

LEBANON

OREGON

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*CITY OF LEBANON, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 1999*



CITY OF LEBANON, OREGON

CITY OFFICIALS

JUNE 30, 1999

MAYOR

Scott Simpson
725 West D Street
Lebanon, Oregon 97355

COUNCIL MEMBERS

Wayne Rieskamp
87 W. Cedar Drive
Lebanon, Oregon 97355

Stan Usinger
890 Sunflower Lane
Lebanon, Oregon 97355

Dan Thackaberry
471 Hiatt Street
Lebanon, Oregon 97355

Floyd Fisher
170 S. 2nd Street
Lebanon, Oregon 97355

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

Ken Toombs
1299 Franklin Street
Lebanon, Oregon 97355

CITY ADMINISTRATOR

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

July 1, 1998 - May 12, 1999

Judy Wendland, Interim Administrator
925 S. Main
Lebanon, Oregon 97355

May 13, 1999 - June 30, 1999

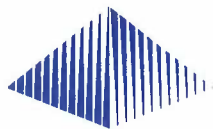
CITY OF LEBANON, OREGON

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S 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, 1999, 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, 1999, 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.


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The Year 2000 Issues information on page 46 is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the City of Lebanon is or will become Year 2000 compliant, that the City of Lebanon's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City of Lebanon does business are or will become Year 2000 compliant.

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

By: 

Charles A. Swank, Shareholder

December 20, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF LEBANON, OREGON

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1999

	<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	\$ 242,356	\$ 3,929,358	\$ 511,543	\$ 2,605,572
Receivables				
Court fines	382,736	-	-	-
Property taxes	191,528	84,434	37,785	-
Accounts	205,124	793,919	7,169	339,024
Special assessments/loans	-	1,204,743	30,256	-
Other funds	-	-	-	-
Prepaid expenses	-	-	2,569	-
Fixed assets	-	-	-	-
Accumulated depreciation	-	-	-	-
<i>Total Assets</i>	<u>1,021,744</u>	<u>6,012,454</u>	<u>589,322</u>	<u>2,944,596</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>\$ 1,021,744</u>	<u>\$ 6,012,454</u>	<u>\$ 589,322</u>	<u>\$ 2,944,596</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
<i>Liabilities</i>				
Accounts payable	\$ 76,502	\$ 784,430	\$ -	\$ 36,034
Payroll taxes payable	-	-	-	-
Retainage payable	-	1,071	-	-
Deposits	-	-	-	-
Loans payable	-	-	-	-
Bonds payable	-	-	-	-
Bond discount	-	-	-	-
Paid absences and deferred compensation	58,419	15,893	-	12,141
Deferred revenues	575,900	1,445,863	70,610	339,024
<i>Total Liabilities</i>	<u>710,821</u>	<u>2,247,257</u>	<u>70,610</u>	<u>387,199</u>
<i>Equity and Other Credits</i>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings	-	-	-	-
Reserved for claims	-	-	-	-
Fund balances				
Reserved for claims	14,451	73,076	-	-
Reserved for petty cash	1,350	-	-	-
Unreserved, undesignated	295,122	3,692,121	518,712	2,557,397
<i>Total Equity and Other Credits</i>	<u>310,923</u>	<u>3,765,197</u>	<u>518,712</u>	<u>2,557,397</u>
<i>Total Liabilities, Equity and Other Credits</i>	<u>\$ 1,021,744</u>	<u>\$ 6,012,454</u>	<u>\$ 589,322</u>	<u>\$ 2,944,596</u>

<i>Proprietary Fund Type</i>	<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		<i>Totals (Memorandum Only)</i>
		<i>General Long- Term Debt</i>	<i>General Fixed Assets</i>	
<i>Enterprise</i>	<i>Trust and Agency</i>			
\$ 3,714,279	\$ (13,884)	\$ -	\$ -	\$ 10,989,224
-	-	-	-	382,736
361	-	-	-	314,108
388,537	107,391	-	-	1,841,164
-	-	-	-	1,234,999
-	-	-	-	-
-	16,030	-	-	18,599
22,526,622	-	-	5,787,639	28,314,261
(5,343,295)	-	-	-	(5,343,295)
21,286,504	109,537	-	5,787,639	37,751,796
-	-	518,712	-	518,712
-	-	8,406,667	-	8,406,667
-	-	8,925,379	-	8,925,379
<u>\$ 21,286,504</u>	<u>\$ 109,537</u>	<u>\$ 8,925,379</u>	<u>\$ 5,787,639</u>	<u>\$ 46,677,175</u>
\$ 56,963	\$ 33,800	\$ -	\$ -	\$ 987,729
-	56,826	-	-	56,826
-	-	-	-	1,071
46,357	-	-	-	46,357
17,523	-	425,057	-	442,580
7,645,000	-	7,970,000	-	15,615,000
(216,591)	-	-	-	(216,591)
150,634	-	530,322	-	767,409
-	5,320	-	-	2,436,717
7,699,886	95,946	8,925,379	-	20,137,098
-	-	-	5,787,639	5,787,639
12,697,022	-	-	-	12,697,022
803,460	-	-	-	803,460
86,136	-	-	-	86,136
-	-	-	-	87,527
-	-	-	-	1,350
-	13,591	-	-	7,076,943
<u>13,586,618</u>	<u>13,591</u>	<u>-</u>	<u>5,787,639</u>	<u>26,540,077</u>
<u>\$ 21,286,504</u>	<u>\$ 109,537</u>	<u>\$ 8,925,379</u>	<u>\$ 5,787,639</u>	<u>\$ 46,677,175</u>

The accompanying notes and independent auditor's 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, 1999*

	<i>Governmental Fund Types</i>			
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>
REVENUES				
Taxes and assessments	\$ 2,152,202	\$ 1,006,884	\$ 376,881	\$ 318,922
Licenses and permits	500,024	216,839	-	-
Fines and forfeitures	219,248	-	-	-
Intergovernmental	243,642	6,127	-	-
Charges for services	17,926	1,790,231	-	-
Miscellaneous	121,709	-	70,887	179,760
<i>Total Revenues</i>	<u>3,254,751</u>	<u>3,020,081</u>	<u>447,768</u>	<u>498,682</u>
EXPENDITURES				
Personnel services	2,338,853	735,261	-	600,002
Materials and services	649,196	1,046,094	612	110,065
Capital outlay	148,100	1,464,751	-	362,877
Other requirements	35,300	1,053,266	1,534,954	-
<i>Total Expenditures</i>	<u>3,171,449</u>	<u>4,299,372</u>	<u>1,535,566</u>	<u>1,072,944</u>
Excess (deficiency) of revenues over expenditures	83,302	(1,279,291)	(1,087,798)	(574,262)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	800,000	-	-	-
Bond sale proceeds	-	3,265,000	-	-
Transfers in	120,842	330,645	27,450	1,097,344
Transfers out	(326,555)	(225,338)	(1,851)	(101,722)
Loan repayment	(800,000)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(205,713)</u>	<u>3,370,307</u>	<u>25,599</u>	<u>995,622</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(122,411)	2,091,016	(1,062,199)	421,360
FUND BALANCES, Beginning of year	<u>417,533</u>	<u>1,601,105</u>	<u>1,580,911</u>	<u>2,136,037</u>
FUND BALANCES, End of year	<u>\$ 295,122</u>	<u>\$ 3,692,121</u>	<u>\$ 518,712</u>	<u>\$ 2,557,397</u>

<u>Fiduciary Fund Type Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
\$ —	\$ 3,854,889
—	716,863
108,206	327,454
—	249,769
—	1,808,157
<u>23,222</u>	<u>395,578</u>
131,428	7,352,710
—	3,674,116
124,597	1,930,564
—	1,975,728
<u>—</u>	<u>2,623,520</u>
<u>124,597</u>	<u>10,203,928</u>
6,831	(2,851,218)
—	800,000
—	3,265,000
—	1,576,281
—	(655,466)
<u>—</u>	<u>(800,000)</u>
<u>—</u>	<u>4,185,815</u>
6,831	1,334,597
<u>6,760</u>	<u>5,742,346</u>
<u>\$ 13,591</u>	<u>\$ 7,076,943</u>

The accompanying notes and independent auditor's 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, 1999**

	General Fund		
	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Taxes and assessments	\$ 2,152,202	\$ 2,101,766	\$ 50,436
Licenses and permits	500,024	439,000	61,024
Fines and forfeitures	219,248	213,100	6,148
Intergovernmental	243,642	229,000	14,642
Charges for services	17,926	20,500	(2,574)
Miscellaneous	121,709	118,050	3,659
<i>Total Revenues</i>	<u>3,254,751</u>	<u>3,121,416</u>	<u>133,335</u>
EXPENDITURES			
Personnel services	2,335,681	2,356,346	20,665
Materials and services	649,196	659,267	10,071
Debt service	35,300	40,000	4,700
Capital outlay	148,100	127,588	(20,512)
Other requirements	—	1,263,925	1,263,925
<i>Total Expenditures</i>	<u>3,168,277</u>	<u>4,447,126</u>	<u>1,278,849</u>
Excess (deficiency) of revenues over expenditures	86,474	(1,325,710)	1,412,184
OTHER FINANCING SOURCES (USES)			
Loan proceeds	800,000	800,000	—
Bond sale proceeds	—	—	—
Transfers in	120,842	119,400	1,442
Transfers out	(326,555)	—	(326,555)
Loan repayment	(800,000)	—	(800,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(205,713)</u>	<u>919,400</u>	<u>(1,125,113)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(119,239)	(406,310)	287,071
FUND BALANCE, Beginning of year, Budget basis	<u>472,780</u>	<u>408,000</u>	<u>64,780</u>
FUND BALANCE, End of year, Budget basis	353,541	<u>\$ 1,690</u>	<u>\$ 351,851</u>
Adjustments to GAAP basis	<u>(58,419)</u>		
FUND BALANCE, End of year, GAAP basis	<u>\$ 295,122</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>
\$ 1,006,884	\$ 1,047,785	\$ (40,901)	\$ 376,881	\$ 366,749	\$ 10,132
216,839	12,300	204,539	-	-	-
-	300,750	(300,750)	-	-	-
6,127	2,297,876	(2,291,749)	-	-	-
-	399,585	(399,585)	-	-	-
<u>1,790,231</u>	<u>-</u>	<u>1,790,231</u>	<u>70,887</u>	<u>92,400</u>	<u>(21,513)</u>
3,020,081	4,058,296	(1,038,215)	447,768	459,149	(11,381)
732,097	889,922	157,825	-	-	-
1,046,094	1,531,575	485,481	612	10,000	9,388
1,053,266	5,653,609	4,600,343	1,534,954	1,555,817	20,863
1,464,751	1,077,785	(386,966)	-	-	-
<u>-</u>	<u>192,196</u>	<u>192,196</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>4,296,208</u>	<u>9,345,087</u>	<u>5,048,879</u>	<u>1,535,566</u>	<u>1,565,817</u>	<u>30,251</u>
(1,276,127)	(5,286,791)	4,010,664	(1,087,798)	(1,106,668)	18,870
625,000	-	625,000	-	1,000,000	(1,000,000)
3,265,000	3,565,000	(300,000)	-	7,160	(7,160)
330,645	351,420	(20,775)	27,450	39,410	(11,960)
(249,620)	(230,359)	(19,261)	(1,851)	(8,520)	6,669
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,971,025</u>	<u>3,686,061</u>	<u>284,964</u>	<u>25,599</u>	<u>1,038,050</u>	<u>(1,012,451)</u>
2,694,898	(1,600,730)	4,295,628	(1,062,199)	(68,618)	(993,581)
<u>1,638,115</u>	<u>1,628,730</u>	<u>9,385</u>	<u>1,580,911</u>	<u>1,545,200</u>	<u>35,711</u>
4,333,013	<u>\$ 28,000</u>	<u>\$ 4,305,013</u>	518,712	<u>\$ 1,476,582</u>	<u>\$ (957,870)</u>
(640,892)			<u>-</u>		
<u>\$ 3,692,121</u>			<u>\$ 518,712</u>		

The accompanying notes and independent auditor's 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, 1999

	<i>Capital Projects Fund</i>		
	<i>Actual</i>	<i>Budget</i>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Taxes and assessments	\$ 318,922	\$ -	\$ 318,922
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental	-	6,700	(6,700)
Charges for services	-	-	-
Miscellaneous	<u>179,760</u>	<u>784,928</u>	<u>(605,168)</u>
<i>Total Revenues</i>	498,682	791,628	(292,946)
EXPENDITURES			
Personnel services	601,971	728,740	126,769
Materials and services	110,065	225,378	115,313
Debt service	-	-	-
Capital outlay	-	2,193,297	2,193,297
Other requirements	<u>362,877</u>	<u>970,258</u>	<u>607,381</u>
<i>Total Expenditures</i>	<u>1,074,913</u>	<u>4,117,673</u>	<u>3,042,760</u>
Excess (deficiency) of revenues over expenditures	(576,231)	(3,326,045)	2,749,814
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	-	-
Bond sale proceeds	-	-	-
Transfers in	1,104,930	1,388,725	(283,795)
Transfers out	(101,722)	(101,510)	(212)
Loan repayment	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>1,003,208</u>	<u>1,287,215</u>	<u>(284,007)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	426,977	(2,038,830)	2,465,807
FUND BALANCE, Beginning of year, Budget basis	<u>2,142,561</u>	<u>2,043,230</u>	<u>99,331</u>
FUND BALANCE (DEFICIT), End of year, Budget basis	2,569,538	<u>\$ 4,400</u>	<u>\$ 2,565,138</u>
Adjustment to GAAP basis	<u>(12,141)</u>		
FUND BALANCE, End of year, GAAP basis	<u>\$ 2,557,397</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>
\$ -	\$ -	\$ -	\$ 3,854,889	\$ 3,516,300	\$ 338,589
-	-	-	716,863	451,300	265,563
108,206	99,000	9,206	327,454	612,850	(285,396)
-	-	-	249,769	2,533,576	(2,283,807)
-	-	-	17,926	420,085	(402,159)
<u>23,222</u>	<u>-</u>	<u>23,222</u>	<u>2,185,809</u>	<u>995,378</u>	<u>1,190,431</u>
131,428	99,000	32,428	7,352,710	8,529,489	(1,176,779)
-	-	-	3,669,749	3,975,008	305,259
124,597	99,000	(25,597)	1,930,564	2,525,220	594,656
-	-	-	2,623,520	7,249,426	4,625,906
-	-	-	1,612,851	3,398,670	1,785,819
<u>-</u>	<u>-</u>	<u>-</u>	<u>362,877</u>	<u>2,426,379</u>	<u>2,063,502</u>
<u>124,597</u>	<u>99,000</u>	<u>(25,597)</u>	<u>10,199,561</u>	<u>19,574,703</u>	<u>9,375,142</u>
6,831	-	6,831	(2,846,851)	(11,045,214)	8,198,363
-	-	-	1,425,000	1,800,000	(375,000)
-	-	-	3,265,000	3,572,160	(307,160)
-	-	-	1,583,867	1,898,955	(315,088)
-	-	-	(679,748)	(340,389)	(339,359)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(800,000)</u>	<u>-</u>	<u>(800,000)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,794,119</u>	<u>6,930,726</u>	<u>(2,136,607)</u>
6,831	-	6,831	1,947,268	(4,114,488)	6,061,756
<u>6,760</u>	<u>-</u>	<u>6,760</u>	<u>5,841,127</u>	<u>5,625,160</u>	<u>215,967</u>
13,591	<u>\$ -</u>	<u>\$ 13,591</u>	7,788,395	<u>\$ 1,510,672</u>	<u>\$ 6,277,723</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(711,452)</u>	<u>-</u>	<u>-</u>
<u>\$ 13,591</u>	<u>-</u>	<u>-</u>	<u>\$ 7,076,943</u>	<u>-</u>	<u>-</u>

The accompanying notes and independent auditor's 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, 1999

OPERATING REVENUES

Charges for services	\$ 3,164,593
Miscellaneous	<u>303,397</u>
<i>Total Operating Revenues</i>	3,467,990

OPERATING EXPENSES

Personnel services	998,807
Materials and services	1,305,964
Depreciation	<u>539,067</u>
<i>Total Operating Expenses</i>	<u>2,843,838</u>

OPERATING INCOME

624,152

NONOPERATING REVENUE (EXPENSES)

Interest expense	(445,372)
Transfers in	1,043,583
Transfers out	(1,164,288)
Loss on disposal of assets	<u>(298)</u>
<i>Total Nonoperating Revenue (Expenses)</i>	<u>(566,375)</u>

NET INCOME

57,777

RETAINED EARNINGS, Beginning of year

745,683

RETAINED EARNINGS, End of year

\$ 803,460

The accompanying notes and independent auditor's 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, 1999

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ 624,152
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	539,302
Amortization	12,332
(Increases) decreases in current assets and liabilities	
Property taxes receivable	442
Accounts receivable	(19,993)
Accounts payable	(169,100)
Deposits	2,687
Paid absences and deferred comp	16,593
Reserve for claims	<u>15,330</u>
<i>Net Cash Flows Provided by Operating Activities</i>	1,021,745

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers in	1,043,583
Transfers out	<u>(1,164,288)</u>
<i>Net Cash Flows Used in Noncapital Financing Activities</i>	(120,705)

CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of equipment and construction in progress	(3,174,223)
Repayment of long-term debt	(186,610)
Contributed capital	700,191
Interest paid	<u>(445,372)</u>
<i>Net Cash Flows Used in Capital and Related Financing Activities</i>	<u>(3,106,014)</u>

NET DECREASE IN CASH AND INVESTMENTS (2,204,974)

CASH AND INVESTMENTS, Beginning of year 5,919,253

CASH AND INVESTMENTS, End of year \$ 3,714,279

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

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, 1999

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, 1999

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

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

Investments are stated at cost, which approximates fair value. 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. The fair value adjustment is an "unrealized" gain or loss and is reported with other interest income.

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.

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1999

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1999

LEGAL COMPLIANCE - BUDGETS (Continued)

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.

Deposits and investments at June 30, 1999 were comprised of the following:

	<u>Category</u> <u>2</u>	<u>Carrying</u> <u>Amount</u>	<u>Fair</u> <u>Value</u>
Investments with Financial Institutions			
US Government Agencies			
Federal Home Loan Bank	\$ 2,162,632	\$ 2,162,632	\$ 2,161,647
Resolution Trust Corp.			
FICO Strip			
SLMA	500,000	500,000	497,100
Federal National Mortgage Corp.	503,281	503,281	499,600
Tennessee Valley Authority	753,622	<u>753,622</u>	<u>813,982</u>
Subtotal		3,919,535	3,972,329
Investment in Oregon State Treasurer's			
Local Government Pool		<u>6,571,386</u>	<u>6,571,386</u>
Total Investments		10,490,921	10,543,715
Demand deposits and petty cash		<u>498,303</u>	<u>498,303</u>
Total Cash and Investments		<u>\$ 10,989,224</u>	<u>\$ 11,042,018</u>

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1999

CASH AND INVESTMENTS (Continued)

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, 1999, 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.

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, 1999 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Available</u>	<u>Deferred</u>
General Fund	\$ 191,528	\$ —	\$ 191,528
Debt Service Fund	37,785	—	37,785
Urban Renewal Fund	29,109	—	29,109
NW Urban Renewal Fund	55,325	—	55,325
Enterprise Fund	<u>361</u>	<u>—</u>	<u>361</u>
<i>Total</i>	<u>\$ 314,108</u>	<u>\$ —</u>	<u>\$ 314,108</u>

Property taxes of \$65,776 were received in July, 1999 and are included in account receivable.

FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1999</u>
<i>Total Fixed Assets</i>	<u>\$ 5,415,662</u>	<u>\$ 433,389</u>	<u>\$ 61,412</u>	<u>\$ 5,787,639</u>

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1999

FIXED ASSETS (Continued)

The following is a summary of proprietary fund type fixed assets for the year ended June 30, 1999:

	<u>Water</u>	<u>Small Water Line</u>	<u>Wastewater</u>	<u>Railroad</u>	<u>Total</u>
<i>BALANCE, July 1, 1998</i>	\$ 7,487,158	\$ 189,519	\$ 10,468,610	\$ 1,482	\$ 18,146,769
Additions	119,848	20,861	3,024,416	-	3,165,125
Deletions	-	-	(1,202)	-	(1,202)
<i>BALANCE, June 30, 1999</i>	7,607,006	210,380	13,491,824	1,482	21,310,692
Less: accumulated depreciation	<u>2,274,414</u>	<u>60,176</u>	<u>3,007,373</u>	<u>1,332</u>	<u>5,343,295</u>
<i>Net Property, Plant, and Equipment</i>	5,332,592	150,204	10,484,451	150	15,967,397
Construction in-progress	<u>597,370</u>	<u>-</u>	<u>618,560</u>	<u>-</u>	<u>1,215,930</u>
<i>Net Fixed Assets</i>	<u>\$ 5,929,962</u>	<u>\$ 150,204</u>	<u>\$ 11,103,011</u>	<u>\$ 150</u>	<u>\$ 17,183,327</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

LONG-TERM DEBT

The bonds payable of \$15,615,000 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, 1998</u>	<u>Issued</u>	<u>Paid</u>	<u>Outstanding June 30, 1999</u>
Bancroft improvement	\$ 30,000	\$ -	\$ 10,000	\$ 20,000
General obligation	990,000	-	90,000	900,000
General obligation	-	3,265,000	-	3,265,000
General obligation refunding	4,035,000	-	250,000	3,785,000
Wastewater revenue supported	235,000	-	115,000	120,000
Water revenue supported	215,000	-	50,000	165,000
Wastewater revenue refunding	4,215,000	-	-	4,215,000
Water revenue refunding	<u>3,165,000</u>	<u>-</u>	<u>20,000</u>	<u>3,145,000</u>
<i>Total</i>	<u>\$ 12,885,000</u>	<u>\$ 3,265,000</u>	<u>\$ 535,000</u>	<u>\$ 15,615,000</u>

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1999

LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for all bonds follows:

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1999-00	\$ 1,344,424	\$ 505,000	\$ 839,424
2000-01	1,337,090	525,000	812,090
2001-02	1,355,730	570,000	785,730
2002-03	1,367,346	610,000	757,346
2003-04	1,382,184	655,000	727,184
2004-05	1,403,971	710,000	693,971
2005-06	1,426,667	770,000	656,667
2006-07	1,441,008	825,000	616,008
2007-08	1,446,296	875,000	571,296
2008-09	1,453,496	930,000	523,496
2009-10	1,472,110	1,000,000	472,110
2010-11	1,023,926	595,000	428,926
2011-12	1,020,395	625,000	395,395
2012-13	1,034,803	675,000	359,803
2013-14	1,046,396	725,000	321,396
2014-15	965,243	685,000	280,243
2015-16	980,913	740,000	240,913
2016-17	993,493	795,000	198,493
2017-18	998,012	845,000	153,012
2018-19	1,014,555	910,000	104,555
2019-20	617,562	565,000	52,562
2020-21	254,937	235,000	19,937
2021-22	251,737	245,000	6,737
	<u>\$ 25,632,294</u>	<u>\$ 15,615,000</u>	<u>\$ 10,017,294</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, 1999, was \$6,736,230.

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>
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>\$ 68,027</u>	<u>\$ 61,649</u>	<u>\$ 6,378</u>

CITY OF LEBANON, OREGON**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 1999****LONG-TERM DEBT (Continued)**

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>
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>\$ 66,693</u>	<u>\$ 60,000</u>	<u>\$ 6,693</u>

SCIP Loan: The SCIP loan was incurred in connection with development of the Santiam Canal Industrial Park. Payments include accrued interest payable of \$17,123.

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
1999-2000	\$ 13,132	\$ 6,820	\$ 6,312
2000-2001	13,132	7,162	5,970
2001-2002	13,132	7,520	5,612
2002-2003	13,132	7,896	5,236
2003-2004	13,132	8,291	4,841
2004-2005	13,132	8,706	4,426
2005-2006	13,132	9,140	3,992
2006-2007	13,132	9,598	3,534
2007-2008	13,132	10,078	3,054
2008-2009	13,132	10,581	2,551
2009-2010	13,132	11,110	2,022
2010-2011	13,132	11,666	1,466
2011-2012	13,132	12,250	882
2012-2013	<u>5,674</u>	<u>5,404</u>	<u>270</u>
	<u>\$ 176,390</u>	<u>\$ 126,222</u>	<u>\$ 50,168</u>

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>
1999-2000	\$ 25,569	\$ 15,140	\$ 10,429
2000-2001	25,569	16,061	9,508
2001-2002	25,569	17,039	8,530
2002-2003	25,569	18,074	7,495
2003-2004	25,569	19,175	6,394
2004-2005	25,569	20,341	5,228
2005-2006	25,569	21,579	3,990
2006-2007	25,569	22,892	2,677
2007-2008	25,569	24,284	1,285
2008-2009	<u>2,695</u>	<u>2,601</u>	<u>94</u>
	<u>\$ 232,816</u>	<u>\$ 177,186</u>	<u>\$ 55,630</u>

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1999

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>
1999-2000	\$ 3,216	\$ 1,796	\$ 1,420
2000-2001	3,216	1,954	1,262
2001-2002	3,216	2,127	1,089
2002-2003	3,216	2,315	901
2003-2004	3,216	2,520	696
2004-2005	3,216	2,741	475
2005-2006	3,216	2,985	231
2006-2007	1,105	1,085	20
	<u>\$ 23,617</u>	<u>\$ 17,523</u>	<u>\$ 6,094</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, 1998</i>	\$ 4,146,891	\$ 308,254	\$ 7,520,536	\$ 21,150	\$ 11,996,831
Additions	20,648	—	679,543	—	700,191
<i>Contributed Capital, June 30, 1999</i>	<u>\$ 4,167,539</u>	<u>\$ 308,254</u>	<u>\$ 8,200,079</u>	<u>\$ 21,150</u>	<u>\$ 12,697,022</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 \$3,456,798 and covered payroll was \$3,267,860 for the year ended June 30, 1999. 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, 1999, 1998 and 1997, were \$395,411, \$375,705 and \$359,046, which was equal to the required contributions for the years. No pension liability existed at June 30, 1999, 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, 1999

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 reporting the collateral requirements of ORS Chapter 295.

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	\$ 4,175,593	\$ 7,240,726	\$ 475,218	\$ 1,603,612	\$ 4,514,309
Adjustment for					
Accounts receivable/deposits	-	-	-	-	(2,736)
Budgetary transfer	-	-	-	(7,586)	-
Loan proceeds	-	(625,000)	-	-	-
<i>Per GAAP Basis</i>	<u>\$ 4,175,593</u>	<u>\$ 6,615,726</u>	<u>\$ 475,218</u>	<u>\$ 1,596,026</u>	<u>\$ 4,511,573</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	\$ 4,294,832	\$ 4,545,828	\$ 1,537,417	\$ 1,176,635	\$ 6,569,951
Change in accrued compensated absences	3,172	3,164	-	(1,969)	16,593
Loan repayments/bond principal	-	-	-	-	(186,610)
Capital outlay	-	-	-	-	(2,489,035)
Depreciation	-	-	-	-	539,067
Amortization/bond issue costs	-	-	-	-	12,332
Loss on disposal of assets	-	-	-	-	298
Budgetary transfer	-	(24,282)	-	-	(8,800)
<i>Per GAAP Basis</i>	<u>\$ 4,298,004</u>	<u>\$ 4,524,710</u>	<u>\$ 1,537,417</u>	<u>\$ 1,174,666</u>	<u>\$ 4,453,796</u>

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 1999

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. There were no individual fund interfund receivable balances at June 30, 1999.
- B. Interfund transfers in exceeded interfund transfers out on a budgetary basis by \$783,054 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, 1999**

	<u>Budget</u>	<u>Budget Basis</u>	<u>Actual</u>	
			<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Taxes and assessments	\$ 2,101,766	\$ 2,152,202	\$ -	\$ 2,152,202
Licenses and permits	439,000	500,024	-	500,024
Fines and forfeitures	213,100	219,248	-	219,248
Intergovernmental	229,000	243,642	-	243,642
Charges for services	20,500	17,926	-	17,926
Miscellaneous	<u>118,050</u>	<u>121,709</u>	<u>-</u>	<u>121,709</u>
<i>Total Revenues</i>	3,121,416	3,254,751	-	3,254,751
EXPENDITURES				
Administration	43,792	42,141	3,172	45,313
City attorney	26,750	26,210	-	26,210
Planning	68,692	67,903	-	67,903
Public works	39,945	39,749	-	39,749
Parks	180,141	173,969	-	173,969
Finance	104,739	100,064	-	100,064
Legislative	12,066	11,275	-	11,275
Library	203,289	199,989	-	199,989
Municipal court	215,985	213,634	-	213,634
Police	1,972,589	1,956,963	-	1,956,963
Senior services	194,890	181,963	-	181,963
Nondepartmental	<u>1,384,248</u>	<u>1,280,972</u>	<u>(1,126,555)</u>	<u>154,417</u>
<i>Total Expenditures</i>	<u>4,447,126</u>	<u>4,294,832</u>	<u>(1,123,383)</u>	<u>3,171,449</u>
Excess (deficiency) of revenues over expenditures	(1,325,710)	(1,040,081)	1,123,383	83,302
OTHER FINANCING SOURCES (USES)				
Loan proceeds	800,000	800,000	-	800,000
Transfers in	119,400	120,842	-	120,842
Transfers out	-	-	(326,555)	(326,555)
Loan repayment	<u>-</u>	<u>-</u>	<u>(800,000)</u>	<u>(800,000)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>919,400</u>	<u>920,842</u>	<u>(1,126,555)</u>	<u>(205,713)</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(406,310)	(119,239)	(3,172)	(122,411)
FUND BALANCE, Beginning of year	<u>408,000</u>	<u>472,780</u>	<u>(55,247)</u>	<u>417,533</u>
FUND BALANCE, End of year	<u>\$ 1,690</u>	<u>\$ 353,541</u>	<u>\$ (58,419)</u>	<u>\$ 295,122</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, 1999

	<i>Inter- governmental Fund</i>	<i>Urban Renewal Fund</i>	<i>NW Urban Renewal Fund</i>	<i>Total</i>
ASSETS				
Cash and investments	\$ 340,035	\$ 2,915,820	\$ 673,503	\$ 3,929,358
Receivables				
Property taxes	—	29,109	55,325	84,434
Accounts	200,686	85,420	507,813	793,919
Special assessments/loans	<u>1,204,743</u>	<u>—</u>	<u>—</u>	<u>1,204,743</u>
<i>Total Assets</i>	<u>\$ 1,745,464</u>	<u>\$ 3,030,349</u>	<u>\$ 1,236,641</u>	<u>\$ 6,012,454</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 38,105	\$ 40,883	\$ 705,442	\$ 784,430
Retainage payable	—	1,071	—	1,071
Compensated absences payable	13,600	1,067	1,226	15,893
Deferred revenues	<u>1,204,789</u>	<u>29,110</u>	<u>211,964</u>	<u>1,445,863</u>
<i>Total Liabilities</i>	1,256,494	72,131	918,632	2,247,257
Fund Balances				
Reserved for claims	73,076	—	—	73,076
Unreserved, undesignated (deficit)	<u>415,894</u>	<u>2,958,218</u>	<u>318,009</u>	<u>3,692,121</u>
<i>Total Fund Balance</i>	<u>488,970</u>	<u>2,958,218</u>	<u>318,009</u>	<u>3,765,197</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,745,464</u>	<u>\$ 3,030,349</u>	<u>\$ 1,236,641</u>	<u>\$ 6,012,454</u>

CITY OF LEBANON, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 1999**

	<u>Inter- governmental Fund</u>	<u>Urban Renewal Fund</u>	<u>NW Urban Renewal Fund</u>	<u>Total</u>
REVENUES				
Taxes and assessments	\$ 8,739	\$ 329,045	\$ 669,100	\$ 1,006,884
Licenses and permits	216,839	—	—	216,839
Intergovernmental	6,127	—	—	6,127
Charges for services	<u>1,349,621</u>	<u>32,200</u>	<u>408,410</u>	<u>1,790,231</u>
<i>Total Revenues</i>	1,581,326	361,245	1,077,510	3,020,081
EXPENDITURES				
Personnel services	672,907	30,910	31,444	735,261
Materials and services	883,734	152,378	9,982	1,046,094
Capital outlay	153,137	224,481	1,087,133	1,464,751
Debt service	<u>—</u>	<u>369,867</u>	<u>683,399</u>	<u>1,053,266</u>
<i>Total Expenditures</i>	<u>1,709,778</u>	<u>777,636</u>	<u>1,811,958</u>	<u>4,299,372</u>
Excess (deficiency) of revenues over expenditures	(128,452)	(416,391)	(734,448)	(1,279,291)
OTHER FINANCING SOURCES (USES)				
Bond sale proceeds	—	3,265,000	—	3,265,000
Transfers in	289,167	41,478	—	330,645
Transfers out	<u>(180,760)</u>	<u>(44,578)</u>	<u>—</u>	<u>(225,338)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>108,407</u>	<u>3,261,900</u>	<u>—</u>	<u>3,370,307</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(20,045)	2,845,509	(734,448)	2,091,016
FUND BALANCE, Beginning of year	<u>435,939</u>	<u>112,709</u>	<u>1,052,457</u>	<u>1,601,105</u>
FUND BALANCE (DEFICIT), End of year	<u>\$ 415,894</u>	<u>\$ 2,958,218</u>	<u>\$ 318,009</u>	<u>\$ 3,692,121</u>

CITY OF LEBANON, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - INTERGOVERNMENTAL FUND
YEAR ENDED JUNE 30, 1999**

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Taxes and assessments	\$ 10,000	\$ 8,739	\$ -	\$ 8,739
Fines and forfeitures	12,300	-	-	-
Licenses and permits	300,750	216,839	-	216,839
Intergovernmental	1,763,500	6,127	-	6,127
Miscellaneous	128,151	1,349,621	-	1,349,621
<i>Total Revenues</i>	<u>2,214,701</u>	<u>1,581,326</u>	<u>-</u>	<u>1,581,326</u>
EXPENDITURES				
ADA Requirements	145,750	-	-	-
City Hall repairs	-	7	-	7
Motel tax	9,090	6,851	-	6,851
Santiam Travel Station	215,000	69,283	-	69,283
OTSC Grant	300	-	-	-
Building Inspections	337,118	163,662	(2,063)	161,599
Park Enterprise	58,250	10,835	17	10,852
GIS	158,918	64,464	139	64,603
Information System	144,085	136,759	809	137,568
Sidewalk and Bikepath	48,700	15,415	(33)	15,382
Engineering Development	141,061	67,575	945	68,520
Streets	490,370	453,407	2,338	455,745
Storm Drains	59,008	53,033	22	53,055
911 Communications	43,000	-	-	-
Civil Forfeitures	13,300	1,193	-	1,193
Oregon School Grant	62,897	62,655	107	62,762
Federal Community Policing	7,620	7,620	(1,064)	6,556
Dial-A-Bus	67,115	49,753	1,292	51,045
FAU Streets	178,600	40,189	-	40,189
Downtown rehabilitation center	55,000	5,375	-	5,375
ODOT grant/transportation	150,000	14,819	-	14,819
TGM-TSP/TPR ORD development	3,500	-	-	-
1983-84 Rehabilitation	41,060	271	-	271
Gills Landings	3,160	2,728	17	2,745
93 Housing Rehabilitation Grant	25,500	7,000	-	7,000
1996 Housing Rehabilitation Grant	60,000	9,399	-	9,399
1998 Housing Rehabilitation Grant	510,000	464,959	-	464,959
<i>Total Expenditures</i>	<u>3,028,402</u>	<u>1,707,252</u>	<u>2,526</u>	<u>1,709,778</u>
Excess (deficiency) of revenues over expenditures	(813,701)	(125,926)	(2,526)	(128,452)
OTHER FINANCING SOURCES (USES)				
Loan				
Transfers in	351,420	289,167	-	289,167
Transfers out	(224,749)	(205,042)	24,282	(180,760)
<i>Total Other Financing Sources (Uses)</i>	<u>126,671</u>	<u>84,125</u>	<u>24,282</u>	<u>108,407</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(687,030)	(41,801)	21,756	(20,045)
FUND BALANCE, Beginning of year	<u>687,030</u>	<u>471,294</u>	<u>(35,355)</u>	<u>435,599</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 429,493</u>	<u>\$ (13,599)</u>	<u>\$ 415,894</u>

CITY OF LEBANON, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL - URBAN RENEWAL FUND

YEAR ENDED JUNE 30, 1999

	<i>Actual</i>			
	<u>Budget</u>	<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Taxes and assessments	\$ 521,966	\$ 329,045	\$ -	\$ 329,045
Miscellaneous	215,434	32,200	-	32,200
<i>Total Revenues</i>	737,400	361,245	-	361,245
EXPENDITURES				
Urban renewal	3,069,916	406,007	262	406,269
Urban renewal debt service	521,466	371,367	(226,717)	144,650
Operating contingency	56,618	-	-	226,717
<i>Total Expenditures</i>	3,648,000	777,374	262	777,636
Excess (deficiency) of revenues over expenditures	(2,910,600)	(416,129)	(262)	(416,391)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	2,915,000	3,265,000	-	3,265,000
Transfers in	-	41,478	-	41,478
Transfers out	(3,100)	(44,578)	-	(44,578)
<i>Total Other Financing Sources (Uses)</i>	2,911,900	3,261,900	-	3,261,900
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,300	2,845,771	(262)	2,845,509
FUND BALANCE, Beginning of year	<u>26,700</u>	<u>34,124</u>	<u>78,585</u>	<u>112,709</u>
FUND BALANCE, End of year	<u>\$ 28,000</u>	<u>\$ 2,879,895</u>	<u>\$ 78,323</u>	<u>\$ 2,958,218</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, 1999

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Taxes and assessments	\$ 662,819	\$ 669,100	\$ -	\$ 669,100
Intergovernmental	534,376	-	-	-
Miscellaneous	56,000	408,410	-	408,410
<i>Total Revenues</i>	1,253,195	1,077,510	-	1,077,510
EXPENDITURES				
Personnel services	25,291	31,068	376	31,444
Materials and services	10,823	9,982	-	9,982
Capital outlay	2,034,976	1,087,133	-	1,087,133
Debt service	704,819	683,399	-	683,399
Operating contingency	39,776	-	-	-
<i>Total Expenditures</i>	2,815,685	1,811,582	376	1,811,958
Excess (deficiency) of revenues over expenditures	(1,562,490)	(734,072)	(376)	(734,448)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	650,000	625,000	(625,000)	-
Transfers out	(2,510)	-	-	-
<i>Other Financing Sources (Uses)</i>	647,490	625,000	(625,000)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(915,000)	(109,072)	(625,376)	(734,448)
FUND BALANCE, Beginning of year	<u>915,000</u>	<u>1,132,697</u>	<u>(80,240)</u>	<u>1,052,457</u>
FUND BALANCE(DEFICIT), End of year	<u>\$ -</u>	<u>\$ 1,023,625</u>	<u>\$ (705,616)</u>	<u>\$ 318,009</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, 1999

	<i>Debt Service Fund</i>	<i>Bancroft Bond Fund</i>	<i>Total</i>
ASSETS			
Cash and investments	\$ 392,389	\$ 119,154	\$ 511,543
Receivables			
Property taxes	37,785	-	37,785
Accounts	7,169	-	7,169
Special assessments/loans	-	30,256	30,256
Prepaid expenses	-	2,569	2,569
<i>Total Assets</i>	<u>\$ 437,343</u>	<u>\$ 151,979</u>	<u>\$ 589,322</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Deferred revenues	\$ 37,785	\$ 32,825	\$ 70,610
Fund Balances			
Undesignated, unreserved	<u>399,558</u>	<u>119,154</u>	<u>518,712</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 437,343</u>	<u>\$ 151,979</u>	<u>\$ 589,322</u>

CITY OF LEBANON, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 1999

	<u>Debt Service Fund</u>	<u>Bancroft Bond Fund</u>	<u>Total</u>
REVENUES			
Taxes and assessments	\$ 371,215	\$ 5,666	\$ 376,881
Miscellaneous	<u>63,292</u>	<u>7,595</u>	<u>70,887</u>
<i>Total Revenues</i>	434,507	13,261	447,768
EXPENDITURES			
Materials and services	-	612	612
Debt service	<u>1,510,127</u>	<u>24,827</u>	<u>1,534,954</u>
<i>Total Expenditures</i>	<u>1,510,127</u>	<u>25,439</u>	<u>1,535,566</u>
Excess of revenues over expenditures	(1,075,620)	(12,178)	(1,087,798)
OTHER FINANCING SOURCES (USES)			
Transfers in	26,939	511	27,450
Transfers out	<u>(512)</u>	<u>(1,339)</u>	<u>(1,851)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>26,427</u>	<u>(828)</u>	<u>25,599</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,049,193)	(13,006)	(1,062,199)
FUND BALANCES, Beginning of year	<u>1,448,751</u>	<u>132,160</u>	<u>1,580,911</u>
FUND BALANCES, End of year	<u>\$ 399,558</u>	<u>\$ 119,154</u>	<u>\$ 518,712</u>

CITY OF LEBANON, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 1999

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Taxes and assessments	\$ 366,749	\$ 371,215	\$ -	\$ 371,215
Miscellaneous	86,000	63,292	-	63,292
<i>Total Revenues</i>	452,749	434,507	-	434,507
EXPENDITURES				
Debt service	1,530,988	1,510,127	-	1,510,127
<i>Total Expenditures</i>	1,530,988	1,510,127	-	1,510,127
Excess of revenues over expenditures	(1,078,239)	(1,075,620)	-	(1,075,620)
OTHER FINANCING SOURCES (USES)				
Bank loan proceeds	1,000,000	-	-	-
Transfers in	25,950	26,939	-	26,939
Transfers out	(2,000)	(512)	-	(512)
<i>Total Other Financing Sources (Uses)</i>	1,023,950	26,427	-	26,427
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(54,289)	(1,049,193)	-	(1,049,193)
FUND BALANCE, Beginning of year	1,415,318	1,448,751	-	1,448,751
FUND BALANCE, End of year	<u>\$ 1,361,029</u>	<u>\$ 399,558</u>	<u>\$ -</u>	<u>\$ 399,558</u>

CITY OF LEBANON, OREGON**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND****BALANCE - BUDGET AND ACTUAL - BANCROFT BOND FUND****YEAR ENDED JUNE 30, 1999**

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Taxes and assessments	\$ -	\$ 5,666	\$ -	\$ 5,666
Miscellaneous	<u>6,400</u>	<u>7,595</u>	<u>-</u>	<u>7,595</u>
<i>Total Revenues</i>	6,400	13,261	-	13,261
EXPENDITURES				
Materials and services	10,000	612	-	612
Debt service	24,829	24,827	-	24,827
Operating contingency	<u>16,805</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures</i>	<u>51,634</u>	<u>25,439</u>	<u>-</u>	<u>25,439</u>
Excess (deficiency) of revenues over expenditures	(45,234)	(12,178)	-	(12,178)
OTHER FINANCING SOURCES (USES)				
Transfers in	13,460	511	-	511
Transfers out	<u>(6,520)</u>	<u>(1,339)</u>	<u>-</u>	<u>(1,339)</u>
<i>Total Other Financing Sources (Uses)</i>	6,940	(828)	-	(828)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(38,294)	(13,006)	-	(13,006)
FUND BALANCE, Beginning of year	<u>129,882</u>	<u>132,160</u>	<u>-</u>	<u>132,160</u>
FUND BALANCE, End of year	<u>\$ 91,588</u>	<u>\$ 119,154</u>	<u>\$ -</u>	<u>\$ 119,154</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, 1999

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Taxes and assessments	\$ -	\$ 318,922	\$ -	\$ 318,922
Intergovernmental	6,700	-	-	-
Miscellaneous	784,928	179,760	-	179,760
<i>Total Revenues</i>	791,628	498,682	-	498,682
EXPENDITURES				
General Fund reserve	252,965	-	-	-
Equipment acquisition	702,860	248,664	-	248,664
Historic restoration	3,200	831	-	831
Pioneer cemetery	2,200	-	-	-
DARE	6,000	5,194	-	5,194
Police	19,375	16,483	-	16,483
Library	15,200	6,819	-	6,819
Library/Senior center	204,047	1,176	-	1,176
Senior services	45,586	3,875	-	3,875
Streets	384,989	28,978	-	28,978
Streets capital projects	181,889	64,153	-	64,153
Allocable costs	956,185	599,618	(1,685)	597,933
SDC drainage	13,500	-	-	-
Restricted SDC drainage	78,796	9,489	11	9,500
SDC drainage improvements	27,050	-	-	-
SDC park	2,100	-	-	-
Restricted SDC park	759	50	-	50
SDC Park improvements	182,853	10,531	40	10,571
SDC wastewater	52,000	-	-	-
Restricted SDC wastewater	50,310	233	-	233
SDC wastewater improvements	77,353	23,590	(271)	23,319
SDC wastewater reimbursements	4,630	-	-	-
SDC streets	21,800	-	-	-
Restricted SDC streets	59,000	199	-	199
SDC streets improvements	534,153	35,328	264	35,592
Restricted SDC water	15,810	154	-	154
SDC water improvements	216,553	19,548	(328)	19,220
SDC water reimbursements	6,510	-	-	-
<i>Total Expenditures</i>	4,117,673	1,074,913	(1,969)	1,072,944
Excess (deficiency) of revenues over expenditures	(3,326,045)	(576,231)	1,969	(574,262)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,388,725	1,104,930	(7,586)	1,097,344
Transfers out	(101,510)	(101,722)	-	(101,722)
<i>Total Other Financing Sources (Uses)</i>	1,287,215	1,003,208	(7,586)	995,622
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,038,830)	426,977	(5,617)	421,360
FUND BALANCE, Beginning of year	2,043,230	2,142,561	(6,524)	2,136,037
FUND BALANCE, End of year	\$ 4,400	\$ 2,569,538	\$ (12,141)	\$ 2,557,397

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, 1999

	<u>Water</u>	<u>Water CIP</u>	<u>Small Water Line</u>	<u>Storm Drain Utility</u>
ASSETS AND OTHER DEBITS				
<i>Assets</i>				
Cash and investments	\$ 669,834	\$ 1,074,188	\$ 214,208	\$ 82,782
Receivables				
Property taxes	—	—	—	—
Accounts	242,824	—	—	—
Fixed assets	7,597,555	606,822	210,380	—
Accumulated depreciation	<u>(2,264,963)</u>	<u>(9,451)</u>	<u>(60,176)</u>	<u>—</u>
<i>Total Assets and Other Debits</i>	<u>\$ 6,245,250</u>	<u>\$ 1,671,559</u>	<u>\$ 364,412</u>	<u>\$ 82,782</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
<i>Liabilities</i>				
Accounts payable	\$ 10,938	\$ —	\$ 5,030	\$ 17
Deposits	46,357	—	—	—
Loan payable	—	—	—	—
Bonds payable	—	3,310,000	—	—
Bond discount	—	(120,700)	—	—
Paid absences and deferred compensation payable	74,739	—	4,742	—
Reserved for claims	<u>50,138</u>	<u>—</u>	<u>—</u>	<u>—</u>
<i>Total Liabilities</i>	182,172	3,189,300	9,772	17
<i>Equity and Other Credits</i>				
Contributed capital	6,641,085	(2,473,546)	308,254	—
Retained earnings (deficit)	<u>(578,007)</u>	<u>955,805</u>	<u>46,386</u>	<u>82,765</u>
<i>Total Equity and Other Credits</i>	<u>6,063,078</u>	<u>(1,517,741)</u>	<u>354,640</u>	<u>82,765</u>
<i>Total Liabilities, Equity, and Other Credits</i>	<u>\$ 6,245,250</u>	<u>\$ 1,671,559</u>	<u>\$ 364,412</u>	<u>\$ 82,782</u>

<u>Wastewater</u>	<u>Wastewater CIP</u>	<u>Railroad</u>	<u>Total</u>
\$ 521,496	\$ 1,151,470	\$ 301	\$ 3,714,279
361	-	-	361
145,713	-	-	388,537
13,483,405	626,978	1,482	22,526,622
(3,000,752)	(6,621)	(1,332)	(5,343,295)
<u>\$ 11,150,223</u>	<u>\$ 1,771,827</u>	<u>\$ 451</u>	<u>\$ 21,286,504</u>

\$ 39,410	\$ 1,554	\$ 14	\$ 56,963
-	-	-	46,357
17,523	-	-	17,523
-	4,335,000	-	7,645,000
-	(95,891)	-	(216,591)
71,153	-	-	150,634
<u>35,998</u>	<u>-</u>	<u>-</u>	<u>86,136</u>
164,084	4,240,663	14	7,786,022
12,439,811	(4,239,732)	21,150	12,697,022
(1,453,672)	1,770,896	(20,713)	803,460
<u>10,986,139</u>	<u>(2,468,836)</u>	<u>437</u>	<u>13,500,482</u>
<u>\$ 11,150,223</u>	<u>\$ 1,771,827</u>	<u>\$ 451</u>	<u>\$ 21,286,504</u>

CITY OF LEBANON, OREGON**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - ALL ENTERPRISE DEPARTMENTS - GAAP BASIS
YEAR ENDED JUNE 30, 1999**

	<u>Water</u>	<u>Water CIP</u>	<u>Small Water Line</u>
REVENUES			
Charges for services	\$ 1,739,081	\$ -	\$ -
Miscellaneous	<u>72,158</u>	<u>54,267</u>	<u>10,273</u>
<i>Total Revenues</i>	1,811,239	54,267	10,273
EXPENDITURES			
Personnel services	492,904	-	136,676
Materials and services	542,549	5,486	151,619
Capital outlay/depreciation	233,339	-	21,857
Debt service	<u>-</u>	<u>184,141</u>	<u>-</u>
<i>Total Expenditures</i>	<u>1,268,792</u>	<u>189,627</u>	<u>310,152</u>
Excess (deficiency) of revenues over expenditures	542,447	(135,360)	(299,879)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	254,210	329,970
Transfers out	(676,617)	-	(25,415)
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(676,617)</u>	<u>254,210</u>	<u>304,555</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(134,170)	118,850	4,676
RETAINED EARNINGS (DEFICIT),			
<i>Beginning of year</i>	<u>(443,837)</u>	<u>836,955</u>	<u>41,710</u>
RETAINED EARNINGS (DEFICIT),			
<i>End of year</i>	<u><u>\$ (578,007)</u></u>	<u><u>\$ 955,805</u></u>	<u><u>\$ 46,386</u></u>

<i>Wastewater</i>	<i>Wastewater CIP</i>	<i>Railroad</i>	<i>Storm Drain Utility</i>	<i>Totals</i>
\$ 1,425,512	\$ -	\$ -	\$ -	\$ 3,164,593
43,324	119,790	191	3,394	303,397
1,468,836	119,790	191	3,394	3,467,990
369,227	-	-	-	998,807
599,169	6,847	148	146	1,305,964
283,723	-	148	-	539,067
1,606	259,625	-	-	445,372
1,253,725	266,472	296	146	3,289,210
215,111	(146,682)	(105)	3,248	178,780
512	374,624	-	84,267	1,043,583
(457,506)	-	-	(4,750)	(1,164,288)
(298)	-	-	-	(298)
(457,292)	374,624	-	79,517	(121,003)
(242,181)	227,942	(105)	82,765	57,777
(1,211,491)	1,542,954	(20,608)	-	745,683
<u>\$ (1,453,672)</u>	<u>\$ 1,770,896</u>	<u>\$ (20,713)</u>	<u>\$ 82,765</u>	<u>\$ 803,460</u>

CITY OF LEBANON, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS -
BUDGET AND ACTUAL - ALL ENTERPRISE DEPARTMENTS
YEAR ENDED JUNE 30, 1999**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Charges for services	\$ 3,135,100	\$ 3,160,030	\$ 4,563	\$ 3,164,593
Miscellaneous	<u>173,000</u>	<u>310,696</u>	<u>(7,299)</u>	<u>303,397</u>
<i>Total Revenues</i>	3,308,100	3,470,726	(2,736)	3,467,990
EXPENDITURES				
Personnel services	946,408	982,214	16,593	998,807
Materials and services	1,445,973	1,317,732	(11,768)	1,305,964
Capital outlay/depreciation	4,002,289	2,464,935	(1,925,868)	539,067
Debt service	<u>1,144,380</u>	<u>631,982</u>	<u>(186,610)</u>	<u>445,372</u>
<i>Total Expenditures</i>	<u>7,539,050</u>	<u>5,396,863</u>	<u>(2,107,653)</u>	<u>3,289,210</u>
Excess (deficiency) of revenues over expenditures	(4,230,950)	(1,926,137)	2,104,917	178,780
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,804	1,043,583	-	1,043,583
Transfers out	(1,208,338)	(1,173,088)	8,800	(1,164,288)
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>(298)</u>	<u>(298)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(207,534)</u>	<u>(129,505)</u>	<u>8,502</u>	<u>(121,003)</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(4,438,484)	(2,055,642)	2,113,419	57,777
RETAINED EARNINGS (DEFICIT),				
<i>Beginning of year</i>	<u>5,550,509</u>	<u>5,626,934</u>	<u>(4,881,251)</u>	<u>745,683</u>
RETAINED EARNINGS (DEFICIT),				
<i>End of year</i>	<u>\$ 1,112,025</u>	<u>\$ 3,571,292</u>	<u>\$ (2,767,832)</u>	<u>\$ 803,460</u>

CITY OF LEBANON, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL - WATER DEPARTMENT
YEAR ENDED JUNE 30, 1999

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Charges for services	\$ 1,727,100	\$ 1,748,266	\$ (9,185)	\$ 1,739,081
Miscellaneous	<u>30,000</u>	<u>74,124</u>	<u>(1,966)</u>	<u>72,158</u>
<i>Total Revenues</i>	1,757,100	1,822,390	(11,151)	1,811,239
EXPENDITURES				
Personnel services -	476,561	485,992	6,912	492,904
Materials and services	604,615	566,587	(24,038)	542,549
Capital outlay/depreciation	86,245	57,994	175,345	233,339
Other requirements	<u>114,062</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures</i>	<u>1,281,483</u>	<u>1,110,573</u>	<u>158,219</u>	<u>1,268,792</u>
Excess (deficiency) of revenues over expenditures	475,617	711,817	(169,370)	542,447
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(716,617)</u>	<u>(676,617)</u>	<u>-</u>	<u>(676,617)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(716,617)</u>	<u>(676,617)</u>	<u>-</u>	<u>(676,617)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(241,000)	35,200	(169,370)	(134,170)
RETAINED EARNINGS (DEFICIT),				
<i>Beginning of year</i>	<u>550,000</u>	<u>573,561</u>	<u>(1,017,398)</u>	<u>(443,837)</u>
RETAINED EARNINGS (DEFICIT),				
<i>End of year</i>	<u>\$ 309,000</u>	<u>\$ 608,761</u>	<u>\$ (1,186,768)</u>	<u>\$ (578,007)</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, 1999**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Miscellaneous	\$ 35,000	\$ 54,267	\$ -	\$ 54,267
EXPENDITURES				
Materials and services	-	-	5,486	5,486
Capital outlay/depreciation	770,400	41,207	(41,207)	-
Other requirements	425,516	254,141	(70,000)	184,141
<i>Total Expenditures</i>	<u>1,195,916</u>	<u>295,348</u>	<u>(105,721)</u>	<u>189,627</u>
Excess (deficiency) of revenues over expenditures	(1,160,916)	(241,081)	105,721	(135,360)
OTHER FINANCING SOURCES (USES)				
Transfers in	294,210	254,210	-	254,210
Transfers out	(4,400)	(4,400)	4,400	-
<i>Total Other Financing Sources (Uses)</i>	<u>289,810</u>	<u>249,810</u>	<u>4,400</u>	<u>254,210</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(871,106)	8,729	110,121	118,850
RETAINED EARNINGS, Beginning of year	<u>1,125,316</u>	<u>1,065,460</u>	<u>(228,505)</u>	<u>836,955</u>
RETAINED EARNINGS, End of year	<u>\$ 254,210</u>	<u>\$ 1,074,189</u>	<u>\$ (118,384)</u>	<u>\$ 955,805</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, 1999**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Miscellaneous	\$ 10,000	\$ 10,274	\$ -	\$ 10,273
EXPENDITURES				
Personnel services	141,768	136,563	113	136,676
Materials and services	189,907	151,620	(1)	151,619
Capital outlay/depreciation	34,325	20,860	997	21,857
Other requirements-	78,555	-	-	-
<i>Total Expenditures</i>	<u>444,555</u>	<u>309,043</u>	<u>1,109</u>	<u>310,152</u>
Excess (deficiency) of revenues over expenditures	(434,555)	(298,769)	(1,109)	(299,879)
OTHER FINANCING SOURCES (USES)				
Transfers in	329,970	329,970	-	329,970
Transfers out	(25,415)	(25,415)	-	(25,415)
<i>Total Other Financing Sources (Uses)</i>	<u>304,555</u>	<u>304,555</u>	<u>-</u>	<u>304,555</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(130,000)	5,786	(1,109)	4,676
RETAINED EARNINGS, Beginning of year	<u>130,000</u>	<u>203,392</u>	<u>(161,682)</u>	<u>41,710</u>
RETAINED EARNINGS, End of year	<u>\$ -</u>	<u>\$ 209,178</u>	<u>\$ (162,791)</u>	<u>\$ 46,386</u>

CITY OF LEBANON, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL - WASTEWATER DEPARTMENT
YEAR ENDED JUNE 30, 1999

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Charges for services	\$ 1,408,000	\$ 1,411,764	\$ 13,748	\$ 1,425,512
Miscellaneous	38,000	48,656	(5,332)	43,324
<i>Total Revenues</i>	1,446,000	1,460,420	8,416	1,468,836
EXPENDITURES				
Personnel services -	328,079	359,659	9,568	369,227
Materials and services	651,151	599,169	-	599,169
Capital outlay/depreciation	237,575	172,910	110,813	283,723
Other requirements	149,498	3,216	(1,610)	1,606
<i>Total Expenditures</i>	1,366,303	1,134,954	118,771	1,253,725
Excess (deficiency) of revenues over expenditures	79,697	325,466	(110,355)	215,111
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000	512	-	512
Transfers out	(457,506)	(457,506)	-	(457,506)
Loss on disposal of assets	-	-	(298)	(298)
<i>Total Other Financing Sources (Uses)</i>	(455,506)	(456,994)	(298)	(457,292)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(375,809)	(131,528)	(110,653)	(242,181)
RETAINED EARNINGS (DEFICIT),				
<i>Beginning of year</i>	550,000	577,725	(1,789,216)	(1,211,491)
RETAINED EARNINGS (DEFICIT),				
<i>End of year</i>	\$ 174,191	\$ 446,197	\$ (1,899,869)	\$ (1,453,672)

CITY OF LEBANON, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL - WASTEWATER CAPITAL IMPROVEMENT DEPARTMENT
YEAR ENDED JUNE 30, 1999**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Miscellaneous	\$ 60,000	\$ 119,790	\$ -	\$ 119,790
EXPENDITURES				
Materials and services	-	62	6,785	6,847
Capital outlay/depreciation	2,873,744	2,171,964	(2,171,964)	-
Other requirements	376,749	374,625	(115,000)	259,625
<i>Total Expenditures</i>	<u>3,250,493</u>	<u>2,546,651</u>	<u>(2,280,179)</u>	<u>266,472</u>
Excess (deficiency) of revenues over expenditures	(3,190,493)	(2,426,861)	2,280,179	(146,682)
OTHER FINANCING SOURCES (USES)				
Transfers in	374,624	374,624	-	374,624
Transfers out	(4,400)	(4,400)	4,400	-
<i>Total Other Financing Sources (Uses)</i>	<u>370,224</u>	<u>370,224</u>	<u>4,400</u>	<u>374,624</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,820,269)	(2,056,637)	2,284,579	227,942
RETAINED EARNINGS, Beginning of year	<u>3,194,893</u>	<u>3,206,552</u>	<u>(1,663,598)</u>	<u>1,542,954</u>
RETAINED EARNINGS, End of year	<u>\$ 374,624</u>	<u>\$ 1,149,915</u>	<u>\$ 620,981</u>	<u>\$ 1,770,896</u>

CITY OF LEBANON, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL - STORM DRAIN UTILITY DEPARTMENT
YEAR ENDED JUNE 30, 1999**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Charges for services	\$ 115,733	\$ -	\$ -	\$ -
Miscellaneous	-	3,394	-	3,394
<i>Total Revenues</i>	115,733	3,394	-	3,394
EXPENDITURES				
Personnel services	81,531	-	-	-
Materials and services	44,750	146	-	146
Capital outlay/depreciation	22,575	-	-	-
Other requirements	46,394	-	-	-
<i>Total Expenditures</i>	195,250	146	-	146
Excess (deficiency) of revenues over expenditures	(79,517)	3,248	-	3,248
OTHER FINANCING SOURCES (USES)				
Transfers in	84,267	84,267	-	84,267
Transfers out	(4,750)	(4,750)	-	(4,750)
<i>Total Other Financing Sources (Uses)</i>	79,517	79,517	-	79,517
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	82,765	-	82,765
RETAINED EARNINGS, Beginning of year				
	-	-	-	-
RETAINED EARNINGS, End of year				
	\$ -	\$ 82,765	\$ -	\$ 82,765

CITY OF LEBANON, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL - RAILROAD DEPARTMENT
YEAR ENDED JUNE 30, 1999

			<i>Actual</i>	
	<i>Budget</i>	<i>Budget Basis</i>	<i>Adjustments</i>	<i>GAAP Basis</i>
REVENUES				
Miscellaneous	\$ -	\$ 191	\$ -	\$ 191
EXPENDITURES				
Materials and services	300	148	-	148
Capital outlay/depreciation	-	-	148	148
<i>Total Expenditures</i>	<u>300</u>	<u>148</u>	<u>148</u>	<u>296</u>
Excess (deficiency) of revenues over expenditures	(300)	43	(148)	(105)
RETAINED EARNINGS (DEFICIT),				
<i>Beginning of year</i>	<u>300</u>	<u>244</u>	<u>(20,852)</u>	<u>(20,608)</u>
RETAINED EARNINGS (DEFICIT),				
<i>End of year</i>	<u>\$ -</u>	<u>\$ 287</u>	<u>\$ (21,000)</u>	<u>\$ (20,713)</u>

SUPPLEMENTAL INFORMATION

CITY OF LEBANON, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 1999

<u>Tax Year</u>	<u>Taxes Receivable July 1, 1998</u>	<u>Levy</u>	<u>Discounts and Adjustments</u>	<u>Total Collections</u>	<u>Taxes Receivable June 30, 1999</u>
1998-99	\$ -	\$ 3,610,466	\$ (94,899)	\$ 3,338,351	\$ 177,216
Prior years	<u>313,701</u>	<u>-</u>	<u>(2,083)</u>	<u>174,726</u>	<u>136,892</u>
<i>Totals</i>	<u>\$ 313,701</u>	<u>\$ 3,610,466</u>	<u>\$ (96,982)</u>	<u>\$ 3,513,077</u>	<u>\$ 314,108</u>

Summary of taxes receivable by fund

General Fund	\$ 191,528
Debt Service Fund	37,785
Urban Renewal Fund	29,109
NW Urban Renewal Fund	55,325
Enterprise Fund	<u>361</u>
	<u>\$ 314,108</u>

CITY OF LEBANON, OREGON
SCHEDULE OF BOND TRANSACTIONS
YEAR ENDED JUNE 30, 1999

<u>Issue</u>	<u>Date of Issue</u>	<u>Interest Rate</u>		<u>Outstanding July 1, 1998</u>	
		<u>From</u>	<u>To</u>	<u>Matured</u>	<u>Unmatured</u>
Bancroft Improvement					
1990	10/01/90	6.000%	12.000%	\$ —	\$ 30,000
General Obligation					
General obligation	06/01/99			—	—
General obligation	03/01/94	3.000%	6.000%	—	990,000
Refunding	08/01/95	3.750%	5.350%	—	4,035,000
				—	5,055,000
Revenue					
Wastewater	06/01/90	7.125%	7.500%	—	235,000
Water	10/01/91	5.500%	7.250%	—	215,000
Wastewater refunding	06/01/93	5.250%	5.875%	—	4,215,000
Water refunding	09/01/93	3.750%	5.500%	—	3,165,000
				—	7,830,000
				<u>\$ —</u>	<u>\$ 12,885,000</u>

<u>1998-99 Transactions</u>		<u>Outstanding June 30, 1999</u>	
<u>Issued</u>	<u>Matured and Retired/ Deferred</u>	<u>Matured</u>	<u>Unmatured</u>
\$ -	\$ 10,000	\$ -	\$ 20,000
3,265,000	-	-	3,265,000
-	90,000	-	900,000
-	<u>250,000</u>	-	<u>3,785,000</u>
3,265,000	350,000	-	7,970,000
-	115,000	-	120,000
-	50,000	-	165,000
-	-	-	4,215,000
-	<u>20,000</u>	-	<u>3,145,000</u>
-	<u>185,000</u>	-	<u>7,645,000</u>
<u>\$ 3,265,000</u>	<u>\$ 535,000</u>	<u>\$ -</u>	<u>\$ 15,615,000</u>

CITY OF LEBANON, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS
JUNE 30, 1999

<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>
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
2012-13	-	-	-	89,694	80,000	9,694
2013-14	-	-	-	89,994	85,000	4,994
2014-15	-	-	-	-	-	-
2015-16	-	-	-	-	-	-
2016-17	-	-	-	-	-	-
2017-18	-	-	-	-	-	-
2018-19	-	-	-	-	-	-
2019-20	-	-	-	-	-	-
2020-21	-	-	-	-	-	-
2021-22	-	-	-	-	-	-
	<u>\$ 21,373</u>	<u>\$ 20,000</u>	<u>\$ 1,373</u>	<u>\$1,366,821</u>	<u>\$ 900,000</u>	<u>\$ 466,821</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>
\$ 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
-	-	-	-	-	-	362,775	230,000	132,775
-	-	-	-	-	-	359,263	240,000	119,263
-	-	-	-	-	-	365,162	260,000	105,162
-	-	-	-	-	-	364,888	275,000	89,888
-	-	-	-	-	-	363,731	290,000	73,731
-	-	-	-	-	-	361,694	305,000	56,694
-	-	-	-	-	-	358,775	320,000	38,775
-	-	-	-	-	-	359,975	340,000	19,975
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$4,938,963</u>	<u>\$3,785,000</u>	<u>\$1,153,963</u>	<u>\$ 128,550</u>	<u>\$ 120,000</u>	<u>\$ 8,550</u>	<u>\$7,487,631</u>	<u>\$4,215,000</u>	<u>\$3,272,631</u>

CITY OF LEBANON, OREGON

SCHEDULE OF FUTURE BONDED DEBT REQUIREMENT (Continued)

JUNE 30, 1999

<i>Fiscal Year</i>	<i>General Obligation Urban Renewal</i>			<i>Revenue Supported Water COP</i>		
	<i>Total</i>	<i>Bonds</i>	<i>Coupons</i>	<i>Total</i>	<i>Bonds</i>	<i>Coupons</i>
1999-2000	\$ 177,669	\$ -	\$ 177,669	\$ 59,450	\$ 50,000	\$ 9,450
2000-01	177,669	-	177,669	60,906	55,000	5,906
2001-02	207,669	30,000	177,669	62,025	60,000	2,025
2002-03	221,319	45,000	176,319	-	-	-
2003-04	234,249	60,000	174,249	-	-	-
2004-05	251,429	80,000	171,429	-	-	-
2005-06	267,589	100,000	167,589	-	-	-
2006-07	277,689	115,000	162,689	-	-	-
2007-08	286,939	130,000	156,939	-	-	-
2008-09	295,309	145,000	150,309	-	-	-
2009-10	302,769	160,000	142,769	-	-	-
2010-11	308,969	175,000	133,969	-	-	-
2011-12	319,344	195,000	124,344	-	-	-
2012-13	328,619	215,000	113,619	-	-	-
2013-14	341,794	240,000	101,794	-	-	-
2014-15	348,593	260,000	88,593	-	-	-
2015-16	358,969	285,000	73,969	-	-	-
2016-17	372,937	315,000	57,937	-	-	-
2017-18	380,218	340,000	40,218	-	-	-
2018-19	396,093	375,000	21,093	-	-	-
2019-20	-	-	-	-	-	-
2020-21	-	-	-	-	-	-
2021-22	-	-	-	-	-	-
	<u>\$ 5,855,835</u>	<u>\$ 3,265,000</u>	<u>\$ 2,590,835</u>	<u>\$ 182,381</u>	<u>\$ 165,000</u>	<u>\$ 17,381</u>

<i>Revenue Supported Water Refunding</i>			<i>All Issues</i>		
<i>Total</i>	<i>Bonds</i>	<i>Coupons</i>	<i>Total</i>	<i>Bonds</i>	<i>Coupons</i>
\$ 190,585	\$ 20,000	\$ 170,585	\$ 1,344,424	\$ 505,000	\$ 839,424
189,610	20,000	169,610	1,337,090	525,000	812,090
188,600	20,000	168,600	1,355,730	570,000	785,730
250,880	85,000	165,880	1,367,346	610,000	757,346
251,285	90,000	161,285	1,382,184	655,000	727,184
251,335	95,000	156,335	1,403,971	710,000	693,971
255,883	105,000	150,883	1,426,667	770,000	656,667
255,025	110,000	145,025	1,441,008	825,000	616,008
253,950	115,000	138,950	1,446,296	875,000	571,296
252,605	120,000	132,605	1,453,496	930,000	523,496
250,990	125,000	125,990	1,472,110	1,000,000	472,110
253,970	135,000	118,970	1,023,926	595,000	428,926
251,545	140,000	111,545	1,020,395	625,000	395,395
253,715	150,000	103,715	1,034,803	675,000	359,803
255,345	160,000	95,345	1,046,396	725,000	321,396
251,488	165,000	86,488	965,243	685,000	280,243
257,000	180,000	77,000	980,857	740,000	240,857
256,825	190,000	66,825	993,493	795,000	198,493
256,100	200,000	56,100	998,012	845,000	153,012
259,687	215,000	44,687	1,014,555	910,000	104,555
257,587	225,000	32,587	617,562	565,000	52,562
254,937	235,000	19,937	254,937	235,000	19,937
251,737	245,000	6,737	251,737	245,000	6,737
<u>\$ 5,650,684</u>	<u>\$ 3,145,000</u>	<u>\$ 2,505,684</u>	<u>\$ 25,632,238</u>	<u>\$ 15,615,000</u>	<u>\$ 10,017,238</u>

CITY OF LEBANON, OREGON

YEAR 2000 ISSUES

JUNE 30, 1999

YEAR 2000 ISSUES

The City has addressed year 2000 (Y2K) issues relating to its computer systems and other electronic equipment. The Y2K issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00". Computer programs have to be adjusted to recognize the difference between those two years or the program will fail or create errors. Also, some programs may not be able to recognize that 2000 is a leap year. Further, the Y2K issue could affect electronic equipment - such as environmental systems, elevators, and vehicles - containing computer chips that have date recognition features.

The City has identified various computer systems and pieces of electronic equipment that are critical to conducting its operations and that need to be Y2K compliant and is monitoring the Y2K compliance efforts.

The City has identified the computer systems and electronic equipment groups that are mission-critical (that is, critical to conducting operations) and is subjecting those systems and equipment to the following stages of work to address the Y2K issues.

- Awareness - establishing a budget and a project plan for dealing with the Y2K issue
- Assessment - identifying the systems and components for which Y2K compliance work is needed
- Remediation - making changes to systems and equipment
- Validation / testing - Validating and testing the changes that were made during the remediation stage

The City has completed all stages for all its mission-critical systems and equipment.

Because of the unprecedented nature of the Y2K issue, its effects and the success of the related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the City is or will be Y2K ready, that the remediation efforts will be successful in whole or in part, or that parties with whom the City does business will be Y2K ready.

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, 1999**

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, 1999, and have issued our report thereon dated December 20, 1999. 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, 1999.

INVESTMENTS

Our review of deposit and investment balances indicated that, during the year ended June 30, 1999, 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, 1999.

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 2000. 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, 1999

INSURANCE POLICIES AND FIDELITY BONDS

We have reviewed the City's insurance and fidelity bond coverage at June 30, 1999. 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, 1999.

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 & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Charles A. Swank, A Shareholder

December 20, 1999