



City of Tigard Tigard Business Meeting - Agenda

TIGARD CITY COUNCIL AND LOCAL CONTRACT REVIEW BOARD

MEETING DATE AND TIME: June 26, 2012 - 6:30 p.m. Study Session; 7:30 p.m. Business Meeting

MEETING LOCATION: City of Tigard - Town Hall - 13125 SW Hall Blvd., Tigard, OR 97223

PUBLIC NOTICE:

Anyone wishing to speak on an agenda item should sign on the appropriate sign-up sheet(s). If no sheet is available, ask to be recognized by the Mayor at the beginning of that agenda item. Citizen Communication items are asked to be two minutes or less. Longer matters can be set for a future Agenda by contacting either the Mayor or the City Manager.

Times noted are *estimated*; it is recommended that persons interested in testifying be present by 7:15 p.m. to sign in on the testimony sign-in sheet. *Business agenda items can be heard in any order after 7:30 p.m.*

Assistive Listening Devices are available for persons with impaired hearing and should be scheduled for Council meetings by noon on the Monday prior to the Council meeting. Please call 503-639-4171, ext. 2410 (voice) or 503-684-2772 (TDD - Telecommunications Devices for the Deaf).

Upon request, the City will also endeavor to arrange for the following services:

- Qualified sign language interpreters for persons with speech or hearing impairments; and
- Qualified bilingual interpreters.

Since these services must be scheduled with outside service providers, it is important to allow as much lead time as possible. Please notify the City of your need by 5:00 p.m. on the Thursday preceding the meeting by calling: 503-639-4171, ext. 2410 (voice) or 503-684-2772 (TDD - Telecommunications Devices for the Deaf).

SEE ATTACHED AGENDA

VIEW LIVE VIDEO STREAMING ONLINE:

<http://www.tvctv.org/government-programming/government-meetings/tigard>

CABLE VIEWERS: The regular City Council meeting is shown live on Channel 28 at 7:30 p.m. The meeting will be rebroadcast at the following times on Channel 28:

Thursday	6:00 p.m.	Sunday	11:00 a.m.
Friday	10:00 p.m.	Monday	6:00 a.m.



City of Tigard Tigard Business Meeting - Agenda

TIGARD CITY COUNCIL AND LOCAL CONTRACT REVIEW BOARD

MEETING DATE AND TIME: June 26, 2012 - 6:30 p.m. Study Session; 7:30 p.m. Business Meeting

MEETING LOCATION: City of Tigard - Town Hall - 13125 SW Hall Blvd., Tigard, OR 97223

6:30 PM

- **STUDY SESSION**

- A. Discussion and Development of a Park Naming Procedure
- B. Review City Council Appointment Matrix

- **EXECUTIVE SESSION:** The Tigard City Council will go into Executive Session to discuss real property transactions under ORS 192.660(2) (e). All discussions are confidential and those present may disclose nothing from the Session. Representatives of the news media are allowed to attend Executive Sessions, as provided by ORS 192.660(4), but must not disclose any information discussed. No Executive Session may be held for the purpose of taking any final action or making any final decision. Executive Sessions are closed to the public.

7:30 PM

- 1. **BUSINESS MEETING**

- A. Call to Order
- B. Roll Call
- C. Pledge of Allegiance
- D. Council Communications & Liaison Reports
 - Mayor Dirksen
 - Council President Buehner - Report on May 24, 2012 WEA Forum
 - Councilor Woodard - Economic Development
- E. Call to Council and Staff for Non-Agenda Items

- 2. **CITIZEN COMMUNICATION (Two Minutes or Less, Please)**
7:40 p.m. - estimated time

- A. Follow-up to Previous Citizen Communication
- B. Citizen Communication – Sign Up Sheet

3. CONSENT AGENDA: (Tigard City Council and Local Contract Review Board) These items are considered routine and may be enacted in one motion without separate discussion. Anyone may request that an item be removed by motion for discussion and separate action. Motion to:
7:50 p.m. - estimated time
 - A. Approve City Council Meeting Minutes for:
 1. June 5, 2012
 - B. Local Contract Review Board:
 1. Award Fuel and Related Services Contract to Bretthauer Oil Company
- *Consent Agenda - Items Removed for Separate Discussion: Any items requested to be removed from the Consent Agenda for separate discussion will be considered immediately after the Council/City Center Development Agency has voted on those items which do not need discussion.*
4. APPROVE ISSUANCE OF TAX EXEMPT BONDS BY YAMHILL COUNTY FOR THE BENEFIT OF GEORGE FOX UNIVERSITY - RESOLUTION
7:55 p.m. - estimated time
5. APPROVE FISCAL YEAR 2012 YEAR-END SUPPLEMENTAL BUDGET AMENDMENT - RESOLUTION
8:05 p.m. - estimated time
6. PRESENTATION OF THE CITY OF TIGARD'S AUDIT AND APPROVE THE FINANCIAL OPERATION'S DIVISION RESPONSE TO THE SECRETARY OF STATE'S AUDITS DIVISIONS FINDINGS REGARDING THE CITY'S ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2011 - RESOLUTION
8:20 p.m. - estimated time
7. ESTABLISH THE CITY OF TIGARD AUDIT COMMITTEE - RESOLUTION
8:55 p.m. - estimated time
8. COUNCIL LIAISON REPORTS
9:05 p.m. - estimated time
9. NON AGENDA ITEMS
10. EXECUTIVE SESSION: The Tigard City Council may go into Executive Session. If an Executive Session is called to order, the appropriate ORS citation will be announced identifying the applicable statute. All discussions are confidential and those present may disclose nothing from the Session. Representatives of the news media are allowed to attend Executive Sessions, as provided by ORS 192.660(4), but must not disclose any information discussed. No Executive Session may be held for the purpose of taking any final action or making any final decision. Executive Sessions are closed to the public.
11. ADJOURNMENT
9:10 p.m. - estimated time

Business Meeting**Meeting Date:** 06/26/2012**Length (in minutes):** Consent Item**Agenda Title:** Award Fuel and Related Services Contract to Bretthauer Oil Company**Prepared For:** Joseph Barrett**Submitted By:** Joseph Barrett, Financial and
Information Services**Item Type:** Motion Requested**Meeting Type:** Consent Agenda - LCRB**Information****ISSUE**

Shall the Local Contract Review Board award a contract for the city's fuel and related services need to Bretthauer Oil Company?

STAFF RECOMMENDATION / ACTION REQUEST

Staff recommends the Local Contract Review Board award the contract for the city's fuel and related services needs to the Bretthauer Oil Company and authorize the City Manager to fully execute the contract.

KEY FACTS AND INFORMATION SUMMARY

The City's contract for unleaded and diesel fuel expired at the end of 2006. Since that time, the City has been operating under a bridge agreement with a fuel provider while a detailed analysis of the City's options was conducted. As a result of the analysis it was very obvious it was in the City's best interest to retain the current format of fueling at a combination of captive, or City-owned pumps, and foreign, or commercial fueling card-lock stations. Other options considered included moving exclusively to either captive or foreign sites, participation in a "fleet card" program offered by multiple fueling companies, and using the City's purchasing card program to purchase fuel at local stations.

Under Tigard Public Contracting Rule 10.045 the purchase of gasoline and diesel fuel is exempt from competitive bidding. Staff did solicit quotes where possible and has documented all efforts in accordance with the terms detailed under Public Contracting Rule 10.045. When all options and quotes were reviewed, including a detailed review of both hard and soft dollar estimates, the Bretthauer Oil Company was found to be the best fuel provider for the City.

Bretthauer Oil Company will deliver both unleaded and diesel fuels to the City's captive site as well as offer the same fuels at foreign sites via multiple Pacific Pride commercial fueling stations, including the only commercial fuel station in Tigard. The cost for the fuel will be charged at a small markup over the wholesale price for the day of purchase, for the captive site the markup will be \$0.065 and for the foreign sites it will \$0.05.

OTHER ALTERNATIVES

As staff conducted a review of the best practices surrounding fuel purchases for the city no other alternatives provide the overall savings as this contract provides.

COUNCIL GOALS, POLICIES, APPROVED MASTER PLANS

N/A

DATES OF PREVIOUS COUNCIL CONSIDERATION

The Local Contact Review Board approved the previous contract in February 2007.

Fiscal Impact

Cost: \$350,000

Budgeted (yes or no): Yes

Where budgeted?: Multiple

Additional Fiscal Notes:

As fuel prices are extremely volatile, the overall cost of this contract over the possible five (5) year life is extremely difficult to estimate. Staff is using a figure of \$350,000/year for a total of \$1,750,000 possible over contract's life. The previous five year agreement was estimated at \$1,125,000 over the life and actuals during that time came in at \$1,244,010. Fuel is budgeted each fiscal year in multiple funds and across all departments.

Business Meeting**Meeting Date:** 06/26/2012**Length (in minutes):** 20 Minutes**Agenda Title:** Discussion and Development of a Park Naming Procedure**Prepared For:** Dennis Koellermeier**Submitted By:** Greer Gaston, Public Works**Item Type:** Update, Discussion, Direct Staff**Meeting Type:** Council Business Mtg - Study Sess.**Information****ISSUE**

The council is asked to discuss and help staff develop a park naming procedure.

STAFF RECOMMENDATION / ACTION REQUEST

Staff recommends the council discusses and helps staff develop a park naming procedure.

KEY FACTS AND INFORMATION SUMMARY

The city does not have an established procedure to name parks.

With the passage of the 2010 park and open space bond measure, the city has acquired several new park properties which need to be named.

Two city documents, the memorial policy (attached) and the Property Acquisition Procedures (excerpt attached), address the naming of properties to some extent. However, neither document provides specifics on a park-naming procedure.

According to the memorial policy, the authority to name park properties in honor of an individual or group lies with the council. This policy also says, ". . .in the past, the City has accepted as a term of purchase of park land a requirement that the City acquired property be developed into a park with a specified park name."

The Completing the Negotiations section of the city's Property Acquisition Procedures mentions that property sellers often desire park "naming" rights. This can be an effective negotiation tool. At least two park properties have names negotiated by the sellers—Senn Park and Elizabeth Price Park.

When a new park acquisition is unnamed, it is referred to—by default—by one or more unofficial titles. The more time that elapses before a final name is chosen, the more difficult tracking and record keeping becomes. In the case of the Fanno Creek House, the naming process took nearly a year. In that time, records were created under the "Schultz house" and the "white house."

Staff is seeking council feedback on two sample park naming procedure options (attached). These options represent a starting point in the development of a park naming procedure.

OTHER ALTERNATIVES

Council could decide not to discuss the park naming procedure.

COUNCIL GOALS, POLICIES, APPROVED MASTER PLANS

None

DATES OF PREVIOUS COUNCIL CONSIDERATION

This is the first time this topic has come before council in recent years. In 1999 the council adopted the memorial policy which addresses the naming of properties to some extent.

Attachments

Sample Park Naming Procedures

Resolution No. 99-37- Memorial Policy

Excerpt from Property Acquisition Procedures

Sample Park Naming Procedures

Option A

What the Process Might Look Like:

1. The property purchase is completed.
2. Public input is solicited via the city's website. Citizens are given two weeks to propose park names.
3. The Park and Recreation Advisory Board (PRAB) and/or staff narrows the list of proposed park names to three.
4. Council selects a name from one of the three at a council meeting.
5. At a subsequent meeting, council officially adopts a resolution naming the park.

Pros:

- Public has an opportunity to participate.

Cons:

- Process takes approximately 12 weeks.
- Park is not named until it is purchased. This makes for more complicated tracking and record keeping as the property may have several unofficial names.
- Council has less control over the name, as it will be constrained to select one of the three names selected by the PRAB and/or staff.

Option B

What the Process Might look Like:

1. During property negotiations, proposed names are suggested by the PRAB, staff and council members. (The public does not participate, since the purchase is confidential at this point.)
2. The council discusses and informally selects a park name at a council meeting.
3. At a subsequent meeting, council formally adopts the park name via inclusion in the property purchase agreement or by resolution.

Pros:

- Process takes approximately six weeks.
- The park is named early in the acquisition process. This makes for improved tracking and record keeping.
- The council has more control over the park name; it is not obligated to consider only a small list of names reviewed and submitted by the PRAB and/or staff.

Cons:

- The public is not involved in the process.

CITY OF TIGARD, OREGON

RESOLUTION NO. 99-37

A RESOLUTION ESTABLISHING A POLICY OF THE CITY COUNCIL ON PLACING MEMORIALS IN CITY PARKS.

WHEREAS, the Tigard City Council desires to have a policy for designating memorials within City park facilities, City-owned properties and with the naming of building and park properties; and

WHEREAS, the City Council recognizes that over the past several years, various park lands have been acquired by the City of Tigard and various facilities have been built at City parks and properties which could appropriately be named in memory of individuals who have provided service to the community; and

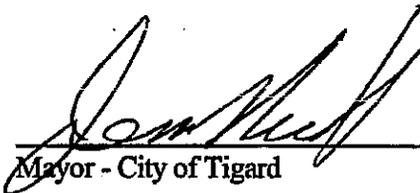
WHEREAS, in the past the City has named properties or facilities in memory of individuals without the benefit of an established City policy; and

WHEREAS, the Council wishes to have a formal policy to apply for official naming of City parks, facilities and features within parks.

NOW, THEREFORE, BE IT RESOLVED by the Tigard City Council that:

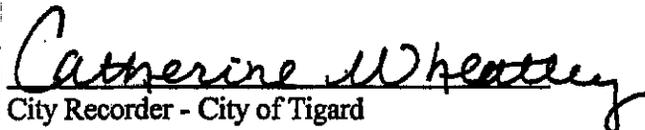
SECTION 1: The City Council hereby adopts the Memorial Policy described in Exhibit "A" attached hereto.

PASSED: This 8th day of June 1999.



Mayor - City of Tigard

ATTEST:



City Recorder - City of Tigard

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RESOLUTION NO. 99-37

Page 1

EXHIBIT "A"

TIGARD MEMORIAL POLICY FOR NAMING CITY PARK FACILITIES, DISTINCT ELEMENTS WITHIN CITY-OWNED PROPERTIES, AND CITY BUILDINGS

PURPOSE:

To outline the policy, criteria and process for designating memorials within City park facilities, distinct elements within City-owned properties and naming of buildings and park properties.

BACKGROUND:

As the City adds parks, open spaces and public facilities by acquisition and donation, the City has found that there is a need for a process to honor individuals or groups by naming City parks, distinct elements within City-owned properties or City buildings and to place memorials to advise the public of the recognition. In addition, the City has been the recipient of bequests which have required that the City recognize the financial contributions by memorializing the gift in some way. Finally, in the past, the City has accepted as a term of purchase of park land a requirement that the City acquired property be developed into a park with a specified park name.

In order that the City Council and staff have guidelines to follow when considering requests that memorials be placed within City park facilities or that City parks or buildings be named after individuals, a policy should be in place.

POLICY:

Land, facilities and features within property owned by the City of Tigard will be named through an administrative process in accordance with established criteria that emphasize community identity and service to the community.

Criteria for naming City park facilities, distinct elements within City-owned properties, and City buildings:

1. Memorials within City park facilities – Memorials included within this category are memorials which would be placed on or near basic park amenities, such as benches, picnic tables, trees, shrubs and plaques. If the memorial meets park standards for construction and materials, the Parks Division will assume maintenance responsibility for the useful life of the memorial. Replacement of the memorial shall be at the discretion of the Parks Division staff. Interested parties must submit a written request to the Parks Division regarding the type of memorial, proposal occasion and significance of the memorial.

Parties interested in placing memorials shall be financially responsible for the purchase of the memorial. An extensive review process is not necessary for these types of memorials. These requests shall be handled administratively by the Parks Division to ensure that City standards are met. The Parks Division has the right to adjust the location of the proposed memorial. The Parks Division shall notify the City Council of any actions taken to accept and place new memorials within City parks.

The standards that the Parks Division will follow in regard to park memorials are:

- a) Benches – benches must be made of wood, contoured or flat-styled pedestal, outdoor benches unless an alternative material is approved by the Parks Division upon a finding that there are circumstances that exist that make it appropriate to use the alternative material. Any bench to be contributed as a memorial and to be placed within City park facilities shall be purchased through a Parks Division approved manufacturer. A brass plaque may be attached to the bench but shall be no larger than 2 ½ x 6 inches in size. Prior to purchasing any bench for display in City parks, an interested party must contact City staff and review the example of approved benches maintained by the City staff.

- b) Trees – trees planted at City facilities as memorials must be at least 2 inches caliper, native to the area and fit into the existing landscape scheme of the park area or fit into the adopted plan for tree planting in that area.
 - c) Plaques – plaques may be placed in conjunction with a shrub or tree which are donated to the City as a memorial. Plaques shall not be placed as stand alone features. Plaques must be made of bronze and be no larger than 8 ½ x 11 inches in size. Plaques must be set in concrete, aggregate rock, or a boulder. City staff shall review the design of plaque and setting. Examples of the type of plaques approved by the City shall be made available by Parks staff.
2. Distinct elements within City-owned parks – Memorials can be placed at distinct elements of City-owned properties, such as shelters, sports fields, gardens, wetlands, tennis courts, rooms, fountains, ponds, paths, art, etc. Individuals interested in having a distinct element named in honor of an individual are required to submit a written request to the Tigard City Council regarding the particular type of amenity in which they are interested in sponsoring. Applications shall be made through the Parks Division.

Requests for such amenities may be made to honor an individual who has passed away or as an honorarium for someone who is living and has made a contribution to the City, either financially or through civic duty. Review of

such requests shall be made by the City Council. Council approval is needed. Guidelines regarding signage shall be adopted by Council based on recommendations made by the Parks Division.

The standards that the Parks Division will follow in regard to signage will be kept on record at the Public Works office. Examples of suitable signage will be available for public viewing.

3. Naming of buildings and park properties – City buildings and park properties may be named to honor individuals or groups. Interested parties shall submit a written request to the Tigard City Council regarding the property or building which they are interested in having Council name in honor of an individual or group. In addition, the City Council on its own motion, may consider naming a building or park. This type of memorial requires extensive review and Council approval in the form of a resolution. City staff will deal with guidelines for Council consideration.

The standards that the Parks Division will follow in regard to signage will be kept on record at the Public Works office. Examples of suitable signage will be available for public viewing.

EXCERPT

PROPERTY ACQUISITION PROCEDURES

Completing the Negotiations

Once a value for the property has been established by appraisal or otherwise, the matter should again be discussed with the City Council in executive session. If the Council determines that the property and its probable acquisition cost are appropriate, the Council should direct staff to continue negotiations. If the Council directs, negotiations can be terminated at this point.

Assuming the direction is to move forward with negotiations, a copy of the appraisal or other valuation should be transmitted to the owner and its attorney for review.

Further negotiations may be required to resolve matters such as price, potential reservations of rights by the seller (e.g., easements), or the desire of the seller to restrict the uses to which the property may be put by the City. In some cases, the City may not require immediate possession of the property, and the owner may wish to continue to reside on, make improvements to, remove improvements from, or otherwise use the property until the City needs possession. "Naming" rights for the property are frequently desired by the owner. These and many other possible issues may require further negotiations in which the City Attorney should participate, and any understanding that is reached with the owner must be included in the written acquisition agreement. The City Council may need additional briefings during this time in executive session. The Council may also need to give further direction during the negotiation process.

Once the parties have come to terms, the City Attorney's office will prepare a draft purchase and sale agreement using an approved template adapted to the particulars of the transaction. The purchase and sale agreement will be circulated to all parties for review and comment.

Once language and deal point issues are fully resolved, the final form of agreement should again be brought to the City Council. If the Council finds the terms appropriate, execution of the agreement by the property owner should be obtained, and approval of the agreement should be set for consideration by the Council at a regular or special meeting.

AIS-953

B.

Business Meeting

Meeting Date: 06/26/2012

Length (in minutes): 20 Minutes

Agenda Title: Review City Council Appointment Matrix

Submitted By: Cathy Wheatley, Administrative Services

Item Type: Update, Discussion, Direct Staff

Meeting Type: Council Business Mtg - Study Sess.

Information

ISSUE

Review Council Appointment Matrix

STAFF RECOMMENDATION / ACTION REQUEST

Review and confirm or reassign council liaison appointments.

KEY FACTS AND INFORMATION SUMMARY

- Council members reviewed the traditional board and committee City Council liaison appointments at their December 6, 2011, special goal setting meeting and confirmed the 2012 appointments as submitted on the January 24, 2012, Consent Agenda.
- Attached is the matrix confirmed by the council on January 24, which is presented to council for additional review to determine if any adjustments should be made.

OTHER ALTERNATIVES

N/A

COUNCIL GOALS, POLICIES, APPROVED MASTER PLANS

N/A

DATES OF PREVIOUS COUNCIL CONSIDERATION

December 6, 2011

January 24, 2012

Attachments

Council Liaison Appointment Matrix

2012 City Council Appointment Matrix

Committee Name	Primary Representative	Alternate Rep	Meeting Frequency	Time Expectation	Staff Liaison
<i>Budget Committee</i>	All Council		3-4 consecutive Monday evenings in April & May		Toby LaFrance
The Budget Committee provides a public forum to obtain public views in the preparation of fiscal policy.					
<i>Budget Subcommittee- Social Services</i>	Councilor Woodard		1 meeting in March		Toby LaFrance
Reviews applications submitted by social service agencies for contributions from the city. Consists of 1 Council member and 2 citizen-members of the Budget Committee.					
<i>Budget Subcommittee - Events</i>	All Council		Council Workshop or Study Session in March		Toby LaFrance
Reviews requests for contributions to community events.					
<i>City Center Development Agency</i>	All Council		As needed during Council sessions, ongoing	2 x/month for 1 hr. 2 hours month	Sean Farrelly
This committee's role is to assist the Urban Renewal Commission in developing and carrying out an Urban Renewal Plan.					
<i>Community Development Block Grant Policy Advisory Board</i>	Councilor Henderson	Marissa Daniels	2 nd Thursday of the month at 7 p.m. Location rotates	Ongoing- appx. 2 hours month	Marissa Daniels
By IGA, Washington Co. established the Community Development Policy Advisory Board (PAB) to represent the County Consortium, make recommendations to the County Commissioners on all matters pertaining to the CDBG program. Includes a representative, generally an elected official, from the County and each of the 11 participating cities in the Co.					
<i>Intergovernmental Water Board</i>	Councilor Buehner	Councilor Woodard	2nd Wednesday/month, 5:30 p.m., Water Building	Monthly	Dennis Koellermeier
To make recommendations to the Tigard City Council on water issues and to carry out other responsibilities set forth in the IGA between Tigard, Durham, King City and the Tigard Water District. Each jurisdiction is represented by a member + 1 at-large.					
Committee Name	Primary	Alternate Rep	Meeting Frequency	Time	Staff Liaison

	Representative			Expectation	
<i>Metro Joint Policy Advisory Commission on Transportation</i>	Mayor Dirksen	City of Cornelius Councilor Jef Dalin	2 nd Thursday/month 7:30- 9 a.m. @ Metro		Judith Gray
A 17-member committee that provides a forum for elected officials and representatives of agencies involved in transportation to evaluate transportation needs in the region and to make recommendations to the Metro Council.					
<i>Mayor's Appointment Advisory Committee</i>	Jan – June 11 Councilor Henderson	July – Dec 11 Councilor Woodard	Jan – June 12 Councilor Buehner	July – Dec 12 Councilor Wilson	Staff Liaison to the committee interviewing
The Mayor & 1 Councilor (on a six-month rotation schedule) review applications and interview individuals interested in a board or committee appointment. Recommendations are forwarded to the Council for ratification.					
<i>Metropolitan Area Communications Commission</i>	Councilor Woodard	Louis Sears	6 times a year, usually Wednesday, 1-5 pm at MACC headquarters		Louis Sears
MACC is the governing body that oversees the contracts for cable services and TVCTV. The Executive Committee meets separately to make recommendations to the Commission on administrative issues including budget and the review of the Executive Director.					
<i>Metro Policy Advisory Committee (MPAC)</i>	Sherwood Mayor Keith Mays	Tualatin Councilor Chris Barhyte	2 nd and 4 th Wednesday 5-7 p.m. at Metro	Ongoing 4 hours/month	Ron Bunch
MPAC it is made up of elected officials. Representatives are elected by peers within Washington County cities.					
<i>Regional Water Providers Consortium</i>	Councilor Buehner	No appointment made	Quarterly meeting held at Metro		John Goodrich
Consortium is comprised of all water suppliers in the metro area. The Councilor appointee to this group represents the city on regional policy issues.					

Committee Name	Primary Representatives	Alternate Rep	Meeting Frequency	Time Expectation	Staff Liaison
<i>Tigard- Lake Oswego Joint Water Partnership Oversight Committee</i>	We have two primary seats: Councilor Buehner & Mayor Dirksen		Monthly – working on a new meeting schedule		Dennis Koellermeier
Membership is comprised of staff and elected officials to govern water partnership between the cities.					
<i>Washington County Coordinating Committee</i>	Mayor Dirksen	Councilor Buehner	2 nd Monday @ noon Beaverton City Hall	1-2 hours per month	Mike McCarthy
WCCC reviews and comments on major land use and transportation issues and provides a forum for discussion which results in recommendations for a coordinated approach between jurisdictions. The Committee has specific authority on the Major Streets Transportation Improvement Program (MSTIP) and the Countywide Traffic Impact Fee (TIF) program. Representatives to JPAC and MPAC from County and cities in the Co. will be on the policy body.					
<i>Westside Economic Alliance</i>	Mayor Dirksen	Councilor Wilson	3 rd Wednesday of month 7:30-9 a.m. @St. Vincent's Hospital Board Room	<u>PLUS:</u> <i>Optional Thursday Forum breakfast w/ speakers</i>	Ron Bunch
Create an environment conducive to business growth, working to influence decisions on policies and regulations impacting the economic vitality of the area.					
<i>Willamette River Water Coalition</i>	Councilor Henderson	Councilor Wilson	Monthly		Dennis Koellermeier
Mission of the coalition is to protect the Willamette River and to protect Tigard's water rights.					

Tigard Board & Committee Liaison Assignments:

<i>Committee Name</i>	Primary Representative	Alternate Rep	Meeting Frequency	Time Expectation	Staff Liaison
<i>City Center Advisory Commission</i>	Councilor Henderson		2 nd Wednesday/month@ 6:30 pm		Sean Farrelly
This committee's role is defined in the City Charter and is to assist the Urban Renewal Commission in developing and carrying out an Urban Renewal Plan.					
<i>High Capacity Transit Land Use Plan Citizens Advisory Committee</i>	Councilor Wilson	Councilor Buehner	meet during regularly scheduled Transportation Advisory Committee Mtgs		Judith Gray
Metro has identified the "SW Corridor" (PDX - Sherwood via Tigard) as the next priority expansion line for the regional HCT system. The city is gearing up for an extensive planning process beginning with a state-funded land use plan to identify potential station area locations and development traits to warrant HCT investment and achieve the city's aspirations. The Transportation Advisory Committee serves as the Citiz. Advisory Comm. for the land use plan.					
<i>Library Board</i>	Councilor Henderson		second Thursday of each month at 7:00 PM		Margaret Barnes
Advisory to the Council regarding library policies, budget, facilities and other needs of the community to provide quality library service, per TMC 2.36.030.					
<i>Committee Name</i>	Primary Representative	Alternate Rep	Meeting Frequency	Time Expectation	Staff Liaison
<i>Neighborhood Involvement Committee (formerly CCI)</i>	Mayor Dirksen		3 rd Wednesday/every other mo. @ 7pm	6 hours a year	Joanne Bengtson
Charged with oversight for the Neighborhood Network program, encourages two-way communication between city and residents and encourages residents to be more involved. <i>(The committee changed its name to reflect new mission – previous incarnation was Committee for Citizen Involvement.)</i>					
<i>Park & Recreation Advisory Board</i>	Councilor Woodard		2 nd Monday/month 7 pm in the Water Building		Steve Martin
To advise the Council on park and recreation policies, facilities, programs and budgets.					
<i>Planning Commission</i>	Councilor Woodard		1st & 3rd Monday/month @ 7pm		Susan Hartnett
Assists the City Council to develop, maintain, update and implement the Comprehensive Plan, to formulate the Capital Improvements Program, and to review and take action on development projects and development code provisions delegated to the Commission.					

<i>Transportation Advisory Committee</i>	Councilor Wilson	Councilor Buehner	1 st Wednesday, 6:30 p.m., library 2 nd Floor Conf Rm	1.5 hr. meetings	Judith Gray
Advisory to council & staff regarding planning and development of a comprehensive transportation network, including development of plans and corresponding financing programs; development of funding mechanisms and sources to implement transportation projects and ensure adequate maintenance of the existing transportation infrastructure; public involvement and education in transportation matters and ways to improve traffic safety and accessibility in all transportation modes.					
<i>Tree Board</i>	Councilor Henderson		1 st Wednesday of month @ 6:30 p.m.		Todd Prager
The mission of the Tree Board is to develop and administer a comprehensive program for the management, maintenance, removal, replacement & protection of trees on public property.					
<i>Youth Advisory Council</i>	Mayor Dirksen		1 st & 3 rd Wednesdays @ City Hall		Sheryl Huiras
Students in grades 5-12 represent their peers as resources to the community to advise the best ways to build developmental assets for each youth in Tigard. The Youth Advisory Council also facilitates the development and implementation of programs and activities that are important to youth.					

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AIS-955

3. A.

Business Meeting

Meeting Date: 06/26/2012

Length (in minutes): Consent Item

Agenda Title: Approve City Council Meeting Minutes

Submitted By: Carol Krager, City Management

Item Type: Motion Requested

Meeting Type:

Consent Agenda

Information

ISSUE

Approve City Council meeting minutes.

STAFF RECOMMENDATION / ACTION REQUEST

Approve minutes as submitted.

KEY FACTS AND INFORMATION SUMMARY

Attached council minutes are submitted for City Council approval. (Dates of meetings are listed under "Attachments" below.)

OTHER ALTERNATIVES

N/A

COUNCIL GOALS, POLICIES, APPROVED MASTER PLANS

N/A

DATES OF PREVIOUS COUNCIL CONSIDERATION

N/A

Attachments

June 5, 2012 Minutes



City of Tigard
Tigard City Council Special Meeting Minutes
June 5, 2012

1. SPECIAL MEETING

Mayor Dirksen called the meeting to order at 7:50 p.m.

Deputy City Recorder Krager called the roll:

<u>Name</u>	<u>Present</u>	<u>Absent</u>
Councilor Henderson	✓	
Councilor Woodard	✓	
Councilor Wilson	✓	
Council President Buehner	✓	
Mayor Dirksen	✓	

Staff present: City Manager Wine, Assistant City Manager Newton, City Attorney Bennett, Deputy City Recorder Krager

Communications & Liaison Reports - Mayor Dirksen said he would forward some committee liaison materials to City Manager Wine for distribution to council.

Call to Council and Staff for Non-Agenda Items – None

2. DETERMINE PROCESS FOR VACANCY IN THE OFFICE OF MAYOR

Mayor Dirksen said the final process for the Metro councilor position race is not complete and formal acceptance of the May 2012 primary results is not scheduled until Metro Council's June 28 meeting.

Councilor Henderson requested a continuance of the discussion on this topic.

Mayor Dirksen said that while he is not prepared to tender his resignation, it did not preclude council discussion on the process to use if the office of mayor became vacant. He said he recommended moving forward tonight so council will be prepared when Metro's final

TIGARD CITY COUNCIL MEETING MINUTES – JUNE 5, 2012

determination of election results is received, allowing for a declaration of vacancy and opening for applicants. The deadline for putting mayoral candidates on the November ballot is August 6, 2012.

Council President Buehner inquired about the possibility of asking Metro to formally accept the election results earlier than June 28. City Manager Wine said she will discuss this with them.

In response to a question from Councilor Wilson about why he was waiting for the formality of Metro election results acceptance before submitting a letter of resignation, Mayor Dirksen said he wanted the further certainty and though he didn't doubt the outcome, it seemed presumptive to resign without that. City Attorney Bennett added that a resignation is not revocable.

City Manager Wine said it was council's decision on how to fill the vacancy and once guidance is given to staff they can begin the election process steps, or if council chooses to appoint, they can begin supporting council in their process to pursue an appointment.

Councilor Wilson said the short timeline may be more of an issue for a member of the public who wants to run than it would be for current city councilors. City Manager Wine said maximizing the amount of time to file and campaign for office is part of the time consideration. Councilor Wilson said a shorter timeframe constricts the democratic process. He said, "On the other hand, an appointment really short-circuits the democratic process."

Council President Buehner said a third option would be to leave the vacancy in the mayor's office open for the remainder of the term, Councilors Wilson and Henderson could run again for their seats, and then operate as a four-person council until 2014.

Councilor Henderson questioned Councilor Wilson's eligibility for running for councilor and said he was term-limited. Councilor Wilson said there was a break in service between his first term and his appointment when Councilor Harding resigned. City Attorney Bennett said the city charter does not specify the length of a gap in service. City Manager Wine read a timeline prepared by City Recorder Wheatley and noted that Councilor Wilson was appointed to fill a vacancy (Councilor Sally Harding) until the November election where he ran to fill the remainder of her unexpired term.. City Attorney Bennett said that means Councilor Wilson is nearing the end of his first term. Councilor Henderson asked for a legal definition. City Attorney Bennett replied that he could prepare an opinion, but noted that City Attorney Ramis has previously issued an opinion that the two-term limit does not apply to filling an unexpired term, whether through election or appointment. He said that period is carved out of the term limitation.

Referring to Council President Buehner's suggestion of a four-person council, Councilor Woodard expressed concerns about tie votes. Councilor Wilson said there also may be quorum issues when someone needs to be out of town.

TIGARD CITY COUNCIL MEETING MINUTES – JUNE 5, 2012

Mayor Dirksen said the framers of the city's charter provided options for council to function under unusual circumstances such as when a vacancy cannot be filled right away. He said the framers' intent was to allow council the authority to fill a vacancy with an appointment when circumstances did not allow for an election. He said his opinion was that the only justification to appoint would be when a physical or timeline constraint precluded having an election.

Councilor Henderson said he was concerned that Mayor Dirksen is resigning at a time when there is a new city manager and there are major things ahead for Tigard. He said City Manager Wine is doing a great job but there is a lot to do. He expressed concerns about filling the void and suggested that appointing himself or Councilor Wilson to assume the position for two years would provide a good transition. The appointed councilor could shadow the mayor for the next six months before he leaves office. He said he was worried about continuity on some of the committees Mayor Dirksen sits on. Mayor Dirksen said some committees have no requirement that the vacancy would be filled by his replacement. He said it is almost certain that his place on the JPACT Committee would go to a mayor or councilor from another city as that is the usual process. He said there are other committees where he will be replaced by Tigard's new mayor or their designee. Councilor Henderson specifically mentioned the Lake Oswego/Tigard Water Project. Council President Buehner said she shared his concerns that Tigard gets a good council person on that committee. Mayor Dirksen agreed and said that particular project was a major concern of his but he had little concern that other things will continue to move forward.

Councilor Henderson said if he is appointed to fill the unexpired term he would run for council again in the future if citizens wanted it, but guaranteed that he would not stay on as mayor after the interim appointment ended.

Mayor Dirksen said his only concern is circumventing the democratic process. Councilor Wilson noted that following the city charter means that there are two councilors and a mayor up for reelection at any given time. He said that every time the mayor runs, there are two councilors also up for reelection. He said this is the way it is intended and that voters want term limits.

Mayor Dirksen said if he had been eligible at the end of his current term to run again for mayor he would not have entered the race for a Metro council position. He said he is term-limited and does not have the option to continue as mayor.

Councilor Wilson said, "The bottom line is that we have a democracy and we need to respect that." Councilor Henderson said he had no problem with going through the election process but there are extenuating circumstances, and the situation is "outside the status quo." He said he has put in much thought about this and feel this is the best thing for Tigard.

Council President Buehner commented that if both Councilor Henderson and Councilor Wilson run for mayor, they cannot run for reelection to their council seats. That would put two new people on the council. Councilor Wilson said he felt positive about the people who have mentioned to him they are interested in running for council.

TIGARD CITY COUNCIL MEETING MINUTES – JUNE 5, 2012

Councilor Henderson said he wouldn't want to be appointed as mayor unless the vote among council was 100 percent. Mayor Dirksen agreed that continuity is important but said he did not think the concern was sufficient to circumvent the process.

Councilor Woodard commented that, "Turnover is not all bad; there are a lot of good people out there. But it is unfortunate for me to watch three talented people that I respect possibly not be here next year."

Mayor Dirksen moved that the process to fill the vacancy of mayor, if there is one in the next six months, would be an election during the general election in November to fill the remaining two years of his term. Council President Buehner seconded the motion. The motion was amended by Councilor Wilson to include a provision that there be at least one month between the vacancy announcement and the filing deadline. Mayor Dirksen accepted the friendly amendment and there being no further discussion, called for a vote. The motion passed by a majority. Councilor Henderson abstained.

Councilor Henderson	Abstained
Councilor Woodard	Yes
Councilor Wilson	Yes
Council President Buehner	Yes
Mayor Dirksen	Yes

Mayor Dirksen said he will submit his resignation from the office of mayor when the final election results are accepted by Metro. City Manager Wine will follow up with Metro on whether or not these results can be accepted earlier than June 28.

3. COUNCIL LIAISON REPORTS -None

4. NON AGENDA ITEMS

5. EXECUTIVE SESSION – None held

TIGARD CITY COUNCIL MEETING MINUTES – JUNE 5, 2012

6. ADJOURNMENT

At 8:23 p.m. Councilor Wilson moved for adjournment. Council President Buehner seconded the motion and the motion was approved by a unanimous vote of City Council present.

Councilor Henderson	Yes
Councilor Woodard	Yes
Councilor Wilson	Yes
Council President Buehner	Yes
Mayer Dirksen	Yes

Carol A. Krager, City Recorder

Attest:

Mayor, City of Tigard

Date: _____

AIS-944

4.

Business Meeting

Meeting Date: 06/26/2012

Length (in minutes): 10 Minutes

Agenda Title: Resolution Approving the Issuance of Tax Exempt Bonds by Yamhill County for the benefit of George Fox University

Prepared For: Toby LaFrance

Submitted By: Toby LaFrance, Financial and Information Services

Item Type: Resolution
Public Hearing - Legislative

Meeting Type: Council Business Meeting - Main

Information

ISSUE

Should the City Council approve the request for the issuance of bonds by Yamhill County for the benefit of George Fox University that refund bonds issued by Yamhill County in 2005, a portion of which financed the acquisition and improvement of the University's campus located in Tigard?

STAFF RECOMMENDATION / ACTION REQUEST

Because the issuance of the bonds will not constitute a debt of the City and the bonds will be repaid solely by Yamhill County from the resources of George Fox University, staff recommends approval of the resolution.

KEY FACTS AND INFORMATION SUMMARY

George Fox University is a non-profit university with a campus in Tigard. In 2005, Yamhill County issued tax exempt bonds at the request of the University, which they are now refinancing to take advantage of lower interest rates. Due to IRS tax rules related to issuing tax exempt conduit revenue bonds, George Fox University is required to have a public hearing conducted by the jurisdictions where the projects being financed by the bonds are located.

The issuance of the bonds by Yamhill County will not be a debt of the City and will be repaid from resources of the University. No portion of the debt would be paid from a tax levied upon any property within the City of Tigard. This action is strictly meeting a requirement that the University has under the tax code.

OTHER ALTERNATIVES

Do not approve the resolution, preventing the issuance of tax exempt bonds by Yamhill County to refund existing debt obligations of George Fox University.

COUNCIL GOALS, POLICIES, APPROVED MASTER PLANS

N/A

DATES OF PREVIOUS COUNCIL CONSIDERATION

The 2005 Bond issuance was approved by City Council in Resolution 05-34 on May 10, 2005.

Attachments

Resolution

CITY OF TIGARD, OREGON
TIGARD CITY COUNCIL
RESOLUTION NO. 12-___

A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE REFUNDING BONDS, SERIES 2012A (GEORGE FOX UNIVERSITY PROJECT) (TAX-EXEMPT) BY YAMHILL COUNTY, OREGON

WHEREAS, Yamhill County, Oregon (the "County") has received a request from George Fox University, a nonprofit corporation organized and existing under the laws of the State of Oregon (the "University") to issue Revenue Refunding Bonds, Series 2012A (George Fox University Project) (Tax-Exempt) (the "2012 Bonds") in an aggregate principal amount not to exceed \$25,000,000 for the purpose, among other things, of refinancing the prior acquisition and improvement of real property located in the City of Tigard, Oregon (the "City"); and

WHEREAS, the principal of and interest on the 2012 Bonds will not constitute a debt of the City nor shall the 2012 Bonds be payable from a tax of any nature levied upon any property within the City nor any other political subdivision of the State of Oregon. The 2012 Bonds will be payable only from the revenues and resources provided by the University; and

WHEREAS, the Internal Revenue Code of 1986 (the "Code") authorizes the issuance of revenue bonds for a "qualified 501(c)(3) entity," such as the University; and

WHEREAS, Section 147(f) of the Code requires that qualified 501(c)(3) bonds be approved by the applicable elected representatives of the governmental unit issuing such bonds (Yamhill County, Oregon), (1) such approval will be obtained by the Board of County Commissioners of the County, and (2) the governmental unit (the City Council of the City of Tigard, Oregon) having jurisdiction over the area in which a portion of the project is located (the University's campus in Tigard).

WHEREAS, on July 21, 2012 the Board of County Commissioners of the County will hold a public hearing and consider an Order approving of the issuance of the 2012 Bonds for and on behalf of the University.

NOW, THEREFORE, BE IT RESOLVED by the Tigard City Council that:

SECTION 1: Approval of Bonds. As the applicable elected representatives of the governmental unit having jurisdiction over the area in which a portion of the project is located (the University's campus in Tigard), and having held the public hearing, the City Council approves of the issuance of the 2012 Bonds by Yamhill County, Oregon.

SECTION 2: This resolution is effective immediately upon passage.

PASSED: This 26th day of June 2012.

Mayor - City of Tigard

ATTEST:

City Recorder - City of Tigard

RESOLUTION NO. 12-

Business Meeting**Meeting Date:** 06/26/2012**Length (in minutes):** 15 Minutes**Agenda Title:** FY 2012 Year-End Supplemental Budget Amendment**Prepared For:** Toby LaFrance**Submitted By:** Carissa Collins, Financial and
Information Services**Item Type:** Motion Requested
Resolution
Public Hearing - Legislative**Meeting Type:** Council Business Meeting - Main**Information****ISSUE**

A year-end supplemental amendment to the FY 2012 Adopted Budget is requested. The purpose of the supplemental is to account for those items requiring an adjustment to the existing budgets that were unknown at the time that the last supplemental was approved.

The following issues are addressed in the amendment:

1. Re-key all city facilities
2. Capital Improvement Program - Parks
3. Water line-of-credit
4. Citywide Unemployment Payment

STAFF RECOMMENDATION / ACTION REQUEST

Approve the FY 2012 Year-End Supplemental Budget Amendment.

KEY FACTS AND INFORMATION SUMMARY

The following is a list of items that require council action for the FY 2012 Adopted Budget:

1. **Re-key all city facilities** - A total of \$50,000 is required for payment of a purchase order to re-key all city-owned facilities. Contingency in the Fleet/Property Management Fund will decrease by \$50,000 with an equal increase in program expenditures. The Insurance Fund will reimburse \$30,000 of this expense in FY 2013.
2. **Capital Improvement Program - Parks**
Funding in the amount of \$34,500 is required for additional expenses associated with the completion of design work for the Fanno Creek Trail, Main to Grant Streets. Parks SDC contingency will decrease by \$34,500. Transfers Out of Parks SDC will increase by this same amount. In turn, Transfers In to the Parks Capital Fund will increase by \$34,500 with an equal increase in capital program expenditures.
3. **Water line-of-credit** - One of the uses of the \$97 million dollars of water revenue bonds is to pay off the line-of-credit that has been used to fund the Lake Oswego Water Partnership in the amount of \$5,973,798. This action will result in an increase in debt proceeds in the Water Debt Service Fund with an equal increase in debt service payment. Under Oregon Budget Law, it is not necessary to budget bond proceeds in the year they are received. However, this information is being included in order to maintain transparency within the budget process.
4. **Citywide Unemployment Payment** - FY 2012 unemployment costs assessed by the state have doubled and the cost increase has been paid by Financial Operations in the Central Service Fund. This cost has been

allocated among the departments in the FY 2013 budget. However, a budget adjustment is required in order to have sufficient appropriations within the Central Services Fund in FY 2012. As a result, Central Service contingency will decrease by \$120,000 with an equal increase in program expenditures in Policy and Administration.

OTHER ALTERNATIVES

Do not approve the supplemental budget amendment.

COUNCIL OR CCDA GOALS, POLICIES, MASTER PLANS

6. Financial Stability

DATES OF PREVIOUS CONSIDERATION

N/A

Fiscal Impact

Cost: \$6,178,298
Budgeted (yes or no): No
Where Budgeted (department/program): PW/FIN/CIP/DEBT

Additional Fiscal Notes:

The total impact of this action consists of increased operating and capital requirements that are offset by transfers from contingency and additional resources. The Exhibit-A has the details, however below is a summary of the supplemental changes that have additional resources and have no impact on future revenues.

1. Re-Key all city facilities - \$50,000 Fleet/Property Management Fund
2. Capital Improvement Program - \$34,500 Parks SDC
3. Water Line-of-Credit - \$5,973,798 Water Debt Service Fund
4. Unemployment Payment - \$120,000 Central Service Fund

Attachments

Resolution

Exhibit A

**CITY OF TIGARD, OREGON
TIGARD CITY COUNCIL
RESOLUTION NO. 12-**

A RESOLUTION TO ADOPT A SUPPLEMENTAL BUDGET TO ACHIEVE THE FOLLOWING:
BUDGET OF UNANTICIPATED EXPENDITURES IN PUBLIC WORKS, THE CAPITAL
IMPROVEMENT PROGRAM, DEBT SERVICE, AND FINANCE & INFORMATION SERVICES.

WHEREAS, the city is acknowledging those items that were unknown at the time the FY 2012 Budget was adopted; and

WHEREAS, the city recognizes a total of \$6,178,298 in unanticipated requirements in Public Works, Capital Improvement Program, Debt Service, and Finance and Information Services, and \$5,973,798 in additional revenue and \$204,500 in use of contingency to support those requirements;

NOW, THEREFORE, BE IT RESOLVED by the Tigard City Council that:

SECTION 1: The FY 2011-12 Budget is hereby amended as detailed in Supplemental Budget #12 - including Exhibit-A.

SECTION 2: This resolution is effective immediately upon passage.

PASSED: This _____ day of _____ 2012.

Mayor - City of Tigard

ATTEST:

City Recorder - City of Tigard

**City of Tigard
FY 2012 Year-End Supplemental Budget Amendment**

1. Re-Key of all city facilities

A total of \$50,000 is required for payment of a purchase order to re-key all city-owned facilities. Contingency in the Fleet/Property Management Fund will decrease by \$50,000 with an equal increase in program expenditures. The Insurance Fund will reimburse \$30,000 of this expense in FY 2013.

		Revised Adopted Budget	Amendment	Revised Budget
Fleet/Property Management Fund				
Resources				
Beginning Fund Balance	\$	78,830		\$ 78,830
Charges for Services	\$	1,714,656		\$ 1,714,656
Transfers In from Other Funds	\$	96,245		\$ 96,245
Total Resources	\$	1,889,731	\$ -	\$ 1,889,731
Requirements				
Public Works	\$	1,775,168	\$ 50,000	\$ 1,825,168
Program Expenditures Total	\$	1,775,168	\$ 50,000	\$ 1,825,168
Contingency	\$	91,461	\$ (50,000)	\$ 41,461
Total Budget	\$	1,866,629	\$ -	\$ 1,866,629
Reserve For Future Expenditure	\$	23,102	\$ -	\$ 23,102
Total Requirements	\$	1,889,731	\$ -	\$ 1,889,731

**City of Tigard
FY 2012 Year-End Supplemental Budget Amendment**

2. Capital Improvement Program (CIP)

Funding in the amount of \$34,500 is required for additional expenses associated with the completion of design work for the Fanno Creek Trail, Main to Grant Streets. Parks SDC contingency will decrease by \$34,500. Transfers Out of Parks SDC will increase by this same amount. In turn, Transfers In to the Parks Capital Fund will increase by \$34,500 with an equal increase in capital program expenditures.

	Revised Adopted Budget	Amendment	Revised Budget
Parks SDC Fund			
Resources			
Beginning Fund Balance	\$ 2,366,258		\$ 2,366,258
Total Resources	\$ 2,760,767	\$ -	\$ 2,760,767
Requirements			
Program Expenditures Total	\$ -	\$ -	\$ -
Transfers to Other Funds	\$ 1,543,944	\$ 34,500	\$ 1,578,444
Contingency	\$ 300,000	\$ (34,500)	\$ 265,500
Total Budget	\$ 2,126,655	\$ -	\$ 2,126,655
Reserve For Future Expenditure	\$ 634,112	\$ -	\$ 634,112
Total Requirements	\$ 2,760,767	\$ -	\$ 2,760,767
Parks Capital Fund			
Resources			
Beginning Fund Balance	\$ 346,668		\$ 346,668
Transfers In from Other Funds	\$ 6,601,360	\$ 34,500	\$ 6,635,860
Total Resources	\$ 6,951,028	\$ 34,500	\$ 6,985,528
Requirements			
Program Expenditures Total	\$ -	\$ -	\$ -
Work-In-Progress	\$ 6,389,639	\$ 34,500	\$ 6,424,139
Total Budget	\$ 6,901,836	\$ 34,500	\$ 6,936,336
Reserve For Future Expenditure	\$ 49,192	\$ -	\$ 49,192
Total Requirements	\$ 6,951,028	\$ 34,500	\$ 6,985,528

**City of Tigard
FY 2012 Year-End Supplemental Budget Amendment**

3. Water Line-of-Credit

One of the uses of the \$97 million dollars of water revenue bonds is to pay off the line-of-credit that has been used to fund the Lake Oswego Water Partnership in the amount of \$5,973,798. This action will result in an increase in debt proceeds in the Water Debt Service Fund with an equal increase in debt service payment. Under Oregon Budget Law, it is not necessary to budget bond proceeds in the year they are received. However, this information is being included in order to maintain transparency within the budget process.

	Revised Adopted Budget	Amendment	Revised Budget
Water Debt Service Fund			
Resources			
Beginning Fund Balance	\$ -		\$ -
Other Financing Sources	\$ -	\$ 5,973,798	\$ 5,973,798
Transfers In from Other Funds	\$ 6,479,804		\$ 6,479,804
Total Resources	\$ 6,479,804	\$ 5,973,798	\$ 12,453,602
Requirements			
Program Expenditures Total	\$ -	\$ -	\$ -
Debt Service	\$ 1,801,926	\$ 5,973,798	\$ 7,775,724
Total Budget	\$ 1,801,926	\$ 5,973,798	\$ 7,775,724
Reserve For Future Expenditure	\$ 4,677,878	\$ -	\$ 4,677,878
Total Requirements	\$ 6,479,804	\$ 5,973,798	\$ 12,453,602

**City of Tigard
FY 2012 Year-End Supplemental Budget Amendment**

4. Citywide Unemployment Payment

FY 2012 unemployment costs assessed by the state have doubled and the cost increase has been paid by Financial Operations in the Central Service Fund. This cost has been allocated among the departments in the FY 2013 budget. However, a budget adjustment is required in order to have sufficient appropriations within the Central Services Fund in FY 2012. As a result, Central Service contingency will decrease by \$120,000 with an equal increase in program expenditures in Policy and Administration.

	Revised Adopted Budget	Amendment	Revised Budget
Central Services Fund			
Resources			
Beginning Fund Balance	\$ 214,516		\$ 214,516
Charges for Services	\$ 5,262,270		\$ 5,262,270
Interest Earnings	\$ 590		\$ 590
Miscellaneous	\$ 1,700		\$ 1,700
Transfers In from Other Funds	\$ 1,516,347		\$ 1,516,347
Total Resources	\$ 6,995,423	\$ -	\$ 6,995,423
Requirements			
Policy and Administration	\$ 6,543,513	\$ 120,000	\$ 6,663,513
Program Expenditures Total	\$ 6,543,513	\$ 120,000	\$ 6,663,513
Contingency	\$ 160,179	\$ (120,000)	\$ 40,179
Total Budget	\$ 6,703,692	\$ -	\$ 6,703,692
Reserve For Future Expenditure	\$ 291,731	\$ -	\$ 291,731
Total Requirements	\$ 6,995,423	\$ -	\$ 6,995,423

Business Meeting

Meeting Date: 06/26/2012
Length (in minutes): 35 Minutes
Agenda Title: 2011 Audit Presentation
Prepared For: Debbie Smith-Wagar
Submitted By: Amy Lawson, Financial and Information Services
Item Type: Resolution **Meeting Type:** Council Business Meeting - Main

Information

ISSUE

Present the City of Tigard financial audit for fiscal year ending June 30, 2011.

STAFF RECOMMENDATION / ACTION REQUEST

Staff recommends approval of the resolution to address the findings and deficiencies in the comprehensive annual financial report for the year ended June 30, 2011.

KEY FACTS AND INFORMATION SUMMARY

Each year the City of Tigard's annual financial report is audited by an independent licensed municipal auditor. Talbot, Korvola and Warwick audited the report this year. The city received an unqualified or "clean" opinion on the financial statements. The auditor's required communications are attached to this AIS.

The Oregon Secretary of State's Audits Division selects various annual financial statements from local governments to review each year under ORS 297.465(3). The City of Tigard's report was selected this year, and the Audits Division had six findings that are outlined in a letter attached to this AIS. As required by ORS 297.466, the city council must adopt a resolution outlining the steps the city is taking to correct these findings. Those steps are outlined in the attached resolution and Appendix A.

Even prior to receiving the letter from the Audits Division, management recognized the need to get additional training for staff, provide additional internal controls over reporting, and revise the audit schedule to allow time for more review. The Accounting Supervisor attended a three-day intensive training on preparing the annual financial report offered by the Government Finance Officers Association (GFOA) in April. On May 3rd, the Finance and Information Services Director, Assistant Finance Director, and the Accounting Supervisor met with representatives of Talbot, Korvola and Warwick to develop a schedule for the audit that would allow sufficient time to get all schedules properly prepared and reviewed, and allow time for review of the financial statements prior to the final audit report being issued. The schedule was structured so that the Accounting Supervisor will be responsible for preparing the annual report, and the Assistant Finance Director will be responsible for reviewing that report.

OTHER ALTERNATIVES

If the attached resolution is not approved Tigard will be out of compliance with ORS 297.466.

COUNCIL GOALS, POLICIES, APPROVED MASTER PLANS

NA

DATES OF PREVIOUS COUNCIL CONSIDERATION

Staff presents the financial audit annually.

Attachments

Required Auditor Communications

Audits Divison Letter

Resolution

Resolution Appendix A

City of Tigard, Oregon

Report to the City Council

February 7, 2012



TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants



**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

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February 7, 2012

City Council
City of Tigard
Tigard, Oregon

We are pleased to present this report related to our audit of the basic financial statements and compliance of the City of Tigard, Oregon (the City) for the year ended June 30, 2011. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the City's financial and compliance reporting process.

This report is intended solely for the information and use of the City Council and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the City.

A handwritten signature in black ink, appearing to read 'Talbot, Korvola & Warwick, LLP'.

Certified Public Accountants

Contents

Required Communications

 Summary of Accounting Estimates

Recently Issued Accounting Standards

Attachment A – Certain Written Communications Between Management and Our Firm

- Arrangement Letter
- Representation Letter

CITY OF TIGARD, OREGON

REQUIRED COMMUNICATIONS

YEAR ENDED JUNE 30, 2011

Statement on Auditing Standards No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Area	Comments
Auditor's Responsibility Under Professional Standards	Our responsibility under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States, has been described to you in our arrangement letter dated May 25, 2011.
Accounting Practices	<p data-bbox="774 783 1308 844">Adoption of, or Change in, Accounting Policies</p> <p data-bbox="774 861 1422 1392">Management has the ultimate responsibility for the appropriateness of the accounting policies used by the City. In the current year the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, <i>Fund Balance Reporting and Governmental Fund Type Definitions</i>. This Statement provides guidance to more clearly and consistently present fund balance classifications, and clarifies the existing governmental fund type definitions. The Standard establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.</p> <p data-bbox="774 1419 1271 1449">Significant or Unusual Transactions</p> <p data-bbox="774 1463 1422 1593">We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p data-bbox="774 1612 1308 1673">Alternative Treatments Discussed with Management</p> <p data-bbox="774 1688 1422 1881">We did not discuss with management any alternative treatments within accounting principles generally accepted in the United States of America for accounting policies and practices related to material items during the current audit period.</p>

CITY OF TIGARD, OREGON
REQUIRED COMMUNICATIONS (Continued)
YEAR ENDED JUNE 30, 2011

Area	Comments
Management's Judgments and Accounting Estimates	Summary information about the process used by management in formulating particularly sensitive accounting estimates is in the attached Summary of Accounting Estimates.
Audit Adjustment	One audit adjustment recorded by the City is presented with the Representation Letter included in Attachment A.
Uncorrected Misstatements	Uncorrected misstatements are summarized and presented with the Representation Letter included in Attachment A.
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
Difficulties Encountered in Performing the Audit	We did not encounter any difficulties in dealing with management during the audit.
Letter Communicating Significant Deficiencies and Material Weaknesses	We have separately communicated the material weaknesses identified during our audit of the financial statements, as required by <i>Government Auditing Standards</i> and OMB Circular A-133, under separate cover in our reports related to the audit of Federal programs dated February 7, 2012.
Certain Written Communications Between Management and Our Firm	Copies of certain written communications between our Firm and management of the City are included as Attachment A.

CITY OF TIGARD, OREGON

SUMMARY OF ACCOUNTING ESTIMATES

YEAR ENDED JUNE 30, 2011

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the City's basic financial statements:

Area	Accounting Policy	Estimation Process
Depreciation of Capital Assets	Described in Note 1 of the Notes to Basic Financial Statements.	Computed on the straight-line method based on the estimated useful lives of the individual assets.
Donated Assets	Described in Note 1 of the Notes to Basic Financial Statements.	Donated assets are recorded at estimated fair market value as of the date of the donation.
Accrued Compensated Absences	Described in Note 1 of the Notes to Basic Financial Statements.	Liability is accrued when incurred in the entity-wide and proprietary fund statements and when matured in the governmental fund statements.
Postemployment Benefits Other Than Pensions	Described in Note 1 of the Notes to Basic Financial Statements.	Amounts reported and disclosed in the basic financial statements for postemployment benefits other than pensions are actuarially determined using information provided by the City to the actuary.

CITY OF TIGARD, OREGON

RECENTLY ISSUED ACCOUNTING STANDARDS

YEAR ENDED JUNE 30, 2011

The Governmental Accounting Standards Board (GASB) has issued statements not yet implemented by the City. Management has not yet determined the effect these statements will have on the City's financial statements. However, the City plans to implement these standards by the required dates. The statements which might impact the City are as follows:

Statement	Comments
<i>GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34</i>	This Statement will be effective for the City beginning with its fiscal year ending June 30, 2013. Early implementation is encouraged. This Statement provides guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. A key aspect of this Statement is the clarification of the financial benefit/burden relationship between the primary government and the component unit(s).
<i>GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements</i>	This Statement will be effective for the City beginning with its fiscal year ending June 30, 2013. Early implementation is encouraged. This Statement codifies all sources of accounting principles generally accepted in the United States of America for state and local governments so that they derive from a single source. For enterprise funds and business-type activities this Statement eliminates the reference in the footnotes related to application of post-November 30, 1989 FASB guidance that does not conflict with or contradict GASB pronouncements.
<i>GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position</i>	This Statement will be effective for the City beginning with its fiscal year ending June 30, 2013. Early implementation is encouraged. This Statement replaces the current Statement of Net Assets with a Statement of Net Position, and provides guidance on the presentation of deferred outflows of resources and deferred inflows of resources, and their effects on a government's net position.

ATTACHMENT A

CERTAIN WRITTEN COMMUNICATIONS BETWEEN MANAGEMENT AND OUR FIRM

- Arrangement Letter
- Representation Letter



May 25, 2011

City Council
City of Tigard, Oregon
Tigard, Oregon

Attention: Mayor Craig Dirksen

This letter is to explain our understanding of the arrangements for the services we are to perform for the City of Tigard, Oregon and the Tigard Urban Renewal Agency, a component unit of the City of Tigard (collectively, the City) for the year ending June 30, 2011. We ask that you either confirm or amend this understanding.

Our acceptance of this engagement is subject to our satisfactorily completing our normal engagement acceptance procedures, including review of the audit documentation of your previous auditors. We will notify you promptly if we become aware of anything during our acceptance procedures or the review of audit documentation that results in our not being able to continue this engagement.

Audit Services

We will perform an audit of the City's governmental activities, business-type activities, each major fund, and aggregate remaining fund information as of and for the year ending June 30, 2011, which collectively comprise the basic financial statements. We understand that the financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America. The objective of an audit of financial statements is to express opinions on those statements.

We are responsible for forming and expressing opinions about whether the financial statements that have been prepared by management with the oversight of the City Council are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

We will also perform the audit of the City as of June 30, 2011, so as to satisfy the audit requirements imposed by the Single Audit Act and the U.S. Office of Management and Budget (OMB) Circular No. A-133.

We will conduct the audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States; the provisions of the Single Audit Act, OMB Circular A-133, and OMB's Compliance Supplement; and *Minimum Standards for Audits of Oregon Municipal Corporations*. Those standards, circular, and supplement require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, *Government Auditing Standards* do not expect us to provide reasonable assurance of detecting abuse.

An audit of financial statements includes obtaining an understanding of the City and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements, and to design the nature, timing, and extent of

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Audit Services (Continued)

further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate to management and the City Council any significant deficiencies or material weaknesses that we become aware of during the course of the audit.

We will also communicate to the City Council (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, (b) any illegal acts, violations of provisions of contracts or grant agreements, and abuse that come to our attention (unless they are clearly inconsequential), (c) should any arise, any disagreements with management and other serious difficulties encountered in performing the audit, and (d) various matters related to the City's accounting policies and financial statements.

In addition to our reports on the City's financial statements, we will also issue the following reports or types of reports:

- A report on the fairness of the presentation of the City's Schedule of Expenditures of Federal Awards for the year ending June 30, 2011.
- Reports on internal control related to the financial statements and major programs. These reports will describe the scope of testing of internal control and the results of our tests of internal controls.
- Reports on compliance with laws, regulations, and the provision of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a direct and material effect on each major program.
- A Schedule of Findings and Questioned Costs.
- A data collection form (Form SF-SAC) U.S. Department of Commerce for the year ending June 30, 2011.
- A report on the Summary of Revenues and Expenditures as required by *Minimum Standards for Audits of Oregon Municipal Corporations*.
- Independent Auditor's Report Required by Oregon State Regulations. The responsibility we are to take for the material included in this report will be the same as that we assume for other supplementary information accompanying the financial statements.

The funds that you have told us are maintained by the City and that are to be included as part of our audit are listed here.

General Fund	Urban Renewal Agency Debt Service Fund	Storm Sewer Fund
Gas Tax Fund	Facility Fund	Water Quality and Quantity Fund
City Gas Tax Fund	Transportation Development Tax Fund	Water General Fund
Tree Replacement Fund	Traffic Impact Fee Fund	Water System Development Fund
Electrical Inspection Fund	Underground Utility Fund	Water Capital Projects Fund
Criminal Forfeiture Fund	Street Maintenance Fee Fund	Central Service Fund
Building Fund	Parks Capital Fund	Fleet Property Management Fund
Library Fund	Parks SDC Fund	Insurance Fund
Bancroft Debt Service Fund	Urban Renewal Agency Capital Projects Fund	
General Obligation Bond Debt Service Fund	Sanitary Sewer Fund	

The component unit whose financial statements you have told us are to be included as part of the City's basic financial statements is the Tigard Urban Renewal Agency.

Audit Services (Continued)

The federal financial assistance programs that you have told us that the City participates in and that are to be included as part of the single audit are listed here (based on awards of prior year).

Community Development Block Grant Cluster (CFDA 14.218)	Public Library Grant (45.310)
Bullet Proof Vest Partnership Program (CFDA 16.607)	Drinking Water State Rev. Funds – ARRA (CFDA 66.468)
GREAT Grant (CFDA 16.737)	Energy Efficiency Block Grant – ARRA (CFDA 81.128)
Edward Byrne Memorial Justice Assistance (CFDA 16.738)	Safe Schools Grant (CFDA 84.184)
Capital and Operating Assistance Formula (CFDA 20.507)	Drug Free Communities Support Program (CFDA 93.276)
Highway Safety Cluster (CFDA 20.601 and 20.602)	State Homeland Security Program (CFDA 97.073)

Our reports on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and circular identified above. Our reports on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards and circular identified above.

The City's Responsibilities

Management is responsible for the financial statements, including the selection and application of accounting policies, adjusting the financial statements to correct material misstatements, and for making all financial records and related information available to us. Management is responsible for providing us with a written management representation letter confirming certain representations made during the course of our audit of the financial statements and affirming to us that it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and to the opinion units of the financial statements.

Management is responsible for establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge.

Management is responsible for the preparation of the Schedule of Expenditures of Federal Awards. Management is also responsible for:

- a) Making us aware of significant vendor relationships where the vendor is responsible for program compliance;
- b) Following up and taking corrective action on audit findings, including the preparation of a summary Schedule of Prior Audit Findings, and a corrective action plan;
- c) Report distribution including submitting the reporting package;
- d) Identifying all federal awards received and expended and the federal program name under which they were received. Federal program and award identification includes, as applicable, the CFDA title and number, the award number and year, the name of the federal agency, and the name of the pass-through entity, as well as the identification of program clusters;
- e) Establishing and maintaining effective internal control over compliance for federal programs that provides reasonable assurance that the entity is managing federal awards in compliance with laws,

The City's Responsibilities (Continued)

- regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs;
- f) Complying with laws, regulations, and the provisions of contracts or grant agreements related to each of its federal programs; and
 - g) Ensuring that the audits required by OMB Circular A-133 are properly performed and submitted when due.

Management is required to submit to the Federal Audit Clearing House a reporting package that comprises the Financial Statements and Schedule of Expenditures of Federal Awards, Summary Schedule of Prior Audit Findings, auditor's reports, and corrective action plan. This reporting package is to be submitted electronically with the Data Collection Form.

Management is responsible for identifying and ensuring that the City complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, analysts, regulators, or others.

The City Council is responsible for informing us of its views about the risks of fraud within the City, and its knowledge of any fraud or suspected fraud affecting the City.

The City agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the City agrees to contact us before it includes our reports or otherwise makes reference to us, in any public or private securities offering. We may conclude that we are not otherwise associated with the proposed offering and that our association with the proposed offering is not necessary, providing the City agrees to clearly indicate that we are not associated with the contents of the official statement or memorandum. The City agrees that the following disclosure will be prominently displayed in the official statement or memorandum:

Talbot, Korvola & Warwick, LLP, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Talbot, Korvola & Warwick, LLP also has not performed any procedures relating to this official statement or memorandum.

Our association with an official statement or memorandum is a matter for which separate arrangements will be necessary. The City agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the City seeks such consent, we will be under no obligation to grant such consent or approval.

Because Talbot, Korvola & Warwick, LLP (the Firm) will rely on the City and its management and City Council to discharge the forgoing responsibilities, the City holds harmless and releases the Firm, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the City's management that has caused, in any respect, the Firm's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

The City's Records and Assistance

If circumstances arise relating to the condition of your records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets which in our professional judgment prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawal from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the City's books and records. The City will determine that all such data, if necessary, will be so reflected. Accordingly, the City will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by City personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with Debbie Smith-Wagar, Assistant Finance Director. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

Fees, Costs, and Access to Audit Documentation

Our fees for the audit and accounting services described above are based upon the time required by the individuals assigned to the engagement, plus direct expenses. Our fee for the audit of the City's financial statements and related compliance for the year ending June 30, 2011 is not expected to exceed \$51,805. This fee estimate will be subject to adjustments based on unanticipated changes in the scope of our work and/or the incomplete or untimely receipt by us of the information on the client participation list. All other provisions of this letter will survive any fee adjustment. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the Firm and is subsequently employed by or associated with a client. Accordingly, the City agrees it will compensate the Firm for any additional costs incurred as a result of the City's employment of a partner or professional employee of the Firm.

In the event we are requested or authorized by the City or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for the City, the City will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

You may choose to publish your financial statements electronically on the City's internet website. You agree we are not required under professional standards or this Agreement to read or monitor the information contained on your website or to consider the consistency of other information in the electronic site with the original document. However, we reserve the right to review the information as presented on your internet website, and to withdraw our report should we disagree with the form, context or manner of presentation of the

Fees, Costs, and Access to Audit Documentation (Continued)

financial statements upon which we reported. You agree upon written notification of our objections, to immediately remove our report and any reference thereto or to Talbot, Korvola & Warwick, LLP from your internet website.

In the interest of facilitating our services to you, we may communicate by electronic mail over the internet. Such communications may include information that is confidential to the City. Our Firm employs measures in the use of computer technology designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume that you consent to our use of electronic communication during this engagement as we deem appropriate.

The documentation for this engagement is the property of the Firm. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request; and that we shall maintain the audit documentation for a period of at least five years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of our Firm's audit personnel and at a location designated by our Firm.

You have informed us that you intend to prepare a comprehensive annual financial report (CAFR) and submit it for evaluation by the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program. Our participation in this process is to consist of review of the CAFR for technical compliance with Program requirements, and assistance as requested in responding to prior GFOA comments.

Claim Resolution

The City and the Firm agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by the Firm or the date of this arrangement letter if no report has been issued. The City waives any claim for punitive damages. The Firm's liability for all claims, damages, and costs of the City arising from this engagement is limited to the amount of fees paid by the City to the Firm for the services rendered under this arrangement letter.

Closing

This letter, together with the contract between the City and the Firm constitutes the complete and exclusive statement of agreement between the Firm and the City, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

In accordance with *Government Auditing Standards*, a copy of our most recent peer review report is enclosed, for your information.

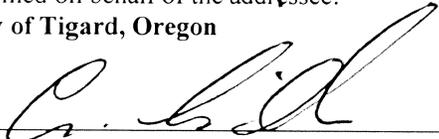
If this letter defines the arrangements as the City understands them, please sign and date the enclosed copy and return it to us.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants



Robert G. Moody, Jr., Partner

Confirmed on behalf of the addressee:
City of Tigard, Oregon



Signature

Mayor

Title

6/9/2011

Date



City of Tigard

February 7, 2012

Talbot, Korvola & Warwick, LLP
4800 SW Macadam Avenue, Suite 400
Portland, Oregon 97239

In connection with your audit of the basic financial statements of the City of Tigard, Oregon, (the City) as of and for the year ended June 30, 2011, we confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in financial position, and cash flows in conformity with accounting principles generally accepted in the United States of America.

We confirm to the best of our knowledge and belief, as of February 7, 2012, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We have identified for you all organizations that are a part of the City or with which we have a relationship, as these organizations are defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, that are component units.
3. We have identified for you all of our funds, governmental functions, and identifiable business-type activities.
4. We have properly classified all funds and activities.
5. We have properly determined and reported the major governmental and enterprise funds based on the required quantitative criteria.
6. We are responsible for compliance with laws and regulations applicable to the City including adopting, approving, and amending budgets.
7. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts including legal and contractual provisions for reporting specific activities in separate funds.
8. We have made available to you:
 - a. All financial records and related data of all funds and activities, including those of all special funds, programs, departments, projects, activities, etc., in existence at any time during the period covered by your audit.
 - b. All minutes of the meetings of the City Council and committees of board members or summaries of actions of recent meetings for which minutes have not yet been prepared.

9. We have no knowledge of fraud or suspected fraud affecting the City involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
10. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, analysts, regulators, or others.
12. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the City's ability to record, process, summarize, and report financial data.
13. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
14. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
15. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Related-party transactions, including those with the component unit for which the City is accountable as defined in Section 2100 of the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees, all of which have been recorded in accordance with the economic substance of the transaction and appropriately classified and reported.
 - b. Lines of credit or similar arrangements.
 - c. Security agreements in effect under the Uniform Commercial Code.
 - d. The fair value of investments.
 - e. Debt issue provisions.
 - f. All significant estimates and material concentrations known to management which are required to be disclosed in accordance with the AICPA's Statement of Position No. 94-6, *Disclosure of Certain Significant Risks and Uncertainties*. Significant estimates are estimates at the Statement of Net Assets date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.
 - g. The effect on the financial statements of GASB 54 which has been issued and adopted.
 - h. Deposits and investment securities category of custodial credit risk.

16. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a. To reduce receivables to their estimated net collectable amounts.
 - b. For pension obligations, post-retirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through June 30, 2011.
17. There are no:
 - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.
 - c. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic *Contingencies* and/or GASB Statement No. 10.
 - d. Communications from grantors, lenders, other funding sources, or regulatory agencies concerning noncompliance with:
 - (1) Statutory, regulatory, or contractual provisions or requirements.
 - (2) Financial reporting practices that could have a material effect on the financial statements.
 - e. Guarantees, whether written or oral, under which the City is contingently liable.
 - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - g. Agreements to repurchase assets previously sold.
 - h. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
 - i. Contractual obligations for construction or purchase of real property or equipment not included in the liabilities recorded on the books.
 - j. Liabilities which are subordinated in any way to any other actual or possible liabilities.
 - k. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
 - l. Leases or material amounts of rental obligations under long-term leases.
 - m. Authorized but unissued bonds and/or notes.
 - n. Risk financing activities.

- o. Derivative financial instruments.
 - p. Special or extraordinary items.
 - q. Arbitrage rebate liabilities.
 - r. Impairments of capital assets.
 - s. Obsolete, damaged, or excess inventories.
 - t. Investments, intangibles, or other assets which have permanently declined in value.
 - u. Uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2011, and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2011.
 - v. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
 - w. Material losses to be sustained as a result of purchase commitments.
 - x. Environmental clean-up obligations.
18. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the FASB ASC Topic *Contingencies* and/or GASB Statement No.10.
19. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders, that is not disclosed in the financial statements.
20. We have satisfactory title to all owned assets.
21. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
22. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balances are properly classified and, when applicable, approved.
23. Expenses have been appropriately classified in or allocated to functions and programs in the Statement of Activities, and allocations have been made on a reasonable basis.
24. Revenues are appropriately classified in the Statement of Activities within program revenues and general revenues.
25. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.
26. Required supplementary information is properly measured and presented.
27. We are responsible for and have reviewed and approved the proposed adjustments to the trial balances identified during the audit, which are included in the Summarized Schedule of Posted Adjustments and will post these adjustments accordingly. These adjustments are attached as Appendix A.
28. The methods used to estimate the fair values of investments are properly disclosed in the Notes to Basic Financial Statements.

29. The restatement of the financial statements as of and for the year ended June 30, 2010, because of an error in the reporting of interfund loans is appropriate. We agree with the restatement of the previously issued financial statements discussed in Note 14. In that regard:
- a. The restatement corrects an error in those financial statements.
 - b. We are not aware of the error when those financial statements were issued.
 - c. We are not aware of any other errors in those financial statements.
 - d. We do not believe it is necessary to recall those financial statements and all users of those financial statements will have appropriate access to a copy of the current year's financial statements and independent auditor's report.

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm:

30. We are responsible for:
- a. Compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the City.
 - b. Establishing and maintaining effective internal control over financial reporting.
31. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.
32. There are no violations or possible violations of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.
33. We have a process to track the status of audit findings and recommendations.
34. We have provided you with our views on your reported findings, conclusions, and recommendations, as well as our planned corrective actions for the report.

In connection with your audit of federal awards conducted in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, we confirm:

35. We are responsible for complying, and we have complied, with the requirements of OMB Circular A-133.
36. We are responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs.
37. We are responsible for establishing and maintaining and we have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on our federal programs.
38. We have prepared the Schedule of Expenditures of Federal Awards in accordance with OMB Circular A-133 and have included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.

39. We have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
40. We have made available all contracts and grant agreements (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
41. There is no known noncompliance with the direct and material compliance requirements of federal awards and there are no questioned costs in relation to noncompliance.
42. We believe that we have complied with the direct and material compliance requirements.
43. We have made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
44. We have provided you our interpretations of any compliance requirements that are subject to varying interpretations.
45. We have disclosed to you any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of your report.
46. We are responsible for taking corrective action on audit findings of the compliance audit.
47. There have been no issues of noncompliance with direct and material compliance requirements occurring subsequent to the period covered by your report.
48. There have been no changes in internal control over compliance or other factors that might significantly affect internal control subsequent to the date as of which compliance is audited.
49. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
50. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
51. We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133.
52. There have been no receipts of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements.
53. We have considered the results of subrecipient audits and have made any necessary adjustments to our own books and records.
54. We have charged costs to federal awards in accordance with applicable cost principles.
55. We have accurately completed the appropriate sections of Form SF-SAC Data Collection Form.

No events or transactions have occurred subsequent to the Statement of Net Assets date that would require adjustment to, or disclosure in, the financial statements.

During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

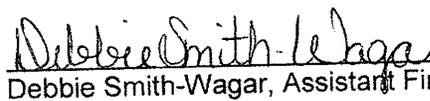
As of and for the Year Ended June 30, 2011

We believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate to the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

	Increase/(Decrease)				
	Assets	Liabilities	Net Assets	Revenue	Expenses/ Expenditures
General Fund					
To accrue franchise fee revenue	\$ 193,407	\$ -	\$ 193,407	\$ 193,407	\$ -
To record accrued expenses	-	82,926	(82,926)	-	82,926
To reverse accounts receivable	(51,584)	-	(51,584)	(51,584)	-
Total General Fund	\$ 141,823	\$ 82,926	\$ 58,897	\$ 141,823	\$ 82,926
Tree Replacement Fund					
To reverse prior year revenue recorded in the current year	\$ -	\$ -	\$ 867,000	\$ (867,000)	\$ -
Government Wide					
To accrue franchise fee revenue	\$ 193,407	\$ -	\$ 193,407	\$ 193,407	\$ -
To record accrued expenses	-	82,926	(82,926)	-	82,926
To reverse accounts receivable	(51,584)	-	(51,584)	(51,584)	-
To reverse prior year revenue recorded in the current year	-	-	867,000	(867,000)	-
To record municipal court receivables	382,000	-	382,000	382,000	-
Total Government Wide	\$ 523,823	\$ 82,926	\$ 1,307,897	\$ (343,177)	\$ 82,926

City of Tigard, Oregon


 Toby LaFrance, Director of Finance & IS


 Debbie Smith-Wagar, Assistant Finance Director

CITY OF TIGARD, OREGON

APPENDIX A

SUMMARIZED SCHEDULE OF POSTED ADJUSTMENTS

YEAR ENDED JUNE 30, 2011

	Increase/(Decrease)				
	Assets	Liabilities	Net Assets	Revenue	Expenses/ Expenditures
<u>Government Wide</u>					
<u>Governmental Activities:</u>					
To record gas tax revenue	\$ 206,043	\$ -	\$ 206,043	\$ 206,043	\$ -
<u>Gas Tax Fund:</u>					
To record gas tax revenue	\$ 206,043	\$ -	\$ 206,043	\$ 206,043	\$ -

Office of the Secretary of State

Kate Brown
Secretary of State

Barry Pack
Deputy Secretary of State



Audits Division

Gary Blackmer
Director

255 Capitol St. NE, Suite 500
Salem, OR 97310

(503) 986-2255

fax (503) 378-6767

May 2, 2012

City Council
City of Tigard
13125 SW Hall Boulevard
Tigard, Oregon 97223

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City of Tigard
Administration

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Mayor	_____	Other:
Councilors	_____	Toby
City Manager	_____	
Council Mail	_____	marty
Mayor's Calendar	_____	

We have reviewed the audit report of the City of Tigard for the period July 1, 2010 through June 30, 2011, in accordance with the provisions of ORS 297.465(3). It disclosed the following:

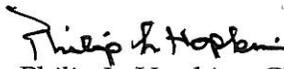
1. We identified the following issues on the proprietary funds statement of net assets (p. 40):
 - a. The enterprise funds total portion of net assets invested in capital assets, net of related debt, of \$72,966,963 does not agree to the business-type activities total of \$78,920,831 on the government-wide statement of net assets (p. 35). The amount on the government-wide statement appears to be the sum of capital assets, net of accumulated depreciation, without accounting for the related debt.
 - b. The enterprise funds total portion of unrestricted net assets of \$14,629,733 does not agree to the business-type activities total of \$8,675,865 on the government-wide statement of net assets (p. 35). This appears to be related the capital assets issue noted above.
2. The description of the activities accounted for in each of the major funds presented in the fund types note (note 2) (p. 54-56) represents a policy choice and is more appropriately suited for inclusion in the summary of significant accounting policies (GASB Codification (June 30, 2010) §2300.106a(3)).
3. The transfers' note (p. 65) includes a transfer of \$609,280 to the internal service funds from other funds that is not reflected on the proprietary funds statement of revenues, expenses, and changes in fund net assets (p. 41).
4. Fund balance is not displayed by classification on the following statements: the nonmajor governmental funds combining balance sheet (p. 81); the nonmajor special revenue funds combining balance sheet (p. 85); and the capital projects funds combining balance sheet (p. 103). GASB Statement No. 54 states that governmental fund balances should be classified as either *nonspendable*, *restricted*, *committed*, *assigned* or *unassigned* (GASB Codification (June 30, 2010) §2200.157).

5. The total net cash provided by operating activities of \$37,179 per the reconciliation on the bottom of the internal service funds combining statement of cash flows (p.131) does not agree to the net cash provided by operating activities at the top of the cash flow statement or to the proprietary funds statement of cash flows (p. 42). This is due to the net OPEB obligation of \$117,537 under *central services fund* not being carried over to the *total* column on the combining cash flow statement (p.131).
6. Based on our review, it appears the general obligation debt service bond fund presented as a nonmajor debt service fund should be presented as a major fund. Total expenditures for the fund are \$10,143,837 as presented on the nonmajor debt service funds combining statement of revenues, expenditures and changes in fund balance (p. 96). This amount is greater than 10% of total governmental fund expenditures of \$60,751,684 (or \$6,075,168) as reflected on the governmental funds statement of revenues, expenditures, and changes in fund balance (p. 38). It is also greater than 5% of the corresponding total for all governmental and enterprise funds combined of \$70,802,443 (or \$3,450,122). For guidance in determining whether an individual fund should be presented as a major fund see GASB Codification (June 30, 2010) §2200.153).

Cities are required by law to develop a plan to correct the legal deficiencies disclosed in the audit report. Please provide us with a copy of the resolution required by ORS 297.466 setting forth your planned corrective measures with regard to deficiencies in meeting standards and the estimated time needed to complete them.

We appreciate your efforts in fulfilling the reporting requirements of Municipal Audit Law. If you have any questions or concerns, please call me at (503) 986-2255.

Sincerely,
OREGON AUDITS DIVISION


Philip L. Hopkins, CPA
Audit Manager

PLH:nmj

cc: Talbot, Korvola & Warwick, LLP

CITY OF TIGARD, OREGON
TIGARD CITY COUNCIL
RESOLUTION NO. 12-_____

A RESOLUTION APPROVING THE FINANCIAL OPERATIONS DIVISIONS RESPONSE TO THE SECRETARY OF STATE AUDITS DIVISION'S FINDINGS REGARDING THE CITY'S ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2011.

WHEREAS, the City of Tigard is required to have an annual audit of its financial statements; and

WHEREAS, the Oregon Secretary of State Audits Division selected the City of Tigard's annual financial report to review, and

WHEREAS, the Audits Division had six findings after its review,

NOW, THEREFORE, BE IT RESOLVED by the Tigard City Council that:

SECTION 1: Financial Operations staff has received additional training with regard to governmental accounting; management has placed more internal controls over financial reporting to mitigate these findings; and the timing of audit procedures and preparation of the financial report have been revised to allow sufficient time for review of the statements prior to issuance of the report.

SECTION 2: This resolution is effective immediately upon passage.

PASSED: This _____ day of _____ 2012.

Mayor - City of Tigard

ATTEST:

City Recorder - City of Tigard

Appendix A

Response to Audits Division Findings

1. Proprietary funds statement of net assets:
 - a. Mr. Hopkins' assumption that the government-wide statement failed to account for the related debt is correct. The debt moved from long-term to short-term in 2011, and the calculation in the Excel spreadsheet was not updated.
 - b. The unrestricted amount does not match between the government-wide and the fund statements for the same reason.
2. We will review the notes and move sections that belong in the summary of significant accounting policies as necessary.
3. The way the city accounts for payments to the internal service funds changed between fiscal years 2010 and 2011. Again, the Excel spreadsheet calculations were not updated to reflect these changes.
4. The application of GASB Statement No. 54 to budgetary statements is not straightforward. The City of Tigard and Talbot, Korvola and Warwick will be working with the Audits Division to determine the correct reporting. The City of Tigard will report correctly in the future, whether a change is needed or not.
5. The cash flow reporting discrepancy in the internal service funds was also a change in reporting from fiscal year 2010 to 2011, and again the calculation in Excel was not updated.
6. We agree that the general obligation debt service fund should have been reported as a major fund. This was due to the refunding of the library bonded debt. The line item for the refunding did not get included in the major funds calculation.

The errors outlined in items 1, 3, 5, and 6 all occurred because of inadequate review due to not having scheduled enough time for review and not having sufficiently trained staff to conduct the review. Management was taking steps even before the Audits Division findings to correct these deficiencies.

Business Meeting**Meeting Date:** 06/26/2012**Length (in minutes):** 10 Minutes**Agenda Title:** Resolution Establishing an Audit Committee**Prepared For:** Debbie Smith-Wagar**Submitted By:** Toby LaFrance, Financial and
Information Services**Item Type:** Resolution
Public Hearing - Legislative**Meeting Type:** Council Business Meeting - Main**Information****ISSUE**

Shall the City of Tigard establish an Audit Committee?

STAFF RECOMMENDATION / ACTION REQUEST

Staff recommends passing the resolution to establish an Audit Committee

KEY FACTS AND INFORMATION SUMMARY

Establishing an Audit Committee is considered a best practice and provides a body that the Auditor can report to that is independent of management and Council. The Audit Committee will meet at least twice a year. Their responsibilities will be:

1. Appointment, compensation, retention and oversight of any independent accountants engaged for the purpose of preparing and issuing an independent audit report or performing other independent audit, review or attest services. This will be performed in accordance with Tigard's Purchasing and Contracting Rules and with assistance from staff.
2. Meet a minimum of two times with representatives of the CPA firm appointed to perform the annual audit of the city's annual financial report. One meeting will occur prior to the start of field work and a second meeting will occur at the close of field work for the annual financial statement audit.
 - a. The first meeting will be to outline the auditor's plan for the upcoming audit regarding the scope and areas of emphasis for the upcoming audit and to determine if audit committee members have any areas they would like addressed.
 - b. The second meeting will address any issues discovered during the audit.
3. The committee shall make an annual report to the council concerning its activities of the prior year.
4. The audit committee is the primary committee "charged with governance" as defined in the Statements on Auditing Standards promulgated by the American Institute of Certified Public Accountants and the Government Auditing Standards issued by the Comptroller General of the United States.

The Committee will be composed of three individuals:

1. One Councilor or Mayor to serve in two year terms, not to exceed two consecutive terms;
2. One or two current or prior Budget Committee members to serve in staggered three year terms, not to exceed two consecutive terms; and
3. If only one Budget Committee member is chosen, then the third member will be a citizen at large.
4. For the citizen members, preference will be given to licensed Certified Public Accountants.

For further information on Audit Committees, an article that was published in the League of Oregon Cities January 2011 Newsletter is attached to this AIS.

OTHER ALTERNATIVES

Do not establish an Audit Committee.

COUNCIL GOALS, POLICIES, APPROVED MASTER PLANS

2. Financial Sustainability

DATES OF PREVIOUS COUNCIL CONSIDERATION

Formation of the Audit Committee was discussed in the Workshop with the Budget Committee on September 20, 2011.

Attachments

Resolution Establishing Audit Committee

LOC Article on Audit Committees

**CITY OF TIGARD, OREGON
TIGARD CITY COUNCIL
RESOLUTION NO. 12-**

A RESOLUTION ESTABLISHING THE CITY OF TIGARD AUDIT COMMITTEE

WHEREAS, an Audit Committee is considered a best practice and provides a body that the auditor can report to that is independent of management and Council; and

WHEREAS, the City Council believes that oversight of the City's independent auditors is a shared responsibility between city management and the City Council; and

WHEREAS, the City Council, without limiting its role or the responsibilities of the City Manager, believes that an Audit Committee can ensure transparency in the management of City audits and provide critical assistance to the auditors and management.

NOW, THEREFORE, BE IT RESOLVED by the Tigard City Council that:

SECTION 1: The Tigard Audit Committee shall:

- A. Participate in the appointment, compensation, retention and oversight of any independent accountants engaged for the purpose of preparing and issuing an independent audit report or performing other independent audit, review or attest services. This will be performed in accordance with Tigard's Purchasing and Contracting Rules and with assistance from staff.
- B. Meet a minimum of two times with representatives of the CPA firm appointed to perform the annual audit of the city's annual financial report. One meeting will occur prior to the start of field work and a second meeting will occur at the close of field work for the annual financial statement audit.
 - i. The first meeting will be to:
 - a. Outline the auditor's plan for the upcoming audit regarding the scope and areas of emphasis for the upcoming audit and to determine if audit committee members have any areas they would like addressed.
 - b. Elect a Committee Chair. The Chair cannot serve more than two consecutive years.
 - ii. The second meeting will address any issues discovered during the audit.
- C. The committee shall make an annual report to the council concerning its activities of the prior year.

- D. The audit committee is the primary committee “charged with governance” as defined in the Statements on Auditing Standards promulgated by the American Institute of Certified Public Accountants and the Government Auditing Standards issued by the Comptroller General of the United States.

SECTION 2: The Tigard Audit Committee shall be composed of three individuals:

1. One Councilor or Mayor to serve in two year teams, not to exceed two consecutive terms;
2. One or two current or prior Budget Committee members to serve in staggered three year terms, not to exceed two consecutive terms; and
3. If only one Budget Committee member is chosen, then the third member will be a citizen at large.
4. For citizen members, preference will be given to licensed Certified Public Accountants
5. The initial appointment of the citizen members will be for two and three years.
6. The Committee shall also have a non-voting alternate that is chosen each year that a voting position is appointed. If a voting position is vacated, the alternate may be appointed to fill the remainder of term of the vacated position.
7. Failure to sign and abide by Tigard’s Code of Conduct for Committees is grounds for dismissal by Council.
8. Absence from two meetings a year is grounds for dismissal from the Committee with a quorum vote recommending dismissal to Council and subsequent approval of dismissal by Council.
9. A quorum of the Committee is two voting members.

SECTION 3: The City’s Director of Finance and Information Services, Assistant Finance Director, or designee is assigned as staff liaison to the Tigard Audit Committee:

SECTION 4: This resolution is effective immediately upon passage.

PASSED: This _____ day of _____ 2012.

Mayor - City of Tigard

ATTEST:

City Recorder - City of Tigard

LOCAL FOCUS

A Publication of the League of Oregon Cities



JANUARY 2011

2011 Legislative Session Begins

LOCAL ISSUES: LOCAL DECISIONS

An Open Letter to State Leaders

IN THIS ISSUE

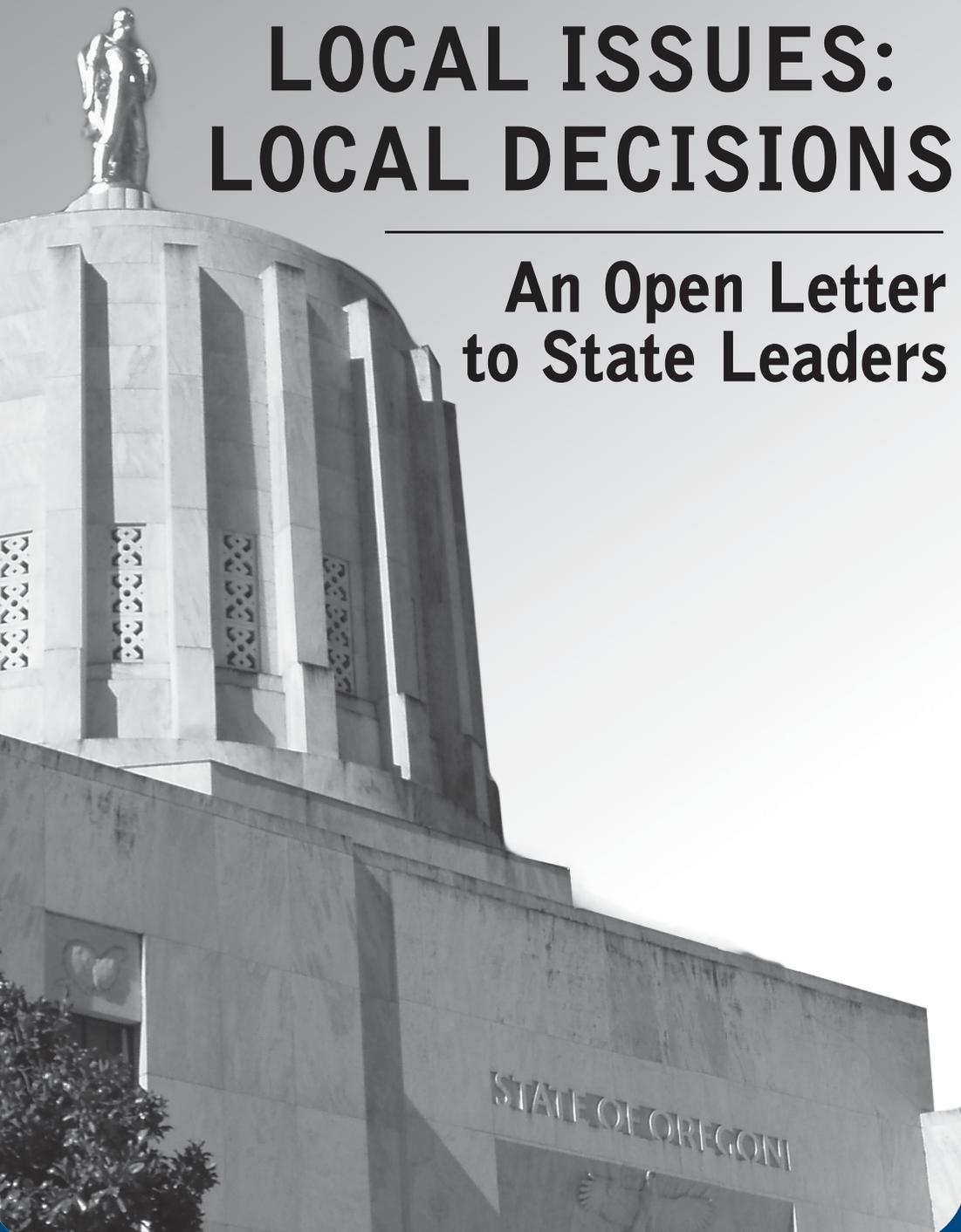
**LCDC Approves TPR
Review**

**Roles of the City
Councilor**

**Audits: The Basics for
Elected Officials**

**PEHPC Offers
Recommendations**

*“Getting it done for
Oregon’s cities!”*





AUDITS:

What City Elected Officials Should Know

By Richard Seals, CPA CMA CFM

It happened at the city of West Linn in the early 2000s; and it can happen at your city. Audits stopped occurring, the auditors disengaged, and the finance director commenced a monthly embezzlement scheme lasting five years. It wasn't until a new city manager reengaged the auditing process in 2006 that this embezzlement scheme was discovered. It wasn't until 2010, once the audits were all caught back up, that the city's credit ratings were restored and necessary bond refundings were completed. What should the elected officials have been aware of? What should they have done? What would you have done?

In the State of Oregon, annual audits are due to the Audits Division of the Secretary of State's Office by December 31. Audit responsibility starts with the city's finance director then trickles down to the city manager, then to the audit committee, and finally rests with elected officials. Annual audits exist for the purpose of financial accountability. The lack of audits or a poor auditing process are accountability failures for which everyone is responsible.

Know What an Audit is...and What it is Not

There are all types of audits, but the bare minimum required by the State of Oregon, the *financial audit*, is one that is based on the review and testing of the city-prepared financial statements and notes to the financial statements with the express purpose of providing users, such as citizens, bond holders, banks and credit agencies, with assurance that the financial statements are free from material misstatement. Information is material if its omission or misstatement could influence the economic decision of users. That's it. An audit does not guarantee that there are no financial problems, challenges, internal control weaknesses, fraud, policy breaches, performance issues, efficiency matters or improvements to processes that need to occur to ensure good stewardship of taxpayer monies. In other words, an audit will not prove that fraud is not present or embezzlement schemes are not occurring; however, as the city of West Linn learned the hard way, when the auditors are disengaged, embezzlers can play.

Know Why Audits are Important

Not only are financial audits required to be in compliance with the state, but financial audits offer a system of necessary checks and balances. Audits help to ensure that material misstatements (or material frauds) are identified

on a timely basis. In addition, independent auditors are experienced and knowledgeable, not only about auditing and municipalities, but about financial disclosure and financial operational processes. Auditors are also hired directly by the audit committee and/or council (or board) and therefore, unbiased and frank communications surrounding financial managers occur.

Know How an Audit Committee Can Help

Elected officials are voted into public office by a majority of voters. These voters expect their officials to represent their interests, and generally, officials are not voted into office because of their financial expertise. Furthermore, local government council (or board) meetings are not conducive to lengthy discussion and explanation, two necessary features for proper oversight of a thorough audit process. This is where a separate audit committee can really serve elected officials well. This committee provides the necessary focus on the internal control issues and provides the oversight that elected officials may not have the ability or resources to perform. They ask the hard financial questions of the independent auditors and keep the finance management in check.

An audit committee should be formally established by the elected officials, have a direct communication line with the auditors and the full council, and should operate without any direct interference from city staff. Certainly, the city manager and finance director provides committee support and coordination, but the role of the audit committee is to provide overall audit oversight.

Best practice suggests that an audit committee for local governments consist of three elected officials. The audit committee is not a citizen committee, like the citizens' budget committee, but instead is an extension of the council (or board), where overall audit responsibility remains with the elected officials. However, much may also be said for including one citizen member who is willing to serve their city in this capacity who possesses municipal accounting and auditing expertise.

Know that the Audit is a Process, not Just a Document

If an audit is simply a document received once a year and filed on a bookshelf, then its numerous advantages are not

(continued on next page)

being realized. The audit should be a year-long process with active tasks and goals of an engaged audit committee who embraces the concept of continuous improvement while searching to improve all financial processes. Every finance department has some weaknesses which can be improved upon. The audit committee, with the help of the auditors, serves the public as the committee consistently looking for areas of improvement.

Every audit season should start off with a “kick-off” meeting (around April) with the auditors, end with a “wrap-up” meeting (around December), and have as many meetings in between as there are active issues. Monthly informational updates should be circulated by the finance director to keep the committee engaged throughout the process. Any finance director that is not keeping their audit committee active and engaged is not doing justice for their organization.

Know Your Responsibility to the Community

Elected officials are responsible for financial stewardship of the community’s tax monies. As Harry S. Truman so eloquently stated, “the buck stops here.” If your city does not already have an audit committee, then set one up through a formal motion by the governing body (i.e., resolution, ordinance or charter amendment) and instruct your city manager and finance director to coordinate it and ensure that it stays active and engaged. If your city does not have elected officials with financial expertise, then consider inviting a local citizen with CPA/municipal accounting expertise to serve along with two other council members. Why? Because we are all responsible to ensure the good stewardship of taxpayer’s monies.

Summary

Audits will not detect all embezzlement schemes, they will not find all fraud, they will not prevent an otherwise corrupt finance director’s travel plans, but they help in rooting out the bad apples of public service. Audits will not detect everything because they are not designed to. They are designed solely to provide users assurance that the city-prepared financial statements can be relied upon.

Does your city have an active and engaged audit committee? Are the internal controls understood and documented? Do you know if your finance director has access to prepare and approve journal entries which adjust general ledger account balances? Do you know what happens to your voided check stock? Are you aware of the internal control weaknesses in your financial operations?

Do you know? ■

Editor’s Note: Mr. Seals is the finance director for the city of West Linn and serves as a citizen member on Clackamas County’s Audit Committee. Previously, he was the finance director for the city of Lake Oswego.

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