

**RESOLUTION NO. 08/09-48
CITY OF DAYTON, OREGON**

Title: *A Resolution Approving a Personal Services Agreement for Audit Services for the FY 2008/09 Audit*

WHEREAS, the City of Dayton (hereafter called CITY) awarded a contract for audit services to Grove, Mueller, Hall & Swank (hereafter called AUDITOR) of Salem in May, 1995; and extended same on July 6, 2004, July 1, 2005, July 3, 2006; and June 4, 2007, July 7, 2008; and

WHEREAS, the CITY has determined that it would be in their best interest to continue with the services of this firm for auditing the City's financial records:

The City of Dayton resolves as follows:

- 1) **THAT** the City Manager is authorized to execute the Personal Services Agreement for Audit Services for the FY 2008/09 Audit (attached hereto as Exhibit A and made a part hereof) on behalf of the City, which will be bound by its terms;
- 2) **THAT** this resolution shall become effective immediately upon adoption.

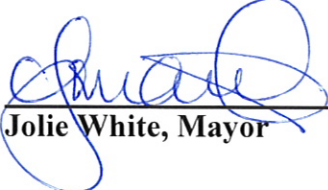
ADOPTED this 1st day of **June, 2009**.

In Favor **Blackburn, Dickson, Evers, Henry, Hensley, White, Wytoski**

Opposed **None**

Absent **None**

Abstained **None**




Jolie White, Mayor

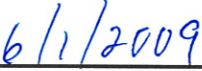


Date of Signing

ATTESTED BY:



**Peggy Selberg
City Recorder**



Date of Enactment

Attachment - Exhibit A

**GROVE, MUELLER & SWANK, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

May 7, 2009

City Council
City of Dayton
Dayton, Oregon

We are pleased to confirm our understanding of the services we are to provide the City of Dayton, Oregon for the year ending June 30, 2009. We will audit the financial statements of the governmental activities, the business-type activities and each major fund, which collectively comprise the basic financial statements of the City of Dayton, Oregon as of and for the year ending June 30, 2009. Accounting standards generally accepted in the United States provide for management's discussion and analysis (MD&A), to accompany the City of Dayton's basic financial statements. As part of our engagement, we will apply certain limited procedures to the City of Dayton's MD&A. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless we encounter problems with the presentation of the MD&A or with procedures relating to it, we will disclaim an opinion on it.

Required and supplementary information including the combining and individual fund financial statements, also accompanies the City of Dayton's basic financial statements. We will subject the required and supplementary information to the auditing procedures applied in our audit of the basic financial statements and will provide an opinion on it in relation to the basic financial statements.

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with the modified cash basis of accounting and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and will include tests of the accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dayton and the respective changes in financial position, in conformity with the modified cash basis of accounting. Management is responsible for the basic financial statements and all accompanying information as well as all

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representations contained therein. You are also responsible for management decisions and functions; for designating an individual with suitable skill, knowledge, or experience to oversee our financial statement preparation services and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that 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.

You are 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 or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We may request written representations from your attorney as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature,

timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City of Dayton’s compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Audit Administration, Fees, and Other

Our fee for these services will not exceed \$9,500. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to the City of Dayton, Oregon and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.


CERTIFIED PUBLIC ACCOUNTANTS

Confirmed on behalf of the addressee:

