

LEBANON

OREGON

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City of Lebanon, Oregon

*ANNUAL FINANCIAL REPORT
Year Ended June 30, 2001*

CITY OF LEBANON, OREGON

CITY OFFICIALS

JUNE 30, 2001

MAYOR

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Lebanon, Oregon 97355

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Lebanon, Oregon 97355

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CITY ADMINISTRATOR

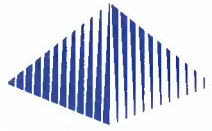
John Hitt
925 S. Main
Lebanon, Oregon 97355

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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 97370


We have audited the accompanying general purpose financial statements of the City of Lebanon as of and for the year ended June 30, 2001, 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 auditing standards generally accepted in the United States of America. 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, 2001, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules and other financial schedules listed as supplementary data in the table of contents, which are also the responsibility of the City of Lebanon are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Lebanon. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

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

By: 
Charles A. Swank, Shareholder

November 27, 2001

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GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF LEBANON, OREGON
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

	<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	\$ 396,165	\$ 5,018,235	\$ 514,289	\$ 3,584,708
Receivables				
Court fines	324,214	—	—	—
Property taxes	230,480	144,507	54,665	—
Accounts	154,229	171,604	—	305,433
Special assessments/loans	—	1,198,818	22,971	—
Prepaid expenses	129	—	2,569	—
Fixed assets	—	—	—	—
Accumulated depreciation	—	—	—	—
<i>Total Assets</i>	<u>1,105,217</u>	<u>6,533,164</u>	<u>594,494</u>	<u>3,890,141</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>\$ 1,105,217</u>	<u>\$ 6,533,164</u>	<u>\$ 594,494</u>	<u>\$ 3,890,141</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
<i>Liabilities</i>				
Accounts payable	\$ 76,063	\$ 117,218	\$ —	\$ 6,375
Payroll taxes payable	—	—	—	—
Retainage payable	—	7,774	—	—
Deposits	—	—	—	—
Loans payable	—	—	—	—
Bonds payable	—	—	—	—
Bond discount	—	—	—	—
Paid absences	57,738	22,331	—	17,651
Deferred revenues	556,461	1,359,002	72,114	253,155
Reserved for claims	47,961	68,486	—	—
<i>Total Liabilities</i>	<u>738,223</u>	<u>1,574,811</u>	<u>72,114</u>	<u>277,181</u>
<i>Equity and Other Credits</i>				
Investment in general fixed assets	—	—	—	—
Contributed capital	—	—	—	—
Retained earnings	—	—	—	—
Fund balances				
Unreserved, undesignated	366,994	4,958,353	522,380	3,612,960
<i>Total Equity and Other Credits</i>	<u>366,994</u>	<u>4,958,353</u>	<u>522,380</u>	<u>3,612,960</u>
<i>Total Liabilities, Equity and Other Credits</i>	<u>\$ 1,105,217</u>	<u>\$ 6,533,164</u>	<u>\$ 594,494</u>	<u>\$ 3,890,141</u>

<i>Proprietary Fund Type</i>	<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		<i>Totals (Memorandum Only)</i>
		<i>General Fixed Assets</i>	<i>General Long- Term Debt</i>	
<i>Enterprise</i>	<i>Trust and Agency</i>			
\$ 5,992,640	\$ 68,082	\$ -	\$ -	\$ 15,574,119
-	-	-	-	324,214
587	-	-	-	430,239
498,167	56,530	-	-	1,185,963
-	-	-	-	1,221,789
128	10,491	-	-	13,317
28,341,044	-	6,084,293	-	34,425,337
(6,533,993)	-	-	-	(6,533,993)
28,298,573	135,103	6,084,293	-	46,640,985
-	-	-	522,380	522,380
-	-	-	12,907,501	12,907,501
-	-	-	13,429,881	13,429,881
<u>\$ 28,298,573</u>	<u>\$ 135,103</u>	<u>\$ 6,084,293</u>	<u>\$ 13,429,881</u>	<u>\$ 60,070,866</u>
\$ 109,883	\$ 34,990	\$ -	\$ -	\$ 344,529
-	95,413	-	-	95,413
-	-	-	-	7,774
49,697	-	-	-	49,697
13,704	-	-	293,424	307,128
10,580,000	-	-	12,555,000	23,135,000
(316,341)	-	-	-	(316,341)
165,285	-	-	581,457	844,462
-	2,765	-	-	2,243,497
120,766	-	-	-	237,213
10,722,994	133,168	-	13,429,881	26,948,372
-	-	6,084,293	-	6,084,293
16,734,875	-	-	-	16,734,875
840,704	-	-	-	840,704
-	1,935	-	-	9,462,622
<u>17,575,579</u>	<u>1,935</u>	<u>6,084,293</u>	<u>-</u>	<u>33,122,494</u>
<u>\$ 28,298,573</u>	<u>\$ 135,103</u>	<u>\$ 6,084,293</u>	<u>\$ 13,429,881</u>	<u>\$ 60,070,866</u>

The accompanying notes are an integral part 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, 2001*

	<i>Governmental Fund Types</i>			
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>
REVENUES				
Taxes and assessments	\$ 2,054,481	\$ 1,287,299	\$ 456,226	\$ 241,070
Licenses and permits	534,781	218,406	—	359,299
Fines and forfeitures	219,253	14,339	—	—
Intergovernmental	259,372	835,762	—	8,138
Charges for services	26,118	—	—	—
Miscellaneous	155,145	475,981	30,179	208,438
<i>Total Revenues</i>	<u>3,249,150</u>	<u>2,831,787</u>	<u>486,405</u>	<u>816,945</u>
EXPENDITURES				
Current				
Personnel services	2,465,492	1,017,577	—	828,670
Materials and services	694,288	1,704,172	861	183,548
Capital outlay	112,238	3,936,314	159	474,646
Other requirements	16,122	744,264	491,026	—
<i>Total Expenditures</i>	<u>3,288,140</u>	<u>7,402,327</u>	<u>492,046</u>	<u>1,486,864</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(38,990)	(4,570,540)	(5,641)	(669,919)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	350,000	5,435,000	—	—
Transfers in	487,693	2,302,429	32,848	1,527,373
Transfers out	(403,041)	(758,145)	(3,699)	(657,381)
Loan repayment	(350,000)	—	—	—
<i>Total Other Financing Sources (Uses)</i>	<u>84,652</u>	<u>6,979,284</u>	<u>29,149</u>	<u>869,992</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	45,662	2,408,744	23,508	200,073
FUND BALANCES, Beginning of year	<u>321,332</u>	<u>2,549,609</u>	<u>498,872</u>	<u>3,412,887</u>
FUND BALANCES, End of year	<u>\$ 366,994</u>	<u>\$ 4,958,353</u>	<u>\$ 522,380</u>	<u>\$ 3,612,960</u>

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Expendable Trust</u>	
\$ -	\$ 4,039,076
-	1,112,486
95,492	329,084
-	1,103,272
-	26,118
<u>1,023</u>	<u>870,766</u>
96,515	7,480,802
-	4,311,739
97,674	2,680,543
-	4,523,357
<u>-</u>	<u>1,251,412</u>
<u>97,674</u>	<u>12,767,051</u>
(1,159)	(5,286,249)
-	5,785,000
-	4,350,343
-	(1,822,266)
<u>-</u>	<u>(350,000)</u>
<u>-</u>	<u>7,963,077</u>
(1,159)	2,676,828
<u>3,094</u>	<u>6,785,794</u>
<u>\$ 1,935</u>	<u>\$ 9,462,622</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEBANON, OREGON

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS

YEAR ENDED JUNE 30, 2001

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes and assessments	\$ 2,054,481	\$ 2,028,803	\$ 25,678
Licenses and permits	534,781	489,000	45,781
Charges for services	26,118	30,150	(4,032)
Intergovernmental	259,372	237,000	22,372
Fines and forfeitures	219,253	201,000	18,253
Miscellaneous	155,145	113,900	41,245
<i>Total Revenues</i>	<u>3,249,150</u>	<u>3,099,853</u>	<u>149,297</u>
EXPENDITURES			
Administration	72,105	73,073	968
City attorney	29,160	29,790	630
Planning	95,013	112,075	17,062
Public works	23,904	31,549	7,645
Parks	191,494	194,101	2,607
Finance	96,712	101,347	4,635
Legislative	13,194	13,993	799
Library	229,040	234,544	5,504
Municipal court	233,138	236,626	3,488
Police	1,953,989	2,010,405	56,416
Senior services	148,192	152,856	4,664
Nondepartmental	202,856	214,285	11,429
<i>Total Expenditures</i>	<u>3,288,797</u>	<u>3,404,644</u>	<u>115,847</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(39,647)	(304,791)	265,144
OTHER FINANCING SOURCES (USES)			
Loan proceeds	350,000	350,000	-
Transfers in	487,693	493,782	(6,089)
Transfers out	(403,041)	(408,991)	5,950
Loan repayment	(350,000)	(350,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>84,652</u>	<u>84,791</u>	<u>(139)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	45,005	(220,000)	265,005
FUND BALANCE, Beginning of year, Budget basis	<u>379,480</u>	<u>250,000</u>	<u>129,480</u>
FUND BALANCE, End of year, Budget basis	424,485	<u>\$ 30,000</u>	<u>\$ 394,485</u>
Adjustments to GAAP basis	<u>(57,491)</u>		
FUND BALANCE, End of year, GAAP basis	<u>\$ 366,994</u>		

The accompanying notes are an integral part of the financial statements.

CITY OF LEBANON, OREGON

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ALL OTHER GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND -
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2000**

	<i>Special Revenue</i>		
	<i>Actual</i>	<i>Budget</i>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Taxes and assessments	\$ 1,287,299	\$ 1,742,300	\$ (455,001)
Licenses and permits	218,406	258,686	(40,280)
Fines and forfeitures	14,339	15,800	(1,461)
Intergovernmental	835,762	1,773,633	(937,871)
Miscellaneous	475,981	448,730	27,251
<i>Total Revenues</i>	2,831,787	4,239,149	(1,407,362)
EXPENDITURES			
Personnel services	1,014,015	1,148,428	134,413
Materials and services	1,704,172	2,371,408	667,236
Debt service	1,394,264	1,346,893	(47,371)
Capital outlay	3,936,314	7,286,292	3,349,978
Other requirements	-	915,892	915,892
<i>Total Expenditures</i>	8,048,765	13,068,913	5,020,148
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,216,978)	(8,829,764)	3,612,786
OTHER FINANCING SOURCES (USES)			
Loan proceeds	5,435,000	5,149,708	285,292
Transfers in	2,381,819	2,107,204	274,615
Transfers out	(837,535)	(1,200,608)	363,073
<i>Total Other Financing Sources (Uses)</i>	6,979,284	6,056,304	922,980
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,762,306	(2,773,460)	4,535,766
FUND BALANCE, Beginning of year, Budget basis	3,218,378	2,803,460	414,918
FUND BALANCE, End of year, Budget basis	4,980,684	\$ 30,000	\$ 4,950,684
Adjustments to GAAP basis	(22,331)		
FUND BALANCE, End of year, GAAP basis	\$ 4,958,353		

<i>Debt Service</i>			<i>Capital Projects</i>		
<i>Actual</i>	<i>Budget</i>	<i>Variance Favorable (Unfavorable)</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance Favorable (Unfavorable)</i>
\$ 456,226	\$ 448,170	\$ 8,056	\$ 241,070	\$ 336,700	\$ (95,630)
-	-	-	359,299	314,880	44,419
-	-	-	-	-	-
-	-	-	8,138	10,438	(2,300)
<u>30,179</u>	<u>17,500</u>	<u>12,679</u>	<u>208,438</u>	<u>374,700</u>	<u>(166,262)</u>
486,405	465,670	20,735	816,945	1,036,718	(219,773)
-	-	-	820,163	882,321	62,158
861	10,000	9,139	183,549	384,569	201,020
491,026	491,072	46	-	-	-
159	-	(159)	474,645	3,373,778	2,899,133
<u>-</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>	<u>803,851</u>	<u>803,851</u>
<u>492,046</u>	<u>517,072</u>	<u>25,026</u>	<u>1,478,357</u>	<u>5,444,519</u>	<u>3,966,162</u>
(5,641)	(51,402)	45,761	(661,412)	(4,407,801)	3,746,389
-	-	-	-	412,000	(412,000)
32,848	35,835	(2,987)	1,527,373	1,203,263	324,110
<u>(3,699)</u>	<u>(9,938)</u>	<u>6,239</u>	<u>(657,381)</u>	<u>(657,381)</u>	<u>-</u>
<u>29,149</u>	<u>25,897</u>	<u>3,252</u>	<u>869,992</u>	<u>957,882</u>	<u>(87,890)</u>
23,508	(25,505)	49,013	208,580	(3,449,919)	3,658,499
<u>498,872</u>	<u>482,929</u>	<u>15,943</u>	<u>3,422,030</u>	<u>3,513,357</u>	<u>(91,327)</u>
522,380	<u>\$ 457,424</u>	<u>\$ 64,956</u>	3,630,610	<u>\$ 63,438</u>	<u>\$ 3,567,172</u>
-	-	-	(17,650)	-	-
<u>\$ 522,380</u>	-	-	<u>\$ 3,612,960</u>	-	-

The accompanying notes are an integral part of the financial statements.

CITY OF LEBANON, OREGON

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - ALL OTHER GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND -
 BUDGETARY BASIS (Continued)
 YEAR ENDED JUNE 30, 2000

	<i>Expendable Trust Fund</i>		
	<i>Actual</i>	<i>Budget</i>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	95,492	119,500	(24,008)
Intergovernmental	-	-	-
Miscellaneous	1,023	25,000	(23,977)
<i>Total Revenues</i>	96,515	144,500	(47,985)
EXPENDITURES			
Personnel services	-	-	-
Materials and services	97,674	144,500	46,826
Debt service	-	-	-
Capital outlay	-	-	-
Other requirements	-	-	-
<i>Total Expenditures</i>	97,674	144,500	46,826
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,159)	-	(1,159)
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,159)	-	(1,159)
FUND BALANCE, Beginning of year, Budget basis	3,094	-	3,094
FUND BALANCE, End of year, Budget basis	1,935	\$ -	\$ 1,935
Adjustments to GAAP basis	-		
FUND BALANCE, End of year, GAAP basis	\$ 1,935		

The accompanying notes are an integral part 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, 2001**

OPERATING REVENUES

Charges for services	\$ 4,012,567
Miscellaneous	<u>411,091</u>
<i>Total Operating Revenues</i>	4,423,658

OPERATING EXPENSES

Personnel services	1,121,581
Materials and services	653,709
Depreciation	<u>649,957</u>
<i>Total Operating Expenses</i>	<u>2,425,247</u>

OPERATING INCOME

1,998,411

NONOPERATING REVENUE (EXPENSES)

Interest expense	(597,597)
Transfers in	1,065,347
Transfers out	<u>(2,660,314)</u>
<i>Total Nonoperating Revenue (Expenses)</i>	<u>(2,192,564)</u>

NET INCOME (LOSS)

(194,153)

RETAINED EARNINGS, Beginning of year

1,034,857

RETAINED EARNINGS, End of year

\$ 840,704

The accompanying notes are an integral part of the financial statements.

CITY OF LEBANON, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
YEAR ENDED JUNE 30, 2001

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ 1,998,411
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	649,955
Amortization	6,341
(Increases) decreases in current assets and liabilities	
Property taxes receivable	(35)
Accounts receivable	(55,916)
Accounts payable	(74,374)
Deposits	3,785
Paid absences and deferred comp	(6,760)
Prepaid expenses	<u>(128)</u>
<i>Net Cash Flows Provided by Operating Activities</i>	2,521,279

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers in	1,065,347
Transfers out	<u>(2,660,314)</u>
<i>Net Cash Flows Provided by Noncapital Financing Activities</i>	(1,594,967)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of equipment and construction in progress	(3,916,816)
Repayment of long-term debt	(196,960)
Bond sale expenses	10,019
Contributed capital	3,465,625
Interest paid	(597,597)
Increase in reserve for claims	<u>3,970</u>
<i>Net Cash Flows Used in Capital and Related Financing Activities</i>	<u>(1,231,759)</u>

NET DECREASE IN CASH AND INVESTMENTS

(305,447)

CASH AND INVESTMENTS, Beginning of year

6,298,087

CASH AND INVESTMENTS, End of year

\$ 5,992,640

The accompanying notes are an integral part of the financial statements.

CITY OF LEBANON, OREGON
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

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 City of Lebanon is a municipal corporation whose powers are vested in six councilors and a mayor who are elected for a term of two years. The Mayor presides over council deliberations. The administrative head of the City government is the City Manager, who is chosen by the council and who serves for an indefinite term.

The City, for financial report purposes, includes all of the funds and account groups over which City officials exercise oversight responsibility. The criteria used in making this determination is financial accountability. Based upon the application of these criteria the City of Lebanon Urban Renewal Agency and Northwest Urban Renewal Agency are considered component units of the City.

The governing board of the Urban Renewal Agency and Northwest Urban Renewal Agency of the City of Lebanon consists of all of the members of the Lebanon City Council. The area served by the Agencies is either within the existing City limits of the City of Lebanon or under a delayed annexation agreement requiring annexation to the City at the option of the Lebanon City Council.

These financial statements present all the fund types and account groups of the City and its component unit. Blended component units, although legally separate entities, are in substance, part of the City's operations.

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).

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2001

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

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.

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.

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2001

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.

Fixed Assets

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

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

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

Compensated Absences

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

Long-Term Obligations

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

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2001

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

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

Bond Discounts/Issuance Costs

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

Interfund Transactions

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

All other interfund transactions are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Memorandum Only - Total Columns

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

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.

Budgets for governmental funds are adopted on the modified accrual basis of accounting, which is 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, 2001

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.

Expenditures may not legally exceed budgeted appropriations, which are adopted at the department level for all funds.

CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds, except for restricted cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as part of "cash and investments."

Cash and investments are comprised of the following at June 30, 2001:

Deposits with financial institutions (bank balance \$275,527)	\$ (3,920)
Cash on hand	1,400
US Government agencies	4,465,545
Local Government Investment Pool (fair value \$11,122,205)	<u>11,111,094</u>
	<u>\$ 15,574,119</u>

Deposits

The City's deposits are categorized below to give an indication of the level of risk. Category 1 are deposits that are insured or collateralized with securities held by the City or by an agent of the City in the City's name. Category 2 are deposits that are collateralized with securities that are held by the pledging financial institution's trust department (City's counterparty) or agent in the City's name. Category 3 are deposits that are not collateralized. Category 3 includes deposits that are collateralized other than in the City's name.

At year end, the book balance of the City's bank deposits (checking accounts) is \$(3,920) and the bank balance is \$275,527. The difference is due to transactions in process. The first \$200,000 of the general deposit balance is insured by federal depository insurance; \$68,882 (25%) of the remaining balance is secured by collateral that is held by the pledging banks' custodian acting as agents for the City in the City's name (category 1).

Investments

State statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial paper and the state treasurer's investment pool, among others.

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2001

CASH AND INVESTMENTS (Continued)

Investments (Continued)

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 reasonable care, skill and caution. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2001, the fair value of the position in the Oregon State Treasurer's Short-Term Investment Pool was equal to 100.1% of the value of the pool shares. The investment in the Oregon Short-Term Fund is not subject to classification. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

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, 2001 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Available</u>	<u>Deferred</u>
General Fund	\$ 230,480	\$ -	\$ 230,480
Debt Service Fund	54,665	8,092	46,573
Urban Renewal Fund	43,423	6,124	37,299
NW Urban Renewal Fund	101,084	15,432	85,652
Enterprise Fund	587	-	587
<i>Total</i>	<u>\$ 430,239</u>	<u>\$ 29,648</u>	<u>\$ 400,591</u>

FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2001</u>
<i>Total Fixed Assets</i>	<u>\$ 5,936,030</u>	<u>\$ 180,172</u>	<u>\$ 31,909</u>	<u>\$ 6,084,293</u>

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2001

FIXED ASSETS (Continued)

The following is a summary of proprietary fund type fixed assets for the year ended June 30, 2001:

	<u>Water</u>	<u>Small Water Line</u>	<u>Wastewater</u>	<u>Railroad</u>	<u>Total</u>
<i>BALANCE, July 1, 2000</i>	\$ 7,643,665	\$ 219,695	\$ 15,040,118	\$ 1,482	\$ 22,904,960
Additions	118,167	20,925	3,757,898	-	3,896,990
Deletions	-	-	(550)	-	(550)
<i>BALANCE, June 30, 2001</i>	<u>7,761,832</u>	<u>240,620</u>	<u>18,797,466</u>	<u>1,482</u>	<u>26,801,400</u>
Less: accumulated depreciation	<u>2,716,056</u>	<u>106,293</u>	<u>3,710,162</u>	<u>1,482</u>	<u>6,533,993</u>
<i>Net Property, Plant, and Equipment</i>	5,045,776	134,327	15,087,304	-	20,267,407
Construction in-progress	<u>609,754</u>	<u>-</u>	<u>923,548</u>	<u>-</u>	<u>1,539,644</u>
<i>Net Fixed Assets</i>	<u>\$ 5,655,530</u>	<u>\$ 134,327</u>	<u>\$ 16,010,852</u>	<u>\$ -</u>	<u>\$ 21,800,709</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 \$18,430,000 consist of unmatured bonds of serial issues as detailed below. 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 Debt</u>	<u>Outstanding July 1, 2000</u>	<u>Issued</u>	<u>Paid</u>	<u>Outstanding June 30, 2001</u>
Bancroft improvement	\$ 10,000	\$ -	\$ 10,000	\$ -
General obligation	860,000	-	45,000	815,000
General obligation	3,265,000	-	-	3,265,000
General obligation refunding	3,520,000	-	275,000	3,245,000
Water revenue supported	115,000	-	55,000	60,000
Wastewater revenue refunding	4,215,000	-	120,000	4,095,000
Water revenue refunding	3,125,000	-	20,000	3,105,000
Wastewater revenue	3,320,000	-	-	3,320,000
General obligation	-	5,435,000	205,000	5,230,000
Compensated absences	<u>827,838</u>	<u>16,624</u>	<u>-</u>	<u>844,462</u>
<i>Total</i>	<u>\$ 19,257,838</u>	<u>\$ 5,451,624</u>	<u>\$ 730,000</u>	<u>\$ 23,979,462</u>

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2001

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>
2001-02	\$ 2,097,846	\$ 835,000	\$ 1,262,846
2002-03	2,111,527	890,000	1,221,527
2003-04	2,132,500	955,000	1,177,500
2004-05	2,154,047	1,025,000	1,129,047
2005-06	2,175,423	1,100,000	1,075,423
2006-07	2,187,464	1,170,000	1,017,464
2007-08	2,194,383	1,240,000	954,383
2008-09	2,201,978	1,315,000	886,978
2009-10	2,219,707	1,405,000	814,707
2010-11	1,769,361	1,020,000	749,361
2011-12	1,767,218	1,075,000	692,218
2012-13	1,781,538	1,150,000	631,538
2013-14	1,796,558	1,230,000	566,558
2014-15	1,712,050	1,215,000	497,050
2015-16	1,727,497	1,300,000	427,497
2016-17	1,747,393	1,395,000	352,393
2017-18	1,751,602	1,480,000	271,602
2018-19	1,765,780	1,580,000	185,780
2019-20	1,369,352	1,275,000	94,352
2020-21	254,937	235,000	19,937
2021-22	251,737	245,000	6,737
	<u>\$ 37,169,898</u>	<u>\$ 23,135,000</u>	<u>\$ 14,034,898</u>

Total defeased debt at June 30, 2001, was \$6,586,410.

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>
2001-2002	\$ 16,510	\$ 15,649	\$ 861
<i>Total</i>	<u>\$ 16,510</u>	<u>\$ 15,649</u>	<u>\$ 861</u>

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

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2001-2002	\$ 21,116	\$ 20,000	\$ 1,116
<i>Total</i>	<u>\$ 21,116</u>	<u>\$ 20,000</u>	<u>\$ 1,116</u>

CITY OF LEBANON, OREGON**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)**

YEAR ENDED JUNE 30, 2001

LONG-TERM DEBT (Continued)

SCIP Loan: The SCIP loan was incurred in connection with development of the Santiam Canal Industrial Park.

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
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	8,705	4,427
2005-2006	13,132	9,142	3,990
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	12,249	883
2012-2013	5,675	5,404	271
	<u>\$ 150,127</u>	<u>\$ 112,240</u>	<u>\$ 37,887</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>
2001-2002	\$ 25,569	\$ 17,139	\$ 8,430
2002-2003	25,569	17,974	7,595
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	22,891	2,678
2007-2008	25,569	24,285	1,284
2008-2009	2,695	2,384	311
	<u>\$ 181,678</u>	<u>\$ 145,768</u>	<u>\$ 35,910</u>

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

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
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	1,022	83
	<u>\$ 17,185</u>	<u>\$ 13,710</u>	<u>\$ 3,475</u>

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2001

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, 2000</i>	\$ 4,185,290	\$ 308,255	\$ 8,754,556	\$ 21,150	\$13,269,251
Additions	<u>23,822</u>	<u>—</u>	<u>3,441,802</u>	<u>—</u>	<u>3,465,624</u>
<i>Contributed Capital, June 30, 2001</i>	<u>\$ 4,209,112</u>	<u>\$ 308,255</u>	<u>\$12,196,358</u>	<u>\$ 21,150</u>	<u>\$16,734,875</u>

EMPLOYEE RETIREMENT SYSTEM

City employees participate in the Oregon Public Employee's Retirement System (PERS). Contributions are made for employees after six months of employment unless they are members of PERS, and eligible for contributions when they begin employment. PERS is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for government units in the State of Oregon. Benefits generally vest after five years of continuous service in a PERS covered position. Retirement is allowed at age 58 with unreduced benefits, but retirement is generally available after age 55 with reduced benefits. Compulsory retirement age is 70. Contributions made by, or on behalf of, the employee are payable in a lump sum or monthly amounts using several payment options. Contributions made on behalf of the employee to the employer account can only be taken in monthly payments. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes, Chapter 238, Oregon revised Statutes. PERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplemental information. The stand-alone report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Funding Policy

The City's contributions rate, based on the most current actuarial valuation, was 6.81% of covered payroll. The required employee contributions is 6% of covered compensation. The contribution requirements of the City are established or may be amended by the PERS Retirement Board while the employees' rate is set by the state statute, ORS 238.200. The City's payroll for employees covered by PERS for the year ended June 30, 2001 was \$3,781,721, the City's total payroll was \$3,963,444.

Annual Pension Cost

For fiscal 2000-01, the City's annual pension cost of approximately \$537,529 for PERS was equal to the City's required and actual contributions. The required contributions and liabilities were determined as part of the December 31, 1999 actuarial valuation using the entry age actuarial cost method. Because all PERS employers are required by law to submit the contributions adopted by the Retirement Board, and the employer contributions are calculated in conformance with the standards of Statement No. 27, there is no net pension obligation. The contributions actually made are the equivalent to the annual pension cost. Significant actuarial assumptions used in the valuation include (1) a rate of return on the investment of present and future assets of 8.5% per year; (b) projected annual salary increases for inflation and merit of 4.25% per year; (c) projected automatic post-retirement benefit increases of 2.0% per year; and (d) demographic assumptions that have been chosen to reflect the best estimate of emerging experience of the members of PERS. The unfunded actuarial liability is amortized as a level percentage of covered payroll over a thirty year period on an open basis.

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2001

EMPLOYEE RETIREMENT SYSTEM (Continued)

The following table presents three-year trend information for the City's defined benefit pension plan:

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/99	\$ 395,411	100%	\$ -
6/30/00	451,568	100	-
6/30/01	537,529	100	-

The following table presents a schedule of funding progress for the City's defined benefit pension plan:

<u>Actuarial Valuation Ending December 31</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded (Exceed) Actuarial Liability (UAL)</u>	<u>Funded Percent</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/95	\$ 8,954,676	\$ 7,938,310	\$(1,016,365)	113%	\$ 2,679,918	(38)%
12/31/97	11,966,466	12,057,152	90,686	99	3,195,854	3
12/31/99	23,768,901	23,678,316	(90,586)	100	3,267,506	(3)

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	\$ 4,086,843	\$ 10,648,606	\$ 519,253	\$ 2,344,318	\$ 5,461,073
Adjustment for					
Accounts receivable/deposits	-	-	-	-	27,932
Budgetary transfer	-	(79,390)	-	-	-
<i>Per GAAP Basis</i>	<u>\$ 4,086,843</u>	<u>\$ 10,569,216</u>	<u>\$ 519,253</u>	<u>\$ 2,344,318</u>	<u>\$ 5,489,005</u>
Expenditures and Other Financing Uses					
Per Budgetary Basis	\$ 4,041,838	\$ 8,886,300	\$ 495,745	\$ 2,135,738	\$ 5,696,010
Change in accrued compensated absences	(657)	3,562	-	8,507	(23,480)
Loan repayments/bond principal	-	(650,000)	-	-	(196,960)
Capital outlay	-	-	-	-	(431,369)
Depreciation	-	-	-	-	649,957
Budgetary transfer	-	(79,390)	-	-	(11,000)
<i>Per GAAP Basis</i>	<u>\$ 4,041,181</u>	<u>\$ 8,160,472</u>	<u>\$ 495,745</u>	<u>\$ 2,144,245</u>	<u>\$ 5,683,158</u>

CITY OF LEBANON, OREGON

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2001

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. Interfund transfers in exceeded interfund transfers out on a budgetary basis by \$922,110 because the City classified certain transfers out as non-transfer expenditures. The City does this in order to facilitate its cost allocation accounting.
- B. 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

2014

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

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2001*

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Taxes and assessments	\$ 2,028,803	\$ 2,054,481	\$ -	\$ 2,054,481
Licenses and permits	489,000	534,781	-	534,781
Charges for services	30,150	26,118	-	26,118
Intergovernmental	237,000	259,372	-	259,372
Fines and forfeitures	201,000	219,253	-	219,253
Miscellaneous	113,900	155,145	-	155,145
<i>Total Revenues</i>	<u>3,099,853</u>	<u>3,249,150</u>	<u>-</u>	<u>3,249,150</u>
EXPENDITURES				
Administration	73,073	72,105	(657)	71,448
City attorney	29,790	29,160	-	29,160
Planning	112,075	95,013	-	95,013
Public works	31,549	23,904	-	23,904
Parks	194,101	191,494	-	191,494
Finance	101,347	96,712	-	96,712
Legislative	13,993	13,194	-	13,194
Library	234,544	229,040	-	229,040
Municipal court	236,626	233,138	-	233,138
Police	2,010,405	1,953,989	-	1,953,989
Senior services	152,856	148,192	-	148,192
Nondepartmental	214,285	202,856	-	202,856
<i>Total Expenditures</i>	<u>3,404,644</u>	<u>3,288,797</u>	<u>(657)</u>	<u>3,288,140</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(304,791)	(39,647)	657	(38,990)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	350,000	350,000	-	350,000
Transfers in	493,782	487,693	-	487,693
Transfers out	(408,991)	(403,041)	-	(403,041)
Loan repayment	(350,000)	(350,000)	-	(350,000)
<i>Total Other Financing Sources (Uses)</i>	<u>84,791</u>	<u>84,652</u>	<u>-</u>	<u>84,652</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	(220,000)	45,005	657	45,662
FUND BALANCE, Beginning of year				
	<u>250,000</u>	<u>379,480</u>	<u>(58,148)</u>	<u>321,332</u>
FUND BALANCE, End of year				
	<u>\$ 30,000</u>	<u>\$ 424,485</u>	<u>\$ (57,491)</u>	<u>\$ 366,994</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* - This fund accounts for designated revenues and grants received from other governments. Expenditures are for the purposes designated by the payor or grantor or as established by the City Council.
- *Urban Renewal District Fund* - This fund accounts for the activities of the Urban Renewal District. Property taxes are the primary source of revenue. Expenditures are for urban renewal projects within the District.
- *NW Urban Renewal District Fund* - This fund accounts for the activities of the Northwest Urban Renewal District. Property taxes are the primary source of revenue. Expenditures are for urban renewal projects within the District.

CITY OF LEBANON, OREGON**COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS**

JUNE 30, 2001

	<i>Inter- governmental Fund</i>	<i>Urban Renewal Fund</i>	<i>NW Urban Renewal Fund</i>	<i>Total</i>
ASSETS				
Cash and investments	\$ 805,771	\$ 1,320,352	\$ 2,892,112	\$ 5,018,235
Receivables				
Property taxes	-	43,423	101,084	144,507
Accounts	171,604	-	-	171,604
Special assessments/loans	<u>1,149,585</u>	<u>42,950</u>	<u>6,283</u>	<u>1,198,818</u>
<i>Total Assets</i>	<u>\$ 2,126,960</u>	<u>\$ 1,406,725</u>	<u>\$ 2,999,479</u>	<u>\$ 6,533,164</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 67,151	\$ 4,636	\$ 45,431	\$ 117,218
Retainage payable	4,874	2,900	-	7,774
Compensated absences payable	19,850	1,156	1,325	22,331
Deferred revenues	1,186,817	80,250	91,935	1,359,002
Reserved for claims	<u>68,486</u>	<u>-</u>	<u>-</u>	<u>68,486</u>
<i>Total Liabilities</i>	1,347,178	88,942	138,691	1,574,811
Fund Balances				
Unreserved, undesignated	<u>779,782</u>	<u>1,317,783</u>	<u>2,860,788</u>	<u>4,958,353</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,126,960</u>	<u>\$ 1,406,725</u>	<u>\$ 2,999,479</u>	<u>\$ 6,533,164</u>

CITY OF LEBANON, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2001**

	<i>Inter- governmental Fund</i>	<i>Urban Renewal Fund</i>	<i>NW Urban Renewal Fund</i>	<i>Total</i>
REVENUES				
Taxes and assessments	\$ 16,140	\$ 383,318	\$ 887,841	\$ 1,287,299
Licenses and permits	218,406	-	-	218,406
Intergovernmental	835,762	-	-	835,762
Fines and forfeits	14,339	-	-	14,339
Miscellaneous	130,687	82,128	263,166	475,981
<i>Total Revenues</i>	1,215,334	465,446	1,151,007	2,831,787
EXPENDITURES				
Personnel services	943,492	41,311	32,774	1,017,577
Materials and services	1,454,006	7,990	242,176	1,704,172
Capital outlay	171,369	295,804	3,469,141	3,936,314
Debt service	-	271,369	472,895	744,264
<i>Total Expenditures</i>	2,568,867	616,474	4,216,986	7,402,327
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,353,533)	(151,028)	(3,065,979)	(4,570,540)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	5,435,000	5,435,000
Transfers in	1,760,778	28,651	513,000	2,302,429
Transfers out	(207,012)	(5,846)	(545,287)	(758,145)
<i>Total Other Financing Sources (Uses)</i>	1,553,766	22,805	5,402,713	6,979,284
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	200,233	(128,223)	2,336,734	2,408,744
FUND BALANCE, Beginning of year	579,549	1,446,006	524,054	2,549,609
FUND BALANCE, End of year	\$ 779,782	\$ 1,317,783	\$ 2,860,788	\$ 4,958,353

CITY OF LEBANON, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL - INTERGOVERNMENTAL FUND

YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Taxes and assessments	\$ 20,000	\$ 16,140	\$ -	\$ 16,140
Licenses and permits	258,686	218,406	-	218,406
Intergovernmental	1,773,633	835,762	-	835,762
Fines and forfeitures	15,800	14,339	-	14,339
Miscellaneous	169,730	130,687	-	130,687
<i>Total Revenues</i>	<u>2,237,849</u>	<u>1,215,334</u>	<u>-</u>	<u>1,215,334</u>
EXPENDITURES				
City Hall repairs	40,000	-	-	-
Motel tax	18,180	5,761	-	5,761
Santiam Travel Station	461,178	13,395	-	13,395
OTSC Grant	350	-	-	-
Building Inspections	256,503	178,036	(4,880)	173,156
Park Enterprise	20,750	7,449	-	7,449
Parks Grant	131,866	78,603	-	78,603
Operation and Environment	1,374,121	1,066,615	3,417	1,070,032
GIS	162,209	131,436	962	132,398
Information System	203,046	193,729	(1,151)	192,578
Sidewalk and Bikepath	54,100	1,126	-	1,126
Engineering Development	100,321	74,116	452	74,568
Streets	501,624	444,702	(726)	443,976
Storm Drains	63,263	50,010	(295)	49,715
911 Communications	53,000	-	-	-
Civil Forfeitures	10,000	1,151	-	1,151
Oregon School Grant	32,127	22,632	737	23,369
Federal Community Policing	400	304	-	304
Dial-A-Bus	170,500	147,452	4,023	151,475
FAU Streets	195,000	58,000	-	58,000
Downtown rehabilitation center	378,210	-	-	-
ODOT grant/transportation	100,000	36,827	-	36,827
TGM-MU Development	22,300	13,374	(126)	13,248
TGM-TSP/TPR ORD development	7,000	1,770	-	1,770
1983-84 Rehabilitation	39,145	277	-	277
85-86 Housing Rehabilitation Unres.	15,500	-	-	-
Gills Landings	3,300	2,705	-	2,705
93 Housing Rehabilitation Grant	52,000	10,916	-	10,916
1996 Housing Rehabilitation Grant	56,000	-	-	-
1998 Housing Rehabilitation Grant	51,000	26,068	-	26,068
<i>Total Expenditures</i>	<u>4,572,993</u>	<u>2,566,454</u>	<u>2,413</u>	<u>2,568,867</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,335,144)	(1,351,120)	(2,413)	(1,353,533)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,858,178	1,760,778	-	1,760,778
Transfers out	(272,100)	(207,012)	-	(207,012)
<i>Total Other Financing Sources (Uses)</i>	<u>1,586,078</u>	<u>1,553,766</u>	<u>-</u>	<u>1,553,766</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(749,066)	202,646	(2,413)	200,233
FUND BALANCE, Beginning of year	<u>749,066</u>	<u>596,986</u>	<u>(17,437)</u>	<u>579,549</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ 799,632</u>	<u>\$ (19,850)</u>	<u>\$ 779,782</u>

CITY OF LEBANON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - URBAN RENEWAL FUND
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Taxes and assessments	\$ 327,300	\$ 383,318	\$ -	\$ 383,318
Miscellaneous	<u>35,000</u>	<u>82,128</u>	<u>-</u>	<u>82,128</u>
<i>Total Revenues</i>	362,300	465,446	-	465,446
EXPENDITURES				
Urban renewal	1,233,854	522,322	452	522,774
Urban renewal debt service	93,700	93,700	-	93,700
Operating contingency	<u>336,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures</i>	<u>1,664,054</u>	<u>616,022</u>	<u>452</u>	<u>616,474</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,301,754)	(150,576)	(452)	(151,028)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	108,041	(79,390)	28,651
Transfers out	<u>(5,846)</u>	<u>(5,846)</u>	<u>-</u>	<u>(5,846)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(5,846)</u>	<u>102,195</u>	<u>(79,390)</u>	<u>22,805</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,307,600)	(48,381)	(79,842)	(128,223)
FUND BALANCE, Beginning of year	<u>1,337,600</u>	<u>1,367,320</u>	<u>78,686</u>	<u>1,446,006</u>
FUND BALANCE, End of year	<u>\$ 30,000</u>	<u>\$ 1,318,939</u>	<u>\$ (1,156)</u>	<u>\$ 1,317,783</u>

CITY OF LEBANON, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL - NW URBAN RENEWAL FUND

YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Taxes and assessments	\$ 1,395,000	\$ 887,841	\$ -	\$ 887,841
Miscellaneous	244,000	263,166	-	263,166
<i>Total Revenues</i>	1,639,000	1,151,007	-	1,151,007
EXPENDITURES				
Personnel services	40,051	32,077	697	32,775
Materials and services	150,427	242,176	-	242,176
Capital outlay	5,095,101	3,469,141	-	3,469,141
Debt service	1,075,493	1,122,895	(650,000)	472,895
Operating contingency	470,794	-	-	-
<i>Total Expenditures</i>	6,831,866	4,866,289	(649,303)	4,216,986
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(5,192,866)	(3,715,282)	649,303	(3,065,979)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	5,149,708	5,435,000	-	5,435,000
Transfers in	249,026	513,000	-	513,000
Transfers out	(922,662)	(624,677)	79,390	(545,287)
<i>Other Financing Sources (Uses)</i>	4,476,072	5,323,323	79,390	5,402,713
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	(716,794)	1,608,041	728,693	2,336,734
FUND BALANCE, Beginning of year	716,794	1,254,072	(730,019)	524,054
FUND BALANCE, End of year	\$ -	\$ 2,862,113	\$ (1,325)	\$ 2,860,788

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. Expenditures are for the payment of principal and interest. The City's debt service funds include the following:

- *Debt Service Fund* - used to pay debt service on revenue supported general obligations bonds.
- *Bancroft Bond Fund* - used to pay debt service on bonds used for bancrofted improvements.

CITY OF LEBANON, OREGON
COMBINING BALANCE SHEET - ALL DEBT SERVICE FUNDS
JUNE 30, 2001

	<u>Debt Service Fund</u>	<u>Bancroft Bond Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 417,749	\$ 96,540	\$ 514,289
Receivables			
Property taxes	54,665	-	54,665
Special assessments/loans	-	22,971	22,971
Prepaid expenses	-	2,569	2,569
	<u> </u>	<u> </u>	<u> </u>
<i>Total Assets</i>	<u>\$ 472,414</u>	<u>\$ 122,080</u>	<u>\$ 594,494</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Deferred revenues	\$ 46,573	\$ 25,541	\$ 72,114
 Fund Balances			
Undesignated	<u>425,841</u>	<u>96,539</u>	<u>522,380</u>
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 472,414</u>	<u>\$ 122,080</u>	<u>\$ 594,494</u>

CITY OF LEBANON, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2001

	<u>Debt Service Fund</u>	<u>Bancroft Bond Fund</u>	<u>Total</u>
REVENUES			
Taxes and assessments	\$ 450,592	\$ 5,634	\$ 456,226
Miscellaneous	23,273	6,906	30,179
<i>Total Revenues</i>	473,865	12,540	486,405
EXPENDITURES			
Materials and services	-	861	861
Capital outlay/depreciation	-	159	159
Debt service	467,549	23,477	491,026
<i>Total Expenditures</i>	467,549	24,497	492,046
EXCESS OF REVENUES OVER EXPENDITURES	6,316	(11,957)	(5,641)
OTHER FINANCING SOURCES (USES)			
Transfers in	22,166	10,682	32,848
Transfers out	-	(3,699)	(3,699)
<i>Total Other Financing Sources (Uses)</i>	22,166	6,983	29,149
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	28,482	(4,974)	23,508
FUND BALANCES, Beginning of year	397,359	101,513	498,872
FUND BALANCES, End of year	<u>\$ 425,841</u>	<u>\$ 96,539</u>	<u>\$ 522,380</u>

CITY OF LEBANON, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Taxes and assessments	\$ 444,670	\$ 450,592	\$ -	\$ 450,592
Miscellaneous	12,800	23,273	-	23,273
<i>Total Revenues</i>	457,470	473,865	-	473,865
EXPENDITURES				
Debt service	467,555	467,549	-	467,549
Operating contingency	16,000	-	-	-
<i>Total Expenditures</i>	483,555	467,549	-	467,549
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(26,085)	6,316	-	6,316
OTHER FINANCING SOURCES (USES)				
Transfers in	22,166	22,166	-	22,166
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,919)	28,482	-	28,482
FUND BALANCE, Beginning of year	382,515	397,359	-	397,359
FUND BALANCE, End of year	\$ 378,596	\$ 425,841	\$ -	\$ 425,841

CITY OF LEBANON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - BANCROFT BOND FUND
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Taxes and assessments	\$ 3,500	\$ 5,634	\$ -	\$ 5,634
Miscellaneous	<u>4,700</u>	<u>6,906</u>	<u>-</u>	<u>6,906</u>
<i>Total Revenues</i>	8,200	12,540	-	12,540
EXPENDITURES				
Materials and services	10,000	861	-	861
Capital outlay/depreciation	-	159	-	159
Debt service	<u>23,517</u>	<u>23,477</u>	<u>-</u>	<u>23,477</u>
<i>Total Expenditures</i>	<u>33,517</u>	<u>24,497</u>	<u>-</u>	<u>24,497</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,317)	(11,957)	-	(11,957)
OTHER FINANCING SOURCES (USES)				
Transfers in	13,669	10,682	-	10,682
Transfers out	<u>(9,938)</u>	<u>(3,699)</u>	<u>-</u>	<u>(3,699)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>3,731</u>	<u>6,983</u>	<u>-</u>	<u>6,983</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(21,586)	(4,974)	-	(4,974)
FUND BALANCE, Beginning of year	<u>100,414</u>	<u>101,513</u>	<u>-</u>	<u>-101,513</u>
FUND BALANCE, End of year	<u>\$ 78,828</u>	<u>\$ 96,539</u>	<u>\$ -</u>	<u>\$ 96,539</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
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Taxes and assessments	\$ 336,700	\$ 241,070	\$ -	\$ 241,070
Licenses and permits	314,880	359,299	-	359,299
Intergovernmental	10,438	8,138	-	8,138
Miscellaneous	374,700	208,438	-	208,438
<i>Total Revenues</i>	1,036,718	816,945	-	816,945
EXPENDITURES				
General Fund reserve	36,718	-	-	-
Maintenance office construction	590,000	13,854	-	13,854
Equipment acquisition	617,423	44,469	-	44,469
Historic resources	2,400	-	-	-
Pioneer Cemetery	2,814	77	-	77
Local law enforce block grant	23,134	22,164	-	22,164
D.A.R.E.	16,800	-	-	-
Police	16,000	7,678	-	7,678
Library	25,900	7,690	-	7,690
Library/Senior Center Building	203,650	3,365	-	3,365
Senior services	51,000	2,802	-	2,802
Snedaker Trust	4,000	-	-	-
Streets	816,880	152,846	-	152,846
Streets capital projects	126,738	(6,261)	-	(6,261)
Allocable direct costs	888,976	765,578	7,095	772,673
SDC drainage	17,660	-	-	-
Restricted SDC drainage	49,909	14,634	130	14,764
SDC drainage improvement	38,700	-	-	-
SDC park improvement	305,534	14,802	129	14,931
SDC wastewater	73,000	71,200	-	71,200
Restricted SDC wastewater	62,330	30,037	-	30,037
SDC wastewater improvement	193,232	134,265	363	134,628
SDC wastewater reimb	13,720	-	-	-
SDC streets	10,500	1,854	-	1,854
Restricted SDC streets	67,150	31	-	31
SDC streets improve	810,129	166,004	788	166,792
Restricted SDC water	5,220	34	-	34
SDC water improvement	363,692	31,234	2	31,236
SDC water reimb	11,310	-	-	-
<i>Total Expenditures</i>	5,444,519	1,478,357	8,507	1,486,864
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,407,801)	(661,412)	(8,507)	(669,919)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	412,000	-	-	-
Transfers in	1,203,263	1,527,373	-	1,527,373
Transfers out	(657,381)	(657,381)	-	(657,381)
<i>Total Other Financing Sources (Uses)</i>	957,882	869,992	-	869,992
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,449,919)	208,580	(8,507)	200,073
FUND BALANCE, Beginning of year	3,513,357	3,422,030	(9,143)	3,412,887
FUND BALANCE, End of year	\$ 63,438	\$ 3,630,610	\$ (17,650)	\$ 3,612,960

ENTERPRISE FUNDS

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. The City has only one enterprise fund which is composed of seven departments.

CITY OF LEBANON, OREGON
COMBINING BALANCE SHEET - ENTERPRISE FUND - ALL DEPARTMENTS
JUNE 30, 2001

	<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	\$ 704,010	\$ 1,142,158	\$ 149,926	\$ 94,620
Receivables				
Property taxes	-	-	-	-
Accounts	299,532	-	-	-
Prepaid expenses	64	-	-	-
Fixed assets	7,752,381	619,205	240,620	-
Accumulated depreciation	<u>(2,706,605)</u>	<u>(9,451)</u>	<u>(106,293)</u>	<u>-</u>
<i>Total Assets and Other Debits</i>	<u>\$ 6,049,382</u>	<u>\$ 1,751,912</u>	<u>\$ 284,253</u>	<u>\$ 94,620</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
<i>Liabilities</i>				
Accounts payable	\$ 13,746	\$ -	\$ 39,465	\$ 14
Deposits	49,697	-	-	-
Loan payable	-	-	-	-
Bonds payable	-	3,165,000	-	-
Bond discount	-	(109,727)	-	-
Paid absences and deferred compensation payable	81,791	-	4,291	-
Reserved for claims	<u>68,285</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities</i>	213,519	3,055,273	43,756	14
<i>Equity and Other Credits</i>				
Contributed capital	6,698,232	(2,489,120)	308,255	-
Retained earnings (deficit)	<u>(862,369)</u>	<u>1,185,759</u>	<u>(67,758)</u>	<u>94,606</u>
<i>Total Equity and Other Credits</i>	<u>5,835,863</u>	<u>(1,303,361)</u>	<u>240,497</u>	<u>94,606</u>
<i>Total Liabilities, Equity, and Other Credits</i>	<u>\$ 6,049,382</u>	<u>\$ 1,751,912</u>	<u>\$ 284,253</u>	<u>\$ 94,620</u>

<u>Wastewater</u>	<u>Wastewater CIP</u>	<u>Railroad</u>	<u>Total</u>
\$ 364,924	\$ 3,536,777	\$ 225	\$ 5,992,640
587	-	-	587
198,635	-	-	498,167
64	-	-	128
18,792,960	934,396	1,482	28,341,044
(3,705,656)	(4,506)	(1,482)	(6,533,993)
<u>\$ 15,651,514</u>	<u>\$ 4,466,667</u>	<u>\$ 225</u>	<u>\$ 28,298,573</u>

\$ 14,158	\$ 42,500	\$ -	\$ 109,883
-	-	-	49,697
13,704	-	-	13,704
-	7,415,000	-	10,580,000
-	(206,614)	-	(316,341)
79,203	-	-	165,285
52,481	-	-	120,766
159,546	7,250,886	-	10,722,994
17,575,222	(5,378,864)	21,150	16,734,875
(2,083,254)	2,594,645	(20,925)	840,704
<u>15,491,968</u>	<u>(2,784,219)</u>	<u>225</u>	<u>17,575,579</u>
<u>\$ 15,651,514</u>	<u>\$ 4,466,667</u>	<u>\$ 225</u>	<u>\$ 28,298,573</u>

CITY OF LEBANON, OREGON**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED
EARNINGS - ALL ENTERPRISE DEPARTMENTS
YEAR ENDED JUNE 30, 2001**

	<u>Water</u>	<u>Water CIP</u>	<u>Small Water Line</u>
REVENUES			
Charges for services	\$ 1,997,847	\$ -	\$ -
Miscellaneous	<u>71,632</u>	<u>63,519</u>	<u>9,439</u>
<i>Total Revenues</i>	2,069,479	63,519	9,439
EXPENDITURES			
Personnel services	536,077	-	165,368
Materials and services	221,238	5,486	194,150
Capital outlay/depreciation	226,964	-	23,787
Debt service	<u>-</u>	<u>175,472</u>	<u>-</u>
<i>Total Expenditures</i>	<u>984,279</u>	<u>180,958</u>	<u>383,305</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,085,200	(117,439)	(373,866)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	241,020	336,098
Transfers out	<u>(1,325,956)</u>	<u>-</u>	<u>(29,858)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(1,325,956)</u>	<u>241,020</u>	<u>306,240</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(240,756)	123,581	(67,626)
RETAINED EARNINGS (DEFICIT),			
<i>Beginning of year</i>	<u>(621,613)</u>	<u>1,062,178</u>	<u>(132)</u>
RETAINED EARNINGS (DEFICIT),			
<i>End of year</i>	<u>\$ (862,369)</u>	<u>\$ 1,185,759</u>	<u>\$ (67,758)</u>

<u>Storm Drain Utility</u>	<u>Wastewater</u>	<u>Wastewater CIP</u>	<u>Railroad</u>	<u>Totals</u>
\$ -	\$ 2,014,719	\$ -	\$ -	\$ 4,012,566
4,716	46,853	214,806	126	411,091
4,716	2,061,572	214,806	126	4,423,657
28	420,108	-	-	1,121,581
415	227,688	4,533	199	653,709
-	399,206	-	-	649,957
-	1,256	420,869	-	597,597
443	1,048,258	425,402	199	3,022,844
4,273	1,013,314	(210,596)	(73)	1,400,813
5,500	-	482,729	-	1,065,347
(2,000)	(1,302,500)	-	-	(2,660,314)
3,500	(1,302,500)	482,729	-	(1,594,967)
7,773	(289,186)	272,133	(73)	(194,154)
86,833	(1,794,068)	2,322,512	(20,852)	1,034,858
<u>\$ 94,606</u>	<u>\$ (2,083,254)</u>	<u>\$ 2,594,645</u>	<u>\$ (20,925)</u>	<u>\$ 840,704</u>

CITY OF LEBANON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS -
BUDGET AND ACTUAL - ALL ENTERPRISE DEPARTMENTS
YEAR ENDED JUNE 30, 2001**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Charges for services	\$ 3,953,774	\$ 3,986,347	\$ 26,219	\$ 4,012,566
Miscellaneous	264,000	409,379	1,712	411,091
<i>Total Revenues</i>	4,217,774	4,395,726	27,931	4,423,657
EXPENDITURES				
Personnel services	1,216,950	1,128,341	(6,760)	1,121,581
Materials and services	727,363	670,429	(16,720)	653,709
Capital outlay/depreciation	4,052,723	431,369	218,588	649,957
Debt service	794,606	794,557	(196,960)	597,597
Contingencies	1,303,204	-	-	-
<i>Total Expenditures</i>	8,094,846	3,024,696	(1,852)	3,022,844
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,877,072)	1,371,030	29,783	1,400,813
OTHER FINANCING SOURCES (USES)				
Transfers in	1,065,347	1,065,347	-	1,065,347
Transfers out	(2,695,431)	(2,671,314)	11,000	(2,660,314)
<i>Total Other Financing Sources (Uses)</i>	(1,630,084)	(1,605,967)	11,000	(1,594,967)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(5,507,156)	(234,937)	40,783	(194,154)
RETAINED EARNINGS (DEFICIT), Beginning of year				
	5,582,790	5,997,157	(4,962,299)	1,034,858
RETAINED EARNINGS (DEFICIT), End of year				
	\$ 75,634	\$ 5,762,220	\$ (4,921,516)	\$ 840,704

CITY OF LEBANON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS -
BUDGET AND ACTUAL - WATER DEPARTMENT
YEAR ENDED JUNE 30, 2001**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Charges for services	\$ 1,956,150	\$ 1,999,004	\$ (1,157)	\$ 1,997,847
Miscellaneous	66,000	69,920	1,712	71,632
<i>Total Revenues</i>	2,022,150	2,068,924	555	2,069,479
EXPENDITURES				
Personnel services	542,796	540,351	(4,274)	536,077
Materials and services	279,495	245,494	(24,256)	221,238
Capital outlay/depreciation	41,846	81,587	145,377	226,964
Contingency	189,057	—	—	—
<i>Total Expenditures</i>	1,053,194	867,432	116,847	984,279
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	968,956	1,201,492	(116,292)	1,085,200
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,325,956)	(1,325,956)	—	(1,325,956)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(357,000)	(124,464)	(116,292)	(240,756)
RETAINED EARNINGS (DEFICIT), Beginning of year	357,000	746,507	(1,368,120)	(621,613)
RETAINED EARNINGS (DEFICIT), End of year	\$ —	\$ 622,043	\$ (1,484,412)	\$ (862,369)

CITY OF LEBANON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS -
BUDGET AND ACTUAL - WATER CAPITAL IMPROVEMENT DEPARTMENT
YEAR ENDED JUNE 30, 2001**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Miscellaneous	\$ 40,000	\$ 63,519	\$ -	\$ 63,519
EXPENDITURES				
Materials and services	-	2,483	3,003	5,486
Capital outlay/depreciation	889,500	12,760	(12,760)	-
Debt service	250,520	250,472	(75,000)	175,472
Contingency	<u>265,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures</i>	<u>1,405,520</u>	<u>265,715</u>	<u>(84,757)</u>	<u>180,958</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(1,365,520)	(202,196)	84,757	(117,439)
OTHER FINANCING SOURCES (USES)				
Transfers in	241,020	241,020	-	241,020
Transfers out	<u>(5,500)</u>	<u>(5,500)</u>	<u>5,500</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>235,520</u>	<u>235,520</u>	<u>5,500</u>	<u>241,020</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	(1,130,000)	33,324	90,257	123,581
RETAINED EARNINGS, Beginning of year				
	<u>1,130,000</u>	<u>1,108,834</u>	<u>(46,656)</u>	<u>1,062,178</u>
RETAINED EARNINGS, End of year				
	<u>\$ -</u>	<u>\$ 1,142,158</u>	<u>\$ 43,601</u>	<u>\$ 1,185,759</u>

CITY OF LEBANON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL - SMALL WATER LINE DEPARTMENT
YEAR ENDED JUNE 30, 2001**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Miscellaneous	\$ 8,000	\$ 9,439	\$ -	\$ 9,439
EXPENDITURES				
Personnel services	201,251	168,091	(2,723)	165,368
Materials and services	199,934	194,150	-	194,150
Capital outlay/depreciation	31,000	20,925	2,862	23,787
Contingency	42,055	-	-	-
<i>Total Expenditures</i>	<u>474,240</u>	<u>383,166</u>	<u>139</u>	<u>383,305</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(466,240)	(373,727)	(139)	(373,866)
OTHER FINANCING SOURCES (USES)				
Transfers in	336,098	336,098	-	336,098
Transfers out	(29,858)	(29,858)	-	(29,858)
<i>Total Other Financing Sources (Uses)</i>	<u>306,240</u>	<u>306,240</u>	<u>-</u>	<u>306,240</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(160,000)	(67,487)	(139)	(67,626)
RETAINED EARNINGS, Beginning of year	<u>160,000</u>	<u>177,949</u>	<u>(178,081)</u>	<u>(132)</u>
RETAINED EARNINGS (DEFICIT), End of year	<u>\$ -</u>	<u>\$ 110,462</u>	<u>\$ (178,220)</u>	<u>\$ (67,758)</u>

CITY OF LEBANON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL - STORM DRAIN UTILITY DEPARTMENT
YEAR ENDED JUNE 30, 2001**

	<u>Budget</u>	<u>Actual</u>	
		<u>Budget Basis</u>	<u>GAAP Basis</u>
REVENUES			
Charges for services	\$ 78,662	\$ -	\$ -
Miscellaneous	5,000	4,716	4,716
<i>Total Revenues</i>	83,662	4,716	4,716
EXPENDITURES			
Personnel services	76,755	28	28
Materials and services	48,750	415	415
Capital outlay/depreciation	23,075	-	-
Operating contingency	465	-	-
<i>Total Expenditures</i>	149,045	443	443
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(65,383)	4,273	4,273
OTHER FINANCING SOURCES (USES)			
Transfers in	5,500	5,500	5,500
Transfers out	(26,117)	(2,000)	(2,000)
<i>Total Other Financing Sources (Uses)</i>	(20,617)	3,500	3,500
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(86,000)	7,773	7,773
RETAINED EARNINGS, Beginning of year	86,000	86,833	86,833
RETAINED EARNINGS, End of year	\$ -	\$ 94,606	\$ 94,606

CITY OF LEBANON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED
EARNINGS - BUDGET AND ACTUAL - WASTEWATER DEPARTMENT
YEAR ENDED JUNE 30, 2001**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Charges for services	\$ 1,918,962	\$ 1,987,343	\$ 27,376	\$ 2,014,719
Miscellaneous	30,000	46,853	-	46,853
<i>Total Revenues</i>	1,948,962	2,034,196	27,376	2,061,572
EXPENDITURES				
Personnel services	396,148	419,871	237	420,108
Materials and services	198,899	227,688	-	227,688
Capital outlay/depreciation	97,565	46,083	353,123	399,206
Debt service	3,216	3,216	(1,960)	1,256
Contingency	100,000	-	-	-
<i>Total Expenditures</i>	795,828	696,858	351,399	1,048,258
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,153,134	1,337,338	(324,024)	1,013,314
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,302,500)	(1,302,500)	-	(1,302,500)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(149,366)	34,838	(324,024)	(289,186)
RETAINED EARNINGS, Beginning of year	225,000	263,611	(2,057,679)	(1,794,068)
RETAINED EARNINGS, End of year	<u>\$ 75,634</u>	<u>\$ 298,449</u>	<u>\$ (2,381,703)</u>	<u>\$ (2,083,254)</u>

CITY OF LEBANON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL - WASTEWATER CAPITAL IMPROVEMENT DEPARTMENT
YEAR ENDED JUNE 30, 2001**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
REVENUES				
Miscellaneous	\$ 115,000	\$ 214,806	\$ -	\$ 214,806
EXPENDITURES				
Materials and services	-	-	4,533	4,533
Capital outlay/depreciation	2,969,737	270,014	(270,014)	-
Debt service	540,870	540,869	(120,000)	420,869
Contingency	<u>706,127</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures</i>	<u>4,216,734</u>	<u>810,883</u>	<u>(385,481)</u>	<u>425,402</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(4,101,734)	(596,077)	385,481	(210,596)
OTHER FINANCING SOURCES (USES)				
Transfers in	482,729	482,729	-	482,729
Transfers out	<u>(5,500)</u>	<u>(5,500)</u>	<u>5,500</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>477,229</u>	<u>477,229</u>	<u>5,500</u>	<u>482,729</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	(3,624,505)	(118,848)	390,981	272,133
RETAINED EARNINGS, Beginning of year				
	<u>3,624,505</u>	<u>3,613,125</u>	<u>(1,290,613)</u>	<u>2,322,512</u>
RETAINED EARNINGS, End of year				
	<u>\$ -</u>	<u>\$ 3,494,277</u>	<u>\$ (899,632)</u>	<u>\$ 2,594,645</u>

CITY OF LEBANON, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL - RAILROAD DEPARTMENT
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
REVENUES				
Miscellaneous	\$ --	\$ 126	\$ --	\$ 126
EXPENDITURES				
Materials and services	<u>285</u>	<u>199</u>	<u>--</u>	<u>199</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(285)	(73)	--	(73)
RETAINED EARNINGS (DEFICIT), Beginning of year	<u>285</u>	<u>298</u>	<u>(21,150)</u>	<u>(20,852)</u>
RETAINED EARNINGS (DEFICIT), End of year	<u>\$ --</u>	<u>\$ 225</u>	<u>\$ (21,150)</u>	<u>\$ (20,925)</u>

SUPPLEMENTAL INFORMATION

CITY OF LEBANON, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2001

<u>Tax Year</u>	<u>Taxes Receivable July 1, 2000</u>	<u>Levy</u>	<u>Discounts and Adjustments</u>	<u>Total Collections</u>	<u>Taxes Receivable June 30, 2001</u>
2000-01	\$ -	\$ 3,911,441	\$ (134,715)	\$ 3,523,201	\$ 253,525
Prior years	409,729	-	(49,721)	183,294	176,714
<i>Totals</i>	<u>\$ 409,729</u>	<u>\$ 3,911,441</u>	<u>\$ (184,436)</u>	<u>\$ 3,706,495</u>	<u>\$ 430,239</u>

Summary of taxes receivable by fund

General Fund	\$ 230,480
Debt Service Fund	54,665
Urban Renewal Fund	43,423
NW Urban Renewal Fund	101,084
Enterprise Fund	587
	<u>\$ 430,239</u>

CITY OF LEBANON, OREGON
SCHEDULE OF BOND TRANSACTIONS
YEAR ENDED JUNE 30, 2001

<u>Issue</u>	<u>Date of Issue</u>	<u>Interest Rate</u>		<u>Outstanding July 1, 2000</u>	
		<u>From</u>	<u>To</u>	<u>Matured</u>	<u>Unmatured</u>
<i>Bancroft Improvement</i>					
1990	10/01/90	6.000%	12.000%	\$ -	\$ 10,000
<i>General Obligation</i>					
General obligation	06/01/99	4.500%	5.625%	-	3,265,000
General obligation	03/01/94	3.000%	6.000%	-	860,000
Refunding	08/01/95	3.750%	5.350%	-	3,520,000
General obligation	08/24/00	4.750%	6.000%	-	-
				-	7,645,000
<i>Revenue</i>					
Wastewater	06/01/90	7.125%	7.500%	-	-
Water	10/01/91	5.500%	7.250%	-	115,000
Wastewater refunding	06/01/93	5.250%	5.875%	-	4,215,000
Water refunding	09/01/93	3.750%	5.500%	-	3,125,000
Wastewater revenue	03/01/00	4.700%	5.700%	-	3,320,000
				-	10,775,000
				<u>\$ -</u>	<u>\$ 18,430,000</u>

<u>2000-01 Transactions</u>		<u>Outstanding June 30, 2001</u>	
<u>Issued</u>	<u>Matured and Retired</u>	<u>Matured</u>	<u>Unmatured</u>
\$ -	\$ 10,000	\$ -	\$ -
-	-	-	3,265,000
-	45,000	-	815,000
-	275,000	-	3,245,000
<u>5,435,000</u>	<u>205,000</u>	<u>-</u>	<u>5,230,000</u>
5,435,000	525,000	-	12,555,000
-	-	-	-
-	55,000	-	60,000
-	120,000	-	4,095,000
-	20,000	-	3,105,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,320,000</u>
-	195,000	-	10,580,000
<u>\$ 5,435,000</u>	<u>\$ 730,000</u>	<u>\$ -</u>	<u>\$ 23,135,000</u>

CITY OF LEBANON, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS
JUNE 30, 2001

<u>Fiscal Year</u>	<u>NW Lebanon URD 2000 Construction</u>			<u>General Obligation</u>		
	<u>Total</u>	<u>Bonds</u>	<u>Coupons</u>	<u>Total</u>	<u>Bonds</u>	<u>Coupons</u>
2001-02	\$ 459,128	\$ 160,000	\$ 299,128	\$ 91,450	\$ 45,000	\$ 46,450
2002-03	461,128	170,000	291,128	89,110	45,000	44,110
2003-04	462,543	180,000	282,543	91,703	50,000	41,703
2004-05	463,183	190,000	273,183	89,053	50,000	39,053
2005-06	463,113	200,000	263,113	91,403	55,000	36,403
2006-07	462,313	210,000	252,313	93,488	60,000	33,488
2007-08	460,762	220,000	240,762	89,963	60,000	29,963
2008-09	463,552	235,000	228,552	91,438	65,000	26,438
2009-10	460,392	245,000	215,392	92,619	70,000	22,619
2010-11	461,550	260,000	201,550	93,506	75,000	18,506
2011-12	461,600	275,000	186,600	89,100	75,000	14,100
2012-13	460,787	290,000	170,787	89,694	80,000	9,694
2013-14	464,112	310,000	154,112	89,994	85,000	4,994
2014-15	461,287	325,000	136,287	—	—	—
2015-16	462,600	345,000	117,600	—	—	—
2016-17	466,900	370,000	96,900	—	—	—
2017-18	464,700	390,000	74,700	—	—	—
2018-19	466,300	415,000	51,300	—	—	—
2019-20	466,400	440,000	26,400	—	—	—
2020-21	—	—	—	—	—	—
2021-22	—	—	—	—	—	—
	<u>\$8,792,350</u>	<u>\$5,230,000</u>	<u>\$3,562,350</u>	<u>\$1,182,521</u>	<u>\$ 815,000</u>	<u>\$ 367,521</u>

<i>General Obligation - Refunding</i>			<i>Revenue Supported Refunding Wastewater Bonds</i>			<i>General Obligation Urban Renewal</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>
\$ 444,405	\$ 290,000	\$ 154,405	\$ 361,581	\$ 125,000	\$ 236,581	\$ 207,669	\$ 30,000	\$ 177,669
446,018	305,000	141,018	360,019	130,000	230,019	221,319	45,000	176,319
441,753	315,000	126,753	363,194	140,000	223,194	234,249	60,000	174,249
446,310	335,000	111,310	365,844	150,000	215,844	251,429	80,000	171,429
449,573	355,000	94,573	362,219	155,000	207,219	267,589	100,000	167,589
451,500	375,000	76,500	363,306	165,000	198,306	277,689	115,000	162,689
456,625	400,000	56,625	358,819	170,000	188,819	286,939	130,000	156,939
455,100	420,000	35,100	359,044	180,000	179,044	295,309	145,000	150,309
462,038	450,000	12,038	363,694	195,000	168,694	302,769	160,000	142,769
-	-	-	367,481	210,000	157,481	308,969	175,000	133,969
-	-	-	360,406	215,000	145,406	319,344	195,000	124,344
-	-	-	362,775	230,000	132,775	328,619	215,000	113,619
-	-	-	359,263	240,000	119,263	341,794	240,000	101,794
-	-	-	365,162	260,000	105,162	348,593	260,000	88,593
-	-	-	364,888	275,000	89,888	358,969	285,000	73,969
-	-	-	363,731	290,000	73,731	372,937	315,000	57,937
-	-	-	361,694	305,000	56,694	380,218	340,000	40,218
-	-	-	358,775	320,000	38,775	396,093	375,000	21,093
-	-	-	359,975	340,000	19,975	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$4,053,322</u>	<u>\$3,245,000</u>	<u>\$ 808,322</u>	<u>\$6,881,870</u>	<u>\$4,095,000</u>	<u>\$2,786,870</u>	<u>\$5,500,497</u>	<u>\$3,265,000</u>	<u>\$2,235,497</u>

CITY OF LEBANON, OREGON

SCHEDULE OF FUTURE BONDED DEBT REQUIREMENT (Continued)

JUNE 30, 2001

<u>Fiscal Year</u>	<u>Revenue Supported Water COP</u>			<u>Revenue Supported Water Refunding</u>		
	<u>Total</u>	<u>Bonds</u>	<u>Coupons</u>	<u>Total</u>	<u>Bonds</u>	<u>Coupons</u>
2001-02	\$ 62,025	\$ 60,000	\$ 2,025	\$ 188,600	\$ 20,000	\$ 168,600
2002-03	—	—	—	250,880	85,000	165,880
2003-04	—	—	—	251,285	90,000	161,285
2004-05	—	—	—	251,335	95,000	156,335
2005-06	—	—	—	255,883	105,000	150,883
2006-07	—	—	—	255,025	110,000	145,025
2007-08	—	—	—	253,950	115,000	138,950
2008-09	—	—	—	252,605	120,000	132,605
2009-10	—	—	—	250,990	125,000	125,990
2010-11	—	—	—	253,970	135,000	118,970
2011-12	—	—	—	251,545	140,000	111,545
2012-13	—	—	—	253,715	150,000	103,715
2013-14	—	—	—	255,345	160,000	95,345
2014-15	—	—	—	251,488	165,000	86,488
2015-16	—	—	—	257,000	180,000	77,000
2016-17	—	—	—	256,825	190,000	66,825
2017-18	—	—	—	256,100	200,000	56,100
2018-19	—	—	—	259,687	215,000	44,687
2019-20	—	—	—	257,587	225,000	32,587
2020-21	—	—	—	254,937	235,000	19,937
2021-22	—	—	—	251,737	245,000	6,737
	<u>\$ 62,025</u>	<u>\$ 60,000</u>	<u>\$ 2,025</u>	<u>\$ 5,270,489</u>	<u>\$ 3,105,000</u>	<u>\$ 2,165,489</u>

<i>Wastewater Revenue</i>			<i>All Issues</i>		
<i>Total</i>	<i>Bonds</i>	<i>Coupons</i>	<i>Total</i>	<i>Bonds</i>	<i>Coupons</i>
\$ 282,988	\$ 105,000	\$ 177,988	\$2,097,846	\$ 835,000	\$1,262,846
283,053	110,000	173,053	2,111,527	890,000	1,221,527
287,773	120,000	167,773	2,132,500	955,000	1,177,500
286,893	125,000	161,893	2,154,047	1,025,000	1,129,047
285,643	130,000	155,643	2,175,423	1,100,000	1,075,423
284,143	135,000	149,143	2,187,464	1,170,000	1,017,464
287,325	145,000	142,325	2,194,383	1,240,000	954,383
284,930	150,000	134,930	2,201,978	1,315,000	886,978
287,205	160,000	127,205	2,219,707	1,405,000	814,707
283,885	165,000	118,885	1,769,361	1,020,000	749,361
285,223	175,000	110,223	1,767,218	1,075,000	692,218
285,948	185,000	100,948	1,781,538	1,150,000	631,538
286,050	195,000	91,050	1,796,558	1,230,000	566,558
285,520	205,000	80,520	1,712,050	1,215,000	497,050
284,040	215,000	69,040	1,727,497	1,300,000	427,497
287,000	230,000	57,000	1,747,393	1,395,000	352,393
288,890	245,000	43,890	1,751,602	1,480,000	271,602
284,925	255,000	29,925	1,765,780	1,580,000	185,780
285,390	270,000	15,390	1,369,352	1,275,000	94,352
-	-	-	254,937	235,000	19,937
-	-	-	251,737	245,000	6,737
<u>\$5,426,824</u>	<u>\$3,320,000</u>	<u>\$2,106,824</u>	<u>\$37,169,898</u>	<u>\$23,135,000</u>	<u>\$14,034,898</u>

COMPLIANCE SECTION

CITY OF LEBANON, OREGON

COMMENTS OF THE INDEPENDENT AUDITOR REQUIRED BY STATE OF OREGON MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS YEAR ENDED JUNE 30, 2001

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, 2001, and have issued our report thereon dated November 27, 2001. 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 sufficient during the year ended June 30, 2001.

INVESTMENTS

Our review of deposit and investment balances indicated that, during the year ended June 30, 2001, 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, 2001.

BUDGET COMPLIANCE

The City appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in the preparation, adoption and execution of its budget and tax levy for the years ending June 30, 2001 and 2002. A description of the budgeting process is in the notes to the combined financial statements.

INSURANCE POLICIES AND FIDELITY BONDS

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2001. 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 City-owned property at June 30, 2001.

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, 2001**

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.

SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS

There are no elected City officials who collect or receive funds on behalf of the City.

This report is intended for the information of City of Lebanon, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

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

By: 

Charles A. Swank, A Shareholder

November 27, 2001