

*CITY OF LAFAYETTE, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2007*

ADDITIONAL MUNICIPALITIES

	Date	Initial
Rec'd	12-18-07	Dme
DIS	12-20-07	Dme
Muni	12-21-07	km
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Comments		

CITY OF LAFAYETTE, OREGON
CITY OFFICIALS
JUNE 30, 2007

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 Rue
1232 Joels Place
Lafayette, Oregon 97127

Matt Smith
1233 Joels Place
Lafayette, Oregon 97127

City Administrator

Diane J. Rinks
486 Third Street
Lafayette, Oregon 97127

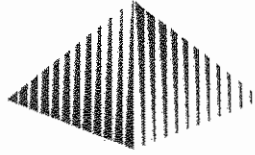
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BASIC FINANCIAL STATEMENTS



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lafayette, Oregon, as of June 30, 2007, 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, 2007, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplementary and other supplementary information are presented for purposes of additional analysis and are 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.

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.

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

By 
Charles A. Swank, A Shareholder
November 14, 2007

CITY OF LAFAYETTE, OREGON
STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)
JUNE 30, 2007

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and investments	\$ 1,420,479	\$ 2,765,922	\$ 4,186,401
Property taxes receivable	20,708	-	20,708
Capital assets	999,310	12,418,963	13,418,273
<i>Total Assets</i>	<u>2,440,497</u>	<u>15,184,885</u>	<u>17,625,382</u>
LIABILITIES			
Payroll withholdings	3,895	-	3,895
Deferred revenue	20,708	-	20,708
Noncurrent liabilities:			
Due within one year:			
Loan payable	-	239,596	239,596
Bonds payable	-	130,000	130,000
Due in more than one year:			
Loan payable	-	4,668,909	4,668,909
Bonds payable	-	2,500,000	2,500,000
<i>Total Liabilities</i>	<u>24,603</u>	<u>7,538,505</u>	<u>7,563,108</u>
NET ASSETS			
Investment in capital assets (net of related debt)	999,310	4,880,458	5,879,768
Fund net assets			
Restricted for special purposes	813,149	814,569	1,627,718
Unrestricted	603,435	1,951,353	2,554,788
<i>Total Fund Net Assets</i>	<u>1,416,584</u>	<u>2,765,922</u>	<u>4,182,506</u>
<i>Total Net Assets</i>	<u>\$ 2,415,894</u>	<u>\$ 7,646,380</u>	<u>\$ 10,062,274</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, 2007

		<i>Program Receipts</i>	
		<i>Fees, Fines, and Charges for Services</i>	<i>Operating Grants and Contributions</i>
	<i>Disbursements</i>		
FUNCTIONS/PROGRAMS			
Governmental activities:			
General government	\$ 203,883	\$ -	\$ 5,393
Court and police	193,291	15,486	11,904
Community services and development	199,548	255,119	-
Fire	153,527	-	-
Parks	35,265	-	-
Streets	103,377	-	152,766
Interest on long-term debt	2,757	-	-
<i>Total Governmental Activities</i>	891,648	270,605	170,063
Business-type Activities:			
Water	617,004	715,504	-
Sewer	1,004,823	741,295	-
<i>Total Business-type Activities</i>	1,621,827	1,456,799	-
<i>Total Activities</i>	<u>\$ 2,513,475</u>	<u>\$ 1,727,404</u>	<u>\$ 170,063</u>
General Receipts:			
Property taxes			
Franchise fees			
Intergovernmental			
Miscellaneous			
<i>Total General Receipts</i>			
Transfers			
Change in Fund Net Assets			
Fund Net Assets, July 1, 2006			
Fund Net Assets, June 30, 2007			

<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>
\$ -	\$ (198,490)	\$ -	\$ (198,490)
-	(165,901)	-	(165,901)
-	55,571	-	55,571
-	(153,527)	-	(153,527)
55,196	19,931	-	19,931
15,764	65,153	-	65,153
-	(2,757)	-	(2,757)
70,960	(380,020)	-	(380,020)
175,801	-	274,301	274,301
535,938	-	272,410	272,410
711,739	-	546,711	546,711
\$ 782,699	(380,020)	546,711	166,691
	393,772	-	393,772
	105,559	-	105,559
	61,170	-	61,170
	76,853	114,861	191,714
	637,354	114,861	752,215
	20,000	(20,000)	-
	277,334	641,572	918,906
	1,139,250	2,124,350	3,263,600
\$	1,416,584	\$ 2,765,922	\$ 4,182,506

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, 2007

	<i>General</i>	<i>Streets</i>	<i>Other Governmental Funds</i>
ASSETS			
Cash and investments	\$ 511,471	\$ 114,378	\$ 794,630
Property taxes receivable	20,708	-	-
<i>Total Assets</i>	<u>\$ 532,179</u>	<u>\$ 114,378</u>	<u>\$ 794,630</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Payroll withholdings	\$ 3,895	\$ -	\$ -
Deferred revenue	20,708	-	-
<i>Total Liabilities</i>	24,603	-	-
Fund Balances			
Unreserved, reported in:			
General fund	507,576	-	-
Special revenue funds	-	114,378	794,630
<i>Total Fund Balances</i>	<u>507,576</u>	<u>114,378</u>	<u>794,630</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 532,179</u>	<u>\$ 114,378</u>	<u>\$ 794,630</u>

Totals

\$ 1,420,479
20,708

\$ 1,441,187

\$ 3,895
20,708

24,603

507,576
909,008

1,416,584

\$ 1,441,187

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, 2007**

	<i>General</i>	<i>Streets</i>	<i>Other Governmental Funds</i>
RECEIPTS			
Taxes and assessments	\$ 393,772	\$ -	\$ -
Licenses and permits	258,415	-	47,810
Charges for services	-	-	125,371
Intergovernmental	78,467	152,766	-
Fines and forfeitures	15,486	-	-
Miscellaneous	29,596	4,585	42,714
<i>Total Receipts</i>	775,736	157,351	215,895
DISBURSEMENTS			
Current operating:			
General government	141,435	-	6,863
Court and police	193,291	-	-
Community services and development	160,158	-	39,390
Fire	76,331	-	-
Parks	34,022	-	1,243
Streets	-	96,111	5,545
Capital outlay	17,400	-	119,859
<i>Total Disbursements</i>	622,637	96,111	172,900
RECEIPTS OVER (UNDER) DISBURSEMENTS	153,099	61,240	42,995
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	235,000
Transfers out	(145,000)	(45,000)	(25,000)
<i>Total Other Financing Sources (Uses)</i>	(145,000)	(45,000)	210,000
NET CHANGE IN FUND BALANCES	8,099	16,240	252,995
FUND BALANCES, Beginning of year	499,477	98,138	541,635
FUND BALANCES, End of year	\$ 507,576	\$ 114,378	\$ 794,630

Totals

\$ 393,772
306,225
125,371
231,233
15,486
76,895

1,148,982

148,298
193,291
199,548
76,331
35,265
101,656
137,259

891,648

257,334

235,000
(215,000)

20,000

277,334

1,139,250

\$ 1,416,584

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, 2007**

	<u>Sewer</u>	<u>Sewer SDC Projects</u>	<u>Sewer Capital Projects</u>
ASSETS			
Cash and investments	\$ 224,461	\$ 862	\$ 141,568
<i>Total Assets</i>	<u>\$ 224,461</u>	<u>\$ 862</u>	<u>\$ 141,568</u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities</i>	\$ -	\$ -	\$ -
<i>Fund Balances</i>			
Unreserved	<u>224,461</u>	<u>862</u>	<u>141,568</u>
<i>Total Fund Balances</i>	<u>224,461</u>	<u>862</u>	<u>141,568</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 224,461</u>	<u>\$ 862</u>	<u>\$ 141,568</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>
\$ 950,399	\$ 213,468	\$ 15,619	\$ 656,520	\$ 563,025	\$ 2,765,922
<u>\$ 950,399</u>	<u>\$ 213,468</u>	<u>\$ 15,619</u>	<u>\$ 656,520</u>	<u>\$ 563,025</u>	<u>\$ 2,765,922</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>950,399</u>	<u>213,468</u>	<u>15,619</u>	<u>656,520</u>	<u>563,025</u>	<u>2,765,922</u>
<u>950,399</u>	<u>213,468</u>	<u>15,619</u>	<u>656,520</u>	<u>563,025</u>	<u>2,765,922</u>
<u>\$ 950,399</u>	<u>\$ 213,468</u>	<u>\$ 15,619</u>	<u>\$ 656,520</u>	<u>\$ 563,025</u>	<u>\$ 2,765,922</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, 2007**

	<i>Sewer</i>	<i>Sewer SDC Projects</i>	<i>Sewer Capital Projects</i>
RECEIPTS			
Licenses and permits	\$ -	\$ 248,177	\$ 6,785
Charges for services	740,036	-	-
Intergovernmental	-	-	280,976
Miscellaneous	10,629	11,848	7,266
<i>Total Receipts</i>	750,665	260,025	295,027
DISBURSEMENTS			
Personal services	152,933	-	-
Materials and services	103,000	-	10,618
Capital outlay	6,342	-	291,369
Debt service	-	-	-
<i>Total Disbursements</i>	262,275	-	301,987
RECEIPTS OVER (UNDER) DISBURSEMENTS	488,390	260,025	(6,960)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	136,210
Transfers out	(497,000)	(792,556)	-
<i>Total Other Financing Sources (Uses)</i>	(497,000)	(792,556)	136,210
NET CHANGE IN FUND BALANCES	(8,610)	(532,531)	129,250
FUND BALANCES, Beginning of year	233,071	533,393	12,318
FUND BALANCES, End of year	\$ 224,461	\$ 862	\$ 141,568

<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>
\$ -	\$ -	\$ 163,532	\$ 12,269	\$ -	\$ 430,763
-	710,422	-	-	-	1,450,458
-	-	-	-	-	280,976
24,423	12,539	7,475	28,534	18,488	121,202
24,423	722,961	171,007	40,803	18,488	2,283,399
-	138,859	-	-	-	291,792
-	132,323	-	5,195	-	251,136
-	15,990	-	22,792	-	336,493
440,561	-	-	400	301,445	742,406
440,561	287,172	-	28,387	301,445	1,621,827
(416,138)	435,789	171,007	12,416	(282,957)	661,572
1,143,346	-	-	405,000	505,708	2,190,264
-	(375,300)	(545,408)	-	-	(2,210,264)
1,143,346	(375,300)	(545,408)	405,000	505,708	(20,000)
727,208	60,489	(374,401)	417,416	222,751	641,572
223,191	152,979	390,020	239,104	340,274	2,124,350
<u>\$ 950,399</u>	<u>\$ 213,468</u>	<u>\$ 15,619</u>	<u>\$ 656,520</u>	<u>\$ 563,025</u>	<u>\$ 2,765,922</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 (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis).

The Statement of Net Assets presents all the assets and liabilities of the City, including capital assets and related debt. Net assets, representing assets less liabilities, is shown in three components. Investment in capital assets, less related outstanding debt used to acquire them, restricted for special purposes, amounts which must be spent in accordance with legal restrictions, and unrestricted, the amount available for ongoing City activities.

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 (general and special revenue funds) and proprietary (enterprise) type funds. Major individual 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 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.

The following governmental funds are considered nonmajor:

Vehicle and Equipment Replacement Fund

This fund accounts for the purchase of equipment.

Refundable Deposits/Pass-through Fees Fund

This fund accounts for refundable deposits and pass through fees.

Street SDC Projects Fund

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

Parks SDC Projects Fund

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

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, 2007

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.

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

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.

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.

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2007

CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2007:

Cash

Cash on hand	\$	500
Deposits with financial institutions		188,384

Investments

Local Government Investment Pool		3,997,517
		<hr/>
	\$	4,186,401
		<hr/>

Deposits

At year end, the book balance of the City's bank deposits (checking accounts) was \$188,384 and the bank balance was \$247,625. 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 (LGIP) is part. Participation by local governments is voluntary. At June 30, 2007, 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.

CITY OF LAFAYETTE, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2007****CASH AND INVESTMENTS (Continued)***Investments (Continued)*

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.

CAPITAL ASSETS

The summary of capital assets activity for the business-type activities for the year ended June 30, 2007 is as follows:

	<i>Balances July 1, 2006</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2007</i>
Water Fund				
Land and improvements	\$ 173,012	\$ 7,817	\$ -	\$ 180,829
Buildings	159,546	-	-	159,546
Water and sewer systems	4,599,228	12,711	-	4,611,939
Equipment	116,387	-	-	116,387
	<u>5,048,173</u>	<u>20,528</u>	<u>-</u>	<u>5,068,701</u>
Sewer Fund				
Land and improvements	51,198	-	-	51,198
Buildings	203,920	-	-	203,920
Water and sewer systems	6,810,168	237,499	-	7,047,667
Equipment	44,433	3,044	-	47,477
	<u>7,109,719</u>	<u>240,543</u>	<u>-</u>	<u>7,350,262</u>
<i>Total Business-type Capital Assets</i>	<u>\$ 12,157,892</u>	<u>\$ 261,071</u>	<u>\$ -</u>	<u>\$ 12,418,963</u>

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2007

CAPITAL ASSETS (Continued)

The changes in the capital assets for governmental activities for the year ended June 30, 2007 are as follows:

	<i>Balances July 1, 2006</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2007</i>
Land and improvements	\$ 245,731	\$ -	\$ -	\$ 245,731
Buildings	190,244	-	-	190,244
Vehicles	299,944	20,034	-	319,978
Equipment	218,958	24,399	-	243,357
<i>Total Governmental Capital Assets</i>	<i>\$ 954,877</i>	<i>\$ 44,433</i>	<i>\$ -</i>	<i>\$ 999,310</i>

LONG-TERM DEBT

Long-term debt transactions for governmental activities for the year ended June 30, 2007 were as follows:

Governmental activities:

	<i>Outstanding July 1, 2006</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2007</i>	<i>Due Within One Year</i>
Banc One Leasing for capital lease on fire truck, annual installments of \$18,282 including interest	\$ 49,232	\$ -	\$ (49,232)	\$ -	\$ -

CITY OF LAFAYETTE, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2007****LONG-TERM DEBT (Continued)**

Proprietary fund long-term debt transactions for the year ended June 30, 2007 were as follows:

Business activities:

	<u>Outstanding July 1, 2006</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2007</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	\$ 2,750,000	\$ -	\$ (120,000)	\$ 2,630,000	\$ 130,000
Oregon Bond Bank loan, issued October 2000, in varying annual installments, including interest at 5.276% through 2021	4,475,937	-	(204,881)	4,271,056	216,626
Safe Drinking Water Revolving Fund loan, issued 2003, annual installments of \$6,096 including interest at 1% through 2024	94,862	-	(5,147)	89,715	5,199
City of Dayton (OECD DD passthrough), issued in 2004, annual installments of \$23,249 including interest at 1% through 2024	565,329	-	(17,595)	547,734	17,771
	<u>\$ 7,886,128</u>	<u>\$ -</u>	<u>\$ (347,623)</u>	<u>\$ 7,538,505</u>	<u>\$ 369,596</u>

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2007

LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

Business-type Activities

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
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	448,476	299,505	747,981
2013-2017	2,593,691	1,125,727	3,719,418
2018-2022	2,642,505	353,697	2,996,202
2023-2027	111,278	11,062	122,340
2028-2032	110,614	5,631	116,245
2033-2034	45,811	687	46,498
	<u>\$ 7,538,505</u>	<u>\$ 3,194,887</u>	<u>\$ 10,733,392</u>

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2007

PENSION PLAN

Plan Description

The City is a participating employer in the Oregon Public Employees Retirement System (PERS), a cost-sharing 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. 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.

Funding Policy

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, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The City has elected to contribute the 6.0% "pick-up".

In addition to the 6.0% "pick-up," the City contributed approximately 9% of covered payroll to PERS for the fiscal year ended June 30, 2007. This contribution rate was determined as part of the December 31, 2003 actuarial evaluation and was recalculated to reflect the impact of recently passed legislation (House Bills 2001, 2003, and 2004). Subject salary for the year was \$324,624 and the City's total payroll was \$326,004.

Contribution information is as follows:

<u><i>Year Ended June 30,</i></u>	<u><i>Employer Contributions</i></u>
2007	\$ 49,517
2006	47,813
2005	47,811

CITY OF LAFAYETTE, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2007****PENSION PLAN (Continued)**

The City's pension liability and the annual required contribution rate were determined using the entry age cost method. The unfunded actuarial liability ("UAL") created by this method, including gains and losses, is amortized as a level percentage of salary over a period commencing on the valuation date (2001, 2003, 2005, and 2007) and ending on December 31, 2027 using closed amortization. Beginning in 2007, each valuation's UAL will be amortized over 20 years, again using closed amortization. The actuarial assumptions include an investment return of 8.0% per year, projected salary increase of 4.25%, health cost inflation graded from 8.5% in 2004 to 0% in 2011, and a consumer price inflation component of 3.25%.

The OPERB utilizes a technique called asset smoothing to determine the actuarial value of assets. The actuarial value of assets are reported at fair market value, less a reserve equal to a pro-rata portion of the investment gains (losses) over the four-year period ending on the valuation date. Investment gains (losses), effective from January 1, 2000, are recognized at the rate of 25% per year. The actuarial value of assets is limited to a 10% corridor above and below the fair market value.

INTERFUND TRANSFERS

	<i>Transfers In</i>		<i>Transfers Out</i>					
	<i>General</i>	<i>Streets</i>	<i>Water</i>	<i>Sewer</i>	<i>Sewer SDC</i>	<i>Water SDC</i>	<i>All Others</i>	<i>Total</i>
Park SDC	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,000
City Hall Building	5,000	-	5,000	5,000	-	-	-	15,000
Community Center	5,000	-	-	-	-	-	-	5,000
Street Capital	-	45,000	-	-	-	-	20,000	65,000
Fire Capital	60,000	-	-	-	-	-	-	60,000
Vehicle & Equipment								
Replacement	5,000	-	5,000	5,000	-	-	5,000	20,000
Sewer Capital	-	-	-	100,000	36,210	-	-	136,210
Water Capital	-	-	165,000	-	-	240,000	-	405,000
Water Debt Service	-	-	200,300	-	-	305,408	-	505,708
Sewer Debt Service	-	-	-	387,000	756,346	-	-	1,143,346
Total	<u>\$ 145,000</u>	<u>\$ 45,000</u>	<u>\$ 375,300</u>	<u>\$ 497,000</u>	<u>\$ 792,556</u>	<u>\$ 545,408</u>	<u>\$ 25,000</u>	<u>\$ 2,425,264</u>

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

CITY OF LAFAYETTE, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2007**

SEGMENT INFORMATION

The City provides water and sewer services to customers. These activities are accounted for in eight difference funds. Segment information at June 30, 2007 is as follows:

	<i>Sewer</i>	<i>Water</i>	<i>Total</i>
Receipts	\$ 1,330,140	\$ 953,259	\$ 2,283,399
Disbursements	1,004,823	617,004	1,621,827
Excess (deficiency) of receipts over disbursements	325,317	336,255	661,572
Transfers in (out)	10,000	10,000	20,000
Total assets	8,667,552	6,517,333	15,184,885
Long-term debt	0	2,500,000	2,500,000
Fund net assets	1,317,290	1,448,632	2,765,922

CONTINGENCIES

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

From time to time, the City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2007**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Taxes and assessments	\$ 327,000	\$ 327,000	\$ 393,772	\$ 66,772
Licenses and permits	445,000	445,000	258,415	(186,585)
Intergovernmental	71,800	71,800	78,467	6,667
Fines and forfeitures	4,500	4,500	15,486	10,986
Miscellaneous	4,000	4,000	29,596	25,596
<i>Total Receipts</i>	852,300	852,300	775,736	(76,564)
DISBURSEMENTS				
Administration	169,209	169,209	142,640	26,569
Planning	40,684	40,684	33,062	7,622
Building inspection	354,936	354,936	127,096	227,840
Municipal court	21,174	21,174	21,062	112
Law enforcement	183,739	183,739	172,229	11,510
Parks	39,405	39,405	34,022	5,383
Fire	104,234	104,234	92,526	11,708
Contingency	43,000	43,000	-	43,000
<i>Total Disbursements</i>	956,381	956,381	622,637	333,744
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(104,081)	(104,081)	153,099	257,180
OTHER FINANCING SOURCES (USES)				
Transfers out	(145,000)	(145,000)	(145,000)	-
NET CHANGE IN FUND BALANCE	(249,081)	(249,081)	8,099	257,180
FUND BALANCE, Beginning of year	399,300	399,300	499,477	100,177
FUND BALANCE, End of year	\$ 150,219	\$ 150,219	\$ 507,576	\$ 357,357

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - STREETS FUND
YEAR ENDED JUNE 30, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Intergovernmental	\$ 145,700	\$ 145,700	\$ 152,766	\$ 7,066
Miscellaneous	500	500	4,585	4,085
<i>Total Receipts</i>	146,200	146,200	157,351	11,151
DISBURSEMENTS				
Personal services	39,044	39,044	37,090	1,954
Materials and services	116,755	116,755	59,021	57,734
Contingency	15,000	15,000	-	15,000
<i>Total Disbursements</i>	170,799	170,799	96,111	74,688
RECEIPTS OVER (UNDER) DISBURSEMENTS	(24,599)	(24,599)	61,240	85,839
OTHER FINANCING SOURCES (USES)				
Transfers out	(45,000)	(45,000)	(45,000)	-
NET CHANGE IN FUND BALANCE	(69,599)	(69,599)	16,240	85,839
FUND BALANCE, Beginning of year	80,000	80,000	98,138	18,138
FUND BALANCE, End of year	\$ 10,401	\$ 10,401	\$ 114,378	\$ 103,977

OTHER SUPPLEMENTARY INFORMATION

CITY OF LAFAYETTE, OREGON**COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -****NONMAJOR GOVERNMENTAL FUNDS****JUNE 30, 2007**

	<i><u>Vehicle & Equipment Replacement</u></i>	<i><u>Refundable Deposits/Pass- Through Fees</u></i>	<i><u>Heritage Days</u></i>	<i><u>Street SDC Projects</u></i>
ASSETS				
Cash and investments	\$ 20,076	\$ 147,714	\$ 3,067	\$ 3,133
<i>Total Assets</i>	<u>\$ 20,076</u>	<u>\$ 147,714</u>	<u>\$ 3,067</u>	<u>\$ 3,133</u>
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>	\$ -	\$ -	\$ -	\$ -
Fund Balances				
Unreserved, reported in:				
Special revenue funds	20,076	147,714	3,067	3,133
<i>Total Fund Balances</i>	<u>20,076</u>	<u>147,714</u>	<u>3,067</u>	<u>3,133</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 20,076</u>	<u>\$ 147,714</u>	<u>\$ 3,067</u>	<u>\$ 3,133</u>

<i>Parks SDC Projects</i>	<i>City Hall Building</i>	<i>Community Center</i>	<i>Street Capital Projects</i>	<i>Fire Capital Projects</i>	<i>Totals</i>
\$ 305,280	\$ 57,833	\$ 8,324	\$ 242,644	\$ 5,750	\$ 794,630
<u>\$ 305,280</u>	<u>\$ 57,833</u>	<u>\$ 8,324</u>	<u>\$ 242,644</u>	<u>\$ 5,750</u>	<u>\$ 794,630</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
305,280	57,833	8,324	242,644	5,750	794,630
305,280	57,833	8,324	242,644	5,750	794,630
<u>\$ 305,280</u>	<u>\$ 57,833</u>	<u>\$ 8,324</u>	<u>\$ 242,644</u>	<u>\$ 5,750</u>	<u>\$ 794,630</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, 2007**

	<u>Vehicle & Equipment Replacement</u>	<u>Refundable Deposits/ Pass- Through Fees</u>	<u>Heritage Days</u>	<u>Street SDC Projects</u>
RECEIPTS				
Licenses and permits	\$ -	\$ 47,810	\$ -	\$ -
Charges for services	-	17,999	-	7,197
Miscellaneous	1,045	8,209	1,931	657
	<u>1,045</u>	<u>74,018</u>	<u>1,931</u>	<u>7,854</u>
<i>Total Receipts</i>	1,045	74,018	1,931	7,854
DISBURSEMENTS				
Materials and services	-	39,390	1,097	57
Capital outlay	21,534	-	-	-
	<u>21,534</u>	<u>39,390</u>	<u>1,097</u>	<u>57</u>
<i>Total Disbursements</i>	21,534	39,390	1,097	57
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,489)	34,628	834	7,797
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	-	-	-
Transfers out	-	-	-	(25,000)
	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>
<i>Total Other Financing Sources (Uses)</i>	20,000	-	-	(25,000)
NET CHANGE IN FUND BALANCES	(489)	34,628	834	(17,203)
FUND BALANCES, Beginning of year	20,565	113,086	2,233	20,336
FUND BALANCES, End of year	<u>\$ 20,076</u>	<u>\$ 147,714</u>	<u>\$ 3,067</u>	<u>\$ 3,133</u>

<i>Parks SDC Projects</i>	<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,810
55,196	-	-	8,567	-	36,412	125,371
12,627	2,670	2,450	10,251	2,874	-	42,714
67,823	2,670	2,450	18,818	2,874	36,412	215,895
1,243	1,702	4,064	5,488	-	-	53,041
-	-	-	1,721	61,001	35,603	119,859
1,243	1,702	4,064	7,209	61,001	35,603	172,900
66,580	968	(1,614)	11,609	(58,127)	809	42,995
70,000	15,000	5,000	65,000	60,000	-	235,000
-	-	-	-	-	-	(25,000)
70,000	15,000	5,000	65,000	60,000	-	210,000
136,580	15,968	3,386	76,609	1,873	809	252,995
168,700	41,865	4,938	166,035	3,877	-	541,635
\$ 305,280	\$ 57,833	\$ 8,324	\$ 242,644	\$ 5,750	\$ 809	\$ 794,630

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 500	\$ 500	\$ 1,045	\$ 545
DISBURSEMENTS				
Capital outlay	40,000	40,000	21,534	18,466
RECEIPTS OVER (UNDER) DISBURSEMENTS	(39,500)	(39,500)	(20,489)	19,011
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	20,000	-
NET CHANGE IN FUND BALANCE	(19,500)	(19,500)	(489)	19,011
FUND BALANCE, Beginning of year	20,500	20,500	20,565	65
FUND BALANCE, End of year	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 20,076</u>	<u>\$ 19,076</u>

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, 2007**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Licenses and permits	\$ 45,000	\$ 45,000	\$ 47,810	\$ 2,810
Charges for services	14,000	14,000	17,999	3,999
Miscellaneous	4,000	4,000	8,209	4,209
<i>Total Receipts</i>	63,000	63,000	74,018	11,018
DISBURSEMENTS				
Materials and services	148,000	148,000	39,390	108,610
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(85,000)	(85,000)	34,628	119,628
FUND BALANCE, Beginning of year	89,500	89,500	113,086	23,586
FUND BALANCE, End of year	\$ 4,500	\$ 4,500	\$ 147,714	\$ 143,214

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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ -	\$ -	\$ 1,931	\$ 1,931
DISBURSEMENTS				
Materials and services	1,100	1,100	1,097	3
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,100)	(1,100)	834	1,934
FUND BALANCE, Beginning of year	1,100	1,100	2,233	1,133
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,067</u>	<u>\$ 3,067</u>

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, 2007**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Licenses and permits	\$ 10,500	\$ 10,500	\$ 7,197	\$ (3,303)
Miscellaneous	500	500	657	157
<i>Total Receipts</i>	11,000	11,000	7,854	(3,146)
DISBURSEMENTS				
Materials and services	1,500	1,500	57	1,443
Capital outlay	1,000	1,000	-	1,000
<i>Total Disbursements</i>	2,500	2,500	57	2,443
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	8,500	8,500	7,797	(703)
OTHER FINANCING SOURCES (USES)				
Transfers out	(25,000)	(25,000)	(25,000)	-
NET CHANGE IN FUND BALANCE	(16,500)	(16,500)	(17,203)	(703)
FUND BALANCE, Beginning of year	19,500	19,500	20,336	836
FUND BALANCE, End of year	\$ 3,000	\$ 3,000	\$ 3,133	\$ 133

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - PARKS SDC PROJECTS FUND
YEAR ENDED JUNE 30, 2007**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Licenses and permits	\$ 81,100	\$ 81,100	\$ 55,196	\$ (25,904)
Miscellaneous	82,000	82,000	12,627	(69,373)
<i>Total Receipts</i>	163,100	163,100	67,823	(95,277)
DISBURSEMENTS				
Materials and services	18,000	18,000	1,243	16,757
Capital outlay	355,000	355,000	-	355,000
Contingency	25,000	25,000	-	25,000
<i>Total Disbursements</i>	398,000	398,000	1,243	396,757
RECEIPTS OVER (UNDER) DISBURSEMENTS	(234,900)	(234,900)	66,580	301,480
OTHER FINANCING SOURCES (USES)				
Transfers in	70,000	70,000	70,000	-
NET CHANGE IN FUND BALANCE	(164,900)	(164,900)	136,580	301,480
FUND BALANCE, Beginning of year	170,000	170,000	168,700	(1,300)
FUND BALANCE, End of year	\$ 5,100	\$ 5,100	\$ 305,280	\$ 300,180

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 2,670	\$ 1,670
DISBURSEMENTS				
Materials and services	52,000	52,000	1,702	50,298
RECEIPTS OVER (UNDER) DISBURSEMENTS	(51,000)	(51,000)	968	51,968
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	15,000	-
NET CHANGE IN FUND BALANCE	(36,000)	(36,000)	15,968	51,968
FUND BALANCE, Beginning of year	41,000	41,000	41,865	865
FUND BALANCE, End of year	\$ 5,000	\$ 5,000	\$ 57,833	\$ 52,833

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 1,600	\$ 1,600	\$ 2,450	\$ 850
DISBURSEMENTS				
Materials and services	6,005	6,005	4,064	1,941
Capital outlay	1,000	1,000	-	1,000
<i>Total Disbursements</i>	<u>7,005</u>	<u>7,005</u>	<u>4,064</u>	<u>2,941</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,405)	(5,405)	(1,614)	3,791
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(405)	(405)	3,386	3,791
FUND BALANCE, Beginning of year	<u>3,500</u>	<u>3,500</u>	<u>4,938</u>	<u>1,438</u>
FUND BALANCE, End of year	<u>\$ 3,095</u>	<u>\$ 3,095</u>	<u>\$ 8,324</u>	<u>\$ 5,229</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, 2007**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Charges for services	\$ 25,000	\$ 25,000	\$ 8,567	\$ (16,433)
Intergovernmental	25,000	25,000	-	(25,000)
Miscellaneous	3,000	3,000	10,251	7,251
<i>Total Receipts</i>	53,000	53,000	18,818	(34,182)
DISBURSEMENTS				
Materials and services	5,500	5,500	5,488	12
Capital outlay	236,500	236,500	1,721	234,779
<i>Total Disbursements</i>	242,000	242,000	7,209	234,791
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(189,000)	(189,000)	11,609	200,609
OTHER FINANCING SOURCES (USES)				
Transfers in	65,000	65,000	65,000	-
NET CHANGE IN FUND BALANCE				
	(124,000)	(124,000)	76,609	200,609
FUND BALANCE, Beginning of year				
	162,000	162,000	166,035	4,035
FUND BALANCE, End of year				
	\$ 38,000	\$ 38,000	\$ 242,644	\$ 204,644

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 200	\$ 200	\$ 2,874	\$ 2,674
DISBURSEMENTS				
Capital outlay	62,000	62,000	61,001	999
Contingency	2,000	2,000	-	2,000
<i>Total Disbursements</i>	<u>64,000</u>	<u>64,000</u>	<u>61,001</u>	<u>2,999</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(63,800)	(63,800)	(58,127)	5,673
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(3,800)	(3,800)	1,873	5,673
FUND BALANCE, Beginning of year	<u>3,850</u>	<u>3,850</u>	<u>3,877</u>	<u>27</u>
FUND BALANCE, End of year	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 5,750</u>	<u>\$ 5,700</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Charges for services	\$ 83,500	\$ 83,500	\$ 36,412	\$ (47,088)
DISBURSEMENTS				
Capital outlay	83,500	83,500	35,603	47,897
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	-	-	809	809
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 809</u>	<u>\$ 809</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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 625,250	\$ 625,250	\$ 740,036	\$ 114,786
Miscellaneous	2,500	2,500	10,629	8,129
<i>Total Receipts</i>	627,750	627,750	750,665	122,915
DISBURSEMENTS				
Personal services	165,708	165,708	152,933	12,775
Materials and services	102,100	102,100	103,000	(900)
Capital outlay	7,700	7,700	6,342	1,358
Contingency	30,000	30,000	-	30,000
<i>Total Disbursements</i>	305,508	305,508	262,275	43,233
RECEIPTS OVER (UNDER) DISBURSEMENTS	322,242	322,242	488,390	166,148
OTHER FINANCING SOURCES (USES)				
Transfers out	(497,000)	(497,000)	(497,000)	-
NET CHANGE IN FUND BALANCE	(174,758)	(174,758)	(8,610)	166,148
FUND BALANCE, Beginning of year	185,000	185,000	233,071	48,071
FUND BALANCE, End of year	\$ 10,242	\$ 10,242	\$ 224,461	\$ 214,219

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 362,100	\$ 362,100	\$ 248,177	\$ (113,923)
Miscellaneous	15,000	15,000	11,848	(3,152)
<i>Total Receipts</i>	377,100	377,100	260,025	(117,075)
DISBURSEMENTS				
Materials and services	300	300	-	300
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	376,800	376,800	260,025	(116,775)
OTHER FINANCING SOURCES (USES)				
Transfers out	(854,556)	(854,556)	(792,556)	62,000
NET CHANGE IN FUND BALANCE	(477,756)	(477,756)	(532,531)	(54,775)
FUND BALANCE, Beginning of year	505,000	505,000	533,393	28,393
FUND BALANCE, End of year	\$ 27,244	\$ 27,244	\$ 862	\$ (26,382)

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, 2007**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Licenses and permits	\$ 19,800	\$ 19,800	\$ 6,785	\$ (13,015)
Intergovernmental	531,669	531,669	280,976	(250,693)
Miscellaneous	131	131	7,266	7,135
<i>Total Receipts</i>	551,600	551,600	295,027	(256,573)
DISBURSEMENTS				
Materials and services	10,618	10,618	10,618	-
Capital outlay	628,681	628,681	291,369	337,312
Contingency	40,000	40,000	-	40,000
<i>Total Disbursements</i>	679,299	679,299	301,987	377,312
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(127,699)	(127,699)	(6,960)	120,739
OTHER FINANCING SOURCES (USES)				
Transfers in	136,210	136,210	136,210	-
NET CHANGE IN FUND BALANCE				
	8,511	8,511	129,250	120,739
FUND BALANCE, Beginning of year				
	11,000	11,000	12,318	1,318
FUND BALANCE, End of year				
	\$ 19,511	\$ 19,511	\$ 141,568	\$ 122,057

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 5,000	\$ 5,000	\$ 24,423	\$ 19,423
DISBURSEMENTS				
Debt service	440,561	440,561	440,561	-
Contingency	991,785	991,785	-	991,785
<i>Total Disbursements</i>	<u>1,432,346</u>	<u>1,432,346</u>	<u>440,561</u>	<u>991,785</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,427,346)	(1,427,346)	(416,138)	1,011,208
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,205,346</u>	<u>1,205,346</u>	<u>1,143,346</u>	<u>(62,000)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>1,205,346</u>	<u>1,205,346</u>	<u>1,143,346</u>	<u>(62,000)</u>
NET CHANGE IN FUND BALANCE	(222,000)	(222,000)	727,208	949,208
FUND BALANCE, Beginning of year	<u>222,000</u>	<u>222,000</u>	<u>223,191</u>	<u>1,191</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 950,399</u>	<u>\$ 950,399</u>

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - STORMWATER SDC PROJECTS FUND****YEAR ENDED JUNE 30, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
DISBURSEMENTS				
Materials and services	1,500	1,500	-	1,500
Capital outlay	8,000	8,000	-	8,000
<i>Total Disbursements</i>	<u>9,500</u>	<u>9,500</u>	<u>-</u>	<u>9,500</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	500	500	-	(500)
FUND BALANCE, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ (500)</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, 2007**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
<i>RECEIPTS</i>				
Charges for services	\$ 653,350	\$ 653,350	\$ 710,422	\$ 57,072
Miscellaneous	2,000	2,000	12,539	10,539
<i>Total Receipts</i>	655,350	655,350	722,961	67,611
<i>DISBURSEMENTS</i>				
Personal services	155,958	155,958	138,859	17,099
Materials and services	178,250	178,250	132,323	45,927
Capital outlay	34,000	34,000	15,990	18,010
Contingency	25,000	25,000	-	25,000
<i>Total Disbursements</i>	393,208	393,208	287,172	106,036
<i>RECEIPTS OVER (UNDER)</i>				
<i>DISBURSEMENTS</i>	262,142	262,142	435,789	173,647
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers out	(375,300)	(375,300)	(375,300)	-
<i>NET CHANGE IN FUND BALANCE</i>				
	(113,158)	(113,158)	60,489	173,647
<i>FUND BALANCE, Beginning of year</i>				
	125,000	125,000	152,979	27,979
<i>FUND BALANCE, End of year</i>				
	\$ 11,842	\$ 11,842	\$ 213,468	\$ 201,626

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 238,600	\$ 238,600	\$ 163,532	\$ (75,068)
Miscellaneous	10,000	10,000	7,475	(2,525)
<i>Total Receipts</i>	248,600	248,600	171,007	(77,593)
DISBURSEMENTS				
Materials and services	1,500	1,500	-	1,500
Capital outlay	500	500	-	500
<i>Total Disbursements</i>	2,000	2,000	-	2,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	246,600	246,600	171,007	(75,593)
OTHER FINANCING SOURCES (USES)				
Transfers out	(545,408)	(545,408)	(545,408)	-
NET CHANGE IN FUND BALANCE	(298,808)	(298,808)	(374,401)	(75,593)
FUND BALANCE, Beginning of year	370,000	370,000	390,020	20,020
FUND BALANCE, End of year	\$ 71,192	\$ 71,192	\$ 15,619	\$ (55,573)

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, 2007**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Licenses and permits	\$ 35,800	\$ 35,800	\$ 12,269	\$ (23,531)
Miscellaneous	1,000	1,000	28,534	27,534
<i>Total Receipts</i>	36,800	36,800	40,803	4,003
DISBURSEMENTS				
Materials and services	2,500	2,500	5,195	(2,695)
Capital outlay	626,400	626,400	22,792	603,608
Debt service	-	-	400	(400)
Contingency	15,000	15,000	-	15,000
<i>Total Disbursements</i>	643,900	643,900	28,387	615,513
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(607,100)	(607,100)	12,416	619,516
OTHER FINANCING SOURCES (USES)				
Loan proceeds	135,000	135,000	-	(135,000)
Transfers in	405,000	405,000	405,000	-
<i>Total Other Financing Sources (Uses)</i>	540,000	540,000	405,000	(135,000)
NET CHANGE IN FUND BALANCE				
	(67,100)	(67,100)	417,416	484,516
FUND BALANCE, Beginning of year				
	220,000	220,000	239,104	19,104
FUND BALANCE, End of year				
	\$ 152,900	\$ 152,900	\$ 656,520	\$ 503,620

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 12,000	\$ 12,000	\$ 18,488	\$ 6,488
DISBURSEMENTS				
Debt service	301,445	301,445	301,445	-
Contingency	555,263	555,263	-	555,263
<i>Total Disbursements</i>	<u>856,708</u>	<u>856,708</u>	<u>301,445</u>	<u>555,263</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(844,708)	(844,708)	(282,957)	561,751
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>505,708</u>	<u>505,708</u>	<u>505,708</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(339,000)	(339,000)	222,751	561,751
FUND BALANCE, Beginning of year	<u>339,000</u>	<u>339,000</u>	<u>340,274</u>	<u>1,274</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 563,025</u>	<u>\$ 563,025</u>

OTHER SCHEDULES

CITY OF LAFAYETTE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2007

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2006</i>	<i>2006-2007 Levy</i>	<i>Added To Rolls</i>	<i>Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2007</i>
2006-07	\$ -	\$ 408,047	\$ 423	\$ (17,613)	\$ (378,273)	\$ 12,584
2005-06	11,257	-	-	(6,076)	(1,318)	3,863
2004-05	3,832	-	-	(32)	(1,766)	2,034
2003-04	2,057	-	-	(31)	(1,098)	928
2002-03	931	-	-	(32)	(587)	312
2001-02	299	-	-	(54)	(54)	191
Prior Years	945	-	-	(63)	(86)	796
Total	<u>\$ 19,321</u>	<u>\$ 408,047</u>	<u>\$ 423</u>	<u>\$ (23,901)</u>	<u>\$ (383,182)</u>	<u>\$ 20,708</u>

CITY OF LAFAYETTE, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2007

	<u><i>Interest Rates</i></u>	<u><i>Date of Issue</i></u>	<u><i>Fiscal Year of Maturity</i></u>
DEBT PRINCIPAL TRANSACTIONS			
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

	<u><i>Interest Rates</i></u>	<u><i>Date of Issue</i></u>
DEBT INTEREST TRANSACTIONS		
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, 2006</i>	<i>Debt Issued</i>	<i>Debt Paid</i>	<i>Outstanding June 30, 2007</i>
\$ 49,232	\$ -	\$ (49,232)	\$ -
2,750,000	-	(120,000)	2,630,000
94,862	-	(5,147)	89,715
4,475,937	-	(204,881)	4,271,056
565,329	-	(17,595)	547,734
<u>\$ 7,935,360</u>	<u>\$ -</u>	<u>\$ (396,855)</u>	<u>\$ 7,538,505</u>

<i>Unmatured Interest Outstanding July 1, 2006</i>	<i>New Issues</i>	<i>Interest Coupons Paid</i>	<i>Unmatured Interest June 30, 2007</i>
\$ 5,615	\$ -	\$ (5,615)	\$ -
1,360,752	-	(152,100)	1,208,652
8,764	-	(949)	7,815
2,134,112	-	(235,680)	1,898,432
85,643	-	(5,654)	79,989
<u>\$ 3,594,886</u>	<u>\$ -</u>	<u>\$ (399,998)</u>	<u>\$ 3,194,888</u>

CITY OF LAFAYETTE, OREGON
SCHEDULE OF FUTURE DEBT REQUIREMENTS
JUNE 30, 2007

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<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>
2008	\$ 130,000	\$ 145,785	\$ 275,785	\$ 17,771	\$ 5,478	\$ 23,249
2009	135,000	138,926	273,926	17,949	5,300	23,249
2010	145,000	131,576	276,576	18,129	5,120	23,249
2011	150,000	123,795	273,795	18,310	4,939	23,249
2012	160,000	115,580	275,580	18,493	4,756	23,249
2013	170,000	106,750	276,750	18,678	4,571	23,249
2014	175,000	97,260	272,260	18,865	4,384	23,249
2015	185,000	87,180	272,180	19,053	4,196	23,249
2016	200,000	76,400	276,400	19,244	4,005	23,249
2017	210,000	64,500	274,500	19,437	3,812	23,249
2018	220,000	51,600	271,600	19,631	3,618	23,249
2019	235,000	37,950	272,950	19,827	3,422	23,249
2020	250,000	23,400	273,400	20,025	3,224	23,249
2021	265,000	7,950	272,950	20,226	3,023	23,249
2022	-	-	-	20,428	2,821	23,249
2023	-	-	-	20,632	2,617	23,249
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>\$ 2,630,000</u>	<u>\$ 1,208,652</u>	<u>\$ 3,838,652</u>	<u>\$ 547,734</u>	<u>\$ 79,989</u>	<u>\$ 627,723</u>

CITY OF LAFAYETTE, OREGON**SCHEDULE OF FUTURE DEBT REQUIREMENTS (Continued)****JUNE 30, 2007**

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>Totals</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
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	448,476	299,505	747,981
2013	471,054	276,546	747,600
2014	488,758	252,276	741,034
2015	516,594	226,761	743,355
2016	544,568	199,618	744,186
2017	572,717	170,526	743,243
2018	601,048	139,313	740,361
2019	634,579	106,204	740,783
2020	673,287	71,204	744,491
2021	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>\$ 7,538,505</u>	<u>\$ 3,194,887</u>	<u>\$ 10,733,392</u>

CITY OF LAFAYETTE, OREGON

AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

YEAR ENDED JUNE 30, 2007

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, 2007, and have issued our report thereon dated November 14, 2007. 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. We did issue a separate on significant deficiencies to management.

Accounting Records

We found the records of the City to be adequate for audit purposes, except the City does not maintain historical cost and depreciation records for the capital assets, including infrastructure.

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 sufficient during the year ended June 30, 2007.

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, 2007.

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, 2007

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, 2007 and 2008.

Insurance and Fidelity Bonds

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2007. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies.

Public Contracting and Purchasing

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

Highway Funds

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

Programs Funded from Outside Sources

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

Schedule of Accountability of Independently Elected Officials

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

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

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

By: 

Charles A. Swank, A Shareholder
November 14, 2007