

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2007
WITH INDEPENDENT AUDITORS' REPORT

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Year ended June 30, 2007

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LANE COUNTY, OREGON

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LANE COUNTY, OREGON

Year ended June 30, 2007

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INTRODUCTORY SECTION

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

List of Elected Officials

June 30, 2007

<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, 2007
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

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 ("City") as of and for the year ended June 30, 2007, 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 amount 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.

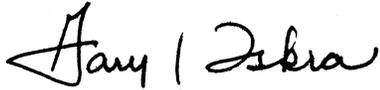
As discussed in Note I. C., the City prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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, 2007, and the respective changes in financial position and cash flows - modified cash basis, where applicable, thereof and the respective budgetary comparisons for the General 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 by Governmental Accounting Standards Board (GASB). 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 black ink that reads "Gary Iskra". The signature is written in a cursive style with a large, stylized initial "G".

By: Gary Iskra, CPA, a member of the firm
Eugene, Oregon
November 5, 2007

CITY OF JUNCTION CITY LANE COUNTY, OREGON

Management's Discussion and Analysis June 30, 2007

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, 2007, 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 \$10,785,291 for the year, resulting in an increase in total net assets of just over 78% from the previous year. Most of the increase is attributed to contributed infrastructure, in particular, the Third and Maple Pump Station. Net of the donation, revenues exceeded total expenses by \$2,134,430, resulting in an increase in total net assets of just over 15% from the previous year.

The City's Governmental Funds (defined below) saw an overall increase of \$495,226 to a combined ending balance of \$5,149,756. This represents an 10.6% increase in combined fund balance. The largest single part of this increase is attributable to the funding of the Prairie Road Street Improvement Reserve Fund through developer contributions.

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 26 to 38 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 non-major 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 non-major 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 27. 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, 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 three 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 \$13,785,965 to \$24,571,886 during the fiscal year ending June 30, 2007. Looking at the net assets and net expenses of governmental and business-type activities separately, business-type activities had a much larger increase than governmental activities.

City of Junction City's Net Assets:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 5,380,872	\$ 4,797,362	\$ 4,681,608	\$ 3,662,395	\$ 10,062,480	\$ 8,459,757
Capital assets	<u>4,763,680</u>	<u>1,993,575</u>	<u>9,967,583</u>	<u>3,455,027</u>	<u>\$ 14,731,263</u>	<u>\$ 5,448,602</u>
Total assets	<u>10,144,552</u>	<u>6,790,937</u>	<u>14,649,191</u>	<u>7,117,422</u>	<u>24,793,743</u>	<u>13,908,359</u>
Current liabilities	113,987	-	-	-	113,987	-
Long - term debt outstanding	-	-	107,870	122,394	107,870	122,394
Total liabilities	<u>113,987</u>	<u>-</u>	<u>107,870</u>	<u>122,394</u>	<u>221,857</u>	<u>122,394</u>
Net assets:						
Invested in capital assets, net of related debt	4,763,680	1,993,575	9,859,713	3,332,633	14,623,393	5,326,208
Restricted for systems development	416,563	279,525	629,340	244,421	1,045,903	523,946
Unrestricted	<u>4,850,322</u>	<u>4,517,837</u>	<u>4,052,268</u>	<u>3,417,974</u>	<u>8,902,590</u>	<u>7,935,811</u>
Total net assets	<u>\$ 10,030,565</u>	<u>\$ 6,790,937</u>	<u>\$ 14,541,321</u>	<u>\$ 6,995,028</u>	<u>\$ 24,571,886</u>	<u>\$ 13,785,965</u>

Net assets of the City's governmental activities increased 48% to \$10,030,565. However, \$4,763,680 of those net assets is invested in capital assets (buildings, roads, bridges, and so on) and \$416,563 was restricted for systems development. Consequently, unrestricted net assets were \$4,850,322 at the end of this year.

Changes in Net Assets—Modified Cash Basis

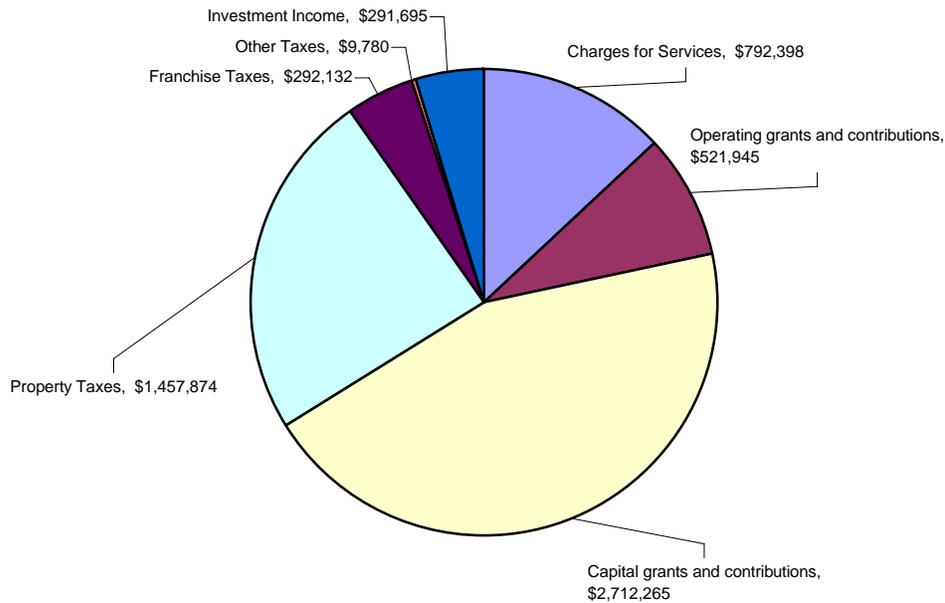
For the year ended June 30, 2007, net assets of the government (resulting from modified cash basis transactions) changed as follows:

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues:						
Charges for services	\$ 792,398	\$ 577,634	\$ 2,604,711	\$ 2,250,950	\$ 3,397,109	\$ 2,828,584
Operating grants and contributions	521,945	565,145	-	-	521,945	565,145
Capital grants and contributions	2,712,265	58,519	6,443,772	43,026	9,156,037	101,545
General revenues:						
Property taxes	1,457,874	1,416,095	-	-	1,457,874	1,416,095
Franchise taxes	292,132	306,981	-	-	292,132	306,981
Other taxes	9,780	11,133	-	-	9,780	11,133
Investment income	291,695	185,600	199,352	128,529	491,047	314,129
Loss on disposal of assets	(3,389)	(2,748)	(80,464)	(8,700)	(83,853)	(11,448)
Total revenues	<u>6,074,700</u>	<u>3,118,359</u>	<u>9,167,371</u>	<u>2,413,805</u>	<u>15,242,071</u>	<u>5,532,164</u>
Expenses						
General government	499,444	371,123	-	-	499,444	371,123
Public safety	1,416,680	1,361,055	-	-	1,416,680	1,361,055
Highways and streets	384,960	384,613	-	-	384,960	384,613
Economic development	42,349	3,222	-	-	42,349	3,222
Culture and recreation	493,295	576,241	-	-	493,295	576,241
Water	-	-	562,517	541,077	562,517	541,077
Sewer	-	-	479,275	473,264	479,275	473,264
Sanitation	-	-	580,957	601,841	580,957	601,841
Total expenses	<u>2,836,728</u>	<u>2,696,254</u>	<u>1,622,749</u>	<u>1,616,182</u>	<u>4,459,477</u>	<u>4,312,436</u>
Excess before special item and transfers	3,237,972	422,105	7,544,622	797,623	10,782,594	1,219,728
Gain on insurance recovery	-	-	4,671	-	4,671	-
Transfers to fiduciary funds	(1,344)	-	-	-	(1,344)	-
Transfers - internal activity	3,000	3,000	(3,000)	(3,000)	-	-
Increase in net assets	<u>3,239,628</u>	<u>425,105</u>	<u>7,546,293</u>	<u>794,623</u>	<u>10,785,921</u>	<u>1,219,728</u>
Net assets, beginning of year	<u>6,790,937</u>	<u>6,365,832</u>	<u>6,995,028</u>	<u>6,200,405</u>	<u>13,785,965</u>	<u>12,566,237</u>
Net assets, end of year	<u>\$ 10,030,565</u>	<u>\$ 6,790,937</u>	<u>\$ 14,541,321</u>	<u>\$ 6,995,028</u>	<u>\$ 24,571,886</u>	<u>\$ 13,785,965</u>

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Governmental Activities

For the year ended June 30, 2007, the City's governmental activities were funded as follows:

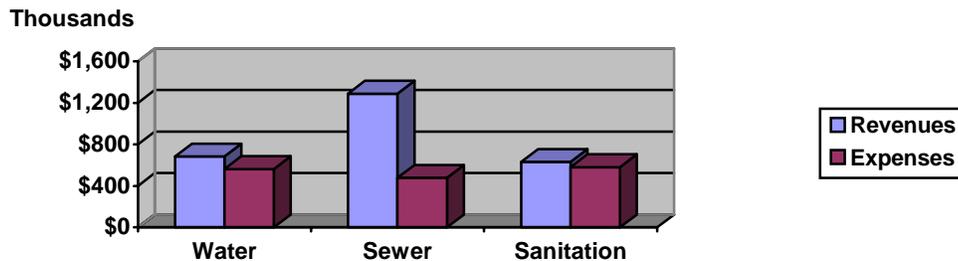


For the year ended June 30, 2007, total expenses for governmental activities, resulting from modified cash basis transactions, amounted to \$2,836,728. Revenues included: taxes and investment earnings (\$2,051,481); charges for services (\$792,398); operating grants and contributions (\$521,945); capital grants and contributions (\$2,712,265) loss on disposal of capital assets (\$3,389); and net transfers in from other funds (\$1,656). As a result, governmental net assets increased \$3,239,628.

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 revenues of \$129,595, \$809,927, and \$49,943 respectively. It is important to note that \$791,741 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 21- 23.

Operating revenues 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 \$646,338 or a decrease of \$183,809. This 22% decline in ending balance is not sustainable without either a significant increase in revenues and/or decrease in expenditures. This was brought into even sharper focus with the loss of both County "Rural School" Funds and railroad franchise fees. The City's proposed 5-cents-per-gallon gas tax was defeated in the recent election.
- The Business Development Loan Fund grew by \$82,103 or 8.3% due to both repayment of loans and solid earnings on investments. During this same period, one new loan was made leaving an ending balance in the fund for its intended purposes of \$1,073,605.
- 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 \$317,524 and \$99,039.
- Both the Law Enforcement and Community Recreation Funds were consolidated into the General Fund in FY 2006-07 and all funds were transferred in.
- 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 \$57,631 and \$424,334 expressed in a budgetary basis of measurement.
- The Sewer Debt Service Fund was consolidated with the Sewer System Improvement Fund this year. With the addition of the transferred funds, and \$911,254 of new revenue, the Sewer System Improvement Fund ended the year with \$2,593,001 as a fund balance. This is after expenditures of \$458,392 for sewer improvement purposes.
- The Sanitation Equipment Reserve Fund grew by \$38,045 to an ending fund balance of \$229,927.

General Fund Budgetary Highlights

The City's General Fund ended the year with a fund balance of \$1,593,031, an increase of \$736,251 from the beginning of year balance. Of this amount, \$540,800 resulted from net transfers into the General Fund, largely due to fund consolidation. The net increase (without the transfers) of \$195,451 represents an overall increase in General Fund ending balance of 22.8%. While the news is good, the increase still does not fully offset the \$256,853 decline in General Fund ending balance for FY 2005-06. Also dampening the news somewhat, property taxes for the year increased at a rate of approximately 3% over the prior year's collections. This was below the expectation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets—Modified Cash Basis

At June 30, 2007, the City had more than \$14.7 million invested in capital assets, net of depreciation, including land and buildings, police and public works equipment, park facilities, water lines and sewer lines. (See table below). This represents a net increase of \$9,282,661, or 170 percent, over last year. For more information on capital assets, see Note III. D. on pages 33 - 34.

	Governmental Activities		Business-Type Activites		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 867,760	\$ 867,760	\$ 1,197,982	\$ 775,832	\$ 2,065,742	\$ 1,643,592
Construction in progress	-	4,995	170,019	149,894	170,019	154,889
Other improvements	311,892	318,873	-	-	311,892	318,873
Machinery and equipment	388,032	368,265	365,470	357,177	753,502	725,442
Infrastructure	3,195,996	433,682	125,911	133,317	3,321,907	566,999
Utility property		-	8,108,201	2,038,807	8,108,201	2,038,807
Total	<u>\$ 4,763,680</u>	<u>\$ 1,993,575</u>	<u>\$ 9,967,583</u>	<u>\$ 3,455,027</u>	<u>\$ 14,731,263</u>	<u>\$ 5,448,602</u>

Major capital asset additions during the year include:

Street project	\$ 200,860
Water and sewer line projects	100,232
Vehicles	80,528
Sewer reconstruction	33,424
General improvements and equipment	150,896
Land acquisitions	422,150
Contributed infrastructure	8,651,491

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 OECD to prepay this loan. Please see page 35 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, 2007 was \$107,870. For more information on long-term debt, see Note III. F. on pages 35 - 36.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the upcoming fiscal year ending June 30, 2008, the City's budget is fairly consistent with this year. During the fiscal year ending June 30, 2008, 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.

Utilizing engineering consultants, the City has revised its plans for the wastewater treatment system improvements mandated by the Oregon Department of Environmental Quality. Acquisition of properties for the expansion of the sewer lagoons and replacement of the pump station at 9th and Ivy were completed in FY 2006-07.

This year saw the announcement of the construction of two major State facilities; a new prison with an estimated completion date of 2012, and a new mental health facility with an estimated completion date of 2013. To meet the infrastructure needs of these facilities, both the recently completed wastewater facility plan and the water system master plan will need to be thoroughly updated. The City has begun the work of planning and negotiating respective responsibilities for the completion of this work.

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, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,262,943	\$ 4,681,608	\$ 9,944,551
Notes receivable	117,129	-	117,129
Employee receivable	800	-	800
Capital assets not being depreciated:			
Land	867,760	1,197,982	2,065,742
Construction in progress		170,019	170,019
Capital assets net of depreciation:			
Utility property and improvements	311,892	8,108,201	8,420,093
Infrastructure	3,195,996	125,911	3,321,907
Machinery and equipment	388,032	365,470	753,502
Total assets	<u>\$ 10,144,552</u>	<u>\$ 14,649,191</u>	<u>\$ 24,793,743</u>
LIABILITIES			
Zone of benefits payable	\$ 113,987	\$ -	113,987
Noncurrent liabilities:			
Due within one year	-	15,414	15,414
Due in more than one year	-	92,456	92,456
Total liabilities	<u>113,987</u>	<u>107,870</u>	<u>221,857</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,763,680	9,859,713	14,623,393
Restricted for systems development	416,563	629,340	1,045,903
Unrestricted	4,850,322	4,052,268	8,902,590
Total net assets	<u>10,030,565</u>	<u>14,541,321</u>	<u>24,571,886</u>
Total liabilities and net assets	<u>\$ 10,144,552</u>	<u>\$ 14,649,191</u>	<u>\$ 24,793,743</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, 2007

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	\$ 499,444	\$ 171,437	\$ -	\$ 198,023	\$ -	\$ 198,023
Public safety	1,416,680	-	-	(1,403,350)	-	(1,403,350)
Highways and streets	384,960	330,352	2,651,521	2,818,252	-	2,818,252
Economic development	42,349	-	-	(41,549)	-	(41,549)
Culture and recreation	493,295	20,156	60,744	(381,496)	-	(381,496)
Total governmental activities	2,836,728	521,945	2,712,265	1,189,880	-	1,189,880
Business-type activities:						
Water	562,517	-	1,597,121	-	1,719,213	1,719,213
Sewer	479,275	-	4,846,651	-	5,656,578	5,656,578
Sanitation	580,957	-	-	-	49,943	49,943
Total business-type activities	1,622,749	-	6,443,772	-	7,425,734	7,425,734
Total government	\$ 4,459,477	\$ 521,945	\$ 9,156,037	1,189,880	7,425,734	8,615,614
General revenues:						
Property taxes				1,457,874	-	1,457,874
Franchise taxes				292,132	-	292,132
Other taxes and receipts				9,780	-	9,780
Investment earnings				291,695	199,352	491,047
Loss on disposal of fixed assets				(3,389)	(80,464)	(83,853)
Gain on insurance recovery				-	4,671	4,671
Transfers - fiduciary funds, net				(1,344)	-	(1,344)
Transfers - internal activity				3,000	(3,000)	-
Total general revenues, and transfers				2,049,748	120,559	2,170,307
Change in net assets				3,239,628	7,546,293	10,785,921
Net assets - beginning				6,790,937	6,995,028	13,785,965
Net assets - ending				\$ 10,030,565	\$ 14,541,321	\$ 24,571,886

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

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
Balance Sheet - Modified Cash Basis
Governmental Funds
June 30, 2007

	General Fund	Street Fund	Building Replacement Reserve Fund	Business Development Loan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,706,218	\$ 646,338	\$ 590,015	\$ 1,073,605	\$ 1,246,767	\$ 5,262,943
Employee receivables	800	-	-	-	-	800
Loan receivables	-	-	-	117,129	-	117,129
Total assets	<u>\$ 1,707,018</u>	<u>\$ 646,338</u>	<u>\$ 590,015</u>	<u>\$ 1,190,734</u>	<u>\$ 1,246,767</u>	<u>\$ 5,380,872</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Zone of benefit payable	113,987	-	-	-	-	113,987
Deferred revenue	-	-	-	117,129	-	117,129
Total liabilities	<u>113,987</u>	<u>-</u>	<u>-</u>	<u>117,129</u>	<u>-</u>	<u>231,116</u>

Fund balances:

Reserved for systems development	-	-	-	-	416,563	416,563
Unreserved, reported in:						
General fund	1,593,031	-	-	-	-	1,593,031
Special revenue funds	-	646,338	590,015	1,073,605	830,204	3,140,162
Total fund balances	<u>1,593,031</u>	<u>646,338</u>	<u>590,015</u>	<u>1,073,605</u>	<u>830,204</u>	<u>5,149,756</u>
Total liabilities and fund balances	<u>\$ 1,707,018</u>	<u>\$ 646,338</u>	<u>\$ 590,015</u>	<u>\$ 1,190,734</u>	<u>\$ 1,246,767</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 \$6,996,218 net of accumulated depreciation of \$2,232,538 are not financial resources and, therefore, are not reported in the funds.

4,763,680

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

117,129

Net assets of governmental activities

\$ 10,030,565

**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, 2007

	General Fund	Street Fund	Building Replacement Reserve Fund	Business Development Loan Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 1,457,874	\$ -	\$ -	\$ -	\$ -	\$ 1,457,874
Franchise	292,132	-	-	-	-	292,132
Other	9,780	-	-	-	-	9,780
Licenses and permits	255,478	-	-	-	-	255,478
Intergovernmental	136,967	330,352	-	-	46,111	513,430
Charges for services	98,431	-	-	-	25,969	124,400
System development charges	-	-	-	-	121,451	121,451
Fines and penalties	167,143	-	-	-	-	167,143
Investment earnings	81,006	33,497	30,307	52,678	48,936	246,424
Principal received - loan program	-	-	-	65,703	-	65,703
Interest received - loan program	-	-	-	5,271	-	5,271
Contributions and donations	-	-	-	-	8,515	8,515
Other revenue	4,978	4,457	-	800	236,260	246,495
Total revenues	<u>2,503,789</u>	<u>368,306</u>	<u>30,307</u>	<u>124,452</u>	<u>487,242</u>	<u>3,514,096</u>
EXPENDITURES						
Current:						
General government	468,836	-	54,809	-	29,715	553,360
Public safety	1,416,245	-	-	-	435	1,416,680
Highways and streets	-	527,115	-	-	-	527,115
Economic development	-	-	-	42,349	-	42,349
Culture and recreation	423,257	-	-	-	57,765	481,022
Total expenditures	<u>2,308,338</u>	<u>527,115</u>	<u>54,809</u>	<u>42,349</u>	<u>87,915</u>	<u>3,020,526</u>
Excess (deficiency) of revenues over (under) expenditures	<u>195,451</u>	<u>(158,809)</u>	<u>(24,502)</u>	<u>82,103</u>	<u>399,327</u>	<u>493,570</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	547,300	-	-	-	51,058	598,358
Transfers out	(6,500)	(25,000)	-	-	(565,202)	(596,702)
Total other financing sources and (uses)	<u>540,800</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>(514,144)</u>	<u>1,656</u>
Net change in fund balances	736,251	(183,809)	(24,502)	82,103	(114,817)	495,226
Fund balances - beginning	856,780	830,147	614,517	991,502	1,361,584	4,654,530
Fund balances - ending	<u>\$ 1,593,031</u>	<u>\$ 646,338</u>	<u>\$ 590,015</u>	<u>\$ 1,073,605</u>	<u>\$ 1,246,767</u>	<u>\$ 5,149,756</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, 2007

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

Net change in fund balances - total governmental funds	\$ 495,226
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.	183,798
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	2,590,814
Change in deferred revenue	(25,703)
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>(4,507)</u>
Change in net assets of governmental activities	<u><u>\$ 3,239,628</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 1,490,561	\$ 1,490,561	\$ 1,457,874	\$ (32,687)
Franchise taxes	229,914	229,914	292,132	62,218
Other taxes	8,701	8,701	9,780	1,079
Licenses and permits	107,621	107,621	255,478	147,857
Intergovernmental revenues	132,750	169,950	136,967	(32,983)
Charges for services	57,422	57,422	98,431	41,009
Fines and penalties	202,922	202,922	167,143	(35,779)
Investment earnings	20,746	20,746	81,006	60,260
Other revenue	875	875	4,978	4,103
Total revenues	<u>2,251,512</u>	<u>2,288,712</u>	<u>2,503,789</u>	<u>215,077</u>
Expenditures:				
Personal services	1,819,003	1,789,003	1,676,004	112,999
Materials and services	606,237	636,237	617,334	18,903
Capital outlay	15,000	52,200	15,000	37,200
Contingency	60,000	60,000	-	60,000
Total expenditures	<u>2,500,240</u>	<u>2,537,440</u>	<u>2,308,338</u>	<u>229,102</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(248,728)</u>	<u>(248,728)</u>	<u>195,451</u>	<u>444,179</u>
Other financing sources (uses):				
Transfers in	391,229	547,322	547,300	(22)
Transfers out	(6,500)	(6,500)	(6,500)	-
Total other financing sources (uses)	<u>384,729</u>	<u>540,822</u>	<u>540,800</u>	<u>(22)</u>
Net change in fund balances	136,001	292,094	736,251	444,157
Fund balance:				
Beginning of year	<u>700,000</u>	<u>700,000</u>	<u>856,780</u>	<u>156,780</u>
End of year	<u>\$ 836,001</u>	<u>\$ 992,094</u>	<u>\$ 1,593,031</u>	<u>\$ 600,937</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, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Franchise taxes	\$ 48,375	\$ 48,375	\$ -	\$ (48,375)
Intergovernmental revenues	330,000	330,000	330,352	352
Investment earnings	16,824	16,824	33,497	16,673
Other revenue	9,000	9,000	4,457	(4,543)
Total revenues	404,199	404,199	368,306	(35,893)
Expenditures:				
Personal services	235,172	235,172	214,455	20,717
Materials and services	129,308	129,308	111,800	17,508
Capital outlay	205,000	205,000	200,860	4,140
Contingency	15,000	15,000	-	15,000
Total expenditures	584,480	584,480	527,115	57,365
Excess (deficiency) of revenues over (under) expenditures	(180,281)	(180,281)	(158,809)	21,472
Other financing sources (uses):				
Transfers out	(25,000)	(25,000)	(25,000)	-
Net change in fund balances	(205,281)	(205,281)	(183,809)	21,472
Fund balance:				
Beginning of year	880,000	880,000	830,147	(49,853)
End of year	\$ 674,719	\$ 674,719	\$ 646,338	\$ (28,381)

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 12,000	\$ 12,000	\$ 30,307	\$ 18,307
Expenditures:				
Capital outlay	200,000	200,000	54,809	145,191
Net change in fund balances	(188,000)	(188,000)	(24,502)	163,498
Fund balance:				
Beginning of year	610,000	610,000	614,517	4,517
End of year	<u>\$ 422,000</u>	<u>\$ 422,000</u>	<u>\$ 590,015</u>	<u>\$ 168,015</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 18,000	\$ 18,000	\$ 52,678	\$ 34,678
Principal received - loan program	25,962	25,962	65,703	39,741
Interest received - loan program	4,164	4,164	5,271	1,107
Other revenue	<u>200</u>	<u>200</u>	<u>800</u>	<u>600</u>
Total revenues	<u>48,326</u>	<u>48,326</u>	<u>124,452</u>	<u>76,126</u>
Expenditures:				
Materials and services	<u>760,500</u>	<u>760,500</u>	<u>42,349</u>	<u>718,151</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(712,174)</u>	<u>(712,174)</u>	<u>82,103</u>	<u>794,277</u>
Fund balance:				
Beginning of year	<u>982,000</u>	<u>982,000</u>	<u>991,502</u>	<u>9,502</u>
End of year	<u>\$ 269,826</u>	<u>\$ 269,826</u>	<u>\$ 1,073,605</u>	<u>\$ 803,779</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, 2007

	Business-Type Activities			Total
	Water Funds	Sewer Funds	Sanitation Funds	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 415,039	\$ 3,874,318	\$ 392,251	\$ 4,681,608
Noncurrent assets:				
Land	264,520	856,961	76,501	1,197,982
Construction in progress	-	170,019	-	170,019
Other capital assets, net of accumulated depreciation	2,841,521	5,619,348	138,713	8,599,582
Total noncurrent assets	3,106,041	6,646,328	215,214	9,967,583
Total assets	<u>\$ 3,521,080</u>	<u>\$ 10,520,646</u>	<u>\$ 607,465</u>	<u>\$ 14,649,191</u>
LIABILITIES				
Current liabilities:				
Note payable - current portion	\$ 15,414	\$ -	\$ -	\$ 15,414
Noncurrent liabilities:				
Notes payable - long term portion	92,456	-	-	92,456
Total liabilities	<u>107,870</u>	<u>-</u>	<u>-</u>	<u>107,870</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,998,171	6,646,328	215,214	9,859,713
Restricted for systems development	157,588	471,752	-	629,340
Unrestricted	257,451	3,402,566	392,251	4,052,268
Total net assets	<u>3,413,210</u>	<u>10,520,646</u>	<u>607,465</u>	<u>14,541,321</u>
Total liabilities and net assets	<u>\$ 3,521,080</u>	<u>\$ 10,520,646</u>	<u>\$ 607,465</u>	<u>\$ 14,649,191</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, 2007

	Business-Type Activities			Total
	Water Funds	Sewer Funds	Sanitation Funds	
Operating revenues:				
Charges for services	\$ 642,476	\$ 1,244,857	\$ 614,613	\$ 2,501,946
Miscellaneous	42,133	44,345	16,287	102,765
Total operating revenues	<u>684,609</u>	<u>1,289,202</u>	<u>630,900</u>	<u>2,604,711</u>
Operating expenses:				
Personal services	223,069	223,061	331,389	777,519
Materials and services	263,993	191,176	223,547	678,716
Depreciation	67,952	65,038	26,021	159,011
Total operating expenses	<u>555,014</u>	<u>479,275</u>	<u>580,957</u>	<u>1,615,246</u>
Operating income	<u>129,595</u>	<u>809,927</u>	<u>49,943</u>	<u>989,465</u>
Nonoperating revenues (expenses):				
Investment earnings	14,620	167,498	17,234	199,352
Loss on disposal of fixed assets	(11,172)	(69,292)	-	(80,464)
Gain on insurance recovery	4,671	-	-	4,671
Interest expense	(7,503)	-	-	(7,503)
Total nonoperating revenues (expenses)	<u>616</u>	<u>98,206</u>	<u>17,234</u>	<u>116,056</u>
Income before capital contributions and transfers	130,211	908,133	67,177	1,105,521
Capital contributions:				
System development charges	57,940	325,155	-	383,095
Infrastructure donated	1,539,181	4,521,496	-	6,060,677
Transfers out	(1,000)	(1,000)	(1,000)	(3,000)
Change in net assets	1,726,332	5,753,784	66,177	7,546,293
Total net assets - beginning	<u>1,686,878</u>	<u>4,766,862</u>	<u>541,288</u>	<u>6,995,028</u>
Total net assets - ending	<u><u>\$ 3,413,210</u></u>	<u><u>\$ 10,520,646</u></u>	<u><u>\$ 607,465</u></u>	<u><u>\$ 14,541,321</u></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, 2007

	Business-Type Activities			Total
	Water Funds	Sewer Funds	Sanitation Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 684,609	\$ 1,289,202	\$ 630,900	\$ 2,604,711
Payments to suppliers	(263,993)	(191,176)	(223,547)	(678,716)
Payments to employees	(223,069)	(223,061)	(331,389)	(777,519)
Net cash provided by operating activities	<u>197,547</u>	<u>874,965</u>	<u>75,964</u>	<u>1,148,476</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer in	20,000	2,165,139	27,000	2,212,139
Transfer out	(21,000)	(2,166,139)	(28,000)	(2,215,139)
Net cash used by noncapital financing activities	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>(3,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(124,694)	(566,660)	-	(691,354)
System development charges	57,940	325,155	-	383,095
Gain from insurance recovery	4,671	-	-	4,671
Interest paid on long-term debt	(7,503)	-	-	(7,503)
Principal paid on long-term debt	(14,524)	-	-	(14,524)
Net cash used by capital and related financing activities	<u>(84,110)</u>	<u>(241,505)</u>	<u>-</u>	<u>(325,615)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	14,620	167,498	17,234	199,352
Net change in cash and cash equivalents	127,057	799,958	92,198	1,019,213
Cash and cash equivalents - beginning	287,982	3,074,360	300,053	3,662,395
Cash and cash equivalents - ending	<u>\$ 415,039</u>	<u>\$ 3,874,318</u>	<u>\$ 392,251</u>	<u>\$ 4,681,608</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 129,595	\$ 809,927	\$ 49,943	\$ 989,465
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	67,952	65,038	26,021	159,011
Net cash provided by operating activities	<u>\$ 197,547</u>	<u>\$ 874,965</u>	<u>\$ 75,964</u>	<u>\$ 1,148,476</u>

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, 2007

	Private-Purpose Trust Funds		
	Youth Sports Trust Fund	Shop With A Cop Trust Fund	Municipal Court Agency Fund
ASSETS			
Cash and cash equivalents	\$ -	\$ 2,875	\$ 43,913
 LIABILITIES AND NET ASSETS			
Liabilities			
Fines and bails	\$ -	\$ -	\$ 43,913
Net Assets			
Held in trust	-	2,875	-
Total liabilities and net assets	\$ -	\$ 2,875	\$ 43,913

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, 2007

	Youth Sports Trust Fund	Shop With A Cop Trust Fund
ADDITIONS		
Interest income:	\$ -	\$ 133
Transfer from law enforcement fund	-	2,948
Total additions	-	3,081
DEDUCTIONS		
Expenditures	-	206
Transfer to general fund	1,604	-
Total deductions	1,604	206
Change in net assets	(1,604)	2,875
Net assets - beginning	1,604	-
Net assets - ending	\$ -	\$ 2,875

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, 2007

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 4,965, covers an area of approximating two square miles, and operates under a council / administrator form of government. Major services provided by the City include police protection, 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 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, 2007

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.

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.

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 Equipment Reserve Fund

Water System Development Fund

Sewer Fund

Sewer Operating Fund

Sewer Ratepayer Assistance

Sewer Debt Service

Wastewater Treatment Capital Project

Sewer Equipment Reserve

Sewer System Development

Sewer System Improvement

Sanitation Fund

Sanitation Operating Fund

Sanitation Equipment Reserve

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2007

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.

Youth Sports Trust Fund - accounts for donations of monies to provide youth sports scholarships and purchase youth sports equipment for the youth sports program.

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-like 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 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.

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.

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2007

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. Notes receivable

The notes 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, 2007, 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 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
Infrastructures	10 - 40
Building improvements	10 - 40
Vehicles	2 - 10
Office equipment	3 - 10
Computer equipment	3 - 10

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2007

Note I - Summary of significant accounting policies, continued

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

5. Zone of benefits payable

During the year, 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 amount reported in the financial statements as zone of benefit payable represents amounts collected 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 to be repaid from governmental and business-type resources 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 and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements which 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, department, or object (i.e. personal services, materials and services, capital outlay, debt service, interfund 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.

B. Deficit fund equity

None of the City's funds had a deficit fund balance (or negative net assets) as of June 30, 2007.

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2007

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 and approximate the value of the pool shares. 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	\$	840		
Cash in Banks		78,810		
LGIP		<u>9,911,689</u>		
Total	\$	<u>9,991,339</u>		
		Government-	Fiduciary	
		wide	Funds	Total
		<u>Statements</u>	<u></u>	<u></u>
Cash and cash equivalents	\$	<u>9,944,551</u>	\$ <u>46,788</u>	\$ <u>9,991,339</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 deposit policy for custodial credit risk, but follows the requirements of ORS 295. FDIC insurance of \$100,000 applies to the 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.

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, 2007 the weighted maturity for the LGIP was as follows: up to 93 days (78%); 94 days to one year (9%); and, 1 - 3 years (13%).

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.

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2007

Note III - Detailed notes on all funds, continued

B. Notes receivable

The City has the notes receivable in which qualifying businesses receive financing from the City for the purpose of providing for business expansion and job creation within the City. These loans are managed by the City and repayments are to be used to finance additional loans to the qualifying businesses in the future. During the year ended June 30, 2007, the Business Development Loan Fund had loans outstanding 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	\$ 142,832	\$ 40,000	\$ 65,703	\$ 117,129

C. Interfund transfers

<u>Transfers out of:</u>	<u>Transfers in to:</u>			
	<u>General Fund</u>	<u>Nonmajor Governmental funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
General fund	\$ -	\$ 6,500	\$ -	\$ 6,500
Street fund	-	25,000	-	25,000
Water fund	-	1,000	-	1,000
Sewer fund	-	1,000	-	1,000
Sanitation fund	-	1,000	-	1,000
Nonmajor governmental funds	545,696	16,558	2,948	565,202
Fiduciary funds	<u>1,604</u>	<u>-</u>	<u>-</u>	<u>1,604</u>
Total	<u>\$ 547,300</u>	<u>\$ 51,058</u>	<u>\$ 2,948</u>	<u>\$ 601,306</u>

During the year, transfers were made for the following purposes: (1) close the Community Recreation and Law Enforcement nonmajor governmental funds into the General fund; (2) combine several reserve funds similar in purpose; (3) 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, 2007

Note III - Detailed notes on all funds, continued

D. Capital assets

Capital asset activity for the year ended June 30, 2007 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	\$ -	\$ -	\$ 867,760
Infrastructure under construction	<u>4,995</u>	<u>-</u>	<u>(4,995)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>872,755</u>	<u>-</u>	<u>(4,995)</u>	<u>867,760</u>
Capital assets, being depreciated:				
Other improvements	2,019,126	-	-	2,019,126
Machinery and equipment	780,158	84,192	(32,945)	831,405
Infrastructure	<u>481,258</u>	<u>2,796,669</u>	<u>-</u>	<u>3,277,927</u>
Total capital assets being depreciated	<u>3,280,542</u>	<u>2,880,861</u>	<u>(32,945)</u>	<u>6,128,458</u>
Less accumulated depreciation for:				
Other improvements	1,700,253	6,981	-	1,707,234
Machinery and equipment	411,893	59,918	(28,438)	443,373
Infrastructure	<u>47,576</u>	<u>34,355</u>	<u>-</u>	<u>81,931</u>
Total accumulated depreciation	<u>2,159,722</u>	<u>101,254</u>	<u>(28,438)</u>	<u>2,232,538</u>
Total capital assets, being depreciated, net	<u>1,120,820</u>	<u>2,779,607</u>	<u>(4,507)</u>	<u>3,895,920</u>
Governmental activities capital assets, net	<u>\$ 1,993,575</u>	<u>\$ 2,779,607</u>	<u>\$ (9,502)</u>	<u>\$ 4,763,680</u>

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2007

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	\$ 775,832	\$ 422,150	\$ -	\$ 1,197,982
Construction in progress	<u>149,894</u>	<u>34,674</u>	<u>(14,549)</u>	<u>170,019</u>
Total capital assets, not being depreciated	<u>925,726</u>	<u>456,824</u>	<u>(14,549)</u>	<u>1,368,001</u>
Capital assets, being depreciated:				
Machinery and equipment	943,427	65,490	(21,590)	987,327
Utility property and improvements	8,781,807	6,234,712	(200,115)	14,816,404
Infrastructure	<u>148,129</u>	<u>-</u>	<u>-</u>	<u>148,129</u>
Total capital assets being depreciated	<u>9,873,363</u>	<u>6,300,202</u>	<u>(221,705)</u>	<u>15,951,860</u>
Less accumulated depreciation for:				
Machinery and equipment	586,250	53,961	(18,354)	621,857
Utility property and improvements	6,743,000	97,644	(132,441)	6,708,203
Infrastructure	<u>14,812</u>	<u>7,406</u>	<u>-</u>	<u>22,218</u>
Total accumulated depreciation	<u>7,344,062</u>	<u>159,011</u>	<u>(150,795)</u>	<u>7,352,278</u>
Total capital assets, being depreciated, net	<u>2,529,301</u>	<u>6,141,191</u>	<u>(70,910)</u>	<u>8,599,582</u>
Business-type activities capital assets, net	<u>\$ 3,455,027</u>	<u>\$ 6,598,015</u>	<u>\$ (85,459)</u>	<u>\$ 9,967,583</u>

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

Governmental activities:	
General government	\$ 30,276
Highways and streets	58,705
Culture and recreation	<u>12,273</u>
Total depreciation expense - governmental activities	<u>\$ 101,254</u>
Business-type activities:	
Water	\$ 67,952
Sewer	65,038
Sanitation	<u>26,021</u>
Total depreciation expense - business-type activities	<u>\$ 159,011</u>

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, 2007

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, 2007. The future minimum lease payment for this lease is as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2008	\$ 53,494
2009	53,494
2010	53,494
2011	53,494
2012	<u>53,495</u>
Total	<u>\$ 267,471</u>

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 liability of the City. The unpaid principal balance of the defeased debt at June 30, 2007 was \$8,997,729.

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2007

Note III - Detailed notes on all funds, continued

F. Long-term debt, continued

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 \$22,026 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>
2008	\$ 15,414	\$ 6,613
2009	16,359	5,668
2010	17,362	4,665
2011	18,426	3,601
2012	19,555	2,471
2013	20,754	1,272
	<u>\$ 107,870</u>	<u>\$ 24,290</u>

Long-term liability activity for the year ended June 30, 2007 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	\$ 122,394	\$ -	\$ 14,524	\$ 107,870	\$ 15,414

Interest expense for the year was \$7,503 - all reported in the Water Enterprise Fund.

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2007

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. Management believes that, in the unlikely event of a successful claim, the City's insurance coverage is sufficient to cover any unfavorable verdict.

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:

- 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" or 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 14.51% was based on a December 31, 2003 actuarial evaluation. Up through December 31, 2003, covered employees were also required by state statute to contribute 6% of their annual salary to the PERS plan.

CITY OF JUNCTION CITY

LANE COUNTY, OREGON

Notes to the Financial Statements

June 30, 2007

Note IV - Other information, continued

B. Employee retirement system and pension plan, continued

- 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 9.07% for general service employees and 12.68% 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, 2007. 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, 2007, 2006, and 2005 were \$312,434, \$303,607, and \$230,070, 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.

SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUNDS

FUND FINANCIAL STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

- 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
- Judiciary Equipment Reserve Fund
- Library Equipment and Building Improvement Reserve Fund
- Library Improvement 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
- Law Enforcement Fund
- Community Recreation Fund

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

Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds
June 30, 2007

	Viking Sal Senior Center Fund	Viking Sal Memorial Fund	Health Insurance Fund	State Revenue Sharing Fund	Police Vehicle and Equipment Reserve Fund
ASSETS					
Cash and cash equivalents	<u>\$ 26,750</u>	<u>\$ 808</u>	<u>\$ 131,003</u>	<u>\$ 50,933</u>	<u>\$ 5,177</u>
 FUND BALANCES					
Reserved for systems development	-	-	-	-	-
Unreserved	<u>26,750</u>	<u>808</u>	<u>131,003</u>	<u>50,933</u>	<u>5,177</u>
Total fund balances	<u>\$ 26,750</u>	<u>\$ 808</u>	<u>\$ 131,003</u>	<u>\$ 50,933</u>	<u>\$ 5,177</u>

Continued on next page

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

Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds
June 30, 2007

	Cumulative Law Enforcement Reserve Fund	Prairie Road Street Improvement Reserve Fund	Judiciary Equipment Reserve Fund	Library Equipment and Building Improvement Reserve Fund	Administration Vehicle Reserve Fund
ASSETS					
Cash and cash equivalents	\$ 1,685	\$ 222,547	\$ 15,221	\$ 24,490	\$ 4,120
FUND BALANCES					
Reserved for systems development	-	-	-	-	-
Unreserved	1,685	222,547	15,221	24,490	4,120
Total fund balances	\$ 1,685	\$ 222,547	\$ 15,221	\$ 24,490	\$ 4,120

Continued on next page

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

Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds
June 30, 2007

	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	\$ 10,058	\$ 33,829	\$ 99,039	\$ 184,641	\$ 12,638	\$ 317,524
FUND BALANCES						
Reserved for systems development	-	-	99,039	-	-	317,524
Unreserved	10,058	33,829	-	184,641	12,638	-
Total fund balances	\$ 10,058	\$ 33,829	\$ 99,039	\$ 184,641	\$ 12,638	\$ 317,524

Continued on next page

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

Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds
June 30, 2007

	Police Defibrillator Fund	Street Equipment Reserve Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 976	\$ 105,328	\$ 1,246,767
 FUND BALANCES			
Reserved for systems development	-	-	416,563
Unreserved	976	105,328	830,204
Total fund balances	\$ 976	\$ 105,328	\$ 1,246,767

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

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2007

	Viking Sal Senior Center Fund	Viking Sal Memorial Fund	Health Insurance Fund	State Revenue Sharing Fund	Police Vehicle and Equipment Reserve Fund
REVENUES					
Intergovernmental	\$ 9,320	\$ -	\$ -	\$ 34,470	\$ -
Charges for services	12,639	-	-	-	-
System development charges	-	-	-	-	-
Investment earnings	1,516	44	6,354	1,784	229
Contributions and donations	8,515	-	-	-	-
Other revenue	18,260	-	-	-	-
Total revenues	<u>50,250</u>	<u>44</u>	<u>6,354</u>	<u>36,254</u>	<u>229</u>
EXPENDITURES					
Current					
General government	-	-	-	8,374	-
Public safety	-	-	-	-	-
Culture and recreation	57,154	150	-	-	-
Total expenditures	<u>57,154</u>	<u>150</u>	<u>-</u>	<u>8,374</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,904)</u>	<u>(106)</u>	<u>6,354</u>	<u>27,880</u>	<u>229</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	4,948
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,948</u>
Net change in fund balances	(6,904)	(106)	6,354	27,880	5,177
Fund balances - beginning	<u>33,654</u>	<u>914</u>	<u>124,649</u>	<u>23,053</u>	<u>-</u>
Fund balances - ending	<u>\$ 26,750</u>	<u>\$ 808</u>	<u>\$ 131,003</u>	<u>\$ 50,933</u>	<u>\$ 5,177</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, 2007

	Cumulative Law Enforcement Reserve Fund	Prairie Road Street Improvement Reserve Fund	Judiciary Equipment Reserve Fund	Library Equipment and Building Improvement Reserve Fund	Library Improvement Reserve Fund	Administration Vehicle Reserve Fund
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
System development charges	-	-	-	-	-	-
Investment earnings	1	4,547	738	1,188	-	295
Contributions and donations	-	-	-	-	-	-
Other revenue	-	218,000	-	-	-	-
Total revenues	<u>1</u>	<u>222,547</u>	<u>738</u>	<u>1,188</u>	<u>-</u>	<u>295</u>
EXPENDITURES						
Current						
General government	-	-	477	-	-	12,000
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>477</u>	<u>-</u>	<u>-</u>	<u>12,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1</u>	<u>222,547</u>	<u>261</u>	<u>1,188</u>	<u>-</u>	<u>(11,705)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	1,000	13,110	-	1,000
Transfers out	-	-	-	-	(13,110)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>13,110</u>	<u>(13,110)</u>	<u>1,000</u>
Net change in fund balances	1	222,547	1,261	14,298	(13,110)	(10,705)
Fund balances - beginning	<u>1,684</u>	<u>-</u>	<u>13,960</u>	<u>10,192</u>	<u>13,110</u>	<u>14,825</u>
Fund balances - ending	<u>\$ 1,685</u>	<u>\$ 222,547</u>	<u>\$ 15,221</u>	<u>\$ 24,490</u>	<u>\$ -</u>	<u>\$ 4,120</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, 2007

	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	\$ -	\$ 2,321	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	13,330	-	-
System development charges	-	-	60,744	-	-	60,707
Investment earnings	493	1,577	2,510	8,672	859	13,077
Contributions and donations	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>493</u>	<u>3,898</u>	<u>63,254</u>	<u>22,002</u>	<u>859</u>	<u>73,784</u>
EXPENDITURES						
Current						
General government	-	-	-	-	8,864	-
Public safety	-	-	-	435	-	-
Culture and recreation	320	141	-	-	-	-
Total expenditures	<u>320</u>	<u>141</u>	<u>-</u>	<u>435</u>	<u>8,864</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>173</u>	<u>3,757</u>	<u>63,254</u>	<u>21,567</u>	<u>(8,005)</u>	<u>73,784</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,000	-	-	-	5,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources and uses	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	1,173	3,757	63,254	21,567	(3,005)	73,784
Fund balances - beginning	<u>8,885</u>	<u>30,072</u>	<u>35,785</u>	<u>163,074</u>	<u>15,643</u>	<u>243,740</u>
Fund balances - ending	<u>\$ 10,058</u>	<u>\$ 33,829</u>	<u>\$ 99,039</u>	<u>\$ 184,641</u>	<u>\$ 12,638</u>	<u>\$ 317,524</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, 2007

	Police Defibrillator Fund	Street Equipment Reserve Fund	Law Enforcement Fund	Community Recreation Fund	Total Nonmajor Governmental Funds
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 46,111
Charges for services	-	-	-	-	25,969
System development charges	-	-	-	-	121,451
Investment earnings	47	5,005	-	-	48,936
Contributions and donations	-	-	-	-	8,515
Other revenue	-	-	-	-	236,260
Total revenues	<u>47</u>	<u>5,005</u>	<u>-</u>	<u>-</u>	<u>487,242</u>
EXPENDITURES					
Current					
General government	-	-	-	-	29,715
Public safety	-	-	-	-	435
Culture and recreation	-	-	-	-	57,765
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,915</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47</u>	<u>5,005</u>	<u>-</u>	<u>-</u>	<u>399,327</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	25,000	-	-	51,058
Transfers out	-	-	(417,125)	(134,967)	(565,202)
Total other financing sources and uses	<u>-</u>	<u>25,000</u>	<u>(417,125)</u>	<u>(134,967)</u>	<u>(514,144)</u>
Net change in fund balances	47	30,005	(417,125)	(134,967)	(114,817)
Fund balances - beginning	<u>929</u>	<u>75,323</u>	<u>417,125</u>	<u>134,967</u>	<u>1,361,584</u>
Fund balances - ending	<u>\$ 976</u>	<u>\$ 105,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,246,767</u>

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

Special Revenue Funds

- 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
- Judiciary Equipment Reserve Fund
- Library Equipment and Building Improvement Reserve Fund
- Library Improvement 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
- Law Enforcement Fund
- Community Recreation Fund

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental revenues	\$ 6,200	\$ 6,200	\$ 9,320	\$ 3,120
Charges for services	14,550	14,550	12,639	(1,911)
Investment earnings	250	250	1,516	1,266
Support	6,500	6,500	8,515	2,015
Other revenue	<u>15,000</u>	<u>23,000</u>	<u>18,260</u>	<u>(4,740)</u>
Total revenues	<u>42,500</u>	<u>50,500</u>	<u>50,250</u>	<u>(250)</u>
Expenditures:				
Materials and services	36,124	46,624	44,933	1,691
Capital outlay	12,000	14,500	12,221	2,279
Contingency	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>53,124</u>	<u>61,124</u>	<u>57,154</u>	<u>3,970</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,624)</u>	<u>(10,624)</u>	<u>(6,904)</u>	<u>3,720</u>
Net change in fund balance	(10,624)	(10,624)	(6,904)	3,720
Fund balance:				
Beginning of year	<u>25,000</u>	<u>25,000</u>	<u>33,654</u>	<u>8,654</u>
End of year	<u>\$ 14,376</u>	<u>\$ 14,376</u>	<u>\$ 26,750</u>	<u>\$ 12,374</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 25	\$ 25	\$ 44	\$ 19
Expenditures:				
Materials and services	825	825	150	675
Net change in fund balance	(800)	(800)	(106)	694
Fund balance:				
Beginning of year	910	910	914	4
End of year	<u>\$ 110</u>	<u>\$ 110</u>	<u>\$ 808</u>	<u>\$ 698</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 1,500	\$ 1,500	\$ 6,354	\$ 4,854
Expenditures:				
Personal services	100,000	100,000	-	100,000
Net change in fund balance	(98,500)	(98,500)	6,354	104,854
Fund balance:				
Beginning of year	<u>124,000</u>	<u>124,000</u>	<u>124,649</u>	<u>649</u>
End of year	<u>\$ 25,500</u>	<u>\$ 25,500</u>	<u>\$ 131,003</u>	<u>\$ 105,503</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 30,498	\$ 30,498	\$ 34,470	\$ 3,972
Investment earnings	<u>1,200</u>	<u>1,200</u>	<u>1,784</u>	<u>584</u>
Total revenues	<u>31,698</u>	<u>31,698</u>	<u>36,254</u>	<u>4,556</u>
Expenditures:				
Materials and services	-	11,000	8,374	2,626
Contingency	<u>46,500</u>	<u>35,500</u>	<u>-</u>	<u>35,500</u>
Total expenditures	<u>46,500</u>	<u>46,500</u>	<u>8,374</u>	<u>38,126</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,802)</u>	<u>(14,802)</u>	<u>27,880</u>	<u>42,682</u>
Net change in fund balance	(14,802)	(14,802)	27,880	42,682
Fund balance:				
Beginning of year	<u>20,000</u>	<u>20,000</u>	<u>23,053</u>	<u>3,053</u>
End of year	<u>\$ 5,198</u>	<u>\$ 5,198</u>	<u>\$ 50,933</u>	<u>\$ 45,735</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 10	\$ 10	\$ 229	\$ 219
Other financing sources (uses):				
Transfers in	14,949	14,949	4,948	(10,001)
Net change in fund balance	14,959	14,959	5,177	(9,782)
Fund balance:				
Beginning of year	-	-	-	-
End of year	\$ 14,959	\$ 14,959	\$ 5,177	\$ (9,782)

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 2	\$ 2	\$ 1	\$ (1)
Net change in fund balance	2	2	1	(1)
Fund balance:				
Beginning of year	<u>1,684</u>	<u>1,684</u>	<u>1,684</u>	<u>-</u>
End of year	<u>\$ 1,686</u>	<u>\$ 1,686</u>	<u>\$ 1,685</u>	<u>\$ (1)</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 200	\$ 200	\$ 4,547	\$ 4,347
Other revenue	<u>218,000</u>	<u>218,000</u>	<u>218,000</u>	<u>-</u>
Total revenues	<u>218,200</u>	<u>218,200</u>	<u>222,547</u>	<u>4,347</u>
Net change in fund balance	218,200	218,200	222,547	4,347
Fund balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 218,200</u>	<u>\$ 218,200</u>	<u>\$ 222,547</u>	<u>\$ 4,347</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 350	\$ 350	\$ 738	\$ 388
Expenditures:				
Materials and services	500	500	477	23
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>5,500</u>	<u>5,500</u>	<u>477</u>	<u>5,023</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,150)</u>	<u>(5,150)</u>	<u>261</u>	<u>5,411</u>
Transfers in	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Net change in fund balances	(4,150)	(4,150)	1,261	5,411
Fund balance:				
Beginning of year	<u>13,900</u>	<u>13,900</u>	<u>13,960</u>	<u>60</u>
End of year	<u>\$ 9,750</u>	<u>\$ 9,750</u>	<u>\$ 15,221</u>	<u>\$ 5,471</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 200	\$ 200	\$ 1,188	\$ 988
Expenditures:				
Materials and services	4,000	4,000	-	4,000
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,800)</u>	<u>(4,800)</u>	<u>1,188</u>	<u>5,988</u>
Other financing sources (uses):				
Transfers in	<u>13,100</u>	<u>13,110</u>	<u>13,110</u>	<u>-</u>
Net change in fund balances	8,300	8,310	14,298	5,988
Fund balance:				
Beginning of year	<u>10,150</u>	<u>10,150</u>	<u>10,192</u>	<u>42</u>
End of year	<u>\$ 18,450</u>	<u>\$ 18,460</u>	<u>\$ 24,490</u>	<u>\$ 6,030</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
LIBRARY IMPROVEMENT RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Expenditures:				
Other financing sources (uses):				
Transfers out	(13,100)	(13,110)	(13,110)	-
Net change in fund balances	(13,100)	(13,110)	(13,110)	-
Fund balance:				
Beginning of year	13,100	13,110	13,110	-
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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 300	\$ 300	\$ 295	\$ (5)
Expenditures:				
Capital outlay	12,000	12,000	12,000	-
Excess (deficiency) of revenues over (under) expenditures	(11,700)	(11,700)	(11,705)	(5)
Other financing sources (uses):				
Transfers in	1,000	1,000	1,000	-
Net change in fund balance	(10,700)	(10,700)	(10,705)	(5)
Fund balance:				
Beginning of year	14,700	14,700	14,825	125
End of year	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 4,120</u>	<u>\$ 120</u>

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 25	\$ 25	\$ 493	\$ 468
Expenditures:				
Materials and services	500	500	-	500
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>320</u>	<u>680</u>
Total expenditures	<u>1,500</u>	<u>1,500</u>	<u>320</u>	<u>1,180</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,475)</u>	<u>(1,475)</u>	<u>173</u>	<u>1,648</u>
Other financing sources (uses):				
Transfers in	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Net change in fund balance	(475)	(475)	1,173	1,648
Fund balance:				
Beginning of year	<u>9,150</u>	<u>9,150</u>	<u>8,885</u>	<u>(265)</u>
End of year	<u>\$ 8,675</u>	<u>\$ 8,675</u>	<u>\$ 10,058</u>	<u>\$ 1,383</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental revenues	\$ 42,400	\$ 42,400	\$ 2,321	\$ (40,079)
Investment earnings	100	100	1,577	1,477
Total revenues	<u>42,500</u>	<u>42,500</u>	<u>3,898</u>	<u>(38,602)</u>
Expenditures:				
Capital outlay	<u>49,400</u>	<u>49,400</u>	141	<u>49,259</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,900)</u>	<u>(6,900)</u>	<u>3,757</u>	<u>10,657</u>
Other financing sources (uses):				
Net change in fund balance	(6,900)	(6,900)	3,757	10,657
Fund balance:				
Beginning of year	<u>9,950</u>	<u>9,950</u>	<u>30,072</u>	<u>20,122</u>
End of year	<u>\$ 3,050</u>	<u>\$ 3,050</u>	<u>\$ 33,829</u>	<u>\$ 30,779</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
System development charges	\$ 32,700	\$ 32,700	\$ 60,744	\$ 28,044
Investment earnings	300	300	2,510	2,210
Total revenues	<u>33,000</u>	<u>33,000</u>	<u>63,254</u>	<u>30,254</u>
Expenditures:				
Capital outlay	<u>5,000</u>	<u>5,000</u>	-	<u>5,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>28,000</u>	<u>28,000</u>	<u>63,254</u>	<u>35,254</u>
Fund balance:				
Beginning of year	<u>35,000</u>	<u>35,000</u>	<u>35,785</u>	<u>785</u>
End of year	<u>\$ 63,000</u>	<u>\$ 63,000</u>	<u>\$ 99,039</u>	<u>\$ 36,039</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 12,303	\$ 12,303	\$ 13,330	\$ 1,027
Investment earnings	2,500	2,500	8,672	6,172
Total revenues	<u>14,803</u>	<u>14,803</u>	<u>22,002</u>	<u>7,199</u>
Expenditures:				
Materials and services	10,000	10,000	435	9,565
Capital outlay	<u>100,000</u>	<u>100,000</u>	-	<u>100,000</u>
Total expenditures	<u>110,000</u>	<u>110,000</u>	<u>435</u>	<u>109,565</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(95,197)</u>	<u>(95,197)</u>	<u>21,567</u>	<u>116,764</u>
Fund balance:				
Beginning of year	<u>160,000</u>	<u>160,000</u>	<u>163,074</u>	<u>3,074</u>
End of year	<u>\$ 64,803</u>	<u>\$ 64,803</u>	<u>\$ 184,641</u>	<u>\$ 119,838</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 200	\$ 200	\$ 859	\$ 659
Expenditures:				
Materials and services	3,000	3,000	2,683	317
Capital outlay	<u>8,000</u>	<u>8,000</u>	<u>6,181</u>	<u>1,819</u>
Total expenditures	<u>11,000</u>	<u>11,000</u>	<u>8,864</u>	<u>2,136</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,800)</u>	<u>(10,800)</u>	<u>(8,005)</u>	<u>2,795</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	(5,800)	(5,800)	(3,005)	2,795
Fund balance:				
Beginning of year	<u>15,950</u>	<u>15,950</u>	<u>15,643</u>	<u>(307)</u>
End of year	<u>\$ 10,150</u>	<u>\$ 10,150</u>	<u>\$ 12,638</u>	<u>\$ 2,488</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
System development charges	\$ 33,480	\$ 33,480	\$ 60,707	\$ 27,227
Investment earnings	3,200	3,200	13,077	9,877
Total revenues	<u>36,680</u>	<u>36,680</u>	<u>73,784</u>	<u>37,104</u>
Expenditures:				
Capital outlay	<u>200,000</u>	<u>200,000</u>	-	<u>200,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(163,320)</u>	<u>(163,320)</u>	<u>73,784</u>	<u>237,104</u>
Fund balance:				
Beginning of year	<u>242,600</u>	<u>242,600</u>	<u>243,740</u>	<u>1,140</u>
End of year	<u>\$ 79,280</u>	<u>\$ 79,280</u>	<u>\$ 317,524</u>	<u>\$ 238,244</u>

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON
POLICE DEFIBRILLATOR FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 50	\$ 50	\$ 47	\$ (3)
Expenditures:				
Materials and services	250	250	-	250
Excess (deficiency) of revenues over (under) expenditures	<u>(200)</u>	<u>(200)</u>	<u>47</u>	<u>247</u>
Fund balance:				
Beginning of year	925	925	929	4
End of year	<u>\$ 725</u>	<u>\$ 725</u>	<u>\$ 976</u>	<u>\$ 251</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ 1,200	\$ 1,200	\$ 5,005	\$ 3,805
Expenditures:				
Excess (deficiency) of revenues over (under) expenditures	<u>1,200</u>	<u>1,200</u>	<u>5,005</u>	<u>3,805</u>
Other financing sources (uses):				
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change in fund balance	26,200	26,200	30,005	3,805
Fund balance:				
Beginning of year	<u>75,000</u>	<u>75,000</u>	<u>75,323</u>	<u>323</u>
End of year	<u>\$ 101,200</u>	<u>\$ 101,200</u>	<u>\$ 105,328</u>	<u>\$ 4,128</u>

**CITY OF JUNCTION CITY
LANE COUNTY, OREGON
LAW ENFORCEMENT FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Expenditures:				
Other financing sources (uses):				
Transfers out	<u>(300,000)</u>	<u>(417,125)</u>	<u>(417,125)</u>	<u>-</u>
Net change in fund balances	(300,000)	(417,125)	(417,125)	-
Fund balance:				
Beginning of year	<u>300,000</u>	<u>417,125</u>	<u>417,125</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
COMMUNITY RECREATION FUND
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Expenditures:				
Total expenditures	-	-	-	-
Other financing sources (uses):				
Transfers out	(96,000)	(134,968)	(134,967)	1
Net change in fund balances	(96,000)	(134,968)	(134,967)	1
Fund balance:				
Beginning of year	96,000	134,968	134,967	(1)
End of year	\$ -	\$ -	\$ -	\$ -

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

Enterprise Funds

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

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
WATER FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<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	\$ 613,580	\$ 613,580	\$ 642,476	\$ 28,896	\$ -	\$ 642,476
Investment earnings	1,500	1,500	7,154	5,654	-	7,154
Contributed infrastructure	-	-	-	-	1,539,181	1,539,181
Other revenue	<u>24,325</u>	<u>27,025</u>	<u>42,133</u>	<u>15,108</u>	-	<u>42,133</u>
Total revenues	<u>639,405</u>	<u>642,105</u>	<u>691,763</u>	<u>49,658</u>	<u>1,539,181</u>	<u>2,230,944</u>
Expenditures:						
Personal services	234,897	224,897	223,069	1,828	-	223,069
Materials and services	248,833	274,533	259,048	15,485	(6,317)	252,731
Capital outlay	60,000	72,000	67,627	4,373	(67,627)	-
Debt service	22,050	22,050	22,027	23	(14,524)	7,503
Depreciation	-	-	-	-	67,952	67,952
Contingency	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>580,780</u>	<u>593,480</u>	<u>571,771</u>	<u>21,709</u>	<u>(20,516)</u>	<u>551,255</u>
Excess (deficiency) of revenues over (under) expenditures	<u>58,625</u>	<u>48,625</u>	<u>119,992</u>	<u>71,367</u>	<u>1,559,697</u>	<u>1,679,689</u>
Other financing sources (uses):						
Transfers out	(31,000)	(21,000)	(21,000)	-	-	(21,000)
Loss on disposal of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,172)</u>	<u>(11,172)</u>
Total other financing sources (uses)	<u>(31,000)</u>	<u>(21,000)</u>	<u>(21,000)</u>	<u>-</u>	<u>(11,172)</u>	<u>(32,172)</u>
Net change in fund balance	27,625	27,625	98,992	71,367	1,548,525	1,647,517
Fund balance:						
Beginning of year	<u>115,000</u>	<u>115,000</u>	<u>149,066</u>	<u>34,066</u>	<u>1,275,000</u>	<u>1,424,066</u>
End of year	<u>\$ 142,625</u>	<u>\$ 142,625</u>	<u>\$ 248,058</u>	<u>\$ 105,433</u>	<u>\$ 2,823,525</u>	<u>\$ 3,071,583</u>

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, 2007

	<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	\$ 3,700	\$ 3,700	\$ 6,437	\$ 2,737	\$ -	\$ 6,437
Expenditures:						
Materials and services	-	-	-	-	11,262	11,262
Capital outlay	50,000	67,905	63,246	4,659	(63,246)	-
Excess (deficiency) of revenues over (under) expenditures	(46,300)	(64,205)	(56,809)	7,396	51,984	(4,825)
Other financing sources (uses):						
Transfers in	30,000	20,000	20,000	-	-	20,000
Insurance recovery	17,905	17,905	17,905	-	(17,905)	-
Gain on insurance recovery	-	-	-	-	4,671	4,671
Net change in fund balance	1,605	(26,300)	(18,904)	7,396	38,750	19,846
Fund balance:						
Beginning of year	127,750	127,750	128,254	504	35,939	164,193
End of year	\$ 129,355	\$ 101,450	\$ 109,350	\$ 7,900	\$ 74,689	\$ 184,039

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, 2007

	<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	\$ 33,000	\$ 33,000	\$ 57,940	\$ 24,940	\$ -	\$ 57,940
Investment earnings	250	250	1,029	779	-	1,029
Total revenues	<u>33,250</u>	<u>33,250</u>	<u>58,969</u>	<u>25,719</u>	<u>-</u>	<u>58,969</u>
Expenditures:						
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>12,000</u>	<u>18,000</u>	<u>(12,000)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,250</u>	<u>3,250</u>	<u>46,969</u>	<u>43,719</u>	<u>12,000</u>	<u>58,969</u>
Fund balance:						
Beginning of year	<u>10,050</u>	<u>10,050</u>	<u>10,662</u>	<u>612</u>	<u>87,957</u>	<u>98,619</u>
End of year	<u>\$ 13,300</u>	<u>\$ 13,300</u>	<u>\$ 57,631</u>	<u>\$ 44,331</u>	<u>\$ 99,957</u>	<u>\$ 157,588</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Adjust for Modified Cash Basis	Modified Cash Basis
Revenues:						
Charges for services	\$ 432,710	\$ 432,710	\$ 453,116	\$ 20,406	\$ -	\$ 453,116
Investment earnings	5,410	5,410	13,692	8,282	-	13,692
Support	-	-	-	-	4,521,496	4,521,496
Other revenue	<u>24,325</u>	<u>27,025</u>	<u>44,345</u>	<u>17,320</u>	-	<u>44,345</u>
Total revenues	<u>462,445</u>	<u>465,145</u>	<u>511,153</u>	<u>46,008</u>	<u>4,521,496</u>	<u>5,032,649</u>
Expenditures:						
Personal services	234,942	224,942	223,061	1,881	-	223,061
Materials and services	144,294	176,994	166,222	10,772	(2,056)	164,166
Capital outlay	50,000	45,000	37,362	7,638	(37,362)	-
Depreciation	-	-	-	-	65,038	65,038
Contingency	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>444,236</u>	<u>446,936</u>	<u>426,645</u>	<u>20,291</u>	<u>25,620</u>	<u>452,265</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,209</u>	<u>18,209</u>	<u>84,508</u>	<u>66,299</u>	<u>4,495,876</u>	<u>4,580,384</u>
Other financing sources (uses):						
Transfers out	(26,000)	(26,000)	(26,000)	-	-	(26,000)
Loss on disposition of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,292)</u>	<u>(69,292)</u>
Net change in fund balance	<u>(7,791)</u>	<u>(7,791)</u>	<u>58,508</u>	<u>66,299</u>	<u>4,426,584</u>	<u>4,485,092</u>
Fund balance:						
Beginning of year	<u>230,000</u>	<u>230,000</u>	<u>275,213</u>	<u>45,213</u>	<u>1,525,004</u>	<u>1,800,217</u>
End of year	<u>\$ 222,209</u>	<u>\$ 222,209</u>	<u>\$ 333,721</u>	<u>\$ 111,512</u>	<u>\$ 5,951,588</u>	<u>\$ 6,285,309</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, 2007

	<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	\$ 1,809	\$ 1,809	\$ 3,390	\$ 1,581	\$ -	\$ 3,390
Total revenues	<u>1,809</u>	<u>1,809</u>	<u>3,390</u>	<u>1,581</u>	<u>-</u>	<u>3,390</u>
Expenditures:						
Materials and services	<u>60,250</u>	<u>60,250</u>	<u>7,512</u>	<u>52,738</u>	<u>-</u>	<u>7,512</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(58,441)</u>	<u>(58,441)</u>	<u>(4,122)</u>	<u>54,319</u>	<u>-</u>	<u>(4,122)</u>
Fund balance:						
Beginning of year	<u>70,100</u>	<u>70,100</u>	<u>69,891</u>	<u>(209)</u>	<u>-</u>	<u>69,891</u>
End of year	<u>\$ 11,659</u>	<u>\$ 11,659</u>	<u>\$ 65,769</u>	<u>\$ 54,110</u>	<u>\$ -</u>	<u>\$ 65,769</u>

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
SEWER DEBT SERVICE FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<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	<u>(2,200,500)</u>	<u>(2,200,500)</u>	<u>(2,140,139)</u>	<u>60,361</u>	<u>-</u>	<u>(2,140,139)</u>
Total other financing sources (uses)	<u>(2,200,500)</u>	<u>(2,200,500)</u>	<u>(2,140,139)</u>	<u>60,361</u>	<u>-</u>	<u>(2,140,139)</u>
Net change in fund balance	(2,200,500)	(2,200,500)	(2,140,139)	60,361	-	(2,140,139)
Fund balance:						
Beginning of year	<u>2,200,500</u>	<u>2,200,500</u>	<u>2,140,139</u>	<u>(60,361)</u>	<u>-</u>	<u>2,140,139</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2007

	<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	\$ 7,500	\$ 7,500	\$ 18,200	\$ 10,700	\$ -	\$ 18,200
Expenditures:						
Capital outlay	364,500	364,500	33,424	331,076	(33,424)	-
Excess (deficiency) of revenues over (under) expenditures	(357,000)	(357,000)	(15,224)	341,776	33,424	18,200
Fund balance:						
Beginning of year	370,000	370,000	379,827	9,827	135,345	515,172
End of year	\$ 13,000	\$ 13,000	\$ 364,603	\$ 351,603	\$ 168,769	\$ 533,372

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, 2007

	<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	\$ 1,000	\$ 1,000	\$ 4,402	\$ 3,402	\$ -	\$ 4,402
Other financing sources (uses):						
Transfers in	25,000	25,000	25,000	-	-	25,000
Net change in fund balance	26,000	26,000	29,402	3,402	-	29,402
Fund balance:						
Beginning of year	63,200	63,200	63,488	288	32,153	95,641
End of year	<u>\$ 89,200</u>	<u>\$ 89,200</u>	<u>\$ 92,890</u>	<u>\$ 3,690</u>	<u>\$ 32,153</u>	<u>\$ 125,043</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, 2007

	<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	\$ 64,500	\$ 64,500	\$ 325,155	\$ 260,655	\$ -	\$ 325,155
Investment earnings	2,000	2,000	8,301	6,301	-	8,301
Total revenues	<u>66,500</u>	<u>66,500</u>	<u>333,456</u>	<u>266,956</u>	<u>-</u>	<u>333,456</u>
Expenditures:						
Materials and services	-	-	-	-	7,506	7,506
Capital outlay	<u>150,000</u>	<u>150,000</u>	<u>54,924</u>	<u>95,076</u>	<u>(54,924)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(83,500)</u>	<u>(83,500)</u>	<u>278,532</u>	<u>362,032</u>	<u>47,418</u>	<u>325,950</u>
Fund balance:						
Beginning of year	<u>144,600</u>	<u>144,600</u>	<u>145,802</u>	<u>1,202</u>	<u>-</u>	<u>145,802</u>
End of year	<u>\$ 61,100</u>	<u>\$ 61,100</u>	<u>\$ 424,334</u>	<u>\$ 363,234</u>	<u>\$ 47,418</u>	<u>\$ 471,752</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, 2007

	<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	\$ 713,500	\$ 713,500	\$ 791,741	\$ 78,241	\$ -	\$ 791,741
Investment earnings	30,000	30,000	119,513	89,513	-	119,513
Total revenues	<u>743,500</u>	<u>743,500</u>	<u>911,254</u>	<u>167,754</u>	<u>-</u>	<u>911,254</u>
Expenditures:						
Materials and services	500	500	-	500	11,992	11,992
Capital outlay	500,000	500,000	458,392	41,608	(458,392)	-
Total expenditures	500,500	500,500	458,392	42,108	(446,400)	11,992
Excess (deficiency) of revenues over (under) expenditures	<u>243,000</u>	<u>243,000</u>	<u>452,862</u>	<u>209,862</u>	<u>(446,400)</u>	<u>899,262</u>
Other financing sources (uses):						
Transfers in	<u>2,200,500</u>	<u>2,200,500</u>	<u>2,140,139</u>	<u>60,361</u>	<u>-</u>	<u>2,140,139</u>
Net change in fund balances	2,443,500	2,443,500	2,593,001	270,223	446,400	(3,039,401)
Fund balance:						
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 2,443,500</u>	<u>\$ 2,443,500</u>	<u>\$ 2,593,001</u>	<u>\$ (149,501)</u>	<u>\$ 446,400</u>	<u>\$ 3,039,401</u>

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

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Adjust for Modified Cash Basis	Modified Cash Basis
Revenues:						
Charges for services	\$ 590,351	\$ 590,351	\$ 614,613	\$ 24,262	\$ -	\$ 614,613
Investment earnings	1,200	1,200	6,189	4,989	-	6,189
Other revenue	11,500	11,500	16,287	4,787	-	16,287
Total revenues	603,051	603,051	637,089	34,038	-	637,089
Expenditures:						
Personal services	344,107	344,107	331,389	12,718	-	331,389
Materials and services	230,523	230,523	210,423	20,100	13,124	223,547
Capital outlay	10,000	15,000	13,124	1,876	(13,124)	-
Depreciation	-	-	-	-	26,021	26,021
Contingency	10,000	5,000	-	5,000	-	-
Total expenditures	594,630	594,630	554,936	39,694	26,021	580,957
Excess (deficiency) of revenues over (under) expenditures	8,421	8,421	82,153	73,732	(26,021)	56,132
Other financing sources (uses):						
Transfers out	(28,000)	(28,000)	(28,000)	-	-	(28,000)
Net change in fund balance	(19,579)	(19,579)	54,153	73,732	(26,021)	28,132
Fund balance:						
Beginning of year	74,500	74,500	108,170	33,670	112,785	220,955
End of year	\$ 54,921	\$ 54,921	\$ 162,323	\$ 107,402	\$ 86,764	\$ 249,087

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, 2007

	<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	\$ 3,000	\$ 3,000	\$ 11,045	\$ 8,045	\$ -	\$ 11,045
Expenditures:						
Capital outlay	220,139	220,139	-	220,139	-	-
Excess (deficiency) of revenues over (under) expenditures	(217,139)	(217,139)	11,045	228,184	-	11,045
Other financing sources (uses):						
Transfers in	27,000	27,000	27,000	-	-	27,000
Net change in fund balance	(190,139)	(190,139)	38,045	228,184	-	38,045
Fund balance:						
Beginning of year	191,600	191,600	191,882	282	128,451	320,333
End of year	<u>\$ 1,461</u>	<u>\$ 1,461</u>	<u>\$ 229,927</u>	<u>\$ 228,466</u>	<u>\$ 128,451</u>	<u>\$ 358,378</u>

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

Private Trust Funds

- Youth Sports Trust Fund
- Shop With A Cop Trust Fund

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

YOUTH SPORTS TRUST FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2007

	<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	(1,625)	(1,625)	(1,604)	21
Net change in fund balance	(1,625)	(1,625)	(1,604)	21
Fund balance:				
Beginning of year	1,625	1,625	1,604	(21)
End of year	\$ -	\$ -	\$ -	\$ -

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ 133	\$ 133
Expenditures:				
Materials and services	2,000	2,000	206	1,794
Other financing sources (uses):				
Transfers in	2,948	2,948	2,948	-
Net change in fund balance	948	948	2,875	1,927
Fund balance:				
Beginning of year	-	-	-	-
End of year	\$ 948	\$ 948	\$ 2,875	\$ 1,927

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, 2007

	<u>Balance</u> <u>June 30,2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30,2007</u>
Assets:				
Fines and bails	<u>\$ 25,015</u>	<u>\$ 230,031</u>	<u>\$ 211,133</u>	<u>\$ 43,913</u>
Liabilities:				
Fines and bails	<u>\$ 25,015</u>	<u>\$ 230,031</u>	<u>\$ 211,133</u>	<u>\$ 43,913</u>

OTHER FINANCIAL SCHEDULES

CITY OF JUNCTION CITY
LANE COUNTY, OREGON
Schedule of Property Tax Transactions
For the Year Ended June 30, 2007

Fiscal Year	Uncollected Balance June 30, 2006	Add Current Levy 2006-2007	Less Collections	Less Discounts and Adjustments	Uncollected Balance June 30, 2007
2006-2007	\$ -	\$ 1,501,962	\$ (1,423,508)	\$ (41,874)	\$ 36,580
2005-2006	34,868	-	(19,933)	(1,179)	13,756
2004-2005	13,341	-	(5,662)	(623)	7,056
2003-2004	7,571	-	(3,525)	(723)	3,323
2002-2003	3,743	-	(1,807)	(408)	1,528
2001-2002	1,602	-	(239)	(96)	1,267
2000-2001	1,370	-	(164)	(73)	1,133
Prior Years	9,563	-	(317)	(139)	9,107
	<u>\$ 72,058</u>	<u>\$ 1,501,962</u>	<u>\$ (1,455,155)</u>	<u>\$ (45,115)</u>	<u>\$ 73,750</u>

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

Schedule of Expenditures by Departments
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General Government:				
Finance:				
Personal services	\$ 51,320	\$ 51,320	\$ 49,585	\$ 1,735
Materials and services	<u>20,119</u>	<u>20,119</u>	<u>17,103</u>	<u>3,016</u>
Total Finance	<u>71,439</u>	<u>71,439</u>	<u>66,688</u>	<u>4,751</u>
Administration:				
Personal services	76,609	76,609	63,730	12,879
Materials and services	<u>13,567</u>	<u>13,567</u>	<u>17,861</u>	<u>(4,294)</u>
Total Administration	<u>90,176</u>	<u>90,176</u>	<u>81,591</u>	<u>8,585</u>
Miscellaneous:				
Materials and services	<u>119,438</u>	<u>119,438</u>	<u>75,984</u>	<u>43,454</u>
Building/Planning:				
Personal services	77,199	77,199	53,751	23,448
Materials and services	<u>74,581</u>	<u>104,581</u>	<u>175,823</u>	<u>(71,242)</u>
Total Building/Planning	<u>151,780</u>	<u>181,780</u>	<u>229,574</u>	<u>(47,794)</u>
Total General Government	<u>432,833</u>	<u>462,833</u>	<u>453,837</u>	<u>8,996</u>
Police:				
Personal services	1,183,456	1,153,456	1,110,550	42,906
Materials and services	<u>176,444</u>	<u>176,444</u>	<u>143,619</u>	<u>32,825</u>
Total Police	<u>1,359,900</u>	<u>1,329,900</u>	<u>1,254,169</u>	<u>75,731</u>
Culture and Recreation:				
Senior Service:				
Personal services	<u>67,250</u>	<u>67,250</u>	<u>64,652</u>	<u>2,598</u>
Library:				
Personal services	106,506	106,506	101,274	5,232
Materials and services	<u>32,993</u>	<u>32,993</u>	<u>34,014</u>	<u>(1,021)</u>
Total Library	<u>139,499</u>	<u>139,499</u>	<u>135,288</u>	<u>4,211</u>
Swimming Pool:				
Personal services	54,099	54,099	46,844	7,255
Materials and services	<u>43,530</u>	<u>43,530</u>	<u>38,769</u>	<u>4,761</u>
Total Swimming Pool	<u>97,629</u>	<u>97,629</u>	<u>85,613</u>	<u>12,016</u>
Parks Maintenance:				
Personal services	104,472	104,472	105,850	(1,378)
Materials and services	<u>35,049</u>	<u>35,049</u>	<u>31,853</u>	<u>3,196</u>
Total Parks Maintenance	<u>139,521</u>	<u>139,521</u>	<u>137,703</u>	<u>1,818</u>
Total Culture and Recreation	<u>443,899</u>	<u>443,899</u>	<u>423,256</u>	<u>20,643</u>

Continued on next page

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

Schedule of Expenditures by Departments
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal services	98,092	98,092	79,767	18,325
Materials and services	<u>90,516</u>	<u>90,516</u>	<u>82,309</u>	<u>8,207</u>
Total Municipal Court	<u>188,608</u>	<u>188,608</u>	<u>162,076</u>	<u>26,532</u>
Contingency	<u>60,000</u>	<u>60,000</u>	-	<u>60,000</u>
Capital Outlay	<u>15,000</u>	<u>52,200</u>	<u>15,000</u>	<u>37,200</u>
Total expenditures	<u>\$ 2,500,240</u>	<u>\$ 2,537,440</u>	<u>\$ 2,308,338</u>	<u>\$ 229,102</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 through 162-16 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, 2007, and have issued our report thereon dated November 5, 2007. 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.

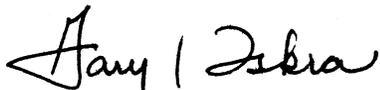
Investments - Pertaining to the investment of public funds (see ORS Chapter 294.035 to 294.046).

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 except that budgeted transfers in for the current fiscal year did not agree to budgeted transfers out by \$10,000.

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 5, 2007