

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKESIDE, OREGON

COMBINING BALANCE SHEET
 Nonmajor Governmental Funds
 June 30, 2007

	County Special Levy Library Operations Fund	Watershed Coordinator Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and investments	\$ 36,553	\$ 26,758	\$ 63,311
	<u> </u>	<u> </u>	<u> </u>
<u>LIABILITIES</u>			
Accounts payable	\$ 347	\$ 436	\$ 783
Other accrued liabilities	4,632	574	5,206
Deferred revenue	-	25,748	25,748
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	4,979	26,758	31,737
	<u> </u>	<u> </u>	<u> </u>
<u>FUND BALANCES</u>			
Unreserved	31,574	-	31,574
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 36,553	\$ 26,758	\$ 63,311
	<u> </u>	<u> </u>	<u> </u>

See auditors' report.

CITY OF LAKESIDE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	County Special Levy Library Operations Fund	Watershed Coordinator Fund	Total Nonmajor Governmental Funds
<u>REVENUES</u>			
Intergovernmental	\$ 62,357	\$ 26,625	\$ 88,982
Interest and miscellaneous	4,421	529	4,950
Total revenues	<u>66,778</u>	<u>27,154</u>	<u>93,932</u>
<u>EXPENDITURES</u>			
Current operating:			
Culture and recreation	<u>59,553</u>	<u>52,154</u>	<u>111,707</u>
Total expenditures	<u>59,553</u>	<u>52,154</u>	<u>111,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,225</u>	<u>(25,000)</u>	<u>(17,775)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	25,000	25,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>25,000</u>	<u>25,000</u>
Net change in fund balances	7,225	-	7,225
Fund balance - beginning	<u>24,349</u>	<u>-</u>	<u>24,349</u>
Fund balance - ending	<u>\$ 31,574</u>	<u>-</u>	<u>\$ 31,574</u>

See auditors' report.

CITY OF LAKESIDE, OREGON

General Fund (#1)

Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>REVENUES -Page 42</u>	\$ 172,600	\$ 172,600	\$ 160,512	\$ (12,088)
<u>EXPENDITURES - Page 43</u>				
Personal Services	112,000	112,000	53,779	58,221
Materials and Services	211,600	211,600	116,382	95,218
Capital Outlay	10,000	10,000	8,118	1,882
Total expenditures	333,600	333,600	178,279	155,321
Excess (deficiency) of revenues over (under) expenditures	(161,000)	(161,000)	(17,767)	143,233
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer from Watershed Grant Fund	50,000	50,000	50,000	-
Loan repayment from Watershed Coordinator Fund	-	-	25,000	25,000
Transfer to Watershed Coordinator Fund	(25,000)	(25,000)	(25,000)	-
Total other financing sources and uses	25,000	25,000	50,000	25,000
Net change in fund balances	(136,000)	(136,000)	32,233	168,233
Fund balances - beginning	136,000	136,000	140,225	4,225
Fund balances - ending	-	-	\$ 172,458	\$ 172,458
<u>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</u>				
Accrued vacation and compensatory pay				\$ (2,020)
Local Improvement District receivables				2,544
Fund balances - ending				172,458
Fund balance, June 30, 2007 (GAAP basis)				\$ 172,982

See auditors' report.

CITY OF LAKESIDE, OREGON
 General Fund (#1)
 Schedule of Revenues - Budget and Actual
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>REVENUES</u>				
Interest on investments	\$ 3,000	\$ 3,000	\$ 8,416	\$ 5,416
Alcohol tax	12,000	12,000	14,992	2,992
Cigarette tax	2,500	2,500	5,420	2,920
Cable franchise tax	10,000	10,000	17,221	7,221
Assessment income	5,000	5,000	3,568	(1,432)
Garbage franchise tax	6,000	6,000	8,107	2,107
State revenue sharing	8,000	8,000	7,084	(916)
Miscellaneous	8,000	8,000	3,674	(4,326)
Sale of equipment	100	100	-	(100)
Rent	3,000	3,000	4,593	1,593
Hangar rent	2,000	2,000	578	(1,422)
Licenses, fees and permits	10,000	10,000	6,080	(3,920)
Coastal management grant	3,000	3,000	3,000	-
Grant revenue	10,000	10,000	2,425	(7,575)
Transient tax	40,000	40,000	38,699	(1,301)
Electrical and building permits	50,000	50,000	36,655	(13,345)
 Total revenues	 <u>\$ 172,600</u>	 <u>\$ 172,600</u>	 <u>\$ 160,512</u>	 <u>\$ (12,088)</u>

See auditors' report.

CITY OF LAKESIDE, OREGON
 General Fund (#1)
 Schedule of Expenditures - Budget and Actual
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		
Personal Services:				
City recorder	\$ 28,000	\$ 28,000	\$ 18,259	\$ 9,741
Public works supervisor	5,000	5,000	3,712	1,288
Administrative assistant	26,000	26,000	10,451	15,549
Clerical assistant	7,000	7,000	5,612	1,388
Watershed planning assistant	6,000	6,000	-	6,000
Janitorial	3,000	3,000	1,966	1,034
Payroll taxes and insurance	37,000	37,000	13,779	23,221
	<u>112,000</u>	<u>112,000</u>	<u>53,779</u>	<u>58,221</u>
Materials and Services:				
Advertising and elections	2,000	2,000	2,850	(850)
Audit and filing fee	10,000	10,000	4,659	5,341
Dues, travel and conferences	3,600	3,600	1,298	2,302
Electrical and building permit fees	45,000	45,000	30,641	14,359
Insurance	7,000	7,000	4,464	2,536
Legal fees	15,000	15,000	3,642	11,358
Repair and maintenance	20,000	20,000	2,255	17,745
Postage	2,500	2,500	584	1,916
Operating supplies	7,000	7,000	3,479	3,521
Purchased services	34,000	34,000	26,063	7,937
Chamber of Commerce	2,000	2,000	2,000	-
Fireworks donation	1,000	1,000	1,000	-
Telephone	7,000	7,000	3,701	3,299
Electricity	14,000	14,000	10,595	3,405
Licenses, fees and permits	1,500	1,500	368	1,132
Miscellaneous grant expenses	3,000	3,000	-	3,000
Building maintenance	20,000	20,000	9,603	10,397
Youth activities grant expenses	10,000	10,000	8,840	1,160
Airport expense	2,000	2,000	-	2,000
Miscellaneous	5,000	5,000	340	4,660
	<u>211,600</u>	<u>211,600</u>	<u>116,382</u>	<u>95,218</u>
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>8,118</u>	<u>1,882</u>
Total expenditures	<u>\$ 333,600</u>	<u>\$ 333,600</u>	<u>\$ 178,279</u>	<u>\$ 155,321</u>

See auditors' report.

CITY OF LAKESIDE, OREGON

State Tax Street Fund (#3)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
State Highway Apportionment	\$ 70,000	\$ 70,000	\$ 66,931	\$ (3,069)
Miscellaneous revenue	2,000	2,000	5,251	3,251
Central Lincoln PUD Franchise	40,000	40,000	37,632	(2,368)
Sale of fixed assets	100	100	-	(100)
Interest on investments	1,200	1,200	4,106	2,906
Total revenues	113,300	113,300	113,920	620
EXPENDITURES				
Personal Services:				
City Recorder	6,000	6,000	4,565	1,435
Janitorial	2,000	2,000	983	1,017
Public works supervisor	41,000	41,000	33,405	7,595
Payroll taxes and insurance	35,000	35,000	25,231	9,769
	84,000	84,000	64,184	19,816
Materials and Services:				
Purchased services	26,300	26,300	11,136	15,164
Operating supplies	10,000	10,000	8,127	1,873
Insurance	2,000	2,000	1,676	324
Repair and maintenance	11,000	11,000	7,563	3,437
Fuel	2,500	2,500	1,229	1,271
Dues, travel and conferences	500	500	177	323
Audit and filing fee	2,500	2,500	691	1,809
Street light expense	14,000	14,000	13,453	547
Street work maintenance	2,000	2,000	402	1,598
Legal fees	1,000	1,000	52	948
Engineering fees	2,500	2,500	535	1,965
	74,300	74,300	45,041	29,259
Capital Outlay:				
General	5,000	5,000	2,289	2,711
Bike path	1,000	1,000	-	1,000
Equipment	1,000	1,000	-	1,000
	7,000	7,000	2,289	4,711
Total expenditures	165,300	165,300	111,514	53,786
Excess (deficiency) of revenues over (under) expenditures	(52,000)	(52,000)	2,406	54,406
Fund balances - beginning	52,000	52,000	75,988	23,988
Fund balances - ending	-	-	\$ 78,394	\$ 78,394
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Accrued vacation and compensatory pay				\$ (5,024)
Fund balances - ending				78,394
Fund balance, June 30, 2006 (GAAP basis)				\$ 73,370

See auditors' report.

CITY OF LAKESIDE, OREGON

Watershed Grant Fund (#34)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>REVENUES</u>				
Watershed grants	\$ 632,850	\$ 632,850	\$ 388,996	\$ (243,854)
Miscellaneous	3,000	3,000	1,710	(1,290)
Total revenues	<u>635,850</u>	<u>635,850</u>	<u>390,706</u>	<u>(245,144)</u>
<u>EXPENDITURES</u>				
Personal Services:				
Watershed laborers	121,000	121,000	82,120	38,880
Watershed manager	-	-	31,604	(31,604)
Payroll taxes and insurance	44,500	44,500	30,745	13,755
	<u>165,500</u>	<u>165,500</u>	<u>144,469</u>	<u>21,031</u>
Materials and Services:				
Dues, travel and conferences	12,350	12,350	7,691	4,659
Purchased services	300,000	300,000	145,153	154,847
Operating supplies	140,000	140,000	68,434	71,566
	<u>452,350</u>	<u>452,350</u>	<u>221,278</u>	<u>231,072</u>
Total expenditures	<u>617,850</u>	<u>617,850</u>	<u>365,747</u>	<u>252,103</u>
Excess (deficiency) of revenues over (under) expenditures	18,000	18,000	24,959	6,959
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer to General Fund	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balances	(32,000)	(32,000)	(25,041)	6,959
Fund balances - beginning	<u>32,000</u>	<u>32,000</u>	<u>89,419</u>	<u>57,419</u>
Fund balances - ending	<u>-</u>	<u>-</u>	<u>\$ 64,378</u>	<u>\$ 64,378</u>
<u>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</u>				
Deferred revenue			\$ (64,051)	
Accrued vacation and compensatory pay			(327)	
Fund balances - ending			<u>64,378</u>	
Fund balance, June 30, 2007 (GAAP basis)			<u>-</u>	

See auditors' report.

CITY OF LAKESIDE, OREGON
Watershed Coordinator Fund (#35)
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Watershed Coordinator Grant	\$ 30,000	\$ 30,000	\$ 70,112	\$ 40,112
Miscellaneous	5,000	5,000	529	(4,471)
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>70,641</u>	<u>35,641</u>
EXPENDITURES				
Personal Services:				
Watershed coordinator	40,500	40,500	39,520	980
Payroll taxes and insurance	19,600	19,600	14,026	5,574
	<u>60,100</u>	<u>60,100</u>	<u>53,546</u>	<u>6,554</u>
Materials and Services:				
Miscellaneous expense	-	-	484	(484)
Total expenditures	<u>60,100</u>	<u>60,100</u>	<u>54,030</u>	<u>6,070</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,100)</u>	<u>(25,100)</u>	<u>16,611</u>	<u>41,711</u>
OTHER FINANCING SOURCES (USES)				
Loan repayment to General Fund	-	-	(25,000)	(25,000)
Transfer from General Fund	25,000	25,000	25,000	-
Total other financing sources and uses	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
Net change in fund balances	(100)	(100)	16,611	16,711
Fund balances - beginning	100	100	9,711	9,611
Fund balances - ending	<u>-</u>	<u>-</u>	<u>\$ 26,322</u>	<u>\$ 26,322</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Deferred Revenue				\$ (25,748)
Accrued vacation and compensatory pay				(574)
Fund balances - ending				<u>26,322</u>
Fund balance, June 30, 2007 (GAAP basis)				<u>-</u>

See auditors' report.

CITY OF LAKESIDE, OREGON
 County Special Levy Library Operations Fund (#21)
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
County serial levy	\$ 54,000	\$ 54,000	\$ 62,357	\$ 8,357
Miscellaneous	1,800	1,800	2,284	484
Interest on investments	750	750	2,137	1,387
Total revenues	<u>56,550</u>	<u>56,550</u>	<u>66,778</u>	<u>10,228</u>
EXPENDITURES				
Personal Services:				
Librarian	18,500	18,500	16,264	2,236
Library aide	19,000	19,000	12,564	6,436
Payroll taxes and insurance	16,000	16,000	10,626	5,374
	<u>53,500</u>	<u>53,500</u>	<u>39,454</u>	<u>14,046</u>
Materials and Services:				
Materials and subscriptions	6,500	6,500	7,595	(1,095)
Postage	1,000	1,000	925	75
Telephone	2,000	2,000	1,499	501
Dues, travel and conferences	100	100	-	100
Operating supplies	2,600	2,600	2,544	56
Computer materials and services	1,500	1,500	1,288	212
Purchased services	4,050	4,050	3,485	565
Repairs and maintenance	1,000	1,000	-	1,000
Licenses, fees and permits	50	50	-	50
Miscellaneous expense-emergency	6,250	6,250	4,101	2,149
	<u>25,050</u>	<u>25,050</u>	<u>21,437</u>	<u>3,613</u>
Capital Outlay	<u>1,000</u>	<u>1,000</u>	<u>259</u>	<u>741</u>
Total expenditures	<u>79,550</u>	<u>79,550</u>	<u>61,150</u>	<u>18,400</u>
Net change in fund balances	(23,000)	(23,000)	5,628	28,628
Fund balances - beginning	<u>23,000</u>	<u>23,000</u>	<u>30,578</u>	<u>7,578</u>
Fund balances - ending	<u>-</u>	<u>-</u>	<u>\$ 36,206</u>	<u>\$ 36,206</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Accrued vacation and compensatory pay				\$ (4,632)
Fund balances - ending				<u>36,206</u>
Fund balance, June 30, 2007 (GAAP basis)				<u>\$ 31,574</u>

See auditors' report.

CITY OF LAKESIDE, OREGON

Clean Lake Fund (#28)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>REVENUES</u>				
Grant Revenue	\$ 1,402,060	\$ 1,402,060	-	\$ (1,402,060)
<u>EXPENDITURES</u>				
Personal Services:				
Clean Lake Administration	48,000	48,000	-	48,000
Payroll taxes and insurance	21,000	21,000	-	21,000
	69,000	69,000	-	69,000
Materials and Services:				
Purchased services	814,200	814,200	-	814,200
Operating supplies	276,400	276,400	-	276,400
Administrative costs	127,460	127,460	-	127,460
Telephone	5,000	5,000	-	5,000
Dues, travel and conferences	5,000	5,000	-	5,000
Postage	5,000	5,000	-	5,000
Licenses, fees and permits	5,000	5,000	-	5,000
	1,238,060	1,238,060	-	1,238,060
Capital Outlay	95,000	95,000	-	95,000
Total expenditures	1,402,060	1,402,060	-	1,402,060
Net Change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	-	-	-	-

See auditors' report.

CITY OF LAKESIDE, OREGON
Waste Water Treatment Plant (#7)
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>REVENUES</u>				
Sewer use fees	\$ 500,000	\$ 500,000	\$ 542,901	\$ 42,901
Miscellaneous	1,000	1,000	57	(943)
Sale of fixed assets	100	100	-	(100)
Interest on investments	9,000	9,000	24,178	15,178
Total revenues	510,100	510,100	567,136	57,036
<u>EXPENDITURES</u>				
Personal Services:				
City Recorder	35,000	35,000	22,824	12,176
Administrative Assistant	20,000	20,000	5,628	14,372
Janitorial	3,000	3,000	1,966	1,034
Superintendent	55,000	55,000	26,999	28,001
Operator	35,000	35,000	33,121	1,879
Assistant Operator	33,000	33,000	54,115	(21,115)
Operator 3	28,000	28,000		28,000
Clerical Assistant	25,000	25,000	16,835	8,165
Payroll taxes and insurance	140,000	140,000	92,603	47,397
	374,000	374,000	254,091	119,909
Materials and Services:				
Advertising and elections	1,500	1,500	491	1,009
Audit and filing fee	15,000	15,000	7,960	7,040
Engineering fees	40,000	40,000	3,476	36,524
Fuel	6,000	6,000	2,164	3,836
Insurance	20,000	20,000	13,272	6,728
Legal fees	10,000	10,000	5,055	4,945
Licenses, fees and permits	5,000	5,000	1,732	3,268
Repair and maintenance	40,000	40,000	40,238	(238)
Postage	6,000	6,000	2,953	3,047
Operating supplies	35,000	35,000	28,494	6,506
Purchased services	65,000	65,000	60,487	4,513
Telephone	5,000	5,000	2,281	2,719
Dues, travel and conferences	5,000	5,000	1,780	3,220
Electricity	32,600	32,600	27,764	4,836
	286,100	286,100	198,147	87,953
Capital Outlay:				
General	150,000	150,000	8,823	141,177
Equipment	40,000	40,000	5,819	34,181
Pumps	20,000	20,000	-	20,000
	210,000	210,000	14,642	195,358
Debt Service:				
DEQ interim finance interest	20,000	20,000	-	20,000
Total expenditures	890,100	890,100	466,880	423,220
Excess (deficiency) of revenues over (under) expenditures (Carried forward)	(380,000)	(380,000)	100,256	480,256

See auditors' report.

CITY OF LAKESIDE, OREGON
Waste Water Treatment Plant (#7)
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over (under) expenditures (Carried forward)	(380,000)	(380,000)	100,256	480,256
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer To Sewer Construction Fund	(20,000)	(20,000)	(20,000)	-
Net change in fund balances	(400,000)	(400,000)	80,256	480,256
Fund balances - beginning	400,000	400,000	449,312	49,312
Fund balances - ending	<u>-</u>	<u>-</u>	<u>\$ 529,568</u>	<u>\$ 529,568</u>

RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Fixed assets (net of accumulated depreciation)	\$ 2,430,888
Accrued vacation and compensatory pay	(13,327)
Fund balances - ending	<u>529,568</u>
Net assets, June 30, 2006 (GAAP basis)	<u>\$ 2,947,129</u>

See auditors' report.

CITY OF LAKESIDE, OREGON

Bonded Debt Fund (#6)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>REVENUES</u>				
Property taxes:				
Current year's taxes	\$ 93,400	\$ 93,400	\$ 99,693	\$ 6,293
Prior years' taxes	6,000	6,000	6,912	912
Interest on investments	1,500	1,500	4,123	2,623
Total revenues	<u>100,900</u>	<u>100,900</u>	<u>110,728</u>	<u>9,828</u>
<u>EXPENDITURES</u>				
Debt service:				
Bond principal	84,500	84,500	80,269	4,231
Bond interest	15,400	15,400	16,105	(705)
Total expenditures	<u>99,900</u>	<u>99,900</u>	<u>96,374</u>	<u>3,526</u>
Net change in fund balances	1,000	1,000	14,354	13,354
Fund balances - beginning	84,500	84,500	77,251	(7,249)
Fund balances - ending	<u>\$ 85,500</u>	<u>\$ 85,500</u>	<u>\$ 91,605</u>	<u>\$ 6,105</u>
<u>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</u>				
Taxes receivable			\$ 9,312	
Accrued interest payable			(650)	
Long-term debt			(263,699)	
Fund balances - ending			91,605	
Net assets, June 30, 2006 (GAAP basis)				<u>\$ (163,432)</u>

See auditors' report.

CITY OF LAKESIDE, OREGON
Sewer Construction Fund (#10)
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>REVENUES</u>				
Loan and grant proceeds	\$ 4,000,000	\$ 4,000,000	\$ 1,048,084	\$ (2,951,916)
Sewer hookup permit revenue	5,000	5,000	4,467	(533)
System development charges	20,000	20,000	18,410	(1,590)
Interest on investments	2,500	2,500	5,955	3,455
Total revenues	<u>4,027,500</u>	<u>4,027,500</u>	<u>1,076,916</u>	<u>(2,950,584)</u>
<u>EXPENDITURES</u>				
Materials and Services:				
Purchased services	<u>250,000</u>	<u>250,000</u>	<u>273</u>	<u>249,727</u>
Capital Outlay	<u>3,892,500</u>	<u>3,892,500</u>	<u>1,062,236</u>	<u>2,830,264</u>
Total expenditures	<u>4,142,500</u>	<u>4,142,500</u>	<u>1,062,509</u>	<u>3,079,991</u>
Excess (deficiency) of revenues over (under) expenditures	(115,000)	(115,000)	14,407	129,407
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer from Waste Water Treatment Plant Fund	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balances	(95,000)	(95,000)	34,407	129,407
Fund balances - beginning	<u>95,000</u>	<u>95,000</u>	<u>153,202</u>	<u>58,202</u>
Fund balances - ending	<u>-</u>	<u>-</u>	<u>\$ 187,609</u>	<u>\$ 187,609</u>
<u>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</u>				
Long-term debt			\$ (1,316,474)	
Accrued interest payable			(9,688)	
Fund balances - ending			<u>187,609</u>	
Net assets, June 30, 2006 (GAAP basis)			<u>\$ (1,138,553)</u>	

See auditors' report.

CITY OF LAKESIDE, OREGON

Enterprise Fund (#24)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>REVENUES</u>				
USDA Land Aquisition Reimbursement	\$ 100,000	\$ 100,000	-	\$ (100,000)
Interest on investments	200	200	\$ 648	448
Total revenues	100,200	100,200	648	(99,552)
<u>EXPENDITURES</u>				
Materials and Services:				
Repair and maintenance	12,200	12,200	-	12,200
Capital Outlay	100,000	100,000	-	100,000
Total expenditures	112,200	112,200	-	112,200
Net change in fund balances	(12,000)	(12,000)	648	12,648
Fund balances - beginning	12,000	12,000	12,238	238
Fund balances - ending	-	-	\$ 12,886	\$ 12,886

See auditors' report.

CITY OF LAKESIDE, OREGON
 SCA Paving Grant Fund (#31)
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>REVENUES</u>				
Paving Grant	\$ 25,000	\$ 25,000	-	\$(25,000)
<u>EXPENDITURES</u>				
Materials and Services:				
Purchased services	25,000	25,000	-	25,000
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	-	-	-	-

See auditors' report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF LAKESIDE, OREGONSchedule of Cash and Cash on Hand
June 30, 2007CASH ON DEPOSIT

Umpqua Bank:

Checking account	\$ 67,939
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LOCAL GOVERNMENT INVESTMENT POOL

1,061,920

CASH ON HAND

450

Total

\$ 1,130,309OWNERSHIP OF CASH

General Fund	\$ 174,505
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State Tax Street Fund	80,282
-----------------------	--------

Watershed Grant Fund	66,105
----------------------	--------

Watershed Coordinator Fund	26,758
----------------------------	--------

County Special Levy Library Operations Fund	36,553
---	--------

Wastewater Treatment Plant Fund	453,037
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Sewer Construction Fund	188,578
-------------------------	---------

Bonded Debt Fund	91,605
------------------	--------

Enterprise Fund	12,886
-----------------	--------

\$ 1,130,309

NOTE - At June 30, 2007, Umpqua Bank had secured deposits with a Certificate of Participation of \$300,000. F.D.I.C. also provides security for checking accounts up to \$100,000.

CITY OF LAKESIDE

Schedule of Property Tax Transactions
For the Fiscal Year Ended June 30, 2007

<u>Year of Levy</u>	<u>Adjusted Levy 2006-07</u>	<u>Taxes Receivable 7/1/06</u>	<u>Collec- tions</u>	<u>Offsets, Rebates and Adjust- ments</u>	<u>Taxes Receiv- able 6/30/07</u>
2006-07	\$ 108,393		\$ 98,940	\$ (4,252)	\$ 5,201
2005-06		\$ 5,208	3,806	887	2,289
2004-05		2,441	1,195	67	1,313
2003-04		1,004	602	3	405
2002-03		427	564	197	60
2001-02		105	87	26	44
	<u>\$ 108,393</u>	<u>\$ 9,185</u>	105,194	<u>\$ (3,072)</u>	<u>\$ 9,312</u>
Prior years' taxes and interest			740		
Tax offsets and other taxes			<u>671</u>		
Total			<u>\$ 106,605</u>		

SUMMARY OF COLLECTIONS AND TAXES RECEIVABLE

<u>Fund</u>	<u>Current Year</u>	<u>Prior Years' and Interest</u>	<u>Total</u>	<u>Taxes Receiv- able</u>
Bonded Debt	<u>\$ 99,022</u>	<u>\$ 7,583</u>	<u>\$ 106,605</u>	<u>\$ 9,312</u>

See auditors' report.

CITY OF LAKESIDE, OREGON

Schedule of Long-Term Debt Transactions
For the Fiscal Year Ended June 30, 2007

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>BALANCE PAYABLE, JULY 1, 2006</u>	\$ 612,358	\$ 38,321	\$ 650,679
Add - Interest adjustment	-	1,205	1,205
Add -New financing	<u>1,048,084</u>	<u>21,832</u>	<u>1,069,916</u>
	1,660,442	61,358	1,721,800
Less - Payment of principal and interest maturing in the year ended June 30, 2007	<u>(80,269)</u>	<u>(16,105)</u>	<u>(96,374)</u>
<u>BALANCE PAYABLE, JUNE 30, 2007</u>	<u>\$ 1,580,173</u>	<u>\$ 45,253</u>	<u>\$ 1,625,426</u>

See auditors' report.

CITY OF LAKESIDE, OREGON

Schedule of December 19, 1979 General Obligation Sewer Bonds Outstanding
at June 30, 2007, and Subsequent Maturities of Principal and Interest

<u>Maturities by Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007-08	\$ 84,459	\$ 11,074	\$ 95,533
2008-09	89,720	6,719	96,439
2009-10	89,520	2,238	91,758
<u>TOTAL OUTSTANDING AT JUNE 30, 2007</u>	<u>\$ 263,699</u>	<u>\$ 20,031</u>	<u>\$ 283,730</u>
<u>ORIGINAL ISSUE</u>	<u>\$ 1,470,000</u>		
<u>BONDS RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2007</u>	<u>\$ 80,269</u>	<u>\$ 16,105</u>	<u>\$ 96,374</u>
<u>PAYMENT DATES:</u>			
Principal		December 19	
Interest		December 19 and June 19	
<u>INTEREST RATE</u>		5% computed on a daily basis	

CITY OF LAKESIDE, OREGON

Schedule of DEQ-Clean Water State Revolving Fund Interim Loan
at June 30, 2007, and Subsequent Maturities of Principal and Interest

<u>Maturities by Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007-08	\$ 1,316,474	\$ 25,222	\$ 1,341,696
<u>TOTAL OUTSTANDING AT JUNE 30, 2007</u>	<u>\$ 1,316,474</u>	<u>\$ 25,222</u>	<u>\$ 1,341,696</u>
<u>ORIGINAL ISSUE</u>	<u>\$ 1,316,474</u>		
<u>PAYMENT DATES</u>			
Principal and interest	Estimated project completion - May 31, 2008		
<u>INTEREST RATE</u>			
	1.18% per anum		

ACCOMPANYING INFORMATION

CITY OF LAKESIDE, OREGONAuditors' Comments
June 30, 2007

(1)

The condition of the accounting records and the adequacy of the accounting and internal control structure are disclosed in our report dated February 20, 2008 on compliance and internal control which appear following the Auditors' Comments section. We have also reported to City's management in a separate letter dated February 20, 2008, certain observations concerning accounting matters that we made during our audit engagement.

(2)

During the year ended June 30, 2007, collateral pledged by financial institutions and coverage provided by a governmental agency was adequate to meet the provisions of ORS 295.025.

(3)

The City has complied with provision of ORS Chapter 294 relating to investment of public moneys.

(4)

Compliance with and provisions of ORS Chapter 279 were tested to the extent deemed necessary. Nothing came to our attention that the City had not generally complied with the legal requirements for awarding public contracts and constructing public improvements.

(5)

The City has complied with legal debt limitations.

(6)

Legal provisions were complied with in the preparation, adoption and execution of the annual budget for the year ended June 30, 2007 and the preparation and adoption of the annual budget for the year ended June 30, 2008 except for two appropriation expenditures as disclosed in Footnote II B.

The City makes its appropriations for each fund in accordance with the provisions of ORS 294.435(3) as disclosed in Footnote II A-3.

Oregon's Local Budget Law requires that estimates of the ending fund balances are to be included as resources in the subsequent year's budget. The amount of fund balances included as budget resources and designated for the next year's expenditures are as follows:

<u>Fund</u>	<u>Balance</u> <u>6/30/07</u>	2007-2008 <u>Budget</u> <u>Resource</u>	<u>Difference</u>
General Fund	\$ 172,458	\$ 118,000	\$ 54,458
State Tax Street Fund	78,394	54,200	24,194
Watershed Grant Fund	64,378	54,000	10,378
Watershed Coordinator Fund	26,322	292	26,030
County Special Levy Library Operations Fund	36,206	31,000	5,206
Wastewater Treatment Plant Fund	529,568	374,000	155,568
Bonded Debt Fund	91,605	86,000	5,605
Sewer Construction Fund	187,609	129,000	58,609
Enterprise Fund	<u>12,866</u>	<u>12,374</u>	<u>492</u>
	<u>\$1,199,406</u>	<u>\$ 858,866</u>	<u>\$ 340,540</u>

(7)

We reviewed compliance with legal requirements relating to insurance and fidelity bond coverage. During our audit, we found no instances for noncompliance with these legal requirements pertaining to insurance and fidelity bond coverage.

(8)

State motor vehicle fuel tax revenues are accounted for in the State Tax Street Fund. The City has complied with legal requirements, as provided for in Article 1X, section 3a of the Oregon Constitution, pertaining to the use of such funds.

(9)

During the year ended June 30, 2007, the City participated in several Federal and State grant programs. Transactions for these grants were examined and tested to the extent deemed necessary. During the course of our audit, nothing except as discussed in Note IV (C), came to our attention to indicate that the City had not generally administered, accounted for and reported its Federal and State grant programs in accordance with applicable laws and regulations. For the year ended June 30, 2007 the City was subject to the provisions of the Single Audit Act as the expenditure of Federal financial assistance exceeded the \$500,000 level.

(10)

An inquiry of the City Attorney indicated that there was no material litigation of a financial nature pending for or against the City at June 30, 2007.

SCOVILLE & REIBER, P.C.

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MEMBERS
AMERICAN INSTITUTE OF C.P.A.
OREGON SOCIETY OF C.P.A.

February 20, 2008

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with Government Auditing StandardsCity Council
City of Lakeside
Lakeside, OR 97449

We have audited the financial statements of the City of Lakeside, Oregon, as of and for the year ended June 30, 2007, and have issued our report thereon dated February 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs Section II – Findings – Financial statement findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards. We also noted certain additional matters that we reported to management of the City in a separate letter dated February 20, 2008.

This report is intended solely for the information and use of the management, the Mayor and City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

SCOVILLE & REIBER, P.C.

By 
G. Kent Scoville, C.P.A.

SCOVILLE & REIBER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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OREGON SOCIETY OF C.P.A.

February 20, 2008

Report on Compliance with Requirements Applicable to Each Major Program and Internal
Control Over Compliance in Accordance with OMB circular A-133

City Council
City of Lakeside
Lakeside, OR 97449

Compliance

We have audited the compliance of City of Lakeside, Oregon, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2007. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, City of Lakeside, Oregon, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of City of Lakeside, Oregon is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the

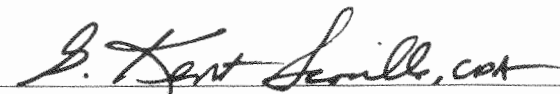
City's internal control over compliance with requirements that could have a direct and material effect on its major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management, the Mayor and City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

SCOVILLE & REIBER, P.C.

by 
G. Kent Scoville, C.P.A.

CITY OF LAKESIDE, OREGONSchedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2007**SECTION I SUMMARY OF AUDITOR'S RESULTS**Financial Statements

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Lakeside.
2. Internal control over financial reporting:
 - Material weakness identified? yes no
 - Reportable condition(s) identified that are not considered to be material weaknesses? yes no
3. Noncompliance material to financial statements noted? yes no

Federal Awards

4. No material weaknesses or reportable conditions in internal control over the major the program were disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs for the City of Lakeside expresses an unqualified opinion.
6. The audit disclosed no audit findings required to be reported under Section 510(a) of Circular A-133.
7. The major program tested was:

Water and Waste Disposal Systems for Rural Communities – CFDA #10.760.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. City of Lakeside was determined to be a high-risk auditee.

SECTION II FINDINGS – FINANCIAL STATEMENT FINDINGS

Internal control in the area of watershed grant administration was found to be deficient in the following areas:

1. The amounts reported to granting agencies for payroll expenses were overstated, due mostly to workers compensation costs that were in excess of the actual expenses.
2. At least one invoice charged to grant(s) twice.
3. Many expenses that could have been charged to the grants were not included.

The net result of these errors is not believed to be material to the financial statements in this case. However, these are serious problems that need to be promptly addressed.

Recommendation - The City should institute a plan to collect costs and to reconcile those costs to actual costs prior to submitting reimbursement requests. The grant administrator needs to compare the invoices and payroll costs eligible for reimbursement with other City accounting records such as the fully posted general ledger.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CITY OF LAKESIDE, OREGON

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2007

UNITED STATES DEPARTMENT OF AGRICULTURE

No prior audit findings

ENVIRONMENTAL PROTECTION AGENCY

No prior audit findings

DEPARTMENT OF COMMERCE

No prior audit findings

CORRECTIVE ACTION PLAN

Compliance Review

A) Comments on Findings and Recommendations:

We concur with the findings and recommendation.

B) Action Taken or Planned:

The grant administrator has revised the method of collecting costs to avoid these errors in the future, and will be more diligent in checking the accuracy of the reimbursement requests prior to sending them to the granting agencies.

City of Lakeside, Oregon
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2007

Federal Grantor/Program Title	<u>Federal CFDA Number</u>	Agency or Pass- Through Number	<u>Federal Expenditures</u>
<u>United States Department of Agriculture</u>			
Water and Waste Disposal Systems for Rural Communities	\$ 10.760 **	USDA	\$ 1,062,236
<u>Environmental Protection Agency</u>			
Nonpoint Source Implementation Grant	66.460	ODEQ	51,394
<u>Department of Commerce, National Oceanic and Atmospheric Administration</u>			
Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	11.438	OWEB	60,835
<u>Department of Commerce, National Oceanic and Atmospheric Administration</u>			
Coastal Management Grant	11.419	DLCD	<u>3,000</u>
Total Expenditures of Federal Awards			<u>\$ 1,177,465</u>

** Major Program

CITY OF LAKESIDE, OREGONNotes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2007

Note 1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the City of Lakeside, Oregon and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, the amounts presented in this schedule do not differ from the amounts presented in, or used in the preparation of the financial statements.

SCOVILLE & REIBER, P.C.

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MEMBERS
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February 20, 2008

City Council
City of Lakeside
Lakeside, OR 97449

We have audited the financial statements of the City of Lakeside for the year ended June 30, 2007 and have issued our report thereon dated February 20, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. However, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year ended June 30, 2007. We noted no significant unusual transactions entered into by the City during the year which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the City's financial reporting process (that is, cause future financial statements to be materially misstated).

Although we did propose certain adjustments, no adjustments that, whether recorded or unrecorded by the City either individually or in the aggregate, indicate matters that could have a significant effect on the City's financial reporting process.

Disagreements with Management

There were no disagreements with management over financial accounting, reporting, or auditing matters that could be significant to the financial statements or the auditors' reports.

Consultations with Other Independent Accountants

We are not aware of any instances in which the management had consulted with other accountants about auditing and accounting matters during the year ended June 30, 2005.

Issues Discussed Prior to Retention of Independent Auditors

There were no major issues or discussions with the management prior to our retention regarding the application of accounting principles and auditing standards or other related matters.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Other Matters

1. ACCOUNTING:

We encountered a few more problems during this year's audit than we have in the recent past. This is no doubt attributable to the complete change in staff that occurred during the year. There is a natural learning curve that had an effect on the financial records. We noted a few more misclassifications in which expenditures or revenues were entered into the wrong account or the wrong fund. With a few more checks and balances, and a little more experience, these types of problems should improve.

2. WATERSHED GRANTS:

We also found the following problems with the watershed grants this year:

1. The amounts reported to granting agencies for payroll expenses were overstated, due mostly to workers compensation costs that were in excess of the actual expenses.
2. At least one invoice charged to grant(s) twice.
3. Many expenses that could have been charged to the grants were not included.

This appears to be an internal control issue. Reconciliations of the grant expenditures to the general ledger were not done as a means of ensuring accuracy. These issues have been discussed with the watershed coordinator, and recommendations have been suggested that should help to eliminate these problems. Our recommendations have already been implemented retroactively to July 1, 2007. Additionally, grant information for the fiscal year ended June 30, 2007 has been reevaluated in order to correct reporting problems with the granting agencies.

3. BUDGET:

The budget process and presentation for the FYE 07-08 was correct except for the Actual columns for FYE 05-06. These numbers should agree with the audit for that year, and in some cases they do not. It is unclear whether or not this is a software problem, or simply the result of various errors, in any case care should be taken in the future to make sure the numbers presented are correct.


4. ACCOUNTING SOFTWARE:

There are indications that the City's accounting software is not functioning as it should. The general ledger had a duplicated entry that was apparently generated by the system itself. The result was that the general ledger balances were not correct, and the general ledger balances did not match the trial balance. The trial balance appeared to have had the correct balances. These issues should be followed up with the City's software support organization.

We will be pleased to answer any questions you may have concerning these matters. Also, we would like to thank the Mayor and the City's staff for their cooperation and assistance during the audit engagement.

This information is intended solely for the use of the management, others within the organization, Mayor and City Council, the Oregon Secretary of State and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SCOVILLE & REIBER, PC

by 
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GKS:lo