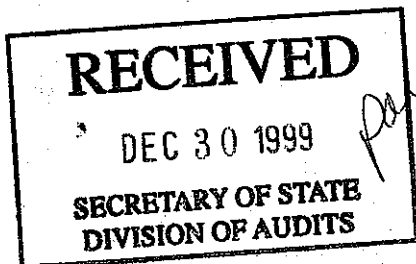


**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**ANNUAL FINANCIAL REPORT**

**For the year ended June 30, 1999**

**ENTERED**



**GREGOR PROFESSIONAL  
CORPORATION**

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MUNICIPAL AUDIT REPORTS  
CHECK LIST

Report

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Summary Attached

CME

Fee Noted

B P

Checked for Signature

CME

Contract on File

CME

Names/Addresses of Officials

N/A

Checked for Registered Agent

N/A

Checked for Registered Address

By

Logged on Computer

DI-05-2000

Date .

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

June 30, 1999

MAYOR AND COUNCILPERSONS

<u>Name\Address</u>	<u>Position</u>	<u>Term Expires</u>
Theresa Syphers 213 13th Street Lafayette, Oregon 97127	Mayor	December 31, 2000
Jackie Carpenter 818 Ninth Court Lafayette, Oregon 97127	Councilperson	December 31, 2002
Ron Harris 1282 Third Street, Number 1 Lafayette, Oregon 97127	Councilperson	December 31, 2000
Bob Cullen 474 Monroe Street Lafayette, Oregon 97127	Councilperson	December 31, 2000
Terry Yarbrough 717 Jefferson Street Lafayette, Oregon 97127	Councilperson	December 31, 2002
John Miller 231 Jefferson Street Lafayette, Oregon 97127	Councilperson	December 31, 2000
Russell Kappes 1282 Third Street Lafayette, Oregon 97127	Councilperson	December 31, 2002

ADMINISTRATION

Robert S. Willoughby 486 Third Street Post Office Box 55 Lafayette, Oregon 97127 (503) 864-2451	City Administrator/ Recorder
---	------------------------------

Phil Lieberman 486 Third Street Post Office Box 55 Lafayette, Oregon 97127 (503) 864-2451	Budget and Finance Manager
---	----------------------------

Paul Elsner Beery & Elsner LLP 1750 S.W. Harbor Way, Suite 250 Portland, Oregon 97201-5164	City Attorney
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**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**ANNUAL FINANCIAL REPORT**

For the year ended June 30, 1999

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**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**ANNUAL FINANCIAL REPORT**

**For the year ended June 30, 1999**

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CITIZENS BUILDING  
975 OAK STREET  
SUITE 1010  
EUGENE, OREGON 97401-3124



GREGOR PROFESSIONAL  
CORPORATION

Telephone (541) 686-8777  
Facsimile (541) 686-8779  
E-mail: GPCCPA@IBM.NET

## REPORT OF INDEPENDENT AUDITORS

Honorable Mayor and City Council  
City of Lafayette  
486 Third Street  
Lafayette, Oregon 97127

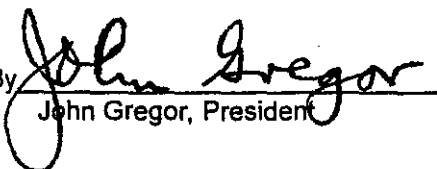
We have audited the accompanying general purpose financial statements of the City of Lafayette, Oregon, as of and for the year ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These 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 Lafayette, Oregon, at June 30, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group statements and the accompanying financial information listed as other schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the City of Lafayette, Oregon. These statements and schedules have been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, are fairly stated in all material respects in relation to the general purpose financial statements taken as a whole. Also the year 2000 supplementary information on page 51 is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding their efforts and the disclosures presented. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the City is or will become year 2000 compliant, that their remediation efforts will be successful in whole or in part, or that parties with which the City does business are or will become year 2000 compliant.

GREGOR PROFESSIONAL CORPORATION  
Certified Public Accountants

By   
John Gregor, President

Eugene, Oregon  
November 17, 1999

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**GENERAL PURPOSE FINANCIAL STATEMENTS**

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

ALL FUND TYPES AND ACCOUNT GROUPS

COMBINED BALANCE SHEET

June 30, 1999

(With comparative totals as of June 30, 1998)

	Governmental Fund Types	
	General	Special Revenue
<b>ASSETS AND OTHER DEBITS</b>		
Cash and cash equivalents	99,228	257,727
Accounts receivable	4,061	21,641
Property taxes receivable	1,734	12,711
Due from other funds	-	-
Fixed assets(net of depreciation where applicable)	-	-
Other debits:		
Amount to be provided for compensated absences	-	-
Amount to be provided for retirement of general long term debt	-	-
	<u>-</u>	<u>-</u>
Total assets and other debits	<u>\$ 105,023</u>	<u>\$ 292,079</u>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>		
<b>Liabilities:</b>		
Accounts payable	10,107	95,670
Accrued payroll taxes and related liabilities	16,779	-
Customer deposits	6,040	-
Deferred revenues	1,031	7,559
Compensated absences payable	-	-
Due to other funds	-	-
Due to other organizations	-	-
Lease payable	-	-
Note payable	-	-
	<u>-</u>	<u>-</u>
Total liabilities	<u>33,957</u>	<u>103,229</u>
<b>Fund Equity and other credits:</b>		
Contributed capital	-	-
Investment in fixed assets	-	-
Retained earnings	-	-
Fund balance:		
Reserved	-	-
Unreserved	71,066	188,850
	<u>71,066</u>	<u>188,850</u>
Total fund equity and other credits	<u>71,066</u>	<u>188,850</u>
Total liabilities, fund equity and other credits	<u>\$ 105,023</u>	<u>\$ 292,079</u>

Continued

## Continued

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
Enterprise	Agency	General Fixed Assets	General Long term Debt	1999	1998
427,556	7,291	-	-	791,802	744,346
39,245	-	-	-	64,947	68,730
-	-	-	-	14,445	18,877
44,740	-	-	-	44,740	16,400
1,735,515	-	585,324	-	2,320,839	1,723,156
-	-	-	7,380	7,380	7,571
-	-	-	147,521	147,521	12,182
<u>\$ 2,247,056</u>	<u>\$ 7,291</u>	<u>\$ 585,324</u>	<u>\$ 154,901</u>	<u>\$ 3,391,674</u>	<u>\$ 2,591,262</u>
44,536	-	-	-	150,313	38,684
-	-	-	-	16,779	9,983
6,086	-	-	-	12,126	4,096
-	-	-	-	8,590	13,292
5,098	-	-	7,380	12,478	11,483
44,740	-	-	-	44,740	16,400
-	7,291	-	-	7,291	-
-	-	-	147,521	147,521	12,182
<u>79,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,257</u>	<u>79,783</u>
<u>179,717</u>	<u>7,291</u>	<u>-</u>	<u>154,901</u>	<u>479,095</u>	<u>185,903</u>
1,158,604	-	-	-	1,158,604	1,092,190
-	-	585,324	-	585,324	369,773
908,735	-	-	-	908,735	551,359
-	-	-	-	-	-
-	-	-	-	259,916	392,037
<u>2,067,339</u>	<u>-</u>	<u>585,324</u>	<u>-</u>	<u>2,912,579</u>	<u>2,405,359</u>
<u>\$ 2,247,056</u>	<u>\$ 7,291</u>	<u>\$ 585,324</u>	<u>\$ 154,901</u>	<u>\$ 3,391,674</u>	<u>\$ 2,591,262</u>

The accompanying notes are an integral part of this statement

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## CITY OF LAFAYETTE

## YAMHILL COUNTY, OREGON

## ALL GOVERNMENTAL FUND TYPES

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 1999  
(With comparative totals for the year ended June 30, 1998)

	General Fund	Special Revenue Fund	Totals (Memorandum only)	
			1999	1998
REVENUES:				
Taxes	23,457	160,973	184,430	164,910
Licenses, fees and permits	79,660	15,582	95,242	187,984
Intergovernmental revenues	30,123	97,234	127,357	97,477
Fines and forfeitures	-	11,768	11,768	22,150
Interest revenue	5,513	15,089	20,602	16,786
System development charges	-	18,541	18,541	18,178
Miscellaneous revenues	19,046	18,776	37,822	22,071
Total revenues	157,799	337,963	495,762	529,556
EXPENDITURES:				
General government	123,298	-	123,298	126,118
Planning	66,391	-	66,391	40,946
Highways and streets	-	76,887	76,887	75,608
Public Safety	-	208,157	208,157	176,862
Community development	-	41,209	41,209	17,634
Capital outlay	6,554	105,388	111,942	32,427
Total expenditures	196,243	431,641	627,884	469,595
Excess of revenues over (under) expenditures	(38,444)	(93,678)	(132,122)	59,961
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	51,000	51,000	40,900
Operating transfers (out)	(26,000)	(25,000)	(51,000)	(40,900)
Excess of revenues and other sources over (under) expenditures and other uses	(64,444)	(67,678)	(132,122)	59,961
FUND BALANCE - July 1	135,510	256,528	392,038	332,076
FUND BALANCE - June 30	\$ 71,066	\$ 188,850	\$ 259,916	\$ 392,037

The accompanying notes are and integral part of this statement

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

ALL GOVERNMENTAL FUND TYPES

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	25,388	23,457	(1,931)
Licenses, fees and permits	113,100	79,660	(33,440)
Intergovernmental revenues	29,533	30,123	590
Fines and forfeitures	-	-	-
Interest revenue	2,750	5,513	2,763
System development charges	-	-	-
Miscellaneous revenues	22,600	19,046	(3,554)
Total revenues	193,371	157,799	(35,572)
EXPENDITURES:			
General government	133,779	123,298	10,481
Planning	76,349	66,391	9,958
Highways and streets	-	-	-
Public Safety	-	-	-
Community development	-	-	-
Capital outlay	15,000	6,554	8,446
Contingency	7,243	-	7,243
Total expenditures	232,371	196,243	36,128
Excess of revenues over (under) expenditures	(39,000)	(38,444)	556
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Operating transfers (out)	(31,000)	(26,000)	(5,000)
Excess of revenues and other sources over (under) expenditures and other uses	(70,000)	(64,444)	5,556
FUND BALANCES - July 1	70,000	135,510	65,510
FUND BALANCES - June 30	\$ -	\$ 71,066	\$ 71,066

Continued

Continued

Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
150,718	160,973	10,255	176,106	184,430	8,324
18,000	2,053	(15,947)	131,100	81,713	(49,387)
186,027	97,234	(88,793)	215,560	127,357	(88,203)
10,000	11,768	1,768	10,000	11,768	1,768
5,200	15,089	9,889	7,950	20,602	12,652
172,050	32,070	(139,980)	172,050	32,070	(139,980)
32,825	18,776	(14,049)	55,425	37,822	(17,603)
574,820	337,963	(236,857)	768,191	495,762	(272,429)
-	-	-	133,779	123,298	10,481
-	-	-	76,349	66,391	9,958
95,074	76,887	18,187	95,074	76,887	18,187
198,379	191,517	6,862	198,379	191,517	6,862
52,958	41,209	11,749	52,958	41,209	11,749
541,412	122,028	419,384	556,412	128,582	427,830
5,900	-	5,900	13,143	-	13,143
893,723	431,641	462,082	1,126,094	627,884	498,210
(318,903)	(93,678)	225,225	(357,903)	(132,122)	225,781
53,000	51,000	(2,000)	53,000	51,000	(2,000)
(9,000)	(25,000)	(16,000)	(40,000)	(51,000)	(11,000)
(274,903)	(67,678)	207,225	(344,903)	(132,122)	212,781
274,903	256,528	(18,375)	344,903	392,038	47,135
\$ -	\$ 188,850	\$ 188,850	\$ -	\$ 259,916	\$ 259,916

The accompanying notes are an integral part of this statement

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

ALL PROPRIETARY FUND TYPES

COMBINED STATEMENT OF REVENUES, EXPENSES AND

CHANGES IN RETAINED EARNINGS

For the Year Ended June 30, 1999  
(With comparative totals for the year ended June 30, 1998)

	1999	1998
REVENUES:		
Charges for services	518,094	368,462
Connection charges	-	-
Total operating revenues	<u>518,094</u>	<u>368,462</u>
EXPENSES:		
Personal services	242,161	177,111
Materials and services	144,182	181,624
Depreciation	<u>58,450</u>	<u>55,110</u>
Total operating expenses	<u>444,793</u>	<u>413,845</u>
Operating income (loss)	<u>73,301</u>	<u>(45,383)</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest income	17,659	17,700
Interest expense	-	-
Other revenue	<u>266,416</u>	<u>4,424</u>
Total non-operating revenues (expenses)	<u>284,075</u>	<u>22,124</u>
Income (loss) before operating transfers	357,376	(23,259)
OPERATING TRANSFERS:		
Operating transfers in	80,000	-
Operating transfers out	<u>(80,000)</u>	<u>-</u>
Net income (loss)	357,376	(23,259)
RETAINED EARNINGS - July 1	551,359	575,203
Prior period restatement	<u>-</u>	<u>(585)</u>
RETAINED EARNINGS - July 1, restated	<u>551,359</u>	<u>574,618</u>
RETAINED EARNINGS - June 30	<u>\$ 908,735</u>	<u>\$ 551,359</u>

The accompanying notes are an integral part of this statement



CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

ALL PROPRIETARY FUND TYPES

COMBINED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 1999  
(With comparative totals for the year ended June 30, 1998)

	1999	1998
Cash flows from operating activities:		
Operating income	73,301	(45,383)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	58,450	55,110
(Increase) decrease in due from other funds	(28,340)	(15,226)
(Increase) decrease in receivables	3,583	(347)
(Increase) decrease in prepaids	-	2,267
Increase (decrease) in accounts payable	18,150	26,150
Increase (decrease) in customer deposits	1,990	-
Increase (decrease) in compensated absences	1,186	1,426
Increase (decrease) due to other funds	28,340	15,226
Net cash provided by operating activities	156,660	39,223
Cash flows from noncapital financing activities:		
Operating transfers-in from other funds	80,000	-
Operating transfers-out to other funds	(80,000)	-
Miscellaneous	266,416	4,424
System development charges	66,414	80,724
Net cash provided by noncapital financing activities	332,830	85,148
Cash flows from capital and related financing activities:		
Acquisition of fixed assets	(440,582)	(259,664)
Note proceeds	(526)	79,783
Payment of note principal	-	-
Net cash provided by capital and related financing activities	(441,108)	(179,881)
Cash flows from investing activities:		
Interest income	17,659	17,700
Net cash provided by investing activities	17,659	17,700
Other transactions affecting cash and cash equivalents: Restatement	-	-
Net increase in cash and cash equivalents	66,041	(37,810)
Cash and cash equivalents, July 1	361,515	399,325
Cash and cash equivalents, June 30	\$ 427,556	\$ 361,515

The accompanying notes are an integral part of this statement

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**NOTES TO THE FINANCIAL STATEMENTS**

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

NOTES TO THE FINANCIAL STATEMENTS

*For the Year Ended June 30, 1999*

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The City of Lafayette was established in 1878 and operates under the charter granted by the State of Oregon. The charter adopted in 1984 superseded the charter enacted in 1958. The government of the City of Lafayette constitutes a Mayor and a City Council, composed of six council members elected at large.

The City of Lafayette is a primary government. A primary government is financially accountable for the organizations (component units) that make up its legal entity. The City has considered all organizations for which the City is financially accountable in preparing these financial statements. Financial accountability may be evidenced by the ability to appoint the voting majority of the governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific burdens on, the primary government; or a fiscal dependency or intergovernmental relationship so close that exclusion from the primary government would render the financial statements incomplete or misleading.

B. Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

NOTES TO THE FINANCIAL STATEMENTS

*For the Year Ended June 30, 1999*

Note 1 - Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are account 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, nonexpendable trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds, and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period 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 60 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 taxes, special assessments, licenses, interest revenue, and charges for services. Taxes and other revenues collected and held by the State at year end on behalf of the City also are recognized as revenue. Fines, permits and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types, pension trust funds, and nonexpendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. For proprietary funds, the City applies all applicable Government Accounting Standards Board (GASB) guidance as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

. NOTES TO THE FINANCIAL STATEMENTS

*For the Year Ended June 30, 1999*

Note 1 - Summary of Significant Accounting Policies (continued)

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. Budgets

Budgets are prepared and adopted, and expenditures are appropriated, in accordance with Oregon Local Budget Law.

Budgets for governmental fund types are prepared and adopted, and expenditures are appropriated on the modified accrual basis of accounting, which is in conformity with generally accepted accounting principles. Budgets for proprietary fund types are adopted on a basis as if they were governmental funds. All annual appropriations lapse at fiscal year end. The City does not use encumbrance accounting.

E. Cash and cash equivalents

The cash and cash equivalents reported on the balance sheets and cash flow statements include petty cash and change funds, checking account balances, and deposits with the Local Government Investment Pool. Interest earned from pooled investments is allocated to each fund based on each fund's portion of the total investment balance.

F. Receivables

Receivables are recorded on the combined balance sheet in accordance with the policies enumerated in paragraph C above.

G. Due from/to Other Funds

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

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

NOTES TO THE FINANCIAL STATEMENTS

*For the Year Ended June 30, 1999*

Note 1 - Summary of Significant Accounting Policies (continued)

H. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Purchased fixed assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated fixed assets are valued at estimated fair market value on the date received.

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

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method over the estimated useful lives that range from five years to fifty years.

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

J. Long-Term Obligations

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

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

NOTES TO THE FINANCIAL STATEMENTS

*For the Year Ended June 30, 1999*

Note 1 - Summary of Significant Accounting Policies (continued)

K. Fund Equity

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

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Total Columns on Combined Financial Statements

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

N. Comparative Data

Comparative totals for the prior year have been presented in some of the financial statements in order to provide an understanding of changes in the financial position and operations of the City. However comparative data have not been presented in all statements because including them would make some statements complex and difficult to understand.

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

NOTES TO THE FINANCIAL STATEMENTS

*For the Year Ended June 30, 1999*

Note 2 - Stewardship, Compliance, and Accountability

A. Budgetary Compliance

On or before June 30 of each year, the City enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members the City Council and a like number of interested citizens. The budget committee presents the budget to the City Council for budget hearings prior to enactment of the resolution.

The budget is prepared by fund, department, activity, and line, and includes information of the past year, current year estimates, and requested appropriations for the next fiscal year. Expenditures may not exceed legally budgeted appropriations at level of materials and services, personal services, capital outlay, debt service, or other expenditures for each fund or for each department of the General Fund. Excess of expenditures over budget appropriations for the year ended June 30, 1999 were as follows:

Fund	Department/Category	Amount
Special Revenue - Street	Personal Services	\$1,400
Special Revenue - Law Enforcement	Materials and Services	345
Enterprise - Water	Materials and Services	1,872
Enterprise - Sewer	Materials and Services	104
Enterprise - Sewer	Capital Outlay	5,696

Note 3 - Cash and cash equivalents

Cash and cash equivalents consisted of the following as of June 30, 1999:

Petty cash	75
Deposits with financial institutions	88,883
Local Government Investment Pool	702,844
Total	<u>\$791,802</u>

At year end, the carrying amount of the City's bank deposits was \$88,883 and the bank balance was \$104,352. All of the deposits with financial institutions were covered by federal depository insurance or collateral in the name of the City. The investment in the Oregon Local Government Investment Pool is not subject to risk categorization.

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 1999

Note 4 - Property taxes

For the current year, the City levied taxes at the rate of 3.4857 per \$1,000 of assessed value within the City limits. Measure 50 establishes the permanent rate and allows for an increase of the assessed value of 3% per year.

Yamhill County makes all assessments of property value, and levies and collects the taxes for the City of Lafayette and all other taxing districts within the County. Assessments of property values are as of January 1 of each year. Taxes levied are a lien on the properties as of July 1. Payments can be made in three installments or paid in full by November 15 with a 3% discount.

Note 5 - Fixed Assets

A. CHANGES IN GENERAL FIXED ASSETS

Activity in the general fixed asset account group for the year ended June 30, 1999 was as follows:

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Land and Improvements	92,103	23,458	12,080	103,481
Buildings	67,139	0	0	67,139
Vehicles	119,830	168,981	0	288,811
Equipment	90,701	7,842	0	98,543
Construction in progress	0	27,350	0	27,350
Total	<u>\$369,773</u>	<u>\$227,631</u>	<u>\$12,080</u>	<u>\$585,324</u>

B. SUMMARY OF ENTERPRISE FUNDS FIXED ASSETS

The composition of fixed assets in the enterprise funds at June 30, 1999 were as follows:

Land and Improvements	72,198
Buildings	47,241
Water facilities	1,455,023
Joint water project	255,259
Sewer facilities	725,381
Equipment and vehicles	82,582
Construction in progress	8,603
Total	<u>2,646,287</u>
Less accumulated depreciation	<u>(910,772)</u>
Net fixed assets	<u>\$1,735,515</u>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

NOTES TO THE FINANCIAL STATEMENTS

*For the Year Ended June 30, 1999*

**Note 6 - Compensated Absences**

Vacation pay and compensatory time is vested when earned and recorded as an expenditure when it is paid. At June 30, 1999, the City's liability for vacation pay and compensatory time was recorded in the following funds:

General Long Term Debt Account Group	7,380
Water fund	1,518
Sewer fund	3,580
Total	<u>\$12,478</u>

Sick leave can be taken only in the event of illness. Accumulated sick leave at June 30, 1999 was \$7,695.

**Note 7 - Long Term Debt**

**A. CAPITAL LEASES**

The City entered into a capital lease/purchase contract with Mine Safety Appliances Company in November of 1996 for the purchase of a self-contained breathing apparatus to be used for fire fighting purposes.

In September 1998 the City acquired a fire truck for \$157,846 through a lease agreement with Banc One Leasing Corporation.

The minimum required future lease payments on these two leases are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	13,818	8,443	22,261
2001	14,649	7,612	22,261
2002	15,529	6,731	22,260
2003	12,485	5,797	18,282
2004	13,184	5,098	18,282
2005-09	77,856	13,553	91,409
Total	<u>\$147,521</u>	<u>\$47,234</u>	<u>\$194,755</u>

**B. OPERATING LEASES**

The City leases a Mita copier under a month to month operating lease. Total costs for the lease was \$2,020 for the year ending June 30, 1999. Future annual lease payments of \$2,148 are required for the term that ends in 2002.

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

NOTES TO THE FINANCIAL STATEMENTS

*For the Year Ended June 30, 1999*

Note 7 – Long Term Debt continued

C. NOTE PAYABLE

In August 1995, pursuant to Chapter 190 of Oregon revised Statutes, the City entered into an intergovernmental agreement with the City of Dayton to jointly develop well fields and a transmission main from those fields to each City. Title to the property is held by the City of Dayton and the City of Lafayette as tenants in common. The total capital outlay expenditures on this project have been classified as Joint Water Project in the Water Improvement Fund.

As of June 30, 1999, the City owes \$79,257 including interest to the City of Dayton for the joint water project. There is no fixed repayment plan. The interest on the outstanding balance accrues at the prevalent Local Government Investment Pool rate. The principal and the interest will be paid back in two years.

Total	<u>\$ 79,257</u>
-------	------------------

Note 8 – Changes in Contributed Capital

The changes in the contributed capital in the enterprise funds for the year ended June 30, 1999 were as follows:

	<u>Water Funds</u>	<u>Sewer Funds</u>	<u>Total</u>
Balance July 1, 1998	787,926	304,264	1,092,190
System Development Charges	<u>22,648</u>	<u>43,766</u>	<u>66,414</u>
Balance June 30, 1999	<u>\$810,574</u>	<u>\$348,030</u>	<u>\$1,158,604</u>

Note 9 - Pension Plan

A. PLAN DESCRIPTION

The City of Lafayette, Oregon, participates in the State of Oregon Public Employees Retirement System (PERS), an agent multiple-employer defined benefit pension plan. All full-time employees of the City are covered by the plan after six months of employment. Benefits generally vest after five years of service. Retirement is allowed at age 58 with unreduced benefits, but retirement is generally allowed at age 55 with reduced benefits. Retirement benefits are based on salary and length of service calculated using a formula and are payable in a lump sum or monthly using several payment options. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by statute.

PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Oregon Public Employees Retirement System, Post Office Box 23700, Tigard, Oregon, 97281-3700.

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

NOTES TO THE FINANCIAL STATEMENTS

*For the Year Ended June 30, 1999*

Note 9 - Pension Plan (continued)

**B. FUNDING POLICY**

The rate of employee contribution is established by law at 6% of employee compensation. The rate of employer contribution is set by the Public Employees Retirement Board, based upon actuarial valuations. The rates shown below are based on the actuarial valuation of the system as of December 31, 1997, and are subject to change as a result of subsequent valuations or legislative amendments.

	<u>% of current-year covered payroll</u>
Effective for fiscal year beginning July 1, 1999	6.63%
Effective for fiscal year beginning July 1, 2000	6.63%
Effective for fiscal year beginning July 1, 2001	7.29%

**C. ANNUAL PENSION COST**

Employer contributions are calculated in conformance with the provisions of GASB Statement No. 27 as a percentage of covered payroll. Therefore, the contributions transmitted to the System are equal to the Annual Required Contribution (ARC), and there is no Net Pension Obligation (NPO) necessary to amortize any unpaid contributions.

For the year ended June 30, 1999, the City's annual pension cost was equal to the required and actual contributions of the City. The required contribution was determined as part of the December 31, 1997, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.0% per year, (b) projected salary increases of 4.0% per year attributable to general wage adjustments, with additional increases for promotion and longevity that vary by age and service, (c) projected automatic cost-of-living benefit increases of 2.0% per year, and (d) demographic assumptions that were chosen to reflect the best estimate of emerging experience of the members of the System.

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

NOTES TO THE FINANCIAL STATEMENTS

*For the Year Ended June 30, 1999*

Note 9 - Pension Plan (continued)

**D. THREE-YEAR TREND INFORMATION**

Three-year trend information for the City of Lafayette is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/97	\$9,183	100%	\$0
06/30/98	\$12,728	100%	\$0
06/30/99	\$18,616	100%	\$0

**E. REQUIRED SUPPLEMENTARY INFORMATION**

The Schedule of Funding Progress for the City of Lafayette is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/93	\$160,596	\$162,673	\$2,077	90%	\$112,830	2%
12/31/95	142,122	156,269	14,146	91%	144,797	10%
12/31/97	245,675	194,602	(51,073)	126%	160,308	11.1%

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 1999

**Note 10 - Segment Information for Enterprise Funds**

The City of Lafayette maintains enterprise funds which provide water service, sewage service, provisions for expansion, and capital construction of sewer and water facilities. Selected segment information for the year ended June 30, 1999, is presented below:

	Water	Water Improve- ment	Sewer	Sewer Improve- ment	Sewer Plant Improve- ment	Sewer Master Plan	Total
Operating revenues	\$ 332,280	\$ -	\$ 185,814	\$ -	\$ -	\$ -	\$ -
Depreciation	24,444	12,403	19,330	-	2,273	-	58,450
Operating income	111,593	(14,679)	(20,496)	(844)	(2,273)	-	73,301
Net income	39,845	276,885	(13,281)	7,703	29,826	16,398	357,376
Contributed capital:							
Additions	-	22,648	-	43,766	-	-	66,414
Fixed assets:							
Additions(deletions)net	34,726	376,901	17,655	23,600	-	(12,300)	440,582
Net working capital	149,715	(82,513)	108,822	194,113	40,944	-	411,081
Total assets	767,447	661,513	401,111	217,713	154,532	-	2,202,316
Note payable	-	79,257	-	-	-	-	79,257
Total equity	757,235	544,483	393,376	217,713	154,532	-	2,067,339

**Note 11 - Subsequent Events**

In November of 1998, the City received voter approval to issue \$4.5 million of revenue bonds for water system improvements. The City has not issued these bonds to date.

In July of 1999 the City agreed to purchase a property for \$120,000 as a potential new City Hall.

**Note 12 - Contingent liabilities:**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time although management expects such amounts, if any, to be immaterial.

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND OTHER SCHEDULES**

#### **GENERAL FUND:**

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues consist of property taxes, franchise fees, State liquor and cigarette taxes, various fees and fines for services provided, and interest income from temporary investments. Expenses are recorded in the following departments:

General Government  
Planning

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

GENERAL FUND

BALANCE SHEET

June 30, 1999  
(With comparative totals as of June 30, 1998)

	<u>1999</u>	<u>1998</u>
<b>ASSETS</b>		
Cash and cash equivalents	99,228	142,222
Receivables:		
Accounts	4,061	3,998
Taxes	1,734	2,265
Other	-	-
Inventories	-	-
Prepaid items	-	-
	<u>-</u>	<u>-</u>
Total assets	<u>\$ 105,023</u>	<u>\$ 148,485</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Accounts payable	10,107	1,398
Payroll payable	16,779	9,983
Deposits	6,040	-
Deferred tax revenues	1,031	1,595
	<u>33,957</u>	<u>12,976</u>
Total liabilities	<u>33,957</u>	<u>12,976</u>
Fund Equity:		
Fund balance:		
Reserved	-	-
Unreserved	71,066	135,509
	<u>71,066</u>	<u>135,509</u>
Total fund equity	<u>71,066</u>	<u>135,509</u>
Total liabilities and fund equities	<u>\$ 105,023</u>	<u>\$ 148,485</u>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

For the Year Ended June 30, 1999  
(With comparative totals for the year ended June 30, 1998)

	1999	1998
<b>REVENUES:</b>		
Taxes	23,457	19,153
Licenses, fees and permits	79,660	174,884
Federal and state revenues	30,123	29,433
Local government revenues	-	-
Fines and forfeitures	-	-
Interest revenues	5,513	4,876
Miscellaneous revenues	19,046	21,970
<b>Total revenues</b>	<u>157,799</u>	<u>250,316</u>
<b>EXPENDITURES:</b>		
General government	123,298	126,118
Police department	-	-
Municipal Court	-	-
Building department	-	-
Street department	-	-
Planning department	66,391	40,946
Library department	-	-
Park department	-	-
Capital outlay	6,554	9,085
<b>Total expenditures</b>	<u>196,243</u>	<u>176,149</u>
<b>Excess of revenues over (under) expenditures</b>	(38,444)	74,167
<b>OTHER FINANCING SOURCES (USES):</b>		
Operating transfers in	-	-
Operating transfers (out)	(26,000)	(23,500)
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	(64,444)	50,667
<b>FUND BALANCES - July 1</b>	<u>135,510</u>	<u>84,842</u>
<b>FUND BALANCES - June 30</b>	<u>\$ 71,066</u>	<u>\$ 135,509</u>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Taxes	25,388	23,457	(1,931)
Licenses, fees and permits	113,100	79,660	(33,440)
Intergovernmental revenues	29,533	30,123	590
Fines and forfeitures	-	-	-
Interest revenues	2,750	5,513	2,763
Miscellaneous revenues	<u>22,600</u>	<u>19,046</u>	<u>(3,554)</u>
<b>Total revenues</b>	<u>193,371</u>	<u>157,799</u>	<u>(35,572)</u>
<b>EXPENDITURES:</b>			
General government	133,779	123,298	10,481
Planning	76,349	66,391	9,958
Capital outlay	15,000	6,554	8,446
Contingency	<u>7,243</u>	<u>-</u>	<u>7,243</u>
<b>Total expenditures</b>	<u>232,371</u>	<u>196,243</u>	<u>36,128</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(39,000)</u>	<u>(38,444)</u>	<u>556</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	-	-	-
Operating transfers (out)	<u>(31,000)</u>	<u>(26,000)</u>	<u>5,000</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<u>(70,000)</u>	<u>(64,444)</u>	<u>5,556</u>
<b>FUND BALANCE - July 1</b>	<u>70,000</u>	<u>135,510</u>	<u>65,510</u>
<b>FUND BALANCE - June 30</b>	<u>\$ -</u>	<u>\$ 71,066</u>	<u>\$ 71,066</u>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

GENERAL FUND

STATEMENT OF REVENUES  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Taxes:			
Current year's taxes	24,188	21,805	(2,383)
Prior years' taxes	<u>1,200</u>	<u>1,652</u>	<u>452</u>
Total taxes	<u>25,388</u>	<u>23,457</u>	<u>(1,931)</u>
Licenses, fees and permits:			
Franchise fees	43,100	47,599	4,499
Licenses and permits	50,000	9,538	(40,462)
Systems development	-	-	-
Planning fees	<u>20,000</u>	<u>22,523</u>	<u>2,523</u>
Total licenses, fees and permits	<u>113,100</u>	<u>79,660</u>	<u>(33,440)</u>
Intergovernmental revenues:			
Liquor tax	13,712	19,683	5,971
Cigarette tax	4,921	4,840	(81)
Other	<u>10,900</u>	<u>5,600</u>	<u>(5,300)</u>
Total intergovernmental revenues	<u>29,533</u>	<u>30,123</u>	<u>590</u>
Fines and forfeitures:	<u>-</u>	<u>-</u>	<u>-</u>
Interest revenue	<u>2,750</u>	<u>5,513</u>	<u>2,763</u>
Miscellaneous:			
City equipment rental	-	-	-
Miscellaneous	22,100	17,477	(4,623)
Tax revenue anticipation loan	-	-	-
Donation	<u>500</u>	<u>1,569</u>	<u>1,069</u>
Total miscellaneous	<u>22,600</u>	<u>19,046</u>	<u>(3,554)</u>
Total revenues	<u>\$ 193,371</u>	<u>\$ 157,799</u>	<u>\$ (35,572)</u>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

GENERAL FUND

STATEMENT OF EXPENDITURES  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

EXPENDITURES:	Budget	Actual	Variance Favorable (Unfavorable)
General Government			
Personal services:			
Clerk	9,525	6,933	2,592
Office manager	16,929	17,387	(458)
Public works supervisor	3,516	3,532	(16)
Engineer	5,000	4,928	72
Recorder	10,705	11,235	(530)
Part time office help	3,120	3,493	(373)
Social security	2,713	3,032	(319)
Health and life insurance	9,136	9,566	(430)
Worker's compensation	400	170	230
Unemployment insurance	400	340	60
PERS: employee retirement	5,885	6,306	(421)
Total personal services	<u>67,329</u>	<u>66,922</u>	<u>407</u>
Materials and services:			
Insurance and bonds	1,500	710	790
Printing	-	-	-
Office equipment maintenance	12,500	6,177	6,323
Audit	1,000	1,120	(120)
Attorney fees	10,000	10,489	(489)
Telephone	1,500	1,255	245
Office supplies and postage	4,500	4,476	24
Utilities	10,000	9,096	904
Dues and meetings	5,000	3,662	1,338
Miscellaneous	20,450	19,391	1,059
Total materials and services	<u>66,450</u>	<u>56,376</u>	<u>10,074</u>
Capital outlay			
City hall improvement	9,500	1,463	8,037
Office furniture	5,500	5,091	409
Total capital outlay	<u>15,000</u>	<u>6,554</u>	<u>8,446</u>
Operating contingency	<u>7,243</u>	<u>-</u>	<u>7,243</u>
Total general government	<u>156,022</u>	<u>129,852</u>	<u>26,170</u>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

GENERAL FUND

STATEMENT OF EXPENDITURES  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

EXPENDITURES:	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Planning Department:			
Personal services			
Salaries	22,006	15,702	6,304
Payroll tax expenses	<u>8,653</u>	<u>8,446</u>	<u>207</u>
Total personal services	<u>30,659</u>	<u>24,148</u>	<u>6,511</u>
Materials and services:			
Contract services	30,000	35,382	(5,382)
Supplies	2,200	784	1,416
Conference and travel	1,000	1,335	(335)
Miscellaneous	<u>12,490</u>	<u>4,742</u>	<u>7,748</u>
Total materials and services	<u>45,690</u>	<u>42,243</u>	<u>3,447</u>
Total Planning Department	<u>76,349</u>	<u>66,391</u>	<u>9,958</u>
Total expenditures	<u>\$ 232,371</u>	<u>\$ 196,243</u>	<u>36,128</u>



#### **SPECIAL REVENUE FUNDS:**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments recorded in debt service funds, expendable trusts, or for major capital projects) that are legally restricted to expenditures for specified purposes.

The Special Revenue Funds consist of the following:

- Street Fund
- Law Enforcement Fund
- Fire Department Fund
- Park Fund
- Fire Department Improvement Fund
- Community Facilities Fund
- City Hall Building Fund

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

ALL SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 1999

(With comparative totals as of June 30, 1998)

	Street Fund	Law Enforcement	Fire Department	Park
<b>ASSETS</b>				
Cash and investments	88,145	93,589	15,822	23,116
Accounts receivable	15,291	4,527	1,823	-
Taxes receivable	-	6,066	6,645	-
Prepaid expenses	-	-	-	-
<b>Total assets</b>	<b>\$ 103,436</b>	<b>\$ 104,182</b>	<b>\$ 24,290</b>	<b>\$ 23,116</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	4,727	85,914	4,049	509
Deferred revenue	-	3,608	3,951	-
<b>Total liabilities</b>	<b>4,727</b>	<b>89,522</b>	<b>8,000</b>	<b>509</b>
<b>Fund Equity:</b>				
<b>Fund balance:</b>				
Reserved	-	-	-	-
Unreserved	98,709	14,660	16,290	22,607
<b>Total fund equity</b>	<b>98,709</b>	<b>14,660</b>	<b>16,290</b>	<b>22,607</b>
<b>Total liabilities and fund equity</b>	<b>\$ 103,436</b>	<b>\$ 104,182</b>	<b>\$ 24,290</b>	<b>\$ 23,116</b>

continued

continued

Fire Department Improvement	Community Facilities	City Hall Building	Totals	
			1999	1998
17,422	9,207	10,426	257,727	240,609
-	-	-	21,641	21,904
-	-	-	12,711	16,612
-	-	-	-	-
<u>\$ 17,422</u>	<u>\$ 9,207</u>	<u>\$ 10,426</u>	<u>\$ 292,079</u>	<u>\$ 279,125</u>
-	471	-	95,670	10,900
-	-	-	7,559	11,697
-	471	-	103,229	22,597
-	-	-	-	-
<u>17,422</u>	<u>8,736</u>	<u>10,426</u>	<u>188,850</u>	<u>256,528</u>
<u>17,422</u>	<u>8,736</u>	<u>10,426</u>	<u>188,850</u>	<u>256,528</u>
<u>\$ 17,422</u>	<u>\$ 9,207</u>	<u>\$ 10,426</u>	<u>\$ 292,079</u>	<u>\$ 279,125</u>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

ALL SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 1999  
(With comparative totals for the year ended June 30, 1998)

	Street Fund	Law Enforcement	Fire Department	Park
<b>REVENUES:</b>				
Taxes	-	73,466	87,507	-
Licenses, fees and permits	-	-	-	15,582
Intergovernmental revenues	88,234	-	-	-
Fines and forfeitures	-	11,768	-	-
Interest revenue	5,238	4,025	2,172	1,710
System development charges	18,541	-	-	-
Miscellaneous revenues	336	870	3,379	14,191
<b>Total revenues</b>	<b>112,349</b>	<b>90,129</b>	<b>93,058</b>	<b>31,483</b>
<b>EXPENDITURES:</b>				
Highways and streets	76,887	-	-	-
Public Safety	-	120,058	88,099	-
Community development	-	-	-	35,320
Capital outlay	34,921	-	-	23,952
<b>Total expenditures</b>	<b>111,808</b>	<b>120,058</b>	<b>88,099</b>	<b>59,272</b>
<b>Excess of revenues over (under) expenditures</b>	<b>541</b>	<b>(29,929)</b>	<b>4,959</b>	<b>(27,789)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	-	-	-	15,000
Operating transfers out	-	-	(25,000)	-
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>541</b>	<b>(29,929)</b>	<b>(20,041)</b>	<b>(12,789)</b>
<b>FUND BALANCE - July 1</b>	<b>98,168</b>	<b>44,589</b>	<b>36,331</b>	<b>35,396</b>
<b>FUND BALANCE - June 30</b>	<b>\$ 98,709</b>	<b>\$ 14,660</b>	<b>\$ 16,290</b>	<b>\$ 22,607</b>

continued

continued

Fire Department Improvement	Community Facilities	City Hall Building	Totals	
			1999	1998
-	-	-	160,973	145,757
-	-	-	15,582	13,100
-	9,000	-	97,234	68,044
-	-	-	11,768	22,150
1,518	-	426	15,089	11,910
-	-	-	18,541	18,178
-	-	-	18,776	101
<u>1,518</u>	<u>9,000</u>	<u>426</u>	<u>337,963</u>	<u>279,240</u>
-	-	-	76,887	75,608
-	-	-	208,157	176,862
-	5,889	-	41,209	17,634
<u>46,044</u>	<u>471</u>	<u>-</u>	<u>105,388</u>	<u>23,342</u>
<u>46,044</u>	<u>6,360</u>	<u>-</u>	<u>431,641</u>	<u>293,446</u>
(44,526)	2,640	426	(93,678)	(14,206)
25,000	7,000	4,000	51,000	40,900
-	-	-	(25,000)	(17,400)
(19,526)	9,640	4,426	(67,678)	9,294
<u>36,948</u>	<u>(904)</u>	<u>6,000</u>	<u>256,528</u>	<u>247,234</u>
<u>\$ 17,422</u>	<u>\$ 8,736</u>	<u>\$ 10,426</u>	<u>\$ 188,850</u>	<u>\$ 256,528</u>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

STREET FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	-	-	-
Licenses, fees and permits	-	-	-
Intergovernmental revenues	86,027	88,234	2,207
Fines and forfeitures	-	-	-
Interest revenue	2,000	5,238	3,238
System development charges	172,050	18,541	(153,509)
Miscellaneous revenues	200	336	136
Total revenues	<u>260,277</u>	<u>112,349</u>	<u>(147,928)</u>
EXPENDITURES:			
Personal services	24,624	26,024	(1,400)
Materials and services	70,450	50,863	19,587
Capital outlay	274,414	34,921	239,493
Contingency	<u>3,836</u>	<u>-</u>	<u>3,836</u>
Total expenditures	<u>373,324</u>	<u>111,808</u>	<u>261,516</u>
Excess of revenues over (under) expenditures	(113,047)	541	113,588
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(113,047)	541	113,588
FUND BALANCE - July 1	<u>113,047</u>	<u>98,168</u>	<u>(14,879)</u>
FUND BALANCE - June 30	<u>\$ -</u>	<u>\$ 98,709</u>	<u>\$ 98,709</u>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

LAW ENFORCEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	71,328	73,466	2,138
Licenses, fees and permits	-	-	-
Intergovernmental revenues	-	-	-
Fines and forfeitures	10,000	11,768	1,768
Interest revenue	1,500	4,025	2,525
System development charges	-	-	-
Miscellaneous revenues	-	870	870
Total revenues	<u>82,828</u>	<u>90,129</u>	<u>7,301</u>
EXPENDITURES:			
Personal services	14,951	12,913	2,038
Materials and services	106,800	107,145	(345)
Capital outlay	-	-	-
Contingency	<u>77</u>	<u>-</u>	<u>77</u>
Total expenditures	<u>121,828</u>	<u>120,058</u>	<u>1,770</u>
Excess of revenues over (under) expenditures	(39,000)	(29,929)	9,071
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Operating transfers out	<u>(9,000)</u>	<u>-</u>	<u>9,000</u>
Excess of revenues and other sources over (under) expenditures and other uses	(48,000)	(29,929)	18,071
FUND BALANCE - July 1	<u>48,000</u>	<u>44,589</u>	<u>(3,411)</u>
FUND BALANCE - June 30	<u>\$ -</u>	<u>\$ 14,660</u>	<u>\$ 14,660</u>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

FIRE DEPARTMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Taxes	79,390	87,507	8,117
Licenses, fees and permits	-	-	-
Intergovernmental revenues	-	-	-
Fines and forfeitures	-	-	-
Interest revenue	1,500	2,172	672
System development charges	-	-	-
Miscellaneous revenues	4,525	3,379	(1,146)
Total revenues	<u>85,415</u>	<u>93,058</u>	<u>7,643</u>
<b>EXPENDITURES:</b>			
Personal services	32,378	30,182	2,196
Materials and services	44,250	41,277	2,973
Capital outlay	47,300	16,640	30,660
Contingency	1,987	-	1,987
Total expenditures	<u>125,915</u>	<u>88,099</u>	<u>37,816</u>
Excess of revenues over (under) expenditures	(40,500)	4,959	45,459
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	-	-	-
Operating transfers out	-	(25,000)	(25,000)
Excess of revenues and other sources over (under) expenditures and other uses	(40,500)	(20,041)	20,459
FUND BALANCE - July 1	<u>40,500</u>	<u>36,331</u>	<u>(4,169)</u>
FUND BALANCE - June 30	<u>\$ -</u>	<u>\$ 16,290</u>	<u>\$ 16,290</u>



CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

PARK FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Taxes	-	-	-
Licenses, fees and permits	18,000	2,053	(15,947)
Intergovernmental revenues	-	-	-
Fines and forfeitures	-	-	-
Interest revenue	200	1,710	1,510
System development charges	-	13,529	13,529
Miscellaneous revenues	28,100	14,191	(13,909)
<b>Total revenues</b>	<b>46,300</b>	<b>31,483</b>	<b>(14,817)</b>
<b>EXPENDITURES:</b>			
Personal services	26,958	25,526	1,432
Materials and services	15,700	9,794	5,906
Capital outlay	40,598	23,952	16,646
Contingency	-	-	-
<b>Total expenditures</b>	<b>83,256</b>	<b>59,272</b>	<b>23,984</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(36,956)</b>	<b>(27,789)</b>	<b>9,167</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	15,000	15,000	-
Operating transfers out	-	-	-
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>(21,956)</b>	<b>(12,789)</b>	<b>9,167</b>
<b>FUND BALANCE - July 1</b>	<b>21,956</b>	<b>35,396</b>	<b>13,440</b>
<b>FUND BALANCE - June 30</b>	<b>\$ -</b>	<b>\$ 22,607</b>	<b>\$ 22,607</b>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

FIRE DEPARTMENT IMPROVEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	-	-	-
Licenses, fees and permits	-	-	-
Intergovernmental revenues	-	-	-
Fines and forfeitures	-	-	-
Interest revenue	-	1,518	1,518
System development charges	-	-	-
Miscellaneous revenues	-	-	-
Total revenues	-	1,518	1,518
EXPENDITURES:			
Personal services	-	-	-
Materials and services	-	-	-
Capital outlay	60,400	46,044	14,356
Contingency	-	-	-
Total expenditures	60,400	46,044	14,356
Excess of revenues over (under) expenditures	(60,400)	(44,526)	15,874
OTHER FINANCING SOURCES (USES):			
Operating transfers in	25,000	25,000	-
Operating transfers out	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	(35,400)	(19,526)	15,874
FUND BALANCE - July 1	35,400	36,948	1,548
FUND BALANCE - June 30	\$ -	\$ 17,422	\$ 17,422

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

COMMUNITY FACILITIES FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Taxes	-	-	-
Licenses, fees and permits	-	-	-
Intergovernmental revenues	100,000	9,000	(91,000)
Fines and forfeitures	-	-	-
Interest revenue	-	-	-
System development charges	-	-	-
Miscellaneous revenues	-	-	-
<b>Total revenues</b>	<u>100,000</u>	<u>9,000</u>	<u>(91,000)</u>
<b>EXPENDITURES:</b>			
Personal services	-	-	-
Materials and services	10,300	5,889	4,411
Capital outlay	106,700	471	106,229
Contingency	-	-	-
<b>Total expenditures</b>	<u>117,000</u>	<u>6,360</u>	<u>110,640</u>
 Excess of revenues over (under) expenditures	 (17,000)	 2,640	 19,640
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	7,000	7,000	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
 Excess of revenues and other sources over (under) expenditures and other uses	 (10,000)	 9,640	 19,640
<b>FUND BALANCE - July 1</b>	<u>10,000</u>	<u>(904)</u>	<u>(10,904)</u>
<b>FUND BALANCE - June 30</b>	<u>\$ -</u>	<u>\$ 8,736</u>	<u>\$ 8,736</u>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

CITY HALL BUILDING FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	-	-	-
Licenses, fees and permits	-	-	-
Intergovernmental revenues	-	-	-
Fines and forfeitures	-	-	-
Interest revenue	-	426	426
System development charges	-	-	-
Miscellaneous revenues	-	-	-
Total revenues	-	426	426
EXPENDITURES:			
Personal services	-	-	-
Materials and services	-	-	-
Capital outlay	12,000	-	12,000
Contingency	-	-	-
Total expenditures	12,000	-	12,000
Excess of revenues over (under) expenditures	(12,000)	426	12,426
OTHER FINANCING SOURCES (USES):			
Operating transfers in	6,000	4,000	(2,000)
Operating transfers out	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	(6,000)	4,426	10,426
FUND BALANCE - July 1	6,000	6,000	-
FUND BALANCE - June 30	\$ -	\$ 10,426	\$ 10,426

#### **ENTERPRISE FUNDS:**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Enterprise Funds consist of the following:

##### **Enterprise Fund:**

**Water Fund**

**Water Improvement Fund**

**Sewer Fund**

**Sewer Improvement Fund**

**Sewer Plant Improvement Fund**

**Sewer Master Plan Fund**

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

ALL ENTERPRISE FUNDS

COMBINING BALANCE SHEET

June 30, 1999

(With comparative totals as of June 30, 1998)

	<u>Water</u>	<u>Water Improvement</u>	<u>Sewer</u>	<u>Sewer Improvement</u>
<b>ASSETS</b>				
Cash and cash equivalents	88,501	-	103,998	194,113
Accounts receivable	26,686	-	12,559	-
Due from other funds	44,740	-	-	-
Construction in progress	8,603	46,296	-	12,300
Joint Water Project	-	208,963	-	-
Fixed assets, net of depreciation	<u>598,917</u>	<u>450,994</u>	<u>284,554</u>	<u>11,300</u>
Total assets	<u>\$ 767,447</u>	<u>\$ 706,253</u>	<u>\$ 401,111</u>	<u>\$ 217,713</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
Accounts payable	2,608	37,773	4,155	-
Customer deposits	6,086	-	-	-
Compensated absences payable	1,518	-	3,580	-
Due to other funds	-	44,740	-	-
Note payable	-	79,257	-	-
Leases payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>10,212</u>	<u>161,770</u>	<u>7,735</u>	<u>-</u>
Fund Equity:				
Fund balance:				
Contributed capital	579,749	230,825	30,061	204,419
Retained earnings:				
Reserved	-	-	-	-
Unreserved	<u>177,486</u>	<u>313,658</u>	<u>363,315</u>	<u>13,294</u>
Total fund equity	<u>757,235</u>	<u>544,483</u>	<u>393,376</u>	<u>217,713</u>
Total liabilities and fund equity	<u>\$ 767,447</u>	<u>\$ 706,253</u>	<u>\$ 401,111</u>	<u>\$ 217,713</u>

continued

continued

Sewer Plant Improvement	Sewer Master Plan	Totals	
		1999	1998
40,944	-	427,556	361,515
-	-	39,245	42,828
-	-	44,740	16,400
-	-	67,199	12,300
-	-	208,963	208,963
113,588	-	1,459,353	1,132,120
<u>\$ 154,532</u>	<u>\$ -</u>	<u>\$ 2,247,056</u>	<u>\$ 1,774,126</u>
-	-	44,536	26,386
-	-	6,086	4,096
-	-	5,098	3,912
-	-	44,740	16,400
-	-	79,257	79,783
-	-	-	-
-	-	179,717	130,577
113,550	-	1,158,604	1,092,190
-	-	-	-
40,982	-	908,735	551,359
154,532	-	2,067,339	1,643,549
<u>\$ 154,532</u>	<u>\$ -</u>	<u>\$ 2,247,056</u>	<u>\$ 1,774,126</u>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

ALL ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

For the Year Ended June 30, 1999

(With comparative totals for the year ended June 30, 1998)

	Water	Water Improvement	Sewer	Sewer Improvement
<b>REVENUES:</b>				
Charges for services	332,280	-	185,814	-
Connection charges	-	-	-	-
Total operating revenues	332,280	-	185,814	-
<b>EXPENSES:</b>				
Personal services	105,916	-	136,245	-
Materials and services	90,327	2,276	50,735	844
Depreciation	24,444	12,403	19,330	-
Total operating expenses	220,687	14,679	206,310	844
Operating income (loss)	111,593	(14,679)	(20,496)	(844)
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest income	5,584	(3,272)	5,101	8,547
Interest expense	-	-	-	-
Other revenue	2,668	214,836	2,114	-
Total non-operating revenues (expenses)	8,252	211,564	7,215	8,547
Income (loss) before operating transfers	119,845	196,885	(13,281)	7,703
<b>OPERATING TRANSFERS:</b>				
Operating transfers in	-	80,000	-	-
Operating transfers out	(80,000)	-	-	-
Net income (loss)	39,845	276,885	(13,281)	7,703
RETAINED EARNINGS - July 1	137,641	36,773	376,596	(2,608)
Prior period restatement	-	-	-	-
RETAINED EARNINGS - July 1, restated	137,641	36,773	376,596	(2,608)
Equity transfer	-	-	-	8,199
RETAINED EARNINGS - June 30	\$ 177,486	\$ 313,658	\$ 363,315	\$ 13,294

continued



continued

Sewer Plant Improvement	Sewer Master Plan	Totals	
		1999	1998
-	-	518,094	368,462
-	-	-	-
-	-	518,094	368,462
-	-	242,161	177,111
-	-	144,182	181,624
2,273	-	58,450	55,110
2,273	-	444,793	413,845
(2,273)	-	73,301	(45,383)
1,699	-	17,659	17,700
-	-	-	-
30,400	16,398	266,416	4,424
32,099	16,398	284,075	22,124
29,826	16,398	357,376	(23,259)
-	-	80,000	-
-	-	(80,000)	-
29,826	16,398	357,376	(23,259)
11,156	(8,199)	551,359	575,203
-	-	-	(585)
11,156	(8,199)	551,359	574,618
-	(8,199)	-	-
\$ 40,982	\$ -	\$ 908,735	\$ 551,359

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

ALL ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended June 30, 1999

(With comparative totals for the year ended June 30, 1998)

	Water	Water Improvement	Sewer
Cash flows from operating activities:			
Operating income	111,593	(14,679)	(20,496)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	24,444	12,403	19,330
(Increase) decrease in due from other funds	(44,740)	-	-
(Increase) decrease in receivables	1,263	-	2,320
(Increase) decrease in prepaids	-	-	-
Increase (decrease) in accounts payable	(246)	19,997	2,498
Increase (decrease) in customer deposits	1,990	-	-
Increase (decrease) in compensated absences payable	48	-	1,138
Increase (decrease) due to other funds	-	44,740	-
Net cash provided by operating activities	94,352	62,461	4,790
Cash flows from noncapital financing activities:			
Operating transfers-in from other funds	-	80,000	-
Operating transfers-out to other funds	(80,000)	-	-
Equity transfers	-	-	-
Miscellaneous	2,668	214,836	2,114
System development charges	-	22,648	-
Net cash provided by noncapital financing activities	(77,332)	317,484	2,114
Cash flows from capital and related financing activities:			
Acquisition of fixed assets	(34,726)	(376,901)	(17,655)
Note proceeds	-	(526)	-
Payment of note principal	-	-	-
Net cash provided by capital and related financing activities	(34,726)	(377,427)	(17,655)
Cash flows from investing activities:			
Interest income	5,584	(3,272)	5,101
Net cash provided by investing activities	5,584	(3,272)	5,101
Other transactions affecting cash and cash equivalents: Restatement	-	-	-
Net increase in cash and cash equivalents	(12,122)	(754)	(5,650)
Cash and cash equivalents, July 1	100,623	754	109,648
Cash and cash equivalents, June 30	\$ 88,501	\$ -	\$ 103,998

continued

continued

Sewer Improvement	Sewer Plant Improvement	Sewer Master Plan	Totals	
			1999	1998
(844)	(2,273)	-	73,301	(45,383)
-	2,273	-	58,450	55,110
16,400	-	-	(28,340)	(15,226)
-	-	-	3,583	(347)
-	-	-	-	2,267
-	-	(4,099)	18,150	26,150
-	-	-	1,990	-
-	-	-	-	-
-	-	-	1,186	1,426
-	-	(16,400)	28,340	15,226
<u>15,556</u>	<u>-</u>	<u>(20,499)</u>	<u>156,660</u>	<u>39,223</u>
-	-	-	80,000	-
-	-	-	(80,000)	-
8,199	-	(8,199)	-	-
-	30,400	16,398	266,416	4,424
<u>43,766</u>	<u>-</u>	<u>-</u>	<u>66,414</u>	<u>80,724</u>
<u>51,965</u>	<u>30,400</u>	<u>8,199</u>	<u>332,830</u>	<u>85,148</u>
(23,600)	-	12,300	(440,582)	(259,664)
-	-	-	(526)	79,783
-	-	-	-	-
<u>(23,600)</u>	<u>-</u>	<u>12,300</u>	<u>(441,108)</u>	<u>(179,881)</u>
<u>8,547</u>	<u>1,699</u>	<u>-</u>	<u>17,659</u>	<u>17,700</u>
<u>8,547</u>	<u>1,699</u>	<u>-</u>	<u>17,659</u>	<u>17,700</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
52,468	32,099	-	66,041	(37,810)
<u>141,645</u>	<u>8,845</u>	<u>-</u>	<u>361,515</u>	<u>399,325</u>
<u>\$ 194,113</u>	<u>\$ 40,944</u>	<u>\$ -</u>	<u>\$ 427,556</u>	<u>\$ 361,515</u>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

WATER FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Service charges	260,000	332,280	72,280
Connection charges	-	-	-
Investment income	2,000	5,584	3,584
Other revenue	2,500	2,668	168
<b>Total revenues</b>	<b>264,500</b>	<b>340,532</b>	<b>76,032</b>
<b>EXPENDITURES:</b>			
Personal services	119,063	105,916	13,147
Materials and services	122,900	84,866	38,034
Capital outlay	67,500	29,905	37,595
Contingency	10,037	-	10,037
<b>Total expenditures</b>	<b>319,500</b>	<b>220,687</b>	<b>98,813</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(55,000)</b>	<b>119,845</b>	<b>174,845</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	-	-	-
Operating transfers out	(80,000)	(80,000)	-
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>(135,000)</b>	<b>39,845</b>	<b>174,845</b>
<b>RETAINED EARNINGS - July 1</b>	<b>135,000</b>	<b>137,641</b>	<b>2,641</b>
Prior period restatement	-	-	-
<b>RETAINED EARNINGS - July 1, restated</b>	<b>135,000</b>	<b>137,641</b>	<b>2,641</b>
<b>RETAINED EARNINGS - June 30</b>	<b>\$ -</b>	<b>\$ 177,486</b>	<b>\$ 177,486</b>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

WATER IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Service charges	-	-	-
Connection charges	-	-	-
Investment income	-	(3,272)	(3,272)
Other revenue	330,920	214,836	(116,084)
<b>Total revenues</b>	<b>330,920</b>	<b>211,564</b>	<b>(119,356)</b>
<b>EXPENDITURES:</b>			
Personal services	-	-	-
Materials and services	-	1,872	(1,872)
Capital outlay	404,967	12,807	392,160
Contingency	13,843	-	13,843
<b>Total expenditures</b>	<b>418,810</b>	<b>14,679</b>	<b>404,131</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(87,890)</b>	<b>196,885</b>	<b>284,775</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	80,000	80,000	-
Operating transfers out	-	-	-
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>(7,890)</b>	<b>276,885</b>	<b>284,775</b>
<b>RETAINED EARNINGS - July 1</b>	<b>41,890</b>	<b>36,773</b>	<b>(5,117)</b>
<b>RETAINED EARNINGS - June 30</b>	<b>\$ 34,000</b>	<b>\$ 313,658</b>	<b>\$ 279,658</b>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

SEWER FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Service charges	168,000	185,814	17,814
Connection charges	-	-	-
Investment income	1,500	5,101	3,601
Other revenue	700	2,114	1,414
<b>Total revenues</b>	<b>170,200</b>	<b>193,029</b>	<b>22,829</b>
<b>EXPENDITURES:</b>			
Personal services	150,117	136,245	13,872
Materials and services	48,640	48,744	(104)
Capital outlay	15,625	21,321	(5,696)
Contingency	818	-	818
<b>Total expenditures</b>	<b>215,200</b>	<b>206,310</b>	<b>8,890</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(45,000)</b>	<b>(13,281)</b>	<b>31,719</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>(45,000)</b>	<b>(13,281)</b>	<b>31,719</b>
<b>RETAINED EARNINGS - July 1</b>	<b>45,000</b>	<b>376,596</b>	<b>331,596</b>
Prior period restatement	-	-	-
<b>RETAINED EARNINGS - July 1, restated</b>	<b>45,000</b>	<b>376,596</b>	<b>331,596</b>
<b>RETAINED EARNINGS - June 30</b>	<b>\$ -</b>	<b>\$ 363,315</b>	<b>\$ 363,315</b>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

SEWER IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Service charges	-	-	-
Connection charges	56,080	-	(56,080)
Investment income	-	8,547	8,547
Other revenue	-	-	-
<b>Total revenues</b>	<u>56,080</u>	<u>8,547</u>	<u>(47,533)</u>
<b>EXPENDITURES:</b>			
Personal services	-	-	-
Materials and services	-	-	-
Capital outlay	195,956	844	195,112
Contingency	-	-	-
<b>Total expenditures</b>	<u>195,956</u>	<u>844</u>	<u>195,112</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(139,876)</u>	<u>7,703</u>	<u>147,579</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<u>(139,876)</u>	<u>7,703</u>	<u>147,579</u>
<b>RETAINED EARNINGS - July 1</b>	<u>139,876</u>	<u>(2,608)</u>	<u>(142,484)</u>
Equity transfer	-	8,199	8,199
<b>RETAINED EARNINGS - June 30</b>	<u>\$ -</u>	<u>\$ 13,294</u>	<u>\$ 13,294</u>

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

SEWER PLANT IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Service charges	-	-	-
Connection charges	-	-	-
Investment income	-	1,699	1,699
Other revenue	-	30,400	30,400
<b>Total revenues</b>	-	32,099	32,099
<b>EXPENDITURES:</b>			
Personal services	-	-	-
Materials and services	-	-	-
Capital outlay	-	2,273	(2,273)
Contingency	-	-	-
<b>Total expenditures</b>	-	2,273	(2,273)
<b>Excess of revenues over (under) expenditures</b>	-	29,826	29,826
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	-	29,826	29,826
<b>RETAINED EARNINGS - July 1</b>	-	11,156	11,156
Prior period restatement	-	-	-
<b>RETAINED EARNINGS - July 1, restated</b>	-	11,156	11,156
<b>RETAINED EARNINGS - June 30</b>	\$ -	\$ 40,982	\$ 40,982



CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

SEWER MASTER PLAN FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Service charges	26,085	-	(26,085)
Connection charges	-	-	-
Investment income	-	-	-
Other revenue	-	16,398	16,398
Total revenues	26,085	16,398	(9,687)
EXPENDITURES:			
Personal services	-	-	-
Materials and services	26,085	-	26,085
Capital outlay	-	-	-
Contingency	-	-	-
Total expenditures	26,085	-	26,085
Excess of revenues over (under) expenditures	-	16,398	16,398
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	-	16,398	16,398
RETAINED EARNINGS - July 1	-	(8,199)	(8,199)
Equity transfer	-	(8,199)	(8,199)
RETAINED EARNINGS - June 30	\$ -	\$ -	\$ -

#### **AGENCY FUND:**

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

The Agency Fund is L-CAT

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

LAFAYETTE COMMUNITY ACTION TEAM AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 1999

	<u>Balance</u> <u>July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1999</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 26,400	\$ 19,109	\$ 7,291
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 26,400	\$ 19,109	\$ 7,291

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**OTHER SCHEDULE  
REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 1999

<u>Fiscal Year</u>	<u>1998-99 levy and balance at 7/1/98</u>	<u>Interest Discounts &amp; Adjustments</u>	<u>Collections</u>	<u>Balance 6/30/99</u>
1998-99	183,546	(7,770)	167,148	8,627
1997-98	13,714	(2,739)	7,724	3,251
1996-97	3,057	287	1,748	1,596
1995-96	1,271	147	924	494
1994-95	405	498	793	110
1993-94	111	144	178	77
1992-93	83	23	42	64
Prior years	<u>235</u>	<u>34</u>	<u>43</u>	<u>226</u>
Totals	<u>\$ 202,422</u>	<u>\$ (9,377)</u>	<u>\$ 178,600</u>	<u>\$ 14,445</u>

Reconciliation to revenue:

Cash collections	178,600
Prior year accruals	(5,585)
Current year accruals	<u>5,855</u>
Property tax revenue	<u>\$ 178,870</u>

CITY OF LAFAYETTE

REQUIRED SUPPLEMENTARY INFORMATION

(unaudited)

June 30, 1999

YEAR 2000

The year 2000(Y2K) issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect operations in the year 1999 and beyond. The computer hardware and software failures may cause programs to process data inaccurately, or stop processing data altogether, thereby, disrupting the daily operations of the City.

The City has been assessing all its hardware and software for compliance with Y2K and has purchased and installed new Y2K compliant software and replaced most hardware. As the changes are implemented the City will be testing and reviewing the results and making corrections where necessary. The City expects this validation/testing stage to be completed in time. The City has also identified critical vendors and is contacting and monitoring them for Y2K readiness. Total cost of new Y2K software and hardware and other Y2K related costs were not segregated.

**COMMENTS OF INDEPENDENT AUDITORS**



CITIZENS BUILDING  
975 OAK STREET  
SUITE 1010  
EUGENE, OREGON 97401-3124



GREGOR PROFESSIONAL  
C O R P O R A T I O N

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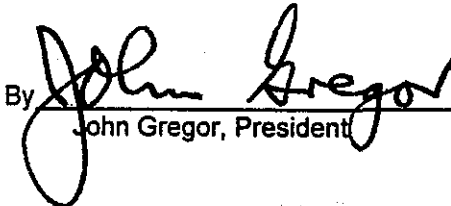
Honorable Mayor and City Council  
City of Lafayette, Oregon

We have audited the general purpose financial statements of the City of Lafayette, Oregon, as of and for the year ended June 30, 1999, and have issued our report thereon dated November 17, 1999.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The State of Oregon Minimum Standards for Audits of Oregon Municipal Corporations requires that we make comments and disclosures relating to our review of fiscal affairs and compliance with legal requirements. Our comments and disclosures are enclosed with this report.

GREGOR PROFESSIONAL CORPORATION  
Certified Public Accountants

By   
John Gregor, President

Eugene, Oregon  
November 17, 1999

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**COMMENTS OF INDEPENDENT ACCOUNTANTS REQUIRED BY STATE OF OREGON  
MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS**

For the year ended June 30, 1999

**ACCOUNTING AND INTERNAL CONTROL SYSTEMS**

We found the accounting records, the accounting system, and the internal control system to be adequate. Our specific recommendations for improvements to the internal controls are contained in a separate management letter to the City Council, dated November 17, 1999.

**COLLATERAL**

We reviewed compliance with legal requirements pertaining to the amount and adequacy of collateral pledged by depositories to secure the deposit of public funds. Nothing came to our attention to indicate that the City does not comply with these legal requirements.

**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 the prescribed period of time, and compliance with provisions of bond indentures or other agreements, including any restrictions on the use of moneys 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.

**INSURANCE AND FIDELITY BONDS**

We reviewed compliance with legal requirements relating to insurance and fidelity bond coverage. During our audit, we found no instances of noncompliance with these legal requirements pertaining to insurance and fidelity bond coverage.

**PROGRAMS FUNDED FROM OUTSIDE SOURCES**

During our audit, we found no material instances of noncompliance with appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies.

**BUDGET**

We reviewed budget procedures for compliance with Oregon local budget law. We found that the budget for the year ended June 30, 1999, was prepared, adopted, and executed substantially in accordance with local budget law (see Note 2 to the financial statements). We found that the budget for the year ending June 30, 2000, was prepared and adopted in accordance with local budget law.

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**COMMENTS OF INDEPENDENT ACCOUNTANTS REQUIRED BY STATE OF OREGON  
MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS  
(continued)**

For the year ended June 30, 1999

**HIGHWAY FUNDS**

We reviewed the constitutional and statutory requirements pertaining to revenue from motor vehicle fuel tax. During our audit we found no instance of noncompliance with these laws and regulations.

**FINANCIAL REPORTING REQUIREMENTS**

During our audit, we reviewed financial reports and other data relating to programs funded wholly or partially by other governmental agencies. Nothing came to our attention to indicate that these reports and data are not in agreement with and supported by the accounting records.

**INVESTMENTS**

We reviewed policies and procedures relating to investments of public funds. During our audit, nothing came to our attention to indicate that the City does not materially comply with legal requirements relating to investment of public funds.

**PUBLIC CONTRACTS AND PURCHASING**

We reviewed procedures relating to awarding of public contracts and the construction of public improvements. During our audit, we found no evidence to indicate that the City does not materially comply with legal requirements pertaining to public contracts and purchasing.

