

CITY OF LAFAYETTE, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2006

385

AUDITS MUNICIPALITIES

	Date	Initial
Rec'd	12/22/06	DK
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Comments		

CITY OF LAFAYETTE, OREGON
CITY OFFICIALS
JUNE 30, 2006

Mayor

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

Council Members

Art Bixman
1253 Joels Place
Lafayette, Oregon 97127

Lisa Heatherly
1296 Cramner Street
Lafayette, Oregon 97127

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

Michael Roberts
160 W 13th Street
Lafayette, Oregon 97127

Jim Sieber
182 W 9th Street
Lafayette, Oregon 97127

City Administrator

Diane J. Rinks
486 Third Street
Lafayette, Oregon 97127

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GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lafayette, Oregon, as of June 30, 2006, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, except for the matters discussed below, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate fund information of the City of Lafayette, Oregon, as of June 30, 2006, and the respective changes in financial position - modified cash basis thereof for the year then ended, in conformity with the basis of accounting described in the summary of significant accounting policies in the notes to the financial statements.


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

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

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

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

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

By 
Charles A. Swank, A Shareholder
October 27, 2006

CITY OF LAFAYETTE, OREGON
STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)
JUNE 30, 2006

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and investments	\$ 1,143,389	\$ 2,124,350	\$ 3,267,739
Property taxes receivable	19,321	-	19,321
Capital assets	954,877	12,157,892	13,112,769
<i>Total Assets</i>	<u>2,117,587</u>	<u>14,282,242</u>	<u>16,399,829</u>
LIABILITIES			
Payroll liabilities	4,139	-	4,139
Deferred revenue	19,321	-	19,321
Noncurrent liabilities:			
Due within one year:			
Loan payable	15,525	-	15,525
Bonds payable	-	347,623	347,623
Due in more than one year:			
Loan payable	33,707	-	33,707
Bonds payable	-	7,538,505	7,538,505
<i>Total Liabilities</i>	<u>72,692</u>	<u>7,886,128</u>	<u>7,958,820</u>
NET ASSETS			
Investment in capital assets (net of related debt)	905,645	4,271,764	5,177,409
Fund net assets			
Restricted for special purposes	453,209	1,174,835	1,628,044
Unrestricted	686,041	949,515	1,635,556
<i>Total Fund Net Assets</i>	<u>1,139,250</u>	<u>2,124,350</u>	<u>3,263,600</u>
<i>Total Net Assets</i>	<u>\$ 2,044,895</u>	<u>\$ 6,396,114</u>	<u>\$ 8,441,009</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, 2006

		<u>Program Receipts</u>	
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>
	<u>Disbursements</u>		
FUNCTIONS/PROGRAMS			
Governmental activities:			
General government	\$ 299,198	\$ -	\$ 72,014
Court and police	133,857	7,992	14,971
Community services and development	352,973	510,765	-
Fire	189,480	-	-
Parks	34,032	-	-
Streets	88,597	-	149,362
Interest on long-term debt	4,715	-	-
<i>Total Governmental Activities</i>	1,102,852	518,757	236,347
Business-type Activities:			
Water	608,933	650,409	-
Sewer	5,510,195	622,208	-
<i>Total Business-type Activities</i>	6,119,128	1,272,617	-
<i>Total Activities</i>	\$ 7,221,980	\$ 1,791,374	\$ 236,347

General Receipts:

Property taxes
Franchise fees
Intergovernmental
Bond proceeds
Miscellaneous

Total General Receipts

Transfers

Change in Fund Net Assets

Fund Net Assets, July 1, 2005

Fund Net Assets, June 30, 2006

<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>
\$ -	\$ (227,184)	\$ -	\$ (227,184)
-	(110,894)	-	(110,894)
-	157,792	-	157,792
-	(189,480)	-	(189,480)
134,626	100,594	-	100,594
38,180	98,945	-	98,945
-	(4,715)	-	(4,715)
172,806	(174,942)	-	(174,942)
425,790	-	467,266	467,266
1,022,576	-	(3,865,411)	(3,865,411)
1,448,366	-	(3,398,145)	(3,398,145)
\$ 1,621,172	(174,942)	(3,398,145)	(3,573,087)
	305,698	-	305,698
	88,171	-	88,171
	58,776	-	58,776
	-	3,745,341	3,745,341
	54,148	747,787	801,935
	506,793	4,493,128	4,999,921
	20,000	(20,000)	-
	351,851	1,074,983	1,426,834
	787,399	1,049,367	1,836,766
\$ 1,139,250	\$ 2,124,350	\$ 3,263,600	

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, 2006

	<u>General</u>	<u>Streets</u>	<u>Refundable/ Pass-through</u>
ASSETS			
Cash and investments	\$ 503,616	\$ 98,138	\$ 113,086
Property taxes receivable	19,321	-	-
	<u> </u>	<u> </u>	<u> </u>
<i>Total Assets</i>	<u>\$ 522,937</u>	<u>\$ 98,138</u>	<u>\$ 113,086</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accrued liabilities	\$ 4,139	\$ -	\$ -
Deferred revenue	19,321	-	-
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities</i>	23,460	-	-
Fund Balances			
Unreserved, reported in:			
General fund	499,477	-	-
Special revenue funds	-	98,138	113,086
	<u> </u>	<u> </u>	<u> </u>
<i>Total Fund Balances</i>	<u>499,477</u>	<u>98,138</u>	<u>113,086</u>
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 522,937</u>	<u>\$ 98,138</u>	<u>\$ 113,086</u>

<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 428,549	\$ 1,143,389
-	19,321
<u>\$ 428,549</u>	<u>\$ 1,162,710</u>
\$ -	\$ 4,139
-	19,321
<u>-</u>	<u>23,460</u>
-	499,477
428,549	639,773
<u>428,549</u>	<u>1,139,250</u>
<u>\$ 428,549</u>	<u>\$ 1,162,710</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, 2006**

	<u>General</u>	<u>Streets</u>	<u>Refundable/ Pass-through</u>
RECEIPTS			
Taxes and assessments	\$ 305,698	\$ -	\$ -
Licenses and permits	480,184	-	30,040
Charges for services	-	-	15,649
Intergovernmental	145,761	149,362	-
Fines and forfeitures	7,992	-	-
Miscellaneous	22,160	3,290	6,961
	<u>961,795</u>	<u>152,652</u>	<u>52,650</u>
<i>Total Receipts</i>			
DISBURSEMENTS			
Current operating:			
General government	126,687	-	-
Court and police	133,857	-	-
Community services and development	301,000	-	51,973
Fire	67,838	-	-
Parks	28,234	-	-
Streets	-	82,960	-
Capital outlay	80,079	956	-
Debt service	-	-	-
	<u>737,695</u>	<u>83,916</u>	<u>51,973</u>
<i>Total Disbursements</i>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	224,100	68,736	677
OTHER FINANCING SOURCES (USES)			
Transfers in	75,000	-	-
Transfers out	(119,667)	(55,000)	(75,000)
	<u>(44,667)</u>	<u>(55,000)</u>	<u>(75,000)</u>
<i>Total Other Financing Sources (Uses)</i>			
NET CHANGE IN FUND BALANCES	179,433	13,736	(74,323)
FUND BALANCES, Beginning of year	320,044	84,402	187,409
FUND BALANCES, End of year	<u>\$ 499,477</u>	<u>\$ 98,138</u>	<u>\$ 113,086</u>

<i>Other Governmental Funds</i>	<i>Totals</i>
\$ -	\$ 305,698
-	510,224
245,869	261,518
-	295,123
-	7,992
21,737	54,148
<hr/>	<hr/>
267,606	1,434,703
9,430	136,117
-	133,857
-	352,973
-	67,838
-	28,234
-	82,960
140,040	221,075
79,798	79,798
<hr/>	<hr/>
229,268	1,102,852
<hr/>	
38,338	331,851
204,667	279,667
(10,000)	(259,667)
<hr/>	<hr/>
194,667	20,000
<hr/>	
233,005	351,851
195,544	787,399
<hr/>	<hr/>
\$ 428,549	\$ 1,139,250
<hr/>	<hr/>

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

CITY OF LAFAYETTE, OREGON**STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) - PROPRIETARY FUNDS****JUNE 30, 2006**

	<u><i>Sewer</i></u>	<u><i>Sewer SDC Projects</i></u>	<u><i>Sewer Capital Projects</i></u>
ASSETS			
Cash and investments	\$ 233,071	\$ 533,393	\$ 12,318
<i>Total Assets</i>	<u>\$ 233,071</u>	<u>\$ 533,393</u>	<u>\$ 12,318</u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities</i>	\$ -	\$ -	\$ -
Fund Balances			
Unreserved	<u>233,071</u>	<u>533,393</u>	<u>12,318</u>
<i>Total Fund Balances</i>	<u>233,071</u>	<u>533,393</u>	<u>12,318</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 233,071</u>	<u>\$ 533,393</u>	<u>\$ 12,318</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>
<u>\$ 223,191</u>	<u>\$ 152,979</u>	<u>\$ 390,020</u>	<u>\$ 239,104</u>	<u>\$ 340,274</u>	<u>\$ 2,124,350</u>
<u><u>\$ 223,191</u></u>	<u><u>\$ 152,979</u></u>	<u><u>\$ 390,020</u></u>	<u><u>\$ 239,104</u></u>	<u><u>\$ 340,274</u></u>	<u><u>\$ 2,124,350</u></u>
 \$ -	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -
 <u>223,191</u>	 <u>152,979</u>	 <u>390,020</u>	 <u>239,104</u>	 <u>340,274</u>	 <u>2,124,350</u>
<u>223,191</u>	<u>152,979</u>	<u>390,020</u>	<u>239,104</u>	<u>340,274</u>	<u>2,124,350</u>
<u><u>\$ 223,191</u></u>	<u><u>\$ 152,979</u></u>	<u><u>\$ 390,020</u></u>	<u><u>\$ 239,104</u></u>	<u><u>\$ 340,274</u></u>	<u><u>\$ 2,124,350</u></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, 2006**

	<u>Sewer</u>	<u>Sewer SDC Projects</u>	<u>Sewer Capital Projects</u>
RECEIPTS			
Licenses and permits	\$ -	\$ 601,086	\$ 16,434
Charges for services	620,893	-	-
Intergovernmental	-	-	405,056
Miscellaneous	9,479	11,128	687,404
	<u>630,372</u>	<u>612,214</u>	<u>1,108,894</u>
<i>Total Receipts</i>	630,372	612,214	1,108,894
DISBURSEMENTS			
Personal services	152,349	-	-
Materials and services	62,392	-	962
Capital outlay	2,415	-	4,853,516
Debt service	-	-	-
	<u>217,156</u>	<u>-</u>	<u>4,854,478</u>
<i>Total Disbursements</i>	217,156	-	4,854,478
RECEIPTS OVER (UNDER) DISBURSEMENTS	413,216	612,214	(3,745,584)
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	3,745,341
Transfers in	-	-	-
Transfers out	(484,000)	(158,000)	-
	<u>(484,000)</u>	<u>(158,000)</u>	<u>3,745,341</u>
<i>Total Other Financing Sources (Uses)</i>	(484,000)	(158,000)	3,745,341
NET CHANGE IN FUND BALANCES	(70,784)	454,214	(243)
FUND BALANCES (DEFICITS), Beginning of year	303,855	79,179	12,561
FUND BALANCES, End of year	<u>\$ 233,071</u>	<u>\$ 533,393</u>	<u>\$ 12,318</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>
\$ -	\$ -	\$ 396,076	\$ 29,714	\$ -	\$ 1,043,310
-	646,985	-	-	-	1,267,878
-	-	-	-	-	405,056
5,564	10,484	8,394	4,485	15,588	752,526
5,564	657,469	404,470	34,199	15,588	3,468,770
-	138,170	-	-	-	290,519
-	149,976	-	-	-	213,330
-	13,274	-	4,794	-	4,873,999
438,561	-	-	400	302,319	741,280
438,561	301,420	-	5,194	302,319	6,119,128
(432,997)	356,049	404,470	29,005	(286,731)	(2,650,358)
-	-	-	-	-	3,745,341
632,000	-	-	205,000	297,308	1,134,308
-	(445,500)	(66,808)	-	-	(1,154,308)
632,000	(445,500)	(66,808)	205,000	297,308	3,725,341
199,003	(89,451)	337,662	234,005	10,577	1,074,983
24,188	242,430	52,358	5,099	329,697	1,049,367
<u>\$ 223,191</u>	<u>\$ 152,979</u>	<u>\$ 390,020</u>	<u>\$ 239,104</u>	<u>\$ 340,274</u>	<u>\$ 2,124,350</u>

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

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basic Financial Statements

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

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

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

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

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

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

The City reports the following major governmental funds:

General Fund

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

Streets Fund

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

Refundable Deposits/Pass-through Fees Fund

This fund accounts for refundable deposits and pass through fees.

The following governmental funds are considered nonmajor:

Street SDC Projects Fund

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

Park SDC Projects Fund

This fund accounts for revenues from SDC charges which are designated for 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 the City Hall building and repairs.

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

Community Center Fund

This fund accounts for Community Center operations.

Street Capital Projects Fund

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

Fire Capital Projects Fund

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

Reimbursement Districts Fund

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

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

Sewer Fund

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

Sewer SDC Projects Fund

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

Sewer Capital Projects Fund

This fund accounts for sewer-related capital projects.

Sewer Debt Service Fund

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

Water Fund

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

Water SDC Projects Fund

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

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

Water Debt Service Fund

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

Water Capital Projects Fund

This fund accounts for water-related capital projects.

Measurement Focus and Basis of Accounting

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

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

Cash and Investments

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

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

Investments are stated at cost, which approximates fair value.

Receivables and Deferred Revenues

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

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

CITY OF LAFAYETTE, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2006**

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, 2006 was \$15,894.

Budgets and Budgetary Accounting

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

CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2006:

	<i>Carrying Value</i>	<i>Fair Value</i>
Cash		
Cash on hand	\$ 500	\$ 500
Deposits with financial institutions	295,290	295,290
Investments		
Local Government Investment Pool	2,971,949	2,971,949
	<u>\$ 3,267,739</u>	<u>\$ 3,267,739</u>

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2006

CASH AND INVESTMENTS (Continued)

Deposits

At year end, the book balance of the City's bank deposits (checking accounts) was \$295,290 and the bank balance was \$410,458. 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.

Custodial Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Oregon law require governmental deposits to be made in banks to be protected either by depository insurance or the financial institution is required to maintain on deposit with a collateral pool manager securities having a value of not less than 25% of the face value of the certificate issued by the pool manager. When such securities are deposited with the pool manager, covered funds are considered fully collateralized under Oregon law. The collateral is held by a state-sponsored pool manager which is a commercial bank in the name of the pool manager, with the collateral certificate issued by the pool manager in the name of the City. This does not constitute full collateral of deposits, but meets Oregon legal requirements.

Investments

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. At June 30, 2006, the carrying value of the position in the Oregon State Treasurer's Short-Term Investment Pool approximates fair value. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

CAPITAL ASSETS

The summary of capital assets activity for the business-type activities for the year ended June 30, 2006 is as follows:

	<i>Balances July 1, 2005</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2006</i>
Water Fund				
Land and improvements	\$ 173,012	\$ -	\$ -	\$ 173,012
Buildings	159,546	-	-	159,546
Water and sewer systems	4,588,377	10,851	-	4,599,228
Equipment	116,387	-	-	116,387
	<u>5,037,322</u>	<u>10,851</u>	<u>-</u>	<u>5,048,173</u>
Sewer Fund				
Land and improvements	51,198	-	-	51,198
Buildings	203,920	-	-	203,920
Water and sewer systems	1,956,652	4,853,516	-	6,810,168
Equipment	44,433	-	-	44,433
	<u>2,256,203</u>	<u>4,853,516</u>	<u>-</u>	<u>7,109,719</u>
<i>Total Business-type capital assets</i>	<u>\$ 7,293,525</u>	<u>\$ 4,864,367</u>	<u>\$ -</u>	<u>\$ 12,157,892</u>

The changes in the capital assets for governmental activities for the year ended June 30, 2006 are as follows:

	<i>Balances July 1, 2005</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2006</i>
Land and improvements	\$ 235,252	\$ 10,479	\$ -	\$ 245,731
Buildings	190,244	-	-	190,244
Vehicles	309,943	32,000	(41,999)	299,944
Equipment	136,257	82,701	-	218,958
	<u>\$ 871,696</u>	<u>\$ 125,180</u>	<u>\$ (41,999)</u>	<u>\$ 954,877</u>

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

LONG-TERM DEBT

Long-term debt transactions for governmental activities for the year ended June 30, 2006 were as follows:

	<u>Outstanding July 1, 2005</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2006</u>	<u>Due Within One Year</u>
Banc One Leasing for capital lease on fire truck, annual installments of \$18,282 including interest	\$ 63,934	\$ -	\$ 14,702	\$ 49,232	\$ 15,525
City Hall mortgage note, issued July, 1999, payments of \$944 per month including interest at 8.75%.	73,228	-	73,228	-	-
	<u>\$ 137,162</u>	<u>\$ -</u>	<u>\$ 87,930</u>	<u>\$ 49,232</u>	<u>\$ 15,525</u>

Proprietary fund long-term debt transactions for the year ended June 30, 2006 were as follows:

	<u>Outstanding July 1, 2005</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2006</u>	<u>Due Within One Year</u>
Water System Revenue Bonds, issued November, 2000, in varying annual installments plus interest at 4.7% to 6.0% through 2021	\$ 2,865,000	\$ -	\$ 115,000	\$ 2,750,000	\$ 120,000
Oregon Bond Bank loan, issued October 2000, in varying annual installments, including interest at 5.276% through 2021	4,669,157	-	193,220	4,475,937	204,881
Safe Drinking Water Revolving Fund loan, issued 2003, annual installments of \$6,096 including interest at 1% through 2024	99,958	-	5,096	94,862	5,147
City of Dayton (OECD passthrough), issued in 2004, annual installments of \$23,249 including interest at 1% through 2024	582,751	-	17,422	565,329	17,595
	<u>\$ 8,216,866</u>	<u>\$ -</u>	<u>\$ 330,738</u>	<u>\$ 7,886,128</u>	<u>\$ 347,623</u>

At the beginning of the fiscal year, the City was liable for the entire amount of the Oregon Bond Bank Loan, even though it had not been fully disbursed. During the current year, the remaining \$3,745,341 was drawn down. The amount is reported as bond proceeds in the Sewer Capital Fund.

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

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>
2007	\$ 15,525	\$ 2,757	\$ 18,282
2008	16,395	1,887	18,282
2009	17,312	970	18,282
	<u>\$ 49,232</u>	<u>\$ 5,614</u>	<u>\$ 54,846</u>

Business-type Activities

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2007	\$ 347,623	\$ 394,383	\$ 742,006
2008	369,596	377,596	747,192
2009	386,656	359,675	746,331
2010	408,812	340,671	749,483
2011	421,066	320,636	741,702
2012-2016	2,469,450	1,254,706	3,724,156
2017-2021	3,188,819	521,282	3,710,101
2022-2026	116,211	12,224	128,435
2027-2031	109,519	6,726	116,245
2032-2034	68,376	1,371	69,747
	<u>\$ 7,886,128</u>	<u>\$ 3,589,270</u>	<u>\$ 11,475,398</u>

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

PENSION PLAN

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

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

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

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

Employer contributions are required by state statute and made at actuarially determined rates as adopted by the OPERB. Covered employees are required by state statute to contribute 6.0% of their annual salary to the system. The City contributed 8.04% of covered payroll to PERS for the fiscal year ended June 30, 2006. This contribution rate was determined as part of the December 31, 2001 actuarial evaluation and was recalculated to reflect the impact of recently passed legislation (House Bills 2001, 2003, and 2004). The next actuarial valuation is scheduled to be conducted as of December 31, 2003 and was not available at the time these financial statements were completed. This valuation is to be used to establish rates as of July 1, 2005.

For the year ended June 30, 2006, the City's subject salary was \$316,652 and the total payroll was \$316,652.

Contribution information is as follows:

<u><i>Year Ended</i></u> <u><i>June 30,</i></u>	<u><i>Employer</i></u> <u><i>Contributions</i></u>
2006	\$ 47,813
2005	47,811
2004	47,936

CITY OF LAFAYETTE, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2006****PENSION PLAN (Continued)**

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

INTERFUND TRANSFERS

	<i>Transfers In</i>		<i>Transfers Out</i>			
	<i>General</i>	<i>Water</i>	<i>Sewer</i>	<i>Sewer SDC</i>	<i>All Others</i>	<i>Total</i>
General	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 75,000
City Hall Building	85,000	5,000	5,000	-	-	95,000
Community Center	1,000	-	-	-	-	1,000
Street Capital	-	-	-	-	60,000	60,000
Fire Capital	28,667	-	-	-	-	28,667
Vehicle & Equipment Replacement	5,000	5,000	5,000	-	5,000	20,000
Water Capital	-	205,000	-	-	-	205,000
Water Debt Service	-	230,500	-	-	66,808	297,308
Sewer Debt Service	-	-	474,000	158,000	-	632,000
Total	<u>\$ 119,667</u>	<u>\$ 445,500</u>	<u>\$ 484,000</u>	<u>\$ 158,000</u>	<u>\$ 206,808</u>	<u>\$ 1,413,975</u>

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

CITY OF LAFAYETTE, OREGON**SCHEDULE OF FUNDING PROGRESS - PUBLIC EMPLOYEES RETIREMENT SYSTEM****JUNE 30, 2006**

<i>Actuarial Valuation Ending December 31</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability</i>	<i>Unfunded Actuarial Liability (UAL)</i>	<i>Funded Percent</i>	<i>Covered Payroll</i>	<i>UAL as a Percentage of Covered Payroll</i>
1999	\$ 448,782	\$ 377,739	\$ (71,043)	119%	\$ 292,223	(24)%
2001	513,919	432,237	(81,682)	119	249,184	(33)
2003	511,429	473,696	(37,733)	108	280,082	(13)

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - GENERAL FUND****YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Taxes and assessments	\$ 300,000	\$ 300,000	\$ 305,698	\$ 5,698
Licenses and permits	319,500	349,500	480,184	130,684
Intergovernmental	141,425	141,425	145,761	4,336
Fines and forfeitures	5,000	5,000	7,992	2,992
Miscellaneous	3,000	3,000	22,160	19,160
<i>Total Receipts</i>	768,925	798,925	961,795	162,870
DISBURSEMENTS				
Administration	164,103	164,103	128,406	35,697
Planning	40,603	40,603	29,575	11,028
Building inspection	240,908	308,908	271,425	37,483
Municipal court	18,305	18,305	13,783	4,522
Law enforcement	123,845	123,845	120,074	3,771
Parks	35,296	35,296	28,234	7,062
Fire	168,835	168,835	146,198	22,637
Contingency	40,000	2,000	-	2,000
<i>Total Disbursements</i>	831,895	861,895	737,695	124,200
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(62,970)	(62,970)	224,100	287,070
OTHER FINANCING SOURCES (USES)				
Transfers in	75,000	75,000	75,000	-
Transfers out	(119,667)	(119,667)	(119,667)	-
<i>Total Other Financing Sources (Uses)</i>	(44,667)	(44,667)	(44,667)	-
NET CHANGE IN FUND BALANCE	(107,637)	(107,637)	179,433	287,070
FUND BALANCE, Beginning of year	255,571	255,571	320,044	64,473
FUND BALANCE, End of year	\$ 147,934	\$ 147,934	\$ 499,477	\$ 351,543

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - STREETS FUND****YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Intergovernmental	\$ 147,000	\$ 147,000	\$ 149,362	\$ 2,362
Miscellaneous	400	400	3,290	2,890
<i>Total Receipts</i>	147,400	147,400	152,652	5,252
DISBURSEMENTS				
Personal services	37,686	37,686	33,533	4,153
Materials and services	83,075	83,075	49,427	33,648
Capital outlay	1,000	1,000	956	44
Contingency	15,000	15,000	-	15,000
<i>Total Disbursements</i>	136,761	136,761	83,916	52,845
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	10,639	10,639	68,736	58,097
OTHER FINANCING SOURCES (USES)				
Transfers out	(55,000)	(55,000)	(55,000)	-
NET CHANGE IN FUND BALANCE	(44,361)	(44,361)	13,736	58,097
FUND BALANCE, Beginning of year	54,000	54,000	84,402	30,402
FUND BALANCE, End of year	\$ 9,639	\$ 9,639	\$ 98,138	\$ 88,499

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - REFUNDABLE DEPOSITS/PASS-THROUGH FEES FUND
YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Licenses and permits	\$ 45,000	\$ 45,000	\$ 30,040	\$ (14,960)
Charges for services	14,000	14,000	15,649	1,649
Miscellaneous	6,300	6,300	6,961	661
<i>Total Receipts</i>	65,300	65,300	52,650	(12,650)
DISBURSEMENTS				
Materials and services	209,300	209,300	51,973	157,327
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(144,000)	(144,000)	677	144,677
OTHER FINANCING SOURCES (USES)				
Transfers out	(75,000)	(75,000)	(75,000)	-
NET CHANGE IN FUND BALANCE	(219,000)	(219,000)	(74,323)	144,677
FUND BALANCE, Beginning of year	220,000	220,000	187,409	(32,591)
FUND BALANCE, End of year	\$ 1,000	\$ 1,000	\$ 113,086	\$ 112,086

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CITY OF LAFAYETTE, OREGON**COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -****NONMAJOR GOVERNMENTAL FUNDS****JUNE 30, 2006**

	<u><i>Vehicle & Equipment Replacement</i></u>	<u><i>Heritage Days</i></u>	<u><i>Street SDC Projects</i></u>	<u><i>Parks SDC Projects</i></u>
ASSETS				
Cash and investments	\$ 20,565	\$ 2,233	\$ 20,336	\$ 168,700
<i>Total Assets</i>	<u>\$ 20,565</u>	<u>\$ 2,233</u>	<u>\$ 20,336</u>	<u>\$ 168,700</u>
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>	\$ -	\$ -	\$ -	\$ -
Fund Balances				
Unreserved, reported in:				
Special revenue funds	<u>20,565</u>	<u>2,233</u>	<u>20,336</u>	<u>168,700</u>
<i>Total Fund Balances</i>	<u>20,565</u>	<u>2,233</u>	<u>20,336</u>	<u>168,700</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 20,565</u>	<u>\$ 2,233</u>	<u>\$ 20,336</u>	<u>\$ 168,700</u>

<i>City Hall Building</i>	<i>Community Center</i>	<i>Street Capital Projects</i>	<i>Fire Capital Projects</i>	<i>Totals</i>
<u>\$ 41,865</u>	<u>\$ 4,938</u>	<u>\$ 166,035</u>	<u>\$ 3,877</u>	<u>\$ 428,549</u>
<u><u>\$ 41,865</u></u>	<u><u>\$ 4,938</u></u>	<u><u>\$ 166,035</u></u>	<u><u>\$ 3,877</u></u>	<u><u>\$ 428,549</u></u>
 \$ -	 \$ -	 \$ -	 \$ -	 \$ -
 <u>41,865</u>	 <u>4,938</u>	 <u>166,035</u>	 <u>3,877</u>	 <u>428,549</u>
<u>41,865</u>	<u>4,938</u>	<u>166,035</u>	<u>3,877</u>	<u>428,549</u>
<u><u>\$ 41,865</u></u>	<u><u>\$ 4,938</u></u>	<u><u>\$ 166,035</u></u>	<u><u>\$ 3,877</u></u>	<u><u>\$ 428,549</u></u>

CITY OF LAFAYETTE, OREGON**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS****YEAR ENDED JUNE 30, 2006**

	<u><i>Vehicle & Equipment Replacement</i></u>	<u><i>Heritage Days</i></u>	<u><i>Street SDC Projects</i></u>	<u><i>Parks SDC Projects</i></u>
RECEIPTS				
Licenses and permits	\$ -	\$ -	\$ 17,430	\$ 134,626
Miscellaneous	565	1,633	572	4,181
	<u>565</u>	<u>1,633</u>	<u>18,002</u>	<u>138,807</u>
<i>Total Receipts</i>	565	1,633	18,002	138,807
DISBURSEMENTS				
Current operating:				
General government	-	593	-	-
Capital outlay	-	-	-	5,798
Debt service	-	-	-	-
	<u>-</u>	<u>593</u>	<u>-</u>	<u>5,798</u>
<i>Total Disbursements</i>	-	593	-	5,798
RECEIPTS OVER (UNDER) DISBURSEMENTS	565	1,040	18,002	133,009
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	-	-	-
Transfers out	-	-	(10,000)	-
	<u>20,000</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	20,000	-	(10,000)	-
NET CHANGE IN FUND BALANCES	20,565	1,040	8,002	133,009
FUND BALANCES, Beginning of year	-	1,193	12,334	35,691
FUND BALANCES, End of year	<u>\$ 20,565</u>	<u>\$ 2,233</u>	<u>\$ 20,336</u>	<u>\$ 168,700</u>

<i>City Hall Building</i>	<i>Community Center</i>	<i>Street Capital Projects</i>	<i>Fire Capital Projects</i>	<i>Reimbursement Districts</i>	<i>Totals</i>
\$ - 6,280	\$ - 2,415	\$ 20,750 5,496	\$ - 595	\$ 73,063 -	\$ 245,869 21,737
6,280	2,415	26,246	595	73,063	267,606
5,201	3,636	-	-	-	9,430
-	-	4,681	43,282	86,279	140,040
79,798	-	-	-	-	79,798
84,999	3,636	4,681	43,282	86,279	229,268
(78,719)	(1,221)	21,565	(42,687)	(13,216)	38,338
95,000	1,000	60,000	28,667	-	204,667
-	-	-	-	-	(10,000)
95,000	1,000	60,000	28,667	-	194,667
16,281	(221)	81,565	(14,020)	(13,216)	233,005
25,584	5,159	84,470	17,897	13,216	195,544
\$ 41,865	\$ 4,938	\$ 166,035	\$ 3,877	\$ -	\$ 428,549

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - VEHICLE AND EQUIPMENT REPLACEMENT FUND
YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 200	\$ 200	\$ 565	\$ 365
DISBURSEMENTS				
Capital outlay	20,000	20,000	-	20,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,800)	(19,800)	565	20,365
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	20,000	-
NET CHANGE IN FUND BALANCE	200	200	20,565	20,365
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	\$ 200	\$ 200	\$ 20,565	\$ 20,365

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, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 590	\$ 590	\$ 1,633	\$ 1,043
DISBURSEMENTS				
Materials and services	1,650	1,650	593	1,057
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(1,060)	(1,060)	1,040	2,100
FUND BALANCE, Beginning of year	1,060	1,060	1,193	133
FUND BALANCE, End of year	\$ -	\$ -	\$ 2,233	\$ 2,233

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - STREET SDC PROJECTS FUND
YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Licenses and permits	\$ 2,940	\$ 2,940	\$ 17,430	\$ 14,490
Miscellaneous	100	100	572	472
<i>Total Receipts</i>	3,040	3,040	18,002	14,962
DISBURSEMENTS	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,040	3,040	18,002	14,962
OTHER FINANCING SOURCES (USES)				
Transfers out	(10,000)	(10,000)	(10,000)	-
NET CHANGE IN FUND BALANCE	(6,960)	(6,960)	8,002	14,962
FUND BALANCE, Beginning of year	11,200	11,200	12,334	1,134
FUND BALANCE, End of year	\$ 4,240	\$ 4,240	\$ 20,336	\$ 16,096

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - PARK SDC PROJECTS FUND****YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Licenses and permits	\$ 22,708	\$ 22,708	\$ 134,626	\$ 111,918
Miscellaneous	400	400	4,181	3,781
<i>Total Receipts</i>	23,108	23,108	138,807	115,699
DISBURSEMENTS				
Materials and services	3,000	3,000	-	3,000
Capital outlay	45,000	45,000	5,798	39,202
<i>Total Disbursements</i>	48,000	48,000	5,798	42,202
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(24,892)	(24,892)	133,009	157,901
FUND BALANCE, Beginning of year	28,000	28,000	35,691	7,691
FUND BALANCE, End of year	\$ 3,108	\$ 3,108	\$ 168,700	\$ 165,592

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, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 5,300	\$ 5,300	\$ 6,280	\$ 980
DISBURSEMENTS				
Materials and services	7,775	7,775	5,201	2,574
Debt service	108,500	108,500	79,798	28,702
Contingency	1,000	1,000	-	1,000
<i>Total Disbursements</i>	<u>117,275</u>	<u>117,275</u>	<u>84,999</u>	<u>32,276</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(111,975)	(111,975)	(78,719)	33,256
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>95,000</u>	<u>95,000</u>	<u>95,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(16,975)	(16,975)	16,281	33,256
FUND BALANCE, Beginning of year	<u>22,000</u>	<u>22,000</u>	<u>25,584</u>	<u>3,584</u>
FUND BALANCE, End of year	<u>\$ 5,025</u>	<u>\$ 5,025</u>	<u>\$ 41,865</u>	<u>\$ 36,840</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, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>				
Miscellaneous	\$ 1,575	\$ 1,575	\$ 2,415	\$ 840
<i>DISBURSEMENTS</i>				
Materials and services	6,000	6,000	3,636	2,364
<i>RECEIPTS OVER (UNDER) DISBURSEMENTS</i>	(4,425)	(4,425)	(1,221)	3,204
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers in	1,000	1,000	1,000	-
<i>NET CHANGE IN FUND BALANCE</i>	(3,425)	(3,425)	(221)	3,204
<i>FUND BALANCE, Beginning of year</i>	4,000	4,000	5,159	1,159
<i>FUND BALANCE, End of year</i>	<u>\$ 575</u>	<u>\$ 575</u>	<u>\$ 4,938</u>	<u>\$ 4,363</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, 2006**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Charges for services	\$ 3,500	\$ 3,500	\$ 20,750	\$ 17,250
Miscellaneous	1,000	1,000	5,496	4,496
<i>Total Receipts</i>	4,500	4,500	26,246	21,746
DISBURSEMENTS				
Materials and services	5,500	5,500	-	5,500
Capital outlay	115,000	115,000	4,681	110,319
Contingency	15,000	15,000	-	15,000
<i>Total Disbursements</i>	135,500	135,500	4,681	130,819
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(131,000)	(131,000)	21,565	152,565
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	60,000	60,000	-
NET CHANGE IN FUND BALANCE	(71,000)	(71,000)	81,565	152,565
FUND BALANCE, Beginning of year	81,000	81,000	84,470	3,470
FUND BALANCE, End of year	\$ 10,000	\$ 10,000	\$ 166,035	\$ 156,035

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, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 200	\$ 200	\$ 595	\$ 395
DISBURSEMENTS				
Capital outlay	43,449	43,449	43,282	167
Contingency	2,000	2,000	-	2,000
<i>Total Disbursements</i>	<u>45,449</u>	<u>45,449</u>	<u>43,282</u>	<u>2,167</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(45,249)	(45,249)	(42,687)	2,562
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>28,667</u>	<u>28,667</u>	<u>28,667</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(16,582)	(16,582)	(14,020)	2,562
FUND BALANCE, Beginning of year	<u>17,750</u>	<u>17,750</u>	<u>17,897</u>	<u>147</u>
FUND BALANCE, End of year	<u>\$ 1,168</u>	<u>\$ 1,168</u>	<u>\$ 3,877</u>	<u>\$ 2,709</u>

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - REIMBURSEMENT DISTRICTS FUND
YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Charges for services	\$ 318,000	\$ 318,000	\$ 73,063	\$ (244,937)
DISBURSEMENTS				
Capital outlay	<u>329,776</u>	<u>329,776</u>	<u>86,279</u>	<u>243,497</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(11,776)	(11,776)	(13,216)	(1,440)
FUND BALANCE, Beginning of year	<u>11,776</u>	<u>11,776</u>	<u>13,216</u>	<u>1,440</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - SEWER FUND****YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts			
	Original	Final	Actual	Variance
RECEIPTS				
Charges for services	\$ 579,625	\$ 579,625	\$ 620,893	\$ 41,268
Miscellaneous	1,500	1,500	9,479	7,979
Total Receipts	581,125	581,125	630,372	49,247
DISBURSEMENTS				
Personal services	163,044	163,044	152,349	10,695
Materials and services	89,495	89,495	62,392	27,103
Capital outlay	7,200	7,200	2,415	4,785
Contingency	25,000	25,000	-	25,000
Total Disbursements	284,739	284,739	217,156	67,583
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	296,386	296,386	413,216	116,830
OTHER FINANCING SOURCES (USES)				
Transfers out	(484,000)	(484,000)	(484,000)	-
NET CHANGE IN FUND BALANCE	(187,614)	(187,614)	(70,784)	116,830
FUND BALANCE, Beginning of year	248,000	248,000	303,855	55,855
FUND BALANCE, End of year	\$ 60,386	\$ 60,386	\$ 233,071	\$ 172,685

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, 2006**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Licenses and permits	\$ 101,388	\$ 101,388	\$ 601,086	\$ 499,698
Miscellaneous	1,000	1,000	11,128	10,128
<i>Total Receipts</i>	102,388	102,388	612,214	509,826
DISBURSEMENTS				
Materials and services	300	300	-	300
RECEIPTS OVER (UNDER) DISBURSEMENTS	102,088	102,088	612,214	510,126
OTHER FINANCING SOURCES (USES)				
Transfers out	(158,000)	(158,000)	(158,000)	-
NET CHANGE IN FUND BALANCE	(55,912)	(55,912)	454,214	510,126
FUND BALANCE, Beginning of year	60,000	60,000	79,179	19,179
FUND BALANCE, End of year	\$ 4,088	\$ 4,088	\$ 533,393	\$ 529,305

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, 2006**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Licenses and permits	\$ 2,500	\$ 2,500	\$ 16,434	\$ 13,934
Intergovernmental	695,587	695,587	405,056	(290,531)
Miscellaneous	200,020	200,020	687,404	487,384
<i>Total Receipts</i>	898,107	898,107	1,108,894	210,787
DISBURSEMENTS				
Materials and services	4,580	4,580	962	3,618
Capital outlay	5,549,824	5,549,824	4,853,516	696,308
Contingency	211,856	211,856	-	211,856
<i>Total Disbursements</i>	5,766,260	5,766,260	4,854,478	911,782
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(4,868,153)	(4,868,153)	(3,745,584)	1,122,569
OTHER FINANCING SOURCES (USES)				
Bond proceeds	5,066,453	5,066,453	3,745,341	(1,321,112)
NET CHANGE IN FUND BALANCE	198,300	198,300	(243)	(198,543)
FUND BALANCE, Beginning of year	1,700	1,700	12,561	10,861
FUND BALANCE, End of year	\$ 200,000	\$ 200,000	\$ 12,318	\$ (187,682)

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, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>				
Miscellaneous	\$ 1,500	\$ 1,500	\$ 5,564	\$ 4,064
<i>DISBURSEMENTS</i>				
Debt service	438,561	438,561	438,561	-
<i>RECEIPTS OVER (UNDER) DISBURSEMENTS</i>	(437,061)	(437,061)	(432,997)	4,064
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers in	632,000	632,000	632,000	-
<i>NET CHANGE IN FUND BALANCE</i>	194,939	194,939	199,003	4,064
<i>FUND BALANCE, Beginning of year</i>	24,000	24,000	24,188	188
<i>FUND BALANCE, End of year</i>	<u>\$ 218,939</u>	<u>\$ 218,939</u>	<u>\$ 223,191</u>	<u>\$ 4,252</u>

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - WATER FUND****YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Charges for services	\$ 591,675	\$ 591,675	\$ 646,985	\$ 55,310
Intergovernmental	45,000	45,000	-	(45,000)
Miscellaneous	4,000	4,000	10,484	6,484
<i>Total Receipts</i>	640,675	640,675	657,469	16,794
DISBURSEMENTS				
Personal services	152,078	152,078	138,170	13,908
Materials and services	180,645	180,645	149,976	30,669
Capital outlay	15,720	15,720	13,274	2,446
Contingency	30,000	30,000	-	30,000
<i>Total Disbursements</i>	378,443	378,443	301,420	77,023
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	262,232	262,232	356,049	93,817
OTHER FINANCING SOURCES (USES)				
Transfers out	(445,500)	(445,500)	(445,500)	-
NET CHANGE IN FUND BALANCE	(183,268)	(183,268)	(89,451)	93,817
FUND BALANCE, Beginning of year	190,000	190,000	242,430	52,430
FUND BALANCE, End of year	\$ 6,732	\$ 6,732	\$ 152,979	\$ 146,247

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - WATER SDC PROJECTS FUND****YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Licenses and permits	\$ 66,808	\$ 66,808	\$ 396,076	\$ 329,268
Miscellaneous	400	400	8,394	7,994
<i>Total Receipts</i>	67,208	67,208	404,470	337,262
DISBURSEMENTS				
Materials and services	2,000	2,000	-	2,000
Capital outlay	1,000	1,000	-	1,000
<i>Total Disbursements</i>	3,000	3,000	-	3,000
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	64,208	64,208	404,470	340,262
OTHER FINANCING SOURCES (USES)				
Transfers out	(66,808)	(66,808)	(66,808)	-
NET CHANGE IN FUND BALANCE	(2,600)	(2,600)	337,662	340,262
FUND BALANCE, Beginning of year	35,347	35,347	52,358	17,011
FUND BALANCE, End of year	\$ 32,747	\$ 32,747	\$ 390,020	\$ 357,273

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - WATER CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Licenses and permits	\$ 5,012	\$ 5,012	\$ 29,714	\$ 24,702
Intergovernmental	200,000	200,000	-	(200,000)
Miscellaneous	400	400	4,485	4,085
<i>Total Receipts</i>	205,412	205,412	34,199	(171,213)
DISBURSEMENTS				
Materials and services	500	500	-	500
Capital outlay	306,000	306,000	4,794	301,206
Debt service	400	400	400	-
Contingency	40,000	40,000	-	40,000
<i>Total Disbursements</i>	346,900	346,900	5,194	341,706
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(141,488)	(141,488)	29,005	170,493
OTHER FINANCING SOURCES (USES)				
Transfers in	205,000	205,000	205,000	-
NET CHANGE IN FUND BALANCE	63,512	63,512	234,005	170,493
FUND BALANCE, Beginning of year	1,000	1,000	5,099	4,099
FUND BALANCE, End of year	\$ 64,512	\$ 64,512	\$ 239,104	\$ 174,592

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, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>				
Miscellaneous	\$ 3,500	\$ 3,500	\$ 15,588	\$ 12,088
<i>DISBURSEMENTS</i>				
Debt service	302,320	302,320	302,319	1
<i>RECEIPTS OVER (UNDER) DISBURSEMENTS</i>	(298,820)	(298,820)	(286,731)	12,089
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers in	297,308	297,308	297,308	-
<i>NET CHANGE IN FUND BALANCE</i>	(1,512)	(1,512)	10,577	12,089
<i>FUND BALANCE, Beginning of year</i>	325,275	325,275	329,697	4,422
<i>FUND BALANCE, End of year</i>	\$ 323,763	\$ 323,763	\$ 340,274	\$ 16,511

CITY OF LAFAYETTE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2006

<i>Tax Year</i>	<i>2005-2006 Levy</i>	<i>Uncollected Balance July 1, 2005</i>	<i>Adjustment & Added To Rolls</i>	<i>Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balance June 30, 2006</i>
2005-2006	\$ 326,103	\$ -	\$ 285	\$ 8,780	\$ 306,351	\$ 11,257
2004-2005		11,690	-	396	7,461	3,833
2003-2004		4,074	-	220	1,797	2,057
2002-2003		2,166	-	76	1,159	931
2001-2002		947	-	276	372	299
2000-2001		314	-	268	(186)	232
Prior Years		816	-	1,274	(1,170)	712
Total	<u>\$ 326,103</u>	<u>\$ 20,007</u>	<u>\$ 285</u>	<u>\$ 11,290</u>	<u>\$ 315,784</u>	<u>\$ 19,321</u>

CITY OF LAFAYETTE, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2006

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Fiscal Year of Maturity</i>
<i>DEBT PRINCIPAL TRANSACTIONS</i>			
City Hall Mortgage	8.75%	1999	2008-09
Fire Truck Lease			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

	<i>Interest Rates</i>	<i>Date of Issue</i>
<i>DEBT INTEREST TRANSACTIONS</i>		
City Hall Mortgage	8.75%	1999
Fire Truck Lease		
2000 Water Revenue Bonds	4.7%-6.0%	2000
Safe Drinking Water Revolving Loan	1%	2003
2000 Oregon Bond Bank Loan	5.276%	2000
City of Dayton	1%	2004

<i>Outstanding July 1, 2005</i>	<i>Debt Issued</i>	<i>Debt Paid</i>	<i>Outstanding June 30, 2006</i>
\$ 73,228	\$ -	\$ 73,228	\$ -
63,934	-	14,702	49,232
2,865,000	-	115,000	2,750,000
99,958	-	5,096	94,862
4,669,157	-	193,220	4,475,937
582,751	-	17,422	565,329
<hr/>	<hr/>	<hr/>	<hr/>
\$ 8,354,028	\$ -	\$ 418,668	\$ 7,935,360
<hr/>	<hr/>	<hr/>	<hr/>

<i>Unmatured Interest Outstanding July 1, 2005</i>	<i>New Issues</i>	<i>Interest Coupons Paid/ Refunded</i>	<i>Unmatured Interest June 30, 2006</i>
\$ 1,135	\$ -	\$ 1,135	\$ -
9,195	-	3,580	5,615
1,518,727	-	157,975	1,360,752
9,764	-	1,000	8,764
2,379,453	-	245,341	2,134,112
91,470	-	5,827	85,643
<hr/>	<hr/>	<hr/>	<hr/>
\$ 4,009,744	\$ -	\$ 414,858	\$ 3,594,886
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CITY OF LAFAYETTE, OREGON
SCHEDULE OF FUTURE DEBT REQUIREMENTS
JUNE 30, 2006

Fiscal Year Ending June 30,	Fire Truck Lease			2000 Water Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 15,525	\$ 2,757	\$ 18,282	\$ 120,000	\$ 152,100	\$ 272,100
2008	16,395	1,887	18,282	130,000	145,785	275,785
2009	17,312	970	18,282	135,000	138,926	273,926
2010	-	-	-	145,000	131,576	276,576
2011	-	-	-	150,000	123,795	273,795
2012	-	-	-	160,000	115,580	275,580
2013	-	-	-	170,000	106,750	276,750
2014	-	-	-	175,000	97,260	272,260
2015	-	-	-	185,000	87,180	272,180
2016	-	-	-	200,000	76,400	276,400
2017	-	-	-	210,000	64,500	274,500
2018	-	-	-	220,000	51,600	271,600
2019	-	-	-	235,000	37,950	272,950
2020	-	-	-	250,000	23,400	273,400
2021	-	-	-	265,000	7,950	272,950
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
	<u>\$ 49,232</u>	<u>\$ 5,614</u>	<u>\$ 54,846</u>	<u>\$ 2,750,000</u>	<u>\$ 1,360,752</u>	<u>\$ 4,110,752</u>

<i>City of Dayton</i>			<i>Safe Drinking Water Revolving Loan</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ 17,595	\$ 5,654	23,249	\$ 5,147	\$ 949	\$ 6,096
17,771	5,478	23,249	5,199	897	6,096
17,949	5,300	23,249	5,251	845	6,096
18,129	5,120	23,249	5,303	793	6,096
18,310	4,939	23,249	5,356	740	6,096
18,493	4,756	23,249	5,410	686	6,096
18,678	4,571	23,249	5,464	632	6,096
18,865	4,384	23,249	5,518	577	6,095
19,053	4,196	23,249	5,574	522	6,096
19,244	4,005	23,249	5,629	466	6,095
19,437	3,812	23,249	5,686	410	6,096
19,631	3,618	23,249	5,742	353	6,095
19,827	3,422	23,249	5,800	296	6,096
20,025	3,224	23,249	5,857	238	6,095
20,226	3,023	23,249	5,916	179	6,095
20,428	2,821	23,249	5,975	120	6,095
20,632	2,617	23,249	6,035	60	6,095
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>\$ 565,329</u>	<u>\$ 85,643</u>	<u>\$ 650,972</u>	<u>\$ 94,862</u>	<u>\$ 8,763</u>	<u>\$ 103,625</u>

CITY OF LAFAYETTE, OREGON
SCHEDULE OF FUTURE DEBT REQUIREMENTS (Continued)
JUNE 30, 2006

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>2000 Oregon Bond Bank Loan</i>			<i>Totals</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2007	\$ 204,881	\$ 235,680	\$ 440,561	\$ 363,148	\$ 397,140	\$ 760,288
2008	216,626	225,436	442,062	385,991	379,483	765,474
2009	228,456	214,604	443,060	403,968	360,645	764,613
2010	240,380	203,182	443,562	408,812	340,671	749,483
2011	247,400	191,162	438,562	421,066	320,636	741,702
2012	264,573	178,483	443,056	448,476	299,505	747,981
2013	276,912	164,593	441,505	471,054	276,546	747,600
2014	289,375	150,055	439,430	488,758	252,276	741,034
2015	306,967	134,863	441,830	516,594	226,761	743,355
2016	319,695	118,747	438,442	544,568	199,618	744,186
2017	337,594	101,804	439,398	572,717	170,526	743,243
2018	355,675	83,742	439,417	601,048	139,313	740,361
2019	373,952	64,536	438,488	634,579	106,204	740,783
2020	397,405	44,342	441,747	673,287	71,204	744,491
2021	416,046	22,883	438,929	707,188	34,035	741,223
2022	-	-	-	26,403	2,941	29,344
2023	-	-	-	26,667	2,677	29,344
2024	-	-	-	20,838	2,411	23,249
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>\$ 4,475,937</u>	<u>\$ 2,134,112</u>	<u>\$ 6,610,049</u>	<u>\$ 7,935,360</u>	<u>\$ 3,594,884</u>	<u>\$ 11,530,244</u>

CITY OF LAFAYETTE, OREGON

AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS YEAR ENDED JUNE 30, 2006

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, 2006, and have issued our report thereon dated October 27, 2006. 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 capital 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, 2006.

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, 2006.

Indebtedness

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

CITY OF LAFAYETTE, OREGON

AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS (Continued)
YEAR ENDED JUNE 30, 2006

STATE OF OREGON COMPLIANCE SECTION (Continued)

Budget Compliance

The City has complied with Local Budget Law (ORS 294) and ORS 264.300 in the preparation and adoption of its budget and tax levy for fiscal years ending June 30, 2006 and 2007.

Insurance and Fidelity Bonds

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2006. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies.

Public Contracting and Purchasing

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

Highway Funds

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

Programs Funded from Outside Sources

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

Schedule of Accountability of Independently Elected Officials

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

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

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

By: 

Charles A. Swank, A Shareholder
October 27, 2006