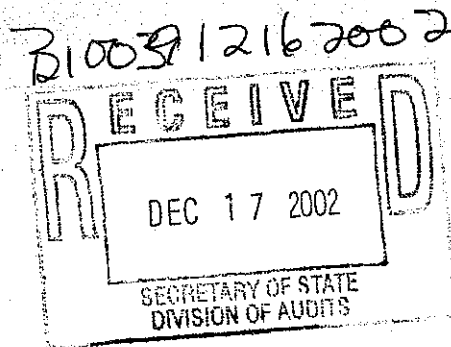


**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**ANNUAL FINANCIAL REPORT**

**For the year ended June 30, 2002**



ENTERED



**GREGOR PROFESSIONAL  
CORPORATION**

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**June 30, 2002**

**MAYOR AND COUNCILPERSONS**

<u>Name\Address</u>	<u>Position</u>	<u>Term Expires</u>
Lotis Hanks 592 Third St Lafayette, Oregon 97127	Mayor	December 31, 2002
Gary Filpi 989 Jackson St Lafayette, Oregon 97127	Councilperson	December 31, 2002
Bob Cullen 474 Monroe Street Lafayette, Oregon 97127	Councilperson	December 31, 2002
Ron Ross 675 Third St Lafayette, Oregon 97127	Councilperson	December 31, 2002
Joe Giesbers 854 12 <sup>th</sup> Street Lafayette, Oregon 97127	Councilperson	December 31, 2002
Marianne Mitchell 1606 Bridge Street Carlton, Oregon 97111	Councilperson	December 31, 2002
Richard Jewell 450A 8 <sup>th</sup> Street Lafayette, Oregon 97127	Councilperson	December 31, 2002

**ADMINISTRATION**

Richard Van Orman 486 Third Street, Lafayette, OR 97127	Interim City Administrator	Appointed May 2, 2002
Phil Lieberman 486 Third Street, Lafayette, OR 97127	City Administrator	Terminated April 25, 2002
Andrew Jordan Jordan/Schrader PO Box 230669, Portland, OR 97281	City Attorney	Appointed June 28, 2002
Paul Elsner Beery & Elsner, LLP 1750 SW Harbor Way, Portland, OR 97201	City Attorney	Terminated June 18, 2002

**City of Lafayette  
486 Third Street, PO Box 55, Lafayette, OR 97127  
503-864-2451**

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**ANNUAL FINANCIAL REPORT  
For the year ended June 30, 2002**

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**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**ANNUAL FINANCIAL REPORT**

**For the year ended June 30, 2002**

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EUGENE, OREGON 97401



GREGOR PROFESSIONAL  
CORPORATION

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Facsimile (541) 686-8779  
E-mail: gpccpa@attglobal.net

## REPORT OF INDEPENDENT ACCOUNTANTS

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, as of and for the year ended June 30, 2002, 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lafayette, at June 30, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying combining and individual fund statements and schedules in the table of contents are presented for purposes of additional analysis and are not required parts of the general purpose financial statements of the City of Lafayette. This information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

GREGOR PROFESSIONAL CORPORATION  
Certified Public Accountants

By   
John Gregor, President

Eugene, Oregon  
October 10, 2002

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**CITY OF LAFAYETTE**  
**YAMHILL COUNTY, OREGON**  
**ALL FUND TYPES AND ACCOUNT GROUPS**

**COMBINED BALANCE SHEET**  
June 30, 2002 (With comparative totals as of June 30, 2001)

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	Capital Project Funds	Enterprise Funds	Agency Fund	General Fixed Assets	General Long term Debt	2002	2001
<b>ASSETS AND OTHER DEBITS</b>									
Cash and cash equivalents	76,355	25,177	1,874,497	32,581	1,521	-	-	2,010,131	2,955,875
Accounts receivable	8,600	9,100	21,994	110,796	-	-	-	150,490	173,823
Property taxes receivable	25,810	-	-	-	-	-	-	25,810	18,712
Bond proceeds and interest held by OECDD	-	-	5,651,438	-	-	-	-	5,651,438	5,362,096
Interfund receivable	-	-	64,000	8,379,621	-	-	-	8,443,621	8,757,038
Fixed assets	-	-	1,506,409	4,198,343	-	832,725	-	6,537,477	5,295,927
Accumulated depreciation	-	-	-	(1,167,521)	-	-	-	(1,167,521)	(1,055,859)
Other debits:								-	-
Amount to be provided for retirement of general long term debt	-	-	-	-	-	-	196,180	196,180	237,471
<b>Total assets and other debits</b>	<b>\$ 110,765</b>	<b>\$ 34,277</b>	<b>\$ 9,118,338</b>	<b>\$ 11,553,820</b>	<b>\$ 1,521</b>	<b>\$ 832,725</b>	<b>\$ 196,180</b>	<b>\$ 21,847,626</b>	<b>\$ 21,745,083</b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>									
<b>Liabilities:</b>									
Accounts payable	9,952	3,062	36,037	14,821	-	-	-	63,872	161,891
Customer deposits	18,942	-	-	7,387	-	-	-	26,329	15,275
Interfund payable	-	-	8,443,621	-	-	-	-	8,443,621	8,741,309
Deferred property tax revenues	18,851	-	-	-	-	-	-	18,851	9,740
Compensated absences payable	889	859	646	8,260	-	-	-	10,654	12,211
Interest payable	-	-	28,300	-	-	-	-	28,300	15,040
Due to other organizations	-	-	-	-	1,521	-	-	1,521	-
Lease payable	-	-	-	-	-	-	103,525	103,525	119,054
Mortgage and note payable	-	-	21,655	-	-	-	92,655	114,310	134,597
Bonds payable	-	-	-	8,379,621	-	-	-	8,379,621	8,637,096
<b>Total liabilities</b>	<b>48,634</b>	<b>3,921</b>	<b>8,530,259</b>	<b>8,410,089</b>	<b>1,521</b>	<b>-</b>	<b>196,180</b>	<b>17,190,604</b>	<b>17,846,213</b>
<b>Fund Equity and other credits:</b>									
Contributed capital	-	-	195,289	1,283,204	-	-	-	1,478,493	1,478,493
Investment in fixed assets	-	-	-	-	-	832,725	-	832,725	832,725
Retained earnings	-	-	-	1,860,527	-	-	-	1,860,527	355,162
Fund balance:								-	-
Reserved	-	-	-	-	-	-	-	-	-
Unreserved	62,131	30,356	392,790	-	-	-	-	485,277	1,232,490
<b>Total fund equity and other credits</b>	<b>62,131</b>	<b>30,356</b>	<b>588,079</b>	<b>3,143,731</b>	<b>-</b>	<b>832,725</b>	<b>-</b>	<b>4,657,022</b>	<b>3,898,870</b>
<b>Total liabilities, fund equity and other credits</b>	<b>\$ 110,765</b>	<b>\$ 34,277</b>	<b>\$ 9,118,338</b>	<b>\$ 11,553,820</b>	<b>\$ 1,521</b>	<b>\$ 832,725</b>	<b>\$ 196,180</b>	<b>\$ 21,847,626</b>	<b>\$ 21,745,083</b>

The accompanying notes are an integral part of this statement

**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, 2002  
(With comparative totals for the year ended June 30, 2001)

	General Fund	Special Revenue Fund	Capital Project Funds	Totals (Memorandum only)	
				2002	2001
<b>REVENUES:</b>					
Taxes	213,266	-	-	213,266	211,773
Licenses, fees and permits	178,033	-	-	178,033	88,112
Intergovernmental revenues	60,275	100,329	204,189	364,793	229,467
Fines and forfeitures	10,151	-	-	10,151	12,610
Interest revenue	950	(75)	436,420	437,295	92,722
System development charges	-	-	416,496	416,496	13,356
Miscellaneous revenues	7,329	14,802	297	22,428	20,663
Total revenues	470,004	115,056	1,057,402	1,642,462	668,703
<b>EXPENDITURES:</b>					
General government	148,249	-	-	148,249	156,092
Highways and streets	-	46,642	349	46,991	32,968
Public safety	139,995	3,228	-	143,223	120,884
Sanitation	-	-	70,464	70,464	132,042
Community development	123,652	21,973	-	145,625	82,425
Capital outlay	7,167	1,284	-	8,451	348,531
Debt service	-	41,262	533,038	574,300	155,224
Total expenditures	419,063	114,389	603,851	1,137,303	1,028,166
Excess of revenues over (under) expenditures	50,941	667	453,551	505,159	(359,463)
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	-	52,000	414,500	466,500	515,800
Operating transfers (out)	(27,000)	(45,000)	(367,553)	(439,553)	(140,800)
Excess of revenues and other sources over (under) expenditures and other uses	23,941	7,667	500,498	532,106	15,537
<b>FUND BALANCE - July 1</b>	38,190	22,689	1,171,611	1,232,490	1,216,953
Transfers to Water & Sewer Funds	-	-	(1,279,319)	(1,279,319)	-
<b>FUND BALANCE - June 30</b>	<b>\$ 62,131</b>	<b>\$ 30,356</b>	<b>\$ 392,790</b>	<b>\$ 485,277</b>	<b>\$ 1,232,490</b>

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, 2002**

	General Fund			Special Revenue Funds			Capital Projects Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>												
Taxes	210,000	213,266	3,266	-	-	-	-	-	-	210,000	213,266	3,266
Licenses, fees and permits	161,600	178,033	16,433	-	-	-	-	-	-	161,600	178,033	16,433
Intergovernmental revenues	55,400	60,275	4,875	120,500	110,403	(10,097)	9,712,339	5,566,285	(4,146,054)	9,888,239	5,736,963	(4,151,276)
Fines and forfeitures	12,200	10,151	(2,049)	-	-	-	-	-	-	12,200	10,151	(2,049)
Interest revenue	370	950	580	860	(75)	(935)	506,000	432,219	(73,781)	507,230	433,094	(74,136)
System development charges	-	-	-	-	-	-	357,403	416,496	59,093	357,403	416,496	59,093
Miscellaneous revenues	12,804	7,329	(5,475)	4,700	4,728	28	2,900	4,499	1,599	20,404	16,556	(3,848)
Total revenues	452,374	470,004	17,630	126,060	115,056	(11,004)	10,578,642	6,419,499	(4,159,143)	11,157,076	7,004,559	(4,152,517)
<b>EXPENDITURES:</b>												
General government	156,500	148,249	8,251	-	-	-	-	-	-	156,500	148,249	8,251
Highways and streets	-	-	-	53,227	46,642	6,585	-	-	-	53,227	46,642	6,585
Public safety	152,204	139,995	12,209	-	-	-	-	-	-	152,204	139,995	12,209
Sanitation	-	-	-	-	-	-	1,762,621	70,813	1,691,808	1,762,621	70,813	-
Community development	118,450	123,652	(5,202)	27,933	25,201	2,732	-	-	-	146,383	148,853	(2,470)
Capital outlay	9,200	7,167	2,033	8,200	1,284	6,916	8,702,285	1,241,550	7,460,735	8,719,685	1,250,001	7,469,684
Contingency	128	-	128	-	-	-	-	-	-	128	-	128
Debt service	-	-	-	51,200	41,262	9,938	1,109,600	790,513	319,087	1,180,800	831,775	329,025
Total expenditures	436,482	419,063	17,419	140,560	114,389	26,171	11,574,506	2,102,876	9,471,630	12,151,548	2,636,328	7,823,412
Excess of revenues over (under) expenditures	15,892	50,941	35,049	(14,500)	667	15,167	(995,864)	4,316,623	5,312,487	(994,472)	4,368,231	3,670,895
<b>OTHER FINANCING SOURCES (USES):</b>												
Operating transfers in	-	-	-	52,000	52,000	-	414,500	414,500	-	466,500	466,500	-
Operating transfers (out)	(27,000)	(27,000)	-	(45,000)	(45,000)	-	(49,500)	(49,500)	-	(121,500)	(121,500)	-
Excess of revenues and other sources over (under) expenditures and other uses	(11,108)	23,941	35,049	(7,500)	7,667	15,167	(630,864)	4,681,623	5,312,487	(649,472)	4,713,231	3,670,895
<b>FUND BALANCES - July 1</b>	11,108	38,190	27,082	7,500	22,689	15,189	630,864	1,171,611	540,747	649,472	1,232,490	583,018
Residual equity transfers	-	-	-	-	-	-	-	-	-	-	-	-
<b>FUND BALANCES - June 30</b>	\$ -	\$ 62,131	\$ 62,131	\$ -	\$ 30,356	\$ 30,356	\$ -	\$ 5,853,234	\$ 5,853,234	\$ -	\$ 5,945,721	\$ 4,263,913
<b>Reconciliation to GAAP Basis:</b>												
Fixed assets transferred to Sewer Fund	-	-	-	-	-	-	(2,022,542)	-	-	(2,022,542)	-	-
Accumulated depreciation transferred to Sewer Fund	-	-	-	-	-	-	69,828	-	-	69,828	-	-
Contributed capital transferred to Sewer Fund	-	-	-	-	-	-	673,394	-	-	673,394	-	-
Capital outlay converted to fixed assets	-	-	-	-	-	-	923,497	-	-	923,497	-	-
Principal payments on bonds	-	-	-	-	-	-	257,475	-	-	257,475	-	-
Loan proceeds treated as a liability not a revenue	-	-	-	-	-	-	(5,362,096)	-	-	(5,362,096)	-	-
<b>FUND EQUITY-GAAP BASIS - June 30</b>	\$ -	\$ 62,131		\$ -	\$ 30,356		\$ 392,790			\$ 485,277		

The accompanying notes are and 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, 2002  
(With comparative totals for the year ended June 30, 2001)

	<b>2002</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Totals</b>
			<b>2001</b>
<b>REVENUES:</b>			
Charges for services	373,253	421,503	794,756
Connection charges	6,133	3,360	9,493
Total operating revenues	379,386	424,863	804,249
<b>EXPENSES:</b>			
Personal services	175,901	148,209	324,110
Materials and services	58,481	75,183	133,664
Depreciation	89,396	22,266	111,662
Total operating expenses	323,778	245,658	569,436
Operating income (loss)	55,608	179,205	234,813
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest income	(2,651)	(859)	(3,510)
Interest expense	-	-	-
Gain/(loss) from sale of fixed assets	6,669	-	6,669
Other revenue	9,194	5,827	15,021
Total non-operating revenues (expenses)	13,212	4,968	18,180
Income (loss) before operating transfers	68,820	184,173	252,993
<b>OPERATING TRANSFERS:</b>			
Operating transfers in	85,277	232,776	318,053
Operating transfers out	(136,000)	(209,000)	(345,000)
Net income (loss)	18,097	207,949	226,046
<b>RETAINED EARNINGS - July 1</b>	63,826	291,336	355,162
Transfers from (to) Capital Projects Funds	1,292,957	(13,638)	1,279,319
<b>RETAINED EARNINGS - June 30</b>	<b>\$ 1,374,880</b>	<b>\$ 485,647</b>	<b>\$ 1,860,527</b>
			<b>\$ 355,162</b>

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, 2002**  
**(With comparative totals for the year ended June 30, 2001)**

	2002			2001
	Water	Sewer	Totals	
<b>Cash flows from operating activities:</b>				
Operating income	55,608	179,205	234,813	322,449
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	89,396	22,266	111,662	60,303
(Increase) decrease in due from other funds	-	-	-	(25,673)
(Increase) decrease in receivables	(602)	7,189	6,587	(28,466)
Increase (decrease) in accounts payable	(1,625)	8,584	6,959	510
Increase (decrease) in customer deposits	842	-	842	542
Increase (decrease) in compensated absences	596	248	844	-
Increase (decrease) due to other funds	-	-	-	-
<b>Net cash from operating activities</b>	<b>144,215</b>	<b>217,492</b>	<b>361,707</b>	<b>329,665</b>
<b>Cash flows from noncapital financing activities:</b>				
Operating transfers-in from other funds	85,277	232,776	318,053	-
Operating transfers-out to other funds	(136,000)	(209,000)	(345,000)	(375,000)
Accumulated depreciation transfers	56,190	13,638	69,828	-
Equity transfers	1,292,955	(13,638)	1,279,317	-
Contributed capital transfers	550,714	122,680	673,394	-
Miscellaneous	9,194	5,827	15,021	12,419
<b>Net cash from noncapital financing activities</b>	<b>1,858,330</b>	<b>152,283</b>	<b>2,010,613</b>	<b>(362,581)</b>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of fixed assets	(1,985,138)	(355,456)	(2,340,594)	(68,334)
Proceeds from sales of fixed assets	6,669	-	6,669	-
Transfer in of bonds from Capital Project Funds	(3,180,000)	(5,199,621)	(8,379,621)	-
Bond and note proceeds	3,180,000	5,199,621	8,379,621	-
Payment of principal	-	-	-	-
<b>Net cash from capital and related financing activities</b>	<b>(1,978,469)</b>	<b>(355,456)</b>	<b>(2,333,925)</b>	<b>(68,334)</b>
<b>Cash flows from investing activities:</b>				
Interest income	(2,651)	(859)	(3,510)	18,854
Interest expense	-	-	-	-
<b>Net cash from investing activities</b>	<b>(2,651)</b>	<b>(859)</b>	<b>(3,510)</b>	<b>18,854</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>21,425</b>	<b>13,460</b>	<b>34,885</b>	<b>(82,396)</b>
Cash and cash equivalents, July 1	(15,729)	13,425	(2,304)	80,092
<b>Cash and cash equivalents, June 30</b>	<b>\$ 5,696</b>	<b>\$ 26,885</b>	<b>\$ 32,581</b>	<b>\$ (2,304)</b>

The accompanying notes are an integral part of this statement

**NOTES TO THE FINANCIAL STATEMENTS**

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2002**

**Note 1 - Summary of Significant Accounting Policies**

The general purpose financial statements of the City of Lafayette, Oregon, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies of the City are described below.

**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 is comprised of 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. The City has determined that there are no component units required to be included in the financial statements.

**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.

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2002**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**B. FUND ACCOUNTING (continued)**

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).

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

**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.

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2002**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**C. BASIS OF ACCOUNTING (continued)**

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 private-sector standards of accounting and financial reporting issued prior to December 1, 1989, to the extent that those standards do not conflict with or contradict GASB guidance.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting.

**D. CASH AND CASH EQUIVALENTS**

The City maintains a cash and investment pool that is available for use by all funds. Interest earned on pooled investments is allocated to funds based on the pro rata amount each fund has in the pool. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and cash equivalents.

The cash and cash equivalents include petty cash and change funds, demand deposits held by financial institutions and deposits with the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. The Local Government Investment Pool is managed in accordance with the "prudent person rule" and administrative regulations of the State Treasurer, which may change from time to time. Eligible investments include U.S. Treasury obligations, US Agency securities, bankers' acceptances, high grade commercial paper, and repurchase agreements, all subject to certain size and maturity limitations. The pool has the general characteristics of a demand deposit account in that investors may deposit additional cash at any time and may withdraw cash at any time without prior notice or penalty. The City reports the fair value of the position in the pool as the same as the value of the pool shares.

**E. RECEIVABLES**

Receivables are recorded on the combined balance sheet in accordance with the policies enumerated in paragraph C above. The City has not recorded an allowance for uncollectible accounts as such an amount is considered to be immaterial to the general purpose financial statements, taken as a whole.

**F. DUE FROM/TO OTHER FUNDS**

During the course of operations, various 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 combined balance sheet.

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2002**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**G. 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. Upon disposal, the historical cost is removed from the General Fixed Assets Account Group and proceeds from any sales are generally recorded as revenue in the funds originally acquiring the assets. 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 City. 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. Interest incurred during construction is not capitalized on general fixed assets. Assets in the general fixed assets account group are not depreciated.

Property, plant and equipment in the proprietary funds are recorded at cost. Donations to these proprietary fund type operations are recorded at their estimated fair value at the date of donation. Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. 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 in the proprietary funds.

Property, plant and equipment are depreciated in the proprietary funds of the City using the straight-line method over the useful lives of the assets ranging from five to fifty years.

**H. DEFERRED REVENUE**

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. The City recognized deferred revenue for property taxes.

**I. COMPENSATED ABSENCES**

Vested or accumulated vacation 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 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 of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.



**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2002**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**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 is accounted for in those funds.

**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. Reservations of retained earnings are limited to outside third-party restrictions. Designated fund balances represent tentative plans for future use of financial resources that are subject to change.

**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 non-routine 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 certain statements unduly 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, 2002**

**Note 2 - Stewardship, Compliance, and Accountability**

**A. BUDGETARY COMPLIANCE**

Budgets are prepared annually for all funds in accordance with Oregon Local Budget Law. Budgets are adopted on a basis consistent with generally accepted accounting principles. The City does not use encumbrance accounting. All annual appropriations lapse at fiscal year end.

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 the department level in the General Fund or at the level of personal services, materials and services, capital outlay, debt service and transfers in the other funds. The City Council can, by resolution, transfer appropriations between existing appropriation categories. Budget figures included in the financial statements include the original budget and approved increases and transfers. There was one supplemental budget approved this year.

Excess of expenditures over budget appropriations for the year ended June 30, 2002 were as follows:

General Fund/Building Dept	Materials & Services	\$ 9,960
City Hall Fund	Materials & Services	\$ 1,007
Community Facilities Fund	Materials & Services	\$ 1,638
Water Capital Projects Fund	Personal Services	\$ 3,215
Sewer Capital Projects Fund	Debt Service	\$15,900
Sewer SDC Fund	Capital Outlay/to Developers	\$35,220

**B. DEFICIT FUND BALANCE**

The following funds had deficit fund balances at year-end. The City intends to correct this next year.

City Hall Building Fund	\$ 575
Water Capital Projects Fund	\$ 311,912
Sewer SDC Fund	\$ 25,116
Street Capital Projects Funds	\$ 59,669

**C. PROPERTY TAXES**

Property taxes were levied at the permanent rate of 3.4849 per \$1,000 of assessed value for all taxable property within the City limits. Measure 50 established the permanent rate and allows for an increase of 3% per year in the assessed value.

Yamhill County makes all assessments of property value, and levies and collects the taxes for the City and all other taxing districts within the County. Assessments of property values are as of January 1, and taxes levied attach as a lien on the property as of July 1. Taxes are due November 15 and a 3% discount is allowed for payment at this time. Installments due dates allowed are November 15, February 15, and May 15.

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2002**

**Note 3 - Cash and cash equivalents**

The fair value of cash and cash equivalents consisted of the following as of June 30, 2002:

Petty cash	225
Deposits with financial institutions	67,960
Local Government Investment Pool	1,941,946
Total	<u>\$2,010,131</u>

At year end, the carrying amount of the City's bank deposits was \$67,960 and the bank balance was \$161,537, all of which was either covered by federal depositary insurance or by collateral held by the financial institution's trust department or agent in the City's name. The investment in the Oregon Local Government Investment Pool is recorded at fair value and is not subject to risk categorization.

**Note 4 - Fixed Assets**

**A. CHANGES IN GENERAL FIXED ASSETS**

Activity in the general fixed asset account group for the year ended June 30, 2002 was as follows:

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
Land and Improvements	214,727	0	0	214,727
Buildings	187,139	0	0	187,139
Vehicles	309,943	0	0	309,943
Equipment	120,916	0	0	120,916
Total	<u>\$832,725</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$832,725</u>

**B. SUMMARY OF ENTERPRISE FUNDS FIXED ASSETS**

The composition of fixed assets in the enterprise funds at June 30, 2002 was as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Land and improvements	87,562	41,198	128,760
Buildings	19,296	31,570	50,866
Water and sewer facilities	2,924,251	934,250	3,858,501
Equipment and vehicles	116,085	44,131	160,216
Construction in progress	0	0	0
Total	3,147,194	870,951	4,198,343
Accumulated depreciation	<u>(690,503)</u>	<u>(477,018)</u>	<u>(1,167,521)</u>
Net assets	<u>\$2,456,691</u>	<u>\$574,131</u>	<u>\$3,030,822</u>

Construction in Progress in the Capital Projects Funds totaled \$1,506,409 at June 30, 2002 versus \$1,755,080 at June 30, 2001.

Certain fixed assets were transferred to the Water and Sewer funds, from Capital Projects funds, effective the beginning of the fiscal year, necessitating an adjustment to fund balances.

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2002**

**Note 5 – Compensated Absences**

Vacation pay and compensatory time is vested when earned and recorded as an expenditure in governmental funds when it is paid and in proprietary funds when it is earned. At June 30, 2002, the City's liability for vacation pay and compensatory time consisted of the following:

General, Special Revenue & Capital Project Funds	2,394
Water fund	4,756
Sewer fund	<u>3,504</u>
Total	<u>\$10,654</u>

Sick leave can be taken only in the event of illness. Sick leave does not vest and is recorded as an expenditure when used.

**Note 6 – Long Term Debt**

**A. CAPITAL LEASES**

In November 1996 the City entered into a capital lease/purchase contract with Mine Safety Appliances Company for the purchase of a self-contained breathing apparatus to be used for fire fighting purposes. The final \$3,706 of this lease was paid off during the year.

In September 1998 the City acquired a fire truck through a lease agreement with Banc One Leasing Corporation. As of June 30, 2002, the future minimum lease obligations are as follows. See page 52 for more detail.

**SCHEDULE OF LEASE TRANSACTIONS:**

Balance 6/30/01

2001/02

**SCHEDULE OF FUTURE LEASE REQUIREMENTS:**

2002/03

2003/04

2004/05

2005/06

2005/07

Thereafter

<b>FIRE EQUIPMENT LEASE</b>			
<b>Payments</b>			
<b>Total</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance</b>
			115,348
18,282	6,459	11,823	103,525
18,282	5,797	12,485	91,040
18,282	5,098	13,184	77,856
18,282	4,360	13,922	63,934
18,282	3,580	14,702	49,232
18,282	2,757	15,525	33,707
36,564	2,857	33,707	
127,974	24,449	103,525	

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2002**

**Note 6 – Long Term Debt (Continued)**

**B. WATER REVENUE BONDS PAYABLE**

In November of 2000, the City issued \$3,275,000 of Water System Revenue Bonds Series 2000. The bonds were sold to finance new water system improvements. These bonds mature in varying amounts on December 1, 2002 through 2021. Interest payments are due on June 1 and December 1 and the rate increases from 4.7% in the early years to 6% in the last few years. These bonds are recorded in the Water Improvement Fund. See page 52 for more detail.

**SCHEDULE OF DEBT SERVICE TRANSACTIONS:**

Balance 6/30/01  
2001/02

**SCHEDULE OF FUTURE DEBT SERVICE  
REQUIREMENTS:**

2002/03  
2003/04  
2004/05  
2005/06  
2006/07  
2007-2021  
Totals

<b>WATER REVENUE BONDS</b>			
<b>Payments</b>			<b>Balance</b>
<b>Total</b>	<b>Interest</b>	<b>Principal</b>	
			3,275,000
273,263	178,263	95,000	3,180,000
273,655	173,655	100,000	3,080,000
273,760	168,760	105,000	2,975,000
273,545	163,545	110,000	2,865,000
272,975	157,975	115,000	2,750,000
272,100	152,100	120,000	2,630,000
3,838,652	1,208,652	2,630,000	
5,204,687	2,024,687	3,180,000	

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2002**

**Note 6 – Long Term Debt (Continued)**

**C. WATER/WASTEWATER REVENUE BONDS PAYABLE**

In October 2000, the City entered into an agreement with the State of Oregon's "Oregon Bond Bank Loan" program whereby the State provided \$5,362,096 in Water/Wastewater Revenue Bonds, an additional \$500,000 in Water/Wastewater Revenue Bonds, a Grant of \$410,743 and a Grant of \$712,500.

The Bond for \$5,362,096 was sold in October 2000, and the proceeds are being held by the Oregon Economic & Community Development Department. The OECDD has invested these funds for the City, and at June 30, 2002 \$370,031 of interest had been earned, and was being held by OECDD. During the year, the City requested and received \$80,689 of the bond proceeds, in reimbursement for qualified expenditures. The interest rate on this bond is 5.276% and repayment is scheduled for December of each year beginning with December 2001. Annual repayment amounts including principal and interest range from \$503,589 to \$438,560.

The \$500,000 Revenue bond has not been issued, nor has any money been disbursed to the City. The interest rate is 5.99 and repayment is scheduled to range from \$51,667 to \$39,500 per year. Repayment will not commence until after the bonds have been issued.

None of the Grant of \$410,743 had been disbursed by OECDD to the City.

The first \$162,395 of the Grant for \$712,500, was disbursed to the City during the year.

Past and future transactions on the \$5,362,096 revenue bond are scheduled as follows. See page 52 for more detail.

**SCHEDULE OF DEBT SERVICE TRANSACTIONS:**

Balance 6/30/01  
2001/02

**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS:**

2002/03  
2003/04  
2004/05  
2005/06  
2006/07  
2007-2021  
Totals

SEWER REVENUE BONDS			
Payments			
Total	Interest	Principal	Balance
			5,362,096
503,590	341,115	162,475	5,199,621
440,560	271,864	168,696	5,030,925
438,560	263,429	175,131	4,855,794
441,310	254,673	186,637	4,669,157
438,561	245,341	193,220	4,475,937
440,561	235,680	204,881	4,271,056
6,169,488	1,898,432	4,271,056	
8,369,040	3,169,419	5,199,621	

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2002**

**Note 6 – Long Term Debt (Continued)**

**D. GENERAL LONG-TERM DEBT MORTGAGE PAYABLE**

In July 1999 the City financed the purchase of property for a new City Hall site. The note calls for monthly payments of \$944 per month including interest of 8.75%. Current and future payments are scheduled below. See page 52 for more detail.

**SCHEDULE OF MORTGAGE TRANSACTIONS:**

Balance 6/30/01  
2001/02

**SCHEDULE OF FUTURE MORTGAGE REQUIREMENTS:**

2002/03  
2003/04  
2004/05  
2005/06  
2006/07  
2007/08  
2008/09  
Totals

<b>MORTGAGE</b>			
<b>Payments</b>			<b>Balance</b>
<b>Total</b>	<b>Interest</b>	<b>Principal</b>	
			103,214
19,000	8,441	10,559	92,655
20,000	8,100	11,900	80,755
20,000	7,100	12,900	67,855
20,000	5,900	14,100	53,755
20,000	4,700	15,300	38,455
20,000	3,400	16,600	21,855
20,000	1,900	18,100	3,755
4,055	300	3,755	0
124,055	31,400	92,655	

**E ENTERPRISE FUND 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, 2002, the City owes \$21,655 to the City of Dayton for transactions involving a joint water project. There is no fixed repayment plan.

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2002**

**Note 7 - Pension Plan**

**A. PLAN DESCRIPTION**

The City participates in the State of Oregon Public Employees Retirement System (PERS), a cost-sharing, 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 for those hired prior to 1/1/96 and age sixty for those hired after, but retirement is generally allowed at age 55 with reduced benefits. Compulsory retirement age is 70. 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 Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon, 97281.

**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, 1999, 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, 2001	9.07%
Effective for fiscal year beginning July 1, 2002	9.07%

**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 unmade contributions.

For the year ended June 30, 2002, 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, 1999, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a consumer price inflation rate of 3.5% per year, (b) a rate of return on the investment of present and future assets of 8.0% per year, (c) 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, (d) projected automatic cost-of-living benefit increases of 2.0% per year, and (e) 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, 2002**

**Note 8 - 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
06/30/00	\$20,057	100%	\$0
06/30/01	\$20,877	100%	\$0
06/30/02	\$45,269	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)
12/31/95	142,122	156,269	14,146	91%	144,797	10%
12/31/97	245,675	194,602	(51,073)	126%	160,308	(32%)
12/31/99	448,782	377,739	(71,043)	119%	292,223	(24%)

**Note 9 – Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases insurance to minimize its exposure to these risks. No significant reductions in the levels of insurance coverage have been made in the past fiscal year. Settled claims have not exceeded commercial coverage for any of the past three fiscal years.

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2002**

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

The City of Lafayette maintains two enterprise funds, Water and Sewer, which are intended to be self-supporting through user fees charged for services to the public. Selected "Segment Information" for the year ended June 30, 2002, is presented below:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$379,386	\$424,863	\$804,249
Depreciation	89,396	22,266	111,662
Operating income/(loss)	55,605	179,205	234,813
Operating transfers in/(out)	(50,723)	23,776	(26,947)
Net income (Loss)	18,097	207,949	226,046
Current capital contributions	0	0	0
Fixed asset additions	748,290	493,260	1,241,550
Net working capital	48,652	64,257	112,909
Total assets	2,520,911	653,288	3,174,199
Bonds Payable	3,275,000	5,199,621	8,379,621
Total equity	2,505,343	638,388	3,143,731

**Note 11 - 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.

The City is being sued by two developers, over Sewer System Development Charges for certain houses. Consequently, the System Development Charges in question are being held in Trust by the City's attorney, pending resolution of the lawsuit. At June 30, 2002, the amounts in question were \$3,621 for each of fourteen homes, for a total of \$50,694. This amount has not been recognized as revenue by the City, pending resolution of the lawsuit.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably be estimated.

Management is not aware of any other contingent liabilities that would require disclosure.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULE**

**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:**

Administration Department

**Public Safety:**

Police Department

Fire Department

Municipal Court Department

**Community Development:**

Planning Department

Building Department

Parks Department

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**GENERAL FUND**

**COMPARATIVE BALANCE SHEET**

June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Cash and cash equivalents	76,355	11,108
Accounts Receivables	8,600	4,504
Property Taxes Receivables	25,810	18,712
Prepaid expense	-	4,625
Interfund receivable	-	29,040
	<u>          </u>	<u>          </u>
<b>Total assets</b>	<b><u>\$ 110,765</u></b>	<b><u>\$ 67,989</u></b>
 <b>LIABILITIES AND FUND EQUITY</b>		
<b>Liabilities:</b>		
Accounts payable	9,952	11,329
Payroll payable	-	-
Compensated absences payable	889	-
Deposits	18,942	8,730
Deferred tax revenues	18,851	9,740
	<u>          </u>	<u>          </u>
<b>Total liabilities</b>	<b><u>48,634</u></b>	<b><u>29,799</u></b>
 <b>Fund balance:</b>		
Reserved	-	-
Unreserved	62,131	38,190
	<u>          </u>	<u>          </u>
<b>Total fund equity</b>	<b><u>62,131</u></b>	<b><u>38,190</u></b>
	<u>          </u>	<u>          </u>
<b>Total liabilities and fund equity</b>	<b><u>\$ 110,765</u></b>	<b><u>\$ 67,989</u></b>

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**GENERAL FUND**

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE**

For the Years Ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<b>REVENUES:</b>		
Taxes	213,266	211,773
Licenses, fees and permits	178,033	88,112
Federal and state revenues	60,275	50,327
Fines and forfeitures	10,151	12,610
Interest revenues	950	7,295
Miscellaneous revenues	<u>7,329</u>	<u>1,755</u>
 Total revenues	 <u>470,004</u>	 <u>371,872</u>
 <b>EXPENDITURES:</b>		
General government	148,249	156,092
Highways and streets	-	-
Public safety	139,995	120,703
Community development	123,652	71,431
Capital outlay	7,167	10,841
Debt service	<u>-</u>	<u>-</u>
 Total expenditures	 <u>419,063</u>	 <u>359,067</u>
 Excess of revenues over (under) expenditures	 50,941	 12,805
 <b>OTHER FINANCING SOURCES (USES):</b>		
Operating transfers in	-	-
Operating transfers (out)	<u>(27,000)</u>	<u>(31,300)</u>
 Excess of revenues and other sources over (under) expenditures and other uses	 23,941	 (18,495)
 <b>FUND BALANCE - July 1</b>	 <u>38,190</u>	 <u>56,685</u>
 <b>FUND BALANCE - June 30</b>	 <u><b>\$ 62,131</b></u>	 <u><b>\$ 38,190</b></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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Taxes	210,000	213,266	3,266
Licenses, fees and permits	161,600	178,033	16,433
Intergovernmental revenues	55,400	60,275	4,875
Fines and forfeitures	12,200	10,151	(2,049)
Interest revenues	370	950	580
Miscellaneous revenues	<u>12,804</u>	<u>7,329</u>	<u>(5,475)</u>
 Total revenues	 <u>452,374</u>	 <u>470,004</u>	 <u>17,630</u>
<b>EXPENDITURES:</b>			
General government	156,500	148,249	8,251
Highways and streets	-	-	-
Public safety	152,204	139,995	12,209
Community development	118,450	123,652	(5,202)
Capital outlay	9,200	7,167	2,033
Debt service	-	-	-
Contingency	<u>128</u>	<u>-</u>	<u>128</u>
 Total expenditures	 <u>436,482</u>	 <u>419,063</u>	 <u>17,419</u>
 Excess of revenues over (under) expenditures	 15,892	 50,941	 35,049
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	-	-	-
Operating transfers (out)	<u>(27,000)</u>	<u>(27,000)</u>	<u>-</u>
 Excess of revenues and other sources over (under) expenditures and other uses	 (11,108)	 23,941	 35,049
 <b>FUND BALANCE - July 1</b>	 <u>11,108</u>	 <u>38,190</u>	 <u>27,082</u>
 <b>FUND BALANCE - June 30</b>	 <u>\$ -</u>	 <u>\$ 62,131</u>	 <u>\$ 62,131</u>

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**GENERAL FUND**

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**

**For the Year Ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
<b>Taxes:</b>			
Current year's taxes	200,000	199,804	(196)
Prior years' taxes	<u>10,000</u>	<u>13,462</u>	<u>3,462</u>
Total taxes	<u>210,000</u>	<u>213,266</u>	<u>3,266</u>
<b>Licenses, fees and permits:</b>			
Franchise fees	56,900	55,131	(1,769)
Licenses and permits	88,200	100,402	12,202
Systems development	-	-	-
Planning fees	<u>16,500</u>	<u>22,500</u>	<u>6,000</u>
Total licenses, fees and permits	<u>161,600</u>	<u>178,033</u>	<u>16,433</u>
<b>Intergovernmental revenues:</b>			
Liquor tax	21,200	23,647	2,447
Cigarette tax	4,700	5,629	929
911 funding	11,500	14,436	2,936
State revenue sharing	18,000	16,563	(1,437)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total intergovernmental revenues	<u>55,400</u>	<u>60,275</u>	<u>4,875</u>
<b>Fines and forfeitures</b>	<u>12,200</u>	<u>10,151</u>	<u>(2,049)</u>
<b>Interest revenue</b>	<u>370</u>	<u>950</u>	<u>580</u>
<b>Miscellaneous:</b>	<u>12,804</u>	<u>7,329</u>	<u>(5,475)</u>
<b>Total revenues</b>	<u><b>\$ 452,374</b></u>	<u><b>\$ 470,004</b></u>	<u><b>\$ 17,630</b></u>



**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**GENERAL FUND**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**

For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>GENERAL GOVERNMENT EXPENDITURES (Admin Department):</b>			
<b>Personal services:</b>			
City administrator	5,100	10,350	(5,250)
Finance director	19,500	18,076	1,424
Clerk	8,600	11,488	(2,888)
Office manager	5,500	5,545	(45)
Public works supervisor	2,200	-	2,200
Engineer	7,400	6,904	496
Part time office help	-	-	-
Subtotal salaries and wages	<u>48,300</u>	<u>52,363</u>	<u>(4,063)</u>
Social security	3,700	3,389	311
Health and life insurance	12,600	9,631	2,969
Worker's compensation	900	869	31
Unemployment insurance	100	-	100
PERS: employee retirement	7,500	6,759	741
Subtotal payroll taxes and benefits	<u>24,800</u>	<u>20,648</u>	<u>4,152</u>
Total personal services	<u>73,100</u>	<u>73,011</u>	<u>89</u>
<b>Materials and services:</b>			
Insurance and bonds	19,000	21,938	(2,938)
Printing	1,600	1,572	28
Office equipment maintenance	-	-	-
Audit	7,500	6,373	1,127
Attorney fees	1,500	1,582	(82)
Telephone	4,400	4,472	(72)
Office supplies and postage	10,900	9,110	1,790
Utilities	2,400	2,048	352
Dues and meetings	2,300	2,192	108
Miscellaneous	33,800	25,951	7,849
Total materials and services	<u>83,400</u>	<u>75,238</u>	<u>8,162</u>
<b>Total general government current expenditures</b>	156,500	148,249	8,251
<b>Capital outlay</b>			
City hall improvement	-	-	-
Office equipment	6,000	4,273	1,727
Total capital outlay	<u>6,000</u>	<u>4,273</u>	<u>1,727</u>
<b>Total general government expenditures</b>	<u>\$ 162,500</u>	<u>\$ 152,522</u>	<u>\$ 9,978</u>

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**GENERAL FUND**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**

For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>POLICE DEPARTMENT EXPENDITURES:</b>			
Materials and services			
Emergency communication	15,000	14,113	887
Professional services	64,000	62,807	1,193
Miscellaneous	1,000	27	973
<b>Total police department</b>	<u>80,000</u>	<u>76,947</u>	<u>3,053</u>
<b>FIRE DEPARTMENT EXPENDITURES:</b>			
Personal services			
Fire Chief	16,000	13,534	2,466
Social security	1,400	1,036	364
Workman's compensation	4,600	4,521	79
Health/Dental	1,300	74	1,226
Unemployment	100	-	100
PERS	2,800	2,040	760
<b>Total personal services</b>	<u>26,200</u>	<u>21,205</u>	<u>4,995</u>
Materials and services			
Volunteer fire and medic	8,000	8,388	(388)
Insurance	4,700	4,666	34
Schooling	3,500	2,387	1,113
Emergency communication	15,000	14,113	887
Small tools	2,000	2,026	(26)
Vehicle operations	3,204	3,373	(169)
Miscellaneous	5,800	4,656	1,144
<b>Total materials and services</b>	<u>42,204</u>	<u>39,609</u>	<u>2,595</u>
Capital outlay			
Equipment	3,200	2,894	306
<b>Total fire department</b>	<u>71,604</u>	<u>63,708</u>	<u>7,896</u>
<b>MUNICIPAL COURT EXPENDITURES:</b>			
Materials and services			
Municipal court judge	2,500	2,000	500
Court costs	300	45	255
Refunds of fines	500	189	311
Miscellaneous	500	-	500
<b>Total municipal court</b>	<u>3,800</u>	<u>2,234</u>	<u>1,566</u>
<b>Total Public Safety Current Expenditures</b>	<u>\$ 152,204</u>	<u>\$ 139,995</u>	<u>\$ 12,209</u>
<b>TOTAL PUBLIC SAFETY EXPENDITURES</b>	<u>\$ 155,404</u>	<u>\$ 142,889</u>	<u>\$ 12,515</u>

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**GENERAL FUND**

**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**

For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>PLANNING DEPARTMENT EXPENDITURES:</b>			
Materials and services			
Professional services	48,000	46,202	1,798
Miscellaneous	2,400	1,529	871
Total planning department	<u>50,400</u>	<u>47,731</u>	<u>2,669</u>
<b>BUILDING DEPARTMENT EXPENDITURES:</b>			
Materials and services			
Professional services	57,500	68,341	(10,841)
Miscellaneous	1,350	469	881
Total building department	<u>58,850</u>	<u>68,810</u>	<u>(9,960)</u>
<b>PARKS DEPARTMENT EXPENDITURES:</b>			
Personal services			
Salaries and wages	3,500	2,759	741
Payroll taxes and benefits	2,200	1,980	220
Total personal services	<u>5,700</u>	<u>4,739</u>	<u>961</u>
Materials and services	<u>3,500</u>	<u>2,372</u>	<u>1,128</u>
Capital outlay:	<u>-</u>	<u>-</u>	<u>-</u>
Total parks department	<u>9,200</u>	<u>7,111</u>	<u>2,089</u>
<b>TOTAL COMMUNITY DEVELOPMENT EXPENDITURES</b>	<u>\$ 118,450</u>	<u>\$ 123,652</u>	<u>\$ (5,202)</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
- Heritage Days
- Fire Equipment Reserve
- Community Facilities
- City Hall Building

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**ALL SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEET**

**June 30, 2002**

(With comparative totals as of June 30, 2001)

	Street Fund	Heritage Days	City Hall Building	Community Facilities	Fire Equipment Reserve	<u>Totals (Memorandum Only)</u>	
						2002	2001
<b>ASSETS</b>							
Cash and investments	5,356	3,713	564	5,572	9,972	25,177	18,671
Accounts receivable	9,100	-	-	-	-	9,100	17,311
Taxes receivable	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 14,456</b>	<b>\$ 3,713</b>	<b>\$ 564</b>	<b>\$ 5,572</b>	<b>\$ 9,972</b>	<b>\$ 34,277</b>	<b>\$ 35,982</b>
<b>LIABILITIES AND FUND EQUITY</b>							
<b>Liabilities:</b>							
Accounts payable	1,776	100	974	212	-	3,062	2,120
Interfund payable	-	-	-	-	-	-	11,173
Compensated absences	694	-	165	-	-	859	-
<b>Total liabilities</b>	<b>2,470</b>	<b>100</b>	<b>1,139</b>	<b>212</b>	<b>-</b>	<b>3,921</b>	<b>13,293</b>
<b>Fund Equity:</b>							
Fund balance:							
Reserved	-	-	-	-	-	-	-
Unreserved	11,986	3,613	(575)	5,360	9,972	30,356	22,689
<b>Total fund equity</b>	<b>11,986</b>	<b>3,613</b>	<b>(575)</b>	<b>5,360</b>	<b>9,972</b>	<b>30,356</b>	<b>22,689</b>
<b>Total liabilities and fund equity</b>	<b>\$ 14,456</b>	<b>\$ 3,713</b>	<b>\$ 564</b>	<b>\$ 5,572</b>	<b>\$ 9,972</b>	<b>\$ 34,277</b>	<b>\$ 35,982</b>

**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, 2002  
(With comparative totals for the year ended June 30, 2001)

	Street Fund	Heritage Days	City Hall Building	Community Facilities	Fire Equipment Reserve	Totals (Memorandum Only)	
						2002	2001
<b>REVENUES:</b>							
Taxes	-	-	-	-	-	-	-
Licenses, fees and permits	-	-	-	-	-	-	-
Intergovernmental revenues	100,329	-	-	-	-	100,329	99,640
Interest revenue	(609)	95	(98)	199	338	(75)	(442)
System development charges	-	-	-	-	-	-	-
Miscellaneous revenues	-	2,241	10,074	2,487	-	14,802	18,818
Total revenues	<u>99,720</u>	<u>2,336</u>	<u>9,976</u>	<u>2,686</u>	<u>338</u>	<u>115,056</u>	<u>118,016</u>
<b>EXPENDITURES:</b>							
General government	-	-	-	-	-	-	-
Highways and streets	46,642	-	-	-	-	46,642	32,968
Public Safety	-	3,228	-	-	-	3,228	-
Sanitation	-	-	-	-	-	-	-
Community development	-	-	17,135	4,838	-	21,973	10,994
Capital outlay	615	-	-	669	-	1,284	21,268
Debt service	-	-	19,000	-	22,262	41,262	46,262
Total expenditures	<u>47,257</u>	<u>3,228</u>	<u>36,135</u>	<u>5,507</u>	<u>22,262</u>	<u>114,389</u>	<u>111,492</u>
Excess of revenues over (under) expenditures	52,463	(892)	(26,159)	(2,821)	(21,924)	667	6,524
<b>OTHER FINANCING SOURCES (USES):</b>							
Operating transfers in	-	2,000	25,000	2,000	23,000	52,000	44,300
Operating transfers out	(45,000)	-	-	-	-	(45,000)	(60,000)
Excess of revenues and other sources over (under) expenditures and other uses	7,463	1,108	(1,159)	(821)	1,076	7,667	(9,176)
<b>FUND BALANCE - July 1</b>	<u>4,523</u>	<u>2,505</u>	<u>584</u>	<u>6,181</u>	<u>8,896</u>	<u>22,689</u>	<u>31,865</u>
<b>FUND BALANCE - June 30</b>	<u>\$ 11,986</u>	<u>\$ 3,613</u>	<u>\$ (575)</u>	<u>\$ 5,360</u>	<u>\$ 9,972</u>	<u>\$ 30,356</u>	<u>\$ 22,689</u>

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**ALL SPECIAL REVENUE FUNDS**

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

For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Taxes	-	-	-
Licenses, fees and permits	-	-	-
Intergovernmental revenues	120,500	110,403	(10,097)
Interest revenue	860	(75)	(935)
System development charges	-	-	-
Miscellaneous revenues	4,700	4,728	28
Total revenues	<u>126,060</u>	<u>115,056</u>	<u>(11,004)</u>
<b>EXPENDITURES:</b>			
General government	-	-	-
Highways and streets	53,227	46,642	6,585
Public Safety	-	-	-
Community development	27,933	25,201	2,732
Capital outlay	8,200	1,284	6,916
Debt service	51,200	41,262	9,938
Total expenditures	<u>140,560</u>	<u>114,389</u>	<u>26,171</u>
Excess of revenues over (under) expenditures	(14,500)	667	15,167
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	52,000	52,000	-
Operating transfers out	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(7,500)	7,667	15,167
<b>FUND BALANCE - July 1</b>	<u>7,500</u>	<u>22,689</u>	<u>15,189</u>
<b>FUND BALANCE - June 30</b>	<u>\$ -</u>	<u>\$ 30,356</u>	<u>\$ 30,356</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Taxes	-	-	-
Licenses, fees and permits	-	-	-
Intergovernmental revenues	110,000	100,329	(9,671)
Interest revenue	200	(609)	(809)
System development charges	-	-	-
Miscellaneous revenues	200	-	(200)
Total revenues	<u>110,400</u>	<u>99,720</u>	<u>(10,680)</u>
<b>EXPENDITURES:</b>			
Personal services	10,200	6,807	3,393
Materials and services	42,700	39,835	2,865
Capital outlay	1,000	615	385
Debt service	-	-	-
Contingency	327	-	327
Total expenditures	<u>54,227</u>	<u>47,257</u>	<u>6,970</u>
Excess of revenues over (under) expenditures	56,173	52,463	(3,710)
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	-	-	-
Operating transfers out	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	11,173	7,463	(3,710)
<b>FUND BALANCE - July 1</b>	<u>(11,173)</u>	<u>4,523</u>	<u>15,696</u>
<b>FUND BALANCE - June 30</b>	<u>\$ -</u>	<u>\$ 11,986</u>	<u>\$ 11,986</u>



**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**HERITAGE DAYS FUND**

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

For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Taxes	-	-	-
Licenses, fees and permits	-	-	-
Intergovernmental revenues	-	-	-
Interest revenue	60	95	35
System development charges	-	-	-
Miscellaneous revenues	<u>3,000</u>	<u>2,241</u>	<u>(759)</u>
Total revenues	<u>3,060</u>	<u>2,336</u>	<u>(724)</u>
<b>EXPENDITURES:</b>			
Personal services	-	-	-
Materials and services	7,400	3,228	4,172
Capital outlay	-	-	-
Debt service	-	-	-
Contingency	<u>200</u>	<u>-</u>	<u>200</u>
Total expenditures	<u>7,600</u>	<u>3,228</u>	<u>4,372</u>
Excess of revenues over (under) expenditures	(4,540)	(892)	3,648
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	2,000	2,000	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(2,540)	1,108	3,648
<b>FUND BALANCE - July 1</b>	<u>2,540</u>	<u>2,505</u>	<u>(35)</u>
<b>FUND BALANCE - June 30</b>	<u>\$ -</u>	<u>\$ 3,613</u>	<u>\$ 3,613</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Taxes	-	-	-
Licenses, fees and permits	-	-	-
Intergovernmental revenues	9,500	10,074	574
Interest revenue	100	(98)	(198)
System development charges	-	-	-
Miscellaneous revenues	-	-	-
Total revenues	<u>9,600</u>	<u>9,976</u>	<u>376</u>
<b>EXPENDITURES:</b>			
Personal services	7,100	7,078	22
Materials and services	9,050	10,057	(1,007)
Capital outlay	-	-	-
Debt service	19,000	19,000	-
Contingency	337	-	337
Total expenditures	<u>35,487</u>	<u>36,135</u>	<u>(648)</u>
Excess of revenues over (under) expenditures	(25,887)	(26,159)	(272)
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	25,000	25,000	-
Operating transfers out	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	(887)	(1,159)	(272)
<b>FUND BALANCE - July 1</b>	<u>887</u>	<u>584</u>	<u>(303)</u>
<b>FUND BALANCE - June 30</b>	<u>\$ -</u>	<u>\$ (575)</u>	<u>\$ (575)</u>

**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, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Taxes	-	-	-
Licenses, fees and permits	-	-	-
Intergovernmental revenues	1,000	-	(1,000)
Interest revenue	200	199	(1)
System development charges	-	-	-
Miscellaneous revenues	1,500	2,487	987
Total revenues	<u>2,700</u>	<u>2,686</u>	<u>(14)</u>
<b>EXPENDITURES:</b>			
Personal services	-	-	-
Materials and services	3,200	4,838	(1,638)
Capital outlay	7,200	669	6,531
Debt service	-	-	-
Contingency	646	-	646
Total expenditures	<u>11,046</u>	<u>5,507</u>	<u>5,539</u>
Excess of revenues over (under) expenditures	(8,346)	(2,821)	5,525
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	2,000	2,000	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(6,346)	(821)	5,525
<b>FUND BALANCE - July 1</b>	<u>6,346</u>	<u>6,181</u>	<u>(165)</u>
<b>FUND BALANCE - June 30</b>	<u>\$ -</u>	<u>\$ 5,360</u>	<u>\$ 5,360</u>

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**FIRE EQUIPMENT RESERVE FUND**

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

For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Taxes	-	-	-
Licenses, fees and permits	-	-	-
Intergovernmental revenues	-	-	-
Interest revenue	300	338	38
System development charges	-	-	-
Miscellaneous revenues	-	-	-
Total revenues	<u>300</u>	<u>338</u>	<u>38</u>
<b>EXPENDITURES:</b>			
Personal services	-	-	-
Materials and services	-	-	-
Capital outlay	-	-	-
Debt service	32,200	22,262	9,938
Contingency	-	-	-
Total expenditures	<u>32,200</u>	<u>22,262</u>	<u>9,938</u>
Excess of revenues over (under) expenditures	(31,900)	(21,924)	9,976
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	23,000	23,000	-
Operating transfers out	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	(8,900)	1,076	9,976
<b>FUND BALANCE - July 1</b>	<u>8,900</u>	<u>8,896</u>	<u>(4)</u>
<b>FUND BALANCE - June 30</b>	<u>\$ -</u>	<u>\$ 9,972</u>	<u>\$ 9,972</u>

### **CAPITAL PROJECTS FUNDS:**

Capital Project funds are used to account for revenues from bond proceeds, grant monies and SDC charges, which are designated for the construction of sewer and water plant, streets and parks.

The Capital Project Funds consist of the following:

- Water Capital Projects
- Water SDC
- Water Conservation

- Sewer Capital Projects
- Sewer SDC
- Street Capital Projects

- Street SDC
- Parks SDC

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**ALL CAPITAL PROJECT FUNDS**

**COMBINING BALANCE SHEET**

June 30, 2002

(With comparative totals as of June 30, 2001)

**ASSETS**

Cash and cash equivalents  
Grants receivable  
Bond proceeds and interest held by OECDD  
Interfund receivable  
Fixed assets net of depreciation  
Construction in progress

**Total assets**

**LIABILITIES AND FUND EQUITY**

**Liabilities:**

Accounts payable  
Compensated absences payable  
interfund payable  
Interest payable  
Notes payable  
Bonds payable

**Total liabilities**

**Fund Equity:**

Contributed capital  
Fund Balances:  
Reserved  
Unreserved

**Total fund equity**

**Total liabilities and fund equity**

	Water			Sewer		Street		Parks	Totals (Memorandum Only)	
	Capital Projects	SDC	Conser- vation	Capital Projects	SDC	Capital Projects	SDC	SDC	2002	2001
Cash and cash equivalents	1,657,972	52,805	4,999	135,663	(10,632)	4,331	7,543	21,816	1,874,497	2,928,400
Grants receivable	-	-	-	21,994	-	-	-	-	21,994	30,000
Bond proceeds and interest held by OECDD	-	-	-	5,651,438	-	-	-	-	5,651,438	5,362,096
Interfund receivable	64,000	-	-	-	-	-	-	-	64,000	90,902
Fixed assets net of depreciation	-	-	-	-	-	-	-	-	-	780,545
Construction in progress	1,193,347	-	-	313,062	-	-	-	-	1,506,409	1,755,080
<b>Total assets</b>	<b>\$ 2,915,319</b>	<b>\$ 52,805</b>	<b>\$ 4,999</b>	<b>\$ 6,122,157</b>	<b>\$ (10,632)</b>	<b>\$ 4,331</b>	<b>\$ 7,543</b>	<b>\$ 21,816</b>	<b>\$ 9,118,338</b>	<b>\$ 10,947,023</b>
<b>Liabilities:</b>										
Accounts payable	12,848	-	-	8,705	14,484	-	-	-	36,037	140,578
Compensated absences payable	328	-	-	318	-	-	-	-	646	-
interfund payable	3,180,000	-	-	5,199,621	-	64,000	-	-	8,443,621	8,730,136
Interest payable	12,400	-	-	15,900	-	-	-	-	28,300	15,040
Notes payable	21,655	-	-	-	-	-	-	-	21,655	20,975
Bonds payable	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>3,227,231</b>	<b>-</b>	<b>-</b>	<b>5,224,544</b>	<b>14,484</b>	<b>64,000</b>	<b>-</b>	<b>-</b>	<b>8,530,259</b>	<b>8,906,729</b>
<b>Fund Equity:</b>										
Contributed capital	-	-	-	35,427	159,862	-	-	-	195,289	868,683
Fund Balances:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	(311,912)	52,805	4,999	862,186	(184,978)	(59,669)	7,543	21,816	392,790	1,171,611
<b>Total fund equity</b>	<b>(311,912)</b>	<b>52,805</b>	<b>4,999</b>	<b>897,613</b>	<b>(25,116)</b>	<b>(59,669)</b>	<b>7,543</b>	<b>21,816</b>	<b>588,079</b>	<b>2,040,294</b>
<b>Total liabilities and fund equity</b>	<b>\$ 2,915,319</b>	<b>\$ 52,805</b>	<b>\$ 4,999</b>	<b>\$ 6,122,157</b>	<b>\$ (10,632)</b>	<b>\$ 4,331</b>	<b>\$ 7,543</b>	<b>\$ 21,816</b>	<b>\$ 9,118,338</b>	<b>\$ 10,947,023</b>

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**ALL CAPITAL PROJECT FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
For the Year Ended June 30, 2002  
(With comparative totals for the year ended June 30, 2001)**

**REVENUES:**

	<b>Water</b>			<b>Sewer</b>		<b>Street</b>		<b>Parks</b>	<b>Totals (Memorandum Only)</b>	
	<b>Capital Projects</b>	<b>SDC</b>	<b>Conser- vation</b>	<b>Capital Projects</b>	<b>SDC</b>	<b>Capital Projects</b>	<b>SDC</b>	<b>SDC</b>	<b>2002</b>	<b>2001</b>
Systems development charges	12,709	167,641	-	7,029	206,397	8,875	7,455	6,390	416,496	13,356
Grant drawdowns	19,800	-	-	-	-	-	-	-	19,800	79,500
Bond proceed drawdowns	-	-	-	184,389	-	-	-	-	184,389	-
Bond sales	-	-	-	-	-	-	-	-	-	-
Investment income	55,308	741	185	375,210	4,201	263	88	424	436,420	85,869
Other revenue	297	-	-	-	-	-	-	-	297	90
<b>Total operating revenues</b>	<b>88,114</b>	<b>168,382</b>	<b>185</b>	<b>566,628</b>	<b>210,598</b>	<b>9,138</b>	<b>7,543</b>	<b>6,814</b>	<b>1,057,402</b>	<b>178,815</b>
<b>EXPENSES:</b>										
General government	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	349	-	-	349	181
Public Safety	-	-	-	-	-	-	-	-	-	-
Sanitation	36,499	-	-	30,971	2,994	-	-	-	70,464	132,042
Community development	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	316,422
Debt service	138,056	37,967	-	197,015	160,000	-	-	-	533,038	108,962
<b>Total operating expenses</b>	<b>174,555</b>	<b>37,967</b>	<b>-</b>	<b>227,986</b>	<b>162,994</b>	<b>349</b>	<b>-</b>	<b>-</b>	<b>603,851</b>	<b>557,607</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(86,441)</b>	<b>130,415</b>	<b>185</b>	<b>338,642</b>	<b>47,604</b>	<b>8,789</b>	<b>7,543</b>	<b>6,814</b>	<b>453,551</b>	<b>(378,792)</b>
<b>OTHER FINANCING SOURCES (USES):</b>										
Operating transfers in	179,500	-	-	190,000	-	45,000	-	-	414,500	471,500
Operating transfers out	-	(85,277)	-	-	(232,776)	(49,500)	-	-	(367,553)	(49,500)
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>93,059</b>	<b>45,138</b>	<b>185</b>	<b>528,642</b>	<b>(185,172)</b>	<b>4,289</b>	<b>7,543</b>	<b>6,814</b>	<b>500,498</b>	<b>43,208</b>
<b>FUND EQUITY - July 1</b>	<b>887,986</b>	<b>7,667</b>	<b>4,814</b>	<b>319,906</b>	<b>194</b>	<b>(63,958)</b>	<b>-</b>	<b>15,002</b>	<b>1,171,611</b>	<b>1,128,403</b>
Transfers to (from) Water & Sewer Funds	(1,292,957)	-	-	13,638	-	-	-	-	(1,279,319)	-
<b>FUND EQUITY - June 30</b>	<b>\$ (311,912)</b>	<b>\$ 52,805</b>	<b>\$ 4,999</b>	<b>\$ 862,186</b>	<b>\$ (184,978)</b>	<b>\$ (59,669)</b>	<b>\$ 7,543</b>	<b>\$ 21,816</b>	<b>\$ 392,790</b>	<b>\$ 1,171,611</b>

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**ALL CAPITAL PROJECTS FUNDS**

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

For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Service development charges	357,403	416,496	59,093
Grant drawdowns	467,743	19,800	(447,943)
Grant drawdowns	712,500	184,389	(528,111)
Bond proceeds	8,532,096	5,362,096	(3,170,000)
Investment income	506,000	432,219	(73,781)
Other revenue	2,900	4,499	1,599
<b>Total revenues</b>	<u>10,578,642</u>	<u>6,419,499</u>	<u>(4,159,143)</u>
<b>EXPENDITURES:</b>			
Personal services	115,200	60,806	54,394
Materials and services	264,900	10,007	254,893
Capital outlay	8,702,285	1,241,550	7,460,735
Debt service	1,109,600	790,513	319,087
Contingency	1,382,521	-	1,382,521
<b>Total expenditures</b>	<u>11,574,506</u>	<u>2,102,876</u>	<u>9,471,630</u>
Excess of revenues over (under) expenditures	(995,864)	4,316,623	5,312,487
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	414,500	414,500	-
Operating transfers out	(49,500)	(49,500)	-
Excess of revenues and other sources over (under) expenditures and other uses	(630,864)	4,681,623	5,312,487
<b>FUND EQUITY - July 1</b>	<u>630,864</u>	<u>1,171,611</u>	<u>540,747</u>
<b>FUND EQUITY - June 30</b>	<u>\$ -</u>	<u>5,853,234</u>	<u>\$ 5,853,234</u>
<b>Reconciliation to GAAP Basis:</b>			
Fixed assets transferred to Water and Sewer Funds		(2,022,542)	
Accumulated depreciation transferred to Water and Sewer Funds		69,828	
Contributed capital transferred to Water and Sewer Funds		673,394	
Capital outlay converted to fixed assets		923,497	
Principal payments on bonds		257,475	
Loan proceeds treated as a liability not a revenue		(5,362,096)	
<b>FUND EQUITY-GAAP BASIS - June 30</b>		<u>\$ 392,790</u>	



**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**WATER CAPITAL PROJECTS FUND**

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

For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Service development charges	10,000	12,709	2,709
Grant drawdowns	22,000	19,800	(2,200)
Bond proceed drawdowns	-	-	-
Bond sales	2,420,000	-	(2,420,000)
Investment income	100,000	55,308	(44,692)
Other revenue	400	298	(102)
	<u>2,552,400</u>	<u>88,115</u>	<u>(2,464,285)</u>
<b>Total revenues</b>			
<b>EXPENDITURES:</b>			
Personal services	30,200	33,415	(3,215)
Materials and services	20,600	3,084	17,516
Capital outlay	2,096,030	663,013	1,433,017
Debt service	518,543	233,056	285,487
Contingency	169,527	-	169,527
	<u>2,834,900</u>	<u>932,568</u>	<u>1,902,332</u>
<b>Total expenditures</b>			
Excess of revenues over (under) expenditures	(282,500)	(844,453)	(561,953)
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	179,500	179,500	-
Operating transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(103,000)	(664,953)	(561,953)
<b>FUND EQUITY - July 1</b>	<u>103,000</u>	<u>887,986</u>	<u>784,986</u>
<b>FUND EQUITY - June 30</b>	<u>\$ -</u>	<u>223,033</u>	<u>\$ 223,033</u>
<b>Reconciliation to GAAP Basis:</b>			
Fixed assets transferred to Water Fund		(1,899,862)	
Accumulated depreciation transferred to Water Fund		56,190	
Contributed capital transferred to Water Fund		550,714	
Capital outlay converted to fixed assets		663,013	
Principal payments on bonds		95,000	
<b>FUND EQUITY-GAAP BASIS - June 30</b>		<u>\$ (311,912)</u>	

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**WATER SDC FUND**

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

For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Service development charges	130,000	167,641	37,641
Grant drawdowns	-	-	-
Bond proceed drawdowns	-	-	-
Bond sales	-	-	-
Investment income	300	741	441
Other revenue	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>130,300</u>	<u>168,382</u>	<u>38,082</u>
<b>EXPENDITURES:</b>			
Personal services	-	-	-
Materials and services	-	-	-
Capital outlay/repayment of developers	100,000	85,277	14,723
Debt service	37,967	37,967	
Contingency	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>137,967</u>	<u>123,244</u>	<u>14,723</u>
Excess of revenues over (under) expenditures	(7,667)	45,138	52,805
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Excess of revenues and other sources over (under) expenditures and other uses	(7,667)	45,138	52,805
<b>FUND EQUITY - July 1</b>	<u>7,667</u>	<u>7,667</u>	<u>-</u>
<b>FUND EQUITY - June 30</b>	<u>\$ -</u>	<u>\$ 52,805</u>	<u>\$ 52,805</u>

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**WATER CONSERVATION FUND**

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

For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Service development charges	-	-	-
Grant drawdowns	-	-	-
Bond proceed drawdowns	-	-	-
Loan proceeds	250,000	-	(250,000)
Investment income	200	185	(15)
Other revenue	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>250,200</u>	<u>185</u>	<u>(250,015)</u>
<b>EXPENDITURES:</b>			
Personal services	-	-	-
Materials and services	203,300	-	203,300
Capital outlay	-	-	-
Debt service	49,500	-	49,500
Contingency	2,214	-	2,214
	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>255,014</u>	<u>-</u>	<u>255,014</u>
Excess of revenues over (under) expenditures	(4,814)	185	4,999
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Excess of revenues and other sources over (under) expenditures and other uses	(4,814)	185	4,999
<b>FUND EQUITY - July 1</b>	<u>4,814</u>	<u>4,814</u>	<u>-</u>
<b>FUND EQUITY - June 30</b>	<u>\$ -</u>	<u>\$ 4,999</u>	<u>\$ 4,999</u>

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**SEWER CAPITAL PROJECTS FUND**

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

For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Service development charges	-	7,029	7,029
Grant drawdowns	415,743	-	(415,743)
Grant drawdowns	712,500	184,389	(528,111)
Bond proceeds	5,862,096	5,362,096	(500,000)
Investment income	405,000	375,210	(29,790)
Other revenue	-	-	-
Total revenues	<u>7,395,339</u>	<u>5,928,724</u>	<u>(1,466,615)</u>
<b>EXPENDITURES:</b>			
Personal services	85,000	27,391	57,609
Materials and services	32,400	3,580	28,820
Capital outlay	6,284,596	260,484	6,024,112
Debt service	343,590	359,490	(15,900)
Contingency	<u>1,181,680</u>	<u>-</u>	<u>1,181,680</u>
Total expenditures	<u>7,927,266</u>	<u>650,945</u>	<u>7,276,321</u>
Excess of revenues over (under) expenditures	(531,927)	5,277,779	5,809,706
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	190,000	190,000	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(341,927)	5,467,779	5,809,706
<b>FUND EQUITY - July 1</b>	341,927	319,906	(22,021)
<b>FUND EQUITY - June 30</b>	<u>\$ -</u>	<u>5,787,685</u>	<u>\$ 5,787,685</u>
<b>Reconciliation to GAAP Basis:</b>			
Fixed assets transferred to Sewer Fund		(122,680)	
Accumulated depreciation transferred to Sewer Fund		13,638	
Contributed capital transferred to Sewer Fund		122,680	
Capital outlay converted to fixed assets		260,484	
Principal payments on bonds		162,475	
Loan proceeds treated as a liability not a revenue		(5,362,096)	
<b>FUND EQUITY-GAAP BASIS - June 30</b>		<u>\$ 862,186</u>	

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**SEWER SDC FUND**

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

For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Service development charges	200,000	206,397	6,397
Connection charges	-	-	-
Grant drawdowns	-	-	-
Bond proceed drawdowns	-	-	-
Bond sales	-	-	-
Investment income	2,500	4,201	1,701
Other revenue	-	-	-
	<u>202,500</u>	<u>210,598</u>	<u>8,098</u>
<b>EXPENDITURES:</b>			
Personal services	-	-	-
Materials and services	5,000	2,994	2,006
Capital outlay/repay developers	197,556	232,776	(35,220)
Debt service	160,000	160,000	-
Contingency	-	-	-
	<u>362,556</u>	<u>395,770</u>	<u>(33,214)</u>
Excess of revenues over (under) expenditures	(160,056)	(185,172)	(25,116)
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(160,056)	(185,172)	(25,116)
<b>FUND EQUITY - July 1</b>	<u>160,056</u>	<u>194</u>	<u>(159,862)</u>
<b>FUND EQUITY - June 30</b>	<u>\$ -</u>	<u>\$ (184,978)</u>	<u>\$ (184,978)</u>

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**STREETS CAPITAL PROJECTS FUND**

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

**For the Year Ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
System development charges	6,800	8,875	2,075
Grant drawdowns	30,000	-	(30,000)
Bond proceed drawdowns	-	-	-
Bond sales	-	-	-
Interest revenue	-	263	263
Miscellaneous revenues	-	-	-
 Total revenues	<u>36,800</u>	<u>9,138</u>	<u>(27,662)</u>
<b>EXPENDITURES:</b>			
Personal services	-	-	-
Materials and services	2,600	349	2,251
Capital outlay	-	-	-
Debt service	-	-	-
Contingency	<u>29,100</u>	<u>-</u>	<u>29,100</u>
 Total expenditures	<u>31,700</u>	<u>349</u>	<u>31,351</u>
 Excess of revenues over (under) expenditures	5,100	8,789	3,689
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	45,000	45,000	-
Operating transfers out	<u>(49,500)</u>	<u>(49,500)</u>	<u>-</u>
 Excess of revenues and other sources over (under) expenditures and other uses	600	4,289	3,689
 <b>FUND EQUITY - July 1</b>	<u>(600)</u>	<u>(63,958)</u>	<u>(63,358)</u>
 <b>FUND EQUITY - June 30</b>	<u>\$ -</u>	<u>\$ (59,669)</u>	<u>\$ (59,669)</u>

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**STREET SDC FUND**

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

For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
System development charges	5,800	7,455	1,655
Grant drawdowns	-	-	-
Bond proceed drawdowns	-	-	-
Bond sales	-	-	-
Interest revenue	-	88	88
Miscellaneous revenues	-	-	-
Total revenues	<u>5,800</u>	<u>7,543</u>	<u>1,743</u>
<b>EXPENDITURES:</b>			
Personal services	-	-	-
Materials and services	-	-	-
Capital outlay	5,800	-	5,800
Debt service	-	-	-
Contingency	-	-	-
Total expenditures	<u>5,800</u>	<u>-</u>	<u>5,800</u>
Excess of revenues over (under) expenditures	-	7,543	7,543
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	-	7,543	7,543
<b>FUND EQUITY - July 1</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY - June 30</b>	<u>\$ -</u>	<u>\$ 7,543</u>	<u>\$ 7,543</u>

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**PARKS SDC FUND**

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

For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
System development charges	4,803	6,390	1,587
Grant drawdowns	-	-	-
Bond proceed drawdowns	-	-	-
Bond sales	-	-	-
Interest revenue	500	424	(76)
Miscellaneous revenues	-	-	-
Total revenues	<u>5,303</u>	<u>6,814</u>	<u>1,511</u>
<b>EXPENDITURES:</b>			
Personal services	-	-	-
Materials and services	1,000	-	1,000
Capital outlay	18,303	-	18,303
Debt service	-	-	-
Contingency	-	-	-
Total expenditures	<u>19,303</u>	<u>-</u>	<u>19,303</u>
Excess of revenues over (under) expenditures	(14,000)	6,814	20,814
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	(14,000)	6,814	20,814
<b>FUND EQUITY - July 1</b>	<u>14,000</u>	<u>15,002</u>	<u>1,002</u>
<b>FUND EQUITY - June 30</b>	<u>\$ -</u>	<u>\$ 21,816</u>	<u>\$ 21,816</u>



**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:

- Water
- Sewer

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**ALL ENTERPRISE FUNDS**

**COMBINING BALANCE SHEET**

June 30, 2002  
(With comparative totals as of June 30, 2001)

	2002			
	Water Fund	Sewer Fund	Totals	2001
<b>ASSETS</b>				
Cash and cash equivalents	5,696	26,885	32,581	(2,304)
Accounts receivable	58,524	52,272	110,796	117,383
Interfund receivable	3,180,000	5,199,621	8,379,621	8,637,096
Fixed assets	3,147,194	1,051,149	4,198,343	1,857,749
Accumulated depreciation	(690,503)	(477,018)	(1,167,521)	(986,031)
<b>Total assets</b>	<b>\$ 5,700,911</b>	<b>\$ 5,852,909</b>	<b>\$ 11,553,820</b>	<b>\$ 9,623,893</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	3,425	11,396	14,821	7,864
Customer deposits	7,387	-	7,387	6,545
Compensated absences payable	4,756	3,504	8,260	7,416
Interfund payable	-	-	-	-
Bonds payable	3,180,000	5,199,621	8,379,621	8,637,096
<b>Total liabilities</b>	<b>3,195,568</b>	<b>5,214,521</b>	<b>8,410,089</b>	<b>8,658,921</b>
<b>Fund Equity:</b>				
Contributed capital	1,130,463	152,741	1,283,204	609,810
Retained earnings:				
Reserved	-	-	-	-
Unreserved	1,374,880	485,647	1,860,527	355,162
<b>Total fund equity</b>	<b>2,505,343</b>	<b>638,388</b>	<b>3,143,731</b>	<b>964,972</b>
<b>Total liabilities and fund equity</b>	<b>\$ 5,700,911</b>	<b>\$ 5,852,909</b>	<b>\$ 11,553,820</b>	<b>\$ 9,623,893</b>

**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, 2002  
(With comparative totals for the year ended June 30, 2001)

	<b>2002</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Totals</b>
			<b>2001</b>
<b>REVENUES:</b>			
Charges for services	373,253	421,503	794,756
Connection charges	6,133	3,360	9,493
<b>Total operating revenues</b>	<b>379,386</b>	<b>424,863</b>	<b>804,249</b>
<b>EXPENSES:</b>			
Personal services	175,901	148,209	324,110
Materials and services	58,481	75,183	133,664
Depreciation	89,396	22,266	111,662
<b>Total operating expenses</b>	<b>323,778</b>	<b>245,658</b>	<b>569,436</b>
<b>Operating income (loss)</b>	<b>55,608</b>	<b>179,205</b>	<b>234,813</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest income	(2,651)	(859)	(3,510)
Interest expense	-	-	-
Gain/(loss) from sale of fixed assets	6,669	-	6,669
Other revenue	9,194	5,827	15,021
<b>Total non-operating revenues (expenses)</b>	<b>13,212</b>	<b>4,968</b>	<b>18,180</b>
<b>Income (loss) before operating transfers</b>	<b>68,820</b>	<b>184,173</b>	<b>252,993</b>
<b>OPERATING TRANSFERS:</b>			
Operating transfers in	85,277	232,776	318,053
Operating transfers out	(136,000)	(209,000)	(345,000)
<b>Net income (loss)</b>	<b>18,097</b>	<b>207,949</b>	<b>226,046</b>
<b>RETAINED EARNINGS - July 1</b>	<b>63,826</b>	<b>291,336</b>	<b>355,162</b>
Transfers from (to) Capital Projects Funds	1,292,957	(13,638)	1,279,319
<b>RETAINED EARNINGS - June 30</b>	<b>\$ 1,374,880</b>	<b>\$ 485,647</b>	<b>\$ 1,860,527</b>
			<b>\$ 355,162</b>

**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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Service charges	370,000	373,253	3,253
Connection charges	8,500	6,133	(2,367)
Investment income	-	(2,651)	(2,651)
Other revenue	12,000	15,863	3,863
<b>Total revenues</b>	<u>390,500</u>	<u>392,598</u>	<u>2,098</u>
<b>EXPENDITURES:</b>			
Personal services	176,000	175,901	99
Materials and services	74,800	56,656	18,144
Capital outlay	2,700	1,825	875
Contingency	1,000	-	1,000
<b>Total expenditures</b>	<u>254,500</u>	<u>234,382</u>	<u>20,118</u>
<b>Excess of revenues over (under) expenditures</b>	<u>136,000</u>	<u>158,216</u>	<u>22,216</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	-	-	-
Operating transfers out	(136,000)	(136,000)	-
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<u>-</u>	<u>22,216</u>	<u>22,216</u>
<b>RETAINED EARNINGS - July 1</b>	<u>-</u>	<u>63,826</u>	<u>63,826</u>
<b>RETAINED EARNINGS - June 30</b>	<u>\$ -</u>	<u>86,042</u>	<u>\$ 86,042</u>
<b>Reconciliation to GAAP Basis:</b>			
Fixed assets transferred from Water Capital Projects Fund		1,899,861	
Accumulated depreciation from Water Capital Projects Fund		(56,190)	
Contributed capital transferred from Water Capital Projects Fund		(550,714)	
Capital outlay converted to fixed assets		85,277	
Depreciation		(89,396)	
<b>RETAINED EARNINGS - GAAP BASIS - June 30</b>		<u>\$ 1,374,880</u>	

**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, 2002

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2002</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,570	\$ 9,233	\$ (9,282)	\$ 1,521
<b>LIABILITIES</b>				
Due to Lafayette Community Action Team	\$ 1,570	\$ 9,233	\$ (9,282)	\$ 1,521

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**SCHEDULE OF DEBT SERVICE TRANSACTIONS AND FUTURE REQUIREMENTS  
For the Year Ended June 30, 2002**

	WATER REVENUE BONDS				SEWER REVENUE BONDS				TOTALS			
	Payments			Balance	Payments			Balance	Payments			Balance
	Total	Interest	Principal		Total	Interest	Principal		Total	Interest	Principal	
SCHEDULE OF DEBT SERVICE TRANSACTIONS:												
Balance 6/30/01				3,275,000				5,362,096				8,637,096
2001/02	273,263	178,263	95,000	3,180,000	503,590	341,115	162,475	5,199,621	776,853	519,378	257,475	8,379,621
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS:												
2002/03	273,655	173,655	100,000	3,080,000	440,560	271,864	168,696	5,030,925	714,215	445,519	268,696	8,110,925
2003/04	273,760	168,760	105,000	2,975,000	438,560	263,429	175,131	4,855,794	712,320	432,189	280,131	7,830,794
2004/05	273,545	163,545	110,000	2,865,000	441,310	254,673	186,637	4,669,157	714,855	418,218	296,637	7,534,157
2005/06	272,975	157,975	115,000	2,750,000	438,561	245,341	193,220	4,475,937	711,536	403,316	308,220	7,225,937
2006/07	272,100	152,100	120,000	2,630,000	440,561	235,680	204,881	4,271,056	712,661	387,780	324,881	6,901,056
2007/08	275,785	145,785	130,000	2,500,000	442,062	225,436	216,626	4,054,430	717,847	371,221	346,626	6,554,430
2008/09	273,926	138,926	135,000	2,365,000	443,060	214,604	228,456	3,825,974	716,986	353,530	363,456	6,190,974
2009/10	276,576	131,576	145,000	2,220,000	443,562	203,182	240,380	3,585,594	720,138	334,758	385,380	5,805,594
2010/11	273,795	123,795	150,000	2,070,000	438,562	191,162	247,400	3,338,194	712,357	314,957	397,400	5,408,194
2011/12	275,580	115,580	160,000	1,910,000	443,056	178,483	264,573	3,073,621	718,636	294,063	424,573	4,983,621
2012/13	276,750	106,750	170,000	1,740,000	441,505	164,593	276,912	2,796,709	718,255	271,343	446,912	4,536,709
2013/14	272,260	97,260	175,000	1,565,000	439,430	150,055	289,375	2,507,334	711,690	247,315	464,375	4,072,334
2014/15	272,180	87,180	185,000	1,380,000	441,830	134,863	306,967	2,200,367	714,010	222,043	491,967	3,580,367
2015/16	276,400	76,400	200,000	1,180,000	438,442	118,747	319,695	1,880,672	714,842	195,147	519,695	3,060,672
2016/17	274,500	64,500	210,000	970,000	439,398	101,304	337,594	1,543,078	713,998	166,304	547,594	2,513,078
2017/18	271,600	51,600	220,000	750,000	439,417	83,742	355,675	1,187,403	711,017	135,342	575,675	1,937,403
2018/19	272,950	37,950	235,000	515,000	438,488	64,536	373,952	813,451	711,438	102,486	608,952	1,328,451
2019/20	273,400	23,400	250,000	265,000	441,747	44,342	397,405	416,046	715,147	67,742	647,405	681,046
2020/21	272,950	7,950	265,000	0	438,929	22,583	416,046	0	711,879	30,833	681,046	0
	5,204,687	2,024,687	3,180,000		8,369,040	3,169,419	5,199,621		13,573,727	5,194,106	8,379,621	

**EQUIPMENT LEASES:**

	FIRE EQUIPMENT LEASE				MINE SAFETY APPLIANCES LEASE				TOTALS			
	Payments			Balance	Payments			Balance	Payments			Balance
	Total	Interest	Principal		Total	Interest	Principal		Total	Interest	Principal	
SCHEDULE OF LEASE TRANSACTIONS:												
Balance 6/30/01				115,348				3,706				119,054
2001/02	18,282	6,459	11,823	103,525	3,980	274	3,706	0	22,262	6,733	15,529	103,525
SCHEDULE OF FUTURE LEASE REQUIREMENTS:												
2002/03	18,282	5,797	12,485	91,040	0	0	0	0	18,282	5,797	12,485	91,040
2003/04	18,282	5,098	13,184	77,856	0	0	0	0	18,282	5,098	13,184	77,856
2004/05	18,282	4,360	13,922	63,934	0	0	0	0	18,282	4,360	13,922	63,934
2005/06	18,282	3,580	14,702	49,232	0	0	0	0	18,282	3,580	14,702	49,232
2006/07	18,282	2,757	15,525	33,707	0	0	0	0	18,282	2,757	15,525	33,707
2007/08	18,282	1,887	16,395	17,312	0	0	0	0	18,282	1,887	16,395	17,312
2008/09	18,282	970	17,312	0	0	0	0	0	18,282	970	17,312	0
	127,974	24,449	103,525		0	0	0		127,974	24,449	103,525	

**APARTMENT MORTGAGE:**

	APARTMENT MORTGAGE			
	Payments			Balance
	Total	Interest	Principal	
SCHEDULE OF LEASE TRANSACTIONS:				
Balance 6/30/01				103,214
2001/02	19,000	8,441	10,559	92,655
SCHEDULE OF FUTURE LEASE REQUIREMENTS:				
2002/03	20,000	8,100	11,900	80,755
2003/04	20,000	7,100	12,900	67,855
2004/05	20,000	5,900	14,100	53,755
2005/06	20,000	4,700	15,300	38,455
2006/07	20,000	3,400	16,600	21,855
2007/08	20,000	1,900	18,100	3,755
2008/09	4,055	300	3,755	0
	124,055	31,400	92,655	

**CITY OF LAFAYETTE  
YAMHILL COUNTY, OREGON**

**ALL PROPRIETARY FUND TYPES  
SCHEDULE OF DEBT SERVICE COVERAGE**

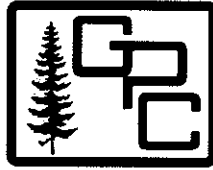
For the Year Ended June 30, 2002

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
<b>OPERATING INCOME (from Page 4)</b>			
<b>REVENUES:</b>			
Charges for services	373,253	421,503	794,756
Connection charges	<u>6,133</u>	<u>3,360</u>	<u>9,493</u>
Total operating revenues	379,386	424,863	804,249
<b>EXPENSES:</b>			
Personal services	175,901	148,209	324,110
Materials and services	58,481	75,183	133,664
Depreciation	<u>89,396</u>	<u>22,266</u>	<u>111,662</u>
Total operating expenses	<u>323,778</u>	<u>245,658</u>	<u>569,436</u>
Operating income (loss)	55,608	179,205	234,813
Add back depreciation	<u>89,396</u>	<u>22,266</u>	<u>111,662</u>
<b>ADJUSTED OPERATING INCOME</b>	145,004	201,471	346,475
<b>DEBT SERVICE FOR THE YEAR (Page 52):</b>	<u>Water Bonds</u>	<u>Sewer Bonds</u>	<u>Total</u>
Principal	95,000	162,475	257,475
Interest	<u>178,263</u>	<u>341,115</u>	<u>519,378</u>
Total	273,263	503,590	776,853
<b>RATIO OF DEBT SERVICE COVERAGE</b>	0.53	0.40	0.45

**COMMENTS OF INDEPENDENT ACCOUNTANTS  
REQUIRED BY THE STATE OF OREGON**



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C O R P O R A T I O N

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

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

We have audited the general purpose financial statements of the City of Lafayette, Oregon, as of and for the year ended June 30, 2002, and have issued our report thereon dated October 10, 2002.

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 require that we make comments and disclosures relating to our review of fiscal affairs and compliance with legal requirements and the applicable provisions of the Oregon Revised Statutes as follows:

- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.
- The legal requirements relating to short-term and long-term debt.
- Compliance with the requirements of Local Budget law in the preparation, adoption and execution of the annual budget for the current and subsequent fiscal years.
- The legal requirements relating to insurance and fidelity bond coverage.
- Compliance with the laws and regulations of programs funded wholly or partially by other government agencies.
- The legal requirements covering the use of revenue from motor vehicle fuel tax.
- The policies and procedures pertaining to the investment of public funds.
- The legal requirements covering the awarding of public contracts and construction of public improvements.

The results of our tests disclosed no instances of noncompliance by the City with the foregoing requirements, with the following exceptions:

- Non-compliance with local budget law – expenditures exceeding appropriations as detailed in Note 2.

It should be noted that our audit was not directed primarily toward obtaining knowledge of noncompliance with these requirements.

Honorable Mayor and City Council  
City of Lafayette, Oregon  
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Additionally, we make the following comments:

- The accounting records were adequate for the audit.
- Our review of the insurance and fidelity bond was limited to the existing coverage for the period.  
We are not experts in insurance and make no representation as to the adequacy of coverage.
- To our knowledge, no independently elected official was accountable for collecting or receiving cash.

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

GREGOR PROFESSIONAL CORPORATION  
Certified Public Accountants

By  
John Gregor, President

Eugene, Oregon  
October 10, 2002