

## **AUDIT COMMENTS**

CITY OF ROSEBURG

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATION

June 30, 2007

ACCOUNTING RECORDS AND INTERNAL CONTROL

The City's accounting records were in satisfactory condition for audit purposes.

In planning and performing our audit of the financial statements of the City of Roseburg, Oregon, for the year ended June 30, 2007, we considered its internal control structure 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 structure. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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. However, we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the use of management and the State of Oregon, Secretary of State, Division of Audits and should not be used for any other purposes.

COLLATERAL

Collateral pledged at June 30, 2007 was as follows:

|                  |             |
|------------------|-------------|
| U.S. Bank        | \$6,000,000 |
| Umpqua Bank      | \$3,500,000 |
| Wells Fargo Bank | \$1,000,000 |

Collateral pledged during the year was adequate.

INDEBTEDNESS

The City has complied with ORS 287.004, limitation on amount of bonded indebtedness.

BUDGET PREPARATION

The CITY OF ROSEBURG, OREGON did comply with the statutory provisions in the preparation, adoption and execution of the annual budget for the fiscal years 2006-07 and 2007-08. The resolution making appropriations for each fund or organizational unit was done correctly.

## CITY OF ROSEBURG

### AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATION

June 30, 2007

#### PROGRAMS FUNDED FROM OUTSIDE SOURCES

##### State Grants

We reviewed and tested to the extent deemed appropriate, transactions and reports of state and county programs in which the City took part. We did not consider the scope of our audit engagement as requiring us to make a complete examination of each project and our opinion on the City's combined financial statements does not cover each individual grant. Each grant is subject to audit by the grantor agency and any adjustments may become a liability of the appropriate fund.

Based on our tests of the accounting records and examination of reports to grantor agencies, we were, in general, satisfied as to the propriety of accounting for such expenditures and revenues for the fiscal year June 30, 2007 subject to any adjustments subsequently required as a result of audits performed by grantor agencies.

##### Federal Grants

We reviewed and tested the City's compliance and internal control as required by Government Auditing Standards. Our review disclosed no conditions which we considered matters of noncompliance. A separate report was issued.

#### INSURANCE AND FIDELITY BONDS

We have reviewed the City's insurance and fidelity bond coverage with the City's insurance policies to ascertain that such policies were in force and did comply with legal requirements relating to fidelity bond coverage at June 30, 2007. We are not qualified by professional training to determine the adequacy of the City's insurance coverage.

#### PUBLIC CONTRACTS

We have tested the City's compliance with Oregon's Public Contract Laws, ORS 279. For the items tested the City has complied with the Oregon Public Contracting Laws.

#### HIGHWAY FUNDS

The City has complied with the use of revenues from the motor vehicle use and fuel tax (as contained in Article IX, Section 3a of the Oregon constitution) and has also complied with the statutory requirements of ORS 373.

CITY OF ROSEBURG

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June 30, 2007

Oregon Revised Statutes section 297 requires a statement of accountability of each independently elected official collecting or receiving money in the municipal corporation. The statement is a presentation of the beginning balances, receipts, disbursements, refunds, and turnovers to the appropriate governmental official, reconciled to cash on hand at the beginning and end of the audit period.

In compliance with ORS 297 there are no independently elected officials that collect or receive money on behalf of the City of Roseburg.