

LEBANON

OREGON

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*CITY OF LEBANON, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 1998*



CITY OF LEBANON, OREGON

CITY OFFICIALS

JUNE 30, 1998

MAYOR

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Lebanon, Oregon 97355

Ken Toombs
1299 Franklin Street
Lebanon, Oregon 97355

CITY ADMINISTRATOR

Joseph A. Windell
120 N. Grove Street
Lebanon, Oregon 97355

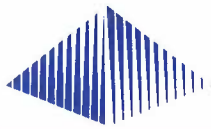
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GROVE, MUELLER, HALL & SWANK
P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

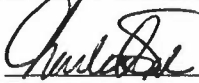
We have audited the accompanying general purpose financial statements of the City of Lebanon as of and for the year ended June 30, 1998, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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, 1998, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and 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. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects 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 28, 1998

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GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF LEBANON, OREGON

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1998

	<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	\$ 452,349	\$ 1,717,103	\$ 1,571,657	\$ 2,192,602
Receivables				
Court fines	692,165	-	-	-
Property taxes	194,436	77,521	41,672	-
Accounts	202,230	138,374	11,823	430,698
Special assessments/loans	-	853,641	35,923	-
Other funds	16,696	79,390	-	7,586
Prepaid expenses	-	-	-	-
Fixed assets	-	-	-	-
Accumulated depreciation	-	-	-	-
<i>Total Assets</i>	<u>1,557,876</u>	<u>2,866,029</u>	<u>1,661,075</u>	<u>2,630,886</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>\$ 1,557,876</u>	<u>\$ 2,866,029</u>	<u>\$ 1,661,075</u>	<u>\$ 2,630,886</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
<i>Liabilities</i>				
Accounts payable	\$ 71,757	\$ 152,146	\$ -	\$ 50,043
Payroll taxes payable	-	-	-	-
Retainage payable	-	2,235	-	-
Deposits	-	-	-	-
Due to other funds	-	103,672	-	-
Loans payable	-	-	-	-
Bonds payable	-	-	-	-
Bond discount	-	-	-	-
Paid absences and deferred compensation	55,247	12,730	-	14,110
Deferred revenue	904,978	935,225	80,164	430,698
<i>Total Liabilities</i>	<u>1,031,982</u>	<u>1,206,008</u>	<u>80,164</u>	<u>494,851</u>
<i>Equity and Other Credits</i>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings	-	-	-	-
Fund balances				
Reserved for claims	107,010	58,913	-	-
Reserved for petty cash	1,350	-	-	-
Unreserved, undesignated	417,534	1,601,108	1,580,911	2,136,035
<i>Total Equity and Other Credits</i>	<u>525,894</u>	<u>1,660,021</u>	<u>1,580,911</u>	<u>2,136,035</u>
<i>Total Liabilities, Equity and Other Credits</i>	<u>\$ 1,557,876</u>	<u>\$ 2,866,029</u>	<u>\$ 1,661,075</u>	<u>\$ 2,630,886</u>

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types Trust and Agency</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Long- Term Debt</u>	<u>General Fixed Assets</u>	
\$ 5,919,253	\$ 759,999	\$ -	\$ -	\$ 12,612,963
-	-	-	-	692,165
803	-	-	-	314,432
368,544	147,600	-	-	1,299,269
-	-	-	-	889,564
-	-	-	-	103,672
-	17,676	-	-	17,676
19,353,601	-	-	5,415,662	24,769,263
(4,804,897)	-	-	-	(4,804,897)
20,837,304	925,275	-	5,415,662	35,894,107
-	-	1,580,911	-	1,580,911
-	-	6,322,170	-	6,322,170
-	-	7,903,081	-	7,903,081
<u>\$ 20,837,304</u>	<u>\$ 925,275</u>	<u>\$ 7,903,081</u>	<u>\$ 5,415,662</u>	<u>\$ 43,797,188</u>
\$ 226,064	\$ 25,068	\$ -	\$ -	\$ 525,078
-	56,163	-	-	56,163
-	-	-	-	2,235
43,670	-	-	-	43,670
-	-	-	-	103,672
19,133	-	2,354,069	-	2,373,202
7,830,000	-	5,055,000	-	12,885,000
(228,923)	-	-	-	(228,923)
134,041	836,959	494,012	-	1,547,099
-	325	-	-	2,351,390
8,023,985	918,515	7,903,081	-	19,658,586
-	-	-	5,415,662	5,415,662
11,996,831	-	-	-	11,996,831
745,682	-	-	-	745,682
70,806	-	-	-	236,729
-	-	-	-	1,350
-	6,760	-	-	5,742,348
12,813,319	6,760	-	5,415,662	24,138,602
<u>\$ 20,837,304</u>	<u>\$ 925,275</u>	<u>\$ 7,903,081</u>	<u>\$ 5,415,662</u>	<u>\$ 43,797,188</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, 1998**

	<i>Governmental Fund Types</i>			
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>
REVENUES				
Taxes and assessments	\$ 1,988,148	\$ 958,027	\$ 433,750	\$ 263,384
Licenses and permits	480,943	255,728	-	-
Fines and forfeitures	217,831	-	-	-
Intergovernmental	268,049	800,113	-	13,326
Charges for services	22,800	367,674	-	-
Miscellaneous	128,663	-	57,709	157,059
<i>Total Revenues</i>	<u>3,106,434</u>	<u>2,381,542</u>	<u>491,459</u>	<u>433,769</u>
EXPENDITURES				
Personnel services	2,201,316	705,070	-	646,345
Materials and services	608,970	510,658	657	137,226
Capital outlay	103,312	1,172,594	-	152,525
Other requirements	36,015	497,838	1,003,292	-
<i>Total Expenditures</i>	<u>2,949,613</u>	<u>2,886,160</u>	<u>1,003,949</u>	<u>936,096</u>
Excess (deficiency) of revenues over expenditures	156,821	(504,618)	(512,490)	(502,327)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	798,000	1,210,000	1,500,000	-
Transfers in	7,727	243,593	23,294	726,370
Transfers out	(90,769)	(145,045)	(9,885)	(312,264)
Loan repayment	(798,000)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(83,042)</u>	<u>1,308,548</u>	<u>1,513,409</u>	<u>414,106</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	73,779	803,930	1,000,919	(88,221)
FUND BALANCES, Beginning of year	<u>343,755</u>	<u>797,178</u>	<u>579,992</u>	<u>2,224,256</u>
FUND BALANCES, End of year	<u>\$ 417,534</u>	<u>\$ 1,601,108</u>	<u>\$ 1,580,911</u>	<u>\$ 2,136,035</u>

<u>Fiduciary Fund Type Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
\$ -	\$ 3,643,309
-	736,671
109,094	326,925
-	1,081,488
-	390,474
<u>9,610</u>	<u>353,041</u>
118,704	6,531,908
-	3,552,731
116,758	1,374,269
-	1,428,431
<u>-</u>	<u>1,537,145</u>
<u>116,758</u>	<u>7,892,576</u>
1,946	(1,360,668)
-	3,508,000
-	1,000,984
-	(557,963)
<u>-</u>	<u>(798,000)</u>
<u>-</u>	<u>3,153,021</u>
1,946	1,792,353
<u>4,814</u>	<u>3,949,995</u>
<u>\$ 6,760</u>	<u>\$ 5,742,348</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, 1998**

	<i>General Fund</i>		
	<i>Actual</i>	<i>Budget</i>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Taxes and assessments	\$ 1,988,148	\$ 1,769,202	\$ 218,946
Licenses and permits	480,943	433,500	47,443
Fines and forfeitures	217,831	228,000	(10,169)
Intergovernmental	268,049	198,000	70,049
Charges for services	22,800	20,500	2,300
Miscellaneous	<u>128,663</u>	<u>125,150</u>	<u>3,513</u>
<i>Total Revenues</i>	3,106,434	2,774,352	332,082
EXPENDITURES			
Personnel services	2,199,998	2,234,300	
Materials and services	608,970	606,252	
Debt service	-	-	
Capital outlay	103,312	71,452	
Other requirements	<u>36,015</u>	<u>50,914</u>	
<i>Total Expenditures</i>	<u>2,948,295</u>	<u>2,962,918</u>	<u>14,623</u>
Excess (deficiency) of revenues over expenditures	158,139	(188,566)	346,705
OTHER FINANCING SOURCES (USES)			
Loan proceeds	798,000	800,000	(2,000)
Transfers in	7,727	8,010	(283)
Transfers out	(90,769)	(90,769)	-
Loan repayment	<u>(798,000)</u>	<u>(800,000)</u>	<u>2,000</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(83,042)</u>	<u>(82,759)</u>	<u>(283)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	75,097	(271,325)	346,422
FUND BALANCE, Beginning of year, Budget basis	<u>397,683</u>	<u>278,000</u>	<u>119,683</u>
FUND BALANCE, End of year, Budget basis	472,780	<u>\$ 6,675</u>	<u>\$ 466,105</u>
Adjustments to GAAP basis	<u>(55,246)</u>		
FUND BALANCE, End of year, GAAP basis	<u>\$ 417,534</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>
\$ 958,027	\$ 1,016,786	\$ (58,759)	\$ 433,750	\$ 436,252	\$ (2,502)
255,728	-	255,728	-	-	-
-	206,700	(206,700)	-	-	-
800,113	2,954,256	(2,154,143)	-	-	-
-	235,467	(235,467)	-	-	-
<u>367,674</u>	<u>-</u>	<u>367,674</u>	<u>57,709</u>	<u>89,800</u>	<u>(32,091)</u>
2,381,542	4,413,209	(2,031,667)	491,459	526,052	(34,593)
707,984	808,647	-	-	-	-
510,658	1,130,516	-	657	4,700	4,043
497,838	3,143,062	-	1,003,292	1,334,018	330,726
1,172,594	515,863	-	-	-	-
<u>-</u>	<u>433,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,889,074</u>	<u>6,031,580</u>	<u>3,142,506</u>	<u>1,003,949</u>	<u>1,338,718</u>	<u>334,769</u>
(507,532)	(1,618,371)	1,110,839	(512,490)	(812,666)	300,176
1,210,000	395,000	815,000	1,500,000	750,000	750,000
300,392	230,966	69,426	23,294	26,227	(2,933)
(219,192)	(166,144)	(53,048)	(9,885)	(17,700)	7,815
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,291,200</u>	<u>459,822</u>	<u>831,378</u>	<u>1,513,409</u>	<u>758,527</u>	<u>754,882</u>
783,668	(1,158,549)	1,942,217	1,000,919	(54,139)	1,055,058
<u>854,452</u>	<u>1,188,814</u>	<u>(334,362)</u>	<u>579,992</u>	<u>593,965</u>	<u>(13,973)</u>
1,638,120	<u>\$ 30,265</u>	<u>\$ 1,607,855</u>	1,580,911	<u>\$ 539,826</u>	<u>\$ 1,041,085</u>
(37,012)			<u>-</u>		
<u>\$ 1,601,108</u>			<u>\$ 1,580,911</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, 1998

	<u>Capital Projects Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes and assessments	\$ 263,384	\$ 283,430	\$ (20,046)
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental	13,326	1,849,726	(1,836,400)
Charges for services	-	-	-
Miscellaneous	<u>157,059</u>	<u>288,200</u>	<u>(131,141)</u>
<i>Total Revenues</i>	433,769	2,421,356	(1,987,587)
EXPENDITURES			
Personnel services	650,735	768,094	117,359
Materials and services	137,226	234,207	96,981
Debt service	-	-	-
Capital outlay	-	3,645,214	3,645,214
Other requirements	<u>152,525</u>	<u>304,805</u>	<u>152,280</u>
<i>Total Expenditures</i>	<u>940,486</u>	<u>4,952,320</u>	<u>4,011,834</u>
Excess (deficiency) of revenues over expenditures	(506,717)	(2,530,964)	2,024,247
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	-	-
Transfers in	739,124	931,423	(192,299)
Transfers out	(312,264)	(311,250)	(1,014)
Loan repayment	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>426,860</u>	<u>620,173</u>	<u>(193,313)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(79,857)	(1,910,791)	1,830,934
FUND BALANCE, Beginning of year, Budget basis	<u>2,222,416</u>	<u>1,908,249</u>	<u>314,167</u>
FUND BALANCE (DEFICIT), End of year, Budget basis	2,142,559	<u>\$ (2,542)</u>	<u>\$ 2,145,101</u>
Adjustment to GAAP basis	<u>(6,524)</u>		
FUND BALANCE, End of year, GAAP basis	<u>\$ 2,136,035</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, 1998

OPERATING REVENUES

Charges for services	\$ 3,047,493
Miscellaneous	<u>398,251</u>
<i>Total Operating Revenues</i>	3,445,744

OPERATING EXPENSES

Personnel services	862,325
Materials and services	1,367,079
Depreciation	<u>452,934</u>
<i>Total Operating Expenses</i>	<u>2,682,338</u>

OPERATING INCOME 763,406

NONOPERATING REVENUE (EXPENSES)

Interest expense	(456,683)
Transfers in	1,289,374
Transfers out	(1,127,284)
Loss on disposal of assets	<u>(2,634)</u>
<i>Total Nonoperating Revenue (Expenses)</i>	<u>(297,227)</u>

NET INCOME 466,179

RETAINED EARNINGS, Beginning of year 279,503

RETAINED EARNINGS, End of year \$ 745,682

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, 1998

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ 763,406
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	452,653
Amortization	12,333
Increase in reserve for claims	15,161
(Increases) decreases in current assets	
Accounts receivable	225
Property taxes receivable	(33)
Prepaid expenses	3,420
Increases (decreases) in current liabilities	
Accounts payable	110,196
Accrued liabilities	<u>20,178</u>
 <i>Net Cash Flows Provided by Operating Activities</i>	 1,377,539

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers in	1,273,174
Transfers out	<u>(1,111,084)</u>
 <i>Net Cash Flows Used in Noncapital Financing Activities</i>	 162,090

CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of equipment and construction in progress	(742,171)
Repayment of long-term debt	(171,561)
Contributed capital	53,361
Interest paid	<u>(456,683)</u>
 <i>Net Cash Flows Used in Capital and Related Financing Activities</i>	 <u>(1,317,054)</u>

NET INCREASE IN CASH AND INVESTMENTS 225,575

CASH AND INVESTMENTS, Beginning of year 5,696,678

CASH AND INVESTMENTS, End of year \$ 5,919,253

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, 1998

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, 1998

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 proprietary funds have applied all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board pronouncements.

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.

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1998

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

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

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

The City adopted Governmental Accounting Standards Board Statement No. 31, Accounting and Reporting for Certain Investments and External Investment Pools, effective July 1, 1997. Fair value is defined as the amount at which an investment could be exchanged between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for an investment that would be the fair value used. The result of adopting the pronouncement is immaterial.

Short-Term Interfund Receivables/Payables

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

Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Asset Account Group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Public domain, or infrastructure fixed assets such as roads, sidewalks, and curbs are not capitalized.

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

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

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1998

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligation is reported in the General Long-term Debt Account Group. Long-term liabilities financed from proprietary fund operations are accounted for in that fund.

Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriate 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.

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1998

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 15% 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.

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.

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1998

CASH AND INVESTMENTS (Continued)

Deposits and investments at June 30, 1998 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	\$ 751,210
Federal Home Loan Mortgage Corp.			
Federal Home Loan Bank	748,940	748,940	747,773
Federal Farm Credit Bank	474,047	474,047	473,995
Resolution Trust Corp.			
FICO Strip			
Federal Farm Credit Bank	498,183	498,183	497,555
Federal National Mortgage Corp.			
Tennessee Valley Authority	753,621	753,621	751,668
Commercial Paper			
PGE	985,972	<u>985,972</u>	<u>985,972</u>
Subtotal		4,211,688	4,208,173
Investment in Oregon State Treasurer's Local Government Pool		6,789,386	6,789,386
Held by custodian under deferred compensation plan		<u>836,959</u>	<u>836,959</u>
Total Investments		11,838,033	11,834,518
Demand deposits and petty cash		<u>774,930</u>	<u>774,930</u>
Total Cash and Investments		<u>\$ 12,612,963</u>	<u>\$ 12,609,448</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, 1998, 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.

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising care, skill and caution.

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1998

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, 1998 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Available</u>	<u>Deferred</u>
General Fund	\$ 194,436	\$ -	\$ 194,436
Debt Service Fund	41,672	-	41,672
Urban Renewal Fund	29,085	-	29,085
NW Urban Renewal Fund	48,436	-	48,436
Enterprise Fund	803	803	-
<i>Total</i>	<u>\$ 314,432</u>	<u>\$ 803</u>	<u>\$ 313,629</u>

FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance July 1, 1997</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1998</u>
<i>Total Fixed Assets</i>	<u>\$ 4,966,007</u>	<u>\$ 484,349</u>	<u>\$ 34,694</u>	<u>\$ 5,415,662</u>

The following is a summary of proprietary fund type fixed assets for the year ended June 30, 1998:

	<u>Water</u>	<u>Small Water Line</u>	<u>Wastewater</u>	<u>Railroad</u>	<u>Total</u>
BALANCE, July 1, 1997	\$ 7,200,060	\$ 180,067	\$10,086,411	\$ 1,482	\$17,468,020
Additions	287,098	9,452	382,199	-	678,749
Deletions	-	-	-	-	-
BALANCE, June 30, 1998	7,487,158	189,519	10,468,610	1,482	18,146,769
Less: accumulated depreciation	(2,041,075)	(38,319)	(2,724,319)	(1,184)	(4,804,897)
<i>Net Property, Plant, and Equipment</i>	5,446,083	151,200	7,744,291	298	13,341,872
Construction in-progress	592,970	-	613,862	-	1,206,832
<i>Net Fixed Assets</i>	<u>\$ 6,039,053</u>	<u>\$ 151,200</u>	<u>\$ 8,358,153</u>	<u>\$ 298</u>	<u>\$14,548,704</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, 1998

LONG-TERM DEBT

The bonds payable of \$12,885,000 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, 1997</u>	<u>Issued</u>	<u>Paid</u>	<u>Outstanding June 30, 1998</u>
Bancroft improvement	\$ 40,000	\$ -	\$ 10,000	\$ 30,000
General obligation	1,075,000	-	85,000	990,000
General obligation refunding	4,275,000	-	240,000	4,035,000
Wastewater revenue supported	340,000	-	105,000	235,000
Water revenue supported	260,000	-	45,000	215,000
Wastewater revenue refunding	4,215,000	-	-	4,215,000
Water revenue refunding	3,185,000	-	20,000	3,165,000
<i>Total</i>	<u>\$ 13,390,000</u>	<u>\$ -</u>	<u>\$ 505,000</u>	<u>\$ 12,885,000</u>

Annual debt service requirements to maturity for all bonds follows:

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
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>\$ 21,102,490</u>	<u>\$ 12,885,000</u>	<u>\$ 8,217,490</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, 1998, was \$6,745,307.

CITY OF LEBANON, OREGON
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 1998

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>
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	16,510	15,649	861
<i>Total</i>	<u>\$ 95,683</u>	<u>\$ 84,649</u>	<u>\$ 11,034</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>
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	21,116	20,000	1,116
<i>Total</i>	<u>\$ 91,154</u>	<u>\$ 80,000</u>	<u>\$ 11,154</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>
1998-99	\$ 13,132	\$ 6,496	\$ 6,636
1999-2000	13,132	6,821	6,311
2000-2001	13,132	7,162	5,970
2001-2002	13,132	7,520	5,612
2002-2003	13,132	7,896	5,236
Thereafter	123,863	96,823	27,040
	<u>\$ 189,523</u>	<u>\$ 132,718</u>	<u>\$ 56,805</u>

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1998

LONG-TERM DEBT (Continued)

Note Payable, Key Bank. The loan was incurred to finance City Hall renovations. Interest is 5.95%, with payments due quarterly in the amount of \$6,392.

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1998-99	\$ 25,569	\$ 10,782	\$ 14,787
1999-2000	25,569	15,140	10,429
2000-2001	25,569	16,061	9,508
2001-2002	25,569	17,139	8,430
2002-2003	25,569	17,974	7,595
Thereafter	<u>134,166</u>	<u>114,569</u>	<u>19,597</u>
	<u>\$ 262,011</u>	<u>\$ 191,665</u>	<u>\$ 70,346</u>

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>
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>\$ 26,846</u>	<u>\$ 19,179</u>	<u>\$ 7,667</u>

NW Lebanon Urban Renewal Area Financing Agreement Note, Series 1998. Interest is at 4.7% with payment due in full June 30, 1999.

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1998-99	<u>\$ 680,550</u>	<u>\$ 650,000</u>	<u>\$ 30,550</u>

Lebanon Urban Renewal Area Financing Agreement Note, Series 1998. Interest is at 4.7% with payment due in full June 30, 1999. The City anticipates issuing bonds to repay the note.

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1998-99	<u>\$ 1,272,105</u>	<u>\$ 1,215,000</u>	<u>\$ 57,105</u>

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1998

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, 1997</i>	\$ 4,110,048	\$ 308,254	\$ 7,504,019	\$ 21,150	\$11,943,471
Additions	<u>36,843</u>	<u>-</u>	<u>16,517</u>	<u>-</u>	<u>53,360</u>
<i>Contributed Capital, June 30, 1998</i>	<u>\$ 4,146,891</u>	<u>\$ 308,254</u>	<u>\$ 7,520,536</u>	<u>\$ 21,150</u>	<u>\$11,996,831</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 \$3,280,296 and covered payroll was \$3,222,585 for the year ended June 30, 1998. 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, 1998, 1997 and 1996, were \$375,705, \$359,046 and \$303,925, which was equal to the required contributions for the years. No pension liability existed at June 30, 1998, determined in accordance with Statement No. 27 of the Governmental Accounting Standards Board.

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.

CITY OF LEBANON, OREGON**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 1998****LIABILITY FOR DEFERRED COMPENSATION (Continued)**

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, 1998, valued at market, include \$836,959 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	\$ 3,912,161	\$ 3,812,087	\$ 2,014,753	\$ 1,172,893	\$ 4,762,749
Adjustment for					
Accounts receivable/deposits	-	-	-	-	(27,633)
Budgetary transfer	-	-	-	(12,754)	2
<i>Per GAAP Basis</i>	<u>\$ 3,912,161</u>	<u>\$ 3,812,087</u>	<u>\$ 2,014,753</u>	<u>\$ 1,160,139</u>	<u>\$ 4,735,118</u>
	<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	\$ 3,836,927	\$ 3,051,604	\$ 1,013,834	\$ 1,252,750	\$ 4,664,550
Change in accrued compensated absences	1,318	(2,914)	-	(4,390)	14,356
Loan repayments/bond principal	-	-	-	-	(171,560)
Capital outlay	-	-	-	-	(702,299)
Depreciation	-	-	-	-	452,934
Amortization/bond issue costs	-	-	-	-	12,333
Loss on disposal of assets	-	-	-	-	2,634
Budgetary transfer	-	(17,348)	-	-	(4,009)
<i>Per GAAP Basis</i>	<u>\$ 3,838,245</u>	<u>\$ 3,031,342</u>	<u>\$ 1,013,834</u>	<u>\$ 1,248,360</u>	<u>\$ 4,268,939</u>

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1998

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, 1998 were:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 16,696	\$ -
Intergovernmental Fund	-	24,282
Urban Renewal Fund	79,390	-
NW Urban Renewal Fund	-	79,390
Capital Projects Fund	<u>7,586</u>	<u>-</u>
<i>Totals</i>	<u>\$ 103,672</u>	<u>\$ 103,672</u>

B. Interfund transfers in exceeded interfund transfers out on a budgetary basis by \$596,506 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, 1998**

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Taxes and assessments	\$ 1,769,202	\$ 1,988,148	\$ -	\$ 1,988,148
Licenses and permits	433,500	480,943	-	480,943
Fines and forfeitures	228,000	217,831	-	217,831
Intergovernmental	198,000	268,049	-	268,049
Charges for services	20,500	22,800	-	22,800
Miscellaneous	<u>125,150</u>	<u>128,663</u>	<u>-</u>	<u>128,663</u>
<i>Total Revenues</i>	2,774,352	3,106,434	-	3,106,434
EXPENDITURES				
Administration	89,006	90,717	1,318	92,035
City attorney	25,500	24,660	-	24,660
Public works	43,851	47,706	-	47,706
Parks	160,783	152,690	-	152,690
Finance	89,130	87,622	-	87,622
Legislative	10,937	10,015	-	10,015
Library	175,948	172,311	-	172,311
Municipal court	211,702	207,051	-	207,051
Police	1,831,892	1,825,795	-	1,825,795
Senior services	141,655	134,298	-	134,298
Nondepartmental	<u>182,514</u>	<u>195,430</u>	<u>-</u>	<u>195,430</u>
<i>Total Expenditures</i>	<u>2,962,918</u>	<u>2,948,295</u>	<u>1,318</u>	<u>2,949,613</u>
Excess (deficiency) of revenues over expenditures	(188,566)	158,139	(1,318)	156,821
OTHER FINANCING SOURCES (USES)				
Loan proceeds	800,000	798,000	-	798,000
Transfers in	8,010	7,727	-	7,727
Transfers out	(90,769)	(90,769)	-	(90,769)
Loan repayment	<u>(800,000)</u>	<u>(798,000)</u>	<u>-</u>	<u>(798,000)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(82,759)</u>	<u>(83,042)</u>	<u>-</u>	<u>(83,042)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(271,325)	75,097	(1,318)	73,779
FUND BALANCE, Beginning of year	<u>278,000</u>	<u>397,683</u>	<u>(53,928)</u>	<u>343,755</u>
FUND BALANCE, End of year	<u>\$ 6,675</u>	<u>\$ 472,780</u>	<u>\$ (55,246)</u>	<u>\$ 417,534</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, 1998

	<u>Inter- governmental Fund</u>	<u>Urban Renewal Fund</u>	<u>NW Urban Renewal Fund</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 526,880	\$ 49,429	\$ 1,140,794	\$ 1,717,103
Receivables				
Property taxes	-	29,085	48,436	77,521
Accounts	118,757	7,258	12,359	138,374
Special assessments/loans	853,641	-	-	853,641
Prepayments	-	-	-	-
Other funds	-	79,390	-	79,390
<i>Total Assets</i>	<u>\$ 1,499,278</u>	<u>\$ 165,162</u>	<u>\$ 1,201,589</u>	<u>\$ 2,866,029</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 111,514	\$ 22,412	\$ 18,220	\$ 152,146
Retainage payable	-	-	2,235	2,235
Compensated absences payable	11,075	805	850	12,730
Due to other funds	24,282	-	79,390	103,672
Deferred revenues	857,554	29,235	48,436	935,225
<i>Total Liabilities</i>	1,004,425	52,452	149,131	1,206,008
Fund Balances				
Reserved for claims	58,913	-	-	58,913
Unreserved, undesignated (deficit)	435,940	112,710	1,052,458	1,601,108
<i>Total Fund Balance</i>	<u>494,853</u>	<u>112,710</u>	<u>1,052,458</u>	<u>1,660,021</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,499,278</u>	<u>\$ 165,162</u>	<u>\$ 1,201,589</u>	<u>\$ 2,866,029</u>

CITY OF LEBANON, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 1998

	<i>Inter- governmental Fund</i>	<i>Urban Renewal Fund</i>	<i>NW Urban Renewal Fund</i>	<i>Total</i>
REVENUES				
Taxes and assessments	\$ 7,096	\$ 323,778	\$ 627,153	\$ 958,027
Fines and forfeitures	-	-	-	-
Licenses and permits	255,728	-	-	255,728
Intergovernmental	750,484	-	49,629	800,113
Miscellaneous	<u>329,857</u>	<u>4,792</u>	<u>33,025</u>	<u>367,674</u>
<i>Total Revenues</i>	1,343,165	328,570	709,807	2,381,542
EXPENDITURES				
Personnel services	658,147	23,039	23,884	705,070
Materials and services	480,182	20,021	10,455	510,658
Capital outlay	434,188	519,358	219,048	1,172,594
Debt service	<u>-</u>	<u>189,512</u>	<u>308,326</u>	<u>497,838</u>
<i>Total Expenditures</i>	<u>1,572,517</u>	<u>751,930</u>	<u>561,713</u>	<u>2,886,160</u>
Excess (deficiency) of revenues over expenditures	(229,352)	(423,360)	148,094	(504,618)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	260,000	950,000	1,210,000
Transfers in	243,593	-	-	243,593
Transfers out	<u>(139,105)</u>	<u>(3,730)</u>	<u>(2,210)</u>	<u>(145,045)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>104,488</u>	<u>256,270</u>	<u>947,790</u>	<u>1,308,548</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(124,864)	(167,090)	1,095,884	803,930
FUND BALANCE, Beginning of year	<u>560,804</u>	<u>279,800</u>	<u>(43,426)</u>	<u>797,178</u>
FUND BALANCE (DEFICIT), End of year	<u>\$ 435,940</u>	<u>\$ 112,710</u>	<u>\$ 1,052,458</u>	<u>\$ 1,601,108</u>

CITY OF LEBANON, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL - INTERGOVERNMENTAL FUND

YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Taxes and assessments	\$ 10,000	\$ 7,096	\$ -	\$ 7,096
Fines and forfeitures	-	-	-	-
Licenses and permits	206,700	255,728	-	255,728
Intergovernmental	1,810,656	750,484	-	750,484
Miscellaneous	207,067	329,857	-	329,857
<i>Total Revenues</i>	<u>2,234,423</u>	<u>1,343,165</u>	<u>-</u>	<u>1,343,165</u>
EXPENDITURES				
ADA Requirements	200,200	69,439	-	69,439
City Hall repairs	204,000	200,210	-	200,210
Motel tax	9,090	6,540	-	6,540
Santiam Travel Station	335,888	31,908	-	31,908
OTSC Grant	300	-	-	-
Building Inspections	220,000	173,028	53	173,081
Special Events	800	59	-	59
Park Enterprise	34,150	4,953	(9)	4,944
Park Grant	100	93	-	93
GIS	200,730	125,224	(1,926)	123,298
Farm Home Administration Grant	10,000	-	-	-
SPWF Grant and Loan	40,000	-	-	-
Sidewalk and Bikepath	107,573	52,946	(753)	52,193
Engineering Development	127,300	37,650	143	37,793
Streets	524,776	490,218	96	490,314
Storm Drains	68,624	65,434	(163)	65,271
911 Communications	34,000	-	-	-
Civil Forfeitures	13,300	6,757	-	6,757
Oregon School Grant	63,000	56,614	24	56,638
Federal Community Policing	60,824	55,816	(456)	55,360
Dial-A-Bus	54,168	46,256	211	46,467
FAU Streets	125,656	1,415	-	1,415
Downtown rehabilitation center	55,000	31,079	-	31,079
ODOT grant/transportation	150,200	-	-	-
TGM-MU development	25,050	-	-	-
TGM-TSP/TPR ORD development	20,050	-	-	-
1983-84 Rehabilitation	45,650	40,467	-	40,467
85-86 Housing Rehabilitation Unres.	20,300	-	-	-
Gills Landings	5,565	5,384	(9)	5,375
93 Housing Rehabilitation Grant	23,500	2,840	-	2,840
1996 Housing Rehabilitation Grant	230,000	70,976	-	70,976
<i>Total Expenditures</i>	<u>3,009,794</u>	<u>1,575,306</u>	<u>(2,789)</u>	<u>1,572,517</u>
Excess (deficiency) of revenues over expenditures	(775,371)	(232,141)	2,789	(229,352)
OTHER FINANCING SOURCES (USES)				
Loan	50,000	-	-	-
Transfers in	230,966	243,593	-	243,593
Transfers out	(160,204)	(156,453)	17,348	(139,105)
<i>Total Other Financing Sources (Uses)</i>	<u>120,762</u>	<u>87,140</u>	<u>17,348</u>	<u>104,488</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(654,609)	(145,001)	20,137	(124,864)
FUND BALANCE, Beginning of year	<u>654,609</u>	<u>616,299</u>	<u>(55,495)</u>	<u>560,804</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 471,298</u>	<u>\$ (35,358)</u>	<u>\$ 435,940</u>

CITY OF LEBANON, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - URBAN RENEWAL FUND
YEAR ENDED JUNE 30, 1998

	<i>Actual</i>			
	<u>Budget</u>	<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Taxes and assessments	\$ 363,840	\$ 323,778	\$ -	\$ 323,778
Miscellaneous	<u>15,000</u>	<u>4,792</u>	<u>-</u>	<u>4,792</u>
<i>Total Revenues</i>	378,840	328,570	-	328,570
EXPENDITURES				
Urban renewal	627,787	559,250	(95)	559,155
Urban renewal debt service	143,263	143,263	-	143,263
Operating contingency	<u>52,600</u>	<u>49,512</u>	<u>-</u>	<u>49,512</u>
<i>Total Expenditures</i>	<u>823,650</u>	<u>752,025</u>	<u>(95)</u>	<u>751,930</u>
Excess (deficiency) of revenues over expenditures	(444,810)	(423,455)	95	(423,360)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	45,000	260,000	-	260,000
Transfers in	-	56,799	(56,799)	-
Transfers out	<u>(3,730)</u>	<u>(3,730)</u>	<u>-</u>	<u>(3,730)</u>
<i>Total Other Financing Sources (Uses)</i>	41,270	313,069	(56,799)	256,270
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(403,540)	(110,386)	(56,704)	(167,090)
FUND BALANCE, Beginning of year	<u>433,805</u>	<u>144,510</u>	<u>135,290</u>	<u>279,800</u>
FUND BALANCE, End of year	<u>\$ 30,265</u>	<u>\$ 34,124</u>	<u>\$ 78,586</u>	<u>\$ 112,710</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, 1998

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Taxes and assessments	\$ 642,946	\$ 627,153	\$ -	\$ 627,153
Intergovernmental	1,143,600	49,629	-	49,629
Miscellaneous	<u>13,400</u>	<u>33,025</u>	<u>-</u>	<u>33,025</u>
<i>Total Revenues</i>	1,799,946	709,807	-	709,807
EXPENDITURES				
Personnel services	27,611	23,914	(30)	23,884
Materials and services	8,840	10,455	-	10,455
Capital outlay	1,546,050	219,048	-	219,048
Debt service	324,000	308,326	-	308,326
Operating contingency	<u>291,635</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures</i>	<u>2,198,136</u>	<u>561,743</u>	<u>(30)</u>	<u>561,713</u>
Excess (deficiency) of revenues over expenditures	(398,190)	148,064	30	148,094
OTHER FINANCING SOURCES (USES)				
Loan proceeds	300,000	950,000	-	950,000
Transfers in	-	-	-	-
Transfers out	<u>(2,210)</u>	<u>(59,009)</u>	<u>56,799</u>	<u>(2,210)</u>
<i>Other Financing Sources (Uses)</i>	297,790	890,991	56,799	947,790
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(100,400)	1,039,055	56,829	1,095,884
FUND BALANCE, Beginning of year	<u>100,400</u>	<u>93,643</u>	<u>(137,069)</u>	<u>(43,426)</u>
FUND BALANCE(DEFICIT), End of year	<u>\$ -</u>	<u>\$ 1,132,698</u>	<u>\$ (80,240)</u>	<u>\$ 1,052,458</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, 1998

	<u>Debt Service Fund</u>	<u>Bancroft Bond Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 1,439,497	\$ 132,160	\$ 1,571,657
Receivables			
Property taxes	41,672	-	41,672
Accounts	9,254	2,569	11,823
Special assessments/loans	-	35,923	35,923
Prepaid expenses	-	-	-
	<u> -</u>	<u> -</u>	<u> -</u>
<i>Total Assets</i>	<u>\$ 1,490,423</u>	<u>\$ 170,652</u>	<u>\$ 1,661,075</u>
 LIABILITIES AND FUND BALANCES			
<i>Liabilities</i>			
Deferred revenues	\$ 41,672	\$ 38,492	\$ 80,164
 <i>Fund Balances</i>			
Undesignated, unreserved	<u>1,448,751</u>	<u>132,160</u>	<u>1,580,911</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,490,423</u>	<u>\$ 170,652</u>	<u>\$ 1,661,075</u>

CITY OF LEBANON, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 1998

	<u>Debt Service Fund</u>	<u>Bancroft Bond Fund</u>	<u>Total</u>
REVENUES			
Taxes and assessments	\$ 427,896	\$ 5,854	\$ 433,750
Miscellaneous	<u>49,956</u>	<u>7,753</u>	<u>57,709</u>
<i>Total Revenues</i>	477,852	13,607	491,459
EXPENDITURES			
Materials and services	-	657	657
Debt service	<u>973,864</u>	<u>29,428</u>	<u>1,003,292</u>
<i>Total Expenditures</i>	<u>973,864</u>	<u>30,085</u>	<u>1,003,949</u>
Excess of revenues over expenditures	(496,012)	(16,478)	(512,490)
OTHER FINANCING SOURCES (USES)			
Bank loan proceeds	1,500,000	-	1,500,000
Transfers in	22,077	1,217	23,294
Transfers out	<u>(1,468)</u>	<u>(8,417)</u>	<u>(9,885)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>1,520,609</u>	<u>(7,200)</u>	<u>1,513,409</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,024,597	(23,678)	1,000,919
FUND BALANCES, Beginning of year	<u>424,154</u>	<u>155,838</u>	<u>579,992</u>
FUND BALANCES, End of year	<u>\$ 1,448,751</u>	<u>\$ 132,160</u>	<u>\$ 1,580,911</u>

CITY OF LEBANON, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Taxes and assessments	\$ 424,552	\$ 427,896	\$ -	\$ 427,896
Miscellaneous	83,750	49,956	-	49,956
<i>Total Revenues</i>	508,302	477,852	-	477,852
EXPENDITURES				
Materials and services	-	-	-	-
Debt service	1,308,535	973,864	-	973,864
<i>Total Expenditures</i>	1,308,535	973,864	-	973,864
Excess of revenues over expenditures	(800,233)	(496,012)	-	(496,012)
OTHER FINANCING SOURCES (USES)				
Bank loan proceeds	750,000	1,500,000	-	1,500,000
Transfers in	22,077	22,077	-	22,077
Transfers out	(5,600)	(1,468)	-	(1,468)
<i>Total Other Financing Sources (Uses)</i>	766,477	1,520,609	-	1,520,609
Excess of revenues over other financing sources over expenditures	(33,756)	1,024,597	-	1,024,597
FUND BALANCE, Beginning of year	<u>437,954</u>	<u>424,154</u>	<u>-</u>	<u>424,154</u>
FUND BALANCE, End of year	<u>\$ 404,198</u>	<u>\$ 1,448,751</u>	<u>\$ -</u>	<u>\$ 1,448,751</u>

CITY OF LEBANON, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - BANCROFT BOND FUND
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Taxes and assessments	\$ 11,700	\$ 5,854	\$ -	\$ 5,854
Miscellaneous	<u>6,050</u>	<u>7,753</u>	<u>-</u>	<u>7,753</u>
<i>Total Revenues</i>	17,750	13,607	-	13,607
EXPENDITURES				
Materials and services	4,700	657	-	657
Debt service	<u>25,483</u>	<u>29,428</u>	<u>-</u>	<u>29,428</u>
<i>Total Expenditures</i>	<u>30,183</u>	<u>30,085</u>	<u>-</u>	<u>30,085</u>
Excess (deficiency) of revenues over expenditures	(12,433)	(16,478)	-	(16,478)
OTHER FINANCING SOURCES (USES)				
Transfers in	4,150	1,217	-	1,217
Transfers out	<u>(12,100)</u>	<u>(8,417)</u>	<u>-</u>	<u>(8,417)</u>
<i>Total Other Financing Sources (Uses)</i>	(7,950)	(7,200)	-	(7,200)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(20,383)	(23,678)	-	(23,678)
FUND BALANCE, Beginning of year	<u>156,011</u>	<u>155,838</u>	<u>-</u>	<u>155,838</u>
FUND BALANCE, End of year	<u>\$ 135,628</u>	<u>\$ 132,160</u>	<u>\$ -</u>	<u>\$ 132,160</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, 1998

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Taxes and assessments	\$ 283,430	\$ 263,384	\$ -	\$ 263,384
Intergovernmental	1,849,726	13,326	-	13,326
Miscellaneous	288,200	157,059	-	157,059
<i>Total Revenues</i>	<u>2,421,356</u>	<u>433,769</u>	<u>-</u>	<u>433,769</u>
EXPENDITURES				
Equipment acquisition	619,657	66,528	-	66,528
Historic restoration	5,400	1,000	-	1,000
Pioneer cemetery	3,142	7	-	7
DARE	6,400	6,099	-	6,099
Police	20,276	11,791	-	11,791
Library	13,700	2,671	-	2,671
Library/Senior center	217,600	16,943	-	16,943
Senior services	47,580	4,609	-	4,609
Streets	1,856,529	45,052	-	45,052
Streets capital projects	164,579	85	-	85
Allocable costs	801,236	675,753	(4,036)	671,717
SDC drainage	12,850	-	-	-
Restricted SDC drainage	95,570	12,403	(180)	12,223
SDC drainage improvements	17,110	-	-	-
SDC park	2,100	-	-	-
Restricted SDC park	800	410	(363)	47
SDC Park improvements	128,810	9,957	262	10,219
SDC wastewater	5,800	-	-	-
Restricted SDC wastewater	53,621	2,443	(1,043)	1,400
SDC wastewater improvements	122,700	31,215	954	32,169
SDC wastewater reimbursements	3,470	-	-	-
SDC streets	20,300	-	-	-
Restricted SDC streets	58,610	528	(810)	(282)
SDC streets improvements	492,000	25,535	831	26,366
SDC water	1,460	-	-	-
Restricted SDC water	17,710	443	(891)	(448)
SDC water improvements	159,400	27,014	886	27,900
SDC water reimbursements	3,910	-	-	-
<i>Total Expenditures</i>	<u>4,952,320</u>	<u>940,486</u>	<u>(4,390)</u>	<u>936,096</u>
Excess (deficiency) of revenues over expenditures	(2,530,964)	(506,717)	4,390	(502,327)
OTHER FINANCING SOURCES (USES)				
Transfers in	931,423	739,124	(12,754)	726,370
Transfers out	(311,250)	(312,264)	-	(312,264)
<i>Total Other Financing Sources (Uses)</i>	<u>620,173</u>	<u>426,860</u>	<u>(12,754)</u>	<u>414,106</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,910,791)	(79,857)	(8,364)	(88,221)
FUND BALANCE, Beginning of year	<u>1,908,249</u>	<u>2,222,416</u>	<u>1,840</u>	<u>2,224,256</u>
FUND BALANCE, End of year	<u>\$ (2,542)</u>	<u>\$ 2,142,559</u>	<u>\$ (6,524)</u>	<u>\$ 2,136,035</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, 1998

	<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	\$ 632,914	\$ 1,142,070	\$ 209,925	\$ 633,943
Receivables				
Property taxes	-	-	-	803
Accounts	231,272	-	-	137,272
Fixed assets	7,477,707	602,421	189,519	10,460,191
Accumulated depreciation	<u>(2,031,624)</u>	<u>(9,451)</u>	<u>(38,319)</u>	<u>(2,717,933)</u>
<i>Total Assets and Other Debits</i>	<u>\$ 6,310,269</u>	<u>\$ 1,735,040</u>	<u>\$ 361,125</u>	<u>\$ 8,514,276</u>
 LIABILITIES, EQUITY AND OTHER CREDITS				
<i>Liabilities</i>				
Accounts payable	\$ 21,213	\$ 76,610	\$ 6,533	\$ 28,103
Deposits	43,670	-	-	-
Loan payable	-	-	-	19,133
Bonds payable	-	3,380,000	-	-
Bond discount	-	(126,185)	-	-
Paid absences and deferred compensation payable	<u>67,827</u>	<u>-</u>	<u>4,629</u>	<u>61,585</u>
<i>Total Liabilities</i>	132,710	3,330,425	11,162	108,821
 <i>Equity and Other Credits</i>				
Contributed capital	6,579,230	(2,432,339)	308,254	9,588,305
Reserved for claims	42,165	-	-	28,641
Retained earnings (deficit)	<u>(443,836)</u>	<u>836,954</u>	<u>41,709</u>	<u>(1,211,491)</u>
<i>Total Equity and Other Credits</i>	<u>6,177,559</u>	<u>(1,595,385)</u>	<u>349,963</u>	<u>8,405,455</u>
 <i>Total Liabilities, Equity, and Other Credits</i>	<u>\$ 6,310,269</u>	<u>\$ 1,735,040</u>	<u>\$ 361,125</u>	<u>\$ 8,514,276</u>

<i>Wastewater</i>		
<u>CIP</u>	<u>Railroad</u>	<u>Total</u>
\$ 3,300,143	\$ 258	\$ 5,919,253
-	-	803
-	-	368,544
622,281	1,482	19,353,601
<u>(6,386)</u>	<u>(1,184)</u>	<u>(4,804,897)</u>
<u>\$ 3,916,038</u>	<u>\$ 556</u>	<u>\$ 20,837,304</u>

\$ 93,591	\$ 14	\$ 226,064
-	-	43,670
-	-	19,133
4,450,000	-	7,830,000
<u>(102,738)</u>	<u>-</u>	<u>(228,923)</u>
<u>-</u>	<u>-</u>	<u>134,041</u>
4,440,853	14	8,023,985
(2,067,769)	21,150	11,996,831
-	-	70,806
<u>1,542,954</u>	<u>(20,608)</u>	<u>745,682</u>
<u>(524,815)</u>	<u>542</u>	<u>12,813,319</u>
<u>\$ 3,916,038</u>	<u>\$ 556</u>	<u>\$ 20,837,304</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, 1998**

	<u>Water</u>	<u>Water CIP</u>	<u>Small Water Line</u>
REVENUES			
Charges for services	\$ 1,634,075	\$ -	\$ -
Miscellaneous	<u>85,318</u>	<u>54,356</u>	<u>10,611</u>
<i>Total Revenues</i>	1,719,393	54,356	10,611
EXPENDITURES			
Personnel services	440,872	-	130,170
Materials and services	564,414	5,486	141,987
Capital outlay/depreciation	224,191	-	20,298
Debt service	<u>-</u>	<u>187,922</u>	<u>-</u>
<i>Total Expenditures</i>	<u>1,229,477</u>	<u>193,408</u>	<u>292,455</u>
Excess (deficiency) of revenues over expenditures	489,916	(139,052)	(281,844)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	285,020	332,248
Transfers out	(680,257)	-	(16,200)
Loss on disposal of assets	<u>(869)</u>	<u>-</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(681,126)</u>	<u>285,020</u>	<u>316,048</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(191,210)	145,968	34,204
RETAINED EARNINGS (DEFICIT),			
<i>Beginning of year</i>	<u>(252,626)</u>	<u>690,986</u>	<u>7,505</u>
RETAINED EARNINGS (DEFICIT),			
<i>End of year</i>	<u>\$ (443,836)</u>	<u>\$ 836,954</u>	<u>\$ 41,709</u>

<u>Wastewater</u>	<u>Wastewater CIP</u>	<u>Railroad</u>	<u>Totals</u>
\$ 1,413,418	\$ -	\$ -	\$ 3,047,493
<u>60,458</u>	<u>187,466</u>	<u>42</u>	<u>398,251</u>
1,473,876	187,466	42	3,445,744
291,283	-	-	862,325
647,412	6,847	933	1,367,079
208,297	-	148	452,934
<u>1,655</u>	<u>267,106</u>	<u>-</u>	<u>456,683</u>
<u>1,148,647</u>	<u>273,953</u>	<u>1,081</u>	<u>3,139,021</u>
325,229	(86,487)	(1,039)	306,723
-	672,106	-	1,289,374
(430,827)	-	-	(1,127,284)
<u>(1,765)</u>	<u>-</u>	<u>-</u>	<u>(2,634)</u>
<u>(432,592)</u>	<u>672,106</u>	<u>-</u>	<u>159,456</u>
(107,363)	585,619	(1,039)	466,179
<u>(1,104,128)</u>	<u>957,335</u>	<u>(19,569)</u>	<u>279,503</u>
<u>\$ (1,211,491)</u>	<u>\$ 1,542,954</u>	<u>\$ (20,608)</u>	<u>\$ 745,682</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, 1998**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Charges for services	\$ 3,033,500	\$ 3,053,231	\$ (5,738)	\$ 3,047,493
Miscellaneous	<u>327,700</u>	<u>420,146</u>	<u>(21,895)</u>	<u>398,251</u>
<i>Total Revenues</i>	3,361,200	3,473,377	(27,633)	3,445,744
EXPENDITURES				
Personnel services	910,676	847,969	14,356	862,325
Materials and services	1,469,755	1,397,069	(29,990)	1,367,079
Capital outlay/depreciation	4,137,600	659,976	(207,042)	452,934
Debt service	<u>1,888,673</u>	<u>628,243</u>	<u>(171,560)</u>	<u>456,683</u>
<i>Total Expenditures</i>	<u>8,406,704</u>	<u>3,533,257</u>	<u>(394,236)</u>	<u>3,139,021</u>
Excess (deficiency) of revenues over expenditures	(5,045,504)	(59,880)	366,603	306,723
OTHER FINANCING SOURCES (USES)				
Transfers in	1,262,973	1,289,372	2	1,289,374
Transfers out	(1,153,693)	(1,131,293)	4,009	(1,127,284)
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>(2,634)</u>	<u>(2,634)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>109,280</u>	<u>158,079</u>	<u>1,377</u>	<u>159,456</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(4,936,224)	98,199	367,980	466,179
RETAINED EARNINGS (DEFICIT),				
<i>Beginning of year</i>	<u>5,457,725</u>	<u>5,528,734</u>	<u>(5,249,231)</u>	<u>279,503</u>
RETAINED EARNINGS (DEFICIT),				
<i>End of year</i>	<u>\$ 521,501</u>	<u>\$ 5,626,933</u>	<u>\$ (4,881,251)</u>	<u>\$ 745,682</u>

CITY OF LEBANON, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL - WATER DEPARTMENT
YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Charges for services	\$ 1,643,500	\$ 1,639,849	\$ (5,774)	\$ 1,634,075
Miscellaneous	<u>97,100</u>	<u>110,987</u>	<u>(25,669)</u>	<u>85,318</u>
<i>Total Revenues</i>	1,740,600	1,750,836	(31,443)	1,719,393
EXPENDITURES				
Personnel services	456,265	435,817	5,055	440,872
Materials and services	624,344	586,424	(22,010)	564,414
Capital outlay/depreciation	92,650	78,317	145,874	224,191
Other requirements	<u>193,084</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures</i>	<u>1,366,343</u>	<u>1,100,558</u>	<u>128,919</u>	<u>1,229,477</u>
Excess (deficiency) of revenues over expenditures	374,257	650,278	(160,362)	489,916
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(680,257)	(680,257)	-	(680,257)
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>(869)</u>	<u>(869)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(680,257)</u>	<u>(680,257)</u>	<u>(869)</u>	<u>(681,126)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(306,000)	(29,979)	(161,231)	(191,210)
RETAINED EARNINGS (DEFICIT),				
<i>Beginning of year</i>	<u>600,000</u>	<u>603,541</u>	<u>(856,167)</u>	<u>(252,626)</u>
RETAINED EARNINGS, End of year	<u>\$ 294,000</u>	<u>\$ 573,562</u>	<u>\$ (1,017,398)</u>	<u>\$ (443,836)</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, 1998**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Miscellaneous	\$ 35,000	\$ 54,356	\$ -	\$ 54,356
EXPENDITURES				
Personnel services	-	-	-	-
Materials and services	-	20,313	(14,827)	5,486
Capital outlay/depreciation	937,800	196,879	(196,879)	-
Other requirements	<u>545,820</u>	<u>252,922</u>	<u>(65,000)</u>	<u>187,922</u>
<i>Total Expenditures</i>	<u>1,483,620</u>	<u>470,114</u>	<u>(276,706)</u>	<u>193,408</u>
Excess (deficiency) of revenues over expenditures	(1,448,620)	(415,758)	276,706	(139,052)
OTHER FINANCING SOURCES (USES)				
Transfers in	253,020	285,019	1	285,020
Transfers out	<u>(4,400)</u>	<u>(4,400)</u>	<u>4,400</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>248,620</u>	<u>280,619</u>	<u>4,401</u>	<u>285,020</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(1,200,000)	(135,139)	281,107	145,968
RETAINED EARNINGS, Beginning of year	<u>1,200,000</u>	<u>1,200,598</u>	<u>(509,612)</u>	<u>690,986</u>
RETAINED EARNINGS, End of year	<u>\$ -</u>	<u>\$ 1,065,459</u>	<u>\$ (228,505)</u>	<u>\$ 836,954</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, 1998**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Miscellaneous	\$ 23,000	\$ 10,611	\$ -	\$ 10,611
EXPENDITURES				
Personnel services	145,319	126,926	3,244	130,170
Materials and services	218,382	141,987	-	141,987
Capital outlay/depreciation	8,750	9,968	10,330	20,298
Other requirements	106,596	-	-	-
<i>Total Expenditures</i>	<u>479,047</u>	<u>278,881</u>	<u>13,574</u>	<u>292,455</u>
Excess (deficiency) of revenues over expenditures	(456,047)	(268,270)	(13,574)	(281,844)
OTHER FINANCING SOURCES (USES)				
Transfers in	332,247	332,247	1	332,248
Transfers out	(16,200)	(16,200)	-	(16,200)
<i>Total Other Financing Sources (Uses)</i>	<u>316,047</u>	<u>316,047</u>	<u>1</u>	<u>316,048</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(140,000)	47,777	(13,573)	34,204
RETAINED EARNINGS, Beginning of year	<u>140,000</u>	<u>155,614</u>	<u>(148,109)</u>	<u>7,505</u>
RETAINED EARNINGS, End of year	<u>\$ -</u>	<u>\$ 203,391</u>	<u>\$ (161,682)</u>	<u>\$ 41,709</u>

CITY OF LEBANON, OREGON**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED
EARNINGS - BUDGET AND ACTUAL - WASTEWATER DEPARTMENT
YEAR ENDED JUNE 30, 1998**

		<i>Actual</i>		
	<u><i>Budget</i></u>	<u><i>Budget Basis</i></u>	<u><i>Adjustments</i></u>	<u><i>GAAP Basis</i></u>
REVENUES				
Charges for services	\$ 1,390,000	\$ 1,413,382	\$ 36	\$ 1,413,418
Miscellaneous	<u>32,500</u>	<u>56,684</u>	<u>3,774</u>	<u>60,458</u>
<i>Total Revenues</i>	1,422,500	1,470,066	3,810	1,473,876
EXPENDITURES				
Personnel services	309,092	285,226	6,057	291,283
Materials and services	624,529	647,412	-	647,412
Capital outlay/depreciation	136,900	101,255	107,042	208,297
Other requirements	<u>231,642</u>	<u>3,215</u>	<u>(1,560)</u>	<u>1,655</u>
<i>Total Expenditures</i>	<u>1,302,163</u>	<u>1,037,108</u>	<u>111,539</u>	<u>1,148,647</u>
Excess (deficiency) of revenues over expenditures	120,337	432,958	(107,729)	325,229
OTHER FINANCING SOURCES (USES)				
Transfers in	5,600	-	-	-
Transfers out	(448,436)	(426,036)	(4,791)	(430,827)
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>(1,765)</u>	<u>(1,765)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(442,836)</u>	<u>(426,036)</u>	<u>(6,556)</u>	<u>(432,592)</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(322,499)	6,922	(114,285)	(107,363)
RETAINED EARNINGS (DEFICIT),				
<i>Beginning of year</i>	<u>550,000</u>	<u>570,803</u>	<u>(1,674,931)</u>	<u>(1,104,128)</u>
RETAINED EARNINGS (DEFICIT),				
<i>End of year</i>	<u>\$ 227,501</u>	<u>\$ 577,725</u>	<u>\$ (1,789,216)</u>	<u>\$ (1,211,491)</u>

CITY OF LEBANON, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS - BUDGET
AND ACTUAL - WASTEWATER CAPITAL IMPROVEMENT DEPARTMENT
YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Miscellaneous	\$ 140,000	\$ 187,466	\$ -	\$ 187,466
EXPENDITURES				
Materials and services	-	-	6,847	6,847
Capital outlay/depreciation	2,961,500	273,557	(273,557)	-
Other requirements	811,531	372,106	(105,000)	267,106
<i>Total Expenditures</i>	<u>3,773,031</u>	<u>645,663</u>	<u>(371,710)</u>	<u>273,953</u>
Excess (deficiency) of revenues over expenditures	(3,633,031)	(458,197)	371,710	(86,487)
OTHER FINANCING SOURCES (USES)				
Transfers in	672,106	672,106	-	672,106
Transfers out	(4,400)	(4,400)	4,400	-
Loss on disposal of assets	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>667,706</u>	<u>667,706</u>	<u>4,400</u>	<u>672,106</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(2,965,325)	209,509	376,110	585,619
RETAINED EARNINGS, Beginning of year	<u>2,965,325</u>	<u>2,997,043</u>	<u>(2,039,708)</u>	<u>957,335</u>
RETAINED EARNINGS, End of year	<u>\$ -</u>	<u>\$ 3,206,552</u>	<u>\$ (1,663,598)</u>	<u>\$ 1,542,954</u>

CITY OF LEBANON, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED
EARNINGS - BUDGET AND ACTUAL - RAILROAD DEPARTMENT
YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>Basis</u>
		<u>Budget</u> <u>Basis</u>	<u>Adjustments</u>	
REVENUES				
Miscellaneous	\$ 100	\$ 42	\$ -	\$ 42
EXPENDITURES				
Materials and services	2,500	933	-	933
Capital outlay/depreciation	<u>-</u>	<u>-</u>	<u>148</u>	<u>148</u>
<i>Total Expenditures</i>	<u>2,500</u>	<u>933</u>	<u>148</u>	<u>1,081</u>
Excess (deficiency) of revenues over expenditures	(2,400)	(891)	(148)	(1,039)
RETAINED EARNINGS (DEFICIT), <i>Beginning of year</i>	<u>2,400</u>	<u>1,135</u>	<u>(20,704)</u>	<u>(19,569)</u>
RETAINED EARNINGS (DEFICIT), <i>End of year</i>	<u>\$ -</u>	<u>\$ 244</u>	<u>\$ (20,852)</u>	<u>\$ (20,608)</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
COMBINING BALANCE SHEET - TRUST AND AGENCY FUNDS
YEAR ENDED JUNE 30, 1998

	<u>Expendable Trust</u>	<u>Agency Fund Deferred Compensation</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ (76,960)	\$ 836,959	\$ 759,999
Accounts receivable	147,600	-	147,600
Prepaid expenses	<u>17,676</u>	<u>-</u>	<u>17,676</u>
<i>Total Assets</i>	<u>\$ 88,316</u>	<u>\$ 836,959</u>	<u>\$ 925,275</u>
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable	\$ 25,068	\$ -	\$ 25,068
Payroll taxes payable	56,163	-	56,163
Paid absences and deferred compensation	-	836,959	836,959
Deferred revenue	<u>325</u>	<u>-</u>	<u>325</u>
<i>Total Liabilities</i>	81,556	836,959	918,515
Equity			
Fund balances			
Unreserved, undesignated	<u>6,760</u>	<u>-</u>	<u>6,760</u>
<i>Total Equity</i>	<u>6,760</u>	<u>-</u>	<u>6,760</u>
<i>Total Liabilities and Equity</i>	<u>\$ 88,316</u>	<u>\$ 836,959</u>	<u>\$ 925,275</u>

CITY OF LEBANON, OREGON

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES DEFERRED COMPENSATION AGENCY FUND
YEAR ENDED JUNE 30, 1998**

	<u>Balance</u> <u>July 1,</u> <u>1997</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>1998</u>
ASSETS				
Cash and investments	\$ <u>647,559</u>	\$ <u>189,400</u>	\$ <u>-</u>	\$ <u>836,959</u>
 LIABILITIES				
Deferred compensation payable	\$ <u>647,559</u>	\$ <u>189,400</u>	\$ <u>-</u>	\$ <u>836,959</u>

SUPPLEMENTAL INFORMATION

CITY OF LEBANON, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 1998

<u>Tax Year</u>	<u>Taxes Receivable July 1, 1997</u>	<u>Levy</u>	<u>Discounts and Adjustments</u>	<u>Total Collections</u>	<u>Taxes Receivable June 30, 1998</u>
1997-98	\$ -	\$ 3,731,553	\$ (346,511)	\$ 3,189,402	\$ 195,640
Prior years	<u>281,451</u>	<u>-</u>	<u>23,105</u>	<u>185,766</u>	<u>118,792</u>
<i>Totals</i>	<u>\$ 281,451</u>	<u>\$ 3,731,553</u>	<u>\$ (323,404)</u>	<u>\$ 3,375,168</u>	<u>\$ 314,432</u>

Summary of taxes receivable by fund

General Fund	\$ 194,436
Debt Service Fund	41,672
Urban Renewal Fund	29,085
NW Urban Renewal Fund	48,436
Enterprise Fund	<u>803</u>
	<u>\$ 314,432</u>

CITY OF LEBANON, OREGON
SCHEDULE OF BOND TRANSACTIONS
YEAR ENDED JUNE 30, 1998

<u>Issue</u>	<u>Date of Issue</u>	<u>Interest Rate</u>		<u>Outstanding July 1, 1997</u>	
		<u>From</u>	<u>To</u>	<u>Matured</u>	<u>Unmatured</u>
Bancroft Improvement					
1990	10/01/90	6.000%	12.000%	\$ -	\$ 40,000
General Obligation					
Sewage treatment	12/01/75	4.250	7.000	-	-
General obligation	03/01/94	3.000	6.000	-	1,075,000
Refunding	08/01/95	3.750	5.350	-	<u>4,275,000</u>
				-	5,390,000
Revenue Supported General Obligation					
Water service refinancing	11/01/86	6.00	6.750	-	-
				-	-
Revenue					
Wastewater	06/01/90	7.125	7.500	-	340,000
Water	10/01/91	5.500	7.250	-	260,000
Wastewater refunding	06/01/93	5.250	5.875	-	4,215,000
Water refunding	09/01/93	3.750	5.500	-	<u>3,185,000</u>
				-	8,000,000
				<u>\$ -</u>	<u>\$13,390,000</u>

<u>1997-98 Transactions</u>		<u>Outstanding June 30, 1998</u>	
<u>Issued</u>	<u>Matured and Retired/ Deferred</u>	<u>Matured</u>	<u>Unmatured</u>
\$ -	\$ 10,000	\$ -	\$ 30,000
-	-	-	-
-	85,000	-	990,000
-	240,000	-	4,035,000
-	335,000	-	5,055,000
-	-	-	-
-	-	-	-
-	105,000	-	235,000
-	45,000	-	215,000
-	-	-	4,215,000
-	20,000	-	3,165,000
-	170,000	-	7,830,000
<u>\$ -</u>	<u>\$ 505,000</u>	<u>\$ -</u>	<u>\$ 12,885,000</u>

CITY OF LEBANON, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS
JUNE 30, 1998

<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>
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>\$ 33,068</u>	<u>\$ 30,000</u>	<u>\$ 3,068</u>	<u>\$ 1,511,471</u>	<u>\$ 990,000</u>	<u>\$ 521,471</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>
\$ 439,418	\$ 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
-	-	-	-	-	-	2,896,268	2,260,000	636,268
<u>\$ 5,378,381</u>	<u>\$ 4,035,000</u>	<u>\$ 1,343,381</u>	<u>\$ 260,294</u>	<u>\$ 235,000</u>	<u>\$ 25,294</u>	<u>\$ 7,730,516</u>	<u>\$ 4,215,000</u>	<u>\$ 3,515,516</u>

<i>All Issues</i>		
<u>Total</u>	<u>Bonds</u>	<u>Coupons</u>
\$ 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>\$ 21,102,490</u>	<u>\$ 12,885,000</u>	<u>\$ 8,217,490</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, 1998***

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

We have audited the general purpose financial statements of the City of Lebanon as of and for the year ended June 30, 1998, and have issued our report thereon dated December 28, 1998. As part of our audit, we made a study and evaluation of accounting systems and controls as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the City's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control of the City taken as a whole. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

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 not sufficient at times during the year ended June 30, 1998.

INVESTMENTS

Our review of deposit and investment balances indicated that, during the year ended June 30, 1998, the City was in compliance with ORS 295, as it pertains to investment of public funds.

LEGAL REQUIREMENTS RELATING TO DEBT

The general obligation bonded debt of the City is in compliance with the limitation imposed by ORS 264.250 (3). We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the City's liabilities, and no breach of the bond agreements, at June 30, 1998.

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, 1999 and 1998. A description of the budgeting process is in the notes to the combined financial statements.

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, 1998**

INSURANCE POLICIES AND FIDELITY BONDS

We have reviewed the City's insurance and fidelity bond coverage at June 30, 1998. 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, 1998.

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.

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.

STATE HIGHWAY FUNDS

The City has complied with the legal requirements relating to the use of revenue from taxes on motor vehicle use fuel.

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

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

By: 
Charles A. Swank, A Shareholder

December 28, 1998