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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

***CITY OF LAFAYETTE, OREGON
BASIC ANNUAL FINANCIAL REPORT
Year Ended June 30, 2004***

CITY OF LAFAYETTE, OREGON
CITY OFFICIALS
JUNE 30, 2004

Mayor

Lotis Hanks
P.O. Box 655
Lafayette, Oregon 97127

Council Members

Gary Filpi
989 Jackson Street
Lafayette, Oregon 97127

Bob Cullen
P.O. Box 607
Lafayette, Oregon 97127

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

Marianne Mitchell
1606 Bridge Street
Carlton, Oregon 97111

Michael Roberts
160 W 13th Street
Lafayette, Oregon 97127

Edwina Meitzen
153 W. 5th
Lafayette, Oregon 97127

City Administrator

Diane J. Rinks
486 Third Street
Lafayette, Oregon 97127

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lafayette, Oregon, as of June 30, 2004, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The City does not maintain historical cost and depreciation records for capital assets. We were unable to apply alternative procedures to satisfy ourselves regarding the historical cost and depreciation of capital assets. The amounts that would be reported differently in the government-wide financial statements for the City's governmental and business-type activities and the proprietary fund financial statements is not reasonably determinable.

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

In our opinion, except for the effects of such adjustments as might have been determined from historical cost and depreciation records for capital assets, the government-wide financial statements and the business-type fund financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major business-type fund of the City of Lafayette, Oregon, as of June 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting described in the summary of significant accounting policies in the notes to the financial statements.

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In addition, in our opinion the fund financial statements of the governmental funds referred to above, present fairly, in all material respects, the respective financial position of each major governmental type fund and the aggregate remaining governmental type fund information of the City of Lafayette, Oregon, as of June 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting described in the summary of significant accounting policies in the notes to the financial statements.

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

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

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

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

By 

Charles A. Swank, A Shareholder
November 1, 2004

CITY OF LAFAYETTE, OREGON
STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)
JUNE 30, 2004

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and investments	\$ 577,581	\$ 900,947	\$ 1,478,528
Cash with fiscal agent	-	4,537,545	4,537,545
Property taxes receivable	19,417	-	19,417
Capital assets	867,312	6,778,486	7,645,798
<i>Total Assets</i>	<u>1,464,310</u>	<u>12,216,978</u>	<u>13,681,288</u>
LIABILITIES			
Deferred revenue	19,418	-	19,418
Noncurrent liabilities:			
Due within one year:			
Loan payable	18,617	-	18,617
Bonds payable	-	318,932	318,932
Due in more than one year:			
Loan payable	137,162	-	137,162
Bonds payable	-	8,216,866	8,216,866
<i>Total Liabilities</i>	<u>175,197</u>	<u>8,535,798</u>	<u>8,710,995</u>
NET ASSETS			
Investment in capital assets (net of related debt)	711,533	2,780,233	3,491,766
Fund net assets			
Unrestricted	477,448	-	477,448
Restricted for special purposes	100,132	900,947	1,001,079
<i>Total Fund Net Assets</i>	<u>577,580</u>	<u>900,947</u>	<u>1,478,527</u>
<i>Total Net Assets</i>	<u>\$ 1,289,113</u>	<u>\$ 3,681,180</u>	<u>\$ 4,970,293</u>

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

CITY OF LAFAYETTE, OREGON
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2004

		Program Receipts	
		Fees, Fines, and Charges for Services	Operating Grants and Contributions
	<u>Disbursements</u>		
Functions/Programs			
Governmental activities:			
General government	\$ 171,211	\$ -	\$ 167
Court and police	75,411	6,451	10,587
Community services and development	175,758	338,286	-
Fire	83,168	-	-
Parks	30,246	-	-
Streets	63,756	-	128,485
<i>Total Governmental Activities</i>	599,550	344,737	139,239
Business-Type Activities:			
Water	1,921,202	535,930	-
Sewer	1,166,999	533,730	-
<i>Total Business-Type Activities</i>	3,088,201	1,069,660	-
<i>Total Activities</i>	<u>\$ 3,687,751</u>	<u>\$ 1,414,397</u>	<u>\$ 139,239</u>
General Receipts:			
Taxes and assessments			
Licenses and permits			
Intergovernmental			
Bond proceeds			
Loan proceeds			
Miscellaneous			
<i>Total General Receipts</i>			
Transfers			
Change in fund net assets			
Fund net assets, July 1, 2003			
Fund net assets, June 30, 2004			

<i>Net (Disbursements) Receipts and Changes in Fund Net Assets</i>			
<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ -	\$ (171,044)	\$ -	\$ (171,044)
-	(58,373)	-	(58,373)
-	162,528	-	162,528
-	(83,168)	-	(83,168)
3,726	(26,520)	-	(26,520)
9,518	74,247	-	74,247
13,244	(102,330)	-	(102,330)
106,205	-	(1,279,067)	(1,279,067)
221,506	-	(411,763)	(411,763)
327,711	-	(1,690,830)	(1,690,830)
<u>\$ 340,955</u>	(102,330)	(1,690,830)	(1,793,160)
	273,316	-	273,316
	77,820	-	77,820
	47,620	-	47,620
	-	810,955	810,955
	-	583,593	583,593
	17,372	26,335	43,707
	416,128	1,420,883	1,837,011
	8,194	(8,194)	-
	313,798	(269,947)	43,851
	255,588	1,179,088	1,434,676
	<u>\$ 569,386</u>	<u>\$ 909,141</u>	<u>\$ 1,478,527</u>

The accompanying notes are an integral part of the financial statements

CITY OF LAFAYETTE, OREGON**STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS**

JUNE 30, 2004

	<u>General</u>	<u>Streets</u>	<u>Refundable/ Pass-through</u>
ASSETS			
Cash and investments	\$ 219,287	\$ 58,405	\$ 233,532
Property taxes receivable	18,119	-	-
	<u> </u>	<u> </u>	<u> </u>
<i>Total Assets</i>	<u>\$ 237,406</u>	<u>\$ 58,405</u>	<u>\$ 233,532</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Deferred revenue	\$ 19,418	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>
Fund Balances			
Unreserved, reported in:			
General fund	217,988	-	-
Special revenue funds	-	58,405	233,532
	<u> </u>	<u> </u>	<u> </u>
<i>Total Fund Balances</i>	<u>217,988</u>	<u>58,405</u>	<u>233,532</u>
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 237,406</u>	<u>\$ 58,405</u>	<u>\$ 233,532</u>

<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 67,655	\$ 578,879
-	18,119
<u>\$ 67,655</u>	<u>\$ 596,998</u>
\$ -	\$ 19,418
-	217,988
67,655	359,592
<u>67,655</u>	<u>577,580</u>
<u>\$ 67,655</u>	<u>\$ 596,998</u>

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

CITY OF LAFAYETTE, OREGON
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	<u>General</u>	<u>Streets</u>	<u>Refundable/ Pass-through</u>
RECEIPTS			
Taxes and assessments	\$ 273,316	\$ -	\$ -
Licenses and permits	156,473	-	237,756
Charges for services	-	-	21,752
Intergovernmental	58,374	128,485	-
Fines and forfeitures	6,451	-	-
Miscellaneous	4,575	409	2,441
	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	499,189	128,894	261,949
DISBURSEMENTS			
Current operating:			
General government	140,285	-	-
Court and police	75,411	-	-
Community services and development	117,962	-	57,796
Fire	62,848	-	-
Parks	9,721	-	-
Streets	-	63,756	-
Capital outlay	4,869	-	-
Debt service	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Disbursements</i>	411,096	63,756	57,796
RECEIPTS OVER (UNDER) DISBURSEMENTS	88,093	65,138	204,153
OTHER FINANCING SOURCES (USES)			
Transfers in	34,040	-	39,379
Transfers out	(64,589)	(25,000)	(10,000)
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	(30,549)	(25,000)	29,379
NET CHANGE IN FUND BALANCES	57,544	40,138	233,532
FUND BALANCES, Beginning of year	160,444	18,267	-
	<hr/>	<hr/>	<hr/>
FUND BALANCES, End of year	<u>\$ 217,988</u>	<u>\$ 58,405</u>	<u>\$ 233,532</u>

<i>Other Governmental Funds</i>	<i>Totals</i>
\$ -	\$ 273,316
-	394,229
13,244	34,996
-	186,859
-	6,451
10,072	17,497
23,316	913,348
16,755	157,040
-	75,411
-	175,758
-	62,848
20,525	30,246
-	63,756
18,282	23,151
11,340	11,340
66,902	599,550
(43,586)	313,798
79,500	152,919
(45,136)	(144,725)
34,364	8,194
(9,222)	321,992
76,877	255,588
<u>\$ 67,655</u>	<u>\$ 577,580</u>

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

CITY OF LAFAYETTE, OREGON**STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) - PROPRIETARY FUNDS**

JUNE 30, 2004

	<u>Sewer</u>	<u>Sewer SDC Projects</u>	<u>Sewer Capital Projects</u>
ASSETS			
Cash and investments	\$ 134,058	\$ 108,908	\$ 1,235
<i>Total Assets</i>	<u>\$ 134,058</u>	<u>\$ 108,908</u>	<u>\$ 1,235</u>
LIABILITIES AND FUND BALANCES			
Liabilities	\$ -	\$ -	\$ -
<i>Total Liabilities</i>	-	-	-
Fund Balances			
Unrestricted	134,058	108,908	1,235
<i>Total Fund Balances</i>	<u>134,058</u>	<u>108,908</u>	<u>1,235</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 134,058</u>	<u>\$ 108,908</u>	<u>\$ 1,235</u>

<i>Sewer Debt</i>	<i>Water</i>	<i>Water SDC Projects</i>	<i>Water Capital Projects</i>	<i>Water Debt Service</i>	<i>Totals</i>
\$ 42,260	\$ 176,464	\$ 59,790	\$ 96,576	\$ 281,656	\$ 900,947
<u>\$ 42,260</u>	<u>\$ 176,464</u>	<u>\$ 59,790</u>	<u>\$ 96,576</u>	<u>\$ 281,656</u>	<u>\$ 900,947</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
42,260	176,464	59,790	96,576	281,656	900,947
<u>42,260</u>	<u>176,464</u>	<u>59,790</u>	<u>96,576</u>	<u>281,656</u>	<u>900,947</u>
<u>\$ 42,260</u>	<u>\$ 176,464</u>	<u>\$ 59,790</u>	<u>\$ 96,576</u>	<u>\$ 281,656</u>	<u>\$ 900,947</u>

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

CITY OF LAFAYETTE, OREGON
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2004

	<u>Sewer</u>	<u>Sewer SDC Projects</u>	<u>Sewer Capital Projects</u>
RECEIPTS			
Licenses and permits	\$ -	\$ 217,402	\$ 4,104
Charges for services	519,641	-	-
Miscellaneous	14,957	11,979	3,879
<i>Total Receipts</i>	534,598	229,381	7,983
DISBURSEMENTS			
Personnel services	166,222	-	-
Materials and services	59,239	15,477	793
Capital outlay	688	-	371,602
Debt service	-	114,418	-
<i>Total Disbursements</i>	226,149	129,895	372,395
RECEIPTS OVER (UNDER) DISBURSEMENTS	308,449	99,486	(364,412)
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	372,395
Loan proceeds	-	-	-
Transfers in	-	55,000	116,500
Transfers out	(216,500)	-	-
<i>Total Other Financing Sources (Uses)</i>	(216,500)	55,000	488,895
NET CHANGE IN FUND BALANCES	91,949	154,486	124,483
FUND BALANCES (DEFICITS), Beginning of year	42,109	(45,578)	(123,248)
FUND BALANCES, End of year	<u>\$ 134,058</u>	<u>\$ 108,908</u>	<u>\$ 1,235</u>

<i>Sewer Debt Service</i>	<i>Water</i>	<i>Water SDC Projects</i>	<i>Water Capital Projects</i>	<i>Water Debt Service</i>	<i>Totals</i>
\$ -	\$ -	\$ 98,791	\$ 7,414	\$ -	\$ 327,711
-	530,487	-	-	-	1,050,128
260	6,762	788	3,288	3,954	45,867
260	537,249	99,579	10,702	3,954	1,423,706
-	166,127	-	-	-	332,349
-	60,072	-	3,327	-	138,908
-	626	-	1,411,275	-	1,784,191
438,560	-	-	400	279,375	832,753
438,560	226,825	-	1,415,002	279,375	3,088,201
(438,300)	310,424	99,579	(1,404,300)	(275,421)	(1,664,495)
438,560	-	-	-	-	810,955
-	-	-	583,593	-	583,593
42,000	11,096	-	42,000	280,000	546,596
-	(212,780)	(125,510)	-	-	(554,790)
480,560	(201,684)	(125,510)	625,593	280,000	1,386,354
42,260	108,740	(25,931)	(778,707)	4,579	(278,141)
-	67,724	85,721	875,283	277,077	1,179,088
<u>\$ 42,260</u>	<u>\$ 176,464</u>	<u>\$ 59,790</u>	<u>\$ 96,576</u>	<u>\$ 281,656</u>	<u>\$ 900,947</u>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basic Financial Statements

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

The new GASB 34 model sets forth minimum criteria (percentage of the assets, liabilities, receipts or disbursements of either fund category or the government and enterprise combined) for the determination of major funds. Non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds:

General Fund

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

Streets Fund

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

Refundable Deposit/Pass-through Fee Fund

This fund accounts for refundable deposits and pass through fees.

The following governmental funds are considered nonmajor.

Street SDC Projects Fund

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

Park SDC Projects Fund

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

LCAT Fund

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

Heritage Days Fund

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

City Hall Building Fund

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

Community Center Fund

This fund accounts for Community Center operations.

Street Capital Projects Fund

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

Fire Capital Projects Fund

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

Water Conservation Fund

This fund is used to disburse energy-saving incentives to citizens for qualifying projects.

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

Sewer Fund

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

Sewer SDC Projects Fund

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

Sewer Capital Projects Fund

This fund accounts for sewer-related capital projects.

Sewer Debt Service Fund

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

Water Fund

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

Water SDC Projects Fund

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

Water Debt Service Fund

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

Water Capital Projects Fund

This fund accounts for water-related capital projects.

Measurement Focus and Basis of Accounting

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

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

Cash and Investments

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

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

Investments are stated at cost, which approximates fair value.

Receivables and Deferred Revenues

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

Long-term Debt

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

Accrued Compensated Absences

Accumulated unpaid vacation pay is accrued, but not recorded. Earned but unpaid sick pay is recorded as an expenditure when paid. The amount payable for accumulated unpaid vacation and earned but unpaid sick pay at June 30, 2004 was \$16,705.

Budgets and Budgetary Accounting

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

CASH AND INVESTMENTS

Cash and investments are reflected on the Statement of Net Assets (modified cash basis) at June 30, 2004 as follows:

	<i>Carrying Value</i>	<i>Fair Value</i>
Cash		
Cash on hand	\$ 500	\$ 500
Deposits with financial institutions	208,471	208,471
Cash held by fiscal agents	1,298	1,298
Investments		
Local Government Investment Pool	1,269,557	1,268,287
	<u>\$ 1,479,826</u>	<u>\$ 1,478,556</u>

CASH AND INVESTMENTS (Continued)

Deposits

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

At year end, the book balance of the City's bank deposits (checking accounts) was \$208,471 and the bank balance was \$301,769. The difference is due to transactions in process. Deposits are secured by federal deposit insurance to legal limits. The remaining amount is secured by collateral in accordance with Oregon Revised Statutes. Oregon statutes require each depository, throughout the period of its possession of public funds, to maintain on deposit securities having a value not less than 25% of the certificates issued by its collateral pool manager.

Investments

The City's investments are categorized below to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the City's name.

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2004, the fair value of the position in the Oregon State Treasurer's Short-Term Investment Pool was equal to 99.9% of the value of the pool shares. The investment in the Oregon Short-Term Fund is not subject to classification. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

CASH WITH FISCAL AGENT

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

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2004

CASH WITH FISCAL AGENT (Continued)

Balance, beginning of year	\$ 5,285,515
Interest earned	62,985
Disbursements to City	(372,395)
Disbursements for debt service	(438,560)
Balance, end of year	<u>\$ 4,537,545</u>

CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2004 was as follows:

	<i>Balances July 1, 2003</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2004</i>
Land and improvements	\$ 214,727	\$ 20,525	\$ -	\$ 235,252
Buildings	187,139	3,105	-	190,244
Vehicles	309,943	-	-	309,943
Equipment	131,873	-	-	131,873
	<u>\$ 843,682</u>	<u>\$ 23,630</u>	<u>\$ -</u>	<u>\$ 867,312</u>

Capital asset activity for the business-type activities for the year ended June 30, 2004 was as follows:

	<i>Balances July 1, 2003</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2004</i>
Water Fund				
Land and improvements	\$ 173,012	\$ -	\$ -	\$ 173,012
Buildings	159,546	-	-	159,546
Water and sewer systems	3,065,486	1,407,740	-	4,473,226
Equipment	116,085	-	-	116,085
	<u>\$ 3,514,129</u>	<u>\$ 1,407,740</u>	<u>\$ -</u>	<u>\$ 4,921,869</u>
Sewer Fund				
Land and improvements	\$ 51,198	\$ -	\$ -	\$ 51,198
Buildings	203,920	-	-	203,920
Water and sewer systems	1,071,350	486,018	-	1,557,368
Equipment	44,131	-	-	44,131
	<u>\$ 1,370,599</u>	<u>\$ 486,018</u>	<u>\$ -</u>	<u>\$ 1,856,617</u>

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2004

LONG-TERM DEBT

Long-term debt transactions for governmental activities for the year ending June 30, 2004 were as follows:

	<i>Outstanding July 1, 2003</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2004</i>
Banc One Leasing for capital lease on fire truck, annual installments of \$18,282 including interest	\$ 91,040	\$ -	\$ 13,184	\$ 77,856
City Hall mortgage note, issued July, 1999, payments of \$944 per month including interest at 8.75%.	82,218	-	4,295	77,923
	<u>\$ 173,258</u>	<u>\$ -</u>	<u>\$ 17,479</u>	<u>\$ 155,779</u>

Proprietary fund long-term debt transactions for the year ended June 30, 2004 were as follows:

	<i>Outstanding July 1, 2003</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2004</i>
Water System Revenue Bonds, issued November, 2000, in varying annual installments plus interest at 4.7% to 6.0% through 2021	\$ 3,080,000	\$ -	\$ 105,000	\$ 2,975,000
Oregon Bond Bank loan, issued October 2000, in varying annual installments, including interest at 5.276% through 2021	5,030,925	-	175,131	4,855,794
Safe Drinking Water Revolving Fund loan, issued 2003, annual installments of \$6,096 including interest at 1% through 2024	110,000	-	4,996	105,004
City of Dayton (OECCD passthrough), issued in 2004, annual installments of \$23,249 including interest at 1% through 2024	-	600,000	-	600,000
	<u>\$ 8,220,925</u>	<u>\$ 600,000</u>	<u>\$ 285,127</u>	<u>\$ 8,535,798</u>

Drawdowns of funds held by OECCD (undisbursed Oregon Bond Bank loan proceeds) are reported as bond proceeds in the financial statements. The City of Dayton loan was recorded as a liability in the current year.

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2004

LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

Governmental Activities

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2005	\$ 18,617	\$ 10,993	\$ 29,610
2006	19,825	9,785	29,610
2007	21,115	8,495	29,610
2008	22,493	7,117	29,610
2009	23,967	5,643	29,610
2010	7,260	4,068	11,328
2011	7,921	3,407	11,328
2012	8,644	2,684	11,328
2013	9,430	1,898	11,328
2014	10,290	1,038	11,328
2015	6,217	391	6,608
	<u>\$ 155,779</u>	<u>\$ 55,519</u>	<u>\$ 211,298</u>

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2004

LONG-TERM DEBT (Continued)

Business-type Activities

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2005	\$ 332,503	\$ 435,211	\$ 767,714
2006	350,513	419,978	770,491
2007	368,687	402,929	771,616
2008	392,037	384,765	776,802
2009	410,571	365,370	775,941
2010	416,020	344,791	760,811
2011	428,934	324,096	753,030
2012	457,066	302,243	759,309
2013	480,430	278,498	758,928
2014	498,994	253,369	752,363
2015	522,755	227,207	749,962
2016	544,513	199,674	744,187
2017	572,660	170,582	743,242
2018	600,992	139,370	740,362
2019	634,521	106,261	740,782
2020	673,230	71,262	744,492
2021	707,129	34,094	741,223
2022	26,344	3,000	29,344
2023	26,607	2,737	29,344
2024	26,873	2,471	29,344
2025	21,046	2,203	23,249
2026	21,257	1,992	23,249
2027	21,470	1,779	23,249
2028	21,685	1,564	23,249
2029	21,901	1,348	23,249
2030	22,121	1,128	23,249
2031	22,342	907	23,249
2032	22,565	684	23,249
2033	22,791	458	23,249
2034	23,020	229	23,249
	<u>\$ 8,691,577</u>	<u>\$ 4,480,200</u>	<u>\$ 13,171,777</u>

PENSION PLAN

City employees participate in the Oregon Public Employee's Retirement System (PERS), a cost sharing multiple-employer defined benefit pension plan. All the City employees are eligible to participate in the system after completing six months of service. Total payroll was \$324,687 and covered payroll was \$294,434 for the year ended June 30, 2004. PERS is administered by the Public Employees Retirement Board under the guidelines of Oregon Revised Statutes, Chapter 238. The PERS retirement allowance, payable monthly for life, may be selected from twelve retirement benefit options. Options include survivorship benefits and lump sum refunds. The basic benefit formula is 1.67 percent of a member's final average salary multiplied by the member's number of years of service. Benefits may also be calculated under either a money match or an annuity-plus-pension computation if a greater benefit results. PERS also provides death and disability benefits. A copy of the Oregon Public Employees Retirement System annual financial report may be obtained from PERS, P.O. Box 73, Portland, Oregon 97207-0073.

Covered employees are required by State statute to contribute 6.0 percent of their salary to the plan. Current law permits employers to pay employee contributions to the Retirement Fund. The City is required by statute to contribute actuarially computed amounts as determined by PERS. Rates are subject to change as a result of subsequent actuarial valuations. The rate was 10.3 percent of each covered employee's salary. The amount contributed by the City for the year ended June 30, 2004 was \$47,936.

ENTERPRISE FUND DISCLOSURES

The following disclosures of certain information concerning individual funds is required by accounting principles generally accepted in the United States of America as part of the basic financial statements.

The City maintains eight enterprise funds which provide sewer and water service. Segment information for fiscal year 2004 was as follows:

	<i><u>Sewer</u></i>	<i><u>Water</u></i>	<i><u>Total</u></i>
Receipts	\$ 772,222	\$ 651,484	\$ 1,423,706
Disbursements	1,166,999	1,921,202	3,088,201
Excess (deficiency) of receipts over disbursements	(394,777)	(1,269,718)	(1,664,495)
Transfers in (out)	3,000	5,194	8,194
Total assets	6,680,623	5,536,355	12,216,978
Bonds payable	5,351,866	2,865,000	8,216,866
Fund net assets	286,461	614,486	900,947

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2004

OVER-EXPENDITURE OF APPROPRIATIONS AND DEFICIT FUND BALANCES

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

Expenditures in excess of appropriations in individual funds for the year ended June 30, 2004 occurred as follows:

<u>Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Heritage Days Fund			
Materials and services	\$ 4,607	\$ 4,576	\$ (31)

CITY OF LAFAYETTE, OREGON
SCHEDULE OF FUNDING PROGRESS - PUBLIC EMPLOYEES RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2004

<u>Actuarial Valuation Ending December 31</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Liability (UAL)</u>	<u>Funded Percent</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
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)
12/31/01, restated	513,919	432,237	(81,682)	119	249,184	(33)

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - GENERAL FUND****YEAR ENDED JUNE 30, 2004**

	<i>Budgeted Amounts</i>			<i>Variance Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	
RECEIPTS				
Taxes and assessments	\$ 255,000	\$ 255,000	\$ 273,316	\$ 18,316
Licenses and permits	178,900	178,900	156,473	(22,427)
Intergovernmental	52,000	52,000	58,374	6,374
Fines and forfeitures	12,000	12,000	6,451	(5,549)
Miscellaneous	1,500	1,500	4,575	3,075
<i>Total Receipts</i>	499,400	499,400	499,189	(211)
DISBURSEMENTS				
General government	169,809	169,809	143,116	26,693
Court and police	93,231	93,231	75,411	17,820
Community services and development	165,612	165,612	117,962	47,650
Fire	72,653	72,653	64,886	7,767
Parks	15,469	15,469	9,721	5,748
<i>Total Disbursements</i>	516,774	516,774	411,096	105,678
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(17,374)	(17,374)	88,093	105,467
OTHER FINANCING SOURCES (USES)				
Transfers in	34,040	34,040	34,040	-
Transfers out	(64,589)	(64,589)	(64,589)	-
<i>Total Other Financing Sources (Uses)</i>	(30,549)	(30,549)	(30,549)	-
NET CHANGE IN FUND BALANCE				
	(47,923)	(47,923)	57,544	105,467
FUND BALANCE, Beginning of year				
	106,089	106,089	160,444	54,355
FUND BALANCE, End of year				
	\$ 58,166	\$ 58,166	\$ 217,988	\$ 159,822

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - STREETS FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 105,000	\$ 105,000	\$ 128,485	\$ 23,485
Miscellaneous	100	100	409	309
Total Receipts	105,100	105,100	128,894	23,794
DISBURSEMENTS				
Personal services	33,217	33,217	29,251	3,966
Materials and services	41,500	41,500	34,505	6,995
Capital outlay	2,000	2,000	-	2,000
Contingency	4,000	4,000	-	4,000
Total Disbursements	80,717	80,717	63,756	16,961
RECEIPTS OVER (UNDER) DISBURSEMENTS	24,383	24,383	65,138	40,755
OTHER FINANCING SOURCES (USES)				
Transfers out	(25,000)	(25,000)	(25,000)	-
NET CHANGE IN FUND BALANCE	(617)	(617)	40,138	40,755
FUND BALANCE, Beginning of year	11,000	11,000	18,267	7,267
FUND BALANCE, End of year	\$ 10,383	\$ 10,383	\$ 58,405	\$ 48,022

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -****BUDGET AND ACTUAL - REFUNDABLE DEPOSITS/PASS-THROUGH FEES FUND****YEAR ENDED JUNE 30, 2004**

	<i>Budgeted Amounts</i>			<i>Variance</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Favorable</i>
				<i>(Unfavorable)</i>
RECEIPTS				
Licenses and permits	\$ 150,000	\$ 150,000	\$ 237,756	\$ 87,756
Charges for services	5,000	5,000	21,752	16,752
Miscellaneous	4,621	4,621	2,441	(2,180)
<i>Total Receipts</i>	159,621	159,621	261,949	102,328
DISBURSEMENTS				
Materials and services	188,779	188,779	57,796	130,983
<i>Total Disbursements</i>	188,779	188,779	57,796	130,983
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(29,158)	(29,158)	204,153	233,311
OTHER FINANCING SOURCES (USES)				
Transfers in	39,379	39,379	39,379	-
Transfers out	(10,000)	(10,000)	(10,000)	-
<i>Total Other Financing Sources (Uses)</i>	29,379	29,379	29,379	-
NET CHANGE IN FUND BALANCE	221	221	233,532	233,311
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	\$ 221	\$ 221	\$ 233,532	\$ 233,311

CITY OF LAFAYETTE, OREGON
COMBINING STATEMENT OF ASSETS AND LIABILITIES (CASH BASIS) -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>LCAT</u>	<u>Heritage Days</u>	<u>Street SDC Projects</u>	<u>Parks SDC Projects</u>
ASSETS				
Cash and investments	\$ 2,938	\$ 521	\$ 8,814	\$ 11,006
<i>Total Assets</i>	<u>\$ 2,938</u>	<u>\$ 521</u>	<u>\$ 8,814</u>	<u>\$ 11,006</u>
LIABILITIES AND FUND BALANCES				
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund Balances				
Unreserved, reported in:				
Special revenue funds	2,938	521	8,814	11,006
<i>Total Fund Balances</i>	<u>2,938</u>	<u>521</u>	<u>8,814</u>	<u>11,006</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,938</u>	<u>\$ 521</u>	<u>\$ 8,814</u>	<u>\$ 11,006</u>

<i>City Hall Building</i>	<i>Community Center</i>	<i>Street Capital Projects</i>	<i>Fire Capital Projects</i>	<i>Totals</i>
<u>\$ 5,160</u>	<u>\$ 3,109</u>	<u>\$ 18,969</u>	<u>\$ 17,138</u>	<u>\$ 67,655</u>
<u><u>\$ 5,160</u></u>	<u><u>\$ 3,109</u></u>	<u><u>\$ 18,969</u></u>	<u><u>\$ 17,138</u></u>	<u><u>\$ 67,655</u></u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>5,160</u>	 <u>3,109</u>	 <u>18,969</u>	 <u>17,138</u>	 <u>67,655</u>
<u>5,160</u>	<u>3,109</u>	<u>18,969</u>	<u>17,138</u>	<u>67,655</u>
<u><u>\$ 5,160</u></u>	<u><u>\$ 3,109</u></u>	<u><u>\$ 18,969</u></u>	<u><u>\$ 17,138</u></u>	<u><u>\$ 67,655</u></u>

CITY OF LAFAYETTE, OREGON**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES****(CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS****YEAR ENDED JUNE 30, 2004**

	<u>LCAT</u>	<u>Heritage Days</u>	<u>Street SDC Projects</u>	<u>Parks SDC Projects</u>
RECEIPTS				
Licenses and permits	\$ -	\$ -	\$ 4,723	\$ 3,726
Miscellaneous	89	1,359	143	238
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	89	1,359	4,866	3,964
DISBURSEMENTS				
Current operating:				
General government	-	4,607	-	-
Parks	-	-	-	20,525
Capital outlay	-	-	-	-
Debt service	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Disbursements</i>	-	4,607	-	20,525
RECEIPTS OVER (UNDER) DISBURSEMENTS	89	(3,248)	4,866	(16,561)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,000	-	-
Transfers out	-	-	(10,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	-	3,000	(10,000)	-
NET CHANGE IN FUND BALANCES	89	(248)	(5,134)	(16,561)
FUND BALANCES, Beginning of year	<hr/> 2,849	<hr/> 769	<hr/> 13,948	<hr/> 27,567
FUND BALANCES, End of year	<hr/> <u>\$ 2,938</u>	<hr/> <u>\$ 521</u>	<hr/> <u>\$ 8,814</u>	<hr/> <u>\$ 11,006</u>

<i>City Hall Building</i>	<i>Community Center</i>	<i>Street Capital Projects</i>	<i>Fire Capital Projects</i>	<i>Water Conservation</i>	<i>Totals</i>
\$ - 6,701	\$ - 1,127	\$ 4,795 202	\$ - 206	\$ - 7	\$ 13,244 10,072
6,701	1,127	4,997	206	7	23,316
6,597	5,551	-	-	-	16,755
-	-	-	-	-	20,525
-	-	-	18,282	-	18,282
11,340	-	-	-	-	11,340
17,937	5,551	-	18,282	-	66,902
(11,236)	(4,424)	4,997	(18,076)	7	(43,586)
15,000 -	3,000 -	35,000 (29,040)	23,500 -	- (6,096)	79,500 (45,136)
15,000	3,000	5,960	23,500	(6,096)	34,364
3,764	(1,424)	10,957	5,424	(6,089)	(9,222)
1,396	4,533	8,012	11,714	6,089	76,877
\$ 5,160	\$ 3,109	\$ 18,969	\$ 17,138	\$ -	\$ 67,655

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - LCAT FUND****YEAR ENDED JUNE 30, 2004**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 8,020	\$ 8,020	\$ 89	\$ (7,931)
DISBURSEMENTS				
Materials and services	8,000	8,000	-	8,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	20	20	89	69
FUND BALANCE, Beginning of year	2,000	2,000	2,849	849
FUND BALANCE, End of year	<u>\$ 2,020</u>	<u>\$ 2,020</u>	<u>\$ 2,938</u>	<u>\$ 918</u>

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - HERITAGE DAYS FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
RECEIPTS				
Miscellaneous	\$ 2,010	\$ 2,010	\$ 1,359	\$ (651)
DISBURSEMENTS				
Materials and services	4,576	4,576	4,607	(31)
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(2,566)	(2,566)	(3,248)	(682)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,000	3,000	3,000	-
NET CHANGE IN FUND BALANCE	434	434	(248)	(682)
FUND BALANCE, Beginning of year	200	200	769	569
FUND BALANCE, End of year	\$ 634	\$ 634	\$ 521	\$ (113)

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -****BUDGET AND ACTUAL - STREET SDC PROJECTS FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
RECEIPTS				
Licenses and permits	\$ 3,675	\$ 3,675	\$ 4,723	\$ 1,048
Miscellaneous	200	200	143	(57)
<i>Total Receipts</i>	3,875	3,875	4,866	991
DISBURSEMENTS				
Materials and services	3,000	3,000	-	3,000
Capital outlay	2,000	2,000	-	2,000
<i>Total Disbursements</i>	5,000	5,000	-	5,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,125)	(1,125)	4,866	5,991
OTHER FINANCING SOURCES (USES)				
Transfers out	(10,000)	(10,000)	(10,000)	-
NET CHANGE IN FUND BALANCE	(11,125)	(11,125)	(5,134)	5,991
FUND BALANCE, Beginning of year	13,000	13,000	13,948	948
FUND BALANCE, End of year	\$ 1,875	\$ 1,875	\$ 8,814	\$ 6,939

CITY OF LAFAYETTE, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - PARK SDC PROJECTS FUND
YEAR ENDED JUNE 30, 2004

	<i>Budgeted Amounts</i>			<i>Variance</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Favorable</i>
				<i>(Unfavorable)</i>
RECEIPTS				
Licenses and permits	\$ 3,150	\$ 3,150	\$ 3,726	\$ 576
Miscellaneous	100	100	238	138
<i>Total Receipts</i>	3,250	3,250	3,964	714
DISBURSEMENTS				
Materials and services	22,250	22,250	20,525	1,725
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(19,000)	(19,000)	(16,561)	2,439
FUND BALANCE, Beginning of year	19,000	19,000	27,567	8,567
FUND BALANCE, End of year	\$ -	\$ -	\$ 11,006	\$ 11,006

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - CITY HALL BUILDING FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
RECEIPTS				
Miscellaneous	\$ 13,000	\$ 13,000	\$ 6,701	\$ (6,299)
DISBURSEMENTS				
Materials and services	9,000	9,000	6,597	2,403
Debt service	12,000	12,000	11,340	660
Contingency	1,000	1,000	-	1,000
<i>Total Disbursements</i>	<u>22,000</u>	<u>22,000</u>	<u>17,937</u>	<u>4,063</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(9,000)	(9,000)	(11,236)	(2,236)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	6,000	6,000	3,764	(2,236)
FUND BALANCE, Beginning of year	<u>100</u>	<u>100</u>	<u>1,396</u>	<u>1,296</u>
FUND BALANCE, End of year	<u>\$ 6,100</u>	<u>\$ 6,100</u>	<u>\$ 5,160</u>	<u>\$ (940)</u>

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - COMMUNITY CENTER FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 1,050	\$ 1,050	\$ 1,127	\$ 77
DISBURSEMENTS				
Materials and services	6,600	6,600	5,551	1,049
Capital outlay	1,400	1,400	-	1,400
<i>Total Disbursements</i>	<u>8,000</u>	<u>8,000</u>	<u>5,551</u>	<u>2,449</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,950)	(6,950)	(4,424)	2,526
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(3,950)	(3,950)	(1,424)	2,526
FUND BALANCE, Beginning of year	<u>4,000</u>	<u>4,000</u>	<u>4,533</u>	<u>533</u>
FUND BALANCE, End of year	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 3,109</u>	<u>\$ 3,059</u>

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - STREET CAPITAL PROJECTS FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
RECEIPTS				
Charges for services	\$ 4,375	\$ 4,375	\$ 4,795	\$ 420
Miscellaneous	100	100	202	102
<i>Total Receipts</i>	4,475	4,475	4,997	522
DISBURSEMENTS				
Materials and services	5,000	5,000	-	5,000
Capital outlay	3,200	3,200	-	3,200
<i>Total Disbursements</i>	8,200	8,200	-	8,200
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,725)	(3,725)	4,997	8,722
OTHER FINANCING SOURCES (USES)				
Transfers in	35,000	35,000	35,000	-
Transfers out	(29,040)	(29,040)	(29,040)	-
<i>Total Other Financing Sources (Uses)</i>	5,960	5,960	5,960	-
NET CHANGE IN FUND BALANCE	2,235	2,235	10,957	8,722
FUND BALANCE, Beginning of year	7,000	7,000	8,012	1,012
FUND BALANCE, End of year	<u>\$ 9,235</u>	<u>\$ 9,235</u>	<u>\$ 18,969</u>	<u>\$ 9,734</u>

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - FIRE CAPITAL PROJECTS FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 50	\$ 50	\$ 206	\$ 156
DISBURSEMENTS				
Capital outlay	28,282	28,282	18,282	10,000
Contingency	2,000	2,000	-	2,000
<i>Total Disbursements</i>	<u>30,282</u>	<u>30,282</u>	<u>18,282</u>	<u>12,000</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30,232)	(30,232)	(18,076)	12,156
OTHER FINANCING SOURCES (USES)				
Transfers in	23,500	23,500	23,500	-
NET CHANGE IN FUND BALANCE	(6,732)	(6,732)	5,424	12,156
FUND BALANCE, Beginning of year	<u>11,500</u>	<u>11,500</u>	<u>11,714</u>	<u>214</u>
FUND BALANCE, End of year	<u>\$ 4,768</u>	<u>\$ 4,768</u>	<u>\$ 17,138</u>	<u>\$ 12,370</u>

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - WATER CONSERVATION FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
RECEIPTS				
Miscellaneous	\$ -	\$ -	\$ 7	\$ 7
DISBURSEMENTS	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	7	7
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,100)	(6,100)	(6,096)	4
NET CHANGE IN FUND BALANCE	(6,100)	(6,100)	(6,089)	11
FUND BALANCE, Beginning of year	6,100	6,100	6,089	(11)
FUND BALANCE, End of year	\$ -	\$ -	\$ -	\$ -

CITY OF LAFAYETTE, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - SEWER FUND
YEAR ENDED JUNE 30, 2004

	<i>Budgeted Amounts</i>			<i>Variance</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Favorable</i>
				<i>(Unfavorable)</i>
RECEIPTS				
Charges for services	\$ 482,000	\$ 482,000	\$ 519,641	\$ 37,641
Miscellaneous	1,000	1,000	14,957	13,957
<i>Total Receipts</i>	483,000	483,000	534,598	51,598
DISBURSEMENTS				
Personal services	188,664	188,664	166,222	22,442
Materials and services	91,150	91,150	59,239	31,911
Capital outlay	6,000	6,000	688	5,312
Contingency	4,625	4,625	-	4,625
<i>Total Disbursements</i>	290,439	290,439	226,149	64,290
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	192,561	192,561	308,449	115,888
OTHER FINANCING SOURCES (USES)				
Transfers out	(216,500)	(216,500)	(216,500)	-
NET CHANGE IN FUND BALANCE	(23,939)	(23,939)	91,949	115,888
FUND BALANCE, Beginning of year	36,000	36,000	42,109	6,109
FUND BALANCE, End of year	\$ 12,061	\$ 12,061	\$ 134,058	\$ 121,997

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - SEWER SDC PROJECTS FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
RECEIPTS				
Licenses and permits	\$ 115,000	\$ 115,000	\$ 217,402	\$ 102,402
Miscellaneous	-	-	11,979	11,979
<i>Total Receipts</i>	115,000	115,000	229,381	114,381
DISBURSEMENTS				
Materials and services	16,950	16,950	15,477	1,473
Debt service	115,000	115,000	114,418	582
<i>Total Disbursements</i>	131,950	131,950	129,895	2,055
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,950)	(16,950)	99,486	116,436
OTHER FINANCING SOURCES (USES)				
Transfers in	55,000	55,000	55,000	-
NET CHANGE IN FUND BALANCE	38,050	38,050	154,486	116,436
FUND BALANCE, Beginning of year	(23,050)	(23,050)	(45,578)	(22,528)
FUND BALANCE, End of year	\$ 15,000	\$ 15,000	\$ 108,908	\$ 93,908

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - SEWER CAPITAL PROJECTS FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable
				(Unfavorable)
RECEIPTS				
Licenses and permits	\$ 3,465	\$ 3,465	\$ 4,104	\$ 639
Miscellaneous	100	100	3,879	3,779
<i>Total Receipts</i>	3,565	3,565	7,983	4,418
DISBURSEMENTS				
Materials and services	20,050	20,050	793	19,257
Capital outlay	1,487,500	1,487,500	371,602	1,115,898
Contingency	5,000	5,000	-	5,000
<i>Total Disbursements</i>	1,512,550	1,512,550	372,395	1,140,155
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(1,508,985)	(1,508,985)	(364,412)	1,144,573
OTHER FINANCING SOURCES (USES)				
Bond proceeds	1,502,500	1,502,500	372,395	(1,130,105)
Transfers in	116,500	116,500	116,500	-
<i>Total Other Financing Sources (Uses)</i>	1,619,000	1,619,000	488,895	(1,130,105)
NET CHANGE IN FUND BALANCE	110,015	110,015	124,483	14,468
FUND BALANCE, Beginning of year	(104,950)	(104,950)	(123,248)	(18,298)
FUND BALANCE, End of year	\$ 5,065	\$ 5,065	\$ 1,235	\$ (3,830)

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - SEWER DEBT SERVICE FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ -	\$ -	\$ 260	\$ 260
DISBURSEMENTS				
Debt service	-	-	438,560	(438,560)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	(438,300)	(438,300)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	438,560	438,560
Transfers in	42,000	42,000	42,000	-
Total Other Financing Sources (Uses)	42,000	42,000	480,560	438,560
NET CHANGE IN FUND BALANCE	42,000	42,000	42,260	260
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	\$ 42,000	\$ 42,000	\$ 42,260	\$ 260

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN RETAINED EARNINGS (CASH BASIS) -****BUDGET AND ACTUAL - WATER FUND****YEAR ENDED JUNE 30, 2004**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 458,000	\$ 458,000	\$ 530,487	\$ 72,487
Miscellaneous	1,000	1,000	6,762	5,762
<i>Total Receipts</i>	459,000	459,000	537,249	78,249
DISBURSEMENTS				
Personal services	187,879	187,879	166,127	21,752
Materials and services	93,900	93,900	60,072	33,828
Capital outlay	5,000	5,000	626	4,374
Contingency	3,125	3,125	-	3,125
<i>Total Disbursements</i>	289,904	289,904	226,825	63,079
RECEIPTS OVER (UNDER) DISBURSEMENTS	169,096	169,096	310,424	141,328
OTHER FINANCING SOURCES (USES)				
Transfers in	11,100	11,100	11,096	(4)
Transfers out	(212,780)	(212,780)	(212,780)	-
<i>Total Other Financing Sources (Uses)</i>	(201,680)	(201,680)	(201,684)	(4)
NET CHANGE IN FUND BALANCE	(32,584)	(32,584)	108,740	141,324
FUND BALANCE, Beginning of year	38,290	38,290	67,724	29,434
FUND BALANCE, End of year	\$ 5,706	\$ 5,706	\$ 176,464	\$ 170,758

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN RETAINED EARNINGS (CASH BASIS) -****BUDGET AND ACTUAL - WATER SDC PROJECTS FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable
				(Unfavorable)
RECEIPTS				
Licenses and permits	\$ 83,510	\$ 83,510	\$ 98,791	\$ 15,281
Miscellaneous	500	500	788	288
<i>Total Receipts</i>	84,010	84,010	99,579	15,569
DISBURSEMENTS				
Materials and services	5,000	5,000	-	5,000
Capital outlay	2,000	2,000	-	2,000
<i>Total Disbursements</i>	7,000	7,000	-	7,000
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	77,010	77,010	99,579	22,569
OTHER FINANCING SOURCES (USES)				
Transfers out	(125,510)	(125,510)	(125,510)	-
NET CHANGE IN FUND BALANCE	(48,500)	(48,500)	(25,931)	22,569
FUND BALANCE, Beginning of year	66,500	66,500	85,721	19,221
FUND BALANCE, End of year	\$ 18,000	\$ 18,000	\$ 59,790	\$ 41,790

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN RETAINED EARNINGS (CASH BASIS) -****BUDGET AND ACTUAL - WATER CAPITAL PROJECTS FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
RECEIPTS				
Licenses and permits	\$ 6,265	\$ 6,265	\$ 7,414	\$ 1,149
Miscellaneous	10,000	10,000	3,288	(6,712)
<i>Total Receipts</i>	16,265	16,265	10,702	(5,563)
DISBURSEMENTS				
Materials and services	11,300	11,300	3,327	7,973
Capital outlay	1,448,833	1,448,833	1,411,275	37,558
Debt service	400	400	400	-
Contingency	68,484	68,484	-	68,484
<i>Total Disbursements</i>	1,529,017	1,529,017	1,415,002	114,015
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(1,512,752)	(1,512,752)	(1,404,300)	108,452
OTHER FINANCING SOURCES (USES)				
Loan proceeds	600,000	600,000	583,593	(16,407)
Transfers in	42,000	42,000	42,000	-
<i>Total Other Financing Sources (Uses)</i>	642,000	642,000	625,593	(16,407)
NET CHANGE IN FUND BALANCE	(870,752)	(870,752)	(778,707)	92,045
FUND BALANCE, Beginning of year	875,000	875,000	875,283	283
FUND BALANCE, End of year	\$ 4,248	\$ 4,248	\$ 96,576	\$ 92,328

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - WATER DEBT SERVICE FUND****YEAR ENDED JUNE 30, 2004**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 3,000	\$ 3,000	\$ 3,954	\$ 954
DISBURSEMENTS				
Debt service	280,750	280,750	279,375	1,375
RECEIPTS OVER (UNDER) DISBURSEMENTS	(277,750)	(277,750)	(275,421)	2,329
OTHER FINANCING SOURCES (USES)				
Transfers in	280,000	280,000	280,000	-
NET CHANGE IN FUND BALANCE	2,250	2,250	4,579	2,329
FUND BALANCE, Beginning of year	276,750	276,750	277,077	327
FUND BALANCE, End of year	<u>\$ 279,000</u>	<u>\$ 279,000</u>	<u>\$ 281,656</u>	<u>\$ 2,656</u>

CITY OF LAFAYETTE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2004

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2003</i>	<i>2003-04 Levy</i>	<i>Added To Rolls</i>	<i>Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2004</i>
2003-2004	\$ -	\$ 279,000	\$ 47	\$ 7,373	\$ 260,884	\$ 10,790
2002-2003	10,479	-	-	3,292	2,835	4,352
2001-2002	4,274	-	-	34	1,991	2,249
2000-2001	2,213	-	-	30	1,121	1,062
1999-2000	793	-	-	26	544	223
1998-1999	239	-	-	35	45	159
1997-1998	166	-	-	37	28	101
Prior Years	582	-	-	78	22	482
Total	<u>\$ 18,746</u>	<u>\$ 279,000</u>	<u>\$ 47</u>	<u>\$ 10,905</u>	<u>\$ 267,470</u>	<u>\$ 19,418</u>

CITY OF LAFAYETTE, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2004

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

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

<i>Outstanding July 1, 2003</i>	<i>Bonds Issued</i>	<i>Bonds Paid</i>	<i>Outstanding June 30, 2004</i>
\$ 82,218	\$ -	\$ 4,295	\$ 77,923
91,040	-	13,184	77,856
3,080,000		105,000	2,975,000
110,000	-	4,996	105,004
5,030,925	-	175,131	4,855,794
-	600,000	-	600,000
<u>\$ 8,394,183</u>	<u>\$ 600,000</u>	<u>\$ 302,606</u>	<u>\$ 8,691,577</u>

<i>Unmatured Interest Outstanding July 1, 2003</i>	<i>New Issues</i>	<i>Interest Coupons Paid/ Refunded</i>	<i>Unmatured Interest June 30, 2004</i>
\$ 49,010	\$ -	\$ 7,045	\$ 41,965
18,652	-	5,098	13,554
1,851,032		168,760	1,682,272
12,051	-	619	11,432
2,897,555	-	263,429	2,634,126
-	97,470	-	97,470
<u>\$ 4,828,300</u>	<u>\$ 97,470</u>	<u>\$ 444,951</u>	<u>\$ 4,480,819</u>

CITY OF LAFAYETTE, OREGON
SCHEDULE OF FUTURE DEBT REQUIREMENTS
JUNE 30, 2004

<i>Fiscal Year Ending June 30,</i>	<i>Mortgage payable</i>			<i>Fire Truck lease</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2005	\$ 4,695	\$ 6,633	\$ 11,328	\$ 13,922	\$ 4,360	\$ 18,282
2006	5,123	6,205	11,328	14,702	3,580	18,282
2007	5,590	5,738	11,328	15,525	2,757	18,282
2008	6,098	5,230	11,328	16,395	1,887	18,282
2009	6,655	4,673	11,328	17,312	970	18,282
2010	7,260	4,068	11,328	-	-	-
2011	7,921	3,407	11,328	-	-	-
2012	8,644	2,684	11,328	-	-	-
2013	9,430	1,898	11,328	-	-	-
2014	10,290	1,038	11,328	-	-	-
2015	6,217	391	6,608	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
	<u>\$ 77,923</u>	<u>\$ 41,965</u>	<u>\$ 119,888</u>	<u>\$ 77,856</u>	<u>\$ 13,554</u>	<u>\$ 91,410</u>

<i>2000 Water Revenue Bonds</i>			<i>City of Dayton</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ 110,000	\$ 163,545	\$ 273,545	\$ 17,249	\$ 6,000	\$ 23,249
115,000	157,975	272,975	17,422	5,827	23,249
120,000	152,100	272,100	17,595	5,654	23,249
130,000	145,785	275,785	17,771	5,478	23,249
135,000	138,926	273,926	17,949	5,300	23,249
145,000	131,576	276,576	18,129	5,120	23,249
150,000	123,795	273,795	18,310	4,939	23,249
160,000	115,580	275,580	18,493	4,756	23,249
170,000	106,750	276,750	18,678	4,571	23,249
175,000	97,260	272,260	18,865	4,384	23,249
185,000	87,180	272,180	19,053	4,196	23,249
200,000	76,400	276,400	19,244	4,005	23,249
210,000	64,500	274,500	19,437	3,812	23,249
220,000	51,600	271,600	19,631	3,618	23,249
235,000	37,950	272,950	19,827	3,422	23,249
250,000	23,400	273,400	20,025	3,224	23,249
265,000	7,950	272,950	20,226	3,023	23,249
-	-	-	20,428	2,821	23,249
-	-	-	20,632	2,617	23,249
-	-	-	20,838	2,411	23,249
-	-	-	21,046	2,203	23,249
-	-	-	21,257	1,992	23,249
-	-	-	21,470	1,779	23,249
-	-	-	21,685	1,564	23,249
-	-	-	21,901	1,348	23,249
-	-	-	22,121	1,128	23,249
-	-	-	22,342	907	23,249
-	-	-	22,565	684	23,249
-	-	-	22,791	458	23,249
-	-	-	23,020	229	23,249
<u>\$ 2,975,000</u>	<u>\$ 1,682,272</u>	<u>\$ 4,657,272</u>	<u>\$ 600,000</u>	<u>\$ 97,470</u>	<u>\$ 697,470</u>

CITY OF LAFAYETTE, OREGON
SCHEDULE OF FUTURE DEBT REQUIREMENTS (Continued)
JUNE 30, 2004

<i>Fiscal Year Ending June 30,</i>	<i>Safe Drinking Water Revolving Loan</i>			<i>2000 Oregon Bond Bank loan</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2005	\$ 5,046	\$ 1,050	\$ 6,096	\$ 186,637	\$ 254,673	\$ 441,310
2006	5,096	1,000	6,096	193,220	245,341	438,561
2007	5,147	949	6,096	204,881	235,680	440,561
2008	5,199	897	6,096	216,626	225,436	442,062
2009	5,251	845	6,096	228,456	214,604	443,060
2010	5,303	793	6,096	240,380	203,182	443,562
2011	5,356	740	6,096	247,400	191,162	438,562
2012	5,410	686	6,096	264,573	178,483	443,056
2013	5,464	632	6,096	276,912	164,593	441,505
2014	5,518	577	6,095	289,375	150,055	439,430
2015	5,574	522	6,096	306,967	134,863	441,830
2016	5,629	466	6,095	319,695	118,747	438,442
2017	5,686	410	6,096	337,594	101,804	439,398
2018	5,742	353	6,095	355,675	83,742	439,417
2019	5,800	296	6,096	373,952	64,536	438,488
2020	5,857	238	6,095	397,405	44,342	441,747
2021	5,916	179	6,095	416,046	22,883	438,929
2022	5,975	120	6,095	-	-	-
2023	6,035	60	6,095	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
	<u>\$ 105,004</u>	<u>\$ 10,813</u>	<u>\$ 115,817</u>	<u>\$ 4,855,794</u>	<u>\$ 2,634,126</u>	<u>\$ 7,489,920</u>

		<i>Totals</i>	
<i>Principal</i>		<i>Interest</i>	<i>Total</i>
\$ 332,503		\$ 435,211	\$ 767,714
350,513		419,978	770,491
368,687		402,929	771,616
392,037		384,765	776,802
410,571		365,370	775,941
416,020		344,791	760,811
428,934		324,096	753,030
457,066		302,243	759,309
480,430		278,498	758,928
498,994		253,369	752,363
522,755		227,207	749,962
544,513		199,674	744,187
572,660		170,582	743,242
600,992		139,370	740,362
634,521		106,261	740,782
673,230		71,262	744,492
707,129		34,094	741,223
26,344		3,000	29,344
26,607		2,737	29,344
26,873		2,471	29,344
21,046		2,203	23,249
21,257		1,992	23,249
21,470		1,779	23,249
21,685		1,564	23,249
21,901		1,348	23,249
22,121		1,128	23,249
22,342		907	23,249
22,565		684	23,249
22,791		458	23,249
23,020		229	23,249
<hr/>		<hr/>	
<u>\$ 8,691,577</u>		<u>\$ 4,480,200</u>	<u>\$ 13,171,777</u>

STATE OF OREGON COMPLIANCE SECTION

Oregon Administrative Rules 162-10-000 through 162-16-000 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in annual financial reports. Required comments and disclosures related to our audit of such financial statements and schedules are set forth on the following pages.

Significant Accounting Policies

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

Organization and Fund Structure

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

Internal Accounting Control

We have audited the basic financial statements of the City of Lafayette as of and for the year ended June 30, 2004, and have issued our report thereon dated November 1, 2004. As part of our audit, we made a study and evaluation of accounting systems and controls as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the City's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control of the City taken as a whole. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

Accounting Records

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

Adequacy of Collateral Securing Depository Balances

ORS 295 provides that each depository, throughout the period of its possession of public fund deposits, shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Deposit Insurance Corporation. Our review of the adequacy of collateral securing depository balances indicated the collateral was insufficient at times during the year ended June 30, 2004.

Investments

Our review of deposit and investment balances indicated that the City was in compliance with ORS 295, as it pertains to investment of public funds, during the year ended June 30, 2004.

Schedule of Accountability of Independently Elected Officials

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

CITY OF LAFAYETTE, OREGON

AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS (Continued)
YEAR ENDED JUNE 30, 2004

STATE OF OREGON COMPLIANCE SECTION (Continued)

Indebtedness

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

Budget Compliance

The City has complied with Local Budget Law (ORS 294) and ORS 264.300 in the preparation and adoption of its budget and tax levy for fiscal years ending June 30, 2004 and 2005, except as noted in the notes to the financial statements.

Insurance and Fidelity Bonds

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2004. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies.

Public Contracting and Purchasing

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

Highway Funds

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

Programs Funded from Outside Sources

We have reviewed the City's compliance with appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by the other governmental agencies. The City is in compliance with the guidelines in all material respects.

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

By: _____
Charles A. Swank, A Shareholder
November 1, 2004

