

CITY OF LAFAYETTE, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2005

AUDITS MUNICIPALITIES

| | Date | Initial |
|----------|-----------------|-----------|
| Rec'd | <u>12-28-05</u> | <u>BH</u> |
| DIS | <u>12-28-05</u> | <u>BH</u> |
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| Comments | _____ | _____ |

CITY OF LAFAYETTE, OREGON

CITY OFFICIALS

JUNE 30, 2005

Mayor

Don Leard
P.O. Box 722
Lafayette, Oregon 97127

Council Members

Art Bixman
1253 Joels Place
Lafayette, Oregon 97127

Lisa Heatherly
1296 Cramner Street
Lafayette, Oregon 97127

Ron Ross
P.O. Box 817
Lafayette, Oregon 97127

Steve Malone
1282 Third Street, #62
Lafayette, Oregon 97127

Michael Roberts
160 W 13th Street
Lafayette, Oregon 97127

Jim Sieber
182 W 9th Street
Lafayette, Oregon 97127

City Administrator

Diane J. Rinks
486 Third Street
Lafayette, Oregon 97127

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BASIC FINANCIAL STATEMENTS



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200 • Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council
City of Lafayette, Oregon

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lafayette, Oregon, as of June 30, 2005, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as described below, 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.

As described in the summary of significant accounting policies of the notes to the financial statements, the City prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and budget laws of the State of Oregon, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, except for the matters discussed below, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate fund information of the City of Lafayette, Oregon, as of June 30, 2005, and the respective changes in financial position – modified cash basis thereof for the year then ended, in conformity with the basis of accounting described in the summary of significant accounting policies in the notes to the financial statements.

The City does not maintain historical cost and depreciation records for capital assets. We were unable to apply alternative procedures to satisfy ourselves regarding the historical cost and depreciation of capital assets. Consequently the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the capital assets.

The required supplementary information is not a required part of the basic financial statements, but is supplementary information required by accounting standards generally accepted in the United States of America. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Accounting standards generally accepted in the United States of America require that financial statements include Management's Discussion and Analysis as supplemental information. Management has not presented the required Management's Discussion and Analysis.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of City of Lafayette, Oregon. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in the notes to the financial statements.

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

By  _____
Charles A. Swank, A Shareholder
November 9, 2005

CITY OF LAFAYETTE, OREGON
STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)
JUNE 30, 2005

| | <i>Governmental Activities</i> | <i>Business-type Activities</i> | <i>Totals</i> |
|--|------------------------------------|-------------------------------------|---------------|
| ASSETS | | | |
| Cash and investments | \$ 787,401 | \$ 1,049,368 | \$ 1,836,769 |
| Cash with fiscal agent | - | 4,372,095 | 4,372,095 |
| Property taxes receivable | 19,988 | - | 19,988 |
| Capital assets | 871,696 | 7,181,813 | 8,053,509 |
| | <hr/> | <hr/> | <hr/> |
| <i>Total Assets</i> | 1,679,085 | 12,603,276 | 14,282,361 |
| | <hr/> | <hr/> | <hr/> |
| LIABILITIES | | | |
| Deferred revenue | 19,989 | - | 19,989 |
| Noncurrent liabilities: | | | |
| Due within one year: | | | |
| Loan payable | 87,930 | - | 87,930 |
| Bonds payable | - | 330,738 | 330,738 |
| Due in more than one year: | | | |
| Loan payable | 49,232 | - | 49,232 |
| Bonds payable | - | 7,886,128 | 7,886,128 |
| | <hr/> | <hr/> | <hr/> |
| <i>Total Liabilities</i> | 157,151 | 8,216,866 | 8,374,017 |
| | <hr/> | <hr/> | <hr/> |
| NET ASSETS | | | |
| Investment in capital assets (net of related debt) | 734,534 | 3,337,042 | 4,071,576 |
| Fund net assets | | | |
| Reserved for special purposes | 132,427 | 144,098 | 276,525 |
| Unrestricted | 654,973 | 905,270 | 1,560,243 |
| | <hr/> | <hr/> | <hr/> |
| <i>Total Fund Net Assets</i> | 787,400 | 1,049,368 | 1,836,768 |
| | <hr/> | <hr/> | <hr/> |
| <i>Total Net Assets</i> | \$ 1,521,934 | \$ 4,386,410 | \$ 5,908,344 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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

CITY OF LAFAYETTE, OREGON
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2005

| | <u>Disbursements</u> | <u>Program Receipts</u> | |
|---------------------------------------|----------------------|--|---|
| | | <u>Fees, Fines, and Charges for Services</u> | <u>Operating Grants and Contributions</u> |
| Functions/Programs | | | |
| Governmental activities: | | | |
| General government | \$ 162,263 | \$ - | \$ 6,071 |
| Court and police | 78,551 | 5,533 | 14,418 |
| Community services and development | 184,531 | 145,531 | - |
| Fire | 88,724 | - | - |
| Parks | 7,863 | - | - |
| Streets | 61,661 | - | 146,616 |
| Interest on long-term debt | 10,993 | - | - |
| <i>Total Governmental Activities</i> | <u>594,586</u> | <u>151,064</u> | <u>167,105</u> |
| Business-Type Activities: | | | |
| Water | 667,749 | 576,710 | - |
| Sewer | 947,807 | 558,400 | - |
| <i>Total Business-Type Activities</i> | <u>1,615,556</u> | <u>1,135,110</u> | <u>-</u> |
| <i>Total Activities</i> | <u>\$ 2,210,142</u> | <u>\$ 1,286,174</u> | <u>\$ 167,105</u> |

General Receipts:

Property taxes
Licenses and permits
Intergovernmental
Bond proceeds
Loan proceeds
Miscellaneous

Total General Receipts

Transfers

Change in fund net assets

Fund net assets, July 1, 2004

Fund net assets, June 30, 2005

***Net (Disbursements) Receipts and
Changes in Fund Net Assets***

| <i>Governmental Activities</i> | <i>Business-type Activities</i> | <i>Totals</i> |
|---|--|----------------------|
| \$ (156,192) | \$ - | \$ (156,192) |
| (58,600) | - | (58,600) |
| (39,000) | - | (39,000) |
| (88,724) | - | (88,724) |
| 16,491 | - | 16,491 |
| 92,240 | - | 92,240 |
| (10,993) | - | (10,993) |
| (244,778) | - | (244,778) |
| - | (9,800) | (9,800) |
| - | (147,274) | (147,274) |
| - | (157,074) | (157,074) |
| (244,778) | (157,074) | (401,852) |
| 294,699 | - | 294,699 |
| 81,350 | - | 81,350 |
| 49,868 | - | 49,868 |
| - | 264,772 | 264,772 |
| - | 16,407 | 16,407 |
| 34,981 | 18,016 | 52,997 |
| 460,898 | 299,195 | 760,093 |
| (6,300) | 6,300 | - |
| 209,820 | 148,421 | 358,241 |
| 577,580 | 900,947 | 1,478,527 |
| \$ 787,400 | \$ 1,049,368 | \$ 1,836,768 |

The accompanying notes are an integral part of the financial statements

CITY OF LAFAYETTE, OREGON

STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS

JUNE 30, 2005

| | <u>General</u> | <u>Streets</u> | <u>Refundable/ Pass-through</u> |
|--|-------------------|------------------|-------------------------------------|
| ASSETS | | | |
| Cash and investments | \$ 320,616 | \$ 84,402 | \$ 187,409 |
| Property taxes receivable | 19,417 | - | - |
| | <hr/> | <hr/> | <hr/> |
| <i>Total Assets</i> | <u>\$ 340,033</u> | <u>\$ 84,402</u> | <u>\$ 187,409</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Deferred revenue | \$ 19,989 | \$ - | \$ - |
| Fund Balances | | | |
| Unreserved, reported in: | | | |
| General fund | 320,044 | - | - |
| Special revenue funds | - | 84,402 | 187,409 |
| | <hr/> | <hr/> | <hr/> |
| <i>Total Fund Balances</i> | <u>320,044</u> | <u>84,402</u> | <u>187,409</u> |
| | <hr/> | <hr/> | <hr/> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$ 340,033</u> | <u>\$ 84,402</u> | <u>\$ 187,409</u> |

| <i>Other Governmental Funds</i> | <i>Totals</i> |
|---|-------------------|
| \$ 195,545 | \$ 787,972 |
| - | 19,417 |
| <u>\$ 195,545</u> | <u>\$ 807,389</u> |
| \$ - | \$ 19,989 |
| - | 320,044 |
| 195,545 | 467,356 |
| <u>195,545</u> | <u>787,400</u> |
| <u>\$ 195,545</u> | <u>\$ 807,389</u> |

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

CITY OF LAFAYETTE, OREGON
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

| | <u>General</u> | <u>Streets</u> | <u>Refundable/ Pass-through</u> |
|--|----------------|----------------|-------------------------------------|
| RECEIPTS | | | |
| Taxes and assessments | \$ 294,699 | \$ - | \$ - |
| Licenses and permits | 150,874 | - | 50,174 |
| Charges for services | - | - | 12,543 |
| Intergovernmental | 70,357 | 146,616 | - |
| Fines and forfeitures | 5,533 | - | - |
| Miscellaneous | 9,741 | 1,042 | 7,138 |
| | <hr/> | <hr/> | <hr/> |
| <i>Total Receipts</i> | 531,204 | 147,658 | 69,855 |
| DISBURSEMENTS | | | |
| Current operating: | | | |
| General government | 148,620 | - | - |
| Court and police | 78,551 | - | - |
| Community services and development | 68,553 | - | 115,978 |
| Fire | 68,015 | - | - |
| Parks | 7,863 | - | - |
| Streets | - | 61,661 | - |
| Capital outlay | 4,385 | - | - |
| Debt service | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| <i>Total Disbursements</i> | 375,987 | 61,661 | 115,978 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 155,217 | 85,997 | (46,123) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 2,941 | - | - |
| Transfers out | (56,102) | (60,000) | - |
| | <hr/> | <hr/> | <hr/> |
| <i>Total Other Financing Sources (Uses)</i> | (53,161) | (60,000) | - |
| NET CHANGE IN FUND BALANCES | 102,056 | 25,997 | (46,123) |
| FUND BALANCES, Beginning of year | 217,988 | 58,405 | 233,532 |
| | <hr/> | <hr/> | <hr/> |
| FUND BALANCES, End of year | \$ 320,044 | \$ 84,402 | \$ 187,409 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

| <i>Other Governmental Funds</i> | <i>Totals</i> |
|---|---------------|
| \$ - | \$ 294,699 |
| - | 201,048 |
| 44,855 | 57,398 |
| - | 216,973 |
| - | 5,533 |
| 17,134 | 35,055 |
| <hr/> | |
| 61,989 | 810,706 |
| | |
| 11,350 | 159,970 |
| - | 78,551 |
| - | 184,531 |
| - | 68,015 |
| - | 7,863 |
| - | 61,661 |
| 18,282 | 22,667 |
| 11,328 | 11,328 |
| <hr/> | |
| 40,960 | 594,586 |
| <hr/> | |
| 21,029 | 216,120 |
| | |
| 109,802 | 112,743 |
| (2,941) | (119,043) |
| <hr/> | |
| 106,861 | (6,300) |
| <hr/> | |
| 127,890 | 209,820 |
| | |
| 67,655 | 577,580 |
| <hr/> | |
| \$ 195,545 | \$ 787,400 |
| <hr/> | |

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

CITY OF LAFAYETTE, OREGON

STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) - PROPRIETARY FUNDS

JUNE 30, 2005

| | <u>Sewer</u> | <u>Sewer SDC Projects</u> | <u>Sewer Capital Projects</u> |
|--|-------------------|-----------------------------------|---------------------------------------|
| ASSETS | | | |
| Cash and investments | \$ 303,855 | \$ 79,179 | \$ 12,561 |
| <i>Total Assets</i> | <u>\$ 303,855</u> | <u>\$ 79,179</u> | <u>\$ 12,561</u> |
| LIABILITIES AND FUND BALANCES | | | |
| <i>Liabilities</i> | \$ - | \$ - | \$ - |
| Fund Balances | | | |
| Unreserved | 303,855 | 79,179 | 12,561 |
| <i>Total Fund Balances</i> | <u>303,855</u> | <u>79,179</u> | <u>12,561</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$ 303,855</u> | <u>\$ 79,179</u> | <u>\$ 12,561</u> |

| <u>Sewer Debt</u> | <u>Water</u> | <u>Water SDC Projects</u> | <u>Water Capital Projects</u> | <u>Water Debt Service</u> | <u>Totals</u> |
|-----------------------|-------------------|-----------------------------------|---------------------------------------|-----------------------------------|---------------------|
| \$ 24,188 | \$ 242,431 | \$ 52,358 | \$ 5,099 | \$ 329,697 | \$ 1,049,368 |
| <u>\$ 24,188</u> | <u>\$ 242,431</u> | <u>\$ 52,358</u> | <u>\$ 5,099</u> | <u>\$ 329,697</u> | <u>\$ 1,049,368</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <u>24,188</u> | <u>242,431</u> | <u>52,358</u> | <u>5,099</u> | <u>329,697</u> | <u>1,049,368</u> |
| <u>24,188</u> | <u>242,431</u> | <u>52,358</u> | <u>5,099</u> | <u>329,697</u> | <u>1,049,368</u> |
| <u>\$ 24,188</u> | <u>\$ 242,431</u> | <u>\$ 52,358</u> | <u>\$ 5,099</u> | <u>\$ 329,697</u> | <u>\$ 1,049,368</u> |

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

CITY OF LAFAYETTE, OREGON**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES****(MODIFIED CASH BASIS) - PROPRIETARY FUNDS****YEAR ENDED JUNE 30, 2005**

| | <u>Sewer</u> | <u>Sewer SDC Projects</u> | <u>Sewer Capital Projects</u> |
|--|-------------------|-----------------------------------|---------------------------------------|
| RECEIPTS | | | |
| Licenses and permits | \$ - | \$ 195,563 | \$ 3,135 |
| Charges for services | 557,882 | - | - |
| Intergovernmental | - | - | 43,435 |
| Miscellaneous | 3,987 | 1,145 | (28) |
| | <u>561,869</u> | <u>196,708</u> | <u>46,542</u> |
| <i>Total Receipts</i> | 561,869 | 196,708 | 46,542 |
| DISBURSEMENTS | | | |
| Personnel services | 151,202 | - | - |
| Materials and services | 53,568 | 1,437 | 2,339 |
| Capital outlay | 302 | - | 297,649 |
| Debt service | - | - | - |
| | <u>205,072</u> | <u>1,437</u> | <u>299,988</u> |
| <i>Total Disbursements</i> | 205,072 | 1,437 | 299,988 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 356,797 | 195,271 | (253,446) |
| OTHER FINANCING SOURCES (USES) | | | |
| Bond proceeds | - | - | 264,772 |
| Loan proceeds | - | - | - |
| Transfers in | - | 10,000 | - |
| Transfers out | (187,000) | (235,000) | - |
| | <u>(187,000)</u> | <u>(225,000)</u> | <u>264,772</u> |
| <i>Total Other Financing Sources (Uses)</i> | (187,000) | (225,000) | 264,772 |
| NET CHANGE IN FUND BALANCES | 169,797 | (29,729) | 11,326 |
| FUND BALANCES (DEFICITS), Beginning of year | <u>134,058</u> | <u>108,908</u> | <u>1,235</u> |
| FUND BALANCES, End of year | <u>\$ 303,855</u> | <u>\$ 79,179</u> | <u>\$ 12,561</u> |

| <i>Sewer Debt Service</i> | <i>Water</i> | <i>Water SDC Projects</i> | <i>Water Capital Projects</i> | <i>Water Debt Service</i> | <i>Totals</i> |
|-----------------------------------|--------------|-----------------------------------|---------------------------------------|-----------------------------------|---------------|
| \$ - | \$ - | \$ 75,570 | \$ 5,669 | \$ - | \$ 279,937 |
| - | 570,349 | - | - | - | 1,128,231 |
| - | - | - | - | - | 43,435 |
| 938 | 9,643 | 508 | 1,281 | 7,421 | 24,895 |
| 938 | 579,992 | 76,078 | 6,950 | 7,421 | 1,476,498 |
| - | 143,555 | - | - | - | 294,757 |
| - | 84,948 | - | - | - | 142,292 |
| - | 21,522 | - | 114,434 | - | 433,907 |
| 441,310 | - | - | 400 | 302,890 | 744,600 |
| 441,310 | 250,025 | - | 114,834 | 302,890 | 1,615,556 |
| (440,372) | 329,967 | 76,078 | (107,884) | (295,469) | (139,058) |
| - | - | - | - | - | 264,772 |
| - | - | - | 16,407 | - | 16,407 |
| 422,300 | - | - | - | 343,510 | 775,810 |
| - | (264,000) | (83,510) | - | - | (769,510) |
| 422,300 | (264,000) | (83,510) | 16,407 | 343,510 | 287,479 |
| (18,072) | 65,967 | (7,432) | (91,477) | 48,041 | 148,421 |
| 42,260 | 176,464 | 59,790 | 96,576 | 281,656 | 900,947 |
| \$ 24,188 | \$ 242,431 | \$ 52,358 | \$ 5,099 | \$ 329,697 | \$ 1,049,368 |

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

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lafayette, 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 the city administrator. All significant activities and organizations for which the City is financially accountable are included in the financial statements.

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 basic financial statements.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Assets (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis).

The Statement of Activities (Modified Cash Basis) demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general receipts*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has governmental, special revenue, debt service and proprietary type funds. Major individual governmental funds, major individual special revenue funds, and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the supplemental information.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, receipts and disbursements. The various funds are reported by generic classification within the financial statements.

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2005

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

The City reports the following major governmental funds:

General Fund

This is the City's primary operating fund. It accounts for all the financial operations of the City except those required to be accounted for in another fund. Principal sources of revenue are property taxes, licenses and permits, and state shared revenues. Primary expenditures are for general government, police protection, and culture and recreation.

Streets Fund

Gas tax apportionments received from the State are recorded in this fund. Disbursements are for construction and maintenance of public streets and street lighting.

Refundable Deposits/Pass-through Fees Fund

This fund accounts for refundable deposits and pass through fees.

The following governmental funds are considered nonmajor.

Street SDC Projects Fund

This fund accounts for revenues from SDC charges which are designated for the construction of streets.

Park SDC Projects Fund

This fund accounts for revenues from SDC charges which are designated from the construction of parks.

LCAT Fund

This fund accounts for the receipt and disbursement of funds designated for youth or other community programs.

Heritage Days Fund

This fund accounts for receipts and disbursements related to the annual Heritage Days celebration.

City Hall Building Fund

This fund accounts for funds set aside for City Hall building and repairs.

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2005

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

Community Center Fund

This fund accounts for Community Center operations.

Street Capital Projects Fund

This fund accounts for funds used for street-related capital projects.

Fire Capital Projects Fund

This fund accounts for funds used for fire-related capital projects.

Reimbursement Districts Fund

This fund is used to track development fees received by the City which are required to be paid to developers.

The City reports each of its proprietary funds as major funds. These funds are used to account for the acquisition, operation, and maintenance of the sewer and water systems. These funds are entirely or predominantly self-supported through user charges to customers. The City reports the following proprietary funds:

Sewer Fund

This fund accounts for the operation of the City's sewer system.

Sewer SDC Projects Fund

This fund accounts for the collection and use of the improvement fee portion of sewer system development charge revenue.

Sewer Capital Projects Fund

This fund accounts for sewer-related capital projects.

Sewer Debt Service Fund

This fund was established during the 2003-04 fiscal year to set aside money as a debt service reserve.

Water Fund

This fund accounts for the operation of the City's water system.

Water SDC Projects Fund

This fund accounts for the collection and use of the improvement fee portion of water system development charge revenue.

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2005

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

Water Debt Service Fund

This fund was established during the 2002-03 fiscal year to set aside money as a debt service reserve.

Water Capital Projects Fund

This fund accounts for water-related capital projects.

Measurement Focus and Basis of Accounting

Accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board, define principles that should be used to report financial transactions. The government-wide and proprietary fund financial statements are reported using the economic resources and accrual basis of accounting. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded when the liability is incurred. The governmental fund financial statements are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recorded when they become both measurable and available, while expenditures are recorded when the related liability is incurred.

The City's policy is to prepare its financial statements on the basis of modified cash receipts and disbursements. Consequently, certain receipts and the related assets are recognized when received rather than when earned, and certain disbursements and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Also, assets that are measurable, but not yet collected are recorded on the City's statement of assets and liabilities as an asset and deferred revenue. Capital assets and the related debt obligations are recorded. Depreciation is not recorded on capital assets. The City's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.445), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

Cash and Investments

The City maintains cash and investments in a common pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets as cash and investments.

Oregon Revised Statutes authorize the City to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of U.S. Government and its agencies, certain bonded obligations of Oregon municipalities and the State Treasurer's Local Government Investment Pool, among others.

Investments are stated at cost, which approximates fair value.

Receivables and Deferred Revenues

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments payable in equal payments due November 15, February 15, and May 15. Uncollected property taxes levied for the current year are recorded as receivable at year-end. The City's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

Property tax receivables are offset by deferred revenue and, accordingly, have not been recorded as revenues.

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital fixed assets (items costing more than \$1,000 and lasting more than one year) are valued at estimated historical cost or actual historical cost. Capital assets are recorded as expenditures in the fund financial statements. Maintenance and repairs of fixed assets are charged to expenditures as incurred and are not capitalized. Depreciation is not recorded.

Purchases of public domain capital assets (streets, sidewalks, lighting systems, curbs and gutters 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

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or business type activities. Bond premiums, discounts, and issuance costs are expensed as incurred. Repayment of long term debt principal and interest will be made primarily from the City Hall Building Fund, the Fire Capital Equipment Fund and the Water and Sewer Debt Service Funds.

Accrued Compensated Absences

Accumulated unpaid vacation pay is accrued, but not recorded. Earned but unpaid sick pay is recorded as an expenditure when paid. The amount payable for accumulated unpaid vacation and earned but unpaid sick pay at June 30, 2005 was \$14,430.

Budgets and Budgetary Accounting

The City adopts the budget on a functions basis (personnel services, materials and services, capital outlay, debt service and transfers), therefore, cash disbursements of a fund may not legally exceed that fund's functional appropriations. The City Council may amend the budget to expend unforeseen receipts by supplemental appropriations. All supplemental appropriations are included in the budget comparison statements. Appropriations lapse at year-end and may not be carried over. The City does not use encumbrance accounting.

CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2005:

| | <i>Carrying Value</i> | <i>Fair Value</i> |
|--------------------------------------|---------------------------|-----------------------|
| Cash | | |
| Cash on hand | \$ 500 | \$ 500 |
| Deposits with financial institutions | 222,860 | 222,860 |
| Investments | | |
| Local Government Investment Pool | 1,613,409 | 1,613,409 |
| | <u>\$ 1,836,769</u> | <u>\$ 1,836,769</u> |

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2005

CASH AND INVESTMENTS (Continued)

Deposits

At year end, the book balance of the City's bank deposits (checking accounts) was \$222,860 and the bank balance was \$297,590. The difference is due to transactions in process. Deposits are secured by federal deposit insurance to legal limits. The remaining amount is secured by collateral in accordance with Oregon Revised Statutes. Oregon statutes require each depository, throughout the period of its possession of public funds, to maintain on deposit securities having a value not less than 25% of the certificates issued by its collateral pool manager.

Investments

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, 2005, the fair value of the position in the Oregon State Treasurer's Short-Term Investment Pool was equal to approximately 100% of the value of the pool shares. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

CASH WITH FISCAL AGENT

In October 2000, the City borrowed \$5,362,096 from the Oregon Bond Bank. The proceeds are held by the Oregon Economic and Community Development Department (OECDD) on behalf of the City and are disbursed as qualifying expenditures are made on the City's wastewater treatment project. Receipts from OECDD for reimbursement of qualifying expenditures are reported as loan proceeds in the basic financial statement. Transactions related to the funds held by OECDD during the year are as follows:

| | |
|----------------------------|---------------------|
| Balance, beginning of year | \$ 4,537,545 |
| Interest earned | 99,321 |
| Disbursements to City | (264,771) |
| | <hr/> |
| Balance, end of year | <u>\$ 4,372,095</u> |

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

CAPITAL ASSETS

The summary of capital assets activity for the business-type activities for the year ended June 30, 2005 is as follows:

| | <i>Balances July 1, 2004</i> | <i>Additions</i> | <i>Retirements</i> | <i>Balances June 30, 2005</i> |
|---|--------------------------------------|-------------------|--------------------|---------------------------------------|
| Water Fund | | | | |
| Land and improvements | \$ 173,012 | \$ - | \$ - | \$ 173,012 |
| Buildings | 159,546 | - | - | 159,546 |
| Water and sewer systems | 4,473,226 | 115,151 | - | 4,588,377 |
| Equipment | 116,085 | 302 | - | 116,387 |
| | <u>4,921,869</u> | <u>115,453</u> | <u>-</u> | <u>5,037,322</u> |
| Sewer Fund | | | | |
| Land and improvements | 51,198 | - | - | 51,198 |
| Buildings | 203,920 | - | - | 203,920 |
| Water and sewer systems | 1,557,368 | 287,572 | - | 1,844,940 |
| Equipment | 44,131 | 302 | - | 44,433 |
| | <u>1,856,617</u> | <u>287,874</u> | <u>-</u> | <u>2,144,491</u> |
| <i>Total Business-type capital assets</i> | <u>\$ 6,778,486</u> | <u>\$ 403,327</u> | <u>\$ -</u> | <u>\$ 7,181,813</u> |

The changes in the capital assets for governmental activities for the year ended June 30, 2005 are as follows:

| | <i>Balances July 1, 2004</i> | <i>Additions</i> | <i>Retirements</i> | <i>Balances June 30, 2005</i> |
|-----------------------|--------------------------------------|------------------|--------------------|---------------------------------------|
| Land and improvements | \$ 235,252 | \$ - | \$ - | \$ 235,252 |
| Buildings | 190,244 | - | - | 190,244 |
| Vehicles | 309,943 | - | - | 309,943 |
| Equipment | 131,873 | 4,384 | - | 136,257 |
| | <u>\$ 867,312</u> | <u>\$ 4,384</u> | <u>\$ -</u> | <u>\$ 871,696</u> |

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2005

LONG-TERM DEBT

Long-term debt transactions for governmental activities for the year ending June 30, 2005 were as follows:

Governmental activities:

| | <u>Outstanding July 1, 2004</u> | <u>Issued</u> | <u>Matured/ Redeemed During Year</u> | <u>Outstanding June30, 2005</u> | <u>Due Within One Year</u> |
|--|---|---------------|--|---|--------------------------------|
| Banc One Leasing for capital lease on fire truck, annual installments of \$18,282 including interest | \$ 77,856 | \$ - | \$ 13,922 | \$ 63,934 | 14,702 |
| City Hall mortgage note, issued July, 1999, payments of \$944 per month including interest at 8.75%. | 77,923 | - | 4,695 | 73,228 | 73,228 |
| | <u>\$ 155,779</u> | <u>\$ -</u> | <u>\$ 18,617</u> | <u>\$ 137,162</u> | <u>\$ 87,930</u> |

Proprietary fund long-term debt transactions for the year ended June 30, 2005 were as follows:

Business activities:

| | <u>Outstanding July 1, 2004</u> | <u>Issued</u> | <u>Matured/ Redeemed During Year</u> | <u>Outstanding June30, 2005</u> | <u>Due Within One Year</u> |
|--|---|---------------|--|---|--------------------------------|
| Water System Revenue Bonds, issued November, 2000, in varying annual installments plus interest at 4.7% to 6.0% through 2021 | \$ 2,975,000 | \$ - | \$ 110,000 | \$ 2,865,000 | 115,000 |
| Oregon Bond Bank loan, issued October 2000, in varying annual installments, including interest at 5.276% through 2021 | 4,855,794 | - | 186,637 | 4,669,157 | 193,220 |
| Safe Drinking Water Revolving Fund loan, issued 2003, annual installments of \$6,096 including interest at 1% through 2024 | 105,004 | - | 5,046 | 99,958 | 5,096 |
| City of Dayton (OECD passthrough), issued in 2004, annual installments of \$23,249 including interest at 1% through 2024 | 600,000 | - | 17,249 | 582,751 | 17,422 |
| | <u>\$ 8,535,798</u> | <u>\$ -</u> | <u>\$ 318,932</u> | <u>\$ 8,216,866</u> | <u>\$ 330,738</u> |

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2005

LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

Governmental Activities

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--|-------------------|------------------|-------------------|
| 2006 | \$ 87,930 | \$ 4,715 | \$ 92,645 |
| 2007 | 15,525 | 2,757 | 18,282 |
| 2008 | 16,395 | 1,887 | 18,282 |
| 2009 | 17,312 | 970 | 18,282 |
| | <u>\$ 137,162</u> | <u>\$ 10,329</u> | <u>\$ 147,491</u> |

Business-type Activities

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--|---------------------|---------------------|----------------------|
| 2006 | \$ 330,738 | \$ 410,143 | \$ 740,881 |
| 2007 | 347,623 | 394,383 | 742,006 |
| 2008 | 369,596 | 377,596 | 747,192 |
| 2009 | 386,656 | 359,675 | 746,331 |
| 2010 | 408,812 | 340,671 | 749,483 |
| 2011-2015 | 2,345,948 | 1,375,724 | 3,721,672 |
| 2016-2020 | 3,026,199 | 686,865 | 3,713,064 |
| 2021-2025 | 802,142 | 44,267 | 846,409 |
| 2025-2029 | 108,434 | 7,811 | 116,245 |
| 2030-2034 | 90,718 | 2,278 | 92,996 |
| | <u>\$ 8,216,866</u> | <u>\$ 3,999,413</u> | <u>\$ 12,216,279</u> |

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2005

PENSION PLAN

The City is a participating employer in the Oregon Public Employees Retirement System ("PERS"), an agent multiple-employer public employee retirement system established under Oregon Revised Statutes 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon. PERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portion (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service (general versus police or fire).

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board ("OPERB"). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at www.state.or.us.

Employer contributions are required by state statute and made at actuarially determined rates as adopted by the OPERB. Covered employees are required by state statute to contribute 6.0% of their annual salary to the system. The City contributed 8.04% of covered payroll to PERS for the fiscal year ended June 30, 2005. This contribution rate was determined as part of the December 31, 2001 actuarial evaluation and was recalculated to reflect the impact of recently passed legislation (House Bills 2001, 2003, and 2004). The next actuarial valuation is scheduled to be conducted as of December 31, 2003 and was not available at the time these financial statements were completed. This valuation is to be used to establish rates as of July 1, 2005.

For the year ended June 30, 2005, the City's subject salary was \$266,951 and the total payroll was \$274,036.

Contribution information is as follows:

| <u><i>Year Ended</i></u> <u><i>June 30,</i></u> | <u><i>Employer</i></u> <u><i>Contributions</i></u> |
|--|---|
| 2005 | \$ 47,811 |
| 2004 | 47,936 |
| 2003 | 41,474 |

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

PENSION PLAN (Continued)

Information about the City's funding progress is presented as required supplementary information in this report. The actuarial value of assets is equal to market value. Liabilities and contributions are calculated using the entry age actuarial cost method. The unfunded actuarial liability is amortized as a level percentage of covered payroll with a closed group fixed term method over a 28 year period. The significant actuarial assumptions used in the December 31, 2001 valuation include (1) a rate of return on present and future investments of 8% per year, (2) projected salary increases of 4.25% per year attributable to general wage adjustments, with additional increases for merit and longevity that vary by age and service, (3) projected automatic cost of living benefit increases of 2% per year, and (4) demographics assumptions that have been chosen to best estimate emerging experience of system members.

OVER-EXPENDITURE OF APPROPRIATIONS AND DEFICIT FUND BALANCES

Oregon law prohibits expenditures of a fund in excess of Council approved appropriations. The City Council approves appropriations by department for the General Fund and by major object class (personnel services, materials and services, capital outlay and debt service) for all other funds.

Expenditures in excess of appropriations in individual funds for the year ended June 30, 2005 occurred as follows:

| <u>Fund</u> | <u>Actual</u> | <u>Budget</u> | <u>Variance</u> |
|------------------------|---------------|---------------|-----------------|
| Heritage Days Fund | | | |
| Materials and services | \$ 2,672 | \$ 2,540 | \$ 132 |

TRANSFERS IN/OUT

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------------|---------------------|----------------------|
| General | \$ 2,941 | \$ 56,102 |
| LCAT | - | 2,941 |
| Streets | - | 60,000 |
| Heritage Days | 2,635 | - |
| City Hall Building | 24,000 | - |
| Community Center | 4,500 | - |
| Street Capital | 60,000 | - |
| Fire Capital | 18,667 | - |
| Sewer | - | 187,000 |
| Water | - | 264,000 |
| Sewer SDC | 10,000 | 235,000 |
| Water SDC | - | 83,510 |
| Water Debt Service | 343,510 | - |
| Sewer Debt Service | 422,300 | - |
| Total | <u>\$ 888,553</u> | <u>\$ 888,553</u> |

Transfers are for operating purposes as determined by the City Council.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAFAYETTE, OREGON

SCHEDULE OF FUNDING PROGRESS - PUBLIC EMPLOYEES RETIREMENT SYSTEM

YEAR ENDED JUNE 30, 2005

| <i>Actuarial Valuation Ending December 31</i> | <i>Actuarial Value of Assets</i> | <i>Actuarial Accrued Liability</i> | <i>Unfunded Actuarial Liability (UAL)</i> | <i>Funded Percent</i> | <i>Covered Payroll</i> | <i>UAAL as a Percentage of Covered Payroll</i> |
|--|---|---|--|----------------------------------|-----------------------------------|---|
| 12/31/99 | \$ 448,782 | \$ 377,739 | \$ (71,043) | 119% | \$ 292,223 | (24)% |
| 12/31/01 | 513,919 | 432,237 | (81,682) | 119 | 249,184 | (33) |
| 12/31/03 | 511,429 | 473,696 | (37,733) | 108 | 280,082 | (13) |

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - GENERAL FUND****YEAR ENDED JUNE 30, 2005**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-------------------------|-----------------|-------------------|-------------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Taxes and assessments | \$ 269,000 | \$ 269,000 | \$ 294,699 | \$ 25,699 |
| Licenses and permits | 198,600 | 198,600 | 150,874 | (47,726) |
| Intergovernmental | 63,175 | 63,175 | 70,357 | 7,182 |
| Fines and forfeitures | 10,000 | 10,000 | 5,533 | (4,467) |
| Miscellaneous | 1,500 | 1,500 | 9,741 | 8,241 |
| <i>Total Receipts</i> | <u>542,275</u> | <u>542,275</u> | <u>531,204</u> | <u>(11,071)</u> |
| DISBURSEMENTS | | | | |
| General government | 164,213 | 164,213 | 150,578 | 13,635 |
| Court and police | 93,396 | 93,396 | 78,551 | 14,845 |
| Community services and development | 146,697 | 146,697 | 68,553 | 78,144 |
| Fire | 85,467 | 85,467 | 70,442 | 15,025 |
| Parks | 19,996 | 19,996 | 7,863 | 12,133 |
| <i>Total Disbursements</i> | <u>509,769</u> | <u>509,769</u> | <u>375,987</u> | <u>133,782</u> |
| RECEIPTS OVER (UNDER) | | | | |
| DISBURSEMENTS | 32,506 | 32,506 | 155,217 | 122,711 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 3,000 | 3,000 | 2,941 | (59) |
| Transfers out | (55,967) | (55,967) | (56,102) | (135) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(52,967)</u> | <u>(52,967)</u> | <u>(53,161)</u> | <u>(194)</u> |
| NET CHANGE IN FUND BALANCE | (20,461) | (20,461) | 102,056 | 122,517 |
| FUND BALANCE, Beginning of year | <u>20,461</u> | <u>20,461</u> | <u>217,988</u> | <u>197,527</u> |
| FUND BALANCE, End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 320,044</u> | <u>\$ 320,044</u> |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -

BUDGET AND ACTUAL - STREETS FUND

YEAR ENDED JUNE 30, 2005

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ 140,000 | \$ 140,000 | \$ 146,616 | \$ 6,616 |
| Miscellaneous | 100 | 100 | 1,042 | 942 |
| <i>Total Receipts</i> | 140,100 | 140,100 | 147,658 | 7,558 |
| DISBURSEMENTS | | | | |
| Personal services | 23,867 | 23,867 | 23,168 | 699 |
| Materials and services | 61,570 | 61,570 | 38,493 | 23,077 |
| Contingency | 7,000 | 7,000 | - | 7,000 |
| <i>Total Disbursements</i> | 92,437 | 92,437 | 61,661 | 30,776 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 47,663 | 47,663 | 85,997 | 38,334 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (60,000) | (60,000) | (60,000) | - |
| NET CHANGE IN FUND BALANCE | (12,337) | (12,337) | 25,997 | 38,334 |
| FUND BALANCE, Beginning of year | 12,337 | 12,337 | 58,405 | 46,068 |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 84,402 | \$ 84,402 |

CITY OF LAFAYETTE, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - REFUNDABLE DEPOSITS/PASS-THROUGH FEES FUND
YEAR ENDED JUNE 30, 2005**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 45,000 | \$ 45,000 | \$ 50,174 | \$ 5,174 |
| Charges for services | 20,000 | 20,000 | 12,543 | (7,457) |
| Miscellaneous | 6,225 | 6,225 | 7,138 | 913 |
| <i>Total Receipts</i> | 71,225 | 71,225 | 69,855 | (1,370) |
| DISBURSEMENTS | | | | |
| Materials and services | 256,300 | 256,300 | 115,978 | 140,322 |
| NET CHANGE IN FUND BALANCE | (185,075) | (185,075) | (46,123) | 138,952 |
| FUND BALANCE, Beginning of year | 190,675 | 190,675 | 233,532 | 42,857 |
| FUND BALANCE, End of year | \$ 5,600 | \$ 5,600 | \$ 187,409 | \$ 181,809 |

OTHER SUPPLEMENTARY INFORMATION

CITY OF LAFAYETTE, OREGON
COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

| | <u>Heritage Days</u> | <u>Street SDC Projects</u> | <u>Parks SDC Projects</u> |
|--|--------------------------|--------------------------------|-------------------------------|
| ASSETS | | | |
| Cash and investments | \$ 1,193 | \$ 12,334 | \$ 35,691 |
| <i>Total Assets</i> | <u>\$ 1,193</u> | <u>\$ 12,334</u> | <u>\$ 35,691</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | \$ - | \$ - | \$ - |
| Fund Balances | | | |
| Unreserved, reported in: | | | |
| Special revenue funds | 1,193 | 12,334 | 35,691 |
| <i>Total Fund Balances</i> | <u>1,193</u> | <u>12,334</u> | <u>35,691</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$ 1,193</u> | <u>\$ 12,334</u> | <u>\$ 35,691</u> |

| <i>City Hall Building</i> | <i>Community Center</i> | <i>Street Capital Projects</i> | <i>Fire Capital Projects</i> | <i>Reimbursement District</i> | <i>Totals</i> |
|--|------------------------------------|---|---|--|----------------------|
| \$ 25,584 | \$ 5,160 | \$ 84,470 | \$ 17,897 | \$ 13,216 | \$ 195,545 |
| <u>\$ 25,584</u> | <u>\$ 5,160</u> | <u>\$ 84,470</u> | <u>\$ 17,897</u> | <u>\$ 13,216</u> | <u>\$ 195,545</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 25,584 | 5,160 | 84,470 | 17,897 | 13,216 | 195,545 |
| <u>25,584</u> | <u>5,160</u> | <u>84,470</u> | <u>17,897</u> | <u>13,216</u> | <u>195,545</u> |
| <u>\$ 25,584</u> | <u>\$ 5,160</u> | <u>\$ 84,470</u> | <u>\$ 17,897</u> | <u>\$ 13,216</u> | <u>\$ 195,545</u> |

CITY OF LAFAYETTE, OREGON**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES****(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS****YEAR ENDED JUNE 30, 2005**

| | <u>LCAT</u> | <u>Heritage Days</u> | <u>Street SDC Projects</u> | <u>Parks SDC Projects</u> |
|--|----------------|--------------------------|--------------------------------|-------------------------------|
| RECEIPTS | | | | |
| Licenses and permits | \$ - | \$ - | \$ 3,326 | \$ 24,354 |
| Miscellaneous | 3 | 709 | 194 | 331 |
| <i>Total Receipts</i> | <u>3</u> | <u>709</u> | <u>3,520</u> | <u>24,685</u> |
| DISBURSEMENTS | | | | |
| Current operating: | | | | |
| General government | - | 2,672 | - | - |
| Capital outlay | - | - | - | - |
| Debt service | - | - | - | - |
| <i>Total Disbursements</i> | <u>-</u> | <u>2,672</u> | <u>-</u> | <u>-</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | <u>3</u> | <u>(1,963)</u> | <u>3,520</u> | <u>24,685</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 2,635 | - | - |
| Transfers out | (2,941) | - | - | - |
| <i>Total Other Financing Sources (Uses)</i> | <u>(2,941)</u> | <u>2,635</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>(2,938)</u> | <u>672</u> | <u>3,520</u> | <u>24,685</u> |
| FUND BALANCES, Beginning of year | <u>2,938</u> | <u>521</u> | <u>8,814</u> | <u>11,006</u> |
| FUND BALANCES, End of year | <u>\$ -</u> | <u>\$ 1,193</u> | <u>\$ 12,334</u> | <u>\$ 35,691</u> |

| <i>City Hall Building</i> | <i>Community Center</i> | <i>Street Capital Projects</i> | <i>Fire Capital Projects</i> | <i>Reimbursement Districts</i> | <i>Totals</i> |
|-----------------------------------|-----------------------------|--|--------------------------------------|------------------------------------|-------------------|
| \$ - | \$ - | \$ 3,959 | \$ - | \$ 13,216 | \$ 44,855 |
| 11,567 | 2,414 | 1,542 | 374 | - | 17,134 |
| 11,567 | 2,414 | 5,501 | 374 | 13,216 | 61,989 |
| 3,815 | 4,863 | - | - | - | 11,350 |
| - | - | - | 18,282 | - | 18,282 |
| 11,328 | - | - | - | - | 11,328 |
| 15,143 | 4,863 | - | 18,282 | - | 40,960 |
| (3,576) | (2,449) | 5,501 | (17,908) | 13,216 | 21,029 |
| 24,000 | 4,500 | 60,000 | 18,667 | - | 109,802 |
| - | - | - | - | - | (2,941) |
| 24,000 | 4,500 | 60,000 | 18,667 | - | 106,861 |
| 20,424 | 2,051 | 65,501 | 759 | 13,216 | 127,890 |
| 5,160 | 3,109 | 18,969 | 17,138 | - | 67,655 |
| <u>\$ 25,584</u> | <u>\$ 5,160</u> | <u>\$ 84,470</u> | <u>\$ 17,897</u> | <u>\$ 13,216</u> | <u>\$ 195,545</u> |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -

BUDGET AND ACTUAL - LCAT FUND

YEAR ENDED JUNE 30, 2005

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ - | \$ - | \$ 3 | \$ 3 |
| DISBURSEMENTS | - | - | - | - |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | - | - | 3 | 3 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (3,000) | (3,000) | (2,941) | 59 |
| NET CHANGE IN FUND BALANCE | (3,000) | (3,000) | (2,938) | 62 |
| FUND BALANCE, Beginning of year | 3,000 | 3,000 | 2,938 | (62) |
| FUND BALANCE, End of year | \$ - | \$ - | \$ - | \$ - |

CITY OF LAFAYETTE, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - HERITAGE DAYS FUND
YEAR ENDED JUNE 30, 2005**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ - | \$ - | \$ 709 | \$ 709 |
| DISBURSEMENTS | | | | |
| Materials and services | 2,540 | 2,540 | 2,672 | (132) |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (2,540) | (2,540) | (1,963) | 577 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,635 | 2,635 | 2,635 | - |
| NET CHANGE IN FUND BALANCE | 95 | 95 | 672 | 577 |
| FUND BALANCE, Beginning of year | (95) | (95) | 521 | 616 |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 1,193 | \$ 1,193 |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -

BUDGET AND ACTUAL - STREET SDC PROJECTS FUND

YEAR ENDED JUNE 30, 2005

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 2,200 | \$ 2,200 | \$ 3,326 | \$ 1,126 |
| Miscellaneous | 100 | 100 | 194 | 94 |
| <i>Total Receipts</i> | 2,300 | 2,300 | 3,520 | 1,220 |
| DISBURSEMENTS | | | | |
| Capital outlay | 9,000 | 9,000 | - | 9,000 |
| NET CHANGE IN FUND BALANCE | (6,700) | (6,700) | 3,520 | 10,220 |
| FUND BALANCE, Beginning of year | 6,700 | 6,700 | 8,814 | 2,114 |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 12,334 | \$ 12,334 |

CITY OF LAFAYETTE, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - PARK SDC PROJECTS FUND
YEAR ENDED JUNE 30, 2005**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 17,000 | \$ 17,000 | \$ 24,354 | \$ 7,354 |
| Miscellaneous | 100 | 100 | 331 | 231 |
| <i>Total Receipts</i> | 17,100 | 17,100 | 24,685 | 7,585 |
| DISBURSEMENTS | | | | |
| Materials and services | 1,000 | 1,000 | - | 1,000 |
| Capital outlay | 26,000 | 26,000 | - | 26,000 |
| <i>Total Disbursements</i> | 27,000 | 27,000 | - | 27,000 |
| NET CHANGE IN FUND BALANCE | (9,900) | (9,900) | 24,685 | 34,585 |
| FUND BALANCE, Beginning of year | 9,900 | 9,900 | 11,006 | 1,106 |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 35,691 | \$ 35,691 |

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - CITY HALL BUILDING FUND****YEAR ENDED JUNE 30, 2005**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|---------------|------------------|------------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ 8,010 | \$ 8,010 | \$ 11,567 | \$ 3,557 |
| DISBURSEMENTS | | | | |
| Materials and services | 6,490 | 6,490 | 3,815 | 2,675 |
| Debt service | 25,000 | 25,000 | 11,328 | 13,672 |
| Contingency | 500 | 500 | - | 500 |
| <i>Total Disbursements</i> | <u>31,990</u> | <u>31,990</u> | <u>15,143</u> | <u>16,847</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (23,980) | (23,980) | (3,576) | 20,404 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 24,000 | 24,000 | 24,000 | - |
| NET CHANGE IN FUND BALANCE | 20 | 20 | 20,424 | 20,404 |
| FUND BALANCE, Beginning of year | <u>(20)</u> | <u>(20)</u> | <u>5,160</u> | <u>5,180</u> |
| FUND BALANCE, End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 25,584</u> | <u>\$ 25,584</u> |

CITY OF LAFAYETTE, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - COMMUNITY CENTER FUND
YEAR ENDED JUNE 30, 2005**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|-----------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ 1,030 | \$ 1,030 | \$ 2,414 | \$ 1,384 |
| DISBURSEMENTS | | | | |
| Materials and services | 5,480 | 5,480 | 4,863 | 617 |
| Capital outlay | 1,600 | 1,600 | - | 1,600 |
| <i>Total Disbursements</i> | <u>7,080</u> | <u>7,080</u> | <u>4,863</u> | <u>2,217</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (6,050) | (6,050) | (2,449) | 3,601 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>4,500</u> | <u>4,500</u> | <u>4,500</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (1,550) | (1,550) | 2,051 | 3,601 |
| FUND BALANCE, Beginning of year | <u>1,550</u> | <u>1,550</u> | <u>3,109</u> | <u>1,559</u> |
| FUND BALANCE, End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,160</u> | <u>\$ 5,160</u> |

CITY OF LAFAYETTE, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - STREET CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2005**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|-----------------|------------------|------------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Charges for services | \$ 2,750 | \$ 2,750 | \$ 3,959 | \$ 1,209 |
| Miscellaneous | 100 | 100 | 1,542 | 1,442 |
| <i>Total Receipts</i> | <u>2,850</u> | <u>2,850</u> | <u>5,501</u> | <u>2,651</u> |
| DISBURSEMENTS | | | | |
| Materials and services | 11,000 | 11,000 | - | 11,000 |
| Capital outlay | 60,000 | 60,000 | - | 60,000 |
| Contingency | 7,100 | 7,100 | - | 7,100 |
| <i>Total Disbursements</i> | <u>78,100</u> | <u>78,100</u> | <u>-</u> | <u>78,100</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (75,250) | (75,250) | 5,501 | 80,751 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 60,000 | 60,000 | 60,000 | - |
| NET CHANGE IN FUND BALANCE | <u>(15,250)</u> | <u>(15,250)</u> | <u>65,501</u> | <u>80,751</u> |
| FUND BALANCE, Beginning of year | <u>15,250</u> | <u>15,250</u> | <u>18,969</u> | <u>3,719</u> |
| FUND BALANCE, End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 84,470</u> | <u>\$ 84,470</u> |

CITY OF LAFAYETTE, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - FIRE CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2005**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|---------------|------------------|------------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ 50 | \$ 50 | \$ 374 | \$ 324 |
| DISBURSEMENTS | | | | |
| Capital outlay | 33,450 | 33,450 | 18,282 | 15,168 |
| Contingency | 1,000 | 1,000 | - | 1,000 |
| <i>Total Disbursements</i> | <u>34,450</u> | <u>34,450</u> | <u>18,282</u> | <u>16,168</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (34,400) | (34,400) | (17,908) | 16,492 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 18,667 | 18,667 | 18,667 | - |
| NET CHANGE IN FUND BALANCE | (15,733) | (15,733) | 759 | 16,492 |
| FUND BALANCE, Beginning of year | <u>15,733</u> | <u>15,733</u> | <u>17,138</u> | <u>1,405</u> |
| FUND BALANCE, End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 17,897</u> | <u>\$ 17,897</u> |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -

BUDGET AND ACTUAL - REIMBURSEMENTS DISTRICT FUND

YEAR ENDED JUNE 30, 2005

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Charges for services | \$ 334,705 | \$ 334,705 | \$ 13,216 | \$ (321,489) |
| DISBURSEMENTS | | | | |
| Capital outlay | 334,705 | 334,705 | - | 334,705 |
| NET CHANGE IN FUND BALANCE | - | - | 13,216 | 13,216 |
| FUND BALANCE, Beginning of year | - | - | - | - |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 13,216 | \$ 13,216 |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -

BUDGET AND ACTUAL - SEWER FUND

YEAR ENDED JUNE 30, 2005

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|-----------------|-------------------|-------------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Charges for services | \$ 517,000 | \$ 517,000 | \$ 557,882 | \$ 40,882 |
| Miscellaneous | 750 | 750 | 3,987 | 3,237 |
| <i>Total Receipts</i> | <u>517,750</u> | <u>517,750</u> | <u>561,869</u> | <u>44,119</u> |
| DISBURSEMENTS | | | | |
| Personal services | 175,935 | 175,935 | 151,202 | 24,733 |
| Materials and services | 83,748 | 83,748 | 53,568 | 30,180 |
| Capital outlay | 4,200 | 4,200 | 302 | 3,898 |
| Contingency | 12,500 | 12,500 | - | 12,500 |
| <i>Total Disbursements</i> | <u>276,383</u> | <u>276,383</u> | <u>205,072</u> | <u>71,311</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | <u>241,367</u> | <u>241,367</u> | <u>356,797</u> | <u>115,430</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (187,000) | (187,000) | (187,000) | - |
| NET CHANGE IN FUND BALANCE | <u>54,367</u> | <u>54,367</u> | <u>169,797</u> | <u>115,430</u> |
| FUND BALANCE, Beginning of year | <u>(54,367)</u> | <u>(54,367)</u> | <u>134,058</u> | <u>188,425</u> |
| FUND BALANCE, End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 303,855</u> | <u>\$ 303,855</u> |

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - SEWER SDC PROJECTS FUND****YEAR ENDED JUNE 30, 2005**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|------------------|------------------|------------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 66,000 | \$ 66,000 | \$ 195,563 | \$ 129,563 |
| Miscellaneous | 100 | 100 | 1,145 | 1,045 |
| <i>Total Receipts</i> | <u>66,100</u> | <u>66,100</u> | <u>196,708</u> | <u>130,608</u> |
| DISBURSEMENTS | | | | |
| Materials and services | <u>5,000</u> | <u>5,000</u> | <u>1,437</u> | <u>3,563</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 61,100 | 61,100 | 195,271 | 134,171 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 10,000 | 10,000 | 10,000 | - |
| Transfers out | (235,000) | (235,000) | (235,000) | - |
| <i>Total Other Financing Sources (Uses)</i> | <u>(225,000)</u> | <u>(225,000)</u> | <u>(225,000)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (163,900) | (163,900) | (29,729) | 134,171 |
| FUND BALANCE, Beginning of year | <u>163,900</u> | <u>163,900</u> | <u>108,908</u> | <u>(54,992)</u> |
| FUND BALANCE, End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 79,179</u> | <u>\$ 79,179</u> |

CITY OF LAFAYETTE, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - SEWER CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2005**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 2,178 | \$ 2,178 | \$ 3,135 | \$ 957 |
| Intergovernmental | - | - | 43,435 | 43,435 |
| Miscellaneous | - | - | (28) | (28) |
| <i>Total Receipts</i> | 2,178 | 2,178 | 46,542 | 44,364 |
| DISBURSEMENTS | | | | |
| Materials and services | 13,786 | 13,786 | 2,339 | 11,447 |
| Capital outlay | 4,925,268 | 4,925,268 | 297,649 | 4,627,619 |
| Contingency | 960,921 | 960,921 | - | 960,921 |
| <i>Total Disbursements</i> | 5,899,975 | 5,899,975 | 299,988 | 5,599,987 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (5,897,797) | (5,897,797) | (253,446) | 5,644,351 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond proceeds | 5,897,670 | 5,897,670 | 264,772 | (5,632,898) |
| NET CHANGE IN FUND BALANCE | (127) | (127) | 11,326 | 11,453 |
| FUND BALANCE, Beginning of year | 127 | 127 | 1,235 | 1,108 |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 12,561 | \$ 12,561 |

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - SEWER DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2005**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|----------------|------------------|------------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ 80,040 | \$ 80,040 | \$ 938 | \$ (79,102) |
| DISBURSEMENTS | | | | |
| Debt service | 441,310 | 441,310 | 441,310 | - |
| Contingency | 102,330 | 102,330 | - | 102,330 |
| <i>Total Disbursements</i> | <u>543,640</u> | <u>543,640</u> | <u>441,310</u> | <u>102,330</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (463,600) | (463,600) | (440,372) | 23,228 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>421,500</u> | <u>421,500</u> | <u>422,300</u> | <u>800</u> |
| NET CHANGE IN FUND BALANCE | (42,100) | (42,100) | (18,072) | 24,028 |
| FUND BALANCE, Beginning of year | <u>42,100</u> | <u>42,100</u> | <u>42,260</u> | <u>160</u> |
| FUND BALANCE, End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 24,188</u> | <u>\$ 24,188</u> |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN RETAINED EARNINGS (CASH BASIS) -

BUDGET AND ACTUAL - WATER FUND

YEAR ENDED JUNE 30, 2005

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Charges for services | \$ 507,000 | \$ 507,000 | \$ 570,349 | \$ 63,349 |
| Miscellaneous | 1,000 | 1,000 | 9,643 | 8,643 |
| <i>Total Receipts</i> | 508,000 | 508,000 | 579,992 | 71,992 |
| DISBURSEMENTS | | | | |
| Personal services | 168,455 | 168,455 | 143,555 | 24,900 |
| Materials and services | 115,097 | 115,097 | 84,948 | 30,149 |
| Capital outlay | 24,000 | 24,000 | 21,522 | 2,478 |
| Contingency | 8,500 | 8,500 | - | 8,500 |
| <i>Total Disbursements</i> | 316,052 | 316,052 | 250,025 | 66,027 |
| RECEIPTS OVER (UNDER) | | | | |
| DISBURSEMENTS | 191,948 | 191,948 | 329,967 | 138,019 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (264,000) | (264,000) | (264,000) | - |
| NET CHANGE IN FUND BALANCE | (72,052) | (72,052) | 65,967 | 138,019 |
| FUND BALANCE, Beginning of year | 72,052 | 72,052 | 176,464 | 104,412 |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 242,431 | \$ 242,431 |

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN RETAINED EARNINGS (CASH BASIS) -
BUDGET AND ACTUAL - WATER SDC PROJECTS FUND
YEAR ENDED JUNE 30, 2005**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|-----------------|------------------|------------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 52,000 | \$ 52,000 | \$ 75,570 | \$ 23,570 |
| Miscellaneous | 400 | 400 | 508 | 108 |
| <i>Total Receipts</i> | <u>52,400</u> | <u>52,400</u> | <u>76,078</u> | <u>23,678</u> |
| DISBURSEMENTS | | | | |
| Materials and services | 5,000 | 5,000 | - | 5,000 |
| Capital outlay | 2,000 | 2,000 | - | 2,000 |
| <i>Total Disbursements</i> | <u>7,000</u> | <u>7,000</u> | <u>-</u> | <u>7,000</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | <u>45,400</u> | <u>45,400</u> | <u>76,078</u> | <u>30,678</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (83,510) | (83,510) | (83,510) | - |
| NET CHANGE IN FUND BALANCE | <u>(38,110)</u> | <u>(38,110)</u> | <u>(7,432)</u> | <u>30,678</u> |
| FUND BALANCE, Beginning of year | <u>38,110</u> | <u>38,110</u> | <u>59,790</u> | <u>21,680</u> |
| FUND BALANCE, End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 52,358</u> | <u>\$ 52,358</u> |

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN RETAINED EARNINGS (CASH BASIS) -
BUDGET AND ACTUAL - WATER CAPITAL PROJECTS FUND**

YEAR ENDED JUNE 30, 2005

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|----------------|-----------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 3,938 | \$ 3,938 | \$ 5,669 | \$ 1,731 |
| Miscellaneous | 500 | 500 | 1,281 | 781 |
| <i>Total Receipts</i> | <u>4,438</u> | <u>4,438</u> | <u>6,950</u> | <u>2,512</u> |
| DISBURSEMENTS | | | | |
| Materials and services | 5,000 | 5,000 | - | 5,000 |
| Capital outlay | 132,000 | 132,000 | 114,434 | 17,566 |
| Debt service | 400 | 400 | 400 | - |
| Contingency | 25,000 | 25,000 | - | 25,000 |
| <i>Total Disbursements</i> | <u>162,400</u> | <u>162,400</u> | <u>114,834</u> | <u>47,566</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (157,962) | (157,962) | (107,884) | 50,078 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Loan proceeds | 70,000 | 70,000 | 16,407 | (53,593) |
| NET CHANGE IN FUND BALANCE | (87,962) | (87,962) | (91,477) | (3,515) |
| FUND BALANCE, Beginning of year | <u>87,962</u> | <u>87,962</u> | <u>96,576</u> | <u>8,614</u> |
| FUND BALANCE, End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,099</u> | <u>\$ 5,099</u> |

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - WATER DEBT SERVICE FUND****YEAR ENDED JUNE 30, 2005**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------------|-------------------|-------------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ 3,000 | \$ 3,000 | \$ 7,421 | \$ 4,421 |
| DISBURSEMENTS | | | | |
| Debt service | 302,891 | 302,891 | 302,890 | 1 |
| Contingency | 334,619 | 334,619 | - | 334,619 |
| <i>Total Disbursements</i> | <u>637,510</u> | <u>637,510</u> | <u>302,890</u> | <u>334,620</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (634,510) | (634,510) | (295,469) | 339,041 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>343,510</u> | <u>343,510</u> | <u>343,510</u> | - |
| NET CHANGE IN FUND BALANCE | (291,000) | (291,000) | 48,041 | 339,041 |
| FUND BALANCE, Beginning of year | <u>281,000</u> | <u>281,000</u> | <u>281,656</u> | <u>656</u> |
| FUND BALANCE, End of year | <u>\$ (10,000)</u> | <u>\$ (10,000)</u> | <u>\$ 329,697</u> | <u>\$ 339,697</u> |

OTHER SCHEDULES

CITY OF LAFAYETTE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2005

| <i>Tax Year</i> | <i>Uncollected Balances July 1, 2004</i> | <i>2004-05 Levy</i> | <i>Added To Rolls</i> | <i>Discounts & Adjustments</i> | <i>Turnovers</i> | <i>Uncollected Balances June 30, 2005</i> |
|-----------------|--|-------------------------|---------------------------|--|-------------------|---|
| 2004-2005 | \$ - | \$ 302,979 | \$ 91 | \$ 8,719 | \$ 282,661 | \$ 11,690 |
| 2003-2004 | 10,790 | - | - | 102 | 6,615 | 4,073 |
| 2002-2003 | 4,352 | - | - | 66 | 2,120 | 2,166 |
| 2001-2002 | 2,249 | - | - | 3 | 1,299 | 947 |
| 2000-2001 | 1,061 | - | - | 2 | 745 | 314 |
| 1999-2000 | 223 | - | - | (1) | 65 | 159 |
| 1998-1999 | 159 | - | - | (1) | 30 | 130 |
| Prior Years | 584 | - | - | - | 74 | 510 |
| Total | \$ 19,418 | \$ 302,979 | \$ 91 | \$ 8,890 | \$ 293,609 | \$ 19,989 |

CITY OF LAFAYETTE, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2005

| | <u><i>Interest Rates</i></u> | <u><i>Date of Issue</i></u> | <u><i>Fiscal Year of Maturity</i></u> |
|---|----------------------------------|---------------------------------|---|
| <i>DEBT PRINCIPAL TRANSACTIONS</i> | | | |
| City Hall Mortgage | 8.75% | 1999 | 2008-09 |
| Fire Truck Loan | | | 2008-09 |
| 2000 Water Revenue Bonds | 4.7%-6.0% | 2000 | 2020-21 |
| Safe Drinking Water Revolving Loan | 1% | 2003 | 2023-24 |
| 2000 Oregon Bond Bank Loan | 5.276% | 2000 | 2020-21 |
| City of Dayton | 1% | 2004 | 2023-24 |

| | <u><i>Interest Rates</i></u> | <u><i>Date of Issue</i></u> |
|--|----------------------------------|---------------------------------|
| <i>DEBT INTEREST TRANSACTIONS</i> | | |
| City Hall Mortgage | 8.75% | 1999 |
| Fire Truck Loan | | |
| 2000 Water Revenue Bonds | 4.7%-6.0% | 2000 |
| Safe Drinking Water Revolving Loan | | |
| 2000 Oregon Bond Bank Loan | 5.276% | 2000 |
| City of Dayton | | |

| <i>Outstanding July 1, 2004</i> | <i>Debt Issued</i> | <i>Debt Paid</i> | <i>Outstanding June 30, 2005</i> |
|---|------------------------|----------------------|--|
| \$ 77,923 | \$ - | \$ 4,955 | \$ 72,968 |
| 77,856 | - | 13,923 | 63,933 |
| 2,975,000 | - | 110,000 | 2,865,000 |
| 105,004 | - | 5,046 | 99,958 |
| 4,855,794 | - | 186,637 | 4,669,157 |
| 600,000 | - | 17,249 | 582,751 |
| <u>\$ 8,691,577</u> | <u>\$ -</u> | <u>\$ 337,810</u> | <u>\$ 8,353,767</u> |

| <i>Unmatured Interest Outstanding July 1, 2004</i> | <i>New Issues</i> | <i>Interest Coupons Paid/ Refunded</i> | <i>Unmatured Interest June 30, 2005</i> |
|--|-----------------------|--|---|
| \$ 41,965 | \$ - | \$ 6,385 | \$ 35,580 |
| 13,554 | - | 4,359 | 9,195 |
| 1,682,272 | - | 163,545 | 1,518,727 |
| 11,432 | - | 1,050 | 10,382 |
| 2,634,126 | - | 254,673 | 2,379,453 |
| 97,470 | - | 6,000 | 91,470 |
| <u>\$ 4,480,819</u> | <u>\$ -</u> | <u>\$ 436,012</u> | <u>\$ 4,044,807</u> |

CITY OF LAFAYETTE, OREGON
SCHEDULE OF FUTURE DEBT REQUIREMENTS
JUNE 30, 2005

| <i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i> | <i>Mortgage payable</i> | | | <i>Fire Truck lease</i> | | |
|--|-------------------------|-----------------|------------------|-------------------------|-----------------|------------------|
| | <i>Principal</i> | <i>Interest</i> | <i>Total</i> | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
| 2006 | \$ 73,228 | \$ 1,135 | \$ 74,363 | \$ 14,702 | \$ 3,580 | \$ 18,282 |
| 2007 | - | - | - | 15,525 | 2,757 | 18,282 |
| 2008 | - | - | - | 16,395 | 1,887 | 18,282 |
| 2009 | - | - | - | 17,312 | 970 | 18,282 |
| 2010 | - | - | - | - | - | - |
| 2011 | - | - | - | - | - | - |
| 2012 | - | - | - | - | - | - |
| 2013 | - | - | - | - | - | - |
| 2014 | - | - | - | - | - | - |
| 2015 | - | - | - | - | - | - |
| 2016 | - | - | - | - | - | - |
| 2017 | - | - | - | - | - | - |
| 2018 | - | - | - | - | - | - |
| 2019 | - | - | - | - | - | - |
| 2020 | - | - | - | - | - | - |
| 2021 | - | - | - | - | - | - |
| 2022 | - | - | - | - | - | - |
| 2023 | - | - | - | - | - | - |
| 2024 | - | - | - | - | - | - |
| 2025 | - | - | - | - | - | - |
| 2026 | - | - | - | - | - | - |
| 2027 | - | - | - | - | - | - |
| 2028 | - | - | - | - | - | - |
| 2029 | - | - | - | - | - | - |
| 2030 | - | - | - | - | - | - |
| 2031 | - | - | - | - | - | - |
| 2032 | - | - | - | - | - | - |
| 2033 | - | - | - | - | - | - |
| 2034 | - | - | - | - | - | - |
| | <u>\$ 73,228</u> | <u>\$ 1,135</u> | <u>\$ 74,363</u> | <u>\$ 63,934</u> | <u>\$ 9,194</u> | <u>\$ 73,128</u> |

| <i>2000 Water Revenue Bonds</i> | | | <i>City of Dayton</i> | | |
|---------------------------------|---------------------|---------------------|-----------------------|------------------|-------------------|
| <i>Principal</i> | <i>Interest</i> | <i>Total</i> | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
| \$ 115,000 | \$ 157,975 | \$ 272,975 | \$ 17,422 | \$ 5,827 | \$ 23,249 |
| 120,000 | 152,100 | 272,100 | 17,595 | 5,654 | 23,249 |
| 130,000 | 145,785 | 275,785 | 17,771 | 5,478 | 23,249 |
| 135,000 | 138,926 | 273,926 | 17,949 | 5,300 | 23,249 |
| 145,000 | 131,576 | 276,576 | 18,129 | 5,120 | 23,249 |
| 150,000 | 123,795 | 273,795 | 18,310 | 4,939 | 23,249 |
| 160,000 | 115,580 | 275,580 | 18,493 | 4,756 | 23,249 |
| 170,000 | 106,750 | 276,750 | 18,678 | 4,571 | 23,249 |
| 175,000 | 97,260 | 272,260 | 18,865 | 4,384 | 23,249 |
| 185,000 | 87,180 | 272,180 | 19,053 | 4,196 | 23,249 |
| 200,000 | 76,400 | 276,400 | 19,244 | 4,005 | 23,249 |
| 210,000 | 64,500 | 274,500 | 19,437 | 3,812 | 23,249 |
| 220,000 | 51,600 | 271,600 | 19,631 | 3,618 | 23,249 |
| 235,000 | 37,950 | 272,950 | 19,827 | 3,422 | 23,249 |
| 250,000 | 23,400 | 273,400 | 20,025 | 3,224 | 23,249 |
| 265,000 | 7,950 | 272,950 | 20,226 | 3,023 | 23,249 |
| - | - | - | 20,428 | 2,821 | 23,249 |
| - | - | - | 20,632 | 2,617 | 23,249 |
| - | - | - | 20,838 | 2,411 | 23,249 |
| - | - | - | 21,046 | 2,203 | 23,249 |
| - | - | - | 21,257 | 1,992 | 23,249 |
| - | - | - | 21,470 | 1,779 | 23,249 |
| - | - | - | 21,685 | 1,564 | 23,249 |
| - | - | - | 21,901 | 1,348 | 23,249 |
| - | - | - | 22,121 | 1,128 | 23,249 |
| - | - | - | 22,342 | 907 | 23,249 |
| - | - | - | 22,565 | 684 | 23,249 |
| - | - | - | 22,791 | 458 | 23,249 |
| - | - | - | 23,020 | 229 | 23,249 |
| <u>\$ 2,865,000</u> | <u>\$ 1,518,727</u> | <u>\$ 4,383,727</u> | <u>\$ 582,751</u> | <u>\$ 91,470</u> | <u>\$ 674,221</u> |

CITY OF LAFAYETTE, OREGON
SCHEDULE OF FUTURE DEBT REQUIREMENTS (Continued)
JUNE 30, 2005

| <i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i> | <i>Safe Drinking Water Revolving Loan</i> | | | <i>2000 Oregon Bond Bank loan</i> | | |
|--|---|-----------------|-------------------|-----------------------------------|---------------------|---------------------|
| | <i>Principal</i> | <i>Interest</i> | <i>Total</i> | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
| 2006 | \$ 5,096 | \$ 1,000 | \$ 6,096 | \$ 193,220 | \$ 245,341 | \$ 438,561 |
| 2007 | 5,147 | 949 | 6,096 | 204,881 | 235,680 | 440,561 |
| 2008 | 5,199 | 897 | 6,096 | 216,626 | 225,436 | 442,062 |
| 2009 | 5,251 | 845 | 6,096 | 228,456 | 214,604 | 443,060 |
| 2010 | 5,303 | 793 | 6,096 | 240,380 | 203,182 | 443,562 |
| 2011 | 5,356 | 740 | 6,096 | 247,400 | 191,162 | 438,562 |
| 2012 | 5,410 | 686 | 6,096 | 264,573 | 178,483 | 443,056 |
| 2013 | 5,464 | 632 | 6,096 | 276,912 | 164,593 | 441,505 |
| 2014 | 5,518 | 577 | 6,095 | 289,375 | 150,055 | 439,430 |
| 2015 | 5,574 | 522 | 6,096 | 306,967 | 134,863 | 441,830 |
| 2016 | 5,629 | 466 | 6,095 | 319,695 | 118,747 | 438,442 |
| 2017 | 5,686 | 410 | 6,096 | 337,594 | 101,804 | 439,398 |
| 2018 | 5,742 | 353 | 6,095 | 355,675 | 83,742 | 439,417 |
| 2019 | 5,800 | 296 | 6,096 | 373,952 | 64,536 | 438,488 |
| 2020 | 5,857 | 238 | 6,095 | 397,405 | 44,342 | 441,747 |
| 2021 | 5,916 | 179 | 6,095 | 416,046 | 22,883 | 438,929 |
| 2022 | 5,975 | 120 | 6,095 | - | - | - |
| 2023 | 6,035 | 60 | 6,095 | - | - | - |
| 2024 | - | - | - | - | - | - |
| 2025 | - | - | - | - | - | - |
| 2026 | - | - | - | - | - | - |
| 2027 | - | - | - | - | - | - |
| 2028 | - | - | - | - | - | - |
| 2029 | - | - | - | - | - | - |
| 2030 | - | - | - | - | - | - |
| 2031 | - | - | - | - | - | - |
| 2032 | - | - | - | - | - | - |
| 2033 | - | - | - | - | - | - |
| 2034 | - | - | - | - | - | - |
| | <u>\$ 99,958</u> | <u>\$ 9,763</u> | <u>\$ 109,721</u> | <u>\$ 4,669,157</u> | <u>\$ 2,379,453</u> | <u>\$ 7,048,610</u> |

| <i>Totals</i> | | |
|---------------------|---------------------|----------------------|
| <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
| \$ 418,668 | \$ 414,858 | \$ 833,526 |
| 363,148 | 397,140 | 760,288 |
| 385,991 | 379,483 | 765,474 |
| 403,968 | 360,645 | 764,613 |
| 408,812 | 340,671 | 749,483 |
| 421,066 | 320,636 | 741,702 |
| 448,476 | 299,505 | 747,981 |
| 471,054 | 276,546 | 747,600 |
| 488,758 | 252,276 | 741,034 |
| 516,594 | 226,761 | 743,355 |
| 544,568 | 199,618 | 744,186 |
| 572,717 | 170,526 | 743,243 |
| 601,048 | 139,313 | 740,361 |
| 634,579 | 106,204 | 740,783 |
| 673,287 | 71,204 | 744,491 |
| 707,188 | 34,035 | 741,223 |
| 26,403 | 2,941 | 29,344 |
| 26,667 | 2,677 | 29,344 |
| 20,838 | 2,411 | 23,249 |
| 21,046 | 2,203 | 23,249 |
| 21,257 | 1,992 | 23,249 |
| 21,470 | 1,779 | 23,249 |
| 21,685 | 1,564 | 23,249 |
| 21,901 | 1,348 | 23,249 |
| 22,121 | 1,128 | 23,249 |
| 22,342 | 907 | 23,249 |
| 22,565 | 684 | 23,249 |
| 22,791 | 458 | 23,249 |
| 23,020 | 229 | 23,249 |
| <u>\$ 8,354,028</u> | <u>\$ 4,009,742</u> | <u>\$ 12,363,770</u> |

CITY OF LAFAYETTE, OREGON

**AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS
YEAR ENDED JUNE 30, 2005**

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 basic financial statements.

Organization and Fund Structure

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

Internal Accounting Control

We have audited the basic financial statements of the City of Lafayette as of and for the year ended June 30, 2005, and have issued our report thereon dated November 9, 2005. 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.

Accounting Records

We found the records of the City to be adequate for audit purposes, except for the fixed asset records.

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 insufficient at times during the year ended June 30, 2005.

Investments

Our review of deposit and investment balances indicated that the City was in compliance with ORS 295, as it pertains to investment of public funds, during the year ended June 30, 2005.

Indebtedness

We reviewed compliance relating to short-term and long-term debt, including limitations on the amount of debt which may be incurred, liquidation of debt within other agreements, including any restrictions on the use of monies available to retire indebtedness. We found no instances in which the City had not complied with these legal or contractual provisions relating to short-term or long-term debt.

CITY OF LAFAYETTE, OREGON

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

YEAR ENDED JUNE 30, 2005

STATE OF OREGON COMPLIANCE SECTION (Continued)

Budget Compliance

The City has complied with Local Budget Law (ORS 294) and ORS 264.300 in the preparation and adoption of its budget and tax levy for fiscal years ending June 30, 2005 and 2006, except as noted in the notes to the financial statements.

Insurance and Fidelity Bonds

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2005. 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.

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 with the regulations.

Highway Funds

The City complied with the legal requirements, Article IX, Section 3a of the Oregon Constitution pertaining to the use of revenue from taxes on motor vehicle fuel, and the statutory requirements of ORS 294.368 and 373 as they pertain to the use of road funds.

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.

Schedule of Accountability of Independently Elected Officials

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

This report is intended solely for the information and use of the City Council, management, State of Oregon, Division of Audits and is not intended to be and should not be used by anyone other than those specified parties.

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

By: 

Charles A. Swank, A Shareholder
November 9, 2005