



NOTICE OF PUBLIC MEETING

COUNCIL AUDIT COMMITTEE

City Hall

Periwinkle Room

Thursday, January 15, 2009

1:30 p.m.

AGENDA

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF MINUTES
 - April 11, 2008. [Pages 1-2]
Action: _____
4. SCHEDULED BUSINESS
 - a. Business from the Public
 - b. Presentation of findings for the FY2007-2008 audit. [Pages 3-5]
Action: _____
 - c. Transient Room Tax audit. [Verbal]
Action: _____
5. BUSINESS FROM THE COMMITTEE
6. NEXT MEETING DATE: *TBA*
7. ADJOURNMENT

City of Albany Web site: www.cityofalbany.net

The location of the meeting/hearing is accessible to the disabled. If you need special accommodations to attend or participate, please notify the Human Resources Department in advance by calling (541) 917-7500.



NOTICE OF PUBLIC MEETING

COUNCIL AUDIT COMMITTEE

City Hall
Willamette Room
Friday, April 11, 2008
8:30 a.m.

MINUTES

Committee members present: Jeff Christman, Sharon Konopa, Ralph Reid, Jr., Sue Folden

Committee members absent: None.

Staff present: Stewart Taylor, Finance Director; John Stahl, Assistant Finance Director; Mike Murzynsky, Senior Accountant; Barbara Powell, Accounting Specialist

Others present: None.

CALL TO ORDER

Jeff Christman called the meeting to order at 8:30 a.m.

APPROVAL OF JANUARY 16, 2008, MINUTES

MOTION: Sharon moved to approve the minutes from January 16, 2008. Ralph seconded the motion, and it passed 4-0.

SCHEDULED BUSINESS

Business from the Public

None.

Review Transient Room Tax Examination Report

Stewart handed out a one-page summary report prepared by Brad Bingenheimer of Boldt, Carlisle, & Smith, LLC. Stewart said that the wording in the ordinance needs to be updated to include the clarifications noted in the summary report. Barbara said that once the ordinance is updated it will be easy to update the form that the hotel/motel operators use.

Jeff said that actual amount collected is the amount that should be taxed. Barbara said that Delapoer has offered to prepare a letter to the hotels/motels regarding exemptions from the tax such as Red Cross providing emergency temporary housing to a family. Sue asked about other nonprofit organizations who may request the exemption. Jeff said that if it is for providing emergency temporary housing it should be exempt, but not for the sole reason of being a nonprofit organization.

Jeff asked if the three hotels have been notified about the underpayment of taxes. Barbara said that yes they are aware and they have contacted her and want to make it right. Jeff said that the amount the auditors found isn't much compared to what is collected and he thinks that most are trying to comply. Sharon said that it was well worth the audit and is pleased with the results. Jeff thinks the transient room tax audit should be included in the regular audit. Stewart said that it could be included in the engagement letter and then done at a separate time from the regular audit. Ralph said that auditing two or three randomly chosen hotels at a time would be sufficient each year. Sharon asked if staff could perform the audit. Stewart said that is a good suggestion. The City could consider doing this in-house and this would

build relationships with the hotels/motels. Ralph said that commendation letters should be sent to the hotels that performed well in the audit. Stewart will handle this and will prepare letters for all the hotels to thank them for their participation. He will include a special notation to the hotels that are meeting expectations and are in compliance.

MOTION: Sharon moved to accept the audit and make the recommended changes to the ordinance. Ralph seconded the motion, and it passed 4-0.

Stewart will draft the language for the ordinance changes and prepare the thank-you letters. Jeff will report back to the Council that the audit has been received, that there were some minor recommendations, and that staff will bring the changes back to the Council for approval. Ralph asked what the timeframe should be for payment of the back taxes. Stewart said that a specific timeframe doesn't have to be set for payment and all three hotels are eager to get the debt taken care of.

BUSINESS FROM THE COMMITTEE

Sue asked what the term limits are for the Audit Committee and if the Committee will be meeting before the audit begins. Sharon said that it is a two-year appointment and she had been reappointed in January 2008 and thought Sue may have been reappointed at that time as well. Sue said that she didn't receive any notification that she was reappointed. Stewart will check on Sue's reappointment. Jeff said that the Committee will probably meet once right before the audit begins.

NEXT MEETING DATE:

To be announced.

ADJOURNMENT

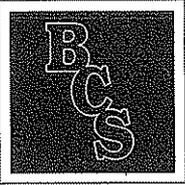
There being no further business, the meeting was adjourned at 9:05 a.m.

Respectfully submitted,

Diana Eilers
Administrative Assistant I

Reviewed by,

Jeff Christman
Chairman



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

January 5, 2009

To the City Council and Audit Committee of the
CITY OF ALBANY, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF ALBANY for the year ended June 30, 2008, and have issued our report thereon dated December 1, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 22, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing as discussed with the Finance Director.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the CITY OF ALBANY are described in Note 1 to the financial statements. During the year ended June 30, 2008, the City implemented the provisions of GASB 45 relating to the accounting and financial reporting for other post-employment benefits (OPEB). We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Management's estimate of the liability for OPEB is based on information provided by actuaries. We evaluated the key factors and assumptions used to develop the OPEB in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the economic useful life of capital assets is based on information currently available. We evaluated the estimated economic useful lives used for computing depreciation on capital assets and determined them to be reasonable.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of cash and investments in Note 3 to the financial statements as this represents the City's liquid assets available for operations.

Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 1, 2008.

Other Audit Findings or Issues

In conducting our audit, we noted the following issues that we would like to bring to your attention:

Compliance with ORS 279 – As discussed on page 168 of the audit report, we noted that the contract for library renovation project was awarded under an alternative method for competitive bidding (ORS 279C.335). Care should be taken when using alternative methods for awarding of construction contracts under ORS 279. Typically, alternative methods are used when the nature of the work is specialized such that there are very few potential bidders for a project. It is our opinion that the renovation could have been performed by many different contractors and given the current economic conditions may have provided a lower cost to the City.

Adoption and appropriation of the City's budget – ORS 294.305 to 294.565 specify the requirements under Oregon local budget law. ORS 294.435 (3) states: "*The appropriations required by subsections (1) and (2) of this section shall, as a minimum contain one amount for each organizational unit or program of each fund. In addition, separate amounts shall be appropriated in each fund for debt service, special payments, interfund revenue transfers, capital outlay, operating expenses which cannot be allocated to an organizational unit or program and operating contingencies.*" The resolution making appropriations for many funds do not contain separate amounts for interfund revenue transfers, capital outlay or operating contingencies. Making these separate appropriations would improve the financial reporting of the City by eliminating the need separate reconciliations of budgetary expenditures to expenditures as presented in the City's fund financial statements.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of City Council, the Audit Committee and management of the CITY OF ALBANY and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Boldt, Carlisle & Smith LLC

Certified Public Accountants

Salem, Oregon