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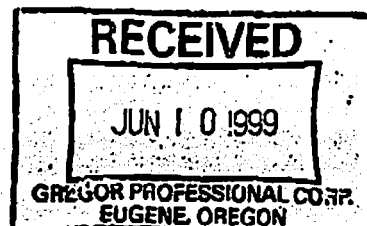
APR 29 1999

LAFAYETTE CITY HALL

AUDIT AGREEMENT

THIS CONTRACT, made this 27th day of April, 1999, in accordance with the requirements of Oregon Revised Statutes 297.405 through 297.555 between John Gregor, Certified Public Accountant of Eugene, Oregon, provides as follows:

1. It hereby is agreed that John Gregor shall conduct an audit of the accounts and fiscal affairs of The City of Lafayette, Oregon, for the period beginning July 1, 1998, and ending June 30, 1999, (and annually thereafter) in accordance with the Minimum Standards for Audits of Municipal Corporations as prescribed by law. The audit shall be undertaken in order to express an opinion upon the financial statements of The City of Lafayette, Oregon, and to determine if The City of Lafayette has compiled substantially with appropriate legal provisions.
2. John Gregor agrees that the services he contracted to perform under this contract shall be rendered by him or under his personal supervision and that the work will be faithfully performed with care and diligence.
3. It is understood and agreed that, should unusual conditions arise or be encountered during the course of the audit whereby the services of John Gregor are necessary beyond the extent of the work contemplated, written notification of such unusual conditions shall be delivered to The City of Lafayette, Oregon who shall instruct in writing John Gregor concerning such additional services, and that a signed copy of each such notification and instruction shall be delivered immediately to the Secretary of State by the Party issuing the same.
4. The audit shall be started as soon after this contract is executed as is agreeable to the Parties hereto and shall be completed and a written report thereon delivered within a reasonable time, but not later than six months, after the close of the audit period covered by this contract. Adequate copies of such report shall be delivered to The City of Lafayette, Oregon, and its form and content shall be in accordance with and not less than that required by the Minimum Standards for Audits of Oregon Municipal Corporations.
5. It is understood and agreeable that The City of Lafayette, Oregon, is responsible for such financial statements as may be necessary to fully disclose and fairly present the results of operations for the period under the audit and the financial condition at the end of that period. Should such financial statements not be prepared and presented within a reasonable period of time, it is understood that John Gregor shall draft them for The City of Lafayette, Oregon. The cost of preparing such financial statements shall be in addition to the fee for conducting the audit as set forth in paragraph 7.
6. It is understood and agreed that either Party may cancel this contract by giving notice in writing to the other Party at least 90 (ninety days) prior to July 1 of any year.



7. In consideration of the faithful performance of the conditions, covenants, and undertakings herein set forth, The City of Lafayette, Oregon hereby agrees to pay for the Fiscal year ending June 30, 1999 \$5,290.00, a reasonable fee and The City of Lafayette, Oregon hereby affirms that proper provision for the payment of such fee has been or will be duly made and that funds for the payment thereof are or will be legally available.

Gregor Professional Corporation

by John Gregor
 President

The City of Lafayette

by [Signature]
 Mayor

Please have signed +
 returned to us in
 the enclosed
 self-addressed
 envelope.
 Thank you



400 COUNTRY CLUB ROAD
SUITE 320
EUGENE, OREGON 97401

GREGOR PROFESSIONAL
CORPORATION

Telephone (541) 686-8777
Facsimile (541) 686-8779
E-mail: gpcppa@attglobal.net

January 21, 2002

Phil Lieberman, Finance Manager
City of Lafayette
486 Third Street
P.O. Box 55
Lafayette, Oregon 97127

Dear Mr. Lieberman:

It was a pleasure to be of service to your organization this past year, and if you or your staff have any questions, please call on us.

This letter is pursuant to the continuing audit agreement with you that is on file with and is patterned after the model of the Division of Audits, Secretary of State, State of Oregon, which provides in paragraph 1 for our continuing as your auditor, which we would like to do. We propose for your budgeting purposes, for the next year, to perform the audit of the books for the fiscal year ending June 30, 2002, for a professional fee at regular rates but not to exceed \$5,449. If Federal Single Act Compliance audits and compliance with OMB A-133 are required then an additional \$2,600 would be needed. If this is acceptable, please have a copy of this letter signed and returned to us in the enclosed self-addressed envelope.

Very Truly Yours,

John Gregor
President

READ AND APPROVED
City of Lafayette

Signature

Title

Date



400 COUNTRY CLUB ROAD
SUITE 320
EUGENE, OREGON 97401

GREGOR PROFESSIONAL
CORPORATION

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TELECOPY TRANSMITTAL

DATE: DEC, 3,

TO: TRENA CRANFILL

COMPANY/FIRM: CITY OF LAFAYETTE

TELECOPIER NO.: 503 864 4501

FROM: JOHN GREGOR

DOCUMENT SENT: AUDIT CONTRACTS

NUMBER OF PAGES INCLUDING THIS ONE: 4

CLIENT: _____

SUBJECT: _____

COMMENTS/INSTRUCTIONS:

SENT BY: _____

DATE: _____

TIME: _____