

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2008
WITH INDEPENDENT AUDITORS' REPORT

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Year ended June 30, 2008

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LANE COUNTY, OREGON

Year ended June 30, 2008

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LANE COUNTY, OREGON

Year ended June 30, 2008

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INTRODUCTORY SECTION

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

List of Elected Officials

June 30, 2008

<u>NAME</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Larry Crowley 1167 West 7th Place Junction City, OR 97448	Mayor (Resigned July 9, 2007)	January 31, 2009
Dave Brunscheon 420 Timothy Street Junction City, OR 97448	Councilor	January 31, 2011
Dwight Coon 1612 Unity Court Junction City, OR 97448	Councilor Mayor (As of July 24, 2007)	January 31, 2011 January 31, 2009
Scott Mehlbrech 1795 W. 12th Junction City, OR 97448	Councilor	January 31, 2011
Ethan Nelson 733 Maple Street Junction City, OR	Councilor	January 31, 2011
Barry Schweigert 1388 Ivy Junction City, OR 97448	Councilor (Resigned September 11, 2007)	January 31, 2009
Randy Nelson 1389 United Drive Junction City, OR 97448	Councilor	January 31, 2009
Bill Dimarco P.O. Box 702 Junction City, OR 97448	Councilor Effective September 11, 2007	January 31, 2009
Lance Stoddard 1223 Nyssa Street Junction City, OR 97448	Councilor Effective September 11, 2007	January 31, 2009

FINANCIAL SECTION

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Independent Auditors' Report

City of Junction City
Junction City, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Junction City, Oregon, ("City") as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

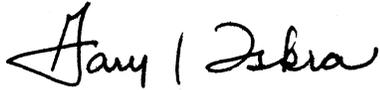
As discussed in Note I. C., the City prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, - modified cash basis, thereof and the respective budgetary comparisons for the General Fund, capital project fund and major special revenue funds for the year then ended in conformity with the basis of accounting described in Note I. C.

The management's discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required to accompany those financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, and combining and individual nonmajor fund financial statements, budgetary comparisons, and other financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparisons and other financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note I. C. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on it.

Isler CPA

A handwritten signature in cursive script that reads "Gary Iskra". The signature is written in black ink and is positioned above the typed name and title.

By: Gary Iskra, CPA, a member of the firm
Eugene, Oregon
November 25, 2008

CITY OF JUNCTION CITY LANE COUNTY, OREGON

Management's Discussion and Analysis

Our discussion and analysis of the City's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2008 within the limitations of the City's modified cash basis of accounting. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The City's total revenues exceeded total expenses, on the modified cash basis of accounting, by \$5,380,856 for the year, resulting in an increase in total net assets of just over 21.9% from the previous year. Much of the increase is attributed to contributed infrastructure and system development charges. The City benefited from contributions from the Department of Corrections (DOC) for the acquisition of a water treatment plant site; plus the completion and dedication of streets, water and sewer facilities at Oaklea Meadows Subdivision.

The City's Governmental Funds (defined below) saw an overall increase of \$704,515 to a combined ending balance of \$5,854,271. This represents a 13.7% increase in combined fund balance. The largest single part of this increase is attributable to advance funding from DOC to sustain prison/hospital project cash flow requirements followed by an increase in the General Fund ending fund balance of \$267,374 (more on this below).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. Three components comprise the basic financial statements of the City: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. Other supplementary information in addition to the basic financial statements is also contained in this report.

Government-wide Financial Statements: The Statement of Net Assets and the Statement of Activities (page 12 and 13) provide information about the activities of the City as a whole, and present a broad overview of the City's finances.

Fund Financial Statements: Fund financial statements (*starting on page 14*) focus on the individual parts of the City government. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant ("major") funds. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. For proprietary activities, these statements offer short-term and long-term financial information about the activities the City operates like businesses, such as the water, sewer, and sanitation services.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements. The notes to the financial statements can be found on pages 27 to 39 of this report.

The remainder of the City's Annual Financial Report consists of Supplementary Information. This information is not a part of the basic financial statements described above, however it serves to provide users of this report with additional specific data that supplements the government-wide statements, fund financial statements, and notes. Examples of this additional financial information include combining statements for nonmajor funds (which are added together and shown in the fund financial statements in a single column), such as the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances and individual budgetary comparison statements for nonmajor funds.

BASIS OF ACCOUNTING

The City has elected to present its financial statements on a modified cash basis of accounting. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. This modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the City's modified cash basis of accounting, revenues, expenses and related assets and liabilities are recorded when they result from cash transactions, except for the recording of depreciation expense on capital assets in the government-wide financial statements for all activities and in the fund financial statements for proprietary fund activities.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

REPORTING THE CITY AS A WHOLE

The City's Reporting Entity Presentation

This annual report includes all activities for which the City Council of Junction City is fiscally responsible. These activities, defined as the City's reporting entity, are operated within a single legal entity that serves as the structure of the primary government.

The Government-wide Statement of Net Assets and the Statement of Activities

The government-wide financial statements are presented on pages 12 and 13. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all of the City's assets and liabilities resulting from the use of the modified cash basis of accounting.

These two statements report the City's net assets and changes in them. Keeping in mind the limitations of the modified cash basis of accounting, you can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as the condition of the City's property, infrastructure and equipment, to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

Governmental activities. Most of the City's basic services are reported in this category. These services include the police, municipal court, streets, parks, library, senior center, planning services and general administration. Property taxes, franchise fees, fines, and state taxes are the key resources that finance these activities.

Business-type activities. The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, and sanitation operations are reported here.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

The Fund Financial Statements

Our description of the City's major funds begins on page 28. The fund financial statements begin on page 14 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in subsequent years. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements. The City considers the General Fund, DOC-IGA Infrastructure Capital Project Fund, Street Fund, Building Replacement Reserve Fund and the Business Development Loan Fund to be its significant or major governmental funds. All other governmental funds are aggregated in a single column entitled Other Governmental Funds.

Proprietary funds—When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. In fact, the City's proprietary (enterprise) fund financial statements are essentially the same as the business-type activities we report in the government-wide statements but the fund statements provide more detail and additional information, such as cash flows. The City has three enterprise funds — Water Fund, Sewer Fund, and Sanitation Fund.

Fiduciary funds — The City currently has two fiduciary funds. Fiduciary funds are used to account for resources that are held for the benefit of parties outside the government. The resources of these funds are not available to support the City's own programs; therefore, fiduciary funds are not reflected in the government-wide statements.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets—Modified Cash Basis

The City's combined net assets, resulting from modified cash basis transactions, increased from \$24,571,886 to \$29,952,742 during the fiscal year ending June 30, 2008. Looking at the net assets and net expenses of governmental and business-type activities separately, business-type activities had a much larger increase than did governmental activities.

City of Junction City's Net Assets:

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 6,097,602	\$ 5,380,872	\$ 5,788,585	\$ 4,681,608	\$ 11,886,187	\$ 10,062,480
Capital assets	6,318,562	4,763,680	11,981,168	9,967,583	18,299,730	14,731,263
Total assets	<u>12,416,164</u>	<u>10,144,552</u>	<u>17,769,753</u>	<u>14,649,191</u>	<u>30,185,917</u>	<u>24,793,743</u>
Current liabilities	37,748	113,987	25	-	37,773	113,987
Long - term debt outstanding	-	-	195,402	107,870	195,402	107,870
Total liabilities	<u>37,748</u>	<u>113,987</u>	<u>195,427</u>	<u>107,870</u>	<u>233,175</u>	<u>221,857</u>
Net assets:						
Invested in capital assets, net of related debt	6,318,562	4,763,680	11,785,766	9,859,713	18,104,328	14,623,393
Restricted for DOC-IGA capital project fund	439,092	-	-	-	439,092	-
Restricted for streets	501,520	-	-	-	501,520	-
Restricted for systems development	621,122	416,563	1,269,348	629,340	1,890,470	1,045,903
Unrestricted	4,498,120	4,850,322	4,519,212	4,052,268	9,017,332	8,902,590
Total net assets	<u>\$ 12,378,416</u>	<u>\$ 10,030,565</u>	<u>\$ 17,574,326</u>	<u>\$ 14,541,321</u>	<u>\$ 29,952,742</u>	<u>\$ 24,571,886</u>

Net assets of the City's governmental activities increased 23% to \$12,378,416. However, \$6,318,562 of those net assets is invested in capital assets (buildings, roads, bridges, and so on) and \$621,122 was restricted for systems development, \$439,092 was restricted for capital project and \$501,520 was restricted for streets. Consequently, unrestricted net assets were \$4,498,120 at the end of this year.

Changes in Net Assets—Modified Cash Basis

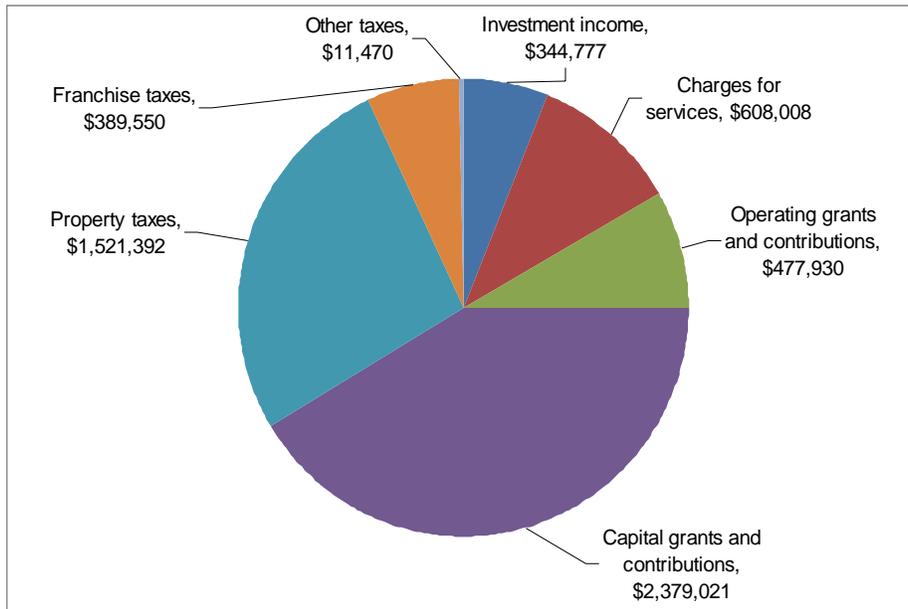
For the year ended June 30, 2008, net assets of the government (resulting from modified cash basis transactions) changed as follows:

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	\$ 608,008	\$ 792,398	\$ 2,699,145	\$ 2,604,711	\$ 3,307,153	\$ 3,397,109
Operating grants and contributions	477,930	521,945	67,990	-	545,920	521,945
Capital grants and contributions	2,379,021	2,712,265	2,238,970	6,443,772	4,617,991	9,156,037
General revenues:						
Property taxes	1,521,392	1,457,874	-	-	1,521,392	1,457,874
Franchise taxes	389,550	292,132	-	-	389,550	292,132
Other taxes	11,470	9,780	-	-	11,470	9,780
Investment income	344,777	291,695	225,316	199,352	570,093	491,047
Loss on disposal of assets	(2,000)	(3,389)	-	(80,464)	(2,000)	(83,853)
Total revenues	<u>5,730,148</u>	<u>6,074,700</u>	<u>5,231,421</u>	<u>9,167,371</u>	<u>10,961,569</u>	<u>15,242,071</u>
Expenses						
General government	737,310	499,444	-	-	737,310	499,444
Public safety	1,441,502	1,416,680	-	-	1,441,502	1,416,680
Highways and streets	581,009	384,960	-	-	581,009	384,960
Economic development	114,307	42,349	-	-	114,307	42,349
Culture and recreation	539,669	493,295	-	-	539,669	493,295
Water	-	-	681,368	562,517	681,368	562,517
Sewer	-	-	807,230	479,275	807,230	479,275
Sanitation	-	-	678,318	580,957	678,318	580,957
Total expenses	<u>3,413,797</u>	<u>2,836,728</u>	<u>2,166,916</u>	<u>1,622,749</u>	<u>5,580,713</u>	<u>4,459,477</u>
Excess before special item and transfers	2,316,351	3,237,972	3,064,505	7,544,622	5,380,856	10,782,594
Gain on insurance recovery	-	-	-	4,671	-	4,671
Transfers to fiduciary funds	-	(1,344)	-	-	-	(1,344)
Transfers - internal activity	31,500	3,000	(31,500)	(3,000)	-	-
Increase in net assets	<u>2,347,851</u>	<u>3,239,628</u>	<u>3,033,005</u>	<u>7,546,293</u>	<u>5,380,856</u>	<u>10,785,921</u>
Net assets, beginning of year	10,030,565	6,790,937	14,541,321	6,995,028	24,571,886	13,785,965
Net assets, end of year	<u>\$ 12,378,416</u>	<u>\$ 10,030,565</u>	<u>\$ 17,574,326</u>	<u>\$ 14,541,321</u>	<u>\$ 29,952,742</u>	<u>\$ 24,571,886</u>

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Governmental Activities

For the year ended June 30, 2008, the City's governmental activities were funded as follows:

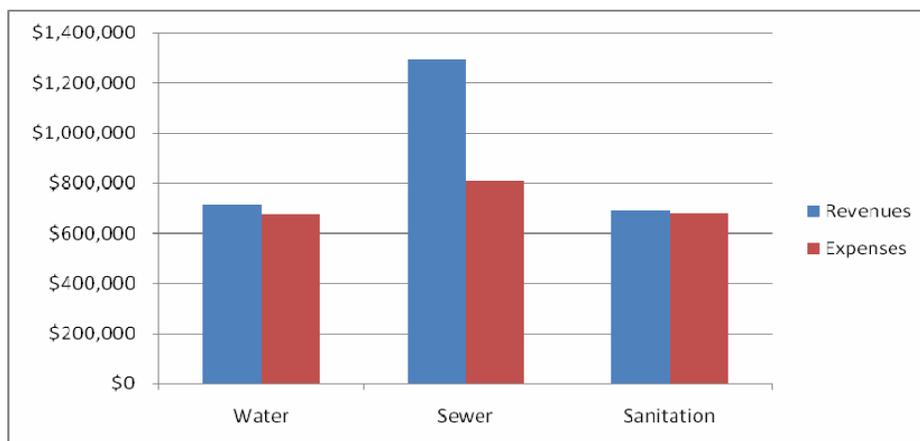


For the year ended June 30, 2008, total expenses for governmental activities, resulting from modified cash basis transactions, amounted to \$3,413,797. Revenues included: taxes and investment earnings (\$2,267,189); charges for services (\$608,008); operating grants and contributions (\$477,930); capital grants and contributions (\$2,379,021); loss on disposal of capital assets (\$2,000); and net transfers in from other funds (\$31,500). As a result, governmental net assets increased \$2,347,851.

BUSINESS-TYPE ACTIVITIES

A review of the business-type activities' net (expense)/revenue resulting from modified cash basis transactions indicates that water, sewer and sanitation activities ended in a positive position for the fiscal year. The water, sewer and sanitation service activities reported net operating income of \$39,409, \$487,828, and \$11,606, respectively. It is important to note that \$810,061 of the total sewer fund revenue was collected and designated for a future wastewater facilities improvement/rehabilitation project. Additional information on enterprise funds can be found on pages 22- 24.

OPERATING REVENUE AND EXPENSES



A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Certain additional funds experienced noteworthy changes from the prior year and are highlighted as follows:

- The Street Fund continues a sharp decline. The Fund finished with an ending balance of \$501,520 or a decrease of \$144,818. This 22% decline in ending balance is not sustainable without either a significant increase in revenues and/or decrease in expenditures.
- While the Business Development Loan Fund ending fund balance declined by \$47,606 or 4.4% due to the issuance of one new loan, investment earnings increased the value of the fund by \$48,036. Ending fund balance for the year leaves a healthy amount of \$1,025,999 for future loans and investments.
- The City opened up the DOC-IGA Infrastructure Capital Project Fund for the funding of future infrastructure to serve the South Industrial Corridor. Initial revenues for the year were \$1,451,673 with expenditures of \$1,012,581 leaving an ending fund balance of \$439,092. Expenditures for the year ending June 30, 2008 were primarily for the acquisition of a new water treatment plant site at approximately \$900,000 plus transaction costs.
- Systems Development Charge (SDC) revenues from new connections for the non-major governmental funds, Street System and Park System, grew significantly resulting respectively in ending fund balances of \$432,143 and \$188,979.
- SDC revenues from the enterprise funds, Water System Development and Sewer System Development, also benefitted from the new connections to the systems resulting respectively in ending fund balances of \$132,016 and \$989,957 expressed in a budgetary basis of measurement. Increases were respectively \$74,385 and \$565,623.
- The Wastewater Treatment Capital Project Fund was merged with the Sewer System Improvement Fund through a transfer of \$364,603 from the former to the latter.
- With the purchase of a major asset (a new trash hauler), the Sanitation Equipment Reserve Fund shrank by \$200,445 to an ending fund balance of \$29,482.

General Fund Budgetary Highlights

The City's General Fund ended the year with a fund balance of \$1,860,405, an increase of \$267,374 from the beginning of year balance. The increase represents an overall increase in General Fund ending balance of 16.8%. This is in sharp contrast with the planned operating deficit of \$217,158 at the adoption of the budget representing a positive swing of \$484,532 from expectations.

While somewhat below expectations, the property taxes for the year increased at a rate of approximately 4.4% over the prior year's collections. Helping to improve performance this year was the significantly higher than expected Franchise tax collections of \$389,550. This is a \$124,273 increase over expected revenues and a \$97,418 increase over prior year collections.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets—Modified Cash Basis

At June 30, 2008, the City had more than \$18.2 million invested in capital assets, net of depreciation, including land and buildings, police and public works equipment, park facilities, infrastructure, and water and sewer lines and system components. (See table below). This represents a net increase of just over \$3.5 million from last year. The large increase is due to contributed property improvements associated with the Oaklea Meadows subdivision and two land purchases.

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,010,778	\$ 867,760	\$ 1,247,165	\$ 1,197,982	\$ 2,257,943	\$ 2,065,742
Construction in progress	106,716	-	182,242	170,019	288,958	170,019
Other improvements	-	311,892	-	-	-	311,892
Machinery and equipment	405,115	388,032	729,884	365,470	1,134,999	753,502
Infrastructure	3,737,016	3,195,996	118,505	125,911	3,855,521	3,321,907
Utility property	1,058,937	-	9,703,372	8,108,201	10,762,309	8,108,201
Total	<u>\$ 6,318,562</u>	<u>\$ 4,763,680</u>	<u>\$ 11,981,168</u>	<u>\$ 9,967,583</u>	<u>\$ 18,299,730</u>	<u>\$ 14,731,263</u>

This year's capital asset additions were:

Vehicles	\$ 162,610
Equipment	\$ 397,783
Land/Building purchases	\$ 1,074,797
Contributed capital	\$ 2,328,400
System improvements:	
Water	\$ 58,485
Sewer	\$ 203,992
Sidewalk	\$ 10,416

Long-term Debt—Modified Cash Basis

At July 1, 2004, the City had \$9,782,929 in long-term debt committed to funding the improvement of the City's wastewater treatment system. In August of 2004 the City entered into an agreement with the OECDD to prepay this loan. Please see page 37 for further explanation of this transaction. The City's remaining long-term debt consists of a loan through the State's Economic Development Department. The original loan amount of \$250,000 requires annual payments of \$22,026 amortized over 20 years at 6.13% interest. The balance on the loan at June 30, 2008 was \$92,457. For more information on long-term debt, see Note III. F. on page 37.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the upcoming fiscal year ending June 30, 2009, the City's budget is fairly consistent with this year. During the fiscal year ending June 30, 2009, the City plans to continue its review of utility rates for all of its proprietary funds and implement rate increases as necessary to cover operating costs. We anticipate restructuring both the water and sewer rates to provide greater equity to the system regardless of class of user. The goals are to impose a rate structure that is tied to utilization and provides a financial incentive for conservation of resources.

Utilizing engineering consultants largely financed through an intergovernmental agreement with the Oregon Department of Corrections, the City has begun the process of updating its plans for the wastewater treatment system improvements mandated by the Oregon Department of Environmental Quality and preparing an updated Water Master Plan. The City will complete work during fiscal year ending June 30, 2009 on the replacement of the pump stations at 9th & Ivy and 13th & Elm paid for in full entirely through the wastewater surcharge collected through the rate structure.

Work continues in earnest on planning the infrastructure improvements for the two proposed State institutions. Design is nearly complete on the water distribution and wastewater collection system enlargements that will parallel Highway 99 south to the facilities. A consultant firm, Right of Way Associates, has been developing the acquisition documents for proposed easements necessary for the installation. Bidding is tentatively planned for the spring of 2009, dependent upon State budget appropriations.

The major unknown at this time is the impact of the National economic collapse on the State and local budgeting process. The City has experienced a shutdown of an 86-year old business, Gibson Motors, and is very concerned about the health of the remaining automobile and recreation vehicle enterprises. As it has been stated elsewhere, we live in interesting and difficult times.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Shauna Hartz, Finance Director, at 680 Greenwood St., Junction City, Oregon 97448 or telephone at (541) 998-2153.

BASIC FINANCIAL STATEMENTS

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Statement of Net Assets - Modified Cash Basis

June 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,888,778	\$ 5,788,585	\$ 11,677,363
Loans receivable	205,583	-	205,583
Development receivable	3,241	-	3,241
Capital assets not being depreciated:			
Land	1,010,778	1,247,165	2,257,943
Construction in progress	106,716	182,242	288,958
Capital assets net of depreciation:			
Utility property and improvements	1,058,937	9,703,372	10,762,309
Infrastructure	3,737,016	118,505	3,855,521
Machinery and equipment	405,115	729,884	1,134,999
Total assets	<u>\$ 12,416,164</u>	<u>\$ 17,769,753</u>	<u>\$ 30,185,917</u>
LIABILITIES			
Deposits and withholdings payable	\$ 37,748	\$ 25	\$ 37,773
Noncurrent liabilities:			
Due within one year	-	41,254	41,254
Due in more than one year	-	154,148	154,148
Total liabilities	<u>37,748</u>	<u>195,427</u>	<u>233,175</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,318,562	11,785,766	18,104,328
Restricted for DOC-IGA capital project	439,092	-	439,092
Restricted for Streets	501,520	-	501,520
Restricted for systems development	621,122	1,269,348	1,890,470
Unrestricted	4,498,120	4,519,212	9,017,332
Total net assets	<u>12,378,416</u>	<u>17,574,326</u>	<u>29,952,742</u>
Total liabilities and net assets	<u>\$ 12,416,164</u>	<u>\$ 17,769,753</u>	<u>\$ 30,185,917</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2008

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
General government	\$ 737,310	\$ 183,544	\$ 1,490,330	\$ 1,486,152	\$ -	\$ 1,486,152
Public safety	1,441,502	36,716	-	(1,391,244)	-	(1,391,244)
Highways and streets	581,009	233,611	793,161	453,055	-	453,055
Economic development	114,307	200	-	(114,107)	-	(114,107)
Culture and recreation	539,669	37,386	24,059	(382,694)	-	(382,694)
Total governmental activities	3,413,797	608,008	477,930	2,379,021	51,162	51,162
Business-type activities:						
Water	681,368	714,163	33,145	486,891	552,831	552,831
Sewer	807,230	1,295,058	34,845	1,752,079	2,274,752	2,274,752
Sanitation	678,318	689,924	-	-	11,606	11,606
Total business-type activities	2,166,916	2,699,145	67,990	2,238,970	2,839,189	2,839,189
Total government	\$ 5,580,713	\$ 3,307,153	\$ 545,920	\$ 4,617,991	\$ 2,839,189	\$ 2,890,351
General revenues:						
Property taxes				1,521,392	-	1,521,392
Franchise taxes				389,550	-	389,550
Other taxes and receipts				11,470	-	11,470
Investment earnings				344,777	225,316	570,093
Loss on disposal of capital assets				(2,000)	-	(2,000)
Transfers - internal activity				31,500	(31,500)	-
Total general revenues, and transfers				2,296,689	193,816	2,490,505
Change in net assets				2,347,851	3,033,005	5,380,856
Net assets - beginning				10,030,565	14,541,321	24,571,886
Net assets - ending				\$ 12,378,416	\$ 17,574,326	\$ 29,952,742

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
Balance Sheet - Modified Cash Basis
Governmental Funds
June 30, 2008

	General Fund	DOC-IGA Infrastructure Capital Project Fund	Street Fund	Building Replacement Reserve Fund	Business Development Loan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 1,888,412	\$ 439,092	\$ 508,020	\$ 548,826	\$ 1,025,999	\$ 1,478,429	\$ 5,888,778
Development receivables	3,241	-	-	-	-	-	3,241
Loan receivables	-	-	-	-	205,583	-	205,583
Total assets	<u>\$ 1,891,653</u>	<u>\$ 439,092</u>	<u>\$ 508,020</u>	<u>\$ 548,826</u>	<u>\$ 1,231,582</u>	<u>\$ 1,478,429</u>	<u>\$ 6,097,602</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Deposits and withholdings payable	31,248	-	6,500	-	-	-	37,748
Deferred revenue	-	-	-	-	205,583	-	205,583
Total liabilities	<u>31,248</u>	<u>-</u>	<u>6,500</u>	<u>-</u>	<u>205,583</u>	<u>-</u>	<u>243,331</u>
Fund balances:							
Reserved for systems development	-	-	-	-	-	621,122	621,122
Unreserved, reported in:							
General fund	1,860,405	-	-	-	-	-	1,860,405
Capital project fund	-	439,092	-	-	-	-	439,092
Special revenue funds	-	-	501,520	548,826	1,025,999	857,307	2,933,652
Total fund balances	<u>1,860,405</u>	<u>439,092</u>	<u>501,520</u>	<u>548,826</u>	<u>1,025,999</u>	<u>1,478,429</u>	<u>5,854,271</u>
Total liabilities and fund balances	<u>\$ 1,891,653</u>	<u>\$ 439,092</u>	<u>\$ 508,020</u>	<u>\$ 548,826</u>	<u>\$ 1,231,582</u>	<u>\$ 1,478,429</u>	

RECONCILIATION TO STATEMENT OF NET ASSETS:

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities of \$8,768,221 net of accumulated depreciation of \$2,449,659 are not financial resources and, therefore, are not reported in the funds.

6,318,562

Deferred revenue represents amounts that were not available to fund current expenditures and therefore is reported in the governmental funds

205,583

Net assets of governmental activities

\$ 12,378,416

The notes to the financial statements are an integral part of this statement.

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	DOC-IGA Infrastructure Capital Project Fund	Street Fund	Building Replacement Reserve Fund	Business Development Loan Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property	\$ 1,521,392	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,521,392
Franchise	389,550	-	-	-	-	-	389,550
Other	11,470	-	-	-	-	-	11,470
Licenses and permits	305,369	-	-	-	-	-	305,369
Intergovernmental	143,533	1,450,795	233,611	-	-	100,786	1,928,725
Charges for services	43,104	-	-	-	-	25,725	68,829
System development charges	39,535	-	-	-	-	182,286	221,821
Fines and penalties	177,532	-	-	-	-	-	177,532
Investment earnings	79,071	878	24,784	25,855	48,036	59,234	237,858
Principal received - loan program	-	-	-	-	11,546	-	11,546
Interest received - loan program	-	-	-	-	6,919	-	6,919
Contributions and donations	-	-	-	-	-	11,955	11,955
Other revenue	23,583	-	4,872	-	200	27,573	56,228
Total revenues	<u>2,734,139</u>	<u>1,451,673</u>	<u>263,267</u>	<u>25,855</u>	<u>66,701</u>	<u>407,559</u>	<u>4,949,194</u>
EXPENDITURES							
Current:							
General government	596,595	1,012,581	-	72,044	-	54,653	1,735,873
Public safety	1,399,509	-	-	-	-	41,993	1,441,502
Highways and streets	-	-	397,085	-	-	55,552	452,637
Economic development	-	-	-	-	114,307	-	114,307
Culture and recreation	440,161	-	-	-	-	91,699	531,860
Total expenditures	<u>2,436,265</u>	<u>1,012,581</u>	<u>397,085</u>	<u>72,044</u>	<u>114,307</u>	<u>243,897</u>	<u>4,276,179</u>
Excess (deficiency) of revenues over (under) expenditures	<u>297,874</u>	<u>439,092</u>	<u>(133,818)</u>	<u>(46,189)</u>	<u>(47,606)</u>	<u>163,662</u>	<u>673,015</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	5,000	-	123,221	128,221
Transfers out	(30,500)	-	(11,000)	-	-	(55,221)	(96,721)
Total other financing sources and (uses)	<u>(30,500)</u>	<u>-</u>	<u>(11,000)</u>	<u>5,000</u>	<u>-</u>	<u>68,000</u>	<u>31,500</u>
Net change in fund balances	<u>267,374</u>	<u>439,092</u>	<u>(144,818)</u>	<u>(41,189)</u>	<u>(47,606)</u>	<u>231,662</u>	<u>704,515</u>
Fund balances - beginning	<u>1,593,031</u>	<u>-</u>	<u>646,338</u>	<u>590,015</u>	<u>1,073,605</u>	<u>1,246,767</u>	<u>5,149,756</u>
Fund balances - ending	<u>\$ 1,860,405</u>	<u>\$ 439,092</u>	<u>\$ 501,520</u>	<u>\$ 548,826</u>	<u>\$ 1,025,999</u>	<u>\$ 1,478,429</u>	<u>\$ 5,854,271</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds - Modified Cash Basis
To the Statement of Activities
For the Year Ended June 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 704,515
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.	862,382
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:	
Donated capital assets	694,500
Change in deferred revenue	88,454
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Net book value of disposed capital assets	<u>(2,000)</u>
Change in net assets of governmental activities	<u><u>\$ 2,347,851</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 1,565,236	\$ 1,565,236	\$ 1,521,392	\$ (43,844)
Franchise taxes	265,277	265,277	389,550	124,273
Other taxes	8,800	8,800	11,470	2,670
Licenses and permits	184,682	243,082	305,369	62,287
Intergovernmental revenues	134,560	136,660	143,533	6,873
Charges for services	58,500	38,800	43,104	4,304
Fines and penalties	213,700	213,700	177,532	(36,168)
Investment earnings	36,163	36,163	79,071	42,908
System development charges	37,425	37,425	39,535	2,110
Other revenue	2,174	96,374	23,583	(72,791)
Total revenues	2,506,517	2,641,517	2,734,139	92,622
Expenditures:				
Personal services	1,911,754	1,911,754	1,719,051	192,703
Materials and services	720,371	855,371	704,604	150,767
Capital outlay	1,050	29,050	12,610	16,440
Contingency	60,000	32,000	-	32,000
Total expenditures	2,693,175	2,828,175	2,436,265	391,910
Excess (deficiency) of revenues over (under) expenditures	(186,658)	(186,658)	297,874	484,532
Other financing sources (uses):				
Transfers out	(30,500)	(30,500)	(30,500)	-
Total other financing sources (uses)	(30,500)	(30,500)	(30,500)	-
Net change in fund balances	(217,158)	(217,158)	267,374	484,532
Fund balance:				
Beginning of year	1,417,532	1,417,532	1,593,031	175,499
End of year	\$ 1,200,374	\$ 1,200,374	\$ 1,860,405	\$ 660,031

The notes to the financial statements are an integral part of this statement

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
DOC-IGA INFRASTRUCTURE CAPITAL PROJECT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental revenues	\$ -	\$ 4,795,000	\$ 1,450,795	\$ (3,344,205)
Investment earnings	-	-	878	878
Total revenues	<u>-</u>	<u>4,795,000</u>	<u>1,451,673</u>	<u>(3,343,327)</u>
Expenditures:				
Materials and services	-	2,770,000	100,122	2,669,878
Capital outlay	-	2,025,000	912,459	1,112,541
Total expenditures	-	4,795,000	1,012,581	3,782,419
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>439,092</u>	<u>439,092</u>
Fund balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 439,092</u>	<u>\$ 439,092</u>

The notes to the financial statements are an integral part of this statement

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON
STREET FUND**

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 242,828	\$ 242,828	\$ 233,611	\$ (9,217)
Investment earnings	23,007	23,007	24,784	1,777
Other revenue	49,535	49,535	4,872	(44,663)
Total revenues	315,370	315,370	263,267	(52,103)
Expenditures:				
Personal services	253,867	253,867	238,264	15,603
Materials and services	122,553	127,553	114,795	12,758
Capital outlay	205,000	205,000	44,026	160,974
Contingency	10,000	5,000	-	5,000
Total expenditures	591,420	591,420	397,085	194,335
Excess (deficiency) of revenues over (under) expenditures	(276,050)	(276,050)	(133,818)	142,232
Other financing sources (uses):				
Transfers out	(11,000)	(11,000)	(11,000)	-
Net change in fund balances	(287,050)	(287,050)	(144,818)	142,232
Fund balance:				
Beginning of year	618,000	618,000	646,338	28,338
End of year	\$ 330,950	\$ 330,950	\$ 501,520	\$ 170,570

The notes to the financial statements are an integral part of this statement

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
BUILDING REPLACEMENT RESERVE FUND
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 18,146	\$ 18,146	\$ 25,855	\$ 7,709
Expenditures:				
Materials and services	25,000	25,000	7,960	17,040
Capital outlay	<u>105,000</u>	<u>105,000</u>	<u>64,084</u>	<u>40,916</u>
Total expenditures	<u>130,000</u>	<u>130,000</u>	<u>72,044</u>	<u>57,956</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(111,854)</u>	<u>(111,854)</u>	<u>(46,189)</u>	<u>65,665</u>
Other financing sources (uses):				
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	(106,854)	(106,854)	(41,189)	65,665
Fund balance:				
Beginning of year	<u>525,000</u>	<u>525,000</u>	<u>590,015</u>	<u>65,015</u>
End of year	<u>\$ 418,146</u>	<u>\$ 418,146</u>	<u>\$ 548,826</u>	<u>\$ 130,680</u>

The notes to the financial statements are an integral part of this statement

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
BUSINESS DEVELOPMENT LOAN FUND
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 28,338	\$ 28,338	\$ 48,036	\$ 19,698
Principal received - loan program	7,275	7,275	11,546	4,271
Interest received - loan program	5,794	5,794	6,919	1,125
Other revenue	<u>200</u>	<u>200</u>	<u>200</u>	<u>-</u>
Total revenues	<u>41,607</u>	<u>41,607</u>	<u>66,701</u>	<u>25,094</u>
Expenditures:				
Materials and services	<u>1,060,500</u>	<u>1,060,500</u>	<u>114,307</u>	<u>946,193</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,018,893)</u>	<u>(1,018,893)</u>	<u>(47,606)</u>	<u>971,287</u>
Net change in fund balances	(1,018,893)	(1,018,893)	(47,606)	971,287
Fund balance:				
Beginning of year	<u>1,085,000</u>	<u>1,085,000</u>	<u>1,073,605</u>	<u>(11,395)</u>
End of year	<u>\$ 66,107</u>	<u>\$ 66,107</u>	<u>\$ 1,025,999</u>	<u>\$ 959,892</u>

The notes to the financial statements are an integral part of this statement

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Statement of Net Assets - Modified Cash Basis
Enterprise Funds
June 30, 2008

	Business-Type Activities			Total
	Water Funds	Sewer Funds	Sanitation Funds	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 586,408	\$ 4,991,104	\$ 211,073	\$ 5,788,585
Noncurrent assets:				
Land	264,520	906,144	76,501	1,247,165
Construction in progress	-	182,242	-	182,242
Other capital assets, net of accumulated depreciation	3,211,140	6,899,449	441,172	10,551,761
Total noncurrent assets	3,475,660	7,987,835	517,673	11,981,168
Total assets	<u>\$ 4,062,068</u>	<u>\$ 12,978,939</u>	<u>\$ 728,746</u>	<u>\$ 17,769,753</u>
LIABILITIES				
Current liabilities:				
Deposits and withholdings payable	25	-	-	25
Capital lease payable - current portion	-	-	24,895	24,895
Note payable - current portion	16,359	-	-	16,359
Total current liabilities	16,384	-	24,895	41,279
Noncurrent liabilities:				
Capital lease payable	-	-	78,050	78,050
Notes payable	76,098	-	-	76,098
Total noncurrent liabilities	76,098	-	78,050	154,148
Total liabilities	92,482	-	102,945	195,427
NET ASSETS				
Invested in capital assets, net of related debt	3,383,203	7,987,835	414,728	11,785,766
Restricted for systems development	231,973	1,037,375	-	1,269,348
Unrestricted	354,410	3,953,729	211,073	4,519,212
Total net assets	3,969,586	12,978,939	625,801	17,574,326
Total liabilities and net assets	<u>\$ 4,062,068</u>	<u>\$ 12,978,939</u>	<u>\$ 728,746</u>	<u>\$ 17,769,753</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Statement of Revenues, Expenses, and Changes in Fund Net Assets - Modified Cash Basis
Enterprise Funds
For the Year Ended June 30, 2008

	Business-Type Activities			Total
	Water Funds	Sewer Funds	Sanitation Funds	
Operating revenues:				
Charges for services	\$ 706,352	\$ 1,289,229	\$ 662,030	\$ 2,657,611
Miscellaneous	7,811	5,829	27,894	41,534
Total operating revenues	<u>714,163</u>	<u>1,295,058</u>	<u>689,924</u>	<u>2,699,145</u>
Operating expenses:				
Personal services	239,030	239,148	322,015	800,193
Materials and services	326,502	296,548	314,648	937,698
Depreciation	109,222	271,534	41,655	422,411
Total operating expenses	<u>674,754</u>	<u>807,230</u>	<u>678,318</u>	<u>2,160,302</u>
Operating income	<u>39,409</u>	<u>487,828</u>	<u>11,606</u>	<u>538,843</u>
Nonoperating revenues (expenses):				
Intergovernmental	33,145	34,845	-	67,990
Investment earnings	22,045	191,041	12,230	225,316
Interest expense	(6,614)	-	-	(6,614)
Total nonoperating revenues (expenses)	<u>48,576</u>	<u>225,886</u>	<u>12,230</u>	<u>286,692</u>
Income before capital contributions and transfers	87,985	713,714	23,836	825,535
Capital contributions:				
System development charges	70,391	534,679	-	605,070
Infrastructure donated	416,500	1,217,400	-	1,633,900
Total capital contributions	<u>486,891</u>	<u>1,752,079</u>	<u>-</u>	<u>2,238,970</u>
Transfers in	25,000	551,372	10,000	586,372
Transfers out	(43,500)	(558,872)	(15,500)	(617,872)
Total transfers	<u>(18,500)</u>	<u>(7,500)</u>	<u>(5,500)</u>	<u>(31,500)</u>
Change in net assets	556,376	2,458,293	18,336	3,033,005
Total net assets - beginning	<u>3,413,210</u>	<u>10,520,646</u>	<u>607,465</u>	<u>14,541,321</u>
Total net assets - ending	<u>\$ 3,969,586</u>	<u>\$ 12,978,939</u>	<u>\$ 625,801</u>	<u>\$ 17,574,326</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Statements of Cash Flows - Modified Cash Basis
Enterprise Funds
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds			
	Water Funds	Sewer Funds	Sanitation Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 714,163	\$ 1,295,058	\$ 689,924	\$ 2,699,145
Payments to suppliers	(326,477)	(296,548)	(314,648)	(937,673)
Payments to employees	(239,030)	(239,148)	(322,015)	(800,193)
Net cash provided by operating activities	<u>148,656</u>	<u>759,362</u>	<u>53,261</u>	<u>961,279</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer in	25,000	551,372	10,000	586,372
Transfer out	(43,500)	(558,872)	(15,500)	(617,872)
Net cash used by noncapital financing activities	<u>(18,500)</u>	<u>(7,500)</u>	<u>(5,500)</u>	<u>(31,500)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(62,341)	(395,641)	(213,989)	(671,971)
System development charges	70,391	534,679	-	605,070
Intergovernmental	33,145	34,845	-	67,990
Capital lease down payment	-	-	(27,180)	(27,180)
Interest paid on long-term debt	(6,614)	-	-	(6,614)
Principal paid on long-term debt	(15,413)	-	-	(15,413)
Net cash provided (used) by capital and related financing activities	<u>19,168</u>	<u>173,883</u>	<u>(241,169)</u>	<u>(48,118)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	22,045	191,041	12,230	225,316
Net change in cash and cash equivalents	171,369	1,116,786	(181,178)	1,106,977
Cash and cash equivalents - beginning	415,039	3,874,318	392,251	4,681,608
Cash and cash equivalents - ending	<u>\$ 586,408</u>	<u>\$ 4,991,104</u>	<u>\$ 211,073</u>	<u>\$ 5,788,585</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 39,409	\$ 487,828	\$ 11,606	\$ 538,843
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	109,222	271,534	41,655	422,411
Increase in deposits and withholdings payable	25	-	-	25
Total adjustments	<u>109,247</u>	<u>271,534</u>	<u>41,655</u>	<u>422,436</u>
Net cash provided by operating activities	<u>\$ 148,656</u>	<u>\$ 759,362</u>	<u>\$ 53,261</u>	<u>\$ 961,279</u>
Noncash investing, capital, and financing activities:				
Borrowing under capital lease	\$ 102,945	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Statement of Fiduciary Net Assets - Modified Cash Basis

Fiduciary Funds

June 30, 2008

	Private-purpose Trust Fund	
	Shop With A Cop Trust Fund	Municipal Court Agency Fund
ASSETS		
Cash and cash equivalents	\$ 2,764	\$ 46,978
 LIABILITIES AND NET ASSETS		
Liabilities		
Fines and bails	\$ -	\$ 46,978
Net Assets		
Held in trust	2,764	-
Total liabilities and net assets	\$ 2,764	\$ 46,978

The notes to the financial statements are an integral part of this statement.

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Statement of Changes in Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
For the Year Ended June 30, 2008

	Shop With A Cop Trust Fund
ADDITIONS	
Interest income:	\$ 121
Donations	650
Total additions	<u>771</u>
DEDUCTIONS	
Expenditures	714
Benefits	168
Total deductions	<u>882</u>
Change in net assets	(111)
Net assets - beginning	<u>2,875</u>
Net assets - ending	<u><u>\$ 2,764</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2008

Note I - Summary of significant accounting policies

As discussed further in Note I.C, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Reporting entity

The City of Junction City ("City") was incorporated in 1872. The City has a population of approximately 5,135, includes a geographical area of approximately two square miles, and operates under a council / administrator form of government. Major services provided by the City include police protection, planning/land use, building permitting, seasonal swimming pool, street maintenance, garbage collection, sewer services, and water services.

The accompanying financial statements present the City of Junction City, Oregon, as the primary government. The City has no component units, which are legally separate organizations fiscally dependent on the City or for which the City is financially accountable. The City is a municipal corporation governed by a council comprised of six members and a Mayor, who are elected at large.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on user fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses 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 classified as program revenues are reported as *general revenues*.

Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are classified and summarized as governmental, proprietary, and fiduciary. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column with each fund type in the financial section of the basic financial statements and are detailed in the supplemental information.

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2008

Note I - Summary of significant accounting policies, continued

B. Government-wide and fund financial statements, continued

The City reports the following major governmental funds:

General Fund - is the general operating fund of the City. It accounts for all the financial operations of the City that are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, licenses and permits, intergovernmental revenues, various fees for services provided, and interest income. The General Fund accounts for the general operating expenditures of the City not recorded elsewhere.

DOC-IGA Infrastructure Capital Project Fund accounts for revenues received from the State of Oregon to design and construct system improvements using a combination of the City staff and contracted services as defined by the agreement.

Street Fund - accounts for revenues received from state gasoline taxes which are to be expended for the purpose of construction, reconstruction, maintenance and use of public highways, streets and roadside rest areas.

Building Replacement Reserve Fund - accounts for the accumulation of cash reserves to make needed building improvements and acquisitions.

Business Development Loan Fund - accounts for the administration and granting of loans. Revenue is generated from the repayment of the loans.

The City reports each of its three proprietary funds as major funds. Each of the funds include two or more budgetary funds that have been consolidated for financial reporting purposes. These funds are used to account for the acquisition, operation, and maintenance of water, sewer, and sanitation facilities. These funds are entirely or predominantly self-supported through user charges to customers. The City reports the following proprietary funds:

Water Fund

Water Operating Fund

Water System Improvement Fund

Water Equipment Reserve Fund

Water System Development Fund

Sewer Fund

Sewer Operating Fund

Sewer Ratepayer Assistance Fund

Wastewater Treatment Capital Project Fund

Sewer Equipment Reserve Fund

Sewer System Development Fund

Sewer System Improvement Fund

Sanitation Fund

Sanitation Operating Fund

Sanitation Equipment Reserve

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2008

Note I - Summary of significant accounting policies, continued

B. Government-wide and fund financial statements, continued

Fiduciary Funds account for the assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and / or other funds. Fiduciary funds include the following funds:

Municipal Court Fund - accounts for fines and bail monies collected by the Junction City Municipal Court.

Shop With A Cop Trust Fund - accounts for donations received for the specific purpose of providing Christmas shopping excursions for children with members of the police department.

C. Measurement focus, basis of accounting, and financial statement presentation

In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the *economic resources 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, changes in net assets, financial position, and cash flows. All assets and liabilities associated with their activities are reported.

All governmental funds utilize a "current financial resources" measurement focus. 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.

In the government-wide Statement of Net Assets and Statement of Activities and in the fund financial statements, governmental, and business-type activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The City has elected not to apply FASB guidance issued subsequent to November 30, 1989 to business-type activities and to enterprise funds, unless specifically adopted by the GASB.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges for services and miscellaneous revenue. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Capital contributions consist of contributed capital assets and system development charges that are legally restricted by state law to capacity-enhancing projects for the sewer systems, water systems, street systems, and parks facilities.

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

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2008

Note I - Summary of significant accounting policies, continued

D. Assets, liabilities, and net assets or equity

1. Deposits and investment

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and the City's investment in the State of Oregon Local Government Investment Pool ("LGIP"). State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements. The LGIP is reported at cost which approximates fair value.

2. Loans receivable

The loans receivable balance is stated at the amount management expects to collect from borrowers. Management evaluates the credit risk of specific customers, historical trends, collateral, and other information relating to the notes receivable portfolio. At June 30, 2008, management believes uncollectible amounts are immaterial; accordingly, no allowance for doubtful accounts has been provided.

3. Property taxes

Property taxes are levied and become a lien on July 1. Property taxes are assessed in October and tax payments are due November 15th of the same year. Under the partial payment schedule, the first one third of taxes are due November 15th, the second one-third on February 15th and a two percent discount is allowed if two thirds payment is made by November 15th. Taxes become delinquent if not paid fully by May 15 and interest accrues after each trimester at a rate of one percent per month. If, after three years from the tax due date, taxes are still unpaid, counties initiate tax foreclosure proceedings.

4. Capital assets

The City's modified cash basis of accounting reports capital assets resulting from cash transactions and from the capital lease; and reports depreciation where appropriate. Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 - 40
Infrastructure	10 - 40
Building improvements	10 - 40
Vehicles	2 - 10
Office equipment	3 - 10
Computer equipment	3 - 10

GASB Statement 34 includes provisions to minimize the burden of retroactively applying the capitalization requirement for general infrastructure assets. Infrastructure assets acquired prior to the implementation of GASB 34 need not be capitalized. The City is applying these provisions and has capitalized only those infrastructure assets acquired after June 30, 2003.

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2008

Note I - Summary of significant accounting policies, continued

D. Assets, liabilities, and net assets or equity, continued

5. Zone of benefits payable

During fiscal year 2006 - 2007, the City required a developer to construct sewer infrastructure improvements at Third and Maple for the benefit of other property owners. The City established a "zone of benefit" and is charging property owners who benefit from improvements paid for by the developer. Amounts collected by the City pursuant to the zone of benefit plan, are periodically remitted to the developer. The zone of benefit payable at year end was \$18,767. This amount, reported as "Deposits and withholdings payable" in the financial statements, represents collections from property owners that have not been remitted to the developer at year end.

6. Long-term obligations

All long-term debt arising from cash basis transactions is reported as liabilities in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, which payment of principal and interest is reported as expenditures. The accounting treatment for proprietary funds is the same in the fund financial statements as in the government-wide statements. Long-term debt and other long-term obligations are reported as liabilities.

7. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Note II - Stewardship, compliance, and accountability

A. Budgetary information

Budgets are prepared and adopted, and expenditures are appropriated, in accordance with Oregon Local Budget Law. Except for the agency funds, the City is required by law to budget all funds. The budgetary level of control is appropriated by fund, and object (i.e. personal services, materials and services, capital outlay, debt service, interfused transfers, and contingency). Appropriations lapse as of the year end. The City does not use encumbrance accounting.

The City Council may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publication in newspapers, and adoption by the City Council. Expenditure appropriations may not be legally over-expended except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may transfer budget amounts between individual line items within the object group, but cannot make changes to the object groups themselves, which is the legal level of control. During the year, the City modified its adopted budget with a number of transfer resolutions and supplemental budgets.

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2008

Note III - Detailed notes on all funds

A. Deposits and investments

The City pools virtually all funds for investment purposes. Interest earned on pooled investments is allocated to funds based on the prorated amounts pooled by the respective funds. Each fund type's portion of this pool is displayed in the basic financial statements as "Cash and cash equivalents."

Oregon Revised Statutes, Chapter 294, authorizes the City to invest in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by a qualified financial institution, commercial paper, corporate bonds, repurchase agreements, State of Oregon Local Government Investment Pool ("LGIP"), and various interest-bearing bonds of Oregon Municipalities.

The City is authorized to invest in the LGIP, an external investment pool, within prescribed limits. The investments are booked at fair value which approximates cost. The LGIP investments are governed by a written investment policy that is reviewed annually by the Oregon Short-Term Fund Board. The Oregon Short-term Fund Board is comprised of members of local government and private investment professionals, who are appointed by the Governor of the State of Oregon.

At year end, the City's cash and cash equivalents include the following:

Cash on hand	\$	1,091			
Cash in Banks		349,710			
LGIP		<u>11,376,304</u>			
Total		<u>\$ 11,727,105</u>			
		Government-wide	Fiduciary	Total	
		<u>Statements</u>	<u>Funds</u>	<u></u>	
Cash and cash equivalents	<u>\$</u>	<u>11,677,363</u>	<u>\$</u>	<u>49,742</u>	<u>\$ 11,727,105</u>

Custodial credit risk - deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal policy for custodial credit risk, but follows the requirements of ORS 295. FDIC insures up to \$100,000 of deposits in each depository. Where balances exceed \$100,000, ORS 295.025 requires the depositor to obtain certificates of participation (COPS) in the amount of the excess deposits. Depository banks must pledge securities with a value of at least 25% of the COP, and the securities are held by a custodian for the benefit of the City. The City had no balances in excess of the FDIC insurance plus 25% of the COPS.

Effective July 1, 2008, House Bill 2901, which was passed during the 2007 Regular Session of the Oregon Legislative Assembly, significantly revises ORS 295. The changes streamline the collateralization process for bank depositories and local governments. The changes also create 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 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.

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2008

Note III - Detailed notes on all funds, continued

A. Deposits and investments, continued

Interest rate risk. While the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, it has historically invested only in the LGIP. As of June 30, 2008 the weighted maturity for the LGIP was as follows: up to 93 days (77%); 94 days to one year (3%); and, 1 - 3 years (20%).

Credit risk. The City has no investment policy for credit risk but follows State law. In practice, the City limits investments to the LGIP, which is not rated. The Oregon State Treasurer maintains the Oregon Short Term Fund, of which the LGIP is a 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, funds are invested using the prudent investor standard, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council. Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer.

B. Loan receivables

The City has a program in which qualifying businesses receive financing from the City to provide for business expansion and job creation within the City. These loans are managed by the City and the repayments must be used to finance additional loans to the qualifying businesses in the future. During the year ended June 30, 2008, activity in the Business Development Loan Fund was as follows:

	<u>Balance at beginning of year</u>	<u>New loans</u>	<u>Principal received</u>	<u>Balance at end of year</u>
Business development loan receivables	\$ 117,129	\$ 100,000	\$ 11,546	\$ 205,583

C. Interfund transfers

<u>Transfers out of:</u>	<u>Transfers in to:</u>		
	<u>Nonmajor Governmental funds</u>	<u>Building Replacement Reserve Fund</u>	<u>Total</u>
General fund	\$ 25,500	\$ 5,000	\$ 30,500
Street fund	11,000	-	11,000
Water fund	18,500	-	18,500
Sewer fund	7,500	-	7,500
Sanitation fund	5,500	-	5,500
Nonmajor governmental funds	<u>55,221</u>	<u>-</u>	<u>55,221</u>
Total	<u>\$ 123,221</u>	<u>\$ 5,000</u>	<u>\$ 128,221</u>

During the year, transfers were made to move unrestricted revenues in the General fund, Street fund, Water fund, Sewer fund, and Sanitation fund to various reserve funds.

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2008

Note III - Detailed notes on all funds, continued

D. Capital assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 867,760	\$ 143,018	\$ -	\$ 1,010,778
Construction in progress	<u>-</u>	<u>106,716</u>	<u>-</u>	<u>106,716</u>
Total capital assets, not being depreciated	<u>867,760</u>	<u>249,734</u>	<u>-</u>	<u>1,117,494</u>
Capital assets, being depreciated:				
Other improvements	2,019,126	769,413	-	2,788,539
Machinery and equipment	831,405	76,424	(28,484)	879,345
Infrastructure	<u>3,277,927</u>	<u>704,916</u>	<u>-</u>	<u>3,982,843</u>
Total capital assets being depreciated	<u>6,128,458</u>	<u>1,550,753</u>	<u>(28,484)</u>	<u>7,650,727</u>
Less accumulated depreciation for:				
Other improvements	1,707,234	22,368	-	1,729,602
Machinery and equipment	443,373	57,341	(26,484)	474,230
Infrastructure	<u>81,931</u>	<u>163,896</u>	<u>-</u>	<u>245,827</u>
Total accumulated depreciation	<u>2,232,538</u>	<u>243,605</u>	<u>(26,484)</u>	<u>2,449,659</u>
Total capital assets, being depreciated, net	<u>3,895,920</u>	<u>1,307,148</u>	<u>(2,000)</u>	<u>5,201,068</u>
Governmental activities capital assets, net	<u>\$ 4,763,680</u>	<u>\$ 1,556,882</u>	<u>\$ (2,000)</u>	<u>\$ 6,318,562</u>

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2008

Note III - Detailed notes on all funds, continued

D. Capital assets, continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,197,982	\$ 49,183	\$ -	\$ 1,247,165
Construction in progress	<u>170,019</u>	<u>180,992</u>	<u>(168,769)</u>	<u>182,242</u>
Total capital assets, not being depreciated	<u>1,368,001</u>	<u>230,175</u>	<u>(168,769)</u>	<u>1,429,407</u>
Capital assets, being depreciated:				
Machinery and equipment	987,327	439,555	(16,966)	1,409,916
Utility property and improvements	14,816,404	1,935,035	(18,000)	16,733,439
Infrastructure	<u>148,129</u>	<u>-</u>	<u>-</u>	<u>148,129</u>
Total capital assets being depreciated	<u>15,951,860</u>	<u>2,517,608</u>	<u>(34,966)</u>	<u>18,291,484</u>
Less accumulated depreciation for:				
Machinery and equipment	621,857	75,141	(16,966)	680,032
Utility property and improvements	6,708,203	339,864	(18,000)	7,030,067
Infrastructure	<u>22,218</u>	<u>7,406</u>	<u>-</u>	<u>29,624</u>
Total accumulated depreciation	<u>7,352,278</u>	<u>422,411</u>	<u>(34,966)</u>	<u>7,739,723</u>
Total capital assets, being depreciated, net	<u>8,599,582</u>	<u>2,095,197</u>	<u>-</u>	<u>10,551,761</u>
Business-type activities capital assets, net	<u>\$ 9,967,583</u>	<u>\$ 2,325,372</u>	<u>\$ (168,769)</u>	<u>\$ 11,981,168</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 44,842
Highways and streets	186,404
Culture and recreation	<u>12,359</u>
Total depreciation expense - governmental activities	<u>\$ 243,605</u>
Business-type activities:	
Water	\$ 109,222
Sewer	271,534
Sanitation	<u>41,655</u>
Total depreciation expense - business-type activities	<u>\$ 422,411</u>

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2008

Note III - Detailed notes on all funds, continued

E. Leases

Operating Leases

The City entered into a non-cancelable operating lease for the utility billing system on October 2001 with Old National Bank, formerly Public Capital Corporation. The total rental expenses were \$53,494 for the year ended June 30, 2008. The future minimum lease payment for this lease is as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2009	\$ 53,494
2010	53,494
2011	53,494
2012	<u>53,495</u>
Total	<u>\$ 213,977</u>

Capital Leases

On January 15, 2008, the City entered into a lease agreement with Otto Equipment Finance, LLC. as lessee for the acquisition of approximately 3,100 containers for garbage and recycling services. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Business-type Activities</u>
Asset:	
Equipment	\$ 130,125
Less: accumulated depreciation	<u>-</u>
Total	<u>\$ 130,125</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008, are as follows:

<u>Year ending June 30,</u>	<u>Business-type Activities</u>
2009	\$ 27,180
2010	27,180
2011	27,180
2012	<u>27,180</u>
Total minimum lease payments	108,720
Less: amount representing interest	<u>(5,775)</u>
Total	<u>\$ 102,945</u>

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2008

Note III - Detailed notes on all funds, continued

F. Long-term debt

The State of Oregon

The City borrowed \$10,463,000 from the Oregon Economic and Community Development Department ("OECDD") under a loan agreement dated October 11, 2000 to finance improvements to its wastewater system. The system improvements were necessary, in large part, as a result of plans by the State of Oregon to locate a prison in or near the City. The State has since delayed construction of the prison. The loan proceeds were not spent.

On August 12, 2004, the City entered into an agreement with the OECDD to prepay the loan. As required by the loan agreement, the City established an escrow fund with U.S. Bank to provide sufficient moneys to make all payments of principal and interest on the loan. This amount also allowed for any applicable prepayment premiums.

U.S. Bank is responsible for making the required annually scheduled debt service payments through and including December 1, 2008. On December 1, 2008, the first optional prepayment date, the bank will prepay the then-outstanding loan at the prepayment price equal to 102% of the par for the portion of then-outstanding loan principal (\$7,600,000) allocable to the 2000B Oregon Bond Bank Bonds, and 100% of par for the portion of the then-outstanding loan principal (\$806,122) allocable to the 1999B Lottery Revenue Bonds. As a result of the escrow arrangement, the debt is effectively defeased and no longer recognized as a liability of the City. The unpaid principal balance of the defeased debt at June 30, 2008 was \$8,710,116.

On July 14, 1993, the City entered into a special Public Works Fund Financial Assistance Award Contract with the State of Oregon through the State's Economic Development Department. The original loan amount of \$250,000 requires annual payments of \$22,027 amortized over 20 years at 6.13% interest. The loan is reported in the Water Enterprise Fund. The schedule of future loan payments is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 16,359	\$ 5,668
2010	17,362	4,665
2011	18,426	3,601
2012	19,556	2,471
2013	20,754	1,273
	<u>\$ 92,457</u>	<u>\$ 17,678</u>

Long-term liability activity for the year ended June 30, 2008 was as follows:

<u>Business-type activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
State of Oregon Loan - Water	\$ 107,870	\$ -	\$ 15,413	\$ 92,457	\$ 16,359

Interest expense for the year was \$6,614 - all reported in the Water Enterprise Fund.

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2008

Note IV - Other information

A. Contingent liabilities

The City occasionally becomes involved in various claims, threats of lawsuits, and litigation, and is subject to certain contingencies in the normal course of conducting City business. A claim against the City was made on August 31, 2006, directed to the Junction City Police Department and two other law enforcement agencies. The City referred the matter to its insurance carrier. The City expects that, if pursued, the claim will be vigorously defended and will not result in liability to the City. In addition, it appears that the statute of limitations has expired without a lawsuit having been filed. Management believes that, in the unlikely event of a successful claim, the City's insurance coverage is sufficient to cover any unfavorable verdict.

Another outstanding claim is pending in the U.S. District Court in Eugene. A lawsuit was filed in Lane County Circuit Court on October 22, 2007. The complaint alleges that two Junction City police officers conducted an illegal search of complainant's house and subsequently used evidence from that search to prosecute a complaint for animal neglect. The case was subsequently removed to US District Court, and is scheduled for trial on January 11, 2009. The case is being defended vigorously by the City's insurer, and it is expected that a favorable verdict will be received. Management believes the City's insurance limits are more than adequate to cover an adverse judgment, in the unlikely event that that should happen.

B. Employee retirement system and pension plan

Plan Description/Funding Policies - The City is a participating employer in the Oregon Public Employees Retirement System (OPERS), which provides statewide defined benefit and defined contribution retirement plans for units of state government, political subdivisions, community colleges, and school districts. OPERS is administered under Oregon Revised Statutes Chapter 238, and Internal Revenue Code Section 401(a) by the Oregon Public Employees Retirement Board (OPERB).

Cities, counties, and special districts that participate in OPERS may choose to join the State and Local Government Rate Pool (SLGRP). State agencies, community colleges, and public institutions of higher education are required by law to be part of the pool. All Oregon school districts are required by law to be part of a separate school district pool. Pooling allows separate employers to be part of one group for the purpose of determining employer pension costs and contribution rates. Pool participants share pension assets and future pension liabilities and surpluses. Employers in the pool jointly fund the future pension costs of all of the pooled participants. The City has elected to join the SLGRP. For members of the SLGRP, OPERS is a cost-sharing, multiple-employer plan.

OPERS, a component unit of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281, by calling (503) 598-7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>

City employees participate in one or more OPERS retirement plans that provide pension, death, disability, and post-employment healthcare benefits to members and their beneficiaries:

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2008

Note IV - Other information, continued

B. Employee retirement system and pension plan, continued

- PERS (Public Employee Retirement System) is a defined benefit pension plan provided to members or their beneficiaries who were hired prior to August 29, 2003. In 1995, the Legislature enacted a second level or "tier" of PERS benefits for persons who established PERS membership on or after January 1, 1996. These Tier Two members do not have the Tier One assumed earnings rate guarantee, and have a higher normal retirement age of 60, compared to 58 for Tier One. Employer contributions to PERS are required by state statute and are made at actuarially determined rates as adopted by the OPERB. The City's current annual required contribution rate of 13.16% was based on a December 31, 2006 actuarial evaluation. Up through December 31, 2006, covered employees were also required by state statute to contribute 6% of their annual salary to the PERS plan.
- OPSRP (Oregon Public Service Retirement Plan) is a hybrid retirement plan with two components: a defined benefit pension plan and a defined contribution pension plan.

The defined benefit pension plan is provided to members or their beneficiaries who were hired on or after August 29, 2003. Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the OPERB. The City's current required contribution rates for the OPSRP defined benefit pension plan are 12.59% for general service employees and 15.86% for police and fire employees.

The defined contribution pension plan (called the Individual Account Program, or IAP) is provided to all members or their beneficiaries who are PERS or OPSRP eligible. State statutes require covered employees to contribute 6% of their annual covered salary to the IAP plan effective January 1, 2004. The City has elected to contribute the 6% "pick-up" for the year ended June 30, 2008. Plan members of PERS retain their existing PERS accounts, but member contributions beginning in 2004 are deposited in the member's IAP, not into the member's PERS account.

Annual Pension Cost - All participating employers are required by law to submit the contributions as adopted by the OPERB. The City's contributions, exclusive of the 6% "pick-up" for the years ending June 30, 2008 and 2007, were \$315,123 and \$312,434, respectively, equal to the required contributions for each year.

C. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries; and natural disasters for which the City carries commercial insurance. Settled claims have not exceeded coverage in any of the last three years.

D. Subsequent event - financial crisis effect on the City's investments

The City's investment in the Local Government Investment Pool through the Oregon Short-Term Fund (OSTF) has exposure to the financial crisis, in particular, the bankruptcy filing by Lehman Brothers Holdings, Inc. The OSTF has exposure to Lehman bonds representing about 2% of the total fund. The OSTF expects to amortize the Lehman bonds at a recovery value to their respective maturity dates based on current expected recovery information, resulting in rate reduction adjustment to the OSTF. The OSTF expects to adjust rates based on general market conditions.

SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUNDS

FUND FINANCIAL STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

- PW Building/Yard Reserve Fund
- Viking Sal Capital Reserve Fund
- Viking Sal Senior Center Fund
- Viking Sal Memorial Fund
- Health Insurance Fund
- State Revenue Sharing Fund
- Police Vehicle and Equipment Reserve Fund
- Cumulative Law Enforcement Reserve Fund
- Prairie Road Street Improvement Reserve Fund
- Library Equipment and Building Improvement Reserve Fund
- Judiciary Equipment Reserve Fund
- Administration Vehicle Reserve Fund
- Park and Pool Equipment Reserve Fund
- Bike Path Reserve Fund
- Park System Development Fund
- Fire Sprinkler Maintenance Fund
- Computer Equipment Reserve Fund
- Street System Development Fund
- Police Defibrillator Fund
- Street Equipment Reserve Fund

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds
June 30, 2008

	PW Building/Yard Reserve Fund	Viking Sal Capital Reserve Fund	Viking Sal Senior Center Fund	Viking Sal Memorial Fund	Health Insurance Fund	State Revenue Sharing Fund
ASSETS						
Cash and cash equivalents	\$ 18,462	\$ 12,393	\$ 10,958	\$ 302	\$ 136,859	\$ 41,223
FUND BALANCES						
Reserved for systems development	-	-	-	-	-	-
Unreserved	18,462	12,393	10,958	302	136,859	41,223
Total fund balances	\$ 18,462	\$ 12,393	\$ 10,958	\$ 302	\$ 136,859	\$ 41,223

Continued on next page

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds
June 30, 2008

	Police Vehicle and Equipment Reserve Fund	Cumulative Law Enforcement Reserve Fund	Prairie Road Street Improvement Reserve Fund	Library Equipment and Building Improvement Reserve Fund	Administration Vehicle Reserve Fund
ASSETS					
Cash and cash equivalents	\$ 19,735	\$ 1,685	\$ 232,494	\$ 17,938	\$ 13,224
FUND BALANCES					
Reserved for systems development	-	-	-	-	-
Unreserved	19,735	1,685	232,494	17,938	13,224
Total fund balances	\$ 19,735	\$ 1,685	\$ 232,494	\$ 17,938	\$ 13,224

Continued on next page

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds
June 30, 2008

	Park and Pool Equipment Reserve Fund	Bike Path Reserve Fund	Park System Development Fund	Fire Sprinkler Maintenance Fund	Computer Equipment Reserve Fund	Street System Development Fund
ASSETS						
Cash and cash equivalents	\$ 7,378	\$ 37,599	\$ 188,979	\$ 205,208	\$ 35,419	\$ 432,143
FUND BALANCES						
Reserved for systems development	-	-	188,979	-	-	432,143
Unreserved	7,378	37,599	-	205,208	35,419	-
Total fund balances	\$ 7,378	\$ 37,599	\$ 188,979	\$ 205,208	\$ 35,419	\$ 432,143

Continued on next page

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds
June 30, 2008

	Police Defibrillator Fund	Street Equipment Reserve Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 823	\$ 65,607	\$ 1,478,429
FUND BALANCES			
Reserved for systems development	-	-	621,122
Unreserved	823	65,607	857,307
Total fund balances	\$ 823	\$ 65,607	\$ 1,478,429

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2008

	PW Building/Yard Reserve Fund	Viking Sal Capital Reserve Fund	Viking Sal Senior Center Fund	Viking Sal Memorial Fund	Health Insurance Fund	State Revenue Sharing Fund
REVENUES						
Intergovernmental	\$ -	\$ 7,000	\$ 9,848	\$ -	\$ -	\$ 40,011
Charges for services	-	-	13,415	-	-	-
System development charges	-	-	-	-	-	-
Investment earnings	578	251	859	18	5,856	2,024
Contributions and donations	-	-	11,905	-	-	-
Other revenue	-	-	23,541	-	-	-
Total revenues	<u>578</u>	<u>7,251</u>	<u>59,568</u>	<u>18</u>	<u>5,856</u>	<u>42,035</u>
EXPENDITURES						
Current						
General government	8,116	-	-	-	-	26,745
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	9,858	60,360	524	-	-
Total expenditures	<u>8,116</u>	<u>9,858</u>	<u>60,360</u>	<u>524</u>	<u>-</u>	<u>26,745</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,538)</u>	<u>(2,607)</u>	<u>(792)</u>	<u>(506)</u>	<u>5,856</u>	<u>15,290</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	26,000	15,000	-	-	-	-
Transfers out	-	-	(15,000)	-	-	(25,000)
Total other financing sources and uses	<u>26,000</u>	<u>15,000</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>
Net change in fund balances	18,462	12,393	(15,792)	(506)	5,856	(9,710)
Fund balances - beginning	-	-	26,750	808	131,003	50,933
Fund balances - ending	<u>\$ 18,462</u>	<u>\$ 12,393</u>	<u>\$ 10,958</u>	<u>\$ 302</u>	<u>\$ 136,859</u>	<u>\$ 41,223</u>

Continued on next page

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Police Vehicle and Equipment Reserve Fund	Cumulative Law Enforcement Reserve Fund	Prairie Road Street Improvement Reserve Fund	Library Equipment and Building Improvement Reserve Fund	Judiciary Equipment Reserve Fund	Administration Vehicle Reserve Fund
REVENUES						
Intergovernmental	\$ 36,716	\$ -	\$ -	\$ 5,000	\$ -	\$ -
Charges for services	-	-	-	-	-	-
System development charges	-	-	-	-	-	-
Investment earnings	639	-	9,947	890	-	896
Contributions and donations	-	-	-	-	-	-
Other revenue	1,182	-	-	-	-	-
Total revenues	<u>38,537</u>	<u>-</u>	<u>9,947</u>	<u>5,890</u>	<u>-</u>	<u>896</u>
EXPENDITURES						
Current						
General government	-	-	-	-	-	15,013
Public safety	41,479	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	12,442	-	-
Total expenditures	<u>41,479</u>	<u>-</u>	<u>-</u>	<u>12,442</u>	<u>-</u>	<u>15,013</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,942)</u>	<u>-</u>	<u>9,947</u>	<u>(6,552)</u>	<u>-</u>	<u>(14,117)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	17,500	-	-	-	-	23,221
Transfers out	-	-	-	-	(15,221)	-
Total other financing sources and uses	<u>17,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,221)</u>	<u>23,221</u>
Net change in fund balances	14,558	-	9,947	(6,552)	(15,221)	9,104
Fund balances - beginning	<u>5,177</u>	<u>1,685</u>	<u>222,547</u>	<u>24,490</u>	<u>15,221</u>	<u>4,120</u>
Fund balances - ending	<u>\$ 19,735</u>	<u>\$ 1,685</u>	<u>\$ 232,494</u>	<u>\$ 17,938</u>	<u>\$ -</u>	<u>\$ 13,224</u>

Continued on next page

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Park and Pool Equipment Reserve Fund	Bike Path Reserve Fund	Park System Development Fund	Fire Sprinkler Maintenance Fund	Computer Equipment Reserve Fund	Street System Development Fund
REVENUES						
Intergovernmental	\$ -	\$ 2,211	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	12,310	-	-
System development charges	-	-	83,625	-	-	98,661
Investment earnings	405	1,559	6,315	8,531	1,060	15,958
Contributions and donations	-	-	-	-	-	-
Other revenue	430	-	-	-	-	-
Total revenues	<u>835</u>	<u>3,770</u>	<u>89,940</u>	<u>20,841</u>	<u>1,060</u>	<u>114,619</u>
EXPENDITURES						
Current						
General government	-	-	-	-	4,779	-
Public safety	-	-	-	274	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	8,515	-	-	-	-	-
Total expenditures	<u>8,515</u>	<u>-</u>	<u>-</u>	<u>274</u>	<u>4,779</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,680)</u>	<u>3,770</u>	<u>89,940</u>	<u>20,567</u>	<u>(3,719)</u>	<u>114,619</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	5,000	-	-	-	26,500	-
Transfers out	-	-	-	-	-	-
Total other financing sources and uses	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,500</u>	<u>-</u>
Net change in fund balances	(2,680)	3,770	89,940	20,567	22,781	114,619
Fund balances - beginning	<u>10,058</u>	<u>33,829</u>	<u>99,039</u>	<u>184,641</u>	<u>12,638</u>	<u>317,524</u>
Fund balances - ending	<u>\$ 7,378</u>	<u>\$ 37,599</u>	<u>\$ 188,979</u>	<u>\$ 205,208</u>	<u>\$ 35,419</u>	<u>\$ 432,143</u>

Continued on next page

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Police Defibrillator Fund	Street Equipment Reserve Fund	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ -	\$ -	\$ 100,786
Charges for services	-	-	25,725
System development charges	-	-	182,286
Investment earnings	37	3,411	59,234
Contributions and donations	50	-	11,955
Other revenue	-	2,420	27,573
Total revenues	<u>87</u>	<u>5,831</u>	<u>407,559</u>
EXPENDITURES			
Current			
General government	-	-	54,653
Public safety	240	-	41,993
Highways and streets	-	55,552	55,552
Culture and recreation	-	-	91,699
Total expenditures	<u>240</u>	<u>55,552</u>	<u>243,897</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(153)</u>	<u>(49,721)</u>	<u>163,662</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	10,000	123,221
Transfers out	-	-	(55,221)
Total other financing sources and uses	<u>-</u>	<u>10,000</u>	<u>68,000</u>
Net change in fund balances	(153)	(39,721)	231,662
Fund balances - beginning	<u>976</u>	<u>105,328</u>	<u>1,246,767</u>
Fund balances - ending	<u>\$ 823</u>	<u>\$ 65,607</u>	<u>\$ 1,478,429</u>

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Special Revenue Funds

- PW Building/Yard Reserve Fund
- Viking Sal Capital Reserve
- Viking Sal Senior Center Fund
- Viking Sal Memorial Fund
- Health Insurance Fund
- State Revenue Sharing Fund
- Police Vehicle and Equipment Reserve Fund
- Cumulative Law Enforcement Reserve Fund
- Prairie Road Street Improvement reserve Fund
- Library Equipment and Building Improvement Reserve Fund
- Judiciary Equipment Reserve Fund
- Administration Vehicle Reserve Fund
- Park and Pool Equipment Reserve Fund
- Bike Path Reserve Fund
- Park System Development Fund
- Fire Sprinkler Maintenance Fund
- Computer Equipment Reserve Fund
- Street System Development Fund
- Police Defibrillator Fund
- Street Equipment Reserve Fund
- Transportation System Improvement

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
PW BUILDING/YARD RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 100	\$ 100	\$ 578	\$ 478
Expenditures:				
Capital outlay	15,000	15,000	8,116	6,884
Excess (deficiency) of revenues over (under) expenditures	(14,900)	(14,900)	(7,538)	7,362
Other financing sources (uses):				
Transfers in	26,000	26,000	26,000	-
Net change in fund balances	11,100	11,100	18,462	7,362
Fund balance:				
Beginning of year	-	-	-	-
End of year	\$ 11,100	\$ 11,100	\$ 18,462	\$ 7,362

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

VIKING SAL CAPITAL RESERVE

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental revenues	\$ 9,000	\$ 9,000	\$ 7,000	\$ (2,000)
Investment earnings	50	50	251	201
Total revenues	<u>9,050</u>	<u>9,050</u>	<u>7,251</u>	<u>(1,799)</u>
Expenditures:				
Capital outlay	<u>19,500</u>	<u>19,500</u>	<u>9,858</u>	<u>9,642</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,450)</u>	<u>(10,450)</u>	<u>(2,607)</u>	<u>7,843</u>
Other financing sources (uses):				
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balances	4,550	4,550	12,393	7,843
Fund balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 4,550</u>	<u>\$ 4,550</u>	<u>\$ 12,393</u>	<u>\$ 7,843</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
VIKING SAL SENIOR CENTER FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 10,000	\$ 10,000	\$ 9,848	\$ (152)
Charges for services	15,650	15,650	13,415	(2,235)
Investment earnings	800	800	859	59
Support	1,500	9,500	11,905	2,405
Other revenue	<u>21,000</u>	<u>21,000</u>	<u>23,541</u>	<u>2,541</u>
Total revenues	<u>48,950</u>	<u>56,950</u>	<u>59,568</u>	<u>2,618</u>
Expenditures:				
Personal services	5,402	5,402	4,956	446
Materials and services	44,980	57,980	55,404	2,576
Contingency	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>55,382</u>	<u>63,382</u>	<u>60,360</u>	<u>3,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,432)</u>	<u>(6,432)</u>	<u>(792)</u>	<u>5,640</u>
Other financing sources (uses):				
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balance	(21,432)	(21,432)	(15,792)	5,640
Fund balance:				
Beginning of year	<u>30,000</u>	<u>30,000</u>	<u>26,750</u>	<u>(3,250)</u>
End of year	<u>\$ 8,568</u>	<u>\$ 8,568</u>	<u>\$ 10,958</u>	<u>\$ 2,390</u>

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

VIKING SAL MEMORIAL FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 31	\$ 31	\$ 18	\$ (13)
Expenditures:				
Materials and services	625	625	524	101
Net change in fund balance	(594)	(594)	(506)	88
Fund balance:				
Beginning of year	700	700	808	108
End of year	<u>\$ 106</u>	<u>\$ 106</u>	<u>\$ 302</u>	<u>\$ 196</u>

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON
HEALTH INSURANCE FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 3,882	\$ 3,882	\$ 5,856	\$ 1,974
Expenditures:				
Personal services	105,000	105,000	-	105,000
Net change in fund balance	(101,118)	(101,118)	5,856	106,974
Fund balance:				
Beginning of year	128,000	128,000	131,003	3,003
End of year	<u>\$ 26,882</u>	<u>\$ 26,882</u>	<u>\$ 136,859</u>	<u>\$ 109,977</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
STATE REVENUE SHARING FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 33,031	\$ 33,031	\$ 40,011	\$ 6,980
Investment earnings	1,050	1,050	2,024	974
Total revenues	<u>34,081</u>	<u>34,081</u>	<u>42,035</u>	<u>7,954</u>
Expenditures:				
Materials and services	20,800	20,800	8,872	11,928
Capital outlay	23,000	23,000	17,873	5,127
Contingency	5,000	5,000	-	5,000
Total expenditures	<u>48,800</u>	<u>48,800</u>	<u>26,745</u>	<u>22,055</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,719)</u>	<u>(14,719)</u>	<u>15,290</u>	<u>30,009</u>
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balance	(39,719)	(39,719)	(9,710)	30,009
Fund balance:				
Beginning of year	<u>45,000</u>	<u>45,000</u>	<u>50,933</u>	<u>5,933</u>
End of year	<u>\$ 5,281</u>	<u>\$ 5,281</u>	<u>\$ 41,223</u>	<u>\$ 35,942</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
POLICE VEHICLE AND EQUIPMENT RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental revenues	\$ 37,200	\$ 75,200	\$ 36,716	\$ (38,484)
Investment earnings	215	215	639	424
Other revenue	<u>500</u>	<u>500</u>	<u>1,182</u>	<u>682</u>
Total revenues	<u>37,915</u>	<u>75,915</u>	<u>38,537</u>	<u>(37,378)</u>
Expenditures:				
Capital outlay	<u>47,200</u>	<u>85,200</u>	<u>41,479</u>	<u>43,721</u>
Excess (deficiency) of revenues over (under) expenditures	<u>28,715</u>	<u>(9,285)</u>	<u>(2,942)</u>	<u>6,343</u>
Other financing sources (uses):				
Transfers in	<u>17,500</u>	<u>17,500</u>	<u>17,500</u>	<u>-</u>
Net change in fund balance	8,215	8,215	14,558	6,343
Fund balance:				
Beginning of year	<u>5,050</u>	<u>5,050</u>	<u>5,177</u>	<u>127</u>
End of year	<u>\$ 13,265</u>	<u>\$ 13,265</u>	<u>\$ 19,735</u>	<u>\$ 6,470</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
CUMULATIVE LAW ENFORCEMENT RESERVE
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 1	\$ 1	\$ -	\$ (1)
Expenditures:				
Materials and services	50	50	-	50
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>1,050</u>	<u>1,050</u>	<u>-</u>	<u>1,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,049)</u>	<u>(1,049)</u>	<u>-</u>	<u>1,049</u>
Net change in fund balance	(1,049)	(1,049)	-	1,049
Fund balance:				
Beginning of year	<u>1,685</u>	<u>1,685</u>	<u>1,685</u>	<u>-</u>
End of year	<u>\$ 636</u>	<u>\$ 636</u>	<u>\$ 1,685</u>	<u>\$ 1,049</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
PRAIRIE ROAD STREET IMPROVEMENT RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 400	\$ 400	\$ 9,947	\$ 9,547
Expenditures:				
Capital outlay	<u>218,000</u>	<u>218,000</u>	<u>-</u>	<u>218,000</u>
Net change in fund balance	(217,600)	(217,600)	9,947	227,547
Fund balance:				
Beginning of year	<u>218,850</u>	<u>218,850</u>	<u>222,547</u>	<u>3,697</u>
End of year	<u>\$ 1,250</u>	<u>\$ 1,250</u>	<u>\$ 232,494</u>	<u>\$ 231,244</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
LIBRARY EQUIPMENT AND BUILDING IMPROVEMENT RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Investment earnings	460	460	890	430
Total revenues	<u>5,460</u>	<u>5,460</u>	<u>5,890</u>	<u>430</u>
Expenditures:				
Materials and services	9,000	9,000	7,769	1,231
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>4,673</u>	<u>327</u>
Total expenditures	<u>14,000</u>	<u>14,000</u>	<u>12,442</u>	<u>1,558</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,540)</u>	<u>(8,540)</u>	<u>(6,552)</u>	<u>1,988</u>
Net change in fund balances	(8,540)	(8,540)	(6,552)	1,988
Fund balance:				
Beginning of year	<u>24,000</u>	<u>24,000</u>	<u>24,490</u>	<u>490</u>
End of year	<u>\$ 15,460</u>	<u>\$ 15,460</u>	<u>\$ 17,938</u>	<u>\$ 2,478</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
JUDICIARY EQUIPMENT RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Expenditures:				
Other financing sources (uses):				
Transfers out	(15,000)	(15,221)	(15,221)	-
Net change in fund balances	(15,000)	(15,221)	(15,221)	-
Fund balance:				
Beginning of year	15,000	15,221	15,221	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
ADMINISTRATION VEHICLE RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 343	\$ 343	\$ 896	\$ 553
Expenditures:				
Capital outlay	15,285	15,285	15,013	272
Excess (deficiency) of revenues over (under) expenditures	(14,942)	(14,942)	(14,117)	825
Other financing sources (uses):				
Transfers in	23,000	23,221	23,221	-
Net change in fund balance	8,058	8,279	9,104	825
Fund balance:				
Beginning of year	3,800	3,800	4,120	320
End of year	\$ 11,858	\$ 12,079	\$ 13,224	\$ 1,145

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
PARK AND POOL EQUIPMENT RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 187	\$ 187	\$ 405	\$ 218
Other revenue	-	-	430	430
Total revenues	<u>187</u>	<u>187</u>	<u>835</u>	<u>648</u>
Expenditures:				
Materials and services	500	500	-	500
Capital outlay	<u>8,620</u>	<u>8,620</u>	<u>8,515</u>	<u>105</u>
Total expenditures	<u>9,120</u>	<u>9,120</u>	<u>8,515</u>	<u>605</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,933)</u>	<u>(8,933)</u>	<u>(7,680)</u>	<u>1,253</u>
Other financing sources (uses):				
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balance	<u>(3,933)</u>	<u>(3,933)</u>	<u>(2,680)</u>	<u>1,253</u>
Fund balance:				
Beginning of year	<u>9,000</u>	<u>9,000</u>	<u>10,058</u>	<u>1,058</u>
End of year	<u>\$ 5,067</u>	<u>\$ 5,067</u>	<u>\$ 7,378</u>	<u>\$ 2,311</u>

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON
BIKE PATH RESERVE FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 2,303	\$ 2,303	\$ 2,211	\$ (92)
Investment earnings	<u>528</u>	<u>528</u>	<u>1,559</u>	<u>1,031</u>
Total revenues	<u>2,831</u>	<u>2,831</u>	<u>3,770</u>	<u>939</u>
Expenditures:				
Materials and services	20,000	20,000	-	20,000
Capital outlay	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Total expenditures	<u>29,000</u>	<u>29,000</u>	<u>-</u>	<u>29,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,169)</u>	<u>(26,169)</u>	<u>3,770</u>	<u>29,939</u>
Net change in fund balance	(26,169)	(26,169)	3,770	29,939
Fund balance:				
Beginning of year	<u>30,000</u>	<u>30,000</u>	<u>33,829</u>	<u>3,829</u>
End of year	<u>\$ 3,831</u>	<u>\$ 3,831</u>	<u>\$ 37,599</u>	<u>\$ 33,768</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
PARK SYSTEM DEVELOPMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
System development charges	\$ 81,750	\$ 81,750	\$ 83,625	\$ 1,875
Investment earnings	908	908	6,315	5,407
Total revenues	<u>82,658</u>	<u>82,658</u>	<u>89,940</u>	<u>7,282</u>
Expenditures:				
Capital outlay	<u>66,880</u>	<u>66,880</u>	-	<u>66,880</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,778</u>	<u>15,778</u>	<u>89,940</u>	<u>74,162</u>
Net change in fund balances	15,778	15,778	89,940	74,162
Fund balance:				
Beginning of year	<u>50,000</u>	<u>50,000</u>	<u>99,039</u>	<u>49,039</u>
End of year	<u>\$ 65,778</u>	<u>\$ 65,778</u>	<u>\$ 188,979</u>	<u>\$ 123,201</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
FIRE SPRINKLER MAINTENANCE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 11,783	\$ 11,783	\$ 12,310	\$ 527
Investment earnings	4,905	4,905	8,531	3,626
Total revenues	<u>16,688</u>	<u>16,688</u>	<u>20,841</u>	<u>4,153</u>
Expenditures:				
Materials and services	5,000	5,000	274	4,726
Capital outlay	<u>130,000</u>	<u>130,000</u>	-	<u>130,000</u>
Total expenditures	<u>135,000</u>	<u>135,000</u>	<u>274</u>	<u>134,726</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(118,312)</u>	<u>(118,312)</u>	<u>20,567</u>	<u>138,879</u>
Fund balance:				
Beginning of year	<u>170,000</u>	<u>170,000</u>	<u>184,641</u>	<u>14,641</u>
End of year	<u>\$ 51,688</u>	<u>\$ 51,688</u>	<u>\$ 205,208</u>	<u>\$ 153,520</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
COMPUTER EQUIPMENT RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 427	\$ 427	\$ 1,060	\$ 633
Expenditures:				
Materials and services	7,000	7,000	1,061	5,939
Capital outlay	<u>25,600</u>	<u>25,600</u>	<u>3,718</u>	<u>21,882</u>
Total expenditures	<u>32,600</u>	<u>32,600</u>	<u>4,779</u>	<u>27,821</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,173)</u>	<u>(32,173)</u>	<u>(3,719)</u>	<u>28,454</u>
Other financing sources (uses):				
Transfers in	<u>26,500</u>	<u>26,500</u>	<u>26,500</u>	<u>-</u>
Net change in fund balance	(5,673)	(5,673)	22,781	28,454
Fund balance:				
Beginning of year	<u>12,000</u>	<u>12,000</u>	<u>12,638</u>	<u>638</u>
End of year	<u>\$ 6,327</u>	<u>\$ 6,327</u>	<u>\$ 35,419</u>	<u>\$ 29,092</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
STREET SYSTEM DEVELOPMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
System development charges	\$ 83,700	\$ 83,700	\$ 98,661	\$ 14,961
Investment earnings	6,921	6,921	15,958	9,037
Total revenues	<u>90,621</u>	<u>90,621</u>	<u>114,619</u>	<u>23,998</u>
Expenditures:				
Capital outlay	<u>200,000</u>	<u>200,000</u>	-	<u>200,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(109,379)</u>	<u>(109,379)</u>	<u>114,619</u>	<u>223,998</u>
Net change in fund balances	(109,379)	(109,379)	114,619	223,998
Fund balance:				
Beginning of year	<u>260,000</u>	<u>260,000</u>	<u>317,524</u>	<u>57,524</u>
End of year	<u>\$ 150,621</u>	<u>\$ 150,621</u>	<u>\$ 432,143</u>	<u>\$ 281,522</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
POLICE DEFIBRILLATOR TRUST
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 28	\$ 28	\$ 37	\$ 9
Support	-	-	50	50
Total revenues	<u>28</u>	<u>28</u>	<u>87</u>	<u>59</u>
Expenditures:				
Materials and services	250	250	240	10
Capital outlay	<u>250</u>	<u>250</u>	-	<u>250</u>
Total expenditures	<u>500</u>	<u>500</u>	<u>240</u>	<u>260</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(472)</u>	<u>(472)</u>	<u>(153)</u>	<u>319</u>
Net change in fund balances	(472)	(472)	(153)	319
Fund balance:				
Beginning of year	<u>960</u>	<u>960</u>	<u>976</u>	<u>16</u>
End of year	<u>\$ 488</u>	<u>\$ 488</u>	<u>\$ 823</u>	<u>\$ 335</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
STREET EQUIPMENT RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 2,000	\$ 2,000	\$ 3,411	\$ 1,411
Other revenue	-	-	2,420	2,420
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>5,831</u>	<u>3,831</u>
Expenditures:				
Capital outlay	<u>64,765</u>	<u>64,765</u>	<u>55,552</u>	<u>9,213</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(62,765)</u>	<u>(62,765)</u>	<u>(49,721)</u>	<u>13,044</u>
Other financing sources (uses):				
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net change in fund balance	<u>(52,765)</u>	<u>(52,765)</u>	<u>(39,721)</u>	<u>13,044</u>
Fund balance:				
Beginning of year	<u>100,000</u>	<u>100,000</u>	<u>105,328</u>	<u>5,328</u>
End of year	<u>\$ 47,235</u>	<u>\$ 47,235</u>	<u>\$ 65,607</u>	<u>\$ 18,372</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
TRANSPORTATION SYSTEM IMPROVEMENT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Other taxes	\$ 29,790	\$ 29,790	\$ -	\$ (29,790)
Investment earnings	50	50	-	(50)
Total revenues	<u>29,840</u>	<u>29,840</u>	<u>-</u>	<u>(29,840)</u>
Expenditures:				
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,840</u>	<u>9,840</u>	<u>-</u>	<u>(9,840)</u>
Other financing sources (uses):				
Net change in fund balances	9,840	9,840	-	(9,840)
Fund balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 9,840</u>	<u>\$ 9,840</u>	<u>\$ -</u>	<u>\$ (9,840)</u>

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

Enterprise Funds

- Water Operating Fund
- Water System Improvement Fund
- Water Equipment Reserve Fund
- Water System Development Fund
- Sewer Operating Fund
- Sewer Ratepayer Assistance Fund
- Wastewater Treatment Capital Project Fund
- Sewer Equipment Reserve Fund
- Sewer System Development Fund
- Sewer System Improvement Fund
- Sanitation Operating Fund
- Sanitation Equipment Reserve Fund

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON
WATER OPERATING FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Adjust for Modified Cash Basis</u>	<u>Modified Cash Basis</u>
Revenues:						
Intergovernmental revenues	\$ 22,000	\$ 29,000	\$ 33,145	\$ 4,145	\$ -	\$ 33,145
Charges for services	582,166	582,166	601,036	18,870	-	601,036
Investment earnings	4,000	4,000	13,323	9,323	-	13,323
Contributed infrastructure	-	-	-	-	416,500	416,500
Other revenue	<u>3,410</u>	<u>3,410</u>	<u>6,436</u>	<u>3,026</u>	<u>-</u>	<u>6,436</u>
Total revenues	<u>611,576</u>	<u>618,576</u>	<u>653,940</u>	<u>35,364</u>	<u>416,500</u>	<u>1,070,440</u>
Expenditures:						
Personal services	252,882	252,882	239,030	13,852	-	239,030
Materials and services	274,320	291,320	286,318	5,002	-	286,318
Capital outlay	3,000	3,000	-	3,000	-	-
Depreciation	-	-	-	-	109,222	109,222
Contingency	<u>35,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>565,202</u>	<u>572,202</u>	<u>525,348</u>	<u>46,854</u>	<u>109,222</u>	<u>634,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,374</u>	<u>46,374</u>	<u>128,592</u>	<u>82,218</u>	<u>307,278</u>	<u>435,870</u>
Other financing sources (uses):						
Transfers out	<u>(43,500)</u>	<u>(43,500)</u>	<u>(43,500)</u>	<u>-</u>	<u>-</u>	<u>(43,500)</u>
Net change in fund balance	2,874	2,874	85,092	82,218	307,278	392,370
Fund balance:						
Beginning of year	<u>146,061</u>	<u>146,061</u>	<u>248,058</u>	<u>101,997</u>	<u>2,823,525</u>	<u>3,071,583</u>
End of year	<u>\$ 148,935</u>	<u>\$ 148,935</u>	<u>\$ 333,150</u>	<u>\$ 184,215</u>	<u>\$ 3,130,803</u>	<u>\$ 3,463,953</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
WATER SYSTEM IMPROVEMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Adjust for Modified Cash Basis	Modified Cash Basis
Revenues:						
Intergovernmental revenues	\$ 80,000	\$ 80,000	\$ -	\$ (80,000)	\$ -	\$ -
Charges for services	100,900	100,900	105,316	4,416	-	105,316
Investment earnings	2,500	2,500	1,048	(1,452)	-	1,048
Total revenues	183,400	183,400	106,364	(77,036)	-	106,364
Expenditures:						
Materials and services	-	-	-	-	12,223	12,223
Capital outlay	120,000	120,000	29,421	90,579	(29,421)	-
Debt service	22,050	22,050	22,027	23	(15,413)	6,614
Total expenditures	142,050	142,050	51,448	90,602	(32,611)	18,837
Excess (deficiency) of revenues over (under) expenditures	41,350	41,350	54,916	13,566	32,611	87,527
Net change in fund balance	41,350	41,350	54,916	13,566	32,611	87,527
Fund balance:						
Beginning of year	-	-	-	-	-	-
End of year	41,350	41,350	54,916	13,566	32,611	87,527

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
WATER EQUIPMENT RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Adjust for Modified Cash Basis</u>	<u>Modified Cash Basis</u>
Revenues:						
Investment earnings	\$ 3,933	\$ 3,933	\$ 3,680	\$ (253)	\$ -	\$ 3,680
Other revenue	<u>500</u>	<u>500</u>	<u>1,375</u>	<u>875</u>	<u>-</u>	<u>1,375</u>
Total revenues	<u>4,433</u>	<u>4,433</u>	<u>5,055</u>	<u>622</u>	<u>-</u>	<u>5,055</u>
Expenditures:						
Materials and services	-	-	-	-	27,961	27,961
Capital outlay	<u>77,522</u>	<u>77,522</u>	<u>73,104</u>	<u>4,418</u>	<u>(73,104)</u>	<u>-</u>
Total expenditures	<u>77,522</u>	<u>77,522</u>	<u>73,104</u>	<u>4,418</u>	<u>(45,143)</u>	<u>27,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(73,089)</u>	<u>(73,089)</u>	<u>(68,049)</u>	<u>5,040</u>	<u>45,143</u>	<u>(22,906)</u>
Other financing sources (uses):						
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Net change in fund balance	(48,089)	(48,089)	(43,049)	5,040	45,143	2,094
Fund balance:						
Beginning of year	<u>113,634</u>	<u>113,634</u>	<u>109,350</u>	<u>(4,284)</u>	<u>74,689</u>	<u>184,039</u>
End of year	<u>\$ 65,545</u>	<u>\$ 65,545</u>	<u>\$ 66,301</u>	<u>\$ 756</u>	<u>\$ 119,832</u>	<u>\$ 186,133</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
WATER SYSTEM DEVELOPMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Adjust for Modified Cash Basis</u>	<u>Modified Cash Basis</u>
Revenues:						
System development charges	\$ 82,500	\$ 82,500	\$ 70,391	\$ (12,109)	\$ -	\$ 70,391
Investment earnings	457	457	3,994	3,537	-	3,994
Total revenues	<u>82,957</u>	<u>82,957</u>	<u>74,385</u>	<u>(8,572)</u>	<u>-</u>	<u>74,385</u>
Expenditures:						
Capital outlay	<u>50,000</u>	<u>50,000</u>	-	50,000	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>32,957</u>	<u>32,957</u>	<u>74,385</u>	<u>41,428</u>	-	<u>74,385</u>
Net change in fund balances	32,957	32,957	74,385	41,428	-	74,385
Fund balance:						
Beginning of year	<u>30,000</u>	<u>30,000</u>	<u>57,631</u>	<u>27,631</u>	<u>99,957</u>	<u>157,588</u>
End of year	<u>\$ 62,957</u>	<u>\$ 62,957</u>	<u>\$ 132,016</u>	<u>\$ 69,059</u>	<u>\$ 99,957</u>	<u>\$ 231,973</u>

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON
SEWER OPERATING FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Adjust for Modified Cash Basis</u>	<u>Modified Cash Basis</u>
Revenues:						
Intergovernmental revenues	\$ 20,000	\$ 30,000	\$ 34,845	\$ 4,845	\$ -	\$ 34,845
Charges for services	452,680	452,680	479,159	26,479	-	479,159
Investment earnings	10,148	10,148	16,599	6,451	-	16,599
Contributed infrastructure	-	-	-	-	1,217,400	1,217,400
Other revenue	<u>2,410</u>	<u>2,410</u>	<u>2,057</u>	<u>(353)</u>	<u>-</u>	<u>2,057</u>
Total revenues	<u>485,238</u>	<u>495,238</u>	<u>532,660</u>	<u>37,422</u>	<u>1,217,400</u>	<u>1,750,060</u>
Expenditures:						
Personal services	252,882	252,882	239,148	13,734	-	239,148
Materials and services	154,917	202,917	201,162	1,755	9,786	210,948
Capital outlay	10,000	10,000	9,786	214	(9,786)	-
Depreciation	-	-	-	-	271,534	271,534
Contingency	<u>40,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>457,799</u>	<u>467,799</u>	<u>450,096</u>	<u>17,703</u>	<u>271,534</u>	<u>721,630</u>
Excess (deficiency) of revenues over (under) expenditures	<u>27,439</u>	<u>27,439</u>	<u>82,564</u>	<u>55,125</u>	<u>945,866</u>	<u>1,028,430</u>
Other financing sources (uses):						
Transfers out	<u>(25,500)</u>	<u>(25,500)</u>	<u>(25,500)</u>	<u>-</u>	<u>-</u>	<u>(25,500)</u>
Net change in fund balance	1,939	1,939	57,064	55,125	945,866	1,002,930
Fund balance:						
Beginning of year	<u>275,061</u>	<u>275,061</u>	<u>333,721</u>	<u>58,660</u>	<u>5,951,588</u>	<u>6,285,309</u>
End of year	<u>\$ 277,000</u>	<u>\$ 277,000</u>	<u>\$ 390,785</u>	<u>\$ 113,785</u>	<u>\$ 6,897,454</u>	<u>\$ 7,288,239</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
SEWER RATEPAYER ASSISTANCE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Adjust for Modified Cash Basis	Modified Cash Basis
Revenues:						
Charges for services	\$ -	\$ -	\$ 9	\$ 9	\$ -	\$ 9
Investment earnings	2,241	2,241	2,940	699	-	2,940
Total revenues	<u>2,241</u>	<u>2,241</u>	<u>2,949</u>	<u>708</u>	<u>-</u>	<u>2,949</u>
Expenditures:						
Materials and services	50,000	50,000	11,259	38,741	-	11,259
Excess (deficiency) of revenues over (under) expenditures	<u>(47,759)</u>	<u>(47,759)</u>	<u>(8,310)</u>	<u>39,449</u>	<u>-</u>	<u>(8,310)</u>
Net change in fund balances	(47,759)	(47,759)	(8,310)	39,449	-	(8,310)
Fund balance:						
Beginning of year	58,750	58,750	65,769	7,019	-	65,769
End of year	<u>\$ 10,991</u>	<u>\$ 10,991</u>	<u>\$ 57,459</u>	<u>\$ 46,468</u>	<u>\$ -</u>	<u>\$ 57,459</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
WASTEWATER TREATMENT CAPITAL PROJECT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Adjust for Modified Cash Basis</u>	<u>Modified Cash Basis</u>
Revenues:						
Expenditures:						
Other financing sources (uses):						
Transfers out	(350,000)	(364,603)	(364,603)	-	(168,769)	(533,372)
Net change in fund balances	(350,000)	(364,603)	(364,603)	-	(168,769)	(533,372)
Fund balance:						
Beginning of year	350,000	364,603	364,603	-	168,769	533,372
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
SEWER EQUIPMENT RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final Budget Positive (Negative)</u>	<u>Adjust for Modified Cash Basis</u>	<u>Modified Cash Basis</u>
Revenues:						
Investment earnings	\$ 2,062	\$ 2,062	\$ 2,995	\$ 933	\$ -	\$ 2,995
Other revenue	<u>-</u>	<u>-</u>	<u>1,375</u>	<u>1,375</u>	<u>-</u>	<u>1,375</u>
Total revenues	<u>2,062</u>	<u>2,062</u>	<u>4,370</u>	<u>2,308</u>	<u>-</u>	<u>4,370</u>
Expenditures:						
Materials and services	-	-	-	-	16,225	16,225
Capital outlay	<u>61,015</u>	<u>61,015</u>	<u>60,810</u>	<u>205</u>	<u>(60,810)</u>	<u>-</u>
Total expenditures	<u>61,015</u>	<u>61,015</u>	<u>60,810</u>	<u>205</u>	<u>(44,585)</u>	<u>16,225</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(58,953)</u>	<u>(58,953)</u>	<u>(56,440)</u>	<u>2,513</u>	<u>44,585</u>	<u>(11,855)</u>
Other financing sources (uses):						
Transfers in	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>18,000</u>
Net change in fund balance	(40,953)	(40,953)	(38,440)	2,513	44,585	6,145
Fund balance:						
Beginning of year	<u>91,000</u>	<u>91,000</u>	<u>92,890</u>	<u>1,890</u>	<u>32,153</u>	<u>125,043</u>
End of year	<u>\$ 50,047</u>	<u>\$ 50,047</u>	<u>\$ 54,450</u>	<u>\$ 4,403</u>	<u>\$ 76,738</u>	<u>\$ 131,188</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
SEWER SYSTEM DEVELOPMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Adjust for Modified Cash Basis</u>	<u>Modified Cash Basis</u>
Revenues:						
System development charges	\$ 500,175	\$ 500,175	\$ 534,679	\$ 34,504	\$ -	\$ 534,679
Investment earnings	3,817	3,817	30,944	27,127	-	30,944
Total revenues	<u>503,992</u>	<u>503,992</u>	<u>565,623</u>	<u>61,631</u>	<u>-</u>	<u>565,623</u>
Expenditures:						
Capital outlay	<u>300,000</u>	<u>300,000</u>	-	300,000	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>203,992</u>	<u>203,992</u>	<u>565,623</u>	<u>361,631</u>	-	<u>565,623</u>
Net change in fund balances	203,992	203,992	565,623	361,631	-	565,623
Fund balance:						
Beginning of year	<u>205,000</u>	<u>205,000</u>	<u>424,334</u>	<u>219,334</u>	<u>47,418</u>	<u>471,752</u>
End of year	<u>\$ 408,992</u>	<u>\$ 408,992</u>	<u>\$ 989,957</u>	<u>\$ 580,965</u>	<u>\$ 47,418</u>	<u>\$1,037,375</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
SEWER SYSTEM IMPROVEMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Adjust for Modified Cash Basis</u>	<u>Modified Cash Basis</u>
Revenues:						
Charges for services	\$ 743,960	\$ 743,960	\$ 810,061	\$ 66,101	\$ -	\$ 810,061
Investment earnings	15,525	15,525	137,563	122,038	-	137,563
Other revenue	-	-	2,397	2,397	-	2,397
Total revenues	<u>759,485</u>	<u>759,485</u>	<u>950,021</u>	<u>190,536</u>	<u>-</u>	<u>950,021</u>
Expenditures:						
Materials and services	50	50	-	50	58,116	58,116
Capital outlay	<u>3,500,000</u>	<u>3,500,000</u>	<u>409,172</u>	<u>3,090,828</u>	<u>(409,172)</u>	<u>-</u>
Total expenditures	<u>3,500,050</u>	<u>3,500,050</u>	<u>409,172</u>	<u>3,090,878</u>	<u>(351,056)</u>	<u>58,116</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,740,565)</u>	<u>(2,740,565)</u>	<u>540,849</u>	<u>3,281,414</u>	<u>(351,056)</u>	<u>891,905</u>
Other financing sources (uses):						
Transfers in	<u>350,000</u>	<u>364,603</u>	<u>364,603</u>	<u>-</u>	<u>168,769</u>	<u>533,372</u>
Net change in fund balances	(2,390,565)	(2,375,962)	905,452	3,281,414	519,825	1,425,277
Fund balance:						
Beginning of year	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,593,001</u>	<u>193,001</u>	<u>446,400</u>	<u>3,039,401</u>
End of year	<u>\$ 9,435</u>	<u>\$ 24,038</u>	<u>\$ 3,498,453</u>	<u>\$ 3,474,415</u>	<u>\$ 966,225</u>	<u>\$ 4,464,678</u>

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON**

SANITATION OPERATING FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Adjust for Modified Cash Basis	Modified Cash Basis
Revenues:						
Charges for services	\$ 628,335	\$ 628,335	\$ 662,030	\$ 33,695	\$ -	\$ 662,030
Investment earnings	3,389	3,389	7,760	4,371	-	7,760
Other revenue	14,590	14,590	27,894	13,304	-	27,894
Total revenues	646,314	646,314	697,684	51,370	-	697,684
Expenditures:						
Personal services	351,955	351,955	322,015	29,940	-	322,015
Materials and services	263,083	305,083	301,197	3,886	12,525	313,722
Capital outlay	173,000	138,000	39,705	98,295	(39,705)	-
Depreciation	-	-	-	-	41,655	41,655
Contingency	7,000	-	-	-	-	-
Total expenditures	795,038	795,038	662,917	132,121	14,475	677,392
Excess (deficiency) of revenues over (under) expenditures	(148,724)	(148,724)	34,767	183,491	(14,475)	20,292
Other financing sources (uses):						
Transfers out	(15,500)	(15,500)	(15,500)	-	-	(15,500)
Lease proceeds	165,000	165,000	-	(165,000)	-	-
Net change in fund balance	776	776	19,267	18,491	(14,475)	4,792
Fund balance:						
Beginning of year	100,000	100,000	162,323	62,323	86,764	249,087
End of year	\$ 100,776	\$ 100,776	\$ 181,590	\$ 80,814	\$ 72,289	\$ 253,879

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
SANITATION EQUIPMENT RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Adjust for Modified Cash Basis	Modified Cash Basis
Revenues:						
Investment earnings	\$ 6,910	\$ 6,910	\$ 4,470	\$ (2,440)	\$ -	\$ 4,470
Other revenue	50	50	-	(50)	-	-
Total revenues	<u>6,960</u>	<u>6,960</u>	<u>4,470</u>	<u>(2,490)</u>	<u>-</u>	<u>4,470</u>
Expenditures:						
Materials and services	-	-	-	-	926	926
Capital outlay	226,000	226,000	214,915	11,085	(214,915)	-
Total expenditures	<u>226,000</u>	<u>226,000</u>	<u>214,915</u>	<u>11,085</u>	<u>(213,989)</u>	<u>926</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(219,040)</u>	<u>(219,040)</u>	<u>(210,445)</u>	<u>8,595</u>	<u>213,989</u>	<u>3,544</u>
Other financing sources (uses):						
Transfers in	10,000	10,000	10,000	-	-	10,000
Net change in fund balance	<u>(209,040)</u>	<u>(209,040)</u>	<u>(200,445)</u>	<u>8,595</u>	<u>213,989</u>	<u>13,544</u>
Fund balance:						
Beginning of year	<u>220,000</u>	<u>220,000</u>	<u>229,927</u>	<u>9,927</u>	<u>128,451</u>	<u>358,378</u>
End of year	<u>\$ 10,960</u>	<u>\$ 10,960</u>	<u>\$ 29,482</u>	<u>\$ 18,522</u>	<u>\$ 342,440</u>	<u>\$ 371,922</u>

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Private-Purpose Trust Fund

- Shop With A Cop Trust Fund

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
SHOP WITH A COP TRUST FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 73	\$ 73	\$ 121	\$ 48
Support	-	-	650	650
Total revenues	<u>73</u>	<u>73</u>	<u>771</u>	<u>698</u>
Expenditures:				
Materials and services	<u>1,900</u>	<u>1,900</u>	<u>882</u>	<u>1,018</u>
Net change in fund balance	(1,827)	(1,827)	(111)	1,716
Fund balance:				
Beginning of year	<u>2,825</u>	<u>2,825</u>	<u>2,875</u>	<u>50</u>
End of year	<u>\$ 998</u>	<u>\$ 998</u>	<u>\$ 2,764</u>	<u>\$ 1,766</u>

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

Agency Fund

- Municipal Court Fund

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
Schedule of Changes in Assets and Liabilities
Municipal Court
For the Year Ended June 30, 2008

	<u>Balance</u> <u>June 30,2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30,2008</u>
Assets:				
Fines and bails	<u>\$ 43,913</u>	<u>\$ 231,535</u>	<u>\$ 228,470</u>	<u>\$ 46,978</u>
Liabilities:				
Fines and bails	<u>\$ 43,913</u>	<u>\$ 231,535</u>	<u>\$ 228,470</u>	<u>\$ 46,978</u>

SCHEDULES OF PROPERTY TAX TRANSACTIONS

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
Schedule of Property Tax Transactions
For the Year Ended June 30, 2008

Fiscal Year	Uncollected Balance June 30, 2007	Add Current Levy 2007-2008	Less Collections	Less Discounts and Adjustments	Uncollected Balance June 30, 2008
2007-2008	\$ -	\$ 1,603,571	\$ (1,503,924)	\$ (54,657)	\$ 44,990
2006-2007	36,580	-	(15,800)	(4,024)	16,756
2005-2006	13,756	-	(1,210)	(4,544)	8,002
2004-2005	7,056	-	(3,474)	(185)	3,397
2003-2004	3,323	-	(1,671)	(111)	1,541
2002-2003	1,528	-	(119)	(59)	1,350
2001-2002	1,267	-	188	(304)	1,151
Prior Years	10,240	-	1,610	(2,113)	9,737
	<u>\$ 73,750</u>	<u>\$ 1,603,571</u>	<u>\$ (1,524,400)</u>	<u>\$ (65,997)</u>	<u>\$ 86,924</u>

COMPLIANCE SECTION

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COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITORS
REQUIRED BY STATE STATUTE

Honorable Mayor and City Council
City of Junction City

Oregon Administrative Rules 162-10-000 through 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding pages of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth as follows.

REPORT ON ACCOUNTING AND INTERNAL CONTROL STRUCTURE

We have audited the financial statements of the City of Junction City, Oregon ("City") as of and for the year ended June 30, 2008, and have issued our report thereon dated November 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

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

COMPLIANCE

Compliance with laws, regulations, contracts and grants applicable to the City is the responsibility of the City's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. Certain areas covered, as required by Oregon Administrative Rules 162-10-230 through 162-10-320, included but were not limited to the following:

Financial Reporting Requirements - Whether financial reports and related data filed with other governmental agencies in conjunction with programs funded wholly or partially by such agencies were in agreement with or supported by the accounting records.

Compliance with Legal or Other Requirements

Collateral - Pertaining to the amount and adequacy of collateral pledged by depositories to secure the deposit of public funds (see requirements for public fund deposits as specified in Oregon Revised Statutes (ORS) 295).

Indebtedness - Relating to debt and the limitation on the debt amount, liquidation of debt within the prescribed period of time, and compliance with provisions of indentures or agreements, including restrictions on the use of monies available to retire indebtedness.

Budget - Relating to the preparation, adoption and execution of the annual budget for the current fiscal year and the preparation and adoption of the budget for the next succeeding fiscal year (see ORS 294.305 to 294.565).

Taxes on Motor Vehicle Use and Fuel and the use of a Road Fund - Pertaining to (as contained in Article IX, Section 3a of the Oregon constitution) the use of revenue from taxes on motor vehicle use and fuel and the use of a road fund (as contained in ORS 294 and 373).

Insurance - Relating to insurance and fidelity bond coverage.

Investments - Pertaining to the investment of public funds (see ORS Chapter 294.035 to 294.046).

Public Contracts and Purchasing - Pertaining to (as contained in ORS Chapter 279) the awarding of public contracts and the construction of public improvements.

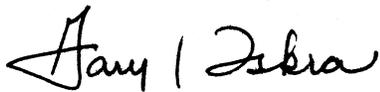
The results of our tests disclosed no instances of noncompliance.

We noted certain matters that we reported to management of the City, in a separate letter dated November 3, 2008.

There are no elected officials who are collecting or receiving money in the City.

This report is intended for the information of the City Council, and the Secretary of State, Division of Audits of the State of Oregon. However, this report is a matter of public record and its distribution is not limited.

Isler CPA



By: Gary Iskra, CPA, a member of the firm
Eugene, Oregon
November 25, 2008