

**CITY OF LAFAYETTE, OREGON**  
**ANNUAL FINANCIAL REPORT**  
**Year Ended June 30, 2008**

**AUDITS MUNICIPALITIES**

	Date	Initial
Rec'd	12-22-08	OS
DIS	12-22-08	OS
Muni	12-23-08	KM
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Comments		

***CITY OF LAFAYETTE, OREGON***  
***CITY OFFICIALS***  
***JUNE 30, 2008***

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***Mayor***

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

***Council Members***

Art Bixman  
1253 Joels Place  
Lafayette, Oregon 97127

Robert Sweitzer  
1414 Adams Street  
Lafayette, Oregon 97127

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

Michael Roberts  
160 W 13<sup>th</sup> Street  
Lafayette, Oregon 97127

Matt Smith  
1233 Joels Place  
Lafayette, Oregon 97127

***City Administrator***

Diane J. Rinks  
486 Third Street  
Lafayette, Oregon 97127

**CITY OF LAFAYETTE, OREGON**  
**TABLE OF CONTENTS**  
**JUNE 30, 2008**

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	<u><b>Page</b></u>
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets (Modified Cash Basis)	9
Statement of Activities (Modified Cash Basis)	10
Fund Financial Statements	
Statement of Assets and Liabilities (Modified Cash Basis) - Governmental Funds	11
Statement of Receipts, Disbursements and Changes in Fund Balances (Modified Cash Basis) - Governmental Funds	12
Statement of Assets and Liabilities (Modified Cash Basis) - Proprietary Funds	13
Statement of Receipts, Disbursements and Changes in Fund Net Assets (Modified Cash Basis) - Proprietary Funds	14
Notes to Basic Financial Statements	15-25
Required Supplementary Information	
Schedule of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - Budget and Actual	
General Fund	26
Streets Fund	27
Other Supplementary Information	
Governmental Funds - Statements and Schedules	
Combining Statement of Assets and Liabilities (Modified Cash Basis) - Nonmajor Funds	28
Combining Statement of Receipts, Disbursements and Changes in Fund Balances (Modified Cash Basis) - Nonmajor Funds	29
Schedules of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - Budget and Actual	
Vehicle and Equipment Replacement Fund	30
Refundable Deposits/Pass-Through Fees Fund	31
Heritage Days Fund	32
Street SDC Projects Fund	33
Park SDC Projects Fund	34
City Hall Building Fund	35
Community Center Fund	36
Street Capital Projects Fund	37
Fire Capital Projects Fund	38
Reimbursement Districts Fund	39
Enterprise Funds - Statements and Schedules	
Schedules of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - Budget and Actual	
Sewer Fund	40
Sewer SDC Projects Fund	41

**CITY OF LAFAYETTE, OREGON**  
**TABLE OF CONTENTS (Continued)**  
**JUNE 30, 2008**

---

	<u><b>Page</b></u>
<b>FINANCIAL SECTION (Continued)</b>	
Other Supplementary Information (Continued)	
Enterprise Funds - Statements and Schedules (Continued)	
Schedules of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) -	
Budget and Actual	
Sewer Capital Projects Fund	42
Sewer Debt Service Fund	43
Water Fund	44
Water SDC Projects Fund	45
Water Capital Projects Fund	46
Water Debt Service Fund	47
Other Schedules	
Schedule of Property Tax Transactions	48
Schedule of Long-Term Debt Transactions	49
Schedule of Future Debt Requirements	50-51
<b>AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS</b>	<b>52-54</b>



## 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, 2008, 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 opinions 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 opinions.

As described in the summary of significant accounting policies in 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.

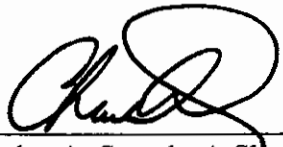
The City does not have complete historical cost records for capital assets. We were unable to apply alternative procedures to satisfy ourselves regarding the historical cost of capital assets. Consequently the scope of our work was not sufficient to enable us to express, and we do not express, an opinion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

In our opinion, except for the matters discussed above, 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, 2008, and the respective changes in financial position thereof for the year then ended, in conformity with the basis of accounting described in the summary of significant accounting policies in the notes to the financial statements.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which 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.

Our audit was conducted for the purpose of forming opinions 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.

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

By   
Charles A. Swank, A Shareholder  
November 5, 2008

**CITY OF LAFAYETTE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FYE JUNE 30, 2008**

This discussion and analysis presents the highlights of the financial position of the City of Lafayette (City). The analysis focuses on the financial activities of the City for the fiscal year ending (FYE) June 30, 2008.

**Financial Highlights**

Following are the financial highlights of the City for the FYE June 30, 2008:

- ☆ The City's total revenues were \$3,672,614, with approximately 87% coming from charges for services, fines, fees, permits, licenses and other non-tax sources; the remaining 13% came from property taxes.
- ☆ The City's total cash-on-hand increased by \$266,008.
- ☆ The City's total assets exceeded its liabilities at the close of the fiscal year by \$11,407,129 (net assets). Of this amount \$6,967,468 is invested in capital assets, net of related debt.
- ☆ The General Fund's unreserved fund balance was \$509,886, up \$2,310 from last year.
- ☆ The City incurred an additional Sewer System debt of \$250,000 through a previously approved Water/Wastewater Loan from OECD.
- ☆ The City collected \$331,396 in system development charges (SDC's), for water, sewer, streets and park improvement projects.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

I intend for this overview and analysis to explain the changes in the financial position of the City of Lafayette and why they occurred. The City's detailed information is provided in the *audited financial statements* provided by an independent auditor similar to a private-sector business.

This discussion and analysis is intended to serve as an introduction to the City of Lafayette's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements include:

**The Statement of Net Assets.** This presents information on all of the assets and liabilities of the City as of the date on the statement. Net assets are what remain after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

**The Statement of Activities.** The *statement of activities* presents information showing how the net assets of the City changed over the most recent fiscal year by tracking receipts, disbursements and other transactions that increase or reduce net assets.

The City reports on the modified cash basis of accounting.

**Fund financial statements.** The *fund financial statements* provide more detailed information about the City's funds, focusing on its most significant or "major" funds – not the City of Lafayette as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lafayette, like state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Proprietary funds.** The City of Lafayette charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. The City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required and other supplementary information* related to the schedules of revenues, expenditures and changes in fund balance-budget and actual.

The combining statements for the non-major funds are presented following the required supplementary information.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of Lafayette, assets exceeded liabilities by \$11,407,129 at June 30, 2008.

The largest portion of the City's net assets (61 percent) reflects its investments in capital assets (e.g., land, buildings, roads, vehicles, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending unless real estate is sold. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



**CITY OF LAFAYETTE NET ASSETS**

June 30,

	2008			2007		
	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>
<b>ASSETS</b>						
Cash and investments	\$ 1,680,718	\$ 2,771,691	\$ 4,452,409	\$ 1,420,479	\$ 2,765,922	\$ 4,186,401
Property taxes receivable	29,801	-	29,801	20,708	-	20,708
Capital assets	1,134,504	10,652,394	11,786,898	999,310	10,192,052	11,191,362
<b>Total Assets</b>	<b>2,845,023</b>	<b>13,424,085</b>	<b>16,269,108</b>	<b>2,440,497</b>	<b>12,957,974</b>	<b>15,398,471</b>
<b>LIABILITIES</b>						
Payroll withholdings	12,749	-	12,749	3,895	-	3,895
Deferred revenue	29,800	-	29,800	20,708	-	20,708
Noncurrent liabilities:						
Due within one year						
Loans payable	-	29,998	29,998	-	239,596	239,596
Bonds payable	-	363,456	363,456	-	130,000	130,000
Due in more than one year						
Loans payable	-	834,482	834,482	-	4,668,909	4,668,909
Bonds payable	-	6,190,974	6,190,974	-	2,500,000	2,500,000
<b>Total Liabilities</b>	<b>42,549</b>	<b>7,418,910</b>	<b>7,461,459</b>	<b>24,603</b>	<b>7,538,505</b>	<b>7,563,108</b>
<b>NET ASSETS</b>						
Investment in capital assets (net of related debt)	1,134,504	3,233,484	4,367,988	999,310	2,653,547	3,652,857
Fund net assets						
Restricted for special purposes	974,894	802,609	1,777,503	813,149	814,569	1,627,718
Unrestricted	693,076	1,969,082	2,662,158	603,435	1,951,353	2,554,788
<b>Total Fund Net Assets</b>	<b>1,667,970</b>	<b>2,771,691</b>	<b>4,439,661</b>	<b>1,416,584</b>	<b>2,765,922</b>	<b>4,182,506</b>
<b>Total Net Assets</b>	<b>\$ 2,802,474</b>	<b>\$ 6,005,175</b>	<b>\$ 8,807,649</b>	<b>\$ 2,415,894</b>	<b>\$ 5,419,469</b>	<b>\$ 7,835,363</b>

The *Noncurrent Liabilities* are water and wastewater system loans and bonds.

The *Restricted Net Assets* are funds that are a requirement of the water/sewer bonds, capital projects and other restricted funds for specific purposes.

The *Unrestricted Assets* may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF LAFAYETTE  
CHANGES IN NET ASSETS**

The City's total revenues were over \$3.67 million. Of this total, an approximate 87% were from charges for services, fines, fees, permits, licenses and other non-tax sources; the remaining 13% came from property taxes.

The total cost of all programs and services was \$3,415,458. \$2,404,100, or 70.4% were for the water and sewer enterprise funds and the remainder was for general government, public safety, streets, highways and other governmental activities.

**CITY OF LAFAYETTE CHANGES IN NET ASSETS**  
**Year Ended June 30,**

	<b>2008</b>			<b>2007</b>		
	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>
<b>RECEIPTS</b>						
Program receipts	\$ 490,259	\$ 2,052,704	\$ 2,542,963	\$ 511,628	\$ 2,168,538	\$ 2,680,166
General receipts	760,986	368,665	1,129,651	637,354	114,861	752,215
<i>Total Receipts</i>	1,251,245	2,421,369	3,672,614	1,148,982	2,283,399	3,432,381
<b>DISBURSEMENTS</b>						
General government	200,782	-	200,782	206,640	-	206,640
Court and police	233,501	-	233,501	193,291	-	193,291
Community development	192,582	-	192,582	199,548	-	199,548
Fire	100,736	-	100,736	153,527	-	153,527
Parks	103,674	-	103,674	35,265	-	35,265
Streets	180,083	-	180,083	103,377	-	103,377
Water	-	941,579	941,579	-	617,004	617,004
Sewer	-	1,462,521	1,462,521	-	1,004,823	1,004,823
<i>Total Disbursements</i>	1,011,358	2,404,100	3,415,458	891,648	1,621,827	2,513,475
<i>Receipts Over (Under) Disbursements</i>	239,887	17,269	257,156	257,334	661,572	918,906
<i>Transfers</i>	11,500	(11,500)	-	20,000	(20,000)	-
<i>Change in Fund Net Assets</i>	251,387	5,769	257,156	277,334	641,572	918,906
<i>Fund Net Assets - Beginning</i>	1,416,583	2,765,922	4,182,505	1,139,250	2,124,350	3,263,600
<i>Fund Net Assets - Ending</i>	\$ 1,667,970	\$ 2,771,691	\$ 4,439,661	\$ 1,416,584	\$ 2,765,922	\$ 4,182,506

## GOVERNMENTAL ACTIVITIES

The cost for all *governmental* activities this year was \$1,011,358. However, the amount that our taxpayers paid for these activities through property taxes was only \$471,453. Those who directly benefited from the programs (fines, fees and charges for services) paid \$539,905, or 53.4%.

Governmental-type activities increased the City's total net assets by \$386,580. The primary elements for the increase are as follows:

- Cash and Investments increased by \$251,388, with the primary elements of the increase being an increase of \$92,242 in Street SDCs, a \$77,681 increase in property tax receipts, a \$57,496 increase in franchise fees and a \$13,426 increase in court fines and fees received.
- Capital Assets increase by \$135,194 with the addition of a new park, new dump truck, improvements to the community center, new radios for the fire department, new sidewalks on 14<sup>th</sup> Street and the three new digital speed signs.

## **BUSINESS-TYPE ACTIVITIES**

The cost for all *business-type* activities this year was \$2,404,100. These costs are paid by utility service fees, system development charges and other utility related income.

Business-type activities increased the City's net assets by \$958,276. The primary elements for the increase are as follows:

Capital Assets increased by \$832,911 with \$224,575 spent for the new wells in the Dayton Wellfield and \$608,336 being spent to finalize the Wastewater Treatment Plant improvements.

## **FINANCIAL ANALYSIS OF THE CITY OF LAFAYETTE FUNDS**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The General Fund is the chief operating fund of the City. Proprietary funds are the City's business-type enterprise funds, such as water and sewer.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,667,970, of which \$693,076 is unrestricted. The City's proprietary business-type funds reported combined ending fund balances were \$2,771,692, of which \$1,969,081 is unrestricted.

## **BUDGETARY HIGHLIGHTS**

The City adopts an annual appropriated budget for all funds. The Lafayette City Council passed five resolutions revising the budget by transfer of appropriations. Also passed was a supplemental budget that allowed for the acceptance and appropriation of the additional \$250,000 loan from OECDD. The audit provides budgetary comparison statements for all funds, to demonstrate compliance with the budget.

Actual General Fund expenditures were 10%, or \$69,712 below final budget amounts. Resources were \$116,327, nearly 9.4%, higher than budget estimates, which created a \$186,039 positive budget variance. Although a decline in building activity resulted in \$68,725 less revenue from permit line items, \$77,681 more property taxes and \$13,426 higher than budgeted court revenues, along with a \$157,576 higher than anticipated beginning fund balance, contributed to this positive variance.

## **CAPITAL ASSETS**

At June 30, 2008, the City had approximately \$11.8 million invested in a broad range of capital assets, including land, buildings and improvements, equipment, roads, water and sewer lines. Governmental additions of \$139,044 related to land, building, vehicle and equipment were purchased in the current year. Governmental deletions totaled \$3,850. Business-type funds saw additions of infrastructure totaling \$832,911. There were no business-type deletions.

## **DEBT ADMINISTRATION**

At the end of the current fiscal year, the City had total noncurrent liabilities of \$7,418,910. Of this amount, \$6,554,430 represented outstanding bonded indebtedness. Outstanding bonded debt included \$4,054,430 in revenue bonds to finance the wastewater treatment plant and \$2,500,000 in revenue bonds to finance improvements to the water system. Net revenues of the facilities and SDCs received from new development are pledged to the payment of the bonds. Loans totaling an additional \$250,000 for the sewer system and \$614,480 for the water system are also paid with revenues of the facilities as well as SDCs. Additional information on the City's bonded debt can be found on pages 22-23 of the annual financial report.

## **FISCAL YEAR 2008-09 BUDGET AND RATES**

During the preparation of the budget for the 2008-09 fiscal year, we examined the long-term impacts of the local economy in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FYE 2008 budget:

- The City's permanent tax rate of \$3.4857 will be levied.
- Assessed values, the basis of property tax revenues were estimated to grow by the standard 3% plus an additional 5% for new growth estimated to be on the tax roll by January 2008.
- Interest rates on investments will be at least 2%.
- Employee retirement contribution rates will not increase in FY 2008-09.
- Wages will increase by 3.7% for non-union and represented employees.
- By contract, the salary for the City Administrator will increase 5%.
- Health Insurance costs will increase by 10%.

## **FUTURE ECONOMIC FACTORS FOR THE CITY OF LAFAYETTE**

The General Fund's ability to transfer monies to other funds for specified or future projects, as has been the case for the past few years, will be jeopardized by the downturn in new building permits and the loss of the resulting revenue.

SDC fees for water, sewer, street and park projects will decrease significantly with the downturn in building.

Continuing the established practice of placing money into cash reserves for public works vehicles and equipment, as well as for fire capital equipment, will provide funding for replacement and purchases, as they become necessary.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

It was my pleasure to prepare this financial analysis. It is designed to provide City of Lafayette citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this analysis or need additional financial information, contact me, Diane Rinks, City Administrator at (503) 864-864-2451, 486 Third Street, Lafayette, Oregon, 97127, or [dianer@ci.lafayette.or.us](mailto:dianer@ci.lafayette.or.us).

***BASIC FINANCIAL STATEMENTS***

**CITY OF LAFAYETTE, OREGON**  
**STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)**  
**JUNE 30, 2008**

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
<b>ASSETS</b>			
Cash and investments	\$ 1,680,718	\$ 2,771,691	\$ 4,452,409
Property taxes receivable	29,801	-	29,801
Nondepreciable capital assets	334,329	232,027	566,356
Other capital assets, net of depreciation	800,175	10,420,367	11,220,542
<i>Total Assets</i>	<u>2,845,023</u>	<u>13,424,085</u>	<u>16,269,108</u>
<b>LIABILITIES</b>			
Payroll withholdings	12,749	-	12,749
Deferred revenue	29,800	-	29,800
Noncurrent liabilities:			
Due within one year:			
Loan payable	-	29,998	29,998
Bonds payable	-	363,456	363,456
Due in more than one year:			
Loan payable	-	834,482	834,482
Bonds payable	-	6,190,974	6,190,974
<i>Total Liabilities</i>	<u>42,549</u>	<u>7,418,910</u>	<u>7,461,459</u>
<b>NET ASSETS</b>			
Investment in capital assets (net of related debt)	1,134,504	3,233,484	4,367,988
Fund net assets			
Restricted for special purposes	974,894	802,609	1,777,503
Unrestricted	693,076	1,969,082	2,662,158
<i>Total Fund Net Assets</i>	<u>1,667,970</u>	<u>2,771,691</u>	<u>4,439,661</u>
<i>Total Net Assets</i>	<u>\$ 2,802,474</u>	<u>\$ 6,005,175</u>	<u>\$ 8,807,649</u>

**CITY OF LAFAYETTE, OREGON****STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)****YEAR ENDED JUNE 30, 2008**

		<i>Program Receipts</i>	
		<i>Fees, Fines, and Charges for Services</i>	<i>Operating Grants and Contributions</i>
	<i>Disbursements</i>		
<b>FUNCTIONS/PROGRAMS</b>			
<b>Governmental activities:</b>			
General government	\$ 200,782	\$ -	\$ 2,256
Court and police	233,501	28,912	27,287
Community services and development	192,582	152,397	-
Fire	100,736	-	-
Parks	103,674	-	-
Streets	180,083	-	156,571
<i>Total Governmental Activities</i>	1,011,358	181,309	186,114
<b>Business-type Activities:</b>			
Water	941,579	769,777	87,258
Sewer	1,462,521	806,006	-
<i>Total Business-type Activities</i>	2,404,100	1,575,783	87,258
<i>Total Activities</i>	\$ 3,415,458	\$ 1,757,092	\$ 273,372
<b>General Receipts:</b>			
Property taxes			
Franchise fees			
Intergovernmental			
Loan proceeds			
Miscellaneous			
<i>Total General Receipts</i>			
<b>Transfers</b>			
<b>Change in Fund Net Assets</b>			
<b>Fund Net Assets, July 1, 2007</b>			
<b>Fund Net Assets, June 30, 2008</b>			

<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>
\$ -	\$ (198,526)	\$ -	\$ (198,526)
-	(177,302)	-	(177,302)
-	(40,185)	-	(40,185)
-	(100,736)	-	(100,736)
21,897	(81,777)	-	(81,777)
100,939	77,427	-	77,427
122,836	(521,099)	-	(521,099)
82,080	-	(2,464)	(2,464)
307,583	-	(348,932)	(348,932)
389,663	-	(351,396)	(351,396)
\$ 512,499	(521,099)	(351,396)	(872,495)
	471,453	-	471,453
	121,415	-	121,415
	87,427	-	87,427
	-	250,000	250,000
	80,691	118,665	199,356
	760,986	368,665	1,129,651
	11,500	(11,500)	-
	251,387	5,769	257,156
	1,416,583	2,765,922	4,182,505
\$	1,667,970	\$ 2,771,691	\$ 4,439,661

*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, 2008**

	<i><u>General</u></i>	<i><u>Streets</u></i>	<i><u>Other Governmental Funds</u></i>
<b>ASSETS</b>			
Cash and investments	\$ 522,634	\$ 62,888	\$ 1,095,196
Property taxes receivable	29,801	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Assets</i>	<u>\$ 552,435</u>	<u>\$ 62,888</u>	<u>\$ 1,095,196</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Payroll withholdings	\$ 12,748	\$ -	\$ -
Deferred revenue	29,801	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Liabilities</i>	42,549	-	-
<b>Fund Balances</b>			
Unreserved, reported in:			
General fund	509,886	-	-
Special revenue funds	-	62,888	1,095,196
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Fund Balances</i>	<u>509,886</u>	<u>62,888</u>	<u>1,095,196</u>
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 552,435</u>	<u>\$ 62,888</u>	<u>\$ 1,095,196</u>

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*Totals*

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\$ 1,680,718  
29,801

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\$ 1,710,519

---

---

\$ 12,748  
29,801

---

42,549

509,886  
1,158,084

---

1,667,970

---

\$ 1,710,519

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*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, 2008**

	<u>General</u>	<u>Streets</u>	<u>Other Governmental Funds</u>
<b>RECEIPTS</b>			
Taxes and assessments	\$ 471,453	\$ -	\$ -
Licenses and permits	205,486	-	50,773
Charges for services	-	-	140,388
Intergovernmental	116,970	156,571	-
Fines and forfeitures	28,912	-	-
Miscellaneous	24,743	3,930	52,019
	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	847,564	160,501	243,180
<b>DISBURSEMENTS</b>			
Current operating:			
General government	158,345	-	16,176
Court and police	233,501	-	-
Community services and development	152,105	-	40,477
Fire	87,346	-	-
Parks	44,458	-	3,265
Streets	-	123,164	9,131
Capital outlay	16,599	13,827	112,964
	<hr/>	<hr/>	<hr/>
<i>Total Disbursements</i>	692,354	136,991	182,013
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<hr/>	<hr/>	<hr/>
	155,210	23,510	61,167
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	600	-	245,000
Transfers out	(153,500)	(75,000)	(5,600)
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	(152,900)	(75,000)	239,400
<b>NET CHANGE IN FUND BALANCES</b>	<hr/>	<hr/>	<hr/>
	2,310	(51,490)	300,567
<b>FUND BALANCES, Beginning of year</b>	<hr/>	<hr/>	<hr/>
	507,576	114,378	794,629
<b>FUND BALANCES, End of year</b>	<hr/>	<hr/>	<hr/>
	\$ 509,886	\$ 62,888	\$ 1,095,196

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*Totals*

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\$ 471,453  
256,259  
140,388  
273,541  
28,912  
80,692

---

1,251,245

174,521  
233,501  
192,582  
87,346  
47,723  
132,295  
143,390

---

1,011,358

---

239,887

245,600  
(234,100)

---

11,500

---

251,387

1,416,583

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\$ 1,667,970

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*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, 2008**

	<u>Sewer</u>	<u>Sewer SDC Projects</u>	<u>Sewer Capital Projects</u>
<b>ASSETS</b>			
Cash and investments	\$ 298,197	\$ 49,605	\$ 29,511
Nondepreciable capital assets	51,198	-	-
Other capital assets, net of depreciation	6,800,545	-	-
	<u>7,149,940</u>	<u>49,605</u>	<u>29,511</u>
<i>Total Assets</i>			
<b>LIABILITIES</b>			
Loan payable	864,480	-	-
Bonds payable	3,804,430	-	-
	<u>4,668,910</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities</i>			
<b>NET ASSETS</b>			
Investment in capital assets (net of related debt)	2,182,833	-	-
Fund net assets			
Restricted for special purposes	-	49,605	29,511
Unrestricted	298,197	-	-
	<u>\$ 2,481,030</u>	<u>\$ 49,605</u>	<u>\$ 29,511</u>
<i>Total Net Assets</i>			

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<i><u>Sewer Debt</u></i>	<i><u>Water</u></i>	<i><u>Water SDC Projects</u></i>	<i><u>Water Capital Projects</u></i>	<i><u>Water Debt Service</u></i>	<i><u>Totals</u></i>
\$ 892,831	\$ 190,205	\$ 31,320	\$ 692,173	\$ 587,849	\$ 2,771,691
-	180,829	-	-	-	232,027
-	3,619,822	-	-	-	10,420,367
<u>892,831</u>	<u>3,990,856</u>	<u>31,320</u>	<u>692,173</u>	<u>587,849</u>	<u>13,424,085</u>
-	-	-	-	-	864,480
-	2,750,000	-	-	-	6,554,430
-	2,750,000	-	-	-	7,418,910
-	1,050,651	-	-	-	3,233,484
-	-	31,320	692,173	-	802,609
892,831	190,205	-	-	587,849	1,969,082
<u>\$ 892,831</u>	<u>\$ 1,240,856</u>	<u>\$ 31,320</u>	<u>\$ 692,173</u>	<u>\$ 587,849</u>	<u>\$ 6,005,175</u>

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

**CITY OF LAFAYETTE, OREGON****STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS****(MODIFIED CASH BASIS) - PROPRIETARY FUNDS****YEAR ENDED JUNE 30, 2008**

	<u>Sewer</u>	<u>Sewer SDC Projects</u>	<u>Sewer Capital Projects</u>
<b>RECEIPTS</b>			
Licenses and permits	\$ -	\$ 123,114	\$ 3,366
Charges for services	805,140	-	-
Intergovernmental	-	-	181,103
Miscellaneous	9,930	629	5,514
	<u>815,070</u>	<u>123,743</u>	<u>189,983</u>
<i>Total Receipts</i>	815,070	123,743	189,983
<b>DISBURSEMENTS</b>			
Personal services	147,774	-	-
Materials and services	204,802	-	55,205
Capital outlay	2,343	-	610,335
Debt service	-	-	-
	<u>354,919</u>	<u>-</u>	<u>665,540</u>
<i>Total Disbursements</i>	354,919	-	665,540
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	460,151	123,743	(475,557)
<b>OTHER FINANCING SOURCES (USES)</b>			
Loan proceeds	-	-	250,000
Transfers in	-	-	113,500
Transfers out	(386,415)	(75,000)	-
	<u>(386,415)</u>	<u>(75,000)</u>	<u>363,500</u>
<i>Total Other Financing Sources (Uses)</i>	(386,415)	(75,000)	363,500
<b>NET CHANGE IN FUND NET ASSETS</b>	73,736	48,743	(112,057)
<b>FUND NET ASSETS, Beginning of year</b>	<u>224,461</u>	<u>862</u>	<u>141,568</u>
<b>FUND NET ASSETS, End of year</b>	<u>\$ 298,197</u>	<u>\$ 49,605</u>	<u>\$ 29,511</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>
\$ -	\$ -	\$ 76,352	\$ 5,728	\$ -	\$ 208,560
-	765,222	-	-	-	1,570,362
-	-	-	87,258	-	268,361
38,079	13,193	1,385	30,533	24,823	124,086
38,079	778,415	77,737	123,519	24,823	2,171,369
-	124,681	-	-	-	272,455
-	189,207	-	1,880	-	451,094
-	4,695	-	315,586	-	932,959
442,062	-	-	400	305,130	747,592
442,062	318,583	-	317,866	305,130	2,404,100
(403,983)	459,832	77,737	(194,347)	(280,307)	(232,731)
-	-	-	-	-	250,000
346,415	-	-	230,000	305,131	995,046
-	(483,095)	(62,036)	-	-	(1,006,546)
346,415	(483,095)	(62,036)	230,000	305,131	238,500
(57,568)	(23,263)	15,701	35,653	24,824	5,769
950,399	213,468	15,619	656,520	563,025	2,765,922
\$ 892,831	\$ 190,205	\$ 31,320	\$ 692,173	\$ 587,849	\$ 2,771,691

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



**CITY OF LAFAYETTE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2008**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Lafayette, Oregon is governed by an elected mayor and up to 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, 2008**

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**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 Equipment 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, 2008**

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**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 2003-04 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, 2008**

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**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 \$5,000 and lasting more than one year) are valued at actual historical cost beginning fiscal year end 2004. All other capital assets are recorded at estimated historical cost. Capital assets are recorded as expenditures in the fund financial statements. Maintenance and repairs of capital assets are charged to expenditures as incurred and are not capitalized. Depreciation is recorded on proprietary funds at 3% of cost per year.

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.

*Use of Restricted Assets*

When disbursements are paid for purposes in which both restricted and unrestricted net assets are available, the City deems restricted assets to be spent first.

**CITY OF LAFAYETTE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2008**

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**CASH AND INVESTMENTS**

Cash and investments are comprised of the following at June 30, 2008:

<b>Cash</b>	
Cash on hand	\$ 500
Deposits with financial institutions	171,141
<b>Investments</b>	
Local Government Investment Pool	4,280,768
	<hr/>
	\$ 4,452,409
	<hr/>

*Deposits*

At year end, the book balance of the City's bank deposits (checking accounts) was \$171,141 and the bank balance was \$251,041. 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 requires governmental deposits 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, 2008, 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, 2008****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. The LGIP is not rated for credit quality.

**CAPITAL ASSETS**

The summary of capital assets activity for the business-type activities for the year ended June 30, 2008 is as follows:

	<i>Balances July 1, 2007</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2008</i>
<b>Water Fund</b>				
Land and improvements	\$ 180,829	\$ -	\$ -	\$ 180,829
Buildings	159,546	-	-	159,546
Water systems	4,611,939	224,575	-	4,836,514
Equipment	116,387	-	-	116,387
	<u>5,068,701</u>	<u>224,575</u>	<u>-</u>	<u>5,293,276</u>
Less accumulated depreciation	<u>(1,340,564)</u>	<u>(152,061)</u>	<u>-</u>	<u>(1,492,625)</u>
	<u>3,728,137</u>	<u>72,514</u>	<u>-</u>	<u>3,800,651</u>
<b>Sewer Fund</b>				
Land and improvements	51,198	-	-	51,198
Buildings	203,920	-	-	203,920
Sewer systems	7,047,667	608,336	-	7,656,003
Equipment	47,477	-	-	47,477
	<u>7,350,262</u>	<u>608,336</u>	<u>-</u>	<u>7,958,598</u>
Less accumulated depreciation	<u>(886,347)</u>	<u>(220,508)</u>	<u>-</u>	<u>(1,106,855)</u>
	<u>6,463,915</u>	<u>387,828</u>	<u>-</u>	<u>6,851,743</u>
<i>Total Business-type Capital Assets</i>	<u>\$ 10,192,052</u>	<u>\$ 460,342</u>	<u>\$ -</u>	<u>\$ 10,652,394</u>

**CITY OF LAFAYETTE, OREGON****NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2008****CAPITAL ASSETS (Continued)**

The changes in the capital assets for governmental activities for the year ended June 30, 2008 are as follows:

	<i><b>Balances July 1, 2007</b></i>	<i><b>Additions</b></i>	<i><b>Retirements</b></i>	<i><b>Balances June 30, 2008</b></i>
Land and improvements	\$ 245,731	\$ 88,598	\$ -	\$ 334,329
Buildings	190,244	14,999	-	205,243
Vehicles	319,978	15,564	(3,850)	331,692
Equipment	243,357	19,883	-	263,240
<i>Total Governmental Capital Assets</i>	<i>\$ 999,310</i>	<i>\$ 139,044</i>	<i>\$ (3,850)</i>	<i>\$ 1,134,504</i>

**LONG-TERM DEBT**

Proprietary fund long-term debt transactions for the year ended June 30, 2008 were as follows:

	<i><b>Outstanding July 1, 2007</b></i>	<i><b>Issued</b></i>	<i><b>Matured/ Redeemed During Year</b></i>	<i><b>Outstanding June 30, 2008</b></i>	<i><b>Due Within One Year</b></i>
Water System Revenue Bonds, issued November, 2000, in varying annual installments plus interest at 4.7% to 6.0% through 2021	\$ 2,630,000	\$ -	\$ (130,000)	\$ 2,500,000	\$ 135,000
Oregon Bond Bank loan, issued October 2000, in varying annual installments, including interest at 5.276% through 2021	4,271,056	-	(216,626)	4,054,430	228,456
Safe Drinking Water Revolving Fund loan, issued 2003, annual installments of \$6,096 including interest at 1% through 2024	89,715	-	(5,199)	84,516	5,251
City of Dayton (OECD passthrough), issued in 2004, annual installments of \$23,249 including interest at 1% through 2024	547,734	-	(17,770)	529,964	17,949
EOCDD Wastewater Improvement Loan issued 2008, interest at 6%	-	250,000	-	250,000	6,798
	<i>\$ 7,538,505</i>	<i>\$ 250,000</i>	<i>\$ (369,595)</i>	<i>\$ 7,418,910</i>	<i>\$ 393,454</i>



**CITY OF LAFAYETTE, OREGON****NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2008****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>
2009	\$ 393,454	\$ 373,300	\$ 766,754
2010	416,016	355,263	771,279
2011	428,702	334,796	763,498
2012	456,570	313,207	769,777
2013	479,634	289,762	769,396
2014-2018	2,774,953	988,494	3,763,447
2019-2023	2,136,733	217,060	2,353,793
2024-2028	198,108	25,883	223,991
2029-2033	111,720	4,525	116,245
2034	23,020	229	23,249
	<u>\$ 7,418,910</u>	<u>\$ 2,902,519</u>	<u>\$ 10,321,429</u>

**PENSION PLAN***Plan Description*

The City is a participating employer in the Oregon Public Employees Retirement System ("OPERS"), a cost-sharing multiple-employer defined benefit pension plan. The 2003 legislature adopted certain changes in the Oregon Public Employee Retirement System, and created a new system for all people hired after August 29, 2003. The Public Employee Retirement System (PERS), which was established under Oregon Revised Statute (ORS) 238.600, applies to all employees who had established membership prior to August 29, 2003. The Oregon Public Service Retirement Plan (OPSRP), which was established under ORS 238A and went into effect on January 1, 2004, applies to all people who are first employed with a public employer after August 29, 2003. The Public Employees Retirement Board (PERB) governs and acts as a common investment and administrative agent for both plans which are the retirement plans for most public employers in the State of Oregon. Benefits are established by state statute, and employer contributions are made at the actuarially determined rate for each system as adopted by the PERB. The Oregon Public Employees Retirement System, a component unit of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Both PERS and OPSRP plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

**CITY OF LAFAYETTE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2008**

**PENSION PLAN (Continued)**

*Funding Status*

Covered employees are required by state statute to contribute 6.0 percent of their salary to the plan which is invested in the Individual Account Program (IAP). Employers are permitted to pay employee contributions to the fund.

The City is required by statute to contribute actuarially computed amounts as determined by OPERS. OPERS completes an actuarial valuation as of December 31 of odd numbered years for new rates to be implemented July 1 of the next odd numbered year. Rates are subject to change as a result of subsequent actuarial valuations and the proportion of the system that is funded for each local government employer. For rate changes implemented July 1, 2005, the PERB voted to phase in the rate changes for PERS (for most employers a rate increase). On July 1, 2007 the City's rate decreased to 4.07 percent based on the 2005 valuation.

For OPSRP, all employers are included in a single pool, with separate rates assigned for police and fire participants and general service participants. Beginning January 1, 2004 OPSRP rates were set at 11.65 percent for police and fire and 8.04 percent for general service employees. These rates changed to 7.66 percent and 4.39 percent, respectively, on July 1, 2007 based on the December 31, 2005 valuation.

*Annual Pension Cost*

The City's contributions to PERS for the fiscal years ending June 30, 2006, 2007, and 2008 were \$47,813, \$49,517, and \$34,588, respectively, which equaled the required contribution for the year.

**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>
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600	\$ 600
Park SDC	40,000	-	-	-	-	-	-	40,000
City Hall Building	20,000	-	5,000	5,000	-	-	-	30,000
Community Center	10,000	-	-	-	-	-	-	10,000
Street Capital	20,000	70,000	-	-	-	-	5,000	95,000
Fire Capital	50,000	-	-	-	-	-	-	50,000
Vehicle & Equipment Replacement	5,000	5,000	5,000	5,000	-	-	-	20,000
Sewer Capital	8,500	-	-	30,000	75,000	-	-	113,500
Water Capital	-	-	230,000	-	-	-	-	230,000
Water Debt Service	-	-	243,095	-	-	62,036	-	305,131
Sewer Debt Service	-	-	-	346,415	-	-	-	346,415
Total	\$ 153,500	\$ 75,000	\$ 483,095	\$ 386,415	\$ 75,000	\$ 62,036	\$ 5,600	\$ 1,240,646

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, 2008**

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**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, 2008 is as follows:

	<i>Sewer</i>	<i>Water</i>	<i>Total</i>
Receipts	\$ 1,166,875	\$ 1,004,494	\$ 2,171,369
Disbursements	1,462,521	941,579	2,404,100
Excess (deficiency) of receipts over disbursements	(295,646)	62,915	(232,731)
Transfers in (out)	(1,500)	(10,000)	(11,500)
Total assets	8,121,887	5,302,198	13,424,085
Long-term debt	4,668,910	2,750,000	7,418,910
Fund net assets	1,270,144	1,501,547	2,771,691

**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, 2008**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
<b>RECEIPTS</b>				
Taxes and assessments	\$ 403,000	\$ 403,000	\$ 471,453	\$ 68,453
Licenses and permits	343,400	343,400	205,486	(137,914)
Intergovernmental	119,408	119,408	116,970	(2,438)
Fines and forfeitures	8,000	8,000	28,912	20,912
Miscellaneous	15,000	15,000	24,743	9,743
<i>Total Receipts</i>	888,808	888,808	847,564	(41,244)
<b>DISBURSEMENTS</b>				
Administration	182,191	182,191	161,554	20,637
Planning	42,148	72,748	56,790	15,958
Building inspection	230,802	231,152	95,315	135,837
Municipal court	20,280	24,830	23,805	1,025
Law enforcement	209,726	216,226	209,696	6,530
Parks	46,700	51,600	44,458	7,142
Fire	142,928	142,928	100,736	42,192
Contingency	50,000	3,100	-	3,100
<i>Total Disbursements</i>	924,775	924,775	692,354	232,421
<b>RECEIPTS OVER (UNDER)</b>				
<b>DISBURSEMENTS</b>	(35,967)	(35,967)	155,210	191,177
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	600	600	600	-
Transfers out	(153,500)	(153,500)	(153,500)	-
<i>Total Other Financing Sources (Uses)</i>	(152,900)	(152,900)	(152,900)	-
<b>NET CHANGE IN FUND BALANCE</b>	(188,867)	(188,867)	2,310	191,177
<b>FUND BALANCE, Beginning of year</b>	350,000	350,000	507,576	157,576
<b>FUND BALANCE, End of year</b>	\$ 161,133	\$ 161,133	\$ 509,886	\$ 348,753

**CITY OF LAFAYETTE, OREGON****SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -  
BUDGET AND ACTUAL - STREETS FUND  
YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Intergovernmental	\$ 160,000	\$ 160,000	\$ 156,571	\$ (3,429)
Miscellaneous	2,000	2,000	3,930	1,930
<i>Total Receipts</i>	162,000	162,000	160,501	(1,499)
<b>DISBURSEMENTS</b>				
Personal services	39,017	42,467	42,020	447
Materials and services	106,400	106,400	81,144	25,256
Capital outlay	21,400	21,400	13,827	7,573
Contingency	10,000	6,550	-	6,550
<i>Total Disbursements</i>	176,817	176,817	136,991	39,826
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(14,817)	(14,817)	23,510	38,327
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(75,000)	(75,000)	(75,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	(89,817)	(89,817)	(51,490)	38,327
<b>FUND BALANCE, Beginning of year</b>	92,000	92,000	114,378	22,378
<b>FUND BALANCE, End of year</b>	\$ 2,183	\$ 2,183	\$ 62,888	\$ 60,705

***OTHER SUPPLEMENTARY INFORMATION***

**CITY OF LAFAYETTE, OREGON****COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -  
NONMAJOR GOVERNMENTAL FUNDS****JUNE 30, 2008**

	<u><i>Vehicle &amp; Equipment Replacement</i></u>	<u><i>Refundable Deposits/Pass- Through Fees</i></u>	<u><i>Heritage Days</i></u>	<u><i>Street SDC Projects</i></u>
<b>ASSETS</b>				
Cash and investments	\$ 29,545	\$ 182,953	\$ 940	\$ 99,159
<i>Total Assets</i>	<u>\$ 29,545</u>	<u>\$ 182,953</u>	<u>\$ 940</u>	<u>\$ 99,159</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>	\$ -	\$ -	\$ -	\$ -
<b>Fund Balances</b>				
Unreserved, reported in:				
Special revenue funds	29,545	182,953	940	99,159
<i>Total Fund Balances</i>	<u>29,545</u>	<u>182,953</u>	<u>940</u>	<u>99,159</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 29,545</u>	<u>\$ 182,953</u>	<u>\$ 940</u>	<u>\$ 99,159</u>



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<i><u>Parks SDC Projects</u></i>	<i><u>City Hall Building</u></i>	<i><u>Community Center</u></i>	<i><u>Street Capital Projects</u></i>	<i><u>Fire Capital Equipment</u></i>	<i><u>Totals</u></i>
\$ 322,629	\$ 81,399	\$ 13,992	\$ 307,266	\$ 57,313	\$ 1,095,196
<u>\$ 322,629</u>	<u>\$ 81,399</u>	<u>\$ 13,992</u>	<u>\$ 307,266</u>	<u>\$ 57,313</u>	<u>\$ 1,095,196</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>322,629</u>	<u>81,399</u>	<u>13,992</u>	<u>307,266</u>	<u>57,313</u>	<u>1,095,196</u>
<u>322,629</u>	<u>81,399</u>	<u>13,992</u>	<u>307,266</u>	<u>57,313</u>	<u>1,095,196</u>
<u>\$ 322,629</u>	<u>\$ 81,399</u>	<u>\$ 13,992</u>	<u>\$ 307,266</u>	<u>\$ 57,313</u>	<u>\$ 1,095,196</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, 2008**

	<u><i>Vehicle &amp; Equipment Replacement</i></u>	<u><i>Refundable Deposits/ Pass- Through Fees</i></u>	<u><i>Heritage Days</i></u>	<u><i>Street SDC Projects</i></u>
<b>RECEIPTS</b>				
Licenses and permits	\$ -	\$ 50,773	\$ -	\$ -
Charges for services	-	15,873	-	99,439
Miscellaneous	5,033	9,070	778	1,587
	<u>5,033</u>	<u>75,716</u>	<u>778</u>	<u>101,026</u>
<i>Total Receipts</i>	5,033	75,716	778	101,026
<b>DISBURSEMENTS</b>				
Materials and services	-	40,477	2,304	-
Capital outlay	15,564	-	-	-
	<u>15,564</u>	<u>40,477</u>	<u>2,304</u>	<u>-</u>
<i>Total Disbursements</i>	15,564	40,477	2,304	-
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(10,531)	35,239	(1,526)	101,026
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	20,000	-	-	-
Transfers out	-	-	(600)	(5,000)
	<u>20,000</u>	<u>-</u>	<u>(600)</u>	<u>(5,000)</u>
<i>Total Other Financing Sources (Uses)</i>	20,000	-	(600)	(5,000)
<b>NET CHANGE IN FUND BALANCES</b>	9,469	35,239	(2,126)	96,026
<b>FUND BALANCES, Beginning of year</b>	<u>20,076</u>	<u>147,714</u>	<u>3,066</u>	<u>3,133</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 29,545</u>	<u>\$ 182,953</u>	<u>\$ 940</u>	<u>\$ 99,159</u>

<i>Parks SDC Projects</i>	<i>City Hall Building</i>	<i>Community Center</i>	<i>Street Capital Projects</i>	<i>Fire Capital Equipment</i>	<i>Reimbursement Districts</i>	<i>Totals</i>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,773
21,897	-	-	1,500	-	1,679	140,388
14,668	3,245	4,861	11,214	1,563	-	52,019
36,565	3,245	4,861	12,714	1,563	1,679	243,180
3,265	9,679	4,193	9,131	-	-	69,049
55,951	-	5,000	33,961	-	2,488	112,964
59,216	9,679	9,193	43,092	-	2,488	182,013
(22,651)	(6,434)	(4,332)	(30,378)	1,563	(809)	61,167
40,000	30,000	10,000	95,000	50,000	-	245,000
-	-	-	-	-	-	(5,600)
40,000	30,000	10,000	95,000	50,000	-	239,400
17,349	23,566	5,668	64,622	51,563	(809)	300,567
305,280	57,833	8,324	242,644	5,750	809	794,629
\$ 322,629	\$ 81,399	\$ 13,992	\$ 307,266	\$ 57,313	\$ -	\$ 1,095,196

**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, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Miscellaneous	\$ 500	\$ 500	\$ 5,033	\$ 4,533
<b>DISBURSEMENTS</b>				
Capital outlay	40,000	40,000	15,564	24,436
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(39,500)	(39,500)	(10,531)	28,969
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	20,000	20,000	20,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(19,500)	(19,500)	9,469	28,969
<b>FUND BALANCE, Beginning of year</b>	20,000	20,000	20,076	76
<b>FUND BALANCE, End of year</b>	\$ 500	\$ 500	\$ 29,545	\$ 29,045

**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, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Licenses and permits	\$ 35,000	\$ 35,000	\$ 50,773	\$ 15,773
Charges for services	18,000	18,000	15,873	(2,127)
Miscellaneous	2,000	2,000	9,070	7,070
<i>Total Receipts</i>	55,000	55,000	75,716	20,716
<b>DISBURSEMENTS</b>				
Materials and services	165,000	165,000	40,477	124,523
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(110,000)	(110,000)	35,239	145,239
<b>FUND BALANCE, Beginning of year</b>	120,000	120,000	147,714	27,714
<b>FUND BALANCE, End of year</b>	\$ 10,000	\$ 10,000	\$ 182,953	\$ 172,953

**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, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Miscellaneous	\$ 3,475	\$ 3,475	\$ 778	\$ (2,697)
<b>DISBURSEMENTS</b>				
Materials and services	3,423	3,423	2,304	1,119
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	52	52	(1,526)	(1,578)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(600)	(600)	(600)	-
<b>NET CHANGE IN FUND BALANCE</b>	(548)	(548)	(2,126)	(1,578)
<b>FUND BALANCE, Beginning of year</b>	2,300	2,300	3,067	767
<b>FUND BALANCE, End of year</b>	\$ 1,752	\$ 1,752	\$ 941	\$ (811)

**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, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Licenses and permits	\$ 5,250	\$ 5,250	\$ 99,439	\$ 94,189
Miscellaneous	500	500	1,587	1,087
<i>Total Receipts</i>	5,750	5,750	101,026	95,276
<b>DISBURSEMENTS</b>				
Materials and services	1,500	1,500	-	1,500
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	4,250	4,250	101,026	96,776
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(5,000)	(5,000)	(5,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	(750)	(750)	96,026	96,776
<b>FUND BALANCE, Beginning of year</b>	960	960	3,133	2,173
<b>FUND BALANCE, End of year</b>	<u>\$ 210</u>	<u>\$ 210</u>	<u>\$ 99,159</u>	<u>\$ 98,949</u>

**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, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Licenses and permits	\$ 40,550	\$ 40,550	\$ 21,897	\$ (18,653)
Miscellaneous	3,000	3,000	14,668	11,668
<i>Total Receipts</i>	43,550	43,550	36,565	(6,985)
<b>DISBURSEMENTS</b>				
Materials and services	15,000	15,000	3,265	11,735
Capital outlay	175,000	175,000	55,951	119,049
Contingency	6,000	6,000	-	6,000
<i>Total Disbursements</i>	196,000	196,000	59,216	136,784
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(152,450)	(152,450)	(22,651)	129,799
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	40,000	40,000	40,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(112,450)	(112,450)	17,349	129,799
<b>FUND BALANCE, Beginning of year</b>	300,000	300,000	305,280	5,280
<b>FUND BALANCE, End of year</b>	\$ 187,550	\$ 187,550	\$ 322,629	\$ 135,079



**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, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 3,245	\$ 2,245
<b>DISBURSEMENTS</b>				
Materials and services	34,780	34,780	9,679	25,101
Contingency	2,000	2,000	-	2,000
<b>Total Disbursements</b>	<b>36,780</b>	<b>36,780</b>	<b>9,679</b>	<b>27,101</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(35,780)</b>	<b>(35,780)</b>	<b>(6,434)</b>	<b>29,346</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	30,000	30,000	30,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(5,780)</b>	<b>(5,780)</b>	<b>23,566</b>	<b>29,346</b>
<b>FUND BALANCE, Beginning of year</b>	<b>35,000</b>	<b>35,000</b>	<b>57,833</b>	<b>22,833</b>
<b>FUND BALANCE, End of year</b>	<b>\$ 29,220</b>	<b>\$ 29,220</b>	<b>\$ 81,399</b>	<b>\$ 52,179</b>

**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, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Miscellaneous	\$ 1,600	\$ 1,600	\$ 4,861	\$ 3,261
<b>DISBURSEMENTS</b>				
Materials and services	4,300	4,300	4,193	107
Capital outlay	5,000	5,000	5,000	-
<i>Total Disbursements</i>	<u>9,300</u>	<u>9,300</u>	<u>9,193</u>	<u>107</u>
<b>RECEIPTS OVER (UNDER)</b>				
<b>DISBURSEMENTS</b>	(7,700)	(7,700)	(4,332)	3,368
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,000	10,000	10,000	-
<b>NET CHANGE IN FUND BALANCE</b>	2,300	2,300	5,668	3,368
<b>FUND BALANCE, Beginning of year</b>	<u>7,000</u>	<u>7,000</u>	<u>8,324</u>	<u>1,324</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 9,300</u>	<u>\$ 9,300</u>	<u>\$ 13,992</u>	<u>\$ 4,692</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, 2008**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
<b>RECEIPTS</b>				
Charges for services	\$ 18,750	\$ 18,750	\$ 1,500	\$ (17,250)
Miscellaneous	3,000	3,000	11,214	8,214
<i>Total Receipts</i>	21,750	21,750	12,714	(9,036)
<b>DISBURSEMENTS</b>				
Materials and services	17,500	17,500	9,131	8,369
Capital outlay	50,000	50,000	33,961	16,039
Contingency	8,000	8,000	-	8,000
<i>Total Disbursements</i>	75,500	75,500	43,092	32,408
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>				
	(53,750)	(53,750)	(30,378)	23,372
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	95,000	95,000	95,000	-
<b>NET CHANGE IN FUND BALANCE</b>				
	41,250	41,250	64,622	23,372
<b>FUND BALANCE, Beginning of year</b>				
	238,000	238,000	242,644	4,644
<b>FUND BALANCE, End of year</b>				
	\$ 279,250	\$ 279,250	\$ 307,266	\$ 28,016

**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, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Miscellaneous	\$ 200	\$ 200	\$ 1,563	\$ 1,363
<b>DISBURSEMENTS</b>				
Capital outlay	45,000	45,000	-	45,000
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(44,800)	(44,800)	1,563	46,363
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	50,000	50,000	50,000	-
<b>NET CHANGE IN FUND BALANCE</b>	5,200	5,200	51,563	46,363
<b>FUND BALANCE, Beginning of year</b>	5,700	5,700	5,750	50
<b>FUND BALANCE, End of year</b>	\$ 10,900	\$ 10,900	\$ 57,313	\$ 46,413

**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, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Charges for services	\$ 82,000	\$ 82,000	\$ 1,679	\$ (80,321)
<b>DISBURSEMENTS</b>				
Capital outlay	82,000	82,000	2,488	79,512
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	-	-	(809)	(809)
<b>FUND BALANCE, Beginning of year</b>	-	-	809	809
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ -	\$ -

**CITY OF LAFAYETTE, OREGON****SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - SEWER FUND****YEAR ENDED JUNE 30, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Charges for services	\$ 743,950	\$ 743,950	\$ 805,140	\$ 61,190
Miscellaneous	4,000	4,000	9,930	5,930
<i>Total Receipts</i>	747,950	747,950	815,070	67,120
<b>DISBURSEMENTS</b>				
Personal services	161,121	161,121	147,774	13,347
Materials and services	300,350	300,350	204,802	95,548
Capital outlay	11,900	11,900	2,343	9,557
Contingency	70,000	70,000	-	70,000
<i>Total Disbursements</i>	543,371	543,371	354,919	188,452
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	204,579	204,579	460,151	255,572
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(386,415)	(386,415)	(386,415)	-
<b>NET CHANGE IN FUND BALANCE</b>	(181,836)	(181,836)	73,736	255,572
<b>FUND BALANCE, Beginning of year</b>	184,000	184,000	224,461	40,461
<b>FUND BALANCE, End of year</b>	\$ 2,164	\$ 2,164	\$ 298,197	\$ 296,033

**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, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Licenses and permits	\$ 181,050	\$ 181,050	\$ 123,114	\$ (57,936)
Miscellaneous	500	500	629	129
<i>Total Receipts</i>	181,550	181,550	123,743	(57,807)
<b>DISBURSEMENTS</b>				
Materials and services	5,000	5,000	-	5,000
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	176,550	176,550	123,743	(52,807)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(169,146)	(169,146)	(75,000)	94,146
<b>NET CHANGE IN FUND BALANCE</b>	7,404	7,404	48,743	41,339
<b>FUND BALANCE, Beginning of year</b>	800	800	862	62
<b>FUND BALANCE, End of year</b>	\$ 8,204	\$ 8,204	\$ 49,605	\$ 41,401

**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, 2008**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
<b>RECEIPTS</b>				
Licenses and permits	\$ 4,950	\$ 4,950	\$ 3,366	\$ (1,584)
Intergovernmental	170,000	170,000	181,103	11,103
Miscellaneous	200	200	5,514	5,314
<i>Total Receipts</i>	175,150	175,150	189,983	14,833
<b>DISBURSEMENTS</b>				
Materials and services	85,000	85,000	55,205	29,795
Capital outlay	283,000	633,000	610,335	22,665
Contingency	50,700	50,700	-	50,700
<i>Total Disbursements</i>	418,700	768,700	665,540	103,160
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>				
	(243,550)	(593,550)	(475,557)	117,993
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of debt	-	350,000	250,000	(100,000)
Transfers in	113,500	113,500	113,500	-
<i>Total Other Financing Sources (Uses)</i>	113,500	463,500	363,500	(100,000)
<b>NET CHANGE IN FUND BALANCE</b>				
	(130,050)	(130,050)	(112,057)	17,993
<b>FUND BALANCE, Beginning of year</b>				
	135,000	135,000	141,568	6,568
<b>FUND BALANCE, End of year</b>				
	\$ 4,950	\$ 4,950	\$ 29,511	\$ 24,561



**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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Miscellaneous	\$ 30,000	\$ 30,000	\$ 38,079	\$ 8,079
<b>DISBURSEMENTS</b>				
Debt service	442,062	442,062	442,062	-
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(412,062)	(412,062)	(403,983)	8,079
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	440,561	440,561	346,415	(94,146)
<b>NET CHANGE IN FUND BALANCE</b>	28,499	28,499	(57,568)	(86,067)
<b>FUND BALANCE, Beginning of year</b>	1,000,000	1,000,000	950,399	(49,601)
<b>FUND BALANCE, End of year</b>	<u>\$ 1,028,499</u>	<u>\$ 1,028,499</u>	<u>\$ 892,831</u>	<u>\$ (135,668)</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, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Charges for services	\$ 737,500	\$ 737,500	\$ 765,222	\$ 27,722
Miscellaneous	5,000	5,000	13,193	8,193
<i>Total Receipts</i>	742,500	742,500	778,415	35,915
<b>DISBURSEMENTS</b>				
Personal services	141,967	141,967	124,681	17,286
Materials and services	202,000	202,000	189,207	12,793
Capital outlay	25,650	25,650	4,695	20,955
Contingency	50,000	50,000	-	50,000
<i>Total Disbursements</i>	419,617	419,617	318,583	101,034
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	322,883	322,883	459,832	136,949
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(483,095)	(483,095)	(483,095)	-
<b>NET CHANGE IN FUND BALANCE</b>	(160,212)	(160,212)	(23,263)	136,949
<b>FUND BALANCE, Beginning of year</b>	185,000	185,000	213,468	28,468
<b>FUND BALANCE, End of year</b>	\$ 24,788	\$ 24,788	\$ 190,205	\$ 165,417

**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, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Licenses and permits	\$ 119,300	\$ 119,300	\$ 76,352	\$ (42,948)
Miscellaneous	500	500	1,385	885
<i>Total Receipts</i>	119,800	119,800	77,737	(42,063)
<b>DISBURSEMENTS</b>				
Materials and services	5,000	5,000	-	5,000
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	114,800	114,800	77,737	(37,063)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(62,036)	(62,036)	(62,036)	-
<b>NET CHANGE IN FUND BALANCE</b>	52,764	52,764	15,701	(37,063)
<b>FUND BALANCE, Beginning of year</b>	12,000	12,000	15,619	3,619
<b>FUND BALANCE, End of year</b>	<u>\$ 64,764</u>	<u>\$ 64,764</u>	<u>\$ 31,320</u>	<u>\$ (33,444)</u>

**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, 2008**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Licenses and permits	\$ 13,425	\$ 13,425	\$ 5,728	\$ (7,697)
Intergovernmental	95,000	95,000	87,258	(7,742)
Miscellaneous	8,000	8,000	30,533	22,533
<i>Total Receipts</i>	116,425	116,425	123,519	7,094
<b>DISBURSEMENTS</b>				
Materials and services	42,300	42,300	1,880	40,420
Capital outlay	894,400	894,400	315,986	578,414
Contingency	35,000	35,000	-	35,000
<i>Total Disbursements</i>	971,700	971,700	317,866	653,834
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(855,275)	(855,275)	(194,347)	660,928
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	230,000	230,000	230,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(625,275)	(625,275)	35,653	660,928
<b>FUND BALANCE, Beginning of year</b>	640,000	640,000	656,520	16,520
<b>FUND BALANCE, End of year</b>	\$ 14,725	\$ 14,725	\$ 692,173	\$ 677,448

**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, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Miscellaneous	\$ 15,000	\$ 15,000	\$ 24,823	\$ 9,823
<b>DISBURSEMENTS</b>				
Debt service	305,131	305,131	305,130	1
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(290,131)	(290,131)	(280,307)	9,824
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	305,131	305,131	305,131	-
<b>NET CHANGE IN FUND BALANCE</b>	15,000	15,000	24,824	9,824
<b>FUND BALANCE, Beginning of year</b>	600,000	600,000	563,025	(36,975)
<b>FUND BALANCE, End of year</b>	<u>\$ 615,000</u>	<u>\$ 615,000</u>	<u>\$ 587,849</u>	<u>\$ (27,151)</u>

***OTHER SCHEDULES***

**CITY OF LAFAYETTE, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2008**

<i><b>Tax Year</b></i>	<i><b>Uncollected Balances July 1, 2007</b></i>	<i><b>2007-2008 Levy</b></i>	<i><b>Interest, Discounts &amp; Adjustments</b></i>	<i><b>Turnovers</b></i>	<i><b>Uncollected Balances June 30, 2008</b></i>
2007-08	\$ -	\$ 492,593	\$ (12,792)	\$ (459,728)	\$ 20,073
2006-07	12,583	-	(152)	(7,165)	5,266
2005-06	3,863	-	(88)	(1,501)	2,274
2004-05	2,035	-	(14)	(1,150)	871
2003-04	929	-	(7)	(659)	263
2002-03	312	-	(7)	(92)	213
2001-02	191	-	(7)	(53)	131
Prior Years	795	-	(44)	(41)	710
Total	<u>\$ 20,708</u>	<u>\$ 492,593</u>	<u>\$ (13,111)</u>	<u>\$ (470,389)</u>	<u>\$ 29,801</u>

**CITY OF LAFAYETTE, OREGON**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2008**

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	<u><i>Interest Rates</i></u>	<u><i>Date of Issue</i></u>	<u><i>Fiscal Year of Maturity</i></u>
<b>DEBT PRINCIPAL TRANSACTIONS</b>			
2000 Water Revenue Bonds	4.7%-6.0%	2000	2020-21
2000 Oregon Bond Bank Loan	5.276%	2000	2020-21
Safe Drinking Water Revolving Loan	1%	2003	2023-24
City of Dayton	1%	2004	2023-24
OECDW Wastewater Improvement Loan	6%	2008	2027-28

	<u><i>Interest Rates</i></u>	<u><i>Date of Issue</i></u>
<b>DEBT INTEREST TRANSACTIONS</b>		
2000 Water Revenue Bonds	4.7%-6.0%	2000
2000 Oregon Bond Bank Loan	5.276%	2000
Safe Drinking Water Revolving Loan	1%	2003
City of Dayton	1%	2004
OECDW Wastewater Improvement Loan	6%	2008



<i>Outstanding July 1, 2007</i>	<i>Debt Issued</i>	<i>Debt Paid</i>	<i>Outstanding June 30, 2008</i>
\$ 2,630,000	\$ -	\$ (130,000)	\$ 2,500,000
4,271,056	-	(216,626)	4,054,430
89,715	-	(5,198)	84,517
547,734	-	(17,771)	529,963
-	250,000	-	250,000
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\$ 7,538,505	\$ 250,000	\$ (369,595)	\$ 7,418,910
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<i>Unmatured Interest Outstanding July 1, 2007</i>	<i>New Issues</i>	<i>Interest Coupons Paid</i>	<i>Unmatured Interest June 30, 2008</i>
\$ 1,208,652	\$ -	\$ (145,785)	\$ 1,062,867
1,898,432	-	(225,436)	1,672,996
7,815	-	(899)	6,916
79,989	-	(5,478)	74,511
-	184,547	-	184,547
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\$ 3,194,888	\$ 184,547	\$ (377,598)	\$ 3,001,837
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**CITY OF LAFAYETTE, OREGON**  
**SCHEDULE OF FUTURE DEBT REQUIREMENTS**  
**JUNE 30, 2008**

<b>Fiscal Year</b> <b>Ending</b> <b>June 30,</b>	<b>2000 Water Revenue Bonds</b>			<b>2000 Oregon Bond Bank Loan</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 135,000	\$ 138,926	\$ 273,926	\$ 228,456	\$ 214,604	\$ 443,060
2010	145,000	131,576	276,576	240,380	203,182	443,562
2011	150,000	123,795	273,795	247,400	191,162	438,562
2012	160,000	115,580	275,580	264,573	178,483	443,056
2013	170,000	106,750	276,750	276,912	164,593	441,505
2014	175,000	97,260	272,260	289,375	150,055	439,430
2015	185,000	87,180	272,180	306,967	134,863	441,830
2016	200,000	76,400	276,400	319,695	118,747	438,442
2017	210,000	64,500	274,500	337,594	101,804	439,398
2018	220,000	51,600	271,600	355,675	83,742	439,417
2019	235,000	37,950	272,950	373,952	64,536	438,488
2020	250,000	23,400	273,400	397,405	44,342	441,747
2021	265,000	7,950	272,950	416,046	22,883	438,929
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
	<u>\$ 2,500,000</u>	<u>\$ 1,062,867</u>	<u>\$ 3,562,867</u>	<u>\$ 4,054,430</u>	<u>\$ 1,672,996</u>	<u>\$ 5,727,426</u>

<i>Safe Drinking Water Revolving Loan</i>			<i>City of Dayton</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
5,251	\$ 845	\$ 6,096	\$ 17,949	\$ 5,300	\$ 23,249
5,303	793	6,096	18,129	5,120	23,249
5,356	740	6,096	18,310	4,939	23,249
5,410	686	6,096	18,493	4,756	23,249
5,464	632	6,096	18,678	4,571	23,249
5,518	577	6,095	18,865	4,384	23,249
5,574	522	6,096	19,053	4,196	23,249
5,629	466	6,095	19,244	4,005	23,249
5,686	410	6,096	19,437	3,812	23,249
5,742	353	6,095	19,631	3,618	23,249
5,800	296	6,096	19,827	3,422	23,249
5,857	238	6,095	20,025	3,224	23,249
5,916	179	6,095	20,226	3,023	23,249
5,975	120	6,095	20,428	2,821	23,249
6,036	59	6,095	20,632	2,617	23,249
-	-	-	20,838	2,411	23,249
-	-	-	21,046	2,203	23,249
-	-	-	21,257	1,992	23,249
-	-	-	21,470	1,779	23,249
-	-	-	21,685	1,564	23,249
-	-	-	21,901	1,348	23,249
-	-	-	22,121	1,128	23,249
-	-	-	22,342	907	23,249
-	-	-	22,565	684	23,249
-	-	-	22,791	458	23,249
-	-	-	23,020	229	23,249
84,517	\$ 6,916	\$ 91,433	\$ 529,963	\$ 74,511	\$ 604,474

**CITY OF LAFAYETTE, OREGON**  
**SCHEDULE OF FUTURE DEBT REQUIREMENTS (Continued)**  
**JUNE 30, 2008**

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>OECD Waste Water Improvements</i>			<i>Totals</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2009	\$ 6,798	\$ 13,625	\$ 20,423	\$ 393,454	\$ 373,300	\$ 766,754
2010	7,204	14,592	21,796	416,016	355,263	771,279
2011	7,636	14,160	21,796	428,702	334,796	763,498
2012	8,094	13,702	21,796	456,570	313,207	769,777
2013	8,580	13,216	21,796	479,634	289,762	769,396
2014	9,095	12,701	21,796	497,853	264,977	762,830
2015	9,640	12,156	21,796	526,234	238,917	765,151
2016	10,219	11,577	21,796	554,787	211,195	765,982
2017	10,832	10,964	21,796	583,549	181,490	765,039
2018	11,482	10,314	21,796	612,530	149,627	762,157
2019	12,171	9,625	21,796	646,750	115,829	762,579
2020	12,901	8,895	21,796	686,188	80,099	766,287
2021	13,675	8,121	21,796	720,863	42,156	763,019
2022	14,496	7,300	21,796	40,899	10,241	51,140
2023	15,365	6,431	21,796	42,033	9,107	51,140
2024	16,287	5,509	21,796	37,125	7,920	45,045
2025	17,265	4,531	21,796	38,311	6,734	45,045
2026	18,300	3,496	21,796	39,557	5,488	45,045
2027	19,398	2,398	21,796	40,868	4,177	45,045
2028	20,562	1,234	21,796	42,247	2,798	45,045
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>\$ 250,000</u>	<u>\$ 184,547</u>	<u>\$ 434,547</u>	<u>\$ 7,418,910</u>	<u>\$ 3,001,837</u>	<u>\$ 10,420,747</u>

## ***COMPLIANCE SECTION***

## ***CITY OF LAFAYETTE, OREGON***

### ***AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS YEAR ENDED JUNE 30, 2008***

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Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in 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 audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules are as follows.

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Lafayette (the City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 5, 2008. Our opinion was qualified for historical cost records for capital assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

#### ***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 are documented on the title page and in the notes to the basic financial statements.

#### ***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**CITY OF LAFAYETTE, OREGON**

**AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS (Continued)**

**YEAR ENDED JUNE 30, 2008**

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*Adequacy of Accounting Records*

The City's accounting records were reasonably maintained and adequate to support our audit of the basic financial statements. The City does not maintain historical cost records for capital assets prior to fiscal year end 2004.

*Indebtedness*

The general obligation bonded debt of the City is in compliance with the limitation imposed by ORS 264.250 (3). We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the City's liabilities, and no breach of the bond agreements, at June 30, 2008.

*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, 2008.

*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, 2008.

*Budget Compliance*

The City appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in the preparation, adoption and execution of its budget and tax levy for the year ended June 30, 2008, and the preparation and adoption of its budget for the year ending June 30, 2009.

A description of the budgeting process is included in the notes to the basic financial statements.

*Insurance Policies and Fidelity Bonds*

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2008. 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 covering City property at June 30, 2008.

*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.

**CITY OF LAFAYETTE, OREGON**

**AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS (Continued)**  
**YEAR ENDED JUNE 30, 2008**

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*Programs Funded From Outside Sources*

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

*Financial Reporting Requirements*

We have reviewed financial reports and other data relating to material programs funded wholly or partially by other governmental agencies. This data, filed with other governmental agencies, is in agreement with and supported by the accounting records.

*Highway Funds*

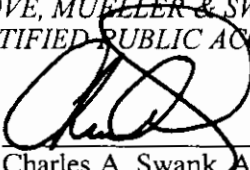
The City complied with the legal requirements, Article IX, Section 3a of the Oregon Constitution pertaining to the use of revenue from taxes on motor vehicle fuel, and the statutory requirements of ORS 368 and 373 as they pertain to the use of road funds.

*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 and management of the City of Lafayette, the Oregon Secretary of State Audis Division, and is not intended to be and should not be used by anyone other than these specified parties.

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

By:   
Charles A. Swank, A Shareholder  
November 5, 2008