

# LEBANON

OREGON

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***CITY OF LEBANON, OREGON  
ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2002***

***CITY OF LEBANON, OREGON***

***CITY OFFICIALS***

***JUNE 30, 2002***

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***MAYOR***

Scott Simpson  
745 West D Street  
Lebanon, Oregon 97355

***COUNCIL MEMBERS***

Mel Harrington  
481 Main Street  
Lebanon, Oregon 97355

Stan Usinger  
890 Sunflower Lane  
Lebanon, Oregon 97355

Dan Thackaberry  
471 Hiatt Street  
Lebanon, Oregon 97355

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

Ken Toombs  
1299 Franklin Street  
Lebanon, Oregon 97355

Roger Munk  
325 W. Cedar Street  
Lebanon, Oregon 97355

***CITY ADMINISTRATOR***

John Hitt  
925 S. Main  
Lebanon, Oregon 97355

**CITY OF LEBANON, OREGON**  
**TABLE OF CONTENTS**

---

	<u>Page</u>
<i>INDEPENDENT AUDITOR'S REPORT</i>	1
<i>GENERAL PURPOSE FINANCIAL STATEMENTS</i>	
Combined Balance Sheet - All Fund Types and Account Groups	2
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund	3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All Other Governmental Fund Types and Expendable Trust Fund	5-6
Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Type - Enterprise Fund	7
Statement of Cash Flows - Proprietary Fund Type - Enterprise Fund	8
Notes to General Purpose Financial Statements	9-21
<i>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS</i>	
General Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	22
Special Revenue Funds	
Combining Balance Sheet - All Special Revenue Funds	23
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Special Revenue Funds	24
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Intergovernmental Fund	25
Urban Renewal Fund	26
NW Urban Renewal Fund	27
Cheadle Lake Urban Renewal Fund	28
Debt Service Funds	
Combining Balance Sheet - All Debt Service Funds	29
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Debt Service Funds	30
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Debt Service Fund	31
Bancroft Bond Fund	32
Capital Projects Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	33
Enterprise Fund	
Combining Balance Sheet - All Enterprise Departments	34
Combining Statement of Revenues, Expenditures, and Changes in Retained Earnings - All Enterprise Departments	35
Schedule of Revenues, Expenditures, and Changes in Retained Earnings - Budget and Actual	36
Water Department	37
Water Capital Improvement Department	38
Small Water Line Department	39
Storm Drain Utility Department	40
Wastewater Department	41
Wastewater Capital Improvement Department	42
Railroad Department	43

**CITY OF LEBANON, OREGON**  
**TABLE OF CONTENTS (Continued)**  
**JUNE 30, 2002**

---

**Page**

**SUPPLEMENTAL INFORMATION**

Schedule of Property Tax Transactions	44
Schedule of Bond Transactions	45
Schedule of Future Bonded Debt Requirements	46-47

**COMPLIANCE SECTION**

Comments of the Independent Auditor Required by State of Oregon Minimum Standards for Audits of Oregon Municipal Corporations	48-49
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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  
925 South Main  
Lebanon, Oregon 97355

We have audited the accompanying general purpose financial statements of the City of Lebanon as of and for the year ended June 30, 2002, 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, 2002, 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 13, 2002

E-Mail Address • cpas@gmscpa.com

Mailing Address • P.O. Box 2122 • Salem, Oregon 97308-2122

Salem • 475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814 • (503) 581-7788 • FAX (503) 581-0152  
Albany • P.O. Box 663 • 519 S. Lyon Street • Albany, Oregon 97321-0570 • (541) 967-2315 • FAX (541) 926-5926

***GENERAL PURPOSE FINANCIAL STATEMENTS***

**CITY OF LEBANON, OREGON**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 2002**

	<i>Governmental Fund Types</i>			
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>
<b>ASSETS AND OTHER DEBITS</b>				
<i>Assets</i>				
Cash and investments	\$ 476,908	\$ 2,730,852	\$ 485,322	\$ 3,236,231
Receivables				
Court fines	403,364	-	-	-
Property taxes	228,707	121,344	42,809	-
Accounts	237,107	276,305	-	235,019
Special assessments/loans	-	1,096,344	30,639	-
Prepaid expenses	121	62	1,833	-
Fixed assets	-	-	-	-
Accumulated depreciation	-	-	-	-
<i>Total Assets</i>	<u>1,346,207</u>	<u>4,224,907</u>	<u>560,603</u>	<u>3,471,250</u>
<i>Other Debits</i>				
Amount available for debt retirement	-	-	-	-
Amount to be provided for debt retirement	-	-	-	-
<i>Total Other Debits</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Assets and Other Debits</i>	<u>\$ 1,346,207</u>	<u>\$ 4,224,907</u>	<u>\$ 560,603</u>	<u>\$ 3,471,250</u>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<i>Liabilities</i>				
Accounts payable	\$ 45,932	\$ 119,315	\$ -	\$ 6,918
Payroll taxes payable	-	-	-	-
Retainage payable	-	41,126	-	-
Deposits	-	-	-	-
Loans payable	-	-	-	-
Bonds payable	-	-	-	-
Bond discount	-	-	-	-
Paid absences	56,904	20,052	-	14,684
Deferred revenues	642,459	1,297,158	67,612	231,118
Reserved for claims	48,154	70,003	-	-
<i>Total Liabilities</i>	<u>793,449</u>	<u>1,547,654</u>	<u>67,612</u>	<u>252,720</u>
<i>Equity and Other Credits</i>				
Investment in general fixed assets	-	-	-	-
Retained earnings	-	-	-	-
Fund balances	552,758	2,677,253	492,991	3,218,530
<i>Total Equity and Other Credits</i>	<u>552,758</u>	<u>2,677,253</u>	<u>492,991</u>	<u>3,218,530</u>
<i>Total Liabilities, Equity and Other Credits</i>	<u>\$ 1,346,207</u>	<u>\$ 4,224,907</u>	<u>\$ 560,603</u>	<u>\$ 3,471,250</u>



<i>Proprietary Fund Type</i>	<i>Fiduciary Fund Types Trust and Agency</i>	<i>Account Groups</i>		<i>Totals (Memorandum Only)</i>
		<i>General Fixed Assets</i>	<i>General Long- Term Debt</i>	
<i>Enterprise</i>				
\$ 4,923,437	\$ 66,299	\$ -	\$ -	\$ 11,919,049
-	-	-	-	403,364
699	-	-	-	393,559
615,637	49,130	-	-	1,413,198
-	-	-	-	1,126,983
184	15,134	-	-	17,334
31,354,206	-	6,442,820	-	37,797,026
( 7,244,048)	-	-	-	( 7,244,048)
29,650,115	130,563	6,442,820	-	45,826,465
-	-	-	492,991	492,991
-	-	-	14,457,910	14,457,910
-	-	-	14,950,901	14,950,901
<u>\$ 29,650,115</u>	<u>\$ 130,563</u>	<u>\$ 6,442,820</u>	<u>\$ 14,950,901</u>	<u>\$ 60,777,366</u>
\$ 65,747	\$ 22,793	\$ -	\$ -	\$ 260,705
-	91,864	-	-	91,864
-	-	-	-	41,126
60,875	-	-	-	60,875
11,590	-	-	232,974	244,564
10,269,999	-	-	14,101,223	24,371,222
( 299,980)	-	-	-	( 299,980)
189,008	-	-	616,704	897,352
-	-	-	-	2,238,347
122,772	-	-	-	240,929
10,420,011	114,657	-	14,950,901	28,147,004
-	-	6,442,820	-	6,442,820
19,230,104	-	-	-	19,230,104
-	15,906	-	-	7,638,425
19,230,104	15,906	6,442,820	-	32,630,362
<u>\$ 29,650,115</u>	<u>\$ 130,563</u>	<u>\$ 6,442,820</u>	<u>\$ 14,950,901</u>	<u>\$ 60,777,366</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, 2002**

	<i>Governmental Fund Types</i>			
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>
<b>REVENUES</b>				
Taxes and assessments	\$ 2,275,405	\$ 1,304,788	\$ 407,474	\$ 386,257
Licenses and permits	674,596	350,786	—	330,000
Fines and forfeitures	228,918	44,456	—	—
Intergovernmental	280,616	974,183	—	6,509
Charges for services	46,364	—	—	—
Miscellaneous	91,658	288,662	13,367	235,364
<i>Total Revenues</i>	<u>3,597,557</u>	<u>2,962,875</u>	<u>420,841</u>	<u>958,130</u>
<b>EXPENDITURES</b>				
Current				
Personal services	2,668,675	1,239,490	—	784,324
Materials and services	721,004	1,590,026	—	116,123
Capital outlay	62,068	3,703,875	—	873,529
Other requirements	14,069	758,247	483,106	—
<i>Total Expenditures</i>	<u>3,465,816</u>	<u>7,291,638</u>	<u>483,106</u>	<u>1,773,976</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	131,741	( 4,328,763)	( 62,265)	( 815,846)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	—	—	2,027,145	—
Transfers in	367,925	3,308,468	32,969	1,307,905
Transfers out	( 313,902)	( 1,260,803)	( 94)	( 886,486)
Repayment of PERS UAL	—	—	( 2,027,145)	—
<i>Total Other Financing Sources (Uses)</i>	<u>54,023</u>	<u>2,047,665</u>	<u>32,875</u>	<u>421,419</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	185,764	( 2,281,098)	( 29,390)	( 394,427)
<b>FUND BALANCES, Beginning of year</b>	<u>366,994</u>	<u>4,958,351</u>	<u>522,381</u>	<u>3,612,957</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 552,758</u>	<u>\$ 2,677,253</u>	<u>\$ 492,991</u>	<u>\$ 3,218,530</u>

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Expendable Trust</u>	
\$ -	\$ 4,373,924
-	1,355,382
137,359	410,733
-	1,261,308
-	46,364
<u>6,633</u>	<u>635,684</u>
143,992	8,083,395
-	4,692,489
120,021	2,547,174
-	4,639,472
<u>-</u>	<u>1,255,422</u>
<u>120,021</u>	<u>13,134,557</u>
23,971	( 5,051,162)
-	2,027,145
-	5,017,267
( 10,000)	( 2,471,285)
<u>-</u>	<u>( 2,027,145)</u>
<u>( 10,000)</u>	<u>2,545,982</u>
13,971	( 2,505,180)
<u>1,935</u>	<u>9,462,618</u>
<u>\$ 15,906</u>	<u>\$ 6,957,438</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, 2002**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Taxes and assessments	\$ 2,275,405	\$ 2,224,894	\$ 50,511
Licenses and permits	674,596	530,500	144,096
Charges for services	46,364	31,400	14,964
Intergovernmental	280,616	240,000	40,616
Fines and forfeitures	228,918	201,000	27,918
Miscellaneous	91,658	138,900	( 47,242)
<i>Total Revenues</i>	<u>3,597,557</u>	<u>3,366,694</u>	<u>230,863</u>
<b>EXPENDITURES</b>			
Administration	90,276	96,916	6,640
City attorney	29,280	29,790	510
Planning	118,313	123,022	4,709
Public works	25,682	40,764	15,082
Parks	186,852	206,934	20,082
Finance	76,046	77,109	1,063
Legislative	13,313	14,356	1,043
Library	280,690	280,703	13
Municipal court	240,114	240,282	168
Police	2,092,905	2,113,144	20,239
Senior services	147,958	159,258	11,300
Nondepartmental	165,221	436,164	270,943
<i>Total Expenditures</i>	<u>3,466,650</u>	<u>3,818,442</u>	<u>351,792</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	130,907	( 451,748)	582,655
<b>OTHER FINANCING SOURCES (USES)</b>			
Loan proceeds	650,000	650,000	-
Transfers in	367,925	480,150	( 112,225)
Transfers out	( 313,902)	( 313,902)	-
Loan repayment	( 650,000)	( 650,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>54,023</u>	<u>166,248</u>	<u>( 112,225)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	184,930	( 285,500)	470,430
<b>FUND BALANCE, Beginning of year, Budget basis</b>	<u>424,485</u>	<u>355,000</u>	<u>69,485</u>
<b>FUND BALANCE, End of year, Budget basis</b>	609,415	<u>\$ 69,500</u>	<u>\$ 539,915</u>
Adjustments to GAAP basis	<u>( 56,657)</u>		
<b>FUND BALANCE, End of year, GAAP basis</b>	<u>\$ 552,758</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>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Taxes and assessments	\$ 1,304,770	\$ 1,278,132	\$ 26,638
Licenses and permits	349,157	320,096	29,061
Fines and forfeitures	44,456	168,800	( 124,344)
Intergovernmental	974,183	2,045,346	( 1,071,163)
Miscellaneous	<u>290,309</u>	<u>339,961</u>	<u>( 49,652)</u>
<i>Total Revenues</i>	2,962,875	4,152,335	( 1,189,460)
<b>EXPENDITURES</b>			
Current			
Personal services	1,241,770	1,334,480	92,710
Materials and services	1,590,026	2,511,465	921,439
Debt service	758,247	783,168	24,921
Capital outlay	3,703,875	7,687,378	3,983,503
Other requirements	<u>—</u>	<u>1,072,084</u>	<u>1,072,084</u>
<i>Total Expenditures</i>	<u>7,293,918</u>	<u>13,388,575</u>	<u>6,094,657</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	( 4,331,043)	( 9,236,240)	4,905,197
<b>OTHER FINANCING SOURCES (USES)</b>			
Loan proceeds	—	2,792,890	( 2,792,890)
Transfers in	3,308,468	2,786,014	522,454
Transfers out	( 1,260,803)	( 1,086,572)	( 174,231)
Repayment of PERS UAL	<u>—</u>	<u>—</u>	<u>—</u>
<i>Total Other Financing Sources (Uses)</i>	<u>2,047,665</u>	<u>4,492,332</u>	<u>( 2,444,667)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	( 2,283,378)	( 4,743,908)	2,460,530
<b>FUND BALANCE, Beginning of year, Budget basis</b>	<u>4,980,683</u>	<u>4,817,908</u>	<u>162,775</u>
<b>FUND BALANCE, End of year, Budget basis</b>	2,697,305	<u>\$ 74,000</u>	<u>\$ 2,623,305</u>
Adjustments to GAAP basis	<u>( 20,052)</u>		
<b>FUND BALANCE, End of year, GAAP basis</b>	<u>\$ 2,677,253</u>		

<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>
\$ 407,474	\$ 408,026	\$ ( 552)	\$ 386,257	\$ 181,400	\$ 204,857
-	-	-	330,000	330,000	-
-	-	-	-	-	-
-	-	-	6,509	300,300	( 293,791)
<u>13,367</u>	<u>165,700</u>	<u>( 152,333)</u>	<u>235,364</u>	<u>384,346</u>	<u>( 148,982)</u>
420,841	573,726	( 152,885)	958,130	1,196,046	( 237,916)
-	-	-	787,291	887,281	99,990
-	9,500	9,500	116,123	307,234	191,111
483,106	2,623,122	2,140,016	-	-	-
-	8,200	8,200	873,529	3,246,581	2,373,052
-	<u>16,000</u>	<u>16,000</u>	-	<u>662,001</u>	<u>662,001</u>
<u>483,106</u>	<u>2,656,822</u>	<u>2,173,716</u>	<u>1,776,943</u>	<u>5,103,097</u>	<u>3,326,154</u>
( 62,265)	( 2,083,096)	2,020,831	( 818,813)	( 3,907,051)	3,088,238
2,027,145	2,027,145	-	-	422,000	( 422,000)
32,969	32,969	-	1,307,905	1,023,513	284,392
( 94)	( 1,460)	1,366	( 886,486)	( 886,486)	-
<u>( 2,027,145)</u>	<u>( 2,027,145)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>32,875</u>	<u>31,509</u>	<u>1,366</u>	<u>421,419</u>	<u>559,027</u>	<u>( 137,608)</u>
( 29,390)	( 2,051,587)	2,022,197	( 397,394)	( 3,348,024)	2,950,630
<u>522,381</u>	<u>2,516,850</u>	<u>( 1,994,469)</u>	<u>3,630,608</u>	<u>3,420,212</u>	<u>210,396</u>
492,991	<u>\$ 465,263</u>	<u>\$ 27,728</u>	3,233,214	<u>\$ 72,188</u>	<u>\$ 3,161,026</u>
-	-	-	( 14,684)	-	-
<u>\$ 492,991</u>	-	-	<u>\$ 3,218,530</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>
<b>REVENUES</b>			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	137,359	134,500	2,859
Intergovernmental	-	-	-
Miscellaneous	6,633	10,000	( 3,367)
<i>Total Revenues</i>	143,992	144,500	( 508)
<b>EXPENDITURES</b>			
Current			
Personal services	-	-	-
Materials and services	120,021	134,500	14,479
Debt service	-	-	-
Capital outlay	-	-	-
Other requirements	-	-	-
<i>Total Expenditures</i>	120,021	134,500	14,479
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	23,971	10,000	13,971
<b>OTHER FINANCING SOURCES (USES)</b>			
Loan proceeds	-	-	-
Transfers in	-	-	-
Transfers out	( 10,000)	( 10,000)	-
Repayment of PERS UAL	-	-	-
<i>Total Other Financing Sources (Uses)</i>	( 10,000)	( 10,000)	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	13,971	-	13,971
<b>FUND BALANCE, Beginning of year, Budget basis</b>	1,935	-	1,935
<b>FUND BALANCE, End of year, Budget basis</b>	15,906	\$ -	\$ 15,906
Adjustments to GAAP basis	-	-	-
<b>FUND BALANCE, End of year, GAAP basis</b>	\$ 15,906	-	-

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, 2002**

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**OPERATING REVENUES**

Charges for services	\$ 4,435,697
Miscellaneous	<u>235,093</u>

<i>Total Operating Revenues</i>	4,670,790
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**OPERATING EXPENSES**

Personal services	1,195,897
Materials and services	639,009
Depreciation	<u>710,055</u>

<i>Total Operating Expenses</i>	<u>2,544,961</u>
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**OPERATING INCOME**

2,125,829

**NON-OPERATING REVENUE (EXPENSES)**

Interest expense	( 656,856)
Transfers in	1,185,041
Transfers out	( 2,813,729)
Capital contributions	<u>1,814,242</u>

<i>Total Non-operating Revenue (Expenses)</i>	<u>( 471,302)</u>
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**NET INCOME**

1,654,527

**RETAINED EARNINGS, Beginning of year**

17,575,577

**RETAINED EARNINGS, End of year**

\$ 19,230,104

*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, 2002**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating income	\$ 2,125,828
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	710,055
Amortization	16,361
(Increases) decreases in current assets and liabilities	
Property taxes receivable	( 112)
Accounts receivable	( 117,470)
Accounts payable	( 44,137)
Deposits	11,178
Paid absences and deferred comp	23,723
Prepaid expenses	<u>( 56)</u>
<i>Net Cash Flows Provided by Operating Activities</i>	2,725,370

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Transfers in	1,185,041
Transfers out	<u>( 2,813,729)</u>
<i>Net Cash Flows Used in Noncapital Financing Activities</i>	( 1,628,688)

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchase of equipment and construction in progress	( 3,013,162)
Repayment of long-term debt	( 312,114)
Contributed capital	1,814,242
Interest paid	( 656,856)
Increase in reserve for claims	<u>2,006</u>
<i>Net Cash Flows Used in Capital and Related Financing Activities</i>	<u>( 2,165,884)</u>

**NET DECREASE IN CASH AND INVESTMENTS**

( 1,069,202)

**CASH AND INVESTMENTS, Beginning of year**

5,992,640

**CASH AND INVESTMENTS, End of year**

\$ 4,923,438

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*The Financial Reporting Entity*

The City of Lebanon, Oregon is governed by an elected mayor and six council members who comprise the City Council. The City Council exercises supervisory responsibilities over the City operations, but day-to-day management control is the responsibility of a city manager. All significant activities and organizations for which the City is financially accountable are included in the financial statements for the year ended June 30, 2002.

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. The Urban Renewal Agency and the Northwest Urban Renewal Agency are reported as blended component units of the City.

There are certain governmental agencies and various service districts which provide services within the City. These agencies have independently elected governing boards and the City is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying general purpose financial statements.

*Measurement Focus and Basis of Accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current 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.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and the expendable trust 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 or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 30 days after year end. 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 fees, licenses, interest revenue and charges for services. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

**CITY OF LEBANON, OREGON**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2002**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus and Basis of Accounting (Continued)*

The proprietary funds are accounted for utilizing the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred. The proprietary funds have adopted, under GASB No. 20, to follow FASB pronouncements issued after November 30, 1989, unless they conflict with GASB pronouncements.

The basis of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses as of and for the year ended June 30, 2002. Actual results may differ from such estimates.

*Total (Memorandum Only) Columns*

The Total (Memorandum Only) columns on the general purpose financial statements represent an aggregate of the columnar statements by fund type and account group; they do not represent consolidated financial information. Interfund eliminations have not been made in the aggregation of this data.

*Cash and Investments*

Investments, included in cash and investments, are carried at cost which approximates fair value. For purposes of the statement of cash flows, the proprietary funds consider cash and cash equivalents to include the cash and investment common pool. These amounts have the general characteristics of demand deposit accounts in that the proprietary funds may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

*Receivables and Deferred Revenues*

Receivables for state, county and local shared revenues, included in accounts receivable, are recorded as revenue in the governmental funds as earned.

Receivables of the enterprise funds are recorded as revenue as earned.

Property taxes receivable for the governmental fund types, which have been collected within thirty days subsequent to year end, are considered measurable and available and are recognized as revenues. All other property taxes are offset by deferred property tax revenues and, accordingly, have not been recorded as revenue. Real and personal property taxes are levied upon all taxable property within the City and become liens against the property as of July 1 of each year and are payable in three installments which are due on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes receivable by the City represent the City's allocated share of delinquent property taxes and other amounts to be collected from property owners within Linn County, Oregon.

**CITY OF LEBANON, OREGON**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2002**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Receivables and Deferred Revenues (Continued)*

Assessment liens in the governmental fund types are recognized as receivables at the time property owners are assessed for property improvements. All assessments receivable are offset by a deferred revenue account and, accordingly, have not been recorded as revenue.

*Proprietary Fund Fixed Assets*

Fixed assets in the proprietary funds are stated at estimated historical cost in accordance with a June 30, 1995 independent appraisal with subsequent additions at cost. Donated assets are recorded at fair market value at date of donation. Estimated fair market value of donated assets is determined based on engineering estimates of current cost or price indexed cost. Depreciation is computed on assets in service, using the straight-line method over their estimated useful lives:

Building	50 years
Water and Sewer systems	40 years
Equipment	5 to 40 years

Normal maintenance and repairs are charged to operations as incurred. Major additions, improvements and replacements are capitalized. Gains or losses from sales or retirements of fixed assets are included in operations.

*General Fixed Assets*

Fixed assets in the General Fixed Assets Account Group are stated at historical cost. Donated general fixed assets are recorded at fair market value at the date of donation. Fixed assets are charged to expenditures in the governmental fund types as purchased and capitalized in the General Fixed Assets Account Group. Maintenance and repairs of fixed assets are charged to expenditures in the governmental fund types as incurred and are not capitalized. As fixed assets are disposed of, the estimated historical cost or historical cost is removed from this account group; proceeds from sales of general fixed assets are recorded as General Fund other financing sources. Depreciation is not computed on general fixed assets.

Expenditures for public domain fixed assets (streets, sidewalks, curbs and gutters, lighting systems and similar assets) that are immovable and of value only to the City as a governmental unit are reported as expenditures as incurred and are not capitalized.

*Long-Term Debt*

Long-term debt directly related and expected to be paid from the enterprise funds is recorded in these funds. All other unmatured long-term debt is recorded in the General Long-Term Debt Account Group. Repayment of general bonded debt recorded in the General Long-Term Debt Account Group will be made from Debt Service Funds.

*Accrued Vacation Pay*

Accumulated vested vacation pay is accrued in the enterprise funds as it is earned by employees. In governmental fund types the amounts, if any, expected to be liquidated with expendable available resources are accrued as liabilities of the funds and the amount payable from future resources is recorded in the General Long-Term Debt Account Group. Sick pay, which does not vest, is recorded in all funds when leave is taken.

**CITY OF LEBANON, OREGON**  
*NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2002*

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Budget and Budgetary Accounting*

A budget is prepared for each fund. Appropriations are adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, debt service, and capital projects. 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 expenditures 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. Expenditures may not legally exceed appropriations. Appropriations lapse at the end of each fiscal year. Budget amounts include original approved amounts and all subsequent appropriation transfers approved by the City Council. After budget approval, the City Council may approve supplemental appropriations if an occurrence, condition, or need exists which had not been ascertained at the time the budget was adopted. Management may not amend the budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the City Council. During the fiscal year ended June 30, 2002, several appropriation transfers were made and were approved by the City Council.

**ORGANIZATION AND OPERATION**

The City's Financial operations are accounted for in the following funds and account groups:

*Governmental Fund Types*

*General Fund*

The General Fund accounts for activities of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, and state and county shared revenues. Primary expenditures are for police protection, public works and general government.

*Special Revenue Funds*

The special revenue funds account for revenue derived from specific tax or other earmarked revenue sources, including state gas tax, grants and funds set aside to finance particular functions or activities. Funds included in this category are:

- Intergovernmental
- Northwest Urban Renewal
- Urban Renewal
- Cheadle Lake Urban Renewal

*Debt Service Fund*

The City has two debt service funds, the Debt Service Fund and the Bancroft Bond Fund. These funds account for the payment of principal and interest on general obligation bonds.

**CITY OF LEBANON, OREGON**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2002**

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**ORGANIZATION AND OPERATION (Continued)**

*Governmental Fund Types (Continued)*

*Capital Projects Fund*

The City has one capital projects fund. This fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by a proprietary or nonexpendable trust fund.

*Proprietary Fund Types*

*Enterprise Funds*

The City has one enterprise fund, which is comprised of seven departments. These departments account for the acquisition, operation and maintenance of the municipal sewer and water systems.

*Fiduciary Fund Types*

*Expendable Trust Funds*

The City has two expendable trust funds, the Recorder Fund and the Bail Refund Fund. The Recorder Fund accounts for miscellaneous trust fund transactions. The Bail Refund Fund accounts for bails received from defendants awaiting a court appearance.

*Account Groups*

*General Fixed Assets Account Group*

This account group accounts for the City's investment in fixed assets, with the exception of those assets recorded in the proprietary funds. Expenditures for the acquisition of general fixed assets are recorded in various governmental fund types; the costs of such assets are capitalized in this account group.

*General Long-Term Debt Account Group*

This account group accounts for long-term indebtedness not recorded in the enterprise funds which is backed by the full faith and credit of the City.

**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."

**CITY OF LEBANON, OREGON**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2002**

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**CASH AND INVESTMENTS (Continued)**

Cash and investments are comprised of the following at June 30, 2002:

	<u>Carrying Value</u>	<u>Market Value</u>
Cash		
Deposits with financial institutions	\$ 352,809	\$ 352,809
Cash on hand	1,400	1,400
Investments		
US Government agencies	4,233,539	4,233,539
Local Government Investment Pool	<u>7,331,301</u>	<u>7,338,632</u>
	<u>\$ 11,919,049</u>	<u>\$ 11,926,380</u>

*Deposits and Investments*

The City's deposits and investments are categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes insured deposits and investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and uncollateralized deposits and uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Uninsured and collateralized deposits are classified into these three categories depending on who holds the collateral security and how they are held.

At year end, the book balance of the City's bank deposits (checking accounts) is \$352,809 and the bank balance is \$694,529. The difference is due to transactions in process. The first \$200,000 of the general deposit balance is insured by federal depository insurance; \$123,632 (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). The remaining \$370,897 is uncollateralized (category 3).

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.

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, 2002, 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.

The City's investments in U.S. Government agencies are category 2.

**CITY OF LEBANON, OREGON**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2002**

**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, 2002 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Available</u>	<u>Deferred</u>
General Fund	\$ 228,707	\$ -	\$ 228,707
Debt Service Fund	42,809	-	42,809
Urban Renewal Fund	36,179	-	36,179
NW Urban Renewal Fund	83,056	-	85,165
Cheadle Lake Urban Renewal Fund	2,109	-	2,109
Enterprise Fund	699	-	699
<i>Total</i>	<u>\$ 393,559</u>	<u>\$ -</u>	<u>\$ 393,559</u>

**FIXED ASSETS**

A summary of changes in general fixed assets follows:

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2002</u>
<i>Total Fixed Assets</i>	<u>\$ 6,084,293</u>	<u>\$ 358,527</u>	<u>\$ -</u>	<u>\$ 6,442,820</u>

The following is a summary of proprietary fund type fixed assets for the year ended June 30, 2002:

	<u>Water</u>	<u>Small Water Line</u>	<u>Wastewater</u>	<u>Railroad</u>	<u>Total</u>
<b>BALANCE, July 1, 2001</b>	\$ 7,761,832	\$ 240,620	\$ 18,797,466	\$ 1,482	\$ 26,801,400
Additions	152,355	949	2,665,184	-	2,818,488
Deletions	-	-	-	-	-
<b>BALANCE, June 30, 2002</b>	7,914,187	241,569	21,462,650	1,482	29,619,888
Less: accumulated depreciation	<u>2,940,907</u>	<u>128,160</u>	<u>4,173,499</u>	<u>1,482</u>	<u>7,244,048</u>
<i>Net Property, Plant, and Equipment</i>	4,973,280	113,409	17,289,151	-	22,375,840
Construction in-progress	<u>700,281</u>	<u>-</u>	<u>1,034,037</u>	<u>-</u>	<u>1,734,318</u>
<i>Net Fixed Assets</i>	<u>\$ 5,673,561</u>	<u>\$ 113,409</u>	<u>\$ 18,323,188</u>	<u>\$ -</u>	<u>\$ 24,110,158</u>



**CITY OF LEBANON, OREGON**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2002**

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**FIXED ASSETS (Continued)**

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

**LIMITED TAX BONDS**

The City issued limited tax pension bonds. Limited tax pension bonds finance a portion of the estimated unfunded actuarial liability with the Oregon Public Employees Retirement System. The pension bonds are to be repaid from existing revenue sources. All limited tax bonds are backed by the full faith and credit of the City, within the limitations of Article XI of the Oregon Constitution.

**LONG-TERM DEBT**

The bonds payable of \$24,371,222 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, 2001</u>	<u>Issued</u>	<u>Paid</u>	<u>Outstanding June 30, 2002</u>
General obligation - urban renewal	\$ 815,000	\$ -	\$ 45,000	\$ 770,000
General obligation - urban renewal	3,265,000	-	30,000	3,235,000
General obligation - pension fund	-	2,081,188	9,966	2,071,222
General obligation refunding	3,245,000	-	290,000	2,955,000
Water revenue supported	60,000	-	60,000	-
Wastewater revenue refunding	4,095,000	-	125,000	3,970,000
Water revenue refunding	3,105,000	-	20,000	3,085,000
Wastewater revenue	3,320,000	-	105,000	3,215,000
General obligation - urban renewal	<u>5,230,000</u>	<u>-</u>	<u>160,000</u>	<u>5,070,000</u>
<i>Total</i>	<u>\$ 23,135,000</u>	<u>\$ 2,081,188</u>	<u>\$ 844,966</u>	<u>\$ 24,371,222</u>

**CITY OF LEBANON, OREGON****NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2002****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>
2002-03	\$ 2,224,307	\$ 890,000	\$ 1,334,307
2003-04	2,250,280	959,559	1,290,721
2004-05	2,276,827	1,033,528	1,243,299
2005-06	2,303,203	1,111,989	1,191,214
2006-07	2,325,244	1,188,550	1,136,694
2007-08	2,337,163	1,260,540	1,076,623
2008-09	2,349,758	1,337,288	1,012,470
2009-10	2,372,487	1,428,468	944,019
2010-11	1,932,141	1,047,144	884,997
2011-12	1,934,998	1,102,634	832,364
2012-13	1,959,317	1,180,292	779,025
2013-14	1,979,338	1,260,290	719,048
2014-15	1,904,830	1,246,704	658,126
2015-16	1,930,277	1,332,796	597,481
2016-17	1,960,173	1,428,687	531,486
2017-18	1,969,382	1,512,872	456,510
2018-19	1,993,560	1,613,233	380,327
2019-20	1,607,132	1,326,648	280,484
2020-21	506,005	375,000	131,005
2021-22	513,215	405,000	108,215
2022-23	275,518	185,000	90,518
2023-24	282,845	205,000	77,845
2024-25	298,802	235,000	63,802
2025-26	308,292	260,000	48,292
2026-27	325,482	295,000	30,482
2027-28	<u>160,275</u>	<u>150,000</u>	<u>10,275</u>
	<u>\$ 40,280,851</u>	<u>\$ 24,371,222</u>	<u>\$ 15,909,629</u>

Total defeased debt at June 30, 2002, was \$6,435,599.

**CITY OF LEBANON, OREGON**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2002**

**LONG-TERM DEBT (Continued)**

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

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>
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>\$ 136,995</u>	<u>\$ 104,720</u>	<u>\$ 32,275</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>
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>\$ 156,109</u>	<u>\$ 128,629</u>	<u>\$ 27,480</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>
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	1,029	76
	<u>\$ 13,969</u>	<u>\$ 11,590</u>	<u>\$ 2,379</u>

**CITY OF LEBANON, OREGON**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2002**

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**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*

Employer contributions are required by state statute and made at actuarially determined rates as adopted by the Public Employees Retirement Board. Covered employees are required by state statute to contribute 6% of their annual salary to the system, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The City has elected to contribute the 6% 'pick-up' or \$232,284 (5.66% of covered payroll), of the employees' contribution in-lieu of a 6% pay increase.

In addition to the 6% "pick-up," the City contributed 8.42% of covered payroll to OPERS from July 2001 through March 2002. This contribution rate was determined as part of the December 31, 1999 actuarial evaluation. On March 15, 2002, the City issued pension bonds to finance an estimated unfunded actuarial liability of \$2,027,147. As a result, the Retirement Board reduced the City's contribution rate to 5.63% of covered payroll beginning April 2002. The City estimates that it will save \$169,831 in interest costs over the next 26 years from this transaction. A new actuarial valuation was performed December 2001, but the information was not available as of the audit report date. The City's rate at July 1, 2002 was 7.57%. The City's payroll for employees covered by PERS for the year ended June 30, 2002 was \$4,103,963, the City's total payroll was \$4,240,439.

*Annual Pension Cost*

For fiscal 2001-02, the City's annual pension cost of \$618,015 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, 2002**

**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>
6/30/00	\$ 451,568	100%	\$ -
6/30/01	537,529	100	-
6/30/02	618,015	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>Assets in Excess of Actuarial Liability (UAL)</u>	<u>Funded Percent</u>	<u>Covered Payroll</u>	<u>UAL as a Percentage of Covered Payroll</u>
12/31/95	\$ 8,954,676	\$ 7,938,310	\$(1,016,366)	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	( 90,585)	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	\$ 4,615,482	\$ 6,271,343	\$ 2,480,955	\$ 2,266,035	\$ 5,836,047
Adjustment for					
Accounts receivable/deposits	-	-	-	-	19,784
<i>Per GAAP Basis</i>	<u>\$ 4,615,482</u>	<u>\$ 6,271,343</u>	<u>\$ 2,480,955</u>	<u>\$ 2,266,035</u>	<u>\$ 5,855,831</u>
Expenditures and Other Financing Uses					
Per Budgetary Basis	\$ 4,430,552	\$ 8,554,721	\$ 483,200	\$ 2,663,429	\$ 6,801,415
Adjustment for					
Accrued compensated absences	( 834)	( 5,129)	-	( 2,967)	( 136,944)
Loan repayments/bond principal	-	-	-	-	( 116,239)
Capital outlay	-	-	-	-	( 1,113,289)
Depreciation	-	-	-	-	710,055
Budgetary transfer	-	-	-	-	( 129,451)
<i>Per GAAP Basis</i>	<u>\$ 4,429,718</u>	<u>\$ 8,552,441</u>	<u>\$ 483,200</u>	<u>\$ 2,660,462</u>	<u>\$ 6,015,547</u>

**CITY OF LEBANON, OREGON**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2002**

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***OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES***

Accounting principles generally accepted in the United States of America 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 \$787,843 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.

From time to time, the City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position.

***COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS***

### ***GENERAL FUND***

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



**CITY OF LEBANON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2002**

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
<b>REVENUES</b>				
Taxes and assessments	\$ 2,224,894	\$ 2,275,405	\$ -	\$ 2,275,405
Licenses and permits	530,500	674,596	-	674,596
Charges for services	31,400	46,364	-	46,364
Intergovernmental	240,000	280,616	-	280,616
Fines and forfeitures	201,000	228,918	-	228,918
Miscellaneous	138,900	91,658	-	91,658
<i>Total Revenues</i>	<u>3,366,694</u>	<u>3,597,557</u>	<u>-</u>	<u>3,597,557</u>
<b>EXPENDITURES</b>				
Administration	96,916	90,276	( 834)	89,442
City attorney	29,790	29,280	-	29,280
Planning	123,022	118,313	-	118,313
Public works	40,764	25,682	-	25,682
Parks	206,934	186,852	-	186,852
Finance	77,109	76,046	-	76,046
Legislative	14,356	13,313	-	13,313
Library	280,703	280,690	-	280,690
Municipal court	240,282	240,114	-	240,114
Police	2,113,144	2,092,905	-	2,092,905
Senior services	159,258	147,958	-	147,958
Nondepartmental	436,164	165,221	-	165,221
<i>Total Expenditures</i>	<u>3,818,442</u>	<u>3,466,650</u>	<u>( 834)</u>	<u>3,465,816</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	( 451,748)	130,907	834	131,741
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	650,000	650,000	-	650,000
Transfers in	480,150	367,925	-	367,925
Transfers out	( 313,902)	( 313,902)	-	( 313,902)
Loan repayment	( 650,000)	( 650,000)	-	( 650,000)
<i>Total Other Financing Sources (Uses)</i>	<u>166,248</u>	<u>54,023</u>	<u>-</u>	<u>54,023</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	( 285,500)	184,930	834	185,764
<b>FUND BALANCE, Beginning of year</b>	<u>355,000</u>	<u>424,485</u>	<u>( 57,491)</u>	<u>366,994</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 69,500</u>	<u>\$ 609,415</u>	<u>\$ ( 56,657)</u>	<u>\$ 552,758</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, 2002**

	<u>Inter- governmental Fund</u>	<u>Urban Renewal Fund</u>	<u>NW Urban Renewal Fund</u>	<u>Cheadle Lake Urban Renewal Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and investments	\$ 1,278,528	\$ 923,361	\$ 505,965	\$ 22,998	\$ 2,730,852
Receivables					
Property taxes	-	36,179	83,056	2,109	121,344
Accounts	253,649	6,781	15,349	526	276,305
Special assessments/loans	1,063,617	27,141	5,586	-	1,096,344
Prepays	<u>26</u>	<u>18</u>	<u>18</u>	<u>-</u>	<u>62</u>
<i>Total Assets</i>	<u>\$ 2,595,820</u>	<u>\$ 993,480</u>	<u>\$ 609,974</u>	<u>\$ 25,633</u>	<u>\$ 4,224,907</u>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities</b>					
Accounts payable	\$ 87,836	\$ 4,740	\$ 25,872	\$ 867	\$ 119,315
Retainage payable	4,954	-	36,172	-	41,126
Compensated absences payable	19,135	413	341	163	20,052
Deferred revenues	1,143,089	63,319	88,641	2,109	1,297,158
Reserved for claims	<u>70,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,003</u>
<i>Total Liabilities</i>	1,325,017	68,472	151,026	3,139	1,547,654
<b>Fund Balances</b>	<u>1,270,803</u>	<u>925,008</u>	<u>458,948</u>	<u>22,494</u>	<u>2,677,253</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,595,820</u>	<u>\$ 993,480</u>	<u>\$ 609,974</u>	<u>\$ 25,633</u>	<u>\$ 4,224,907</u>

**CITY OF LEBANON, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2002**

	<u>Inter- governmental Fund</u>	<u>Urban Renewal Fund</u>	<u>NW Urban Renewal Fund</u>	<u>Cheadle Lake Urban Renewal Fund</u>	<u>Total</u>
<b>REVENUES</b>					
Taxes and assessments	\$ 18,270	\$ 396,625	\$ 850,965	\$ 38,928	\$ 1,304,788
Licenses and permits	350,786	-	-	-	350,786
Intergovernmental	974,183	-	-	-	974,183
Fines and forfeits	44,456	-	-	-	44,456
Miscellaneous	195,272	34,724	58,292	374	288,662
<i>Total Revenues</i>	1,582,967	431,349	909,257	39,302	2,962,875
<b>EXPENDITURES</b>					
Current					
Personal services	1,152,349	39,468	32,953	14,720	1,239,490
Materials and services	1,565,542	6,690	15,706	2,088	1,590,026
Capital outlay	346,836	463,633	2,893,406	-	3,703,875
Debt service	-	299,119	459,128	-	758,247
<i>Total Expenditures</i>	3,064,727	808,910	3,401,193	16,808	7,291,638
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	( 1,481,760)	( 377,561)	( 2,491,936)	22,494	( 4,328,763)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	2,243,533	-	1,064,935	-	3,308,468
Transfers out	( 270,748)	( 15,214)	( 974,841)	-	( 1,260,803)
<i>Total Other Financing Sources (Uses)</i>	1,972,785	( 15,214)	90,094	-	2,047,665
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	491,025	( 392,775)	( 2,401,842)	22,494	( 2,281,098)
<b>FUND BALANCES, Beginning of year</b>	779,778	1,317,783	2,860,790	-	4,958,351
<b>FUND BALANCES, End of year</b>	<u>\$ 1,270,803</u>	<u>\$ 925,008</u>	<u>\$ 458,948</u>	<u>\$ 22,494</u>	<u>\$ 2,677,253</u>

**CITY OF LEBANON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL - INTERGOVERNMENTAL FUND**  
**YEAR ENDED JUNE 30, 2002**

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
<b>REVENUES</b>				
Taxes and assessments	\$ 20,000	\$ 18,270	\$ -	\$ 18,270
Licenses and permits	321,596	350,786	-	350,786
Intergovernmental	2,045,346	974,183	-	974,183
Fines and forfeitures	168,800	44,456	-	44,456
Miscellaneous	212,650	195,272	-	195,272
<i>Total Revenues</i>	<u>2,768,392</u>	<u>1,582,967</u>	<u>-</u>	<u>1,582,967</u>
<b>EXPENDITURES</b>				
City Hall repairs	75,749	-	-	-
Motel tax	18,200	-	-	-
Santiam Travel Station	476,000	48,881	-	48,881
OTSC Grant	350	-	-	-
Building Inspections	263,556	172,550	( 233)	172,317
Park Enterprise	21,750	14,437	43	14,480
Parks Grant	70,000	58,172	-	58,172
Operation and Environment	1,601,774	1,284,320	1,650	1,285,970
GIS	327,064	166,072	( 814)	165,258
Information System	215,936	181,317	( 941)	180,376
Sidewalk and Bikepath	74,505	7,581	-	7,581
Engineering Development	92,461	72,003	( 1,468)	70,535
Streets	539,547	468,081	133	468,214
Storm Drains	61,090	45,096	( 386)	44,710
911 Communications	53,000	-	-	-
Civil Forfeitures	11,100	7,530	-	7,530
Oregon School Grant	70,821	69,797	( 253)	69,544
Dial-A-Bus	181,789	165,812	( 1,539)	164,273
FAU Streets	130,000	-	-	-
Downtown beautification project	378,210	14,664	-	14,664
ODOT grant/transportation	50,000	-	-	-
Parking enforcement	24,800	15,073	225	15,298
1983-84 Rehabilitation	29,238	11,429	-	11,429
85-86 Housing Rehabilitation Unres.	5,300	-	-	-
Gills Landings	5,100	1,428	16	1,444
1996 Housing Rehabilitation Grant	52,000	-	-	-
1998 Housing Rehabilitation Grant	31,000	25,995	-	25,995
Traffic team	120,000	106,141	2,850	108,991
Downtown Beautification CIF Grant	285,000	129,065	-	129,065
<i>Total Expenditures</i>	<u>5,265,340</u>	<u>3,065,444</u>	<u>( 717)</u>	<u>3,064,727</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	( 2,496,948)	( 1,482,477)	717	( 1,481,760)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,261,014	2,243,533	-	2,243,533
Transfers out	( 410,974)	( 270,748)	-	( 270,748)
<i>Total Other Financing Sources (Uses)</i>	<u>1,850,040</u>	<u>1,972,785</u>	<u>-</u>	<u>1,972,785</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	( 646,908)	490,308	717	491,025
<b>FUND BALANCE, Beginning of year</b>	<u>680,908</u>	<u>799,630</u>	<u>( 19,852)</u>	<u>779,778</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 34,000</u>	<u>\$ 1,289,938</u>	<u>\$ ( 19,135)</u>	<u>\$ 1,270,803</u>

**CITY OF LEBANON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL - URBAN RENEWAL FUND**  
**YEAR ENDED JUNE 30, 2002**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>Basis</u>
		<u>Budget</u> <u>Basis</u>	<u>Adjustments</u>	
<b>REVENUES</b>				
Taxes and assessments	\$ 353,124	\$ 396,625	\$ -	\$ 396,625
Miscellaneous	<u>34,665</u>	<u>34,724</u>	<u>-</u>	<u>34,724</u>
<i>Total Revenues</i>	387,789	431,349	-	431,349
<b>EXPENDITURES</b>				
Urban renewal	901,978	510,534	( 743)	509,791
Urban renewal debt service	299,150	299,119	-	299,119
Contingency	<u>362,447</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures</i>	<u>1,563,575</u>	<u>809,653</u>	<u>( 743)</u>	<u>808,910</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	( 1,175,786)	( 378,304)	743	( 377,561)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>( 15,214)</u>	<u>( 15,214)</u>	<u>-</u>	<u>( 15,214)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>AND OTHER FINANCING SOURCES</b>				
<b>OVER (UNDER) EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	( 1,191,000)	( 393,518)	743	( 392,775)
<b>FUND BALANCE, Beginning of year</b>	<u>1,231,000</u>	<u>1,318,939</u>	<u>( 1,156)</u>	<u>1,317,783</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 40,000</u>	<u>\$ 925,421</u>	<u>\$ ( 413)</u>	<u>\$ 925,008</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, 2002**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
<b>REVENUES</b>				
Taxes and assessments	\$ 880,118	\$ 850,965	\$ -	\$ 850,965
Miscellaneous	91,146	58,292	-	58,292
<i>Total Revenues</i>	971,264	909,257	-	909,257
<b>EXPENDITURES</b>				
Current				
Personal services	33,200	33,936	( 983)	32,953
Materials and services	371,577	15,706	-	15,706
Capital outlay	5,181,075	2,893,406	-	2,893,406
Debt service	459,128	459,128	-	459,128
Contingency	466,900	-	-	-
<i>Total Expenditures</i>	6,511,880	3,402,176	( 983)	3,401,193
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	( 5,540,616)	( 2,492,919)	983	( 2,491,936)
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	2,770,000	-	-	-
Transfers in	525,000	1,064,935	-	1,064,935
Transfers out	( 660,384)	( 974,841)	-	( 974,841)
<i>Total Other Financing Sources (Uses)</i>	2,634,616	90,094	-	90,094
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	( 2,906,000)	( 2,402,825)	983	( 2,401,842)
<b>FUND BALANCE, Beginning of year</b>	2,906,000	2,862,114	( 1,324)	2,860,790
<b>FUND BALANCE, End of year</b>	\$ -	\$ 459,289	\$ ( 341)	\$ 458,948



**CITY OF LEBANON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**

**BALANCE - BUDGET AND ACTUAL - CHEADLE LAKE URBAN RENEWAL FUND**

**YEAR ENDED JUNE 30, 2002**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
<b>REVENUES</b>				
Taxes and assessments	\$ 24,890	\$ 38,928	\$ -	\$ 38,928
Miscellaneous	-	374	-	374
<i>Total Revenues</i>	24,890	39,302	-	39,302
<b>EXPENDITURES</b>				
Current				
Personal services	14,456	14,557	163	14,720
Materials and services	7,096	2,088	-	2,088
Capital outlay	1,100	-	-	-
Debt service	24,890	-	-	-
Contingency	238	-	-	-
<i>Total Expenditures</i>	47,780	16,645	163	16,808
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	( 22,890)	22,657	( 163)	22,494
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	22,890	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	22,890	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	-	22,657	( 163)	22,494
<b>FUND BALANCE, Beginning of year</b>	-	-	-	-
<b>FUND BALANCE, End of year</b>	\$ -	\$ 22,657	\$ ( 163)	\$ 22,494

### ***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, 2002**

	<u>Debt Service Fund</u>	<u>Bancroft Bond Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 388,315	\$ 97,007	\$ 485,322
Receivables			
Property taxes	42,809	-	42,809
Special assessments/loans	7,668	22,971	30,639
Prepaid expenses	-	1,833	1,833
<i>Total Assets</i>	<u>\$ 438,792</u>	<u>\$ 121,811</u>	<u>\$ 560,603</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deferred revenues	\$ 42,809	\$ 24,803	\$ 67,612
<b>Fund Balances</b>	<u>395,983</u>	<u>97,008</u>	<u>492,991</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 438,792</u>	<u>\$ 121,811</u>	<u>\$ 560,603</u>

**CITY OF LEBANON, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - ALL DEBT SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2002**

	<u>Debt Service Fund</u>	<u>Bancroft Bond Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Taxes and assessments	\$ 406,737	\$ 737	\$ 407,474
Miscellaneous	10,504	2,863	13,367
<i>Total Revenues</i>	417,241	3,600	420,841
<b>EXPENDITURES</b>			
Debt service	469,974	13,132	483,106
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	( 52,733)	( 9,532)	( 62,265)
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond proceeds	2,027,145	-	2,027,145
Transfers in	22,969	10,000	32,969
Transfers out	( 94)	-	( 94)
Payment of PERS UAL	( 2,027,145)	-	( 2,027,145)
<i>Total Other Financing Sources (Uses)</i>	22,875	10,000	32,875
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	( 29,858)	468	( 29,390)
<b>FUND BALANCES, Beginning of year</b>	425,841	96,540	522,381
<b>FUND BALANCES, End of year</b>	<u>\$ 395,983</u>	<u>\$ 97,008</u>	<u>\$ 492,991</u>

**CITY OF LEBANON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2002**

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
<b>REVENUES</b>				
Taxes and assessments	\$ 401,916	\$ 406,737	\$ -	\$ 406,737
Miscellaneous	<u>160,000</u>	<u>10,504</u>	<u>-</u>	<u>10,504</u>
<i>Total Revenues</i>	561,916	417,241	-	417,241
<b>EXPENDITURES</b>				
Debt service	2,609,981	469,974	-	469,974
Contingency	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures</i>	<u>2,625,981</u>	<u>469,974</u>	<u>-</u>	<u>469,974</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	( 2,064,065)	( 52,733)	-	( 52,733)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	2,027,145	2,027,145	-	2,027,145
Transfers in	22,969	22,969	-	22,969
Transfers out	( 150)	( 94)	-	( 94)
Payment of PERS UAL	<u>( 2,027,145)</u>	<u>( 2,027,145)</u>	<u>-</u>	<u>( 2,027,145)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>22,819</u>	<u>22,875</u>	<u>-</u>	<u>22,875</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	( 2,041,246)	( 29,858)	-	( 29,858)
<b>FUND BALANCE, Beginning of year</b>	<u>2,423,150</u>	<u>425,841</u>	<u>-</u>	<u>425,841</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 381,904</u>	<u>\$ 395,983</u>	<u>\$ -</u>	<u>\$ 395,983</u>

**CITY OF LEBANON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL - BANCROFT BOND FUND**  
**YEAR ENDED JUNE 30, 2002**

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
<b>REVENUES</b>				
Taxes and assessments	\$ 6,110	\$ 737	\$ -	\$ 737
Miscellaneous	<u>5,700</u>	<u>2,863</u>	<u>-</u>	<u>2,863</u>
<i>Total Revenues</i>	11,810	3,600	-	3,600
<b>EXPENDITURES</b>				
Current				
Materials and services	9,500	-	-	-
Capital outlay/depreciation	8,200	-	-	-
Debt service	<u>13,141</u>	<u>13,132</u>	<u>-</u>	<u>13,132</u>
<i>Total Expenditures</i>	<u>30,841</u>	<u>13,132</u>	<u>-</u>	<u>13,132</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	( 19,031)	( 9,532)	-	( 9,532)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,000	10,000	-	10,000
Transfers out	<u>( 1,310)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>8,690</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	( 10,341)	468	-	468
<b>FUND BALANCE, Beginning of year</b>	<u>93,700</u>	<u>96,540</u>	<u>-</u>	<u>96,540</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 83,359</u>	<u>\$ 97,008</u>	<u>\$ -</u>	<u>\$ 97,008</u>

### ***CAPITAL PROJECTS FUND***

This fund accounts for the accumulation and expenditures 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, 2002**

	<u>Budget</u>	<u>Actual</u>		
		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
<b>REVENUES</b>				
Taxes and assessments	\$ 181,400	\$ 386,257	\$ -	\$ 386,257
Licenses and permits	330,000	330,000	-	330,000
Intergovernmental	300,300	6,509	-	6,509
Miscellaneous	384,346	235,364	-	235,364
<i>Total Revenues</i>	1,196,046	958,130	-	958,130
<b>EXPENDITURES</b>				
Maintenance office construction	603,000	5,700	-	5,700
Equipment acquisition	311,845	44,717	-	44,717
Historic resources	250	140	-	140
Pioneer Cemetery	3,262	150	-	150
Local law enforce block grant	17,600	8,802	-	8,802
D.A.R.E.	17,800	2,781	-	2,781
Police	9,800	4,329	-	4,329
Library	47,150	5,062	-	5,062
Library/Senior Center Building	200,650	2,765	-	2,765
Senior services	51,000	5,325	-	5,325
Snedaker Trust	4,000	2,797	-	2,797
Streets	1,093,000	437,256	-	437,256
Streets capital projects	105,000	-	-	-
Allocable direct costs	925,121	726,875	402	727,277
SDC drainage	17,300	-	-	-
Restricted SDC drainage	33,418	17,246	( 388)	16,858
SDC drainage improvement	45,400	-	-	-
SDC park improvement	307,101	16,202	( 388)	15,814
SDC wastewater	6,200	338	-	338
Restricted SDC wastewater	39,430	130	-	130
SDC wastewater improvement	99,893	53,912	( 531)	53,381
SDC wastewater reimb	14,620	-	-	-
SDC streets	10,000	8,196	-	8,196
Restricted SDC streets	72,140	184	-	184
SDC streets improve	690,532	400,073	( 1,856)	398,217
Restricted SDC water	5,550	128	-	128
SDC water improvement	359,425	33,835	( 206)	33,629
SDC water reimb	12,610	-	-	-
<i>Total Expenditures</i>	5,103,097	1,776,943	( 2,967)	1,773,976
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	( 3,907,051)	( 818,813)	2,967	( 815,846)
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	422,000	-	-	-
Transfers in	1,023,513	1,307,905	-	1,307,905
Transfers out	( 886,486)	( 886,486)	-	( 886,486)
<i>Total Other Financing Sources (Uses)</i>	559,027	421,419	-	421,419
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	( 3,348,024)	( 397,394)	2,967	( 394,427)
<b>FUND BALANCE, Beginning of year</b>	3,420,212	3,630,608	( 17,651)	3,612,957
<b>FUND BALANCE, End of year</b>	\$ 72,188	\$ 3,233,214	\$ ( 14,684)	\$ 3,218,530



### ***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, 2002

	<u>Water</u>	<u>Water CIP</u>	<u>Small Water Line</u>	<u>Storm Drain Utility</u>
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets</b>				
Cash and investments	\$ 710,258	\$ 965,476	\$ 89,102	\$ 73,200
Receivables				
Property taxes	—	—	—	—
Accounts	329,799	—	—	—
Prepaid expenses	92	—	—	—
Fixed assets	7,904,736	709,732	241,569	—
Accumulated depreciation	( 2,931,456)	( 9,451)	( 128,160)	—
<b>Total Assets and Other Debits</b>	<b>\$ 6,013,429</b>	<b>\$ 1,665,757</b>	<b>\$ 202,511</b>	<b>\$ 73,200</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities</b>				
Accounts payable	\$ 7,900	\$ 75	\$ 7,425	\$ 21
Deposits	60,875	—	—	—
Loan payable	—	—	—	—
Bonds payable	—	3,084,999	—	—
Bond discount	—	( 104,241)	—	—
Paid absences and deferred compensation payable	82,223	—	5,452	14,856
Reserved for claims	69,327	—	—	—
<b>Total Liabilities</b>	<b>220,325</b>	<b>2,980,833</b>	<b>12,877</b>	<b>14,877</b>
<b>Fund Equity</b>				
Retained earnings (deficit)	5,793,104	( 1,315,076)	189,634	58,323
<b>Total Liabilities and Fund Equity</b>	<b>\$ 6,013,429</b>	<b>\$ 1,665,757</b>	<b>\$ 202,511</b>	<b>\$ 73,200</b>

<u>Wastewater</u>	<u>Wastewater CIP</u>	<u>Railroad</u>	<u>Total</u>
\$ 422,267	\$ 2,662,797	\$ 337	\$ 4,923,437
699	-	-	699
285,838	-	-	615,637
92	-	-	184
21,458,144	1,038,543	1,482	31,354,206
( 4,168,993)	( 4,506)	( 1,482)	( 7,244,048)
<u>\$ 17,998,047</u>	<u>\$ 3,696,834</u>	<u>\$ 337</u>	<u>\$ 29,650,115</u>
\$ 44,494	\$ 5,832	\$ -	\$ 65,747
-	-	-	60,875
11,590	-	-	11,590
-	7,185,000	-	10,269,999
-	( 195,739)	-	( 299,980)
76,583	9,894	-	189,008
53,445	-	-	122,772
186,112	7,004,987	-	10,420,011
<u>17,811,935</u>	<u>( 3,308,153)</u>	<u>337</u>	<u>19,230,104</u>
<u>\$ 17,998,047</u>	<u>\$ 3,696,834</u>	<u>\$ 337</u>	<u>\$ 29,650,115</u>

**CITY OF LEBANON, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED**  
**EARNINGS - ALL ENTERPRISE DEPARTMENTS**  
**YEAR ENDED JUNE 30, 2002**

	<u>Water</u>	<u>Water CIP</u>	<u>Small Water Line</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,059,610	\$ -	\$ -
Miscellaneous	58,924	32,325	4,019
<i>Total Revenues</i>	2,118,534	32,325	4,019
<b>OPERATING EXPENDITURES</b>			
Personal services	549,696	-	189,994
Materials and services	290,680	( 74,514)	167,406
Depreciation	224,851	-	21,867
<i>Total Expenditures</i>	1,065,227	( 74,514)	379,267
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	1,053,307	( 106,839)	( 375,248)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	18,947	246,130	343,992
Transfers out	( 1,260,071)	-	( 19,606)
Interest expense	-	( 230,310)	-
Contributed capital	145,058	134,374	-
<i>Total Other Financing Sources (Uses)</i>	( 1,096,066)	( 118,554)	324,386
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	( 42,759)	( 11,715)	( 50,862)
<b>RETAINED EARNINGS (DEFICIT), Beginning of year</b>			
	5,835,863	( 1,303,361)	240,495
<b>RETAINED EARNINGS (DEFICIT), End of year</b>			
	<u>\$ 5,793,104</u>	<u>\$ ( 1,315,076)</u>	<u>\$ 189,634</u>

<u>Storm Drain Utility</u>	<u>Wastewater</u>	<u>Wastewater CIP</u>	<u>Railroad</u>	<u>Totals</u>
\$ -	\$ 2,376,087	\$ -	\$ -	\$ 4,435,697
<u>2,563</u>	<u>45,410</u>	<u>91,739</u>	<u>113</u>	<u>235,093</u>
2,563	2,421,497	91,739	113	4,670,790
44,753	411,454	-	-	1,195,897
93	255,344	-	1	639,009
<u>-</u>	<u>463,337</u>	<u>-</u>	<u>-</u>	<u>710,055</u>
<u>44,846</u>	<u>1,130,135</u>	<u>-</u>	<u>1</u>	<u>2,544,961</u>
( 42,283)	1,291,362	91,739	112	2,125,829
6,000	18,947	551,025	-	1,185,041
-	( 1,534,052)	-	-	( 2,813,729)
-	( 1,102)	( 425,444)	-	( 656,856)
<u>-</u>	<u>2,544,812</u>	<u>( 741,254)</u>	<u>-</u>	<u>1,814,242</u>
<u>6,000</u>	<u>1,028,605</u>	<u>( 615,673)</u>	<u>-</u>	<u>( 471,302)</u>
( 36,283)	2,319,967	( 523,934)	112	1,654,527
<u>94,606</u>	<u>15,491,968</u>	<u>( 2,784,219)</u>	<u>225</u>	<u>17,575,577</u>
<u>\$ 58,323</u>	<u>\$ 17,811,935</u>	<u>\$ ( 3,308,153)</u>	<u>\$ 337</u>	<u>\$ 19,230,104</u>



**CITY OF LEBANON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS -  
BUDGET AND ACTUAL - ALL ENTERPRISE DEPARTMENTS  
YEAR ENDED JUNE 30, 2002**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
<b>REVENUES</b>				
Charges for services	\$ 4,381,152	\$ 4,419,563	\$ 16,134	\$ 4,435,697
Miscellaneous	<u>234,020</u>	<u>231,443</u>	<u>3,650</u>	<u>235,093</u>
<i>Total Revenues</i>	4,615,172	4,651,006	19,784	4,670,790
<b>EXPENDITURES</b>				
Personal services	1,302,223	1,196,030	( 133)	1,195,897
Materials and services	866,805	775,821	( 136,811)	639,010
Capital outlay/depreciation	3,986,839	1,008,289	( 298,234)	710,055
Debt service	898,419	878,095	( 221,239)	656,856
Contingency	<u>1,118,935</u>	<u>—</u>	<u>—</u>	<u>—</u>
<i>Total Expenditures</i>	<u>8,173,221</u>	<u>3,858,235</u>	<u>( 656,417)</u>	<u>3,201,818</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	( 3,558,049)	792,771	676,201	1,468,972
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,137,673	1,185,041	—	1,185,041
Transfers out	<u>( 2,881,206)</u>	<u>( 2,943,180)</u>	<u>129,451</u>	<u>( 2,813,729)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>( 1,743,533)</u>	<u>( 1,758,139)</u>	<u>129,451</u>	<u>( 1,628,688)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	( 5,301,582)	( 965,368)	805,652	( 159,716)
<b>RETAINED EARNINGS (DEFICIT), Beginning of year</b>				
	<u>5,301,582</u>	<u>5,762,220</u>	<u>( 4,921,517)</u>	<u>840,703</u>
<b>RETAINED EARNINGS (DEFICIT), End of year</b>				
	<u>\$ —</u>	<u>\$ 4,796,852</u>	<u>\$ ( 4,115,865)</u>	<u>\$ 680,987</u>

**CITY OF LEBANON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS -**

**BUDGET AND ACTUAL - WATER DEPARTMENT**

**YEAR ENDED JUNE 30, 2002**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
<b>REVENUES</b>				
Charges for services	\$ 2,052,658	\$ 2,071,842	\$ ( 12,232)	\$ 2,059,610
Miscellaneous	46,000	56,744	2,180	58,924
<i>Total Revenues</i>	2,098,658	2,128,586	( 10,052)	2,118,534
<b>EXPENDITURES</b>				
Personal services	569,092	549,264	432	549,696
Materials and services	345,926	315,646	( 24,966)	290,680
Capital outlay/depreciation	36,666	7,303	217,548	224,851
Contingency	106,903	-	-	-
<i>Total Expenditures</i>	1,058,587	872,213	193,014	1,065,227
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	1,040,071	1,256,373	( 203,066)	1,053,307
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	18,947	-	18,947
Transfers out	( 1,260,071)	( 1,260,071)	-	( 1,260,071)
<i>Total Other Financing Sources (Uses)</i>	( 1,260,071)	( 1,241,124)	-	( 1,241,124)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	( 220,000)	15,249	( 203,066)	( 187,817)
<b>RETAINED EARNINGS (DEFICIT), Beginning of year</b>				
	565,000	622,043	( 1,484,411)	( 862,368)
<b>RETAINED EARNINGS (DEFICIT), End of year</b>				
	\$ 345,000	\$ 637,292	\$ ( 1,687,477)	\$ ( 1,050,185)

**CITY OF LEBANON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS -  
BUDGET AND ACTUAL - WATER CAPITAL IMPROVEMENT DEPARTMENT  
YEAR ENDED JUNE 30, 2002**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
<b>REVENUES</b>				
Miscellaneous	\$ 40,000	\$ 32,325	\$ -	\$ 32,325
<b>EXPENDITURES</b>				
Materials and services	-	12	( 74,526)	( 74,514)
Capital outlay/depreciation	859,320	134,374	( 134,374)	-
Debt service	250,630	230,310	-	230,310
Contingency	275,500	-	-	-
<i>Total Expenditures</i>	<u>1,385,450</u>	<u>364,696</u>	<u>( 208,900)</u>	<u>155,796</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	( 1,345,450)	( 332,371)	208,900	( 123,471)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	246,130	246,130	-	246,130
Transfers out	( 20,680)	( 90,516)	90,516	-
<i>Total Other Financing Sources (Uses)</i>	<u>225,450</u>	<u>155,614</u>	<u>90,516</u>	<u>246,130</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	( 1,120,000)	( 176,757)	299,416	122,659
<b>RETAINED EARNINGS, Beginning of year</b>	<u>1,120,000</u>	<u>1,142,158</u>	<u>43,601</u>	<u>1,185,759</u>
<b>RETAINED EARNINGS, End of year</b>	<u>\$ -</u>	<u>\$ 965,401</u>	<u>\$ 343,017</u>	<u>\$ 1,308,418</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, 2002**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
<b>REVENUES</b>				
Miscellaneous	\$ 8,000	\$ 4,019	\$ -	\$ 4,019
<b>EXPENDITURES</b>				
Personal services	219,661	188,835	1,159	189,994
Materials and services	171,842	167,402	4	167,406
Capital outlay/depreciation	1,300	953	20,914	21,867
Contingency	<u>25,109</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures</i>	<u>417,912</u>	<u>357,190</u>	<u>22,077</u>	<u>379,267</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	( 409,912)	( 353,171)	( 22,077)	( 375,248)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	334,518	343,992	-	343,992
Transfers out	<u>( 19,606)</u>	<u>( 19,606)</u>	<u>-</u>	<u>( 19,606)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>314,912</u>	<u>324,386</u>	<u>-</u>	<u>324,386</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	( 95,000)	( 28,785)	( 22,077)	( 50,862)
<b>RETAINED EARNINGS, Beginning of year</b>	<u>95,000</u>	<u>110,462</u>	<u>( 178,221)</u>	<u>( 67,759)</u>
<b>RETAINED EARNINGS (DEFICIT), End of year</b>	<u>\$ -</u>	<u>\$ 81,677</u>	<u>\$ ( 200,298)</u>	<u>\$ ( 118,621)</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, 2002**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
<b>REVENUES</b>				
Charges for services	\$ 82,494	\$ -	\$ -	\$ -
Miscellaneous	5,000	2,563	-	2,563
<i>Total Revenues</i>	87,494	2,563	-	2,563
<b>EXPENDITURES</b>				
Personal services	78,083	29,896	14,857	44,753
Materials and services	49,417	93	-	93
Capital outlay/depreciation	23,075	-	-	-
Contingency	3,635	-	-	-
<i>Total Expenditures</i>	154,210	29,989	14,857	44,846
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	( 66,716)	( 27,426)	( 14,857)	( 42,283)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,000	6,000	-	6,000
Transfers out	( 26,117)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	( 20,117)	6,000	-	6,000
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	( 86,833)	( 21,426)	( 14,857)	( 36,283)
<b>RETAINED EARNINGS, Beginning of year</b>	86,833	94,606	-	94,606
<b>RETAINED EARNINGS, End of year</b>	\$ -	\$ 73,180	\$ ( 14,857)	\$ 58,323

**CITY OF LEBANON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED**  
**EARNINGS - BUDGET AND ACTUAL - WASTEWATER DEPARTMENT**  
**YEAR ENDED JUNE 30, 2002**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
<b>REVENUES</b>				
Charges for services	\$ 2,246,000	\$ 2,347,720	\$ 28,367	\$ 2,376,087
Miscellaneous	20,000	43,940	1,470	45,410
<i>Total Revenues</i>	2,266,000	2,391,660	29,837	2,421,497
<b>EXPENDITURES</b>				
Personal services	435,387	414,074	( 2,620)	411,454
Materials and services	259,335	269,526	( 14,182)	255,344
Capital outlay/depreciation	235,022	106,189	357,148	463,337
Debt service	3,216	3,216	( 2,114)	1,102
Contingency	48,988	-	-	-
<i>Total Expenditures</i>	981,948	793,005	338,232	1,131,237
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	1,284,052	1,598,655	( 308,395)	1,290,260
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	18,947	-	18,947
Transfers out	( 1,534,052)	( 1,534,052)	-	( 1,534,052)
<i>Total Other Financing Sources (Uses)</i>	( 1,534,052)	( 1,515,105)	-	( 1,515,105)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	( 250,000)	83,550	( 308,395)	( 224,845)
<b>RETAINED EARNINGS, Beginning of year</b>	250,000	298,449	( 2,381,704)	( 2,083,255)
<b>RETAINED EARNINGS, End of year</b>	\$ -	\$ 381,999	\$ ( 2,690,099)	\$ ( 2,308,100)

**CITY OF LEBANON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL - WASTEWATER CAPITAL IMPROVEMENT DEPARTMENT  
YEAR ENDED JUNE 30, 2002**

	<u>Budget</u>	<u>Actual</u>		<u>GAAP Basis</u>
		<u>Budget Basis</u>	<u>Adjustments</u>	
<b>REVENUES</b>				
Miscellaneous	\$ 115,000	\$ 91,739	\$ -	\$ 91,739
<b>EXPENDITURES</b>				
Personal services	-	13,961	( 13,961)	-
Materials and services	40,000	23,141	( 23,141)	-
Capital outlay/depreciation	2,831,456	759,470	( 759,470)	-
Debt service	644,573	644,569	( 219,125)	425,444
Contingency	658,800	-	-	-
<i>Total Expenditures</i>	<u>4,174,829</u>	<u>1,441,141</u>	<u>( 1,015,697)</u>	<u>425,444</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	( 4,059,829)	( 1,349,402)	1,015,697	( 333,705)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	551,025	551,025	-	551,025
Transfers out	( 20,680)	( 38,935)	38,935	-
<i>Total Other Financing Sources (Uses)</i>	<u>530,345</u>	<u>512,090</u>	<u>38,935</u>	<u>551,025</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	( 3,529,484)	( 837,312)	1,054,632	217,320
<b>RETAINED EARNINGS, Beginning of year</b>	<u>3,529,484</u>	<u>3,494,277</u>	<u>( 899,632)</u>	<u>2,594,645</u>
<b>RETAINED EARNINGS, End of year</b>	<u>\$ -</u>	<u>\$ 2,656,965</u>	<u>\$ 155,000</u>	<u>\$ 2,811,965</u>

**CITY OF LEBANON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED**

**EARNINGS - BUDGET AND ACTUAL - RAILROAD DEPARTMENT**

**YEAR ENDED JUNE 30, 2002**

	<u>Budget</u>	<u>Budget Basis</u>	<u>Actual Adjustments</u>	<u>GAAP Basis</u>
<b>REVENUES</b>				
Miscellaneous	\$ 20	\$ 113	\$ -	\$ 113
<b>EXPENDITURES</b>				
Materials and services	<u>285</u>	<u>1</u>	<u>-</u>	<u>1</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	( 265)	112	-	112
<b>RETAINED EARNINGS (DEFICIT), Beginning of year</b>	<u>265</u>	<u>225</u>	<u>( 21,150)</u>	<u>( 20,925)</u>
<b>RETAINED EARNINGS (DEFICIT), End of year</b>	<u>\$ -</u>	<u>\$ 337</u>	<u>\$ ( 21,150)</u>	<u>\$ ( 20,813)</u>





***SUPPLEMENTAL INFORMATION***



**CITY OF LEBANON, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2002**

<u>Tax Year</u>	<u>Taxes Receivable July 1, 2001</u>	<u>Levy</u>	<u>Discounts and Adjustments</u>	<u>Total Collections</u>	<u>Taxes Receivable June 30, 2002</u>
2001-02	\$ -	\$ 4,052,405	\$ ( 121,343)	\$ 3,724,656	\$ 206,406
Prior years	<u>400,590</u>	<u>-</u>	<u>4,991</u>	<u>218,428</u>	<u>187,153</u>
<i>Totals</i>	<u>\$ 400,590</u>	<u>\$ 4,052,405</u>	<u>\$ ( 116,352)</u>	<u>\$ 3,943,084</u>	<u>\$ 393,559</u>

Summary of taxes receivable by fund

General Fund	\$ 228,707
Debt Service Fund	42,809
Urban Renewal Fund	36,179
NW Urban Renewal Fund	83,056
Enterprise Fund	699
Cheadle Lake Urban Renewal Fund	<u>2,109</u>
	<u>\$ 393,559</u>

**CITY OF LEBANON, OREGON**  
**SCHEDULE OF BOND TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2002**

<u>Issue</u>	<u>Date of Issue</u>	<u>Interest Rate</u>		<u>Outstanding July 1, 2001</u>	
		<u>From</u>	<u>To</u>	<u>Matured</u>	<u>Unmatured</u>
<b>General Obligation</b>					
General obligation - urban renewal	06/01/99	4.500%	5.625%	\$ -	\$ 3,265,000
General obligation - urban renewal	03/01/94	3.000%	6.000%	-	815,000
Refunding	08/01/95	3.750%	5.350%	-	3,245,000
General obligation - NW urban renewal	08/24/00	4.750%	6.000%	-	5,230,000
General obligation - pension bond	03/25/02	2.000%	7.360%	-	-
				-	12,555,000
<b>Revenue</b>					
Water	10/01/91	5.500%	7.250%	-	60,000
Wastewater refunding	06/01/93	5.250%	5.875%	-	4,095,000
Water refunding	09/01/93	3.750%	5.500%	-	3,105,000
Wastewater revenue	03/01/00	4.700%	5.700%	-	3,320,000
				-	10,580,000
				\$ -	\$ 23,135,000

<u>2001-02 Transactions</u>		<u>Outstanding June 30, 2002</u>	
<u>Issued</u>	<u>Matured and Retired</u>	<u>Matured</u>	<u>Unmatured</u>
\$ -	\$ 30,000	\$ -	\$ 3,235,000
-	45,000	-	770,000
-	290,000	-	2,955,000
-	160,000	-	5,070,000
<u>2,081,188</u>	<u>9,966</u>	<u>-</u>	<u>2,071,222</u>
2,081,188	534,966	-	14,101,222
-	60,000	-	-
-	125,000	-	3,970,000
-	20,000	-	3,085,000
<u>-</u>	<u>105,000</u>	<u>-</u>	<u>3,215,000</u>
<u>-</u>	<u>310,000</u>	<u>-</u>	<u>10,270,000</u>
<u>\$ 2,081,188</u>	<u>\$ 844,966</u>	<u>\$ -</u>	<u>\$ 24,371,222</u>

**CITY OF LEBANON, OREGON**  
**SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS**  
**JUNE 30, 2002**

<u>Fiscal Year</u>	<u>NW Lebanon URD 2000 Construction</u>			<u>General Obligation - Urban Renewal</u>		
	<u>Total</u>	<u>Bonds</u>	<u>Coupons</u>	<u>Total</u>	<u>Bonds</u>	<u>Coupons</u>
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	-	-	-	-	-	-
2022-23	-	-	-	-	-	-
2023-24	-	-	-	-	-	-
2024-25	-	-	-	-	-	-
2025-26	-	-	-	-	-	-
2026-27	-	-	-	-	-	-
2027-28	-	-	-	-	-	-
	<u>\$8,333,222</u>	<u>\$5,070,000</u>	<u>\$3,263,222</u>	<u>\$1,091,071</u>	<u>\$ 770,000</u>	<u>\$ 321,071</u>





**CITY OF LEBANON, OREGON**

**SCHEDULE OF FUTURE BONDED DEBT REQUIREMENT (Continued)**

**JUNE 30, 2002**

<u>Fiscal Year</u>	<u>General Obligation - Pension Bond</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>
2002-03	\$ 112,780	\$ -	\$ 112,780	\$ 250,880	\$ 85,000	\$ 165,880
2003-04	117,780	4,559	113,221	251,285	90,000	161,285
2004-05	122,780	8,528	114,252	251,335	95,000	156,335
2005-06	127,780	11,989	115,791	255,883	105,000	150,883
2006-07	137,780	18,550	119,230	255,025	110,000	145,025
2007-08	142,780	20,540	122,240	253,950	115,000	138,950
2008-09	147,780	22,288	125,492	252,605	120,000	132,605
2009-10	152,780	23,468	129,312	250,990	125,000	125,990
2010-11	162,780	27,144	135,636	253,970	135,000	118,970
2011-12	167,780	27,634	140,146	251,545	140,000	111,545
2012-13	177,779	30,292	147,487	253,715	150,000	103,715
2013-14	182,780	30,290	152,490	255,345	160,000	95,345
2014-15	192,780	31,704	161,076	251,488	165,000	86,488
2015-16	202,780	32,796	169,984	257,000	180,000	77,000
2016-17	212,780	33,687	179,093	256,825	190,000	66,825
2017-18	217,780	32,872	184,908	256,100	200,000	56,100
2018-19	227,780	33,233	194,547	259,687	215,000	44,687
2019-20	237,780	51,648	186,132	257,587	225,000	32,587
2020-21	251,068	140,000	111,068	254,937	235,000	19,937
2021-22	261,478	160,000	101,478	251,737	245,000	6,737
2022-23	275,518	185,000	90,518	-	-	-
2023-24	282,845	205,000	77,845	-	-	-
2024-25	298,802	235,000	63,802	-	-	-
2025-26	308,292	260,000	48,292	-	-	-
2026-27	325,482	295,000	30,482	-	-	-
2027-28	160,275	150,000	10,275	-	-	-
	<u>\$ 5,208,799</u>	<u>\$ 2,071,222</u>	<u>\$ 3,137,577</u>	<u>\$ 5,081,889</u>	<u>\$ 3,085,000</u>	<u>\$ 1,996,889</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>
\$ 283,053	\$ 110,000	\$ 173,053	\$2,224,307	\$ 890,000	\$1,334,307
287,773	120,000	167,773	2,250,280	959,559	1,290,721
286,893	125,000	161,893	2,276,827	1,033,528	1,243,299
285,643	130,000	155,643	2,303,203	1,111,989	1,191,214
284,143	135,000	149,143	2,325,244	1,188,550	1,136,694
287,325	145,000	142,325	2,337,163	1,260,540	1,076,623
284,930	150,000	134,930	2,349,758	1,337,288	1,012,470
287,205	160,000	127,205	2,372,487	1,428,468	944,019
283,885	165,000	118,885	1,932,141	1,047,144	884,997
285,223	175,000	110,223	1,934,998	1,102,634	832,364
285,948	185,000	100,948	1,959,317	1,180,292	779,025
286,050	195,000	91,050	1,979,338	1,260,290	719,048
285,520	205,000	80,520	1,904,830	1,246,704	658,126
284,040	215,000	69,040	1,930,277	1,332,796	597,481
287,000	230,000	57,000	1,960,173	1,428,687	531,486
288,890	245,000	43,890	1,969,382	1,512,872	456,510
284,925	255,000	29,925	1,993,560	1,613,233	380,327
285,390	270,000	15,390	1,607,132	1,326,648	280,484
-	-	-	506,005	375,000	131,005
-	-	-	513,215	405,000	108,215
-	-	-	275,518	185,000	90,518
-	-	-	282,845	205,000	77,845
-	-	-	298,802	235,000	63,802
-	-	-	308,292	260,000	48,292
-	-	-	325,482	295,000	30,482
-	-	-	160,275	150,000	10,275
<u>\$5,143,836</u>	<u>\$3,215,000</u>	<u>\$1,928,836</u>	<u>\$40,280,851</u>	<u>\$24,371,222</u>	<u>\$15,909,629</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, 2002**

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**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.

*Significant Accounting Policies*

The significant accounting policies followed in preparing the City's financial statements are summarized in the notes to the general purpose financial statements.

*Organization and Fund Structure*

The organization and fund structure of the City is documented in the notes to the general purpose financial statements.

*Internal Accounting Control*

We have audited the general purpose financial statements of the City of Lebanon as of and for the year ended June 30, 2002, and have issued our report thereon dated November 13, 2002. As part of our audit, we made a study and evaluation of accounting systems and controls as required by auditing standards generally accepted in the United States of America. 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.

*Indebtedness*

The general obligation bonded debt of the City is in compliance with the limitation imposed by ORS 264.250 (3). We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the City's liabilities, and no breach of the bond agreements, at June 30, 2002.

*Adequacy of Collateral Securing Depository Balances*

ORS 295 provides that each depository, throughout the period of its possession of public fund deposits, shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Deposit Insurance Corporation. Our review of the adequacy of collateral securing depository balances indicated the collateral was sufficient during the year ended June 30, 2002.

*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 fiscal years ending June 30, 2002 and 2003. A description of the budgeting process is in the notes to the combined financial statements.

**CITY OF LEBANON, OREGON**

**AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS (Continued)**

**YEAR ENDED JUNE 30, 2002**

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*Insurance and Fidelity Bonds*

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2002. We ascertained that such policies appeared to be in force and in compliance 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, 2002.

*Investments*

Our review of deposit and investment balances indicated that the City was in compliance with ORS 294, as it pertains to investment of public funds, during the year ended June 30, 2002.

*Public Contracting and Purchasing*

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

*Schedule of Accountability of Independently Elected Officials*

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

*Use Of State Highway Funds*

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

*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.

This report is intended for the information of the 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 these 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 13, 2002