

AUDITS	Date	Initial
RCVD	12-2-10	sme
MUNI #	385	
DIS	12-3-10	JP
MUNI	12-3-10	JP
SCANNED		
GOVT TYPE		
SD CO & #		
COMMENTS		

CITY OF LAFAYETTE, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2010

RECEIVED

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SECRETARY OF STATE
DIVISION OF AUDITS

Initial Date AUDITS

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CITY OF LAFAYETTE, OREGON
CITY OFFICIALS
JUNE 30, 2010

Mayor

Chris Heisler
1407 N. Madison St.
Lafayette, Oregon 97127

Council Members

Leah Harper
241 E. 16th St.
Lafayette, Oregon 97127

Chris Pagella
446 E. 16th St.
Lafayette, Oregon 97127

John Eskins
486 Third Stret
Lafayette, Oregon 97127

Marie Sproul
486 Third Stret
Lafayette, Oregon 97127

City Administrator

Diane J. Rinks (through December 25, 2009)
D. Justin Boone (January 4, 2010 through May 21, 2010)
486 Third Street
Lafayette, Oregon 97127

CITY OF LAFAYETTE, OREGON
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GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lafayette, Oregon, as of June 30, 2010, 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.

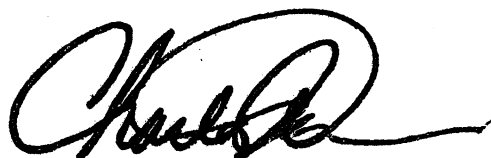
The City does not maintain any historical cost and depreciation records for capital assets including infrastructure, and therefore, no information for capital assets is presented in the financial statements.

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 remaining fund information of the City of Lafayette, Oregon, as of June 30, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lafayette's financial statements as a whole. The combining and individual fund financial statements and other financial schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The other financial schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

By 
Charles A. Swank, A Shareholder
October 21, 2010

CITY OF LAFAYETTE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FYE JUNE 30, 2010

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, 2010.

Financial Highlights

Following are the financial highlights of the City for the FYE June 30, 2010:

	June 30,		change
	2010	2009	
Net assets	\$3,496,279	\$4,070,456	\$ (574,177)
Change in net assets	(574,177)	(369,204)	(204,973)
Governmental net assets	1,263,498	1,639,676	(376,178)
Change in governmental net assets	(376,178)	(28,294)	(347,884)
Proprietary net assets	2,232,781	2,430,780	(197,999)
Change in proprietary net assets	(197,999)	(340,910)	142,911

OVERVIEW OF THE FINANCIAL STATEMENTS

This overview and analysis is 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 (Modified Cash Basis). 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 (Modified Cash Basis). 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 \$3,496,279 at June 30, 2010.

STATEMENTS OF NET ASSETS

June 30,

	2010			2009		
	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>
ASSETS						
Cash and investments	\$ 1,266,526	\$ 2,232,781	\$ 3,499,307	\$ 1,652,393	\$ 2,430,780	\$ 4,083,173
Property taxes receivable	49,613	-	49,613	40,158	-	40,158
Total Assets	1,316,139	2,232,781	3,548,920	1,692,551	2,430,780	4,123,331
LIABILITIES						
Payroll withholdings	3,028	-	3,028	12,717	-	12,717
Deferred revenue	49,613	-	49,613	40,158	-	40,158
Total Liabilities	52,641	-	52,641	52,875	-	52,875
NET ASSETS						
Restricted	379,439	626,770	1,006,209	328,473	305,382	633,855
Unrestricted	884,059	1,606,011	2,490,070	1,311,203	2,125,398	3,436,601
Total Net Assets	\$ 1,263,498	\$ 2,232,781	\$ 3,496,279	\$ 1,639,676	\$ 2,430,780	\$ 4,070,456

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 net assets decreased by \$574,177 during the current fiscal year. The key elements of the change are an increase in program receipts of \$105,247 compared to the prior year and an increase in disbursements of \$272,546 compared to the prior year.

STATEMENTS OF ACTIVITIES

Year Ended June 30,

	2010			2009		
	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>
RECEIPTS						
Program receipts	\$ 340,057	\$ 1,749,872	\$ 2,089,929	\$ 307,627	\$ 1,677,055	\$ 1,984,682
General receipts	781,407	19,072	800,479	775,663	62,490	838,153
<i>Total receipts</i>	1,121,464	1,768,944	2,890,408	1,083,290	1,739,545	2,822,835
DISBURSEMENTS						
General government	217,402	-	217,402	248,820	-	248,820
Court and police	265,706	-	265,706	252,273	-	252,273
Community development	110,975	-	110,975	207,490	-	207,490
Fire	95,811	-	95,811	92,357	-	92,357
Parks	336,408	-	336,408	175,205	-	175,205
Streets	451,340	-	451,340	130,439	-	130,439
Water	-	874,922	874,922	-	1,266,731	1,266,731
Sewer	-	1,112,021	1,112,021	-	818,724	818,724
<i>Total disbursements</i>	1,477,642	1,986,943	3,464,585	1,106,584	2,085,455	3,192,039
<i>Receipts over (under) disbursements</i>	(356,178)	(217,999)	(574,177)	(23,294)	(345,910)	(369,204)
<i>Transfers</i>	(20,000)	20,000	-	(5,000)	5,000	-
<i>Change in net assets</i>	(376,178)	(197,999)	(574,177)	(28,294)	(340,910)	(369,204)
<i>Net assets - beginning</i>	1,639,676	2,430,780	4,070,456	1,667,970	2,771,690	4,439,660
<i>Net assets - ending</i>	\$ 1,263,498	\$ 2,232,781	\$ 3,496,279	\$ 1,639,676	\$ 2,430,780	\$ 4,070,456

GOVERNMENTAL ACTIVITIES

The cost for all *governmental* activities was \$1,477,642 this year. However, our taxpayers only paid \$543,344 in property taxes. Those who directly benefited from the programs (fines, fees and charges for services) paid \$58,504 this year, or 4%.

- The City's net assets decreased by \$376,178 during the year. The primary reason for the decrease is the use of Park SDC and Street SDC money for capital improvements.

BUSINESS-TYPE ACTIVITIES

The cost for all *business-type* activities was \$1,986,943 this year. These costs are paid by utility service fees, system development charges and other utility related income.

The City's net assets decreased by \$197,999 this year. The receipts were slightly higher and disbursements were slightly lower than the previous year. This year's decrease was less than last year's \$340,910 decrease.

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.

General Fund. The General Fund is the primary operating fund of the City. The unreserved fund balance was \$468,747 at year end. The fund balance decreased by \$7,466 during the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 66% of total General Fund expenditures.

BUDGETARY HIGHLIGHTS

The City adopts an annual appropriated budget for all funds. The Lafayette City Council made appropriation transfers for the General Fund budget during the year. This annual financial report provides budgetary comparison statements for all funds, to demonstrate compliance with the budget.

DEBT ADMINISTRATION

The City long-term debt total of \$6,351,287 at year end. Net revenues of the utility operations and SDCs received from new development are pledged to the payment of the debt. Additional information on the City's bonded debt can be found in the notes to the annual financial report.

FISCAL YEAR 2010-11 BUDGET AND RATES

During the preparation of the budget for the 2010-11 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 2011 budget:

- The City's permanent tax rate of \$3.4857 per thousand will be levied.
- The basis of property tax revenues were estimated to grow by the standard 3%.
- Interest rates on investments will be less than 2%.
- Employee retirement contribution rates will continue to increase, as will health insurance costs.

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 the City at (503) 864-864-2451, 486 Third Street, Lafayette, Oregon, 97127.

BASIC FINANCIAL STATEMENTS

CITY OF LAFAYETTE, OREGON
STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)
JUNE 30, 2010

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and investments	\$ 1,266,526	\$ 2,232,781	\$ 3,499,307
Property taxes receivable	49,613	-	49,613
<i>Total Assets</i>	<u>1,316,139</u>	<u>2,232,781</u>	<u>3,548,920</u>
LIABILITIES			
Payroll withholdings	3,028	-	3,028
Deferred revenue	49,613	-	49,613
<i>Total Liabilities</i>	<u>52,641</u>	<u>-</u>	<u>52,641</u>
NET ASSETS			
Restricted for:			
Construction	277,987	626,770	904,757
Streets	101,452	-	101,452
Unrestricted	884,059	1,606,011	2,490,070
<i>Total Fund Net Assets</i>	<u>1,263,498</u>	<u>2,232,781</u>	<u>3,496,279</u>
<i>Total Net Assets</i>	<u><u>\$ 1,263,498</u></u>	<u><u>\$ 2,232,781</u></u>	<u><u>\$ 3,496,279</u></u>

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

CITY OF LAFAYETTE, OREGON
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2010

		<i>Program Receipts</i>		
	<i>Disbursements</i>	<i>Fees, Fines, and Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>
FUNCTIONS/PROGRAMS				
Governmental activities:				
General government	\$ 217,402	\$ -	\$ -	\$ -
Court and police	265,706	27,923	20,159	-
Community services and development	110,975	30,581	-	-
Fire	95,811	-	-	-
Parks	336,408	-	-	-
Streets	451,340	-	256,111	5,283
<i>Total Governmental Activities</i>	1,477,642	58,504	276,270	5,283
Business-type Activities:				
Water	874,922	780,455	149,249	-
Sewer	1,112,021	820,168	-	-
<i>Total Business-type Activities</i>	1,986,943	1,600,623	149,249	-
<i>Total Activities</i>	<u>\$ 3,464,585</u>	<u>\$ 1,659,127</u>	<u>\$ 425,519</u>	<u>\$ 5,283</u>

General Receipts:

Property taxes
Franchise fees
Intergovernmental
Miscellaneous

Total General Receipts

Transfers

Change in Net Assets

Net Assets, July 1, 2009

Net Assets, June 30, 2010

***Net (Disbursements) Receipts and Changes in
Restricted and Unrestricted Net Assets***

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (217,402)	\$ -	\$ (217,402)
(217,624)	-	(217,624)
(80,394)	-	(80,394)
(95,811)	-	(95,811)
(336,408)	-	(336,408)
(189,946)	-	(189,946)
(1,137,585)	-	(1,137,585)
-	54,782	54,782
-	(291,853)	(291,853)
-	(237,071)	(237,071)
(1,137,585)	(237,071)	(1,374,656)
543,344	-	543,344
134,133	-	134,133
75,962	-	75,962
27,968	19,072	47,040
781,407	19,072	800,479
(20,000)	20,000	-
(376,178)	(197,999)	(574,177)
1,639,676	2,430,780	4,070,456
<u>\$ 1,263,498</u>	<u>\$ 2,232,781</u>	<u>\$ 3,496,279</u>

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

CITY OF LAFAYETTE, OREGON**STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS****JUNE 30, 2010**

	<u>General</u>	<u>Streets</u>	<u>Parks SDC</u>
ASSETS			
Cash and investments	\$ 471,775	\$ 101,452	\$ 43,540
Property taxes receivable	49,613	-	-
<i>Total Assets</i>	<u>\$ 521,388</u>	<u>\$ 101,452</u>	<u>\$ 43,540</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Payroll withholdings	\$ 3,028	\$ -	\$ -
Deferred revenue	49,613	-	-
<i>Total Liabilities</i>	52,641	-	-
Fund Balances			
Unreserved, reported in:			
General fund	468,747	-	-
Special revenue funds	-	101,452	43,540
<i>Total Fund Balances</i>	<u>468,747</u>	<u>101,452</u>	<u>43,540</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 521,388</u>	<u>\$ 101,452</u>	<u>\$ 43,540</u>

<i>Street Capital</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 212,655	\$ 437,104	\$ 1,266,526
-	-	49,613
<u>\$ 212,655</u>	<u>\$ 437,104</u>	<u>\$ 1,316,139</u>
\$ -	\$ -	\$ 3,028
-	-	49,613
<u>-</u>	<u>-</u>	<u>52,641</u>
-	-	468,747
212,655	437,104	794,751
<u>212,655</u>	<u>437,104</u>	<u>1,263,498</u>
<u>\$ 212,655</u>	<u>\$ 437,104</u>	<u>\$ 1,316,139</u>

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

CITY OF LAFAYETTE, OREGON**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES****(MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS****YEAR ENDED JUNE 30, 2010**

	<u>General</u>	<u>Streets</u>	<u>Parks SDC</u>
RECEIPTS			
Taxes and assessments	\$ 543,344	\$ -	\$ -
Licenses and permits	142,693	-	-
Charges for services	-	-	-
Intergovernmental	96,122	162,111	-
Fines and forfeitures	27,923	-	-
Miscellaneous	16,377	596	1,733
<i>Total Receipts</i>	826,459	162,707	1,733
DISBURSEMENTS			
Current operating:			
General government	206,912	-	-
Court and police	265,706	-	-
Community services and development	81,075	-	-
Fire	96,083	-	-
Parks	63,140	-	3,740
Streets	-	114,051	-
Capital outlay	-	-	271,752
<i>Total Disbursements</i>	712,916	114,051	275,492
RECEIPTS OVER (UNDER) DISBURSEMENTS	113,543	48,656	(273,759)
OTHER FINANCING SOURCES (USES)			
Transfers in	70,960	-	85,000
Transfers out	(191,969)	(27,000)	-
<i>Total Other Financing Sources (Uses)</i>	(121,009)	(27,000)	85,000
NET CHANGE IN FUND BALANCES	(7,466)	21,656	(188,759)
FUND BALANCES, Beginning of year	476,213	79,796	232,299
FUND BALANCES, End of year	\$ 468,747	\$ 101,452	\$ 43,540

<i>Street Capital</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
\$ -	\$ -	\$ 543,344
-	10,823	153,516
-	16,481	16,481
94,000	-	352,233
-	-	27,923
1,956	7,305	27,967
95,956	34,609	1,121,464
-	7,381	214,293
-	-	265,706
-	29,900	110,975
-	-	96,083
-	-	66,880
532	-	114,583
336,758	612	609,122
337,290	37,893	1,477,642
(241,334)	(3,284)	(356,178)
25,000	88,969	269,929
-	(70,960)	(289,929)
25,000	18,009	(20,000)
(216,334)	14,725	(376,178)
428,989	422,379	1,639,676
\$ 212,655	\$ 437,104	\$ 1,263,498

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

CITY OF LAFAYETTE, OREGON**STATEMENT OF NET ASSETS (MODIFIED CASH BASIS) - PROPRIETARY FUNDS****JUNE 30, 2010**

	<u><i>Sewer</i></u>	<u><i>Sewer Debt</i></u>	<u><i>Water</i></u>	<u><i>Water Capital Projects</i></u>
<i>ASSETS</i>				
Cash and investments	\$ 381,587	\$ 527,883	\$ 178,893	\$ 508,741
<i>LIABILITIES</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>NET ASSETS</i>				
Restricted for construction	-	-	-	508,741
Unrestricted	<u>381,587</u>	<u>527,883</u>	<u>178,893</u>	<u>-</u>
<i>Total Net Assets</i>	<u><u>\$ 381,587</u></u>	<u><u>\$ 527,883</u></u>	<u><u>\$ 178,893</u></u>	<u><u>\$ 508,741</u></u>

<i>Water Debt Service</i>	<i>Other Enterprise Funds</i>	<i>Totals</i>
\$ 517,648	\$ 118,029	\$ 2,232,781
-	-	-
-	118,029	626,770
517,648	-	1,606,011
\$ 517,648	\$ 118,029	\$ 2,232,781

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, 2010**

	<i>Sewer</i>	<i>Sewer Debt Service</i>	<i>Water</i>	<i>Water Capital Projects</i>
OPERATING RECEIPTS				
Charges for services	\$ 818,892	\$ -	\$ 774,661	\$ -
Miscellaneous	1,276	-	5,792	4,376
<i>Total Operating Receipts</i>	820,168	-	780,453	4,376
OPERATING DISBURSEMENTS				
Personal services	168,862	-	143,137	-
Materials and services	230,204	-	219,197	28,634
Capital outlay	10,744	-	7,510	170,523
<i>Total Operating Disbursements</i>	409,810	-	369,844	199,157
OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	410,358	-	410,609	(194,781)
NONOPERATING RECEIPTS (DISBURSEMENTS)				
Intergovernmental receipts	-	-	-	149,249
Interest earnings	2,178	4,637	1,632	2,502
Debt service principal	-	(487,166)	-	-
Debt service interest	-	(214,930)	-	-
<i>Total Nonoperating Receipts (Disbursements)</i>	2,178	(697,459)	1,632	151,751
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	412,536	(697,459)	412,241	(43,030)
Transfers in	-	368,212	-	284,000
CHANGE IN NET ASSETS	(42,676)	(329,247)	(87,854)	240,970
NET ASSETS, Beginning of year	424,263	857,130	266,747	267,771
NET ASSETS, End of year	\$ 381,587	\$ 527,883	\$ 178,893	\$ 508,741

<i>Water Debt Service</i>	<i>Other Enterprise Funds</i>	<i>Totals</i>
\$ -	\$ -	\$ 1,593,553
-	-	11,444
-	-	1,604,997
-	-	311,999
-	-	478,035
-	116	188,893
-	116	978,927
-	(116)	626,070
-	-	149,249
3,216	534	14,699
(168,432)	-	(655,598)
(137,489)	-	(352,419)
(302,705)	534	(844,069)
(302,705)	418	(217,999)
243,095	80,000	975,307
(59,610)	80,418	(197,999)
577,258	37,611	2,430,780
\$ 517,648	\$ 118,029	\$ 2,232,781

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

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

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 (Modified Cash Basis) 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: 1) investment in capital assets, less related outstanding debt used to acquire them; 2) restricted for special purposes, amounts which must be spent in accordance with legal restrictions; and 3) 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.

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

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.

Parks SDC Projects Fund

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

Street Capital Projects Fund

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

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.

Heritage Days Fund

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

Street SDC Projects Fund

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

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, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

Community Center Fund

This fund accounts for Community Center operations.

Fire Capital Equipment Fund

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

The City reports the following major enterprise funds:

Sewer Fund

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

Sewer Debt Service Fund

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

Water Fund

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

Water 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.

The following enterprise funds are considered nonmajor:

Water SDC Projects Fund

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

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.

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 governmental 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.

Enterprise funds distinguish between operating receipts and disbursements and nonoperating items. Operating receipts and disbursements result from providing services to customers in connection with ongoing utility operations. The principal operating receipts are charges to customers for service. Operating disbursements include payroll and related costs, materials and supplies, and capital outlay. All receipts not considered operating are reported as nonoperating items.

Cash and Investments

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

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

Investments are stated at cost, which approximates fair value.

Receivables and Deferred Revenues

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

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

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Debt

In the government-wide and proprietary fund type financial statements, long-term obligations are not reported. Bond premiums, discounts, and issuance costs are expensed as incurred. Repayment of long term debt principal and interest will be made primarily from 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses as of and for the year ended June 30, 2010. Actual results may differ from such estimates.

CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2010:

Cash

Cash on hand	\$	500
Deposits with financial institutions		91,090

Investments

Local Government Investment Pool		3,407,717
		<hr/>
	\$	3,499,307
		<hr/>

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

CASH AND INVESTMENTS (Continued)

Deposits

The City's deposits with various financial institutions had a bank value of \$183,108 at year end. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depositary Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage are covered by the Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2010, none of the City's bank balances were exposed to custodial credit risk as they were collateralized by the PFCP program.

Investments

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2010, the fair value of the position in the Oregon State Treasurer's Short-Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. LGIP is not rated for credit quality. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting the weighted average maturity of its investments through use of the Local Government Investment Pool.

Custodial Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

CITY OF LAFAYETTE, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2010****CASH AND INVESTMENTS (Continued)***Custodial Risk - Investments (Continued)*

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-loan diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

LONG-TERM DEBT

Proprietary fund long-term debt transactions for the year ended June 30, 2010 were as follows:

	<u>Outstanding July 1, 2009</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2010</u>	<u>Due Within One Year</u>
Water System Revenue Bonds, issued November, 2000, in varying annual installments plus interest at 4.7% to 6.0% through 2021	\$ 2,355,000	\$ -	\$ (145,000)	\$ 2,210,000	\$ 150,000
Oregon Bond Bank loan, issued October 2000, in varying annual installments, including interest at 5.276% through 2021	3,814,050	-	(240,380)	3,573,670	247,400
Safe Drinking Water Revolving Fund loan, issued 2003, annual installments of \$6,096 including interest at 1% through 2024	79,215	-	(5,303)	73,912	5,356
City of Dayton (OECDP passthrough), issued in 2004, annual installments of \$23,249 including interest at 1% through 2034	511,834	-	(18,129)	493,705	18,310
OECDP Wastewater Improvement loan, issued in 2008, annual installments of \$21,796 including interest at 6% through 2028	246,786	-	(246,786)	-	-
	<u>\$ 7,006,885</u>	<u>\$ -</u>	<u>\$ (655,598)</u>	<u>\$ 6,351,287</u>	<u>\$ 421,066</u>

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2011	\$ 421,066	\$ 320,636	\$ 741,702
2012	448,476	299,505	747,981
2013	471,054	276,546	747,600
2014	488,758	252,276	741,034
2015	516,594	226,761	743,355
2016-2020	3,026,199	686,865	3,713,064
2021-2025	780,168	44,267	824,435
2026-2030	108,434	7,811	116,245
2031-2034	90,538	2,278	92,816
	<u>\$ 6,351,287</u>	<u>\$ 2,116,945</u>	<u>\$ 8,468,232</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.

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.

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

PENSION PLAN (Continued)

Funding Status (Continued)

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 11.56 percent for police and fire and 7.95 percent for general service employees. These rates changed to 12.7 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, 2008, 2009, and 2010 were \$34,558, \$37,886, and \$27,937, respectively, which equaled the required contribution for the year.

INTERFUND TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 70,960	\$ 191,969
Streets	-	27,000
Heritage Days	-	960
Parks SDC Projects	85,000	-
City Hall Building Fund	35,000	-
Community Center Fund	5,969	-
Street Capital Projects	25,000	-
Fire Capital Projects	40,000	-
Vehicle & Equipment Replacement	8,000	-
Refundable Deposits/Pass-through Fees	-	70,000
Sewer	-	455,212
Water	-	500,095
Sewer Capital Projects	80,000	-
Water Capital Projects	284,000	-
Water Debt Service	243,095	-
Sewer Debt Service	368,212	-
	<u>\$ 1,245,236</u>	<u>\$ 1,245,236</u>

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

INTERFUND TRANSFERS (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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.

GASB PRONOUNCEMENTS ISSUED, NOT YET IN EFFECT

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have future effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on future financial statements.

GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", issued February, 2009 will be effective for the City beginning with its fiscal year ending June 30, 2011. The Statement establishes new classifications for fund equity and new definitions for governmental fund types.

SUBSEQUENT EVENTS

The City adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 165, "Subsequent Events" (ASC 855). ASC 855 establishes new accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through October 21, 2010, the date on which the financial statements were available to be issued.

During the year ended June 30, 2010, the City was involved in litigation with their former engineers, HBH Consulting Engineers, Inc. A settlement agreement was entered into on June 22, 2010, for which the City received \$350,000 on July 9, 2010.

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, 2010**

	Budgeted Amounts			
	Original	Final	Actual	Variance
RECEIPTS				
Taxes and assessments	\$ 519,000	\$ 519,000	\$ 543,344	\$ 24,344
Licenses and permits	223,500	223,500	142,693	(80,807)
Intergovernmental	131,600	131,600	96,122	(35,478)
Fines and forfeitures	20,000	20,000	27,923	7,923
Miscellaneous	5,000	5,000	16,377	11,377
<i>Total Receipts</i>	899,100	899,100	826,459	(72,641)
DISBURSEMENTS				
Administration	217,630	234,092	206,912	27,180
Planning	82,493	84,845	41,832	43,013
Building inspection	125,303	125,303	39,243	86,060
Municipal court	28,842	28,842	23,359	5,483
Law enforcement	256,290	256,290	242,347	13,943
Parks	82,279	84,631	63,140	21,491
Fire	112,965	112,965	96,083	16,882
Contingency	70,000	48,834	-	48,834
<i>Total Disbursements</i>	975,802	975,802	712,916	262,886
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(76,702)	(76,702)	113,543	190,245
OTHER FINANCING SOURCES (USES)				
Transfers in	70,969	70,969	70,960	(9)
Transfers out	(191,969)	(191,969)	(191,969)	-
<i>Total Other Financing Sources (Uses)</i>	(121,000)	(121,000)	(121,009)	(9)
NET CHANGE IN FUND BALANCE	(197,702)	(197,702)	(7,466)	190,236
FUND BALANCE, Beginning of year	340,000	340,000	476,213	136,213
FUND BALANCE, End of year	\$ 142,298	\$ 142,298	\$ 468,747	\$ 326,449

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - STREETS FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 162,111	\$ 12,111
Miscellaneous	800	800	596	(204)
<i>Total Receipts</i>	150,800	150,800	162,707	11,907
DISBURSEMENTS				
Personal services	50,264	52,616	48,072	4,544
Materials and services	98,400	98,400	65,979	32,421
Capital outlay	500	500	-	500
Contingency	20,000	17,648	-	17,648
<i>Total Disbursements</i>	169,164	169,164	114,051	55,113
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(18,364)	(18,364)	48,656	67,020
OTHER FINANCING SOURCES (USES)				
Transfers out	(27,000)	(27,000)	(27,000)	-
NET CHANGE IN FUND BALANCE	(45,364)	(45,364)	21,656	67,020
FUND BALANCE, Beginning of year	55,000	55,000	79,796	24,796
FUND BALANCE, End of year	\$ 9,636	\$ 9,636	\$ 101,452	\$ 91,816

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, 2010**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Miscellaneous	\$ 2,500	\$ 2,500	\$ 1,733	\$ (767)
DISBURSEMENTS				
Materials and services	5,750	5,750	3,740	2,010
Capital outlay	309,250	309,250	271,752	37,498
<i>Total Disbursements</i>	<u>315,000</u>	<u>315,000</u>	<u>275,492</u>	<u>39,508</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(312,500)	(312,500)	(273,759)	38,741
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(227,500)	(227,500)	(188,759)	38,741
FUND BALANCE, Beginning of year	<u>230,000</u>	<u>230,000</u>	<u>232,299</u>	<u>2,299</u>
FUND BALANCE, End of year	\$ 2,500	\$ 2,500	\$ 43,540	\$ 41,040

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, 2010**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Intergovernmental	\$ 175,000	\$ 175,000	\$ 94,000	\$ (81,000)
Miscellaneous	3,500	3,500	1,956	(1,544)
<i>Total Receipts</i>	178,500	178,500	95,956	(82,544)
DISBURSEMENTS				
Materials and services	12,000	12,000	532	11,468
Capital outlay	394,715	399,715	336,758	62,957
Contingency	60,000	55,000	-	55,000
<i>Total Disbursements</i>	466,715	466,715	337,290	129,425
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(288,215)	(288,215)	(241,334)	46,881
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	25,000	-
NET CHANGE IN FUND BALANCE	(263,215)	(263,215)	(216,334)	46,881
FUND BALANCE, Beginning of year	449,402	449,402	428,989	(20,413)
FUND BALANCE, End of year	\$ 186,187	\$ 186,187	\$ 212,655	\$ 26,468

OTHER SUPPLEMENTARY INFORMATION

CITY OF LAFAYETTE, OREGON**COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -****NONMAJOR GOVERNMENTAL FUNDS****JUNE 30, 2010**

	<i>Vehicle & Equipment Replacement</i>	<i>Refundable Deposits/Pass- Through Fees</i>	<i>Street SDC Projects</i>
ASSETS			
Cash and investments	\$ 40,415	\$ 54,946	\$ 21,792
LIABILITIES AND FUND BALANCES			
Liabilities	\$ -	\$ -	\$ -
Fund Balances			
Unreserved, reported in:			
Special revenue funds	40,415	54,946	21,792
Total Liabilities and Fund Balances	\$ 40,415	\$ 54,946	\$ 21,792

<i>City Hall Building</i>	<i>Community Center</i>	<i>Fire Capital Equipment</i>	<i>Totals</i>
<u>\$ 162,822</u>	<u>\$ 17,185</u>	<u>\$ 139,944</u>	<u>\$ 437,104</u>
\$ -	\$ -	\$ -	\$ -
<u>162,822</u>	<u>17,185</u>	<u>139,944</u>	<u>437,104</u>
<u>\$ 162,822</u>	<u>\$ 17,185</u>	<u>\$ 139,944</u>	<u>\$ 437,104</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, 2010**

	<i>Vehicle & Equipment Replacement</i>	<i>Refundable Deposits/ Pass- Through Fees</i>	<i>Heritage Days</i>
RECEIPTS			
Licenses and permits	\$ -	\$ 5,540	\$ -
Charges for services	-	16,481	-
Miscellaneous	246	1,812	1
	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	246	23,833	1
DISBURSEMENTS			
Current operating	-	29,900	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Disbursements</i>	-	29,900	-
	<hr/>	<hr/>	<hr/>
RECEIPTS OVER (UNDER) DISBURSEMENTS	246	(6,067)	1
OTHER FINANCING SOURCES (USES)			
Transfers in	8,000	-	-
Transfers out	-	(70,000)	(960)
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	8,000	(70,000)	(960)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	8,246	(76,067)	(959)
FUND BALANCES, Beginning of year	32,169	131,013	959
	<hr/>	<hr/>	<hr/>
FUND BALANCES, End of year	<u>\$ 40,415</u>	<u>\$ 54,946</u>	<u>\$ -</u>

<i>Street SDC Projects</i>	<i>City Hall Building</i>	<i>Community Center</i>	<i>Fire Capital Equipment</i>	<i>Totals</i>
\$ 5,283	\$ -	\$ -	\$ -	\$ 10,823
-	-	-	-	16,481
131	985	3,347	783	7,305
5,414	985	3,347	783	34,609
-	-	7,381	-	37,281
-	-	612	-	612
-	-	7,993	-	37,893
5,414	985	(4,646)	783	(3,284)
-	35,000	5,969	40,000	88,969
-	-	-	-	(70,960)
-	35,000	5,969	40,000	18,009
5,414	35,985	1,323	40,783	14,725
16,378	126,837	15,862	99,161	422,379
\$ 21,792	\$ 162,822	\$ 17,185	\$ 139,944	\$ 437,104

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, 2010**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 246	\$ (754)
DISBURSEMENTS				
Capital outlay	30,000	30,000	-	30,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(29,000)	(29,000)	246	29,246
OTHER FINANCING SOURCES (USES)				
Transfers in	8,000	8,000	8,000	-
NET CHANGE IN FUND BALANCE	(21,000)	(21,000)	8,246	29,246
FUND BALANCE, Beginning of year	21,000	21,000	32,169	11,169
FUND BALANCE, End of year	\$ -	\$ -	\$ 40,415	\$ 40,415

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, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 100,000	\$ 100,000	\$ 5,540	\$ (94,460)
Charges for services	20,000	20,000	16,481	(3,519)
Miscellaneous	5,000	5,000	1,812	(3,188)
<i>Total Receipts</i>	125,000	125,000	23,833	(101,167)
DISBURSEMENTS				
Materials and services	138,500	138,500	29,900	108,600
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,500)	(13,500)	(6,067)	7,433
OTHER FINANCING SOURCES (USES)				
Transfers out	(70,000)	(70,000)	(70,000)	-
NET CHANGE IN FUND BALANCE	(83,500)	(83,500)	(76,067)	7,433
FUND BALANCE, Beginning of year	119,000	119,000	131,013	12,013
FUND BALANCE, End of year	\$ 35,500	\$ 35,500	\$ 54,946	\$ 19,446

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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 12	\$ 12	\$ 1	\$ (11)
DISBURSEMENTS	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	12	12	1	(11)
OTHER FINANCING SOURCES (USES)				
Transfers out	(969)	(969)	(960)	9
NET CHANGE IN FUND BALANCE	(957)	(957)	(959)	(2)
FUND BALANCE, Beginning of year	957	957	959	2
FUND BALANCE, End of year	\$ -	\$ -	\$ -	\$ -

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, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ -	\$ -	\$ 5,283	\$ 5,283
Miscellaneous	25	25	131	106
<i>Total Receipts</i>	25	25	5,414	5,389
DISBURSEMENTS	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	25	25	5,414	5,389
FUND BALANCE, Beginning of year	5,800	5,800	16,378	10,578
FUND BALANCE, End of year	<u>\$ 5,825</u>	<u>\$ 5,825</u>	<u>\$ 21,792</u>	<u>\$ 15,967</u>

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, 2010**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 985	\$ (15)
DISBURSEMENTS				
Materials and services	15,000	15,000	-	15,000
Capital outlay	120,000	120,000	-	120,000
<i>Total Disbursements</i>	<u>135,000</u>	<u>135,000</u>	<u>-</u>	<u>135,000</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(134,000)	(134,000)	985	134,985
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(99,000)	(99,000)	35,985	134,985
FUND BALANCE, Beginning of year	<u>125,000</u>	<u>125,000</u>	<u>126,837</u>	<u>1,837</u>
FUND BALANCE, End of year	<u>\$ 26,000</u>	<u>\$ 26,000</u>	<u>\$ 162,822</u>	<u>\$ 136,822</u>

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - COMMUNITY CENTER FUND
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 1,800	\$ 1,800	\$ 3,347	\$ 1,547
DISBURSEMENTS				
Materials and services	12,750	12,750	7,381	5,369
Capital outlay	6,969	6,969	612	6,357
<i>Total Disbursements</i>	<u>19,719</u>	<u>19,719</u>	<u>7,993</u>	<u>11,726</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,919)	(17,919)	(4,646)	13,273
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>5,969</u>	<u>5,969</u>	<u>5,969</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(11,950)	(11,950)	1,323	13,273
FUND BALANCE, Beginning of year	<u>13,000</u>	<u>13,000</u>	<u>15,862</u>	<u>2,862</u>
FUND BALANCE, End of year	<u>\$ 1,050</u>	<u>\$ 1,050</u>	<u>\$ 17,185</u>	<u>\$ 16,135</u>

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - FIRE CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 1,300	\$ 1,300	\$ 783	\$ (517)
DISBURSEMENTS				
Capital outlay	140,000	140,000	-	140,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(138,700)	(138,700)	783	139,483
OTHER FINANCING SOURCES (USES)				
Transfers in	40,000	40,000	40,000	-
NET CHANGE IN FUND BALANCE	(98,700)	(98,700)	40,783	139,483
FUND BALANCE, Beginning of year	99,000	99,000	99,161	161
FUND BALANCE, End of year	\$ 300	\$ 300	\$ 139,944	\$ 139,644

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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Charges for services	\$ 118,000	\$ 118,000	\$ -	\$ (118,000)
DISBURSEMENTS				
Capital outlay	<u>118,000</u>	<u>118,000</u>	<u>-</u>	<u>118,000</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-
FUND BALANCE, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF LAFAYETTE, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -****BUDGET AND ACTUAL - SEWER FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Charges for services	\$ 816,500	\$ 816,500	\$ 818,892	\$ 2,392
Miscellaneous	5,500	5,500	3,454	(2,046)
<i>Total Receipts</i>	822,000	822,000	822,346	346
DISBURSEMENTS				
Personal services	170,823	182,603	168,862	13,741
Materials and services	357,090	357,090	230,204	126,886
Capital outlay	67,000	67,000	10,744	56,256
Contingency	68,720	56,940	-	56,940
<i>Total Disbursements</i>	663,633	663,633	409,810	253,823
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	158,367	158,367	412,536	254,169
OTHER FINANCING SOURCES (USES)				
Transfers out	(455,212)	(455,212)	(455,212)	-
CHANGE IN FUND BALANCE	(296,845)	(296,845)	(42,676)	254,169
FUND BALANCE, Beginning of year	305,000	305,000	424,263	119,263
FUND BLANCE, End of year	\$ 8,155	\$ 8,155	\$ 381,587	\$ 373,432

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, 2010**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 10,000	\$ 10,000	\$ 4,637	\$ (5,363)
DISBURSEMENTS				
Debt service				
Principal	487,166	487,166	487,166	-
Interest	217,775	217,775	214,930	2,845
<i>Total Disbursements</i>	704,941	704,941	702,096	2,845
RECEIPTS OVER (UNDER) DISBURSEMENTS	(694,941)	(694,941)	(697,459)	(2,518)
OTHER FINANCING SOURCES (USES)				
Transfers in	368,212	368,212	368,212	-
CHANGE IN FUND BALANCE	(326,729)	(326,729)	(329,247)	(2,518)
FUND BALANCE, Beginning of year	857,179	857,179	857,130	(49)
FUND BALANCE, End of year	<u>\$ 530,450</u>	<u>\$ 530,450</u>	<u>\$ 527,883</u>	<u>\$ (2,567)</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, 2010**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Charges for services	\$ 787,335	\$ 787,335	\$ 774,661	\$ (12,674)
Miscellaneous	5,000	5,000	7,424	2,424
<i>Total Receipts</i>	792,335	792,335	782,085	(10,250)
DISBURSEMENTS				
Personal services	144,673	150,953	143,137	7,816
Materials and services	283,615	306,055	219,197	86,858
Capital outlay	16,500	16,500	7,510	8,990
Contingency	28,720	-	-	-
<i>Total Disbursements</i>	473,508	473,508	369,844	103,664
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	318,827	318,827	412,241	93,414
OTHER FINANCING SOURCES (USES)				
Transfers out	(500,095)	(500,095)	(500,095)	-
CHANGE IN FUND BALANCE	(181,268)	(181,268)	(87,854)	93,414
FUND BALANCE, Beginning of year	205,000	205,000	266,747	61,747
FUND BALANCE, End of year	\$ 23,732	\$ 23,732	\$ 178,893	\$ 155,161

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, 2010**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Intergovernmental	\$ 1,130,000	\$ 1,130,000	\$ 149,249	\$ (980,751)
Miscellaneous	5,000	5,000	6,878	1,878
<i>Total Receipts</i>	1,135,000	1,135,000	156,127	(978,873)
DISBURSEMENTS				
Materials and services	69,000	103,000	28,634	74,366
Capital outlay	1,517,400	1,483,400	170,523	1,312,877
Contingency	8,600	8,600	-	8,600
<i>Total Disbursements</i>	1,595,000	1,595,000	199,157	1,395,843
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(460,000)	(460,000)	(43,030)	416,970
OTHER FINANCING SOURCES (USES)				
Transfers in	284,000	284,000	284,000	-
CHANGE IN FUND BALANCE	(176,000)	(176,000)	240,970	416,970
FUND BALANCE, Beginning of year	210,000	210,000	267,771	57,771
FUND BALANCE, End of year	\$ 34,000	\$ 34,000	\$ 508,741	\$ 474,741

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, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 10,000	\$ 10,000	\$ 3,216	\$ (6,784)
DISBURSEMENTS				
Debt service				
Principal	168,432	168,432	168,432	-
Interest	137,490	137,490	137,489	1
<i>Total Disbursements</i>	<u>305,922</u>	<u>305,922</u>	<u>305,921</u>	<u>1</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(295,922)	(295,922)	(302,705)	(6,783)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>243,095</u>	<u>243,095</u>	<u>243,095</u>	<u>-</u>
CHANGE IN FUND BALANCE	(52,827)	(52,827)	(59,610)	(6,783)
FUND BALANCE, Beginning of year	<u>577,000</u>	<u>577,000</u>	<u>577,258</u>	<u>258</u>
FUND BALANCE, End of year	<u>\$ 524,173</u>	<u>\$ 524,173</u>	<u>\$ 517,648</u>	<u>\$ (6,525)</u>

CITY OF LAFAYETTE, OREGON**COMBINING STATEMENT OF NET ASSETS (MODIFIED CASH BASIS) – NONMAJOR PROPRIETARY FUNDS**
JUNE 30, 2010

	<u><i>Sewer SDC Projects</i></u>	<u><i>Sewer Capital Projects</i></u>	<u><i>Water SDC Projects</i></u>	<u><i>Totals</i></u>
ASSETS				
Cash and investments	\$ 3,782	\$ 110,877	\$ 3,370	\$ 118,029
LIABILITIES				
	-	-	-	-
NET ASSETS				
Restricted for construction	3,782	110,877	3,370	118,029
<i>Total Net Assets</i>	<u>\$ 3,782</u>	<u>\$ 110,877</u>	<u>\$ 3,370</u>	<u>\$ 118,029</u>

CITY OF LAFAYETTE, OREGON**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET ASSETS****(MODIFIED CASH BASIS) – NONMAJOR PROPRIETARY FUNDS****YEAR ENDED JUNE 30, 2010**

	<u>Sewer SDC Projects</u>	<u>Sewer Capital Projects</u>	<u>Water SDC Projects</u>	<u>Totals</u>
OPERATING RECEIPTS	\$ -	\$ -	\$ -	\$ -
OPERATING DISBURSEMENTS				
Capital outlay	-	116	-	116
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(116)	-	(116)
NONOPERATING RECEIPTS (DISBURSEMENTS)				
Interest earnings	24	489	21	534
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	24	373	21	418
Transfers in	-	80,000	-	80,000
CHANGE IN NET ASSETS	24	80,373	21	80,418
NET ASSETS, Beginning of year	3,758	30,504	3,349	37,611
NET ASSETS, End of year	<u>\$ 3,782</u>	<u>\$ 110,877</u>	<u>\$ 3,370</u>	<u>\$ 118,029</u>

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, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 20	\$ 20	\$ 24	\$ 4
DISBURSEMENTS	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	20	20	24	4
FUND BALANCE, Beginning of year	3,700	3,700	3,758	58
FUND BALANCE, End of year	<u>\$ 3,720</u>	<u>\$ 3,720</u>	<u>\$ 3,782</u>	<u>\$ 62</u>

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, 2010**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 300	\$ 300	\$ 489	\$ 189
Materials and services	3,000	3,000	-	3,000
Capital outlay	75,000	75,000	116	74,884
<i>Total Disbursements</i>	78,000	78,000	116	77,884
RECEIPTS OVER (UNDER) DISBURSEMENTS	(77,700)	(77,700)	373	78,073
OTHER FINANCING SOURCES (USES)				
Transfers in	80,000	80,000	80,000	-
CHANGE IN FUND BALANCE	2,300	2,300	80,373	78,073
FUND BALANCE, Beginning of year	31,000	31,000	30,504	(496)
FUND BALANCE, End of year	\$ 33,300	\$ 33,300	\$ 110,877	\$ 77,577

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, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 20	\$ 20	\$ 21	\$ 1
DISBURSEMENTS	-	-	-	-
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	20	20	21	1
FUND BALANCE, Beginning of year	3,300	3,300	3,349	49
FUND BALANCE, End of year	\$ 3,320	\$ 3,320	\$ 3,370	\$ 50

OTHER SCHEDULES

CITY OF LAFAYETTE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2010

<u>Tax Year</u>	<u>Uncollected Balances July 1, 2009</u>	<u>2009-2010 Levy</u>	<u>Interest, Discounts & Adjustments</u>	<u>Turnovers</u>	<u>Uncollected Balances June 30, 2010</u>
2009-10	\$ -	\$ 570,152	\$ (15,662)	\$ (525,135)	\$ 29,355
2008-09	26,310	-	(862)	(13,708)	11,740
2007-08	8,394	-	(137)	(2,919)	5,338
2006-07	2,968	-	(69)	(1,456)	1,443
2005-06	950	-	(45)	(511)	394
2004-05	361	-	(34)	(39)	288
2003-04	227	-	(20)	(32)	175
Prior years	953	-	(20)	(53)	880
Total	<u>\$ 40,163</u>	<u>\$ 570,152</u>	<u>\$ (16,849)</u>	<u>\$ (543,853)</u>	<u>\$ 49,613</u>

CITY OF LAFAYETTE, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2010

	<u><i>Interest Rates</i></u>	<u><i>Date of Issue</i></u>	<u><i>Fiscal Year of Maturity</i></u>
PRINCIPAL TRANSACTIONS			
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	2033-34
OECDW Wastewater Improvement Loan	6%	2008	2027-08

	<u><i>Interest Rates</i></u>	<u><i>Date of Issue</i></u>
INTEREST TRANSACTIONS		
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, 2009</i>	<i>Debt Issued</i>	<i>Debt Paid</i>	<i>Outstanding June 30, 2010</i>
\$ 2,355,000	\$ -	\$ (145,000)	\$ 2,210,000
3,814,050	-	(240,380)	3,573,670
79,215	-	(5,303)	73,912
511,834	-	(18,129)	493,705
246,786	-	(246,786)	-
<u>\$ 7,006,885</u>	<u>\$ -</u>	<u>\$ (655,598)</u>	<u>\$ 6,351,287</u>

<i>Unmatured Interest July 1, 2009</i>	<i>Early Payoff</i>	<i>Interest Paid</i>	<i>Unmatured Interest June 30, 2010</i>
\$ 923,941	\$ -	\$ (131,576)	\$ 792,365
1,458,392	-	(203,182)	1,255,210
6,072	-	(793)	5,279
69,211	-	(5,120)	64,091
170,923	(159,175)	(11,748)	-
<u>\$ 2,628,539</u>	<u>\$ (159,175)</u>	<u>\$ (352,419)</u>	<u>\$ 2,116,945</u>

CITY OF LAFAYETTE, OREGON
SCHEDULE OF FUTURE DEBT REQUIREMENTS
JUNE 30, 2010

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>2000 Water Revenue Bonds</i>			<i>2000 Oregon Bond Bank Loan</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
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	255,000	7,950	262,950	404,122	22,883	427,005
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
	<u>\$ 2,210,000</u>	<u>\$ 792,365</u>	<u>\$ 3,002,365</u>	<u>\$ 3,573,670</u>	<u>\$ 1,255,210</u>	<u>\$ 4,828,880</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>
\$ 5,356	\$ 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
5,985	60	6,045	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
-	-	-	22,840	229	23,069
<u>\$ 73,912</u>	<u>\$ 5,279</u>	<u>\$ 79,191</u>	<u>\$ 493,705</u>	<u>\$ 64,091</u>	<u>\$ 557,796</u>

CITY OF LAFAYETTE, OREGON
SCHEDULE OF FUTURE DEBT REQUIREMENTS (Continued)
JUNE 30, 2010

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>Totals</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2011	\$ 421,066	\$ 320,636	\$ 741,702
2012	448,476	299,505	747,981
2013	471,054	276,546	747,600
2014	488,758	252,276	741,034
2015	516,594	226,761	743,355
2016	544,568	199,618	744,186
2017	572,717	170,526	743,243
2018	601,048	139,313	740,361
2019	634,579	106,204	740,783
2020	673,287	71,204	744,491
2021	685,264	34,035	719,299
2022	26,403	2,941	29,344
2023	26,617	2,677	29,294
2024	20,838	2,411	23,249
2025	21,046	2,203	23,249
2026	21,257	1,992	23,249
2027	21,470	1,779	23,249
2028	21,685	1,564	23,249
2029	21,901	1,348	23,249
2030	22,121	1,128	23,249
2031	22,342	907	23,249
2032	22,565	684	23,249
2033	22,791	458	23,249
2034	22,840	229	23,069
	<u>\$ 6,351,287</u>	<u>\$ 2,116,945</u>	<u>\$ 8,468,232</u>



GROVE, MUELLER & SWANK, P.C.

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
City of Lafayette, Oregon
Lafayette, Oregon

We have audited the basic financial statements of the City of Lafayette, Oregon as of and for the year ended June 30, 2010, and have issued our report thereon dated October 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of Lafayette, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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 opinion 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.

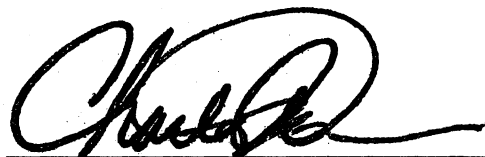
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

A deficiency in internal control 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 and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors/council members/commissioners and management of the City of Lafayette, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

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

By:



Charles A. Swank, A Shareholder
October 21, 2010