



McAlester City Council

NOTICE OF MEETING

Agenda

Special Joint Meeting of the City Council and Audit and Finance Advisory Committee

Thursday, April 3, 2008 – 6:00 pm

McAlester City Hall – Council Chambers
28 E. Washington

Don Lewis Mayor
Weldon Smith Ward One
Donnie Condit Ward Two
Travis Read Ward Three
Haven Wilkinson Ward Four
Buddy Garvin Ward Five
Sam Mason Vice-Mayor, Ward Six

Mark B. Roath City Manager
Robert Ivester City Attorney
Cora M. Middleton City Clerk

This agenda has been posted at the McAlester City Hall, distributed to the appropriate news media, and posted on the City website: www.cityofmcalester.com within the required time frame.

The Mayor and City Council request that all cell phones and pagers be turned off or set to vibrate. Members of the audience are requested to step outside the Council Chambers to respond to a page or to conduct a phone conversation.

The McAlester City Hall is wheelchair accessible. Sign interpretation or other special assistance for disabled attendees must be requested 48 hours in advance by contacting the City Clerk's Office at 918.423.9300, Extension 4956.

CALL TO ORDER

Announce the presence of a Quorum.

ROLL CALL

SCHEDULED BUSINESS

1. Discussion, and possible action, on Crawford and Associates findings related to the BKD Study. (*Deanna Crawford, Crawford and Associates, P.C.*)
2. Discussion, and possible action, of the One Cent Sales Tax. (*Rheba Henderson, Hulme, Rahhal, Henderson, Inc.*)

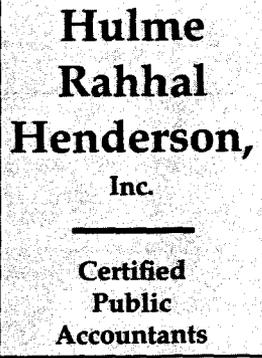
3. **Discussion, and possible action, on a proposed letter of Engagement with the accounting firm of Hulme, Rahhal, Henderson, Inc. to audit the Schedule of Restricted Sales Tax Receipts and Debt Service Payments on the 1992, 1995, 1999 and 2002 Capital Improvement Bonds. (Rheba Henderson, Hulme, Rahhal, Henderson, Inc.)**

ADJOURNMENT

CERTIFICATION

I certify that this Notice of Meeting was posted on this ____ day of _____, 2008 at ____ a.m./ p.m. as required by law in accordance with Section _____ of the Oklahoma Statutes and that the appropriate news media was contacted. As a courtesy, this agenda is also posted on the City of McAlester website: www.cityofmcalester.com.

Cora M. Middleton, City Clerk



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(580) 223-6454 FAX (580) 226-0439

March 6, 2008

Honorable Mayor and City Council
City of McAlester
P. O. Box 578
McAlester, Oklahoma 74502

We are pleased to confirm our understanding of the services we are to provide for City of McAlester.

We will audit the Schedule of Restricted Sales Tax Receipts and Debt Service Payments on the 1992, 1995, 1999 and 2002 Capital Improvement Bonds ("Schedule") for the period to be determined by Council, of the City of McAlester. The objective of our audit is the expression of an opinion as to whether your Schedule is fairly presented, in all material respects, in conformity with cash basis of accounting. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion is other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or unable to express an opinion, we may decline to express an opinion or may not issue a report as a result of this engagement.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of sales tax collections and debt service payments by the bond(s) trustees. We may also request written representations from your attorneys 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 Schedule and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule; 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 assurance about whether the Schedule is free of material misstatement.

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 Schedule. However, we will inform you of any material errors that come to our attention, and we will inform you of any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any other illegal acts 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 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 Schedule 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 you and to those charged with governance internal control related matters that are required to be communicated under professional standards.

You are responsible for making all management decisions and performing all management functions, and for designating an individual with suitable skill, knowledge, or experience to oversee nonattest services we provide. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities, the selection and application of accounting principles, and the fair presentation of the Schedule in conformity with the cash basis of accounting.

You are responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Your responsibilities include adjusting the Schedule to correct material misstatements and confirming to us in the management 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 Schedule. We may advise you about appropriate criteria or assist in the development of the Schedule, but the responsibility for the Schedule remains with you.

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 affecting the company involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the Schedule. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the company 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.

We understand that your employees will locate any documents selected by us for testing.

Our fees for these services will be at the billing rate of \$125.00 per hour plus travel and other out-of-pocket costs such as postage, fees to obtain information, etc. If this agreement is terminated before completion of the audit, you will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

We appreciate the opportunity to be of service to you 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.

Very truly yours,

Hulme Rahhal Henderson, Inc.

A handwritten signature in cursive script that reads "R. Henderson".

RESPONSE:

This letter correctly sets forth the understanding of City of McAlester.

By: _____

Title: _____

Date: _____