

***CITY OF LAFAYETTE, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2023***

CITY OF LAFAYETTE, OREGON
CITY OFFICIALS
JUNE 30, 2023

| <u>Name</u> | <u>Term</u> |
|------------------------|-------------------|
| MAYOR | |
| Hilary Malcomson | December 31, 2024 |
| COUNCIL MEMBERS | |
| Joseph Carswell | December 31, 2026 |
| Lee Gilgan | December 31, 2024 |
| Jo Johnson | December 31, 2026 |
| Jim Drebin | December 31, 2024 |
| Kayla Paulsen | December 31, 2024 |
| Michael Shaw | December 31, 2026 |

CITY ADMINISTRATOR

Branden Dross

Council members receive mail at the City's address

City of Lafayette
486 Third Street
Lafayette, Oregon 97127

CITY OF LAFAYETTE, OREGON
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GROVE, MUELLER & SWANK

redw
Advisors & CPAs

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Lafayette
486 Third Street
Lafayette, Oregon 97127

Report on the Audit of the Financial Statements

Opinions

We have audited the 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 (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying modified cash basis financial statements present fairly, in all material respects, the respective modified cash basis 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, 2023, and the respective changes in modified cash basis financial position and, where applicable, cash flows, thereof for the year then ended in accordance with the modified cash basis of accounting described in the notes to the financial statements.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Lafayette and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

We draw attention to the notes to the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in the notes to the financial statements. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The management's discussion and analysis, budgetary comparison information, combining nonmajor fund financial statements, and other schedules, are presented for purposes of additional analysis and are not required parts of the basic financial statements.


The supplemental information as listed in the table of contents is the responsibility of management and was derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Legal and Regulatory Requirements

Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 25, 2024 on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

*GROVE, MUELLER & SWANK
CERTIFIED PUBLIC ACCOUNTANTS*

By: 

Ryan T. Pasquarella, Principal
January 25, 2024

**CITY OF LAFAYETTE
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

As management of the City of Lafayette (the City), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2023.

Financial Highlights

Following are the financial highlights of the City for the fiscal year ended June 30:

| | June 30, | | change |
|-------------------------------------|--------------|--------------|--------------|
| | 2023 | 2022 | |
| Net position | \$ 7,573,428 | \$ 6,398,727 | \$ 1,174,701 |
| Change in net position | 1,174,701 | 2,433,067 | (1,258,366) |
| Governmental net position | 5,377,211 | 4,734,724 | 642,487 |
| Proprietary net position | 2,196,217 | 1,664,003 | 532,214 |
| Change in governmental net position | 642,487 | 1,458,225 | (815,738) |
| Change in proprietary net position | 532,214 | 974,842 | (442,628) |

OVERVIEW OF THE FINANCIAL STATEMENTS

This overview and analysis is to explain the changes in the financial position of the City and why they occurred. The City’s detailed information is provided in the *audited financial statements* with an independent auditor’s opinion similar to a private-sector business.

This discussion and analysis is intended to serve as an introduction to the City’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 supplemental 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 Position (Modified Cash Basis). This presents information on all of the assets and liabilities of the City as of the date on the statement. Net position is what remains after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position 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). This presents information showing how the net position of the City changed over the most recent fiscal year by tracking revenues, expenditures and other transactions that increase or reduce net position.

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 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, 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 (enterprise) 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 the individual funds, 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.

Proprietary funds. The City 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 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 *supplemental information*, including this management’s discussion and analysis, combining statements for non-major funds, and the schedules of revenues, expenditures / expenses, and changes in fund balance-budget and actual for all City funds.

Government-wide Financial Analysis

Statement of Net Position. The following table reflects a statement of net position of governmental and proprietary funds compared to the prior year. Detail of this summary is presented on page 9.

| | 2023 | | | 2022 | | |
|---------------------------|-------------------------|--------------------------|--------------|-------------------------|--------------------------|--------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Assets: | | | | | | |
| Cash and cash equivalents | \$ 4,978,897 | \$ 2,594,531 | \$ 7,573,428 | \$ 4,267,510 | \$ 2,131,217 | \$ 6,398,727 |
| Internal balances | 398,314 | (398,314) | - | 467,214 | (467,214) | - |
| Total Assets | 5,377,211 | 2,196,217 | 7,573,428 | 4,734,724 | 1,664,003 | 6,398,727 |
| Liabilities: | - | - | - | - | - | - |
| Net Position: | | | | | | |
| Restricted | 2,773,649 | 1,698,973 | 4,472,622 | 2,298,882 | 1,489,441 | 3,788,323 |
| Unrestricted | 2,603,562 | 497,244 | 3,100,806 | 2,435,842 | 174,562 | 2,610,404 |
| Total Net Position | \$ 5,377,211 | \$ 2,196,217 | \$ 7,573,428 | \$ 4,734,724 | \$ 1,664,003 | \$ 6,398,727 |

As noted earlier, net position may serve over time as a useful indicator of the City’s financial position. In the case of the City, assets exceeded liabilities by \$7.5 million as of June 30, 2023.

Net Position - Restricted represent resources that are subject to external restrictions on their use, such as debt service or construction.

Net Position - Unrestricted may be used to meet the City’s ongoing obligations to citizens and creditors.

Statement of Activities. The following table reflects a change in activities for governmental and proprietary funds compared to the prior year. Detail of this summary is presented on page 10-11.

| | 2023 | | | 2022 | | |
|------------------------------------|----------------------------|---------------------------------|---------------------|----------------------------|---------------------------------|---------------------|
| | Governmental Activities | Business- type Activities | Total | Governmental Activities | Business- type Activities | Total |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for service | \$ 195,890 | \$ 2,257,700 | \$ 2,453,590 | \$ 538,899 | \$ 2,152,970 | \$ 2,691,869 |
| Operating grants | 371,565 | - | 371,565 | 471,767 | 13,931 | 485,698 |
| Capital grants | 349,681 | 238,246 | 587,927 | 1,005,289 | 799,532 | 1,804,821 |
| General Revenues | | | | | | |
| Property taxes | 1,133,294 | - | 1,133,294 | 1,038,543 | - | 1,038,543 |
| Franchise taxes | 181,559 | - | 181,559 | 173,388 | - | 173,388 |
| Intergovernmental | 632,222 | - | 632,222 | 639,085 | - | 639,085 |
| Miscellaneous | 355,900 | 126,624 | 482,524 | 45,474 | 30,499 | 75,973 |
| <i>Total Revenues</i> | <u>3,220,111</u> | <u>2,622,570</u> | <u>5,842,681</u> | <u>3,912,445</u> | <u>2,996,932</u> | <u>6,909,377</u> |
| Expenses | | | | | | |
| General government | 753,594 | - | 753,594 | 644,761 | - | 644,761 |
| Court and police | 427,795 | - | 427,795 | 437,085 | - | 437,085 |
| Community services and development | 394,055 | - | 394,055 | 352,761 | - | 352,761 |
| Fire | 358,298 | - | 358,298 | 488,882 | - | 488,882 |
| Parks | 148,328 | - | 148,328 | 129,201 | - | 129,201 |
| Streets | 504,493 | - | 504,493 | 379,907 | - | 379,907 |
| Interest on governmental debt | 183,059 | - | 183,059 | 183,136 | - | 183,136 |
| Water | - | 1,009,124 | 1,009,124 | - | 1,155,896 | 1,155,896 |
| Sewer | - | 889,234 | 889,234 | - | 704,681 | 704,681 |
| <i>Total Expenses</i> | <u>2,769,622</u> | <u>1,898,358</u> | <u>4,667,980</u> | <u>2,615,733</u> | <u>1,860,577</u> | <u>4,476,310</u> |
| Transfers | 191,998 | (191,998) | - | 161,513 | (161,513) | - |
| Change in net position | 642,487 | 532,214 | 1,174,701 | 1,458,225 | 974,842 | 2,433,067 |
| Net position, beginning of year | <u>4,734,724</u> | <u>1,664,003</u> | <u>6,398,727</u> | <u>3,276,499</u> | <u>689,161</u> | <u>3,965,660</u> |
| Net position, end of year | <u>\$ 5,377,211</u> | <u>\$ 2,196,217</u> | <u>\$ 7,573,428</u> | <u>\$ 4,734,724</u> | <u>\$ 1,664,003</u> | <u>\$ 6,398,727</u> |

The City’s net position increased by \$1.1 million in the current fiscal year. The key elements of the change in the City’s net position for the year ended June 30, 2023 compared to the prior year are:

- Program revenues decreased by \$1.6 million in comparison to the previous year. This decrease was primarily no funds received for the 99W improvement project, park and street system development fees collected in the current year.
- Capital grant revenues decreased by \$1.2 million in previous year receiving \$474,000 of American Rescue Plan and the completion of the joint project with ODOT.

FINANCIAL ANALYSIS OF THE CITY'S 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, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental Funds

General Fund. The General Fund is the primary operating fund of the City. The fund balance was \$2.2 million at year-end. The fund balance increased by \$467,000 during the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. Fund balance represents 125 percent of total General Fund expenditures excluding capital acquisitions.

Street Fund. The Street Fund accounts for the use of gas tax revenues. Expenditures are restricted to street-related projects and costs. The fund balance increased by \$66,000 during the current fiscal year as there were fewer street construction projects in the current year.

Street SDC Projects Fund. This fund accounts for the collection and spending of street system development charges. The fund balance increased by \$71,000 due to new construction in the current year.

Fire Capital Equipment Fund. The Fire Capital Equipment Fund accounts for funds used for fire-related capital equipment purchases. Expenditures have been committed by the City for these projects and are primarily funded by transfers from the General Fund. The fund balance increased \$373,427 during the current fiscal year due to transfers in.

Proprietary Funds

Water Operations. Fund net position increased by \$411,000 primarily due to an increase in system development charges related to new construction.

Sewer Operations. Fund net position increased by \$122,000 to an increase in system development charges related to new construction.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no changes to the General Fund budget during the year.

DEBT ADMINISTRATION

The City had total debt of \$7.9 million at year-end. Governmental debt consisted of \$5.2 million of general obligation bonds with repayments starting in 2023. Business-type debt was \$1.7 million at June 30, 2023.

The City's total debt decreased by \$72,000 during the current year due to regularly scheduled loan payments. As noted above, the general obligation bonds payments began in 2023 with the principal payment of \$35,000 due during the year. Additional information on the City's debt can be found in the notes to the basic financial statements.

**City of Lafayette
Outstanding Debt**

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Notes payable | \$ - | \$ - | \$ 1,711,693 | \$ 1,758,472 | \$ 1,711,693 | \$ 1,758,472 |
| General obligation bonds | 5,175,000 | 5,200,000 | - | - | 5,175,000 | 5,200,000 |
| Total | \$ 5,175,000 | \$ 5,200,000 | \$ 1,711,693 | \$ 1,758,472 | \$ 6,886,693 | \$ 6,958,472 |

Under Oregon Revised Statutes, general obligation debt issues are limited to 3% of the real market value of all taxable property within the City’s boundaries. The City is well within the limitation.

FISCAL YEAR 2023-24 BUDGET AND RATES

During the preparation of the budget for the 2023-24 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 2024 budget:

- The City's permanent tax rate of \$3.4857 per thousand will be levied.
- In November 2022 an approved levy of \$228,500.
- The base for property taxes was estimated to grow by the standard 3 percent.
- Interest rates on investments will be less than 2 percent.
- Employee health insurance costs will continue to increase.

FUTURE ECONOMIC FACTORS FOR THE CITY OF LAFAYETTE

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

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Branden Dross
City Administrator
City of Lafayette
486 Third Street
Lafayette, Oregon 97127

BASIC FINANCIAL STATEMENTS

CITY OF LAFAYETTE, OREGON
STATEMENT OF NET POSITION (MODIFIED CASH BASIS)
JUNE 30, 2023

| | <i>Governmental Activities</i> | <i>Business-type Activities</i> | <i>Totals</i> |
|---------------------------|---|--|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 4,978,897 | \$ 2,594,531 | \$ 7,573,428 |
| Internal balances | 398,314 | (398,314) | - |
| <i>Total Assets</i> | 5,377,211 | 2,196,217 | 7,573,428 |
| NET POSITION | | | |
| Restricted for: | | | |
| Utility deposits | - | 29,265 | 29,265 |
| Debt service | 9,268 | - | 9,268 |
| Capital outlay | 2,174,413 | 1,669,708 | 3,844,121 |
| Streets | 478,638 | - | 478,638 |
| Community development | 111,330 | - | 111,330 |
| Unrestricted | 2,603,562 | 497,244 | 3,100,806 |
| <i>Total Net Position</i> | \$ 5,377,211 | \$ 2,196,217 | \$ 7,573,428 |

CITY OF LAFAYETTE, OREGON
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2023

| | <u>Expenses</u> | <u>Program Revenues</u> | | |
|---|---------------------|---|---|---|
| | | <u>Fees, Fines and Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| FUNCTIONS/PROGRAMS | | | | |
| Governmental activities: | | | | |
| General government | \$ 753,594 | \$ - | \$ 22,874 | \$ - |
| Court and police | 427,795 | 26,233 | - | - |
| Community services and development | 394,055 | 169,657 | - | - |
| Fire | 358,298 | - | - | - |
| Parks | 148,328 | - | - | 89,853 |
| Streets | 504,493 | - | 348,691 | 259,828 |
| Interest on long-term debt | 183,059 | - | - | - |
| <i>Total Governmental activities</i> | <u>2,769,622</u> | <u>195,890</u> | <u>371,565</u> | <u>349,681</u> |
| Business-type activities: | | | | |
| Water | 1,009,124 | 1,279,597 | - | 150,701 |
| Sewer | 889,234 | 978,103 | - | 87,545 |
| <i>Total Business-type activities</i> | <u>1,898,358</u> | <u>2,257,700</u> | <u>-</u> | <u>238,246</u> |
| <i>Total Activities</i> | <u>\$ 4,667,980</u> | <u>\$ 2,453,590</u> | <u>\$ 371,565</u> | <u>\$ 587,927</u> |
| General Revenues: | | | | |
| Property taxes | | | | |
| Franchise taxes | | | | |
| Intergovernmental | | | | |
| Miscellaneous | | | | |
| <i>Total General Revenues</i> | | | | |
| Transfers | | | | |
| Change in net position | | | | |
| Net position - beginning of year | | | | |
| Net position - end of year | | | | |

*Net (Expenses) Revenues
and Changes in Net Position*

| <i>Governmental Activities</i> | <i>Business-type Activities</i> | <i>Total</i> |
|------------------------------------|-------------------------------------|--------------|
| \$ (730,720) | \$ - | \$ (730,720) |
| (401,562) | - | (401,562) |
| (224,398) | - | (224,398) |
| (358,298) | - | (358,298) |
| (58,475) | - | (58,475) |
| 104,026 | - | 104,026 |
| (183,059) | - | (183,059) |
| (1,852,486) | - | (1,852,486) |
| - | 421,174 | 421,174 |
| - | 176,414 | 176,414 |
| - | 597,588 | 597,588 |
| (1,852,486) | 597,588 | (1,254,898) |
| 1,133,294 | - | 1,133,294 |
| 181,559 | - | 181,559 |
| 632,222 | - | 632,222 |
| 355,900 | 126,624 | 482,524 |
| 2,302,975 | 126,624 | 2,429,599 |
| 191,998 | (191,998) | - |
| 642,487 | 532,214 | 1,174,701 |
| 4,734,724 | 1,664,003 | 6,398,727 |
| \$ 5,377,211 | \$ 2,196,217 | \$ 7,573,428 |

CITY OF LAFAYETTE, OREGON
BALANCE SHEET (MODIFIED CASH BASIS) – GOVERNMENTAL FUNDS
JUNE 30, 2023

| | | <u>Special Revenue</u> | <u>Capital Projects</u> |
|---|---------------------|------------------------|--------------------------------|
| | <u>General</u> | <u>Street</u> | <u>Street SDC Projects</u> |
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,850,469 | \$ 478,638 | \$ 1,093,262 |
| Due from other funds | 398,314 | - | - |
| <i>Total Assets</i> | <u>\$ 2,248,783</u> | <u>\$ 478,638</u> | <u>\$ 1,093,262</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | \$ - | \$ - | \$ - |
| Fund Balance | | | |
| Restricted for | | | |
| Debt service | - | - | - |
| Capital outlay | - | - | 1,093,262 |
| Streets | - | 478,638 | - |
| Community development | - | - | - |
| Committed to | | | |
| Capital outlay | - | - | - |
| Unassigned | 2,248,783 | - | - |
| <i>Total Fund Balance</i> | <u>2,248,783</u> | <u>478,638</u> | <u>1,093,262</u> |
| <i>Total Liabilities and Fund Balance</i> | <u>\$ 2,248,783</u> | <u>\$ 478,638</u> | <u>\$ 1,093,262</u> |

Capital Projects

| <i>Fire Capital Equipment</i> | <i>Other Governmental Funds</i> | <i>Total</i> |
|--|--|---------------------|
| \$ 639,442 | \$ 917,086 | \$ 4,978,897 |
| - | - | 398,314 |
| \$ 639,442 | \$ 917,086 | \$ 5,377,211 |
| \$ - | \$ - | \$ - |
| - | 9,268 | 9,268 |
| 639,442 | 441,709 | 2,174,413 |
| - | - | 478,638 |
| - | 111,330 | 111,330 |
| - | 354,779 | 354,779 |
| - | - | 2,248,783 |
| 639,442 | 917,086 | 5,377,211 |
| \$ 639,442 | \$ 917,086 | \$ 5,377,211 |

CITY OF LAFAYETTE, OREGON**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****(MODIFIED CASH BASIS) – GOVERNMENTAL FUNDS****YEAR ENDED JUNE 30, 2023**

| | | <u>Special Revenue</u> | <u>Capital Projects</u> |
|---|----------------|------------------------|--------------------------------|
| | <u>General</u> | <u>Street</u> | <u>Street SDC Projects</u> |
| REVENUES | | | |
| Taxes and assessments | \$ 918,688 | \$ - | \$ - |
| Fines and forfeitures | 26,233 | - | - |
| Licenses and permits | 387,264 | - | 156,505 |
| Charges for services | - | - | - |
| Intergovernmental | 181,436 | 448,691 | - |
| Miscellaneous | 738,014 | 12,063 | 32,792 |
| <i>Total Revenues</i> | 2,251,635 | 460,754 | 189,297 |
| EXPENDITURES | | | |
| Current | | | |
| General government | 670,836 | - | - |
| Court and police | 427,795 | - | - |
| Community services and development | 200,064 | - | - |
| Fire | 333,298 | - | - |
| Parks | 148,327 | - | - |
| Streets | - | 200,758 | - |
| Debt payments | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Capital outlay | - | 179,418 | 124,318 |
| <i>Total Expenditures</i> | 1,780,320 | 380,176 | 124,318 |
| REVENUES OVER (UNDER) EXPENDITURES | 471,315 | 80,578 | 64,979 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 76,280 | - | - |
| Transfers out | (81,000) | (14,503) | 6,000 |
| <i>Total Other Financing Sources (Uses)</i> | (4,720) | (14,503) | 6,000 |
| NET CHANGE IN FUND BALANCE | 466,595 | 66,075 | 70,979 |
| FUND BALANCE, beginning of year | 1,782,188 | 412,563 | 1,022,283 |
| FUND BALANCE, end of year | \$ 2,248,783 | \$ 478,638 | \$ 1,093,262 |

| <i>Capital Projects</i> | | |
|--|--|---------------------|
| <i>Fire Capital Equipment</i> | <i>Other Governmental Funds</i> | <i>Total</i> |
| \$ - | \$ 214,606 | \$ 1,133,294 |
| - | - | 26,233 |
| - | 158,296 | 702,065 |
| - | 7,730 | 7,730 |
| - | - | 630,127 |
| 17,758 | 32,256 | 832,883 |
| <hr/> | <hr/> | <hr/> |
| 17,758 | 412,888 | 3,332,332 |
| - | - | 670,836 |
| - | - | 427,795 |
| - | 193,991 | 394,055 |
| - | - | 333,298 |
| - | - | 148,327 |
| - | - | 200,758 |
| - | 25,000 | 25,000 |
| - | 183,058 | 183,058 |
| - | 82,759 | 386,495 |
| <hr/> | <hr/> | <hr/> |
| - | 484,808 | 2,769,622 |
| <hr/> | <hr/> | <hr/> |
| 17,758 | (71,920) | 562,710 |
| 355,669 | 43,000 | 474,949 |
| - | (305,669) | (395,172) |
| <hr/> | <hr/> | <hr/> |
| 355,669 | (262,669) | 79,777 |
| <hr/> | <hr/> | <hr/> |
| 373,427 | (334,589) | 642,487 |
| 266,015 | 1,251,675 | 4,734,724 |
| <hr/> | <hr/> | <hr/> |
| \$ 639,442 | \$ 917,086 | \$ 5,377,211 |
| <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

CITY OF LAFAYETTE, OREGON

STATEMENT OF FUND NET POSITION (MODIFIED CASH BASIS) – PROPRIETARY FUNDS

JUNE 30, 2023

| | <u>Water Operations</u> | <u>Sewer Operations</u> | <u>Total</u> |
|--------------------------------|-----------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 1,335,819 | \$ 1,258,712 | \$ 2,594,531 |
| LIABILITIES | | | |
| Due to other funds | 398,314 | - | 398,314 |
| FUND NET POSITION | | | |
| Restricted for: | | | |
| Utility deposits | 14,633 | 14,632 | 29,265 |
| Capital outlay | 702,499 | 967,209 | 1,669,708 |
| Unrestricted | 220,373 | 276,871 | 497,244 |
| <i>Total Fund Net Position</i> | <u>\$ 937,505</u> | <u>\$ 1,258,712</u> | <u>\$ 2,196,217</u> |

CITY OF LAFAYETTE, OREGON**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
(MODIFIED CASH BASIS) – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023**

| | <i>Water Operations</i> | <i>Sewer Operations</i> | <i>Total</i> |
|---|-----------------------------|-----------------------------|--------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 1,279,597 | \$ 978,103 | \$ 2,257,700 |
| Miscellaneous | 60,692 | - | 60,692 |
| <i>Total Operating Revenues</i> | 1,340,289 | 978,103 | 2,318,392 |
| OPERATING EXPENSES | | | |
| Personnel services | 231,147 | 302,370 | 533,517 |
| Materials and services | 434,269 | 370,128 | 804,397 |
| <i>Total Operating Expenses</i> | 665,416 | 672,498 | 1,337,914 |
| OPERATING INCOME | 674,873 | 305,605 | 980,478 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Interest revenue | 33,356 | 32,576 | 65,932 |
| Capital acquisitions | (241,956) | (216,736) | (458,692) |
| Debt payments | | | |
| Principal | (46,779) | - | (46,779) |
| Interest | (54,973) | - | (54,973) |
| <i>Total Nonoperating Revenues (Expenses)</i> | (310,352) | (184,160) | (494,512) |
| NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS | 364,521 | 121,445 | 485,966 |
| Capital contributions | 150,701 | 87,545 | 238,246 |
| Transfers in | 6,000 | 4,000 | 10,000 |
| Transfers out | (47,139) | (42,638) | (89,777) |
| Internal franchise fees | (63,442) | (48,779) | (112,221) |
| CHANGE IN FUND NET POSITION | 410,641 | 121,573 | 532,214 |
| FUND NET POSITION (DEFICIT), beginning of year | 526,864 | 1,137,139 | 1,664,003 |
| FUND NET POSITION, end of year | \$ 937,505 | \$ 1,258,712 | \$ 2,196,217 |

CITY OF LAFAYETTE, OREGON**STATEMENT OF CASH FLOWS (MODIFIED CASH BASIS) – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023**

| | <u>Water Operations</u> | <u>Sewer Operations</u> | <u>Total</u> |
|--|-----------------------------|-----------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 1,340,289 | \$ 978,103 | \$ 2,318,392 |
| Cash paid to employees for salaries and benefits | (231,147) | (302,370) | (533,517) |
| Cash paid to suppliers and others | (434,269) | (370,128) | (804,397) |
| <i>Net Cash Provided by Operating Activities</i> | <u>674,873</u> | <u>305,605</u> | <u>980,478</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | |
| Transfers in | 6,000 | 4,000 | 10,000 |
| Transfers out | (47,139) | (42,638) | (89,777) |
| Internal franchise fees | (63,442) | (48,779) | (112,221) |
| <i>Net Cash Used for Non-Capital Financing Activities</i> | <u>(104,581)</u> | <u>(87,417)</u> | <u>(191,998)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchase of capital assets | (241,956) | (216,736) | (458,692) |
| Payments on interfund loan | (68,900) | - | (68,900) |
| Interest paid on debt | (54,973) | - | (54,973) |
| Principal paid on debt | (46,779) | - | (46,779) |
| Capital contributions | 150,701 | 87,545 | 238,246 |
| <i>Net Cash Used for Capital and Related Financing Activities</i> | <u>(261,907)</u> | <u>(129,191)</u> | <u>(391,098)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | 33,356 | 32,576 | 65,932 |
| <i>Increase (Decrease) in Cash and Cash Equivalents</i> | <u>341,741</u> | <u>121,573</u> | <u>463,314</u> |
| CASH AND CASH EQUIVALENTS, Beginning of year | <u>994,078</u> | <u>1,137,139</u> | <u>2,131,217</u> |
| CASH AND CASH EQUIVALENTS, End of year | <u>\$ 1,335,819</u> | <u>\$ 1,258,712</u> | <u>\$ 2,594,531</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | |
| Operating income | \$ 674,873 | \$ 305,605 | \$ 980,478 |
| <i>Net Cash Provided by Operating Activities</i> | <u>\$ 674,873</u> | <u>\$ 305,605</u> | <u>\$ 980,478</u> |

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.

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

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 Position (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis).

The Statement of Net Position (Modified Cash Basis) presents all the assets and liabilities of the City. Net position, representing assets less liabilities, is shown in two components: 1) restricted for special purposes, amounts which must be spent in accordance with legal restrictions, and 2) unrestricted, the amount available for ongoing City activities.

The Statement of Activities (Modified Cash Basis) demonstrates the degree to which the direct expenditures of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* 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 revenues*.

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, special revenue and capital projects funds) and proprietary 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.

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

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, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The reporting model sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the government and proprietary combined) for the determination of major funds. The City electively added funds as major funds, which either had debt outstanding or specific community focus. Non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds:

General Fund

This is the City's primary operating fund. It accounts for all the financial operations of the City, except those required to be accounted for in another fund. Principal sources of revenues are property taxes, licenses and permits, and state shared revenues. Primary expenditures are for general government, court and police, community services and development, fire, parks, and streets.

Street Fund

This fund satisfies the requirements of ORS 366.815 to account for funds distributed by the State Highway Division. Expenditures are for construction and maintenance of public streets and street lighting.

Street SDC Projects Fund

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

Fire Capital Equipment Fund

This fund accounts for funds used for fire-related capital projects. Resources are provided by transfers from other funds.

The City reports the following major proprietary operations:

Water Operations

This accounts for the operations, maintenance, debt service and capital construction projects for the water system, which is funded through utility fees, construction fees, and debt proceeds.

Sewer Operations

This accounts for the operations, maintenance, debt service and capital construction projects for the wastewater system, which is funded through utility fees, construction fees and debt proceeds.

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental fund type fund balances are reported in the following classifications.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council takes formal action that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The City uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Definitions of Governmental Fund Types

The General Fund is used to account for all financial resources not accounted for in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities.

Debt Service Funds are utilized to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

In the government-wide Statement of Net Position (Modified Cash Basis) and Statement of Activities (Modified Cash Basis), both governmental and business-type activities are presented using the economic resource measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an economic resource measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, change in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include:

1. Interfund receivables and payables that are temporary borrowing and result from transactions involving cash or cash equivalents are recognized.
2. Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, external cash pools, and marketable investments) that arise from transactions and events involving cash or cash equivalents are recognized.
3. Liabilities for cash (or cash equivalents) held on behalf of others or held in escrow are recognized.

The modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods and services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Additionally, long-term liabilities such as debt are only reported in the notes to the financial statements.

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

If the City utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the governmental funds would use the modified accrual basis of accounting, and the fund financial statements for the proprietary funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

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 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

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

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues, and expenditures as of and for the year ended June 30, 2023. Actual results may differ from such estimates.

Cash and Cash Equivalents

The City maintains cash and cash equivalents 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 position as cash and cash equivalents. The City considers cash on hand, demand deposits and savings accounts, and short-term investments with an original maturity of three months or less from the date of acquisition to be cash and cash equivalents.

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.

Property Taxes

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. 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.

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

The City does not maintain historical cost or depreciation records for capital assets. Therefore, capital assets are not reported in the financial statements.

Long-term Debt

Long-term debt is presented only in the notes to the financial statements. Payments of principal and interest are recorded as expenditures/expenses when paid.

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 program basis; therefore, expenditures of a fund may not legally exceed that fund's appropriation for a program. The City Council may amend the budget to expend unforeseen revenues by supplemental appropriations. All supplemental appropriations are included in the budget comparison statements. Appropriations lapse at year-end and may not be carried over. The City does not use encumbrance accounting.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following at June 30, 2023:

| | |
|--------------------------------------|--------------|
| Cash | |
| Cash on hand | \$ 500 |
| Deposits with financial institutions | 297,776 |
| Investments | |
| Local Government Investment Pool | 7,275,152 |
| | <hr/> |
| | \$ 7,573,428 |
| | <hr/> |

Deposits

The book balance of the City's bank deposits (checking account) was \$297,776 and the bank balance was \$598,873 at year end. The difference is due to transactions in process. As of June 30, 2023, \$348,873 of the City's deposits were covered under the PFCP.

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2023

CASH AND CASH EQUIVALENTS (Continued)

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 Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions for up to \$250,000 each for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each financial institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon 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.

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.

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

Local Government Investment Pool

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, 2023, 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. The LGIP is not rated for credit quality. Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer.

CITY OF LAFAYETTE, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2023

CASH AND CASH EQUIVALENTS (Continued)

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.

LONG-TERM DEBT

As a result of the use of the modified cash basis of accounting in this report, obligations related to long-term debt and other obligations are not reported as liabilities in the financial statements. Long-term debt transactions for the year were as follows:

Direct Borrowings – Governmental Activities

| <i>Governmental activities:</i> | <u><i>Outstanding July 1, 2022</i></u> | <u><i>Issued</i></u> | <u><i>Matured/ Redeemed During Year</i></u> | <u><i>Outstanding June 30, 2023</i></u> | <u><i>Due Within One Year</i></u> |
|---------------------------------|--|----------------------|---|---|---------------------------------------|
| <i>Direct placement</i> | | | | | |
| General Obligation Bonds | \$ 5,200,000 | \$ - | \$ (25,000) | \$ 5,175,000 | \$ 35,000 |

General Obligation Bonds Series 2019: On June 4, 2019, the City issued bonds directly to a bank in the amount of \$5,200,000 with interest from 3.0 to 5.0 percent. Bond interest is payable semiannually, while principal is due annually beginning in June 2023 through June 2049. The bonds are unsecured, and the City has levied an ad valorem tax to service payments due. Amounts due are not subject to acceleration in the event of default.

Annual debt service requirements to maturity for bonds payable are as follows:

| <u><i>Ending June 30,</i></u> | <u><i>Principal</i></u> | <u><i>Interest</i></u> | <u><i>Total</i></u> |
|-----------------------------------|-------------------------|------------------------|---------------------|
| 2024 | \$ 35,000 | \$ 182,174 | \$ 217,174 |
| 2025 | 45,000 | 180,738 | 225,738 |
| 2026 | 50,000 | 179,138 | 229,138 |
| 2027 | 60,000 | 176,938 | 236,938 |
| 2028 | 70,000 | 174,538 | 244,538 |
| 2029-2033 | 520,000 | 816,138 | 1,336,138 |
| 2034-2038 | 875,000 | 673,088 | 1,548,088 |
| 2039-2043 | 1,275,000 | 515,838 | 1,790,838 |
| 2044-2048 | 1,805,000 | 290,150 | 2,095,150 |
| 2049 | 440,000 | 15,625 | 455,625 |
| | <u>\$ 5,175,000</u> | <u>\$ 3,204,361</u> | <u>\$ 8,379,361</u> |

CITY OF LAFAYETTE, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2023

LONG-TERM DEBT (Continued)

Direct Borrowings – Business-type Activities

| <i>Business-type activities:</i> | Outstanding July 1, 2022 | Issued | Matured/ Redeemed During Year | Outstanding June 30, 2023 | Due Within One Year |
|---------------------------------------|---|---------------|--|--|--------------------------------|
| <i>Direct placement notes payable</i> | | | | | |
| Safe Drinking Water Revolving Fund | \$ 6,036 | \$ - | \$ (6,036) | \$ - | \$ - |
| City of Dayton (OECCD passthrough) | 261,673 | - | (20,632) | 241,041 | 20,838 |
| McMinnville Water and Light | 1,490,763 | - | (20,111) | 1,470,652 | 159,073 |
| | <u>\$ 1,758,472</u> | <u>\$ -</u> | <u>\$ (46,779)</u> | <u>\$ 1,711,693</u> | <u>\$ 179,911</u> |

Safe Drinking Water Revolving Fund Loan: On June 26, 2003, the City entered into a loan agreement with the State of Oregon Economic and Community Development Department in the amount of \$110,000 to maintain clean drinking water. The loan bears interest at 1.0 percent and is to be repaid in annual installments through December 2022. The loan is unsecured and is a full faith and credit obligation. In the event of default, OBDD may declare all amounts immediately due and payable and pursue any remedies that are legally available.

City of Dayton (OECCD): On December 1, 2012, the City entered into a loan agreement with the City of Dayton in the amount of \$3,383,000. The loan is repaid in annual installments of \$23,249 including interest at 1.0 percent through December 2033. The loan is secured by the equipment. In the event of default, the lender may exercise any remedy available at law in or in equity.

McMinnville Water and Light Purchase Agreement: On March 20, 2019, the City entered into a loan agreement with the City of McMinnville’s Water and Light Commission (MWL) in the amount of \$1,529,382. The loan bears interest of 3.3 percent and has a variable payment that is to be paid in annual installments through April 2030. In the event of default, MWL may either terminate the agreement or charge a default rate that is three times the current year’s rate.

Annual debt service requirements for notes payable as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--|---------------------|-------------------|---------------------|
| 2024 | \$ 179,911 | \$ 50,943 | \$ 230,854 |
| 2025 | 185,019 | 45,485 | 230,504 |
| 2026 | 259,254 | 39,663 | 298,917 |
| 2027 | 266,800 | 31,796 | 298,596 |
| 2028 | 274,546 | 23,485 | 298,031 |
| 2029-2033 | 387,348 | 23,079 | 410,427 |
| 2034-2037 | 23,025 | 229 | 23,254 |
| | <u>\$ 1,575,903</u> | <u>\$ 214,680</u> | <u>\$ 1,790,583</u> |

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2023

INTERFUND RECEIVABLES AND PAYABLES

In March 2020, the Water Fund received an interfund loan of \$600,000 from the General Fund for ongoing water operations. Annual principal payments of \$60,000 are required plus interest equal to 0.2 percent above the rate of return on investments with the Local Government Investment Pool, as of September 1 of each year and matures in 2030. The outstanding balance as of June 30, 2023 was \$398,314.

PENSION PLAN

Plan Description - City employees are provided pension benefits through the Oregon Public Employees Retirement System (PERS). PERS is a cost-sharing multiple-employer defined benefit pension plan for units of state and local government in Oregon, containing multiple actuarial pools. Benefits are established and amended by the Oregon State Legislature pursuant to ORS Chapters 238 and 238A. The legislature has delegated the authority to administer and manage PERS to the Public Employees Retirement Board. PERS issues a publicly available financial report that can be found at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits Provided - PERS provides retirement, disability, and death benefits which vary based on a qualified employee's hiring date and employment class (general service or police/fire). All City employees are eligible to participate after six months of covered employment. Details applicable to police/fire employees are noted in [square brackets] where different.

The Tier One/Tier Two Retirement Plan applies to qualifying employees hired before August 29, 2003 and is closed to new members.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.67% [2.00%]. Benefits may also be based on a money match computation, or formula plus annuity (for members contributing before August 21, 1981), if a greater benefit results. Employees are fully vested after making contributions in each of five calendar years and are eligible to retire at age 55 [50]. Tier One benefits are reduced if retirement occurs prior to age 58 [55] with less than 30 [25] years of service; Tier Two benefits are reduced for retirement prior to age 60.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. Disability benefits are determined in the same manner as retirement benefits with service time computed to age 58 [55].

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance. The beneficiary may also receive a matching lump-sum payment from employer funds if the member was in covered employment at the time of death, or if the member died less than 120 days after termination, while on official leave of absence, or as a result of a job-related injury.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238.360).

CITY OF LAFAYETTE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2023

PENSION PLAN (Continued)

The Oregon Public Service Retirement Plan (OPSRP) applies to qualifying employees hired on or after August 29, 2003.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.50% [1.80%]. Employees are fully vested after completing 600 hours of service in each of five calendar years and are eligible to retire at age 58 [53] with 30 [25] years of service, or at age 65 [60] otherwise.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. The benefit is 45% of the employee's salary during the last full month of employment before the disability occurred.

Upon the death of a non-retired member, the beneficiary receives a monthly benefit equal to 50% of the retirement benefit that would have been paid to the member.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238A.210).

Contribution Requirements – As a participating employer, the City is required to make monthly contributions to PERS based on actuarially determined percentages of covered payroll. Rates in effect for fiscal year 2023 were 21.49% for Tier One/Tier Two employees, 17.45% for OPSRP general service employees, and 21.81% for OPSRP police/fire employees. The City's total contributions to PERS were \$116,614 for fiscal year ended June 30, 2023.

Contribution requirements are established by Oregon statute and may be amended by an act of the Oregon State Legislature. Employer contribution rates for fiscal year 2023 were based on the December 31, 2019 actuarial valuation using the entry age normal actuarial cost method. It is important to note that the actuarial valuations used for rate setting are based on different methods and assumptions than those used for financial reporting which are described later in this note.

Employee contributions are set by statute at 6% of salary and are remitted by participating employers, who may agree to make employee contributions on the employee's behalf. Prior to January 1, 2004, employee contributions were credited to the defined benefit pension plan. Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan described further at the end of this note.

Pension Assets/Liabilities, Pension Expense, and Pension-Related Deferrals – At June 30, 2023, the City reported a net pension liability of \$839,635 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on a December 31, 2020 actuarial valuation, rolled forward to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to PERS relative to the projected contributions of all participating employers, as actuarially determined. The City's proportion was 0.005484% as of the June 30, 2022 measurement date, compared to 0.004695% as of June 30, 2021.

CITY OF LAFAYETTE, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2023

PENSION PLAN (Continued)

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2020 actuarial valuation was determined using the entry age normal method and the following actuarial assumptions, applied to all periods included in the measurement: inflation rate of 2.40%, projected salary increases of 3.40%, investment rate of return of 6.90%, and mortality rates based on the Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs. These assumptions were based on the results of an actuarial experience study for the four-year period ending December 31, 2020.

The long-term expected rate of return on pension plan investments was developed by combining estimated rates of return for each major asset class weighted by target asset allocation percentages and adjusting for inflation.

Target allocations and estimated geometric rates of return for each major asset class are available in the PERS publicly available financial report previously mentioned.

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following chart shows the sensitivity of the net pension liability (asset) to changes in the discount rate, based on calculations using discount rates of 5.90%, 6.90%, and 7.90%.

| | <u>1% Decrease</u> <u>(5.90%)</u> | <u>Discount Rate</u> <u>(6.90%)</u> | <u>1% Increase</u> <u>(7.90%)</u> |
|--|--------------------------------------|--|--------------------------------------|
| Proportionate share of the net pension liability | \$ 1,489,021 | \$ 839,635 | \$ 296,130 |

Pension Plan Fiduciary Net Position – Detailed information about PERS’ net position is available in its separately issued financial report.

Defined Contribution Plan – PERS-eligible employees are statutorily required to contribute 6% of their annual covered salary to the OPSRP Individual Account Program (IAP), a defined contribution pension plan. Benefits terms, including contribution requirements, are established by the Oregon Legislature. As permitted, the City has opted to pick-up the contributions on behalf of employees; contributions were \$32,443 for the year ended June 30, 2023. Employees are fully vested after completing 600 hours of service in each of five calendar years. PERS contracts with VOYA Financial to administer the IAP.

POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

As required by ORS 243.303(2), all retirees are allowed to continue coverage (at the retirees’ expense) under the group health insurance plan, until age 65 as another post-employment benefit. The difference between the premium actually paid by retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy. The implicit subsidy is not considered material to the City and the related liability has not been included in these financial statements.

CITY OF LAFAYETTE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2023

INTERFUND TRANSFERS (BUDGETARY BASIS)

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------------------|---------------------|----------------------|
| General | \$ 76,280 | \$ 81,000 |
| Street | - | 14,503 |
| Parks SDC | 4,000 | - |
| Fire Station Bond | - | 305,669 |
| City Hall Building | 15,000 | - |
| Fire Capital Equipment | 355,669 | - |
| Street SDC | 6,000 | - |
| Vehicle and Equipment Replacement | 24,000 | - |
| Sewer Operations | - | 42,638 |
| Sewer SDC | 4,000 | - |
| Water Operations | - | 141,139 |
| Water Debt | 94,000 | - |
| Water SDC | 6,000 | - |
| | <u>\$ 584,949</u> | <u>\$ 584,949</u> |

Transfers are used to (1) move resources from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) 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.

SUPPLEMENTAL INFORMATION

CITY OF LAFAYETTE, OREGON
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

| | <u>Special Revenue</u> | <u>Capital Projects</u> | |
|---|---|------------------------------|------------------------------|
| | <u>Refundable Deposit/Pass- Through</u> | <u>Fire Station Bond</u> | <u>Park SDC Projects</u> |
| ASSETS | | | |
| Cash and cash equivalents | \$ 111,330 | \$ - | \$ 441,709 |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | \$ - | \$ - | \$ - |
| Fund Balance | | | |
| Restricted for | | | |
| Debt service | - | - | - |
| Capital outlay | - | - | 441,709 |
| Community development | 111,330 | - | - |
| Committed to | | | |
| Capital outlay | - | - | - |
| <i>Total Fund Balance</i> | 111,330 | - | 441,709 |
| Total Liabilities and Fund Balance | \$ 111,330 | \$ - | \$ 441,709 |

| <i>Capital Projects</i> | | <i>Debt Service</i> | |
|---------------------------|--|--------------------------|--------------|
| <i>City Hall Building</i> | <i>Vehicle and Equipment Replacement</i> | <i>Fire Debt Service</i> | <i>Total</i> |
| \$ 266,663 | \$ 88,116 | \$ 9,268 | \$ 917,086 |
| \$ - | \$ - | \$ - | \$ - |
| - | - | 9,268 | 9,268 |
| - | - | - | 441,709 |
| - | - | - | 111,330 |
| 266,663 | 88,116 | - | 354,779 |
| 266,663 | 88,116 | 9,268 | 917,086 |
| \$ 266,663 | \$ 88,116 | \$ 9,268 | \$ 917,086 |

CITY OF LAFAYETTE, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

| | <u>Special Revenue</u> | <u>Capital Projects</u> | |
|---|---|------------------------------|------------------------------|
| | <u>Refundable Deposit/Pass- Through</u> | <u>Fire Station Bond</u> | <u>Park SDC Projects</u> |
| REVENUES | | | |
| Taxes and assessments | \$ - | \$ - | \$ - |
| Licenses and permits | 68,443 | - | 89,853 |
| Charges for services | 7,730 | - | - |
| Miscellaneous | 6,127 | - | 13,218 |
| <i>Total Revenues</i> | 82,300 | - | 103,071 |
| EXPENDITURES | | | |
| Current | | | |
| Community services and development | 193,991 | - | - |
| Debt service | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Capital outlay | - | - | - |
| <i>Total Expenditures</i> | 193,991 | - | - |
| REVENUES OVER (UNDER) EXPENDITURES | (111,691) | - | 103,071 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | 4,000 |
| Transfers out | - | (305,669) | - |
| <i>Total Other Financing Sources (Uses)</i> | - | (305,669) | 4,000 |
| NET CHANGE IN FUND BALANCE | (111,691) | (305,669) | 107,071 |
| FUND BALANCE, beginning of year | 223,021 | 305,669 | 334,638 |
| FUND BALANCE, end of year | \$ 111,330 | \$ - | \$ 441,709 |

| <i>Capital Projects</i> | | <i>Debt Service</i> | |
|---------------------------|--|--------------------------|--------------|
| <i>City Hall Building</i> | <i>Vehicle and Equipment Replacement</i> | <i>Fire Debt Service</i> | <i>Total</i> |
| \$ - | \$ - | \$ 214,606 | \$ 214,606 |
| - | - | - | 158,296 |
| - | - | - | 7,730 |
| 7,506 | 3,393 | 2,012 | 32,256 |
| 7,506 | 3,393 | 216,618 | 412,888 |
| - | - | - | 193,991 |
| - | - | 25,000 | 25,000 |
| - | - | 183,058 | 183,058 |
| 8,099 | 74,660 | - | 82,759 |
| 8,099 | 74,660 | 208,058 | 484,808 |
| (593) | (71,267) | 8,560 | (71,920) |
| 15,000 | 24,000 | - | 43,000 |
| - | - | - | (305,669) |
| 15,000 | 24,000 | - | (262,669) |
| 14,407 | (47,267) | 8,560 | (334,589) |
| 252,256 | 135,383 | 708 | 1,251,675 |
| \$ 266,663 | \$ 88,116 | \$ 9,268 | \$ 917,086 |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) – BUDGET AND ACTUAL – GENERAL FUND

YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------------|---------------------|---------------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Taxes and assessments | \$ 980,000 | \$ 980,000 | \$ 918,688 | \$ (61,312) |
| Fines and forfeitures | 10,000 | 10,000 | 26,233 | 16,233 |
| Licenses and permits | 487,100 | 487,100 | 387,264 | (99,836) |
| Intergovernmental | 223,500 | 223,500 | 181,436 | (42,064) |
| Miscellaneous | 484,393 | 484,393 | 734,914 | 250,521 |
| <i>Total Revenues</i> | <u>2,184,993</u> | <u>2,184,993</u> | <u>2,248,535</u> | <u>63,542</u> |
| EXPENDITURES | | | | |
| Administration | 1,654,135 | 1,654,135 | 670,836 | 983,299 |
| Planning | 230,115 | 230,115 | 74,171 | 155,944 |
| Building inspection | 239,122 | 239,122 | 125,893 | 113,229 |
| Municipal court | 33,785 | 33,785 | 21,811 | 11,974 |
| Law enforcement | 471,000 | 471,000 | 405,984 | 65,016 |
| Parks | 153,936 | 153,936 | 148,327 | 5,609 |
| Fire | 460,180 | 460,180 | 333,298 | 126,882 |
| Contingency | 250,000 | 250,000 | - | 250,000 |
| <i>Total Expenditures</i> | <u>3,492,273</u> | <u>3,492,273</u> | <u>1,780,320</u> | <u>1,711,953</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(1,307,280)</u> | <u>(1,307,280)</u> | <u>468,215</u> | <u>1,775,495</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 76,280 | 76,280 | 76,280 | - |
| Transfers out | (81,000) | (81,000) | (81,000) | - |
| Repayment of interfund loan | 72,000 | 72,000 | 72,000 | - |
| <i>Total Other Financing Sources (Uses)</i> | <u>67,280</u> | <u>67,280</u> | <u>67,280</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(1,240,000)</u> | <u>(1,240,000)</u> | <u>535,495</u> | <u>1,775,495</u> |
| FUND BALANCE, beginning of year | <u>1,240,000</u> | <u>1,240,000</u> | <u>1,314,974</u> | <u>74,974</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>1,850,469</u> | <u>\$ 1,850,469</u> |
| Add interfund loan receivable | | | <u>398,314</u> | |
| FUND BALANCE, end of year, as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances | | | <u>\$ 2,248,783</u> | |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) – BUDGET AND ACTUAL – STREET FUND

YEAR ENDED JUNE 30, 2023

| | Budget Amounts | | Actual | Variance |
|---|-----------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 450,000 | \$ 450,000 | \$ 448,691 | \$ (1,309) |
| Miscellaneous | 2,000 | 2,000 | 12,063 | 10,063 |
| <i>Total Revenues</i> | 452,000 | 452,000 | 460,754 | 8,754 |
| EXPENDITURES | | | | |
| Streets | | | | |
| Personnel services | 86,630 | 86,630 | 67,613 | 19,017 |
| Materials and services | 181,100 | 181,100 | 133,145 | 47,955 |
| Capital outlay | 538,767 | 538,767 | 179,418 | 359,349 |
| <i>Total Expenditures</i> | 806,497 | 806,497 | 380,176 | 426,321 |
| REVENUES OVER (UNDER) EXPENDITURES | (354,497) | (354,497) | 80,578 | 435,075 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (14,503) | (14,503) | (14,503) | - |
| NET CHANGE IN FUND BALANCE | (369,000) | (369,000) | 66,075 | 435,075 |
| FUND BALANCE, beginning of year | 369,000 | 369,000 | 412,563 | 43,563 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 478,638 | \$ 478,638 |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) – BUDGET AND ACTUAL – STREET SDC PROJECTS FUND

YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Licenses and permits | \$ 449,610 | \$ 449,610 | \$ 156,505 | \$ (293,105) |
| Miscellaneous | 12,170 | 12,170 | 32,792 | 20,622 |
| <i>Total Revenues</i> | 461,780 | 461,780 | 189,297 | (272,483) |
| EXPENDITURES | | | | |
| Capital outlay | 600,000 | 600,000 | 124,318 | 475,682 |
| REVENUES OVER (UNDER) EXPENDITURES | (138,220) | (138,220) | 64,979 | 203,199 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 6,000 | 6,000 | 6,000 | - |
| NET CHANGE IN FUND BALANCE | (132,220) | (132,220) | 70,979 | 203,199 |
| FUND BALANCE, beginning of year | 856,000 | 856,000 | 1,022,283 | 166,283 |
| FUND BALANCE, end of year | \$ 723,780 | \$ 723,780 | \$ 1,093,262 | \$ 369,482 |

CITY OF LAFAYETTE, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) – BUDGET AND ACTUAL – FIRE CAPITAL EQUIPMENT FUND
YEAR ENDED JUNE 30, 2023**

| | Budget Amounts | | Actual | Variance |
|---|-----------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous | \$ 1,500 | \$ 1,500 | \$ 17,758 | \$ 16,258 |
| EXPENDITURES | | | | |
| Capital outlay | 625,256 | 625,256 | - | 625,256 |
| REVENUES OVER (UNDER) EXPENDITURES | (623,756) | (623,756) | 17,758 | 641,514 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 358,000 | 358,000 | 355,669 | (2,331) |
| NET CHANGE IN FUND BALANCE | (265,756) | (265,756) | 373,427 | 639,183 |
| FUND BALANCE, beginning of year | 265,756 | 265,756 | 266,015 | 259 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 639,442 | \$ 639,442 |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) – BUDGET AND ACTUAL – REFUNDABLE DEPOSIT/PASS-THROUGH FUND

YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Licenses and permits | \$ 152,500 | \$ 152,500 | \$ 68,443 | \$ (84,057) |
| Charges for services | 10,000 | 10,000 | 7,730 | (2,270) |
| Miscellaneous | 3,000 | 3,000 | 6,127 | 3,127 |
| <i>Total Revenues</i> | 165,500 | 165,500 | 82,300 | (83,200) |
| EXPENDITURES | | | | |
| Materials and services | 297,160 | 297,160 | 193,991 | 103,169 |
| NET CHANGE IN FUND BALANCE | (131,660) | (131,660) | (111,691) | 19,969 |
| FUND BALANCE, beginning of year | 131,660 | 131,660 | 223,021 | 91,361 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 111,330 | \$ 111,330 |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) – BUDGET AND ACTUAL – FIRE STATION BOND FUND

YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Taxes and assessments | \$ - | \$ - | \$ - | \$ - |
| EXPENDITURES | - | - | - | - |
| REVENUES OVER (UNDER) EXPENDITURES | - | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (308,000) | (308,000) | (305,669) | 2,331 |
| NET CHANGE IN FUND BALANCE | (308,000) | (308,000) | (305,669) | 2,331 |
| FUND BALANCE, beginning of year | 308,000 | 308,000 | 305,669 | (2,331) |
| FUND BALANCE, end of year | \$ - | \$ - | \$ - | \$ - |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) – BUDGET AND ACTUAL – PARK SDC PROJECTS FUND

YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Licenses and permits | \$ 253,750 | \$ 253,750 | \$ 89,853 | \$ (163,897) |
| Miscellaneous | 5,480 | 5,480 | 13,218 | 7,738 |
| <i>Total Revenues</i> | 259,230 | 259,230 | 103,071 | (156,159) |
| EXPENDITURES | | | | |
| Capital outlay | 493,230 | 493,230 | - | 493,230 |
| REVENUES OVER (UNDER) EXPENDITURES | (234,000) | (234,000) | 103,071 | 337,071 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 4,000 | 4,000 | 4,000 | - |
| NET CHANGE IN FUND BALANCE | (230,000) | (230,000) | 107,071 | 337,071 |
| FUND BALANCE, beginning of year | 230,000 | 230,000 | 334,638 | 104,638 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 441,709 | \$ 441,709 |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) – BUDGET AND ACTUAL – CITY HALL BUILDING FUND

YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|----------------|-------------------|-------------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Miscellaneous | \$ 1,000 | \$ 1,000 | \$ 7,506 | \$ 6,506 |
| EXPENDITURES | | | | |
| Materials and services | 25,000 | 25,000 | 8,099 | 16,901 |
| Capital outlay | 233,000 | 233,000 | - | 233,000 |
| <i>Total Expenditures</i> | <u>258,000</u> | <u>258,000</u> | <u>8,099</u> | <u>249,901</u> |
| REVENUES OVER (UNDER) EXPENDITURES | (257,000) | (257,000) | (593) | 256,407 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>15,000</u> | <u>15,000</u> | <u>15,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (242,000) | (242,000) | 14,407 | 256,407 |
| FUND BALANCE, beginning of year | <u>242,000</u> | <u>242,000</u> | <u>252,256</u> | <u>10,256</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 266,663</u> | <u>\$ 266,663</u> |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) – BUDGET AND ACTUAL – VEHICLE AND EQUIPMENT REPLACEMENT FUND

YEAR ENDED JUNE 30, 2023

| | Budget Amounts | | Actual | Variance |
|---|-----------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous | \$ 1,000 | \$ 1,000 | \$ 3,393 | \$ 2,393 |
| EXPENDITURES | | | | |
| Capital outlay | 160,000 | 160,000 | 74,660 | 85,340 |
| REVENUES OVER (UNDER) EXPENDITURES | (159,000) | (159,000) | (71,267) | 87,733 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 24,000 | 24,000 | 24,000 | - |
| NET CHANGE IN FUND BALANCE | (135,000) | (135,000) | (47,267) | 87,733 |
| FUND BALANCE, beginning of year | 135,000 | 135,000 | 135,383 | 383 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 88,116 | \$ 88,116 |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) – BUDGET AND ACTUAL – FIRE DEBT SERVICE FUND

YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Taxes and assessments | \$ 208,038 | \$ 208,038 | \$ 214,606 | \$ 6,568 |
| Miscellaneous | 100 | 100 | 2,012 | 1,912 |
| <i>Total Revenues</i> | 208,138 | 208,138 | 216,618 | 8,480 |
| EXPENDITURES | | | | |
| Debt service | | | | |
| Principal | 25,000 | 25,000 | 25,000 | - |
| Interest | 183,138 | 183,138 | 183,058 | 80 |
| NET CHANGE IN FUND BALANCE | - | - | 8,560 | 8,560 |
| FUND BALANCE, beginning of year | - | - | 708 | 708 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 9,268 | \$ 9,268 |

CITY OF LAFAYETTE, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
WATER OPERATIONS
YEAR ENDED JUNE 30, 2023**

| | <u>Water Operations</u> | <u>Water Debt Service</u> | <u>Water SDC Projects</u> | <u>Interfund Eliminations</u> | <u>Total Water Operations</u> |
|--|-----------------------------|-------------------------------|-------------------------------|-----------------------------------|-----------------------------------|
| REVENUES | | | | | |
| Charges for services | \$ 1,279,597 | \$ - | \$ - | \$ - | \$ 1,279,597 |
| Licenses and permits | - | - | 150,701 | - | 150,701 |
| Miscellaneous | 57,569 | - | 3,123 | - | 60,692 |
| Investment earnings | 14,270 | 207 | 18,879 | - | 33,356 |
| <i>Total Revenues</i> | 1,351,436 | 207 | 172,703 | - | 1,524,346 |
| EXPENDITURES | | | | | |
| Personnel services | 231,147 | - | - | - | 231,147 |
| Materials and services | 497,711 | - | - | - | 497,711 |
| Debt service | | | | | |
| Principal | 68,900 | 46,779 | - | - | 115,679 |
| Interest | 3,100 | 51,873 | - | - | 54,973 |
| Capital outlay | 170,018 | - | 71,938 | - | 241,956 |
| <i>Total Expenditures</i> | 970,876 | 98,652 | 71,938 | - | 1,141,466 |
| REVENUES OVER (UNDER) EXPENDITURES | 380,560 | (98,445) | 100,765 | - | 382,880 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | 94,000 | 6,000 | (94,000) | 6,000 |
| Transfers out | (141,139) | - | - | 94,000 | (47,139) |
| <i>Total Other Financing Sources (Uses)</i> | (141,139) | 94,000 | 6,000 | - | (41,139) |
| CHANGE IN FUND BALANCE | 239,421 | (4,445) | 106,765 | - | 341,741 |
| FUND BALANCE, beginning of year | 393,677 | 4,667 | 595,734 | - | 994,078 |
| FUND BALANCE, end of year | \$ 633,098 | \$ 222 | \$ 702,499 | \$ - | 1,335,819 |
| Less interfund loan payable | | | | | (398,314) |
| FUND NET POSITION, end of year, as reported in the Statement of Revenues, Expenses and Changes in Fund Net Position | | | | | \$ 937,505 |

CITY OF LAFAYETTE, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(BUDGETARY BASIS) – BUDGET AND ACTUAL – WATER OPERATIONS FUND****YEAR ENDED JUNE 30, 2023**

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|------------------|-------------------|--------------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Charges for services | \$ 1,292,000 | \$ 1,292,000 | \$ 1,279,597 | \$ (12,403) |
| Intergovernmental | 2,375,000 | 2,375,000 | - | (2,375,000) |
| Miscellaneous | - | - | 57,569 | 57,569 |
| Investment earnings | 3,000 | 3,000 | 14,270 | 11,270 |
| <i>Total Revenues</i> | <u>3,670,000</u> | <u>3,670,000</u> | <u>1,351,436</u> | <u>(2,318,564)</u> |
| EXPENDITURES | | | | |
| Personnel services | 311,990 | 311,990 | 231,147 | 80,843 |
| Materials and services | 664,500 | 664,500 | 497,711 | 166,789 |
| Debt service | | | | |
| Principal | 64,886 | 64,886 | 68,900 * | (4,014) |
| Interest | 7,114 | 7,114 | 3,100 | 4,014 |
| Capital outlay | 2,830,371 | 2,830,371 | 170,018 | 2,660,353 |
| <i>Total Expenditures</i> | <u>3,878,861</u> | <u>3,878,861</u> | <u>970,876</u> | <u>2,907,985</u> |
| REVENUES OVER (UNDER) EXPENDITURES | (208,861) | (208,861) | 380,560 | 589,421 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (141,139) | (141,139) | (141,139) | - |
| CHANGE IN FUND BALANCE | <u>(350,000)</u> | <u>(350,000)</u> | <u>239,421</u> | <u>589,421</u> |
| FUND BALANCE, beginning of year | <u>350,000</u> | <u>350,000</u> | <u>393,677</u> | <u>43,677</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 633,098</u> | <u>\$ 633,098</u> |

* Principal and interest are appropriated at the aggregate level. This is not a budget violation.

CITY OF LAFAYETTE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) – BUDGET AND ACTUAL – WATER DEBT SERVICE FUND

YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|---------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Investment earnings | \$ 53 | \$ 53 | \$ 207 | \$ 154 |
| EXPENDITURES | | | | |
| Debt service | | | | |
| Principal | 46,780 | 46,780 | 46,779 | 1 |
| Interest | 51,873 | 51,873 | 51,873 | - |
| <i>Total Expenditures</i> | <u>98,653</u> | <u>98,653</u> | <u>98,652</u> | <u>1</u> |
| REVENUES OVER (UNDER) EXPENDITURES | (98,600) | (98,600) | (98,445) | 155 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>94,000</u> | <u>94,000</u> | <u>94,000</u> | <u>-</u> |
| CHANGE IN FUND BALANCE | (4,600) | (4,600) | (4,445) | 155 |
| FUND BALANCE, beginning of year | <u>4,600</u> | <u>4,600</u> | <u>4,667</u> | <u>67</u> |
| FUND BALANCE, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 222</u> | <u>\$ 222</u> |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) – BUDGET AND ACTUAL – WATER SDC PROJECTS FUND

YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Licenses and permits | \$ 432,740 | \$ 432,740 | \$ 150,701 | \$ (282,039) |
| Miscellaneous | 8,820 | 8,820 | 3,123 | (5,697) |
| Investment earnings | 1,000 | 1,000 | 18,879 | 17,879 |
| <i>Total Revenues</i> | 442,560 | 442,560 | 172,703 | (269,857) |
| EXPENDITURES | | | | |
| Capital outlay | 845,060 | 845,060 | 71,938 | 773,122 |
| REVENUES OVER (UNDER) EXPENDITURES | (402,500) | (402,500) | 100,765 | 503,265 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 6,000 | 6,000 | 6,000 | - |
| CHANGE IN FUND BALANCE | (396,500) | (396,500) | 106,765 | 503,265 |
| FUND BALANCE, beginning of year | 396,500 | 396,500 | 595,734 | 199,234 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 702,499 | \$ 702,499 |

CITY OF LAFAYETTE, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
SEWER OPERATIONS
YEAR ENDED JUNE 30, 2023**

| | <i>Sewer Operations</i> | <i>Sewer SDC Projects</i> | <i>Interfund Eliminations</i> | <i>Total Sewer Operations</i> |
|---|------------------------------------|--------------------------------------|--|--|
| REVENUES | | | | |
| Charges for services | \$ 978,103 | \$ - | \$ - | \$ 978,103 |
| Licenses and permits | - | 87,545 | - | 87,545 |
| Investment earnings | 6,381 | 26,195 | - | 32,576 |
| <i>Total Revenues</i> | 984,484 | 113,740 | - | 1,098,224 |
| EXPENDITURES | | | | |
| Personnel services | 302,370 | - | - | 302,370 |
| Materials and services | 418,907 | - | - | 418,907 |
| Capital outlay | 200,946 | 15,790 | - | 216,736 |
| <i>Total Expenditures</i> | 922,223 | 15,790 | - | 938,013 |
| REVENUES OVER (UNDER) EXPENDITURES | 62,261 | 97,950 | - | 160,211 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 4,000 | - | 4,000 |
| Transfers out | (42,638) | - | - | (42,638) |
| <i>Total Other Financing Sources (Uses)</i> | (42,638) | 4,000 | - | (38,638) |
| CHANGE IN FUND BALANCE | 19,623 | 101,950 | - | 121,573 |
| FUND BALANCE, beginning of year | 271,882 | 865,257 | - | 1,137,139 |
| FUND BALANCE, end of year | \$ 291,505 | \$ 967,207 | \$ - | \$ 1,258,712 |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) – BUDGET AND ACTUAL – SEWER OPERATIONS FUND

YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Charges for services | \$ 939,000 | \$ 939,000 | \$ 978,103 | \$ 39,103 |
| Investment earnings | 1,000 | 1,000 | 6,381 | 5,381 |
| <i>Total Revenues</i> | 940,000 | 940,000 | 984,484 | 44,484 |
| EXPENDITURES | | | | |
| Personnel services | 373,740 | 373,740 | 302,370 | 71,370 |
| Materials and services | 389,750 | 419,750 | 418,907 | 843 |
| Capital outlay | 301,872 | 271,872 | 200,946 | 70,926 |
| <i>Total Expenditures</i> | 1,065,362 | 1,065,362 | 922,223 | 143,139 |
| REVENUES OVER (UNDER) EXPENDITURES | (125,362) | (125,362) | 62,261 | 187,623 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (42,638) | (42,638) | (42,638) | - |
| CHANGE IN FUND BALANCE | (168,000) | (168,000) | 19,623 | 187,623 |
| FUND BALANCE, beginning of year | 168,000 | 168,000 | 271,882 | 103,882 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 291,505 | \$ 291,505 |

CITY OF LAFAYETTE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS) – BUDGET AND ACTUAL – SEWER SDC PROJECTS FUND

YEAR ENDED JUNE 30, 2023

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|---|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Licenses and permits | \$ 260,400 | \$ 260,400 | \$ 87,545 | \$ (172,855) |
| Investment earnings | 2,000 | 2,000 | 26,195 | 24,195 |
| <i>Total Revenues</i> | 262,400 | 262,400 | 113,740 | (148,660) |
| EXPENDITURES | | | | |
| Capital outlay | 210,000 | 210,000 | 15,790 | 194,210 |
| Contingency | 100,000 | 100,000 | - | 100,000 |
| <i>Total Expenditures</i> | 310,000 | 310,000 | 15,790 | 294,210 |
| REVENUES OVER (UNDER) EXPENDITURES | (47,600) | (47,600) | 97,950 | 145,550 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 4,000 | 4,000 | 4,000 | - |
| CHANGE IN FUND BALANCE | (43,600) | (43,600) | 101,950 | 145,550 |
| FUND BALANCE, beginning of year | 682,500 | 682,500 | 865,257 | 182,757 |
| FUND BALANCE, end of year | \$ 638,900 | \$ 638,900 | \$ 967,207 | \$ 328,307 |

COMPLIANCE SECTION



GROVE, MUELLER & SWANK

redw
Advisors & CPAs

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and City Council
City of Lafayette
486 Third Street
Lafayette, Oregon 97127

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Lafayette, Oregon as of and for the year ended June 30, 2023, and have issued our report thereon dated January 25, 2024.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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.


Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Restrictions on Use

This report is intended solely for the information and use of the City Council 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
CERTIFIED PUBLIC ACCOUNTANTS*

By: 

Ryan T. Pasquarella, Principal
January 25, 2024