies, is in agreement with and supported by the accounting records.

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

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

We have audited the combined financial statements of City of Lebanon, as of and for the year ended June 30, 1997, and have issued our report thereon dated July 28, 1997. We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Lebanon's, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might constitute material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the combined 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 over financial reporting that we consider to be material weaknesses.

This report is intended for the information of City of Lebanon, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Salem, Oregon
December 30, 1997


CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

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

Compliance

We have audited the compliance of City of Lebanon with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1997. The City's major federal programs are identified in the Summary of Audit Results. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Lebanon's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Lebanon's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1997.

Internal Control Over Compliance

The management of City of Lebanon, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might constitute material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a federal financial assistance program 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 over noncompliance and its operation that we consider to be material weaknesses.

This report is intended for the information of City of Lebanon, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



James Mueller, Head
CERTIFIED PUBLIC ACCOUNTANTS

Salem, Oregon
December 30, 1997

CITY OF LEBANON, OREGON
SUMMARY OF AUDIT RESULTS
YEAR ENDED JUNE 30, 1997

1. Our independent auditors' report expresses an unqualified opinion on the general purpose financial statements of City of Lebanon.
2. No reportable conditions were disclosed during the audit of the general purpose financial statements.
3. No instances of noncompliance material to the general purpose financial statements of City of Lebanon were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. Our independent auditors' report on compliance for the major federal award programs for City of Lebanon expresses an unqualified opinion.
6. There were no findings relative to the major federal award programs for City of Lebanon.
7. Farmers' Home Administration passed through Rural Economic and Community Development (CFDA #10.769) and U.S. Department of Commerce passed through Economic Development Administration Economic Development Grant (CFDA #11.307) were tested as major programs.
8. The threshold for distinguishing Types A and B programs was \$300,000.