



AMENDED AGENDA

CANBY CITY COUNCIL MEETING

June 3, 2015

7:30 PM

Council Chambers

155 NW 2nd Avenue

Mayor Brian Hodson

Council President Tim Dale

Councilor Clint Coleman

Councilor Tracie Heidt

Councilor Traci Hensley

Councilor Greg Parker

Councilor Todd Rocha

CITY COUNCIL MEETING

1. **CALL TO ORDER- 6:00 PM – City Hall Conference Room** – The Council will immediately go into Executive Session with the Regular Session following at 7:30 PM in the Council Chambers.
2. **EXECUTIVE SESSION:** ORS 192.660(2)(i) Performance Evaluation of Public Officer
3. **OPENING CEREMONIES – 7:30 PM – Council Chambers**
 - A. Invocation
 - B. Pledge of Allegiance
 - C. Canby Livability Day Proclamation

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4. **COMMUNICATIONS**
5. **CITIZEN INPUT & COMMUNITY ANNOUNCEMENTS**

(This is an opportunity for visitors to address the City Council on items not on the agenda. It is also the time to address items that are on the agenda but not scheduled for a public hearing. Each citizen will be given 3 minutes to give testimony. Citizens are first required to fill out a testimony/comment card prior to speaking and hand it to the City Recorder. These forms are available by the sign-in podium. Staff and the City Council will make every effort to respond to questions raised during citizens input before tonight's meeting ends or as quickly as possible thereafter.)
6. **MAYOR'S BUSINESS**
7. **COUNCILOR COMMENTS & LIAISON REPORTS**
8. **CONSENT AGENDA**

(This section allows the City Council to consider routine items that require no discussion and can be approved in one comprehensive motion. An item may be discussed if it is pulled from the consent agenda to New Business.)

 - A. Approval of Minutes of the May 20, 2015 City Council Work Session & Regular Meeting
 - B. Reappointment to the Parks and Recreation Advisory Board
 - C. Reappointment to City Budget Committee

Pg. 2
Pg. 3

9. RESOLUTIONS & ORDINANCES

- A. Res. 1215, Extending Workers' Comp. Coverage to Volunteers & Repealing Res. 1189 Pg. 4
- B. Res. 1217, in Opposition to any Further Infringement of Second Amendment Rights Pg. 7
- C. Ord. 1416, Authorizing a Contract with Grove, Mueller & Swank, P.C. for Audit Services; and Declaring an Emergency (**2nd Reading**) Pg. 10
- D. Ord. 1418, Authorizing a Contract with Eagle-Elsner, Inc. in the Amount of \$210,530.98 with the Authorization to Expand the Work Scope to an Amount Not to Exceed \$225,000.00 for Construction of the 2015 Street Maintenance Program; and Declaring an Emergency (**2nd Reading**) Pg. 72
- E. Ord. 1419, Amending Canby Municipal Code Chapter 9.32 Drug Paraphernalia Section 9.32.040 Offenses and Penalties and Section 9.32.060 Nuisance Pg. 81

10. NEW BUSINESS

11. CITY ADMINISTRATOR'S BUSINESS & STAFF REPORTS

12. CITIZEN INPUT

13. ACTION REVIEW

14. EXECUTIVE SESSION: ORS 192.660(2)(h) Litigation and ORS 192.660(2)(i) Performance Evaluation of Public Officer

15. ADJOURN

*The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to Kim Scheafer at 503.266.0733. A copy of this Agenda can be found on the City's web page at www.ci.canby.or.us. City Council and Planning Commission Meetings are broadcast live and can be viewed on CTV Channel 5. For a schedule of the playback times, please call 503.263.6287.



Office of the Mayor

Proclamation

“Canby Livability Day”

WHEREAS, The Canby Livability Coalition is dedicated to maintaining the quality of life in the community of Canby by empowering citizens through educational opportunities and by providing resources to preserve livability for future generations; and

WHEREAS, Citizens, organizations, and neighborhood associations are encouraged to select community service clean-up projects and activities that beautify the City of Canby before summer festivities.

NOW, THEREFORE, I, Brian Hodson, by the virtue of the authority vested in me as the Mayor of the City of Canby, hereby proclaim the last Sunday in June this year as:

Canby Livability Day

in Canby and encourage all citizens to join in this observance and volunteer on June 28, 2015 at one of the clean-up sites.

Given unto my hand this 3rd day of June 2015.



Brian Hodson
Mayor

**CITY OF CANBY
APPLICATION
BOARD/COMMITTEES/COMMISSIONS/COUNCIL**

Date: 05/14/2015Name: Jacqueline Jones Occupation: Portland State University Student

Home Address: _____

Employer: _____ Position: _____

Daytime Phone: _____ Evening Phone: _____

E-Mail Address: _____

For which position are you applying? Parks and Recreation Board

What are your community interests (committees, organizations, special activities)? I am a member of the East Portland Rotary. The focused areas I have been a part of are with foster kids, end human trafficking and meals on wheels. I have served as the SW Neighborhood Chairman and Vice Chairman from 2008-2010

Experience and educational background: I have experience being a Parks and Rec board member. I have experience as being the chairperson for the neighborhood association. I have been on the TSP committee. I have also been on the safety committee for SW 13th Ave. I currently am a Portland State student majoring in Criminology and Justice.

Reason for your interest in this position: I currently am on the Parks and Rec board and would like to continue and see how the projects we are working come to conclusion.

List any other City or County positions on which you serve or have served: I am currently on the Parks and Recreation Board. I have served on the Transportation System Planning committee. I have been a part of the safety planning committee for SW 13th Ave.

Information on any special membership requirements: _____

Referred by (if applicable): _____

Feel free to attach a copy of your resume and use additional sheets if necessary

THANK YOU FOR YOUR WILLINGNESS TO SERVE CANBY

Please return to:

City of Canby
Attn: City Recorder
182 N Holly Street
PO Box 930
Canby, OR 97013

Phone: 503.266.0733 Fax: 503.266.7961 Email: Scheaferk@ci.canby.or.us

Note: Please be advised that this information may be made available to anyone upon a public records request and may be viewable on the City's web site.

RECEIVED**MAY 14 2015***City of Canby - City Recorder*

1-4-13

**CITY OF CANBY
APPLICATION
BOARD/COMMITTEES/COMMISSIONS/COUNCIL**

Instructions: By using either your tab key or arrow keys, navigate to each field and type in your information. When complete, save the document to your computer and either mail, fax or email to the addresses listed below.

Date: 5/21/15

Name: Jack Pendleton

Occupation: Retired

Home Address:

Employer: Retired

Position: N/A

Daytime Phone:

Evening Phone: -----

E-Mail Address:

For which position are you applying? Budget Committee

What are your community interests (committees, organizations, special activities)? Currently volunteer o have recently volunteered at Oregon Food Bank, AKA Science (teaching after school science classes to elementary age student), OMSI exhibit production shop, tutor at Baker Prairie School, youth sports coach in 90's when my children were young.

Experience and educational background: Electrical Engineering degree, consulting engineer doing mostly business planning and financial analysis for new product introduction.

Reason for your interest in this position: Financial experience, help Canby to provide quality services to its citizens in an efficient, cost effective manner

List any other City or County positions on which you serve or have served: Budget and Traffic Safety Committees, Clackamas County Active Transportation Task Force, Canby Street Fee Committee

Information on any special membership requirements: N/A

Referred by (if applicable): N/A

Feel free to attach a copy of your resume and use additional sheets if necessary

THANK YOU FOR YOUR WILLINGNESS TO SERVE CANBY

Please return to: **City of Canby**
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Canby, OR 97013

Phone: 503.266.0733 Fax: 503.266.7961 Email: scheaferk@ci.canby.or.us

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12-4-07

RECEIVED

MAY 21 2015

MEMORANDUM



To: Mayor Hodson and Canby City Council
From: Amanda Zeiber, Assistant City Administrator/HR Director
Date: June 3, 2015
Re: Resolution No. 1215

Background Summary

The City provides workers compensation coverage to volunteers, elected City officials and City boards and commissions. Coverage is provided through a resolution, which should be updated annually to capture any changes from current or prior year(s). The City's insurance provider, City County Insurance Services, requires the City to have a current volunteer resolution on file. The City of Canby volunteer resolution was previously updated in June 2014.

Recommendation

Staff recommends that the Council approve Resolution 1215, authorizing workers compensation coverage for City volunteers, elected officials and boards and commissions.

Attached

Resolution No. 1215

RESOLUTION NO. 1215

A RESOLUTION EXTENDING THE CITY OF CANBY'S WORKERS' COMPENSATION COVERAGE TO VOLUNTEERS OF THE CITY OF CANBY AND REPEALING RESOLUTION 1189.

WHEREAS, the Canby City Council elects the following:

Pursuant to ORS 656.031, workers' compensation coverage will be provided to the classes of volunteer workers listed on the Volunteer Election Form.

1. An assumed monthly wage of \$800 will be used for public safety volunteers; and
2. An aggregate assumed annual wage of \$2,500 will be used per volunteer board, commission and/or council for the performance of administrative duties; and
3. As assumed monthly wage of \$800 per month will be used for public officials for their performance of manual labor above and beyond the administrative duties covered by paragraph 2 above; and
4. Non-public safety volunteers will keep track of their hours and have their assumed payroll reported in the correct class code for the type of work being performed using Oregon minimum wage; and
5. Court-mandated community service workers/inmates on work release who are sentenced by the City of Canby's municipal court will keep track of their hours and have their assumed payroll reported in Class Code 7720V using Oregon minimum wage; and
6. A roster of active volunteers will be kept monthly for reporting purposes. It is acknowledged that CIS may request copies of these rosters during year-end audit; and
7. Unanticipated volunteer projects or exposure not addressed herein will be added onto the City of Canby's coverage agreement (1) by endorsement, (2) with advance notice to CIS, and (3) allowing two weeks for processing. It is hereby acknowledged that coverage of this type cannot be backdated.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Canby to provide for workers' compensation insurance coverage as indicated above. This resolution will be updated annually.

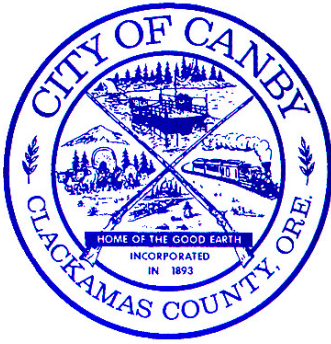
This resolution shall take effect July 1, 2015.

ADOPTED this 3rd day of June 2015, by the Canby City Council.

Brian Hodson
Mayor

ATTEST:

Kimberly Scheafer, MMC
City Recorder



City of Canby

Office of the City Administrator

To: Honorable Mayor Hodson and City Council
From: Rick Robinson, City Administrator
Date: June 1, 2015

Issue:

Consideration of Resolution 1217 – A Resolution in Opposition to any further Infringement of Second Amendment Rights

Discussion:

I recognize that the intent of Resolution 1217 is to make a statement that as Canby's elected leaders, you do not support the erosion of individual rights - in this particular case, the rights of individuals to keep and bear arms, as provided in the Second Amendment to the United States Constitution. I firmly believe that you, as City Councilors, have the legal authority to make the political statement you will make if you vote to approve Resolution 1217.

My recommendation, however is that you consider not taking action on Resolution 1217, the matter before you this evening.

Article IV of the Oregon State Constitution establishes that the legislative power of the State is vested in a Legislative Assembly, and that initiative and referendum powers are reserved for the People. It essentially states that the State Legislative body makes the laws and the People can challenge those laws through the initiative and referendum process. The People also have the power of the vote and, through the exercise of their vote, will ultimately decide who will represent them in the State's Legislative Assembly. Within the context of Article IV, City Councils are neither a part of the State's Legislative Assembly nor are they the People.

I personally own both handguns and long guns, and I am a strong advocate of preserving an individual's right to keep and bear arms. Resolution 1217 is a resolution in opposition to any further infringement of Second Amendment Rights, a concept I also support.

A fundamental question I generally ask myself when considering whether an issue is appropriate for placement on the City Council agenda is the degree to which the matter affects the ability of the City to deliver services to the residents of Canby. Within this context, I attempt to determine to what extent the City, as a public agency, is affected by the issue, to what extent that issue may impact the City's ability to serve the community, and the jurisdiction of the City relative to the matter. While the Resolution itself doesn't attempt to make law, it does speak to a subject matter not specifically within the jurisdiction of the City Council – the interpretation of an individual's rights under the Second Amendment.

The passage of every law that adds new local responsibilities could have an overall adverse effect on the City's ability to deliver services to the community. New laws are created each year that affect transportation, land use, law enforcement and many other local program responsibilities. At every level of government, from the City Council to the United States Congress, new laws result in additional work. Because Resolution 1217 does not implement new laws, I am unable to quantify a specific impact associated with this Resolution relating to law enforcement or other departments of City government.

Recommendation:

I respectfully recommend that the City Council not take action on Resolution 1217.

RESOLUTION 1217

A RESOLUTION IN OPPOSITION TO ANY FURTHER INFRINGEMENT OF SECOND AMENDMENT RIGHTS

WHEREAS, the United States and State of Oregon Constitution's guarantee the right of the People to keep and bear arms; and

WHEREAS, in accordance with the City of Canby Charter, each Officer of the City of Canby takes an oath affirming support of the Constitutions and Laws of the United States, the State of Oregon, and the City of Canby; and

WHEREAS, the City Council of the City of Canby opposes any infringement on the Peoples' Constitutional rights to keep and bear arms; and

WHEREAS, any further expansion of the current background check system has not been proven to result in any reduction in the illegal keeping or bearing of arms; and

WHEREAS, any further expansion of the current background check system, firearms registration and confiscation without due process are an unreasonable and unnecessary infringements on the People's Constitutional rights of gun ownership.

NOW THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Canby as follows:

1. The City Council of Canby is opposed to any further infringement on the Constitutional right of law abiding citizens to acquire and possess firearms and ammunition and to use them in a safe and responsible manner.
2. To discourage the use of any City of Canby resources in the pursuit of any expansion to the current firearms background check system.

This resolution shall take effect June 3, 2015.

ADOPTED by the Canby City Council at a regular meeting thereof on June 3, 2015.

Brian Hodson
Mayor

ATTEST:

Kimberly Scheafer, MMC
City Recorder

ORDINANCE NO. 1416

AN ORDINANCE AUTHORIZING THE CITY OF CANBY TO ENTER INTO A CONTRACT WITH GROVE, MUELLER & SWANK, P.C. FOR AUDIT SERVICES; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Canby requires the City have an external audit annually in accordance with ORS 297.425 and other audit and financial reporting standards as applicable; and

WHEREAS, notice for a request for proposals for audit services was published in the Daily Journal of Commerce on February 11 and 13, 2015; and

WHEREAS, proposals were received by February 27, 2015 and evaluated by the Municipal Audit and Financial Oversight Committee (MAFOC), interviews of the top three firms were completed by a subcommittee of the MAFOC and the MAFOC is recommending the council authorize the City Administrator to enter into a contract with Grove, Mueller & Swank P.C. for audit services; and

THE CITY OF CANBY, OREGON, ORDAINS AS FOLLOWS:

Section 1. The City Administrator is hereby authorized on behalf of the City to enter into a Personal Services Agreement with Grove, Mueller & Swank P.C. for audit services for the City. A copy of the Personal Services Agreement is attached hereto as Exhibit "A."

Section 2. Inasmuch as it is in the best interest of the citizens of Canby, Oregon, to contract and execute annual external financial statement audits in accordance with ORS 297.425 and other audit and financial reporting standards as applicable, an emergency is hereby declared to exist and this ordinance shall take effect immediately upon its enactment.

SUBMITTED to the Canby City Council and read the first time at a regular meeting therefore on Wednesday, May 20, 2015, and ordered posted in three (3) public and conspicuous places in the City of Canby as specified in the Canby City Charter and scheduled for second reading before the City Council for final reading and action at a regular meeting thereof on Wednesday, June 3, 2015, commencing at the hour of 7:30 PM at the Council Meeting Chambers located at 155 NW 2nd Avenue, Canby, Oregon.

Kimberly Scheafer, MMC
City Recorder

2nd Reading

PASSED on second and final reading by the Canby City Council at a regular meeting thereof on the 3rd day of June 2015, by the following vote:

YEAS _____

NAYS _____

Brian Hodson
Mayor

ATTEST:

Kimberly Scheafer, MMC
City Recorder

EXHIBIT "A"

PERSONAL SERVICES AGREEMENT

THIS AGREEMENT is between the CITY OF CANBY (City) and GROVE, MUELLER & SWANK, P.C. (Contractor).

- A. City requires services which Contractor is capable of providing, under terms and conditions hereinafter described.
- B. Contractor is able and prepared to provide such services as City requires, under those terms and conditions set forth.

The Parties Agree a Follows:

- 1. Scope of Services. Contractor's services under this Agreement are set forth in the Exhibit "A" and attached hereto.
- 2. Contractor Identification. Contractor shall furnish to City its employer identification number as designated by the Internal Revenue Service, or Contractor's Social Security Number, as City deems applicable. **Contractor understands it is required to obtain a City of Canby Business License for conducting business in the City. Contractor agrees to obtain a Canby Business License prior to commencing work under this contract.**
- 3. Compensation:
 - A. City agrees to pay Contractor according to the proposed rate schedule submitted with the Contractor's proposal as set forth in Exhibit "B" and attached hereto.
 - B. City agrees to pay Contractor within 30 days after receipt of Contractor's itemized statement reporting completed work. Amounts disputed by the City may be withheld pending settlement.
 - C. City certifies that sufficient funds are available and authorized for expenditure to finance costs of the Agreement.
- 4. Contractor is Independent Contractor.
 - A. Contractor's services shall be provided under the general supervision of the City Administrator. Contractor shall be an independent contractor for all purposes and shall be entitled to no compensation other than the compensation provided for under Paragraph #3 of this Agreement.
 - B. Contractor certifies that it is either a carrier-insured employer or a self-insured employer as provided in Chapter 656 of the Oregon Revised Statutes.

- C. Contractor hereby represents that no employee of the City, or any partnership or corporation in which a City Employee has an interest, will or has received any remuneration of any description from Contractor, either directly or indirectly, in connection with the letting or performance of this contract, except as specifically declared in writing.
5. **Subcontractors and Assignment.** Contractor shall neither subcontract any of the work, nor assign any rights acquired hereunder, without obtaining prior written approval from City. City, by this Agreement, incurs no liability to third persons for payment of any compensation provided herein to Contractor. Any subcontract between Contractor and subcontractor shall require the subcontractor to comply with all terms and conditions this agreement as well as applicable OSHA regulations and requirements.
6. **Term.**
- A. This Agreement shall cover the audits of 3 fiscal years commencing with the audit of the year ending June 30, 2015 and shall allow for 2 one year extensions which will automatically commence unless terminated in accordance with part B of this article.
- B. This Agreement may be terminated by:
1. Mutual written consent of the parties.
 2. Either party, upon thirty (30) days written notice to the other, delivered by certified mail or in person.
 3. City, effective upon deliver of written notice to Contractor by certified mail, or in person, under any of the following:
 - a. If Contractor fails to provide services called for by this Agreement within the time specified or any extension thereof.
 - b. If Contractor fails to abide by the terms of this Agreement.
 - c. If services are no longer required.
7. **Professional Standards.** Contractor shall be responsible to the level of competency presently maintained by others practicing the same type of work in City's community, for the professional and technical soundness, accuracy and adequacy of all work and materials furnished under this authorization.
8. **Insurance.** Insurance shall be maintained by the Contractor with the following limits:
- A. For General Liability Insurance, Contractor shall provide a Certificate of Insurance naming the City of Canby as an additional insured showing policy limits of not less than \$1,000,000 Combined Single Limit for Bodily Injury/Property Damage on an occurrence basis.

B. For Automobile Insurance, Contractor shall provide a Certificate of Insurance naming the City of Canby as an additional insured showing policy limits of not less than \$1,000,000 Combined Single Limit for Bodily Injury/Property Damage on an occurrence basis for any vehicle used for City business or use otherwise related to this contract.

C. For Professional Liability—errors and omissions—a \$1,000,000 Combined Single Limit for Bodily Injury/Property Damage limit. **(Required for Architects, Appraisers, Attorneys, Consultants, Engineers, Planners, Programmers, etc.).** For purposes of professional liability, Contractor shall provide proof of a Certificate of Insurance naming the City of Canby as a Certificate Holder.

D. For Worker's Compensation, Contractor shall provide a Certificate of Insurance naming the City of Canby as a Certificate Holder showing Worker's Compensation Insurance with statutory limits of coverage.

Procuring of such required insurance at the above-stated levels shall not be construed to limit the Contractor's liability hereunder. Notwithstanding said insurance, Contractor shall be obligated for the total amount of any damage, injury, loss, or related costs caused by or related to Contractor's negligence or neglect connected with this Agreement.

9. Legal Expense. In the event legal action is brought by City or Contractor against the other to enforce any of the obligations hereunder or arising out of any dispute concerning the terms and conditions hereby created, the losing party shall pay the prevailing party such reasonable amounts for attorneys fees, costs, and expenses as may be set by the court both at trial and all appeals there from.
10. Modifications. Any modification of the provisions of this Agreement shall be in writing and signed by the parties.
11. Notices. Any notice, bills, invoices, reports, or other documents required by this Agreement shall be sent by the parties by United States mail, postage paid, or personally delivered to the address below. All notices shall be in writing and shall be effective when delivered. If mailed, notices shall be deemed effective forty-eight (48) hours after mailing unless sooner received.
12. Entire Agreement. This Agreement contains the entire understanding of the parties regarding the subject matter of this Agreement and supersedes all prior and contemporaneous negotiations and agreements, whether written or oral, between the parties with respect to the subject matter of this Agreement.
13. Savings Clause. Should any provision of this Agreement be found to be in conflict with any federal or Oregon state law, or final controlling decision of any Court of competent jurisdiction, or ruling or decision of any controlling

administrative agency, all other provisions of this Agreement shall remain in full force and effect.

CITY: Rick Robinson, City Administrator
City of Canby
PO Box 930
Canby, OR 97013

CONTRACTOR: Ryan Pasquarella
Grove, Mueller & Swank P.C.
PO Box 2122
Salem, OR 97308-2122

Please submit invoices to: Attn: Accounts Payable
City of Canby
PO Box 930
Canby, OR 97013
potterl@ci.canby.or.us

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly appointed officers.

CONTRACTOR: CITY OF CANBY

By: By:

Date: Date:

Subcontractors will be used _____ No (If Yes, please complete List of Subcontractors attached to this Agreement)

Approved as to Form:

Joseph Lindsay
City Attorney

LIST OF SUBCONTRACTORS

As per Section 5 of the Personal Services Agreement, the following businesses will be subcontractors. Subcontractors are required to have a City of Canby Business License prior to commencing work under this contract.

[illegible]

The City hereby approves the above listed subcontractors.

City of Canby

Date _____

City of Canby, Oregon

February 27, 2015

Proposal to Provide Auditing Services June 30, 2015 - 2019

Grove, Mueller & Swank, P.C.

PO Box 2122 Salem, Oregon 97308-2122

Phone: 503-581-7788 Fax: 503-581-0152

Contact: Ryan Pasquarella, Shareholder

Contact Email: ryan@gmscpa.com

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

475 Cottage Street NE, Suite 200, Salem, Oregon 97301

(503) 581-7788

February 27, 2015

City of Canby
Attn: Haley KG Fish
P.O. Box 930
182 North Holly Street
Canby, Oregon 97013

We are pleased to present this proposal to provide audit services to the City of Canby for the fiscal years ending June 30, 2015 through June 30, 2019. Our audits will be performed in accordance with auditing standards generally accepted in the United States of America and in accordance with *Government Auditing Standards* and OMB Circular A-133, the "Single Audit," if required, and will include an opinion on the basic financial statements, "in-relation-to" reports on required supplementary information, supplementary statements and schedules. In addition to the audits mentioned above, we will render a report on the City's compliance with the Minimum Standards of Oregon Municipal Corporations.

Grove, Mueller & Swank, P.C. is a registered firm of Certified Public Accountants properly licensed to practice and conduct municipal audits in Oregon. Chuck Swank, Ryan Pasquarella and Derek Ellerbrook will be assigned to your engagement and are all licensed municipal auditors. Our firm is independent from the City of Canby under the guidelines of the AICPA and *Government Auditing Standards*. We will meet all your technical and timing requirements as outlined in the request for proposal.

Our Firm is a significant player in the arena of governmental accounting. Chuck Swank has taught governmental accounting and auditing for the Oregon Society of CPA's for more than twenty years. He and Ryan Pasquarella are active members of the OSCPA Governmental Accounting and Auditing Committee. We are also active on numerous other professional committees involving the Oregon Society of CPA's and other professional organizations. We are the current auditor for other cities which are similar in size and activities to the City of Canby including twelve of our current clients that receive the GFOA certificate for excellence in financial reporting.

Our audit plan would include interim procedures performed prior to or near in July or August each year. Year-end audit procedures would be performed at a mutually agreeable date with the goal of the audited financial statements being available for the City's December Council meeting.


Ryan Pasquarella, Shareholder, is authorized to make representations for Grove, Mueller & Swank, P.C. Mr. Pasquarella may be contacted by e-mail at ryan@gmspc.com, in writing at P.O. Box 2122, Salem, Oregon 97308-2122, or by phone at 503-581-7788. Mr. Pasquarella, as signer of this letter, is also authorized to submit this bid, and sign a contract on behalf of Grove, Mueller & Swank, P.C.

The Firm is a resident bidder as described in ORS 279A.120(1)(b) and properly licensed in the State of Oregon to perform municipal audits. This is an irrevocable offer for 90 days.

We believe the quality of our services is best expressed by our clients and our record of their retention.

Very truly yours,

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Ryan T. Pasquarella, Shareholder

ORGANIZATIONAL STRUCTURE AND EXPERIENCE

Description of the Firm

The firm of Grove, Mueller & Swank, P.C. is one of the larger local accounting firms in Oregon. The firm was incorporated in 1983. The Firm has grown from seven employees to the current 40. Our seven shareholders are supported by eight managers, 19 senior and staff accountants and six support personnel. This group contains 24 certified public accountants, 11 of which are licensed municipal auditors. Three shareholders, three managers and 12 senior and staff accountants are qualified to perform governmental audits. This depth of governmental auditing experience is available to the City. Two shareholders, one manager, one senior, and one-two staff accountants will be assigned to the City audit.

The firm has an office in Salem and a satellite office in Albany. The engagement will be conducted from our main Salem office. The Firm and all personnel have no conflict of interest related to the City and are independent under the guidelines of the AICPA and GAO Standards for Audits of Governmental Organizations, Programs Activities and Functions.

PEER REVIEW

We completed our most recent peer review for the year ended September 30, 2013 in January 2014. The report on that peer review is unmodified. A copy of our September 30, 2013 report is included as **Appendix C**.

CIVIC AND INDUSTRY PARTICIPATION

Civic Participation

Our firm is one of the larger local accounting firms in Oregon and maintains a philosophy of being actively involved in the community. Our community involvement in Salem includes United Way of the Mid-Willamette Valley, Garten Foundation, Marion-Polk Food Share, Family Building Blocks, and the longest sponsor of the "Awesome 3000" race for the Salem-Keizer Education Foundation, participation with the Salem Rotary Clubs, Salem Hospital, Salem Area Chamber of Commerce, Willamette Heritage Center, Salem Free Clinics, Salem Art Association, CASA of Marion County and Salem Symphony. Derek, the manager on the City's audit, is a Canby resident and is the Treasurer of the Tofte Farms HOA.

Industry Participation

All professional personnel are members of the Oregon Society of CPA's and the American Institute of CPA's. Our Firm is active in both local and nation accounting organizations. This includes one member on the OSCPA Board of Directors (John Hawkins), two members on the OSCPA Governmental Accounting and Auditing Committee (Chuck Swank and Ryan Pasquarella) and teaching governmental accounting and auditing for the Oregon Society of CPA's (Chuck Swank). All professional personnel are members of the Oregon Society of CPA's and the American Institute of CPA's and our firm is an active member in the AICPA's Governmental Audit Quality Center.

MUNICIPAL CLIENT EXPERIENCE

Current Municipal Audit Engagements

Our Firm, and specifically the management personnel assigned to the City's audit engagement, has been performing municipal audits for a number of years. We are one of several local firms that have the technical accounting resources to adequately service the City's audit needs. We performed audits of 12 municipalities that received their GFOA Certificate of Excellence in Financial Reporting in 2014 and are directly involved in assisting them in maintaining their certificates.

Five of our governmental audit clients (with contact information) comparable in size to the City of Canby are:

City of Wilsonville

Audit includes the primary government and one urban renewal agency (blended component unit). Audit of the primary government was performed in accordance with *Governmental Auditing Standards* and OMB Circular A-133. The City also prepares a Comprehensive Annual Financial Report.

Contact: Keith Katko, Finance Operations Manager

Email: katko@ci.wilsonville.or.us

Phone: (503) 570-1516

City of Keizer

Audit includes the primary government and one urban renewal agency (blended component unit). Audit was performed in accordance with accounting standards generally accepted in the United States of America. The audit was performed in accordance with *Governmental Auditing Standards* and OMB Circular A-133 in 2013. No single audit was required in 2014. The City also prepares a Comprehensive Annual Financial Report.

Contact: Tim Wood, Senior Accountant

Email: woodt@keizer.org

Phone: (503) 856-3413

City of Monmouth

Audit includes the primary government and one urban renewal agency (blended component unit). Audit was performed in accordance with accounting standards generally accepted in the United States of America.

Contact: Mark Dunmire, Finance Director

Email: mdunmire@ci.monmouth.or.us

Phone: (503) 751-0134

City of Springfield

Audit includes the primary government, one urban renewal agency (blended component unit), one discretely presented component unit, and a review of one component unit. Audit of the primary government was performed in accordance with *Governmental Auditing Standards* and OMB Circular A-133. The City also prepares a Comprehensive Annual Financial Report.

Contact: Bob Duey, Finance Director
Email: rduey@springfield-or.gov
Phone: (541) 726-3704

City of Sweet Home

Audit includes the primary government and one urban renewal agency (blended component unit). Audit was performed in accordance with accounting standards generally accepted in the United States of America. The audit was performed in accordance with *Governmental Auditing Standards* and OMB Circular A-133 in 2012. No single audit was required in 2013 or 2014.

Contact: Patricia Gray, Finance Director
Email: pgray.ci.sweet-home.or.us
Phone: (541) 367-5128 ext. 224

Non-current Municipal Audit Engagements

Three non-current governmental audit clients (with contact information) comparable in size to the City of Canby are:

City of Philomath

Audit includes the primary government and one urban renewal agency (blended component unit). Audit was performed in accordance with generally accepted auditing standards.

Contact: Joan Swanson, Finance Director
Email: joan.swanson@ci.philomath.or.us
Phone: (541) 726-3704

City of Corvallis

Audit was performed in accordance with *Governmental Auditing Standards* and OMB Circular A-133. The City also prepares a Comprehensive Annual Financial Report.

Contact: Nancy Brewer, Finance Director
Email: nancy.brewer@corvallisoregon.gov
Phone: (541) 766-6990

City of Milwaukie

Audit includes the primary government and one urban renewal agency (blended component unit). Audit was performed in accordance with generally accepted auditing standards.

Contact: Casey Camors, Finance Director

Email: camorsc@milwaukieoregon.gov

Phone: (503) 786-7522

SINGLE AUDIT EXPERIENCE

We have extensive knowledge in regards to the compliance requirements of relevant federal programs, and can help your team understand specific documentation, compliance, and control requirements associated therein. In 2014, we audited more than 20 Oregon municipal corporations including performing a single audit as specified in OMB Circular A-133. Additionally, we commit to training all of our audit team in this area annually by meeting or exceeding GAO Yellow Book standards requiring 80 hours every two years with at least 24 hours in subjects directly related to the government environment and to government auditing. As a member of the Governmental Audit Quality Center, we adhere to the highest training standards. Two examples are included in this proposal as **Attachment D**.

MUNICIPAL AUDIT REPORT

A sample municipal auditor's report is included in this proposal as **Attachment E**.

MANAGEMENT RECOMMENDATION LETTERS

Two sample management recommendation letters are included in this proposal as **Attachment F**.

CAPACITY AND KEY PERSONNEL

The audit of the City will be accomplished by experienced professionals, under the supervision of Chuck Swank, Shareholder. The shareholder in charge of the audit will be Ryan Pasquarella. The field work will be headed by Derek Ellerbrook, Audit Manager. We believe their experience is a benefit to both our firm and the client. We believe that knowledgeable personnel in the field lead to a more efficient audit including the interaction with City personnel. Resumes for Chuck Swank, Ryan Pasquarella and Derek Ellerbrook are included as **Attachment B**.

Chuck will have final responsibility for the financial statements and acts as our firm's Quality Control Shareholder. Chuck will not have any scheduled on-site hours related to the audit however will be available for an on-site visit if necessary.

Ryan will be responsible for the field work including developing the audit plan and providing technical assistance to the audit team and the City's personnel. His scheduled on-site at the beginning of both the interim and final fieldwork visits. Ryan will also be involved in the entrance and exit conferences with City personnel and management.

Derek will be the primary point of contact for day to day engagement progress including scheduling the audit, requesting audit workpapers from City personnel and supervising the on-site team. Derek will also be involved in the entrance and exit conferences with City personnel and management.

Ryan Pasquarella, CPA will be the primary account representative for the City's audit services.

AUDIT APPROACH

The purpose of our audit is to express opinions on the financial statements of the City. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. While making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

An audit is conducted in three phases; planning, interim (system evaluation) and final (year-end). Planning and interim can be performed prior the end of the fiscal year.

An audit may rely on strong internal controls over the processing of financial transactions and the preparation of financial statements. Generally Accepted Auditing Standards do not require an opinion on internal control, but do require the reporting of deficiencies found in internal control as part of the audit process. In addition, the State of Oregon requires a report on compliance with certain provisions of laws, regulations, contracts, and grants and an evaluation of internal control as specified in the Minimum Standards for Audits of Oregon Municipal Corporations.

Planning

We believe that planning that includes client personnel is critical to successful accomplishment of our audit procedures. By involving client personnel, we make the audit a team effort and everyone benefits. Prior to commencing the audit, we would expect to meet with management to discuss our specific approach. During those discussions, we will also inquire about fraud or related party transactions as required by professional standards, and ask if there are any areas of concern or interest that should be the subject of our attention during the engagement.

In the planning phase we determine which financial information systems we will rely on. We then design our test procedures as a combination of the testing of controls. Our approach is designed with significant shareholder and manager involvement in the planning stage and during initial audit procedures related to the assessment of significant audit risks, and the development of procedures in response to those risks. This investment of resources ensures that the most experienced members of your engagement service team develop the audit plan. Our field team will meet with the City's finance personnel during the engagement to discuss the audit process and any questions that arise.

System Evaluation

This phase begins with our team obtaining an understanding of your operations, your business processes and the internal control structure. This understanding covers the City's documentation of its internal control structure and is supplemented by system narratives provided to us by your team. We will analyze the systems, procedures, and control environment for revenues, expenditures, payroll, journal entries, budgeting, and data processing.

Each of the City's systems of internal control must be carefully evaluated to determine the relevant controls and determine whether they have been placed in operation. The auditor must be able to determine that the controls are adequate to reduce risk of material misstatement to a low level or report to the city council that such an assessment was not possible. When the risk of material financial statement misstatement is other than low the auditor must design sufficient substantive tests to reduce the risk of material misstatement to a low level.

Tests of internal controls will be performed on all key transaction cycles to support that the assessment of the capability of those systems is operating as designed. Tests of internal controls include a combination of:

- Inquiries of appropriate personnel regarding the design and/or application of a relevant internal control policy or procedure including the classes of transactions to which the policy or procedure applies, how it is applied and by whom, and the disposition of exceptions detected by the policy or procedure;
- Inspection of documents, reports, or electronic files evidencing the design and/or application of the relevant policy or procedure by city personnel; noting how the policy or procedure is applied and by whom, the classes of transactions to which it applies and the disposition of exceptions detected by the policy or procedure;
- Observation by the auditor of the performance of the relevant policy or procedure by City personnel; noting how the policy or procedure is applied and by whom; the classes of transactions to which it applies and the disposition of exceptions detected by the policy or procedure; and/or
- Reperformance of the application of the policy or procedure by the auditor and comparison between the results obtained by the auditor and the results obtained by City personnel.

Only inspection and reperformance are subject to sampling procedures. Samples will be selected to encompass the period under audit and of sufficient size to meet the required level of assurance. Sample sizes will be determined based on the assessed risk of material misstatement and guidance from the AICPA and Practitioners Publishing Company (PPC).

Our understanding of the City and the environment will include discussions among the audit team to assess the risk of material misstatement at the financial statement and relevant assertion level. Each type of transaction, account balance and presentation and disclosure requirement must be evaluated to determine what could go wrong. We consider the likelihood that the risks could result in a material misstatement. We determine which risks that substantive procedures alone will not provide sufficient audit evidence. We then design tests of internal control and complementary test of transactions along with substantive procedures so as to reduce to an acceptable level the risk of a material misstatement.

Final (Year-End)

Our year end substantive tests rely heavily on the workpapers, reconciliations and account analysis documents prepared by City personnel. These client prepared workpapers enable us to focus on auditing the balance sheet, and revenue and expense accounts.

For our determination of compliance with laws and regulations, we will submit a preliminary listing of items which we deem necessary to test, and management may then make additions, within reasonable parameters, if they desire us to focus our attention towards a specific area.

Analytical procedures are used to verify account balances in financial statements. Analytical procedures require the development and evaluation of plausible relationships between the financial data being examined and other data (either other financial data or nonfinancial data) which have a logical or predictable relationship to the financial data.

The procedures employed may include:

- Reviewing current year balances in comparison to the prior year.
- Reviewing balances in comparison to budget.
- Reviewing accounts for items larger or smaller than expected.
- Reviewing and comparing logical relationships.
- Analyzing and comparing financial data to nonfinancial information.

Required substantive procedures include agreeing the accounting records to the financial statements, examining material journal entries and adjustments made to prepare financial statements. We must determine whether the overall financial statement presentation conforms with generally accepted accounting principles.

All audit procedures and workpapers are performed and stored electronically. Programs and related software are provided by the largest vendor of governmental audit software in the country. Access to the City's automated records is necessary to perform our procedures. No use of outside specialists is planned.

Following completion of our audit, we will meet with management and the audit committee again and report back on those items raised in the initial meeting, as well as any findings or recommendations we may have as a result of our audit.

Our audit approach includes year-round service. We provide timely professional consulting on issues related to accounting, budgeting and audit. Such communication is encouraged and considered part of the total maximum price for audit services.

Financial Statement Review

All financial statements will be reviewed by Derek Ellerbrook, Audit Manager, and Ryan Pasquarella, Shareholder, for adherence to applicable technical accounting standards. Chuck Swank, Engagement Quality Control reviewer is independent from the audit procedures and personnel, and will review the financial statements and audit reports for compliance with professional standards.

USE OF CITY PERSONNEL

Finance Personnel

We anticipate the use of City personnel in a manner which increases audit efficiency and decreases audit cost. Our audit approach encourages City personnel to prepare reconciliations and schedules based on templates provided by us (if needed). Based on the nature of the completeness and/or previous existence of these schedules, time requirements for City personnel may vary greatly, but should be similar to efforts in the past. We usually ask for assistance in supplying documentation for sample items, confirmations and reconciliations. Inquiry of our existing clients would confirm our requests are reasonable and communicated well in advance. We anticipate that all City personnel that are integral to the financial operations of the City will be available during all phases of the audit.

We typically contact City personnel in May-June to schedule interim field work and final fieldwork. As we get closer to our in-field audit, we contact City personnel one week before fieldwork to ensure that all preparation has been completed. After fieldwork, we anticipate that there will be weekly updates conversations through the date of report issuance to ensure all documentation is complete.

Information Technology Personnel

We anticipate performing inquiries of the City's Information Technology staff as part the planning phase of the audit. We estimate that the time required for these inquiries will be two hours.

PROPOSED AUDIT CALENDAR

	<i>July</i>	<i>August</i>	<i>September</i>	<i>October</i>	<i>November</i>	<i>December</i>
<i>Pre-audit meeting to discuss the audit plan and key issues of the City that will impact the audit strategy</i>	✓					
<i>Perform interim work consisting of internal control documentation, test of controls, review of Board minutes</i>	✓	✓				
<i>Perform final substantive work</i>				✓	✓	
<i>Review of financial statement draft and issuance of the auditors' reports</i>					✓	✓
<i>Issue Management Letter and required communications</i>						✓

MUNICIPAL CLIENT SUMMARY

<i>Activity</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
<i>Number of On-time Filers (including extensions)</i>	73	71	70	77	72
<i>Number of Late Filers</i>	5	4	3	4	4
<i>Number of Municipal Clients</i>	78	75	73	81	76

ESTIMATED AUDIT HOURS AND FEE

The estimated audit hours and fees for the fiscal years ending June 30, 2015 – 2019 are located at **Attachment A**.

SUGGESTIONS CONTROLLING INTERNAL CONTROL, ADMINISTRATIVE PROCEDURES AND FINANCIAL PROCESSES

Under the guidelines of the American Institute of Certified Public Accountants, CPA's must issue a letter during an audit if the client has significant deficiencies and/or material weaknesses in internal control. If the client is subject to *Government Auditing Standards* these deficiencies must be communicated in accordance with those standards. If control deficiencies are identified they can be communicated either in writing or orally.

As part of our documentation and review of internal controls within the City, we regularly encounter areas that can be improved and will result in greater efficiency in completing daily tasks for City personnel.

TECHNICAL ASSISTANCE

The City expects to receive technical assistance, as needed, from the audit firm throughout the fiscal year that may include inquiries regarding accounting, reporting and internal control issues. We want our clients to contact us as often as necessary without fear of being billed for every phone call, therefore fees are included in the estimated audit fees included in this proposal.

Additionally, our firm does not have a policy of charging clients for out of pocket costs. All costs are included in the above all-inclusive maximum price.

ADDITIONAL SERVICES BILLING RATES

If you were to request additional services outside the scope of the audit engagement, such as detailed internal control review, the fees would be determined using the following billing rates:

Shareholders (CPA)	\$205 / hour
Managers (CPA)	115 / hour
Senior Staff (CPA)	80 / hour
Junior Staff (CPA)	75 / hour
Junior Staff (non-CPA)	60 / hour
Clerks & Typists (non-CPA)	50 / hour

Any additional requested services will always be discussed with management prior to performance of these services. An additional engagement letter or contract usually is necessary.

ATTACHMENT A

Not to Exceed Price for Proposed Service Schedule

In accordance with the Request for Proposal for Professional Auditing Services issued by the City of Canby, Oregon, the firm referenced below hereby submits the following hourly fee quotation and hours proposed for all positions to be assigned to the audit:

EXPECTED HOURS AND FEE FOR YEAR ENDED JUNE 30, 2015

Key Personnel	Fiscal Year Ended June 30, 2015		Total Hours	Hourly Rate	Total
	F/S Audit Hours	Single Audit Hours*			
Engagement Partners	44	3	47	\$ 205	\$ 9,635
Engagement Manager	65	16	81	115	9,315
Engagement Senior/Staff	131	34	165	80	13,200
Clerical/Support Staff	12	1	13	50	650
	<u>252</u>	<u>54</u>	<u>306</u>		<u>\$ 32,800</u>

* The above hours includes two single audit major programs.

EXPECTED HOURS FOR YEARS ENDED JUNE 30, 2016 – 2019

Key Personnel	Fiscal Years Ended June 30, 2016 - 2019		Total Hours
	F/S Audit Hours	Single Audit Hours*	
Engagement Partners	40	4	44
Engagement Manager	58	18	76
Engagement Senior/Staff	120	33	153
Clerical/Support Staff	9	1	10
	<u>227</u>	<u>56</u>	<u>283</u>

* The above hours includes two single audit major programs.

In accordance with the Request for Proposal for Professional Auditing Services issued by the City of Canby, Oregon, the firm referenced below hereby submits the following cost proposal:

EXPECTED FEE FOR YEARS ENDED JUNE 30, 2015 – 2019

	Fiscal Years Ending June 30th,				
	2015	2016	2017	2018	2019
Financial Statement Audit	\$ 26,800	\$ 24,300	\$ 25,000	\$ 25,800	\$ 26,300
Single Audit Fee*	6,000	6,200	6,400	6,600	6,800
Cost of Supplies & Materials:	-	-	-	-	-
Additional Fees (if applicable)**:	-	-	-	-	-
	<u>\$ 32,800</u>	<u>\$ 30,500</u>	<u>\$ 31,400</u>	<u>\$ 32,400</u>	<u>\$ 33,100</u>

* The above fee includes two single audit major programs. Each major program in excess of two is estimated at an additional \$3,000.

** The above fees include consultation as needed on matters relating to local budget law and accounting and reporting issues or procedures. We want our clients to contact us as often as necessary without fear of being billed for every phone call.

We anticipate a 3% year-over-year annual fee escalation.

Our invoices for the engagement will be rendered each month as work progresses and are payable on presentation. Please refer to the proposed audit calendar for the anticipated audit fieldwork timeline.

I hereby certify that the undersigned is authorized to represent the firm stated below, and empowered to submit this bid, and if selected, authorized to sign a contract with the City of Canby, for the services identified in the Request for Proposal.

Firm Name: Grove, Mueller & Swank, P.C.

Signature: 

Printed Name: Ryan T. Pasquarella

Title: Shareholder

Date: February 27, 2015

Email Address: ryan@gmscpa.com

ATTACHMENT B

RESUMES OF KEY PERSONNEL

- | | |
|-----------------------|-----|
| – Charles A. Swank | B-1 |
| – Ryan T. Pasquarella | B-2 |
| – Derek Ellerbrook | B-3 |

Charles A. Swank
Shareholder and Director
of Audit Quality

***PROFESSIONAL
ACCREDITATION***

- Certified Public Accountant, Oregon (Number 2987)
- Municipal Auditor, Oregon (Number 733)

***GOVERNMENTAL
ENGAGEMENT
EXPERIENCE***

- Auditor for a number of Oregon school districts, cities and special districts

***GOVERNMENTAL
TRAINING***

- Discussion leader for a number of Oregon Society of Certified Public Accountants continuing education courses
- Oregon Society of Certified Public Accountants Annual governmental conferences

EDUCATION

- MBA, University of Oregon
- B.S. Business, Oregon State University

***PROFESSIONAL
SOCIETIES AND
ACTIVITIES***

- American Institute of Certified Public Accountants
- Oregon Society of Certified Public Accountants, Governmental Accounting and Auditing Committee
- Reviewer of financial statements for GFOA

Ryan T. Pasquarella
*Shareholder and Manager of Auditing and
Financial Reporting Services
Grove, Mueller & Swank, P.C.*

***PROFESSIONAL
ACCREDITATION***

- Certified Public Accountant, Oregon (Number 12375)
- Licensed Municipal Auditor, Oregon (Number 1511)

***GOVERNMENTAL
ENGAGEMENT
EXPERIENCE***

- Seven years experience auditing Oregon municipalities including compliance testing under OMB Circular A-133 Single Audits
- Recent experience managing governmental engagements include:
 - Marion County, Oregon – including A-133 Single Audit
 - City of Springfield – including A-133 Single Audit
 - Lane Transit District – including A-133 Single Audit
 - City of Keizer - including A-133 Single Audit

***GOVERNMENTAL
TRAINING***

- Oregon Society of Certified Public Accountants Governmental Accounting and Auditing Conferences annually for eight years
- Continuing professional education that annually exceeds GAO standards

EDUCATION

- Oregon State University, Corvallis, Oregon
Bachelor of Business Administration

***PROFESSIONAL
SOCIETIES AND
ACTIVITIES***

- American Institute of Certified Public Accountants
- Oregon Society of Certified Public Accountants
- OSCP Governmental & Auditing Committee
- Board Treasurer, Salem Art Association

Derek Ellerbrook
*Manager of Auditing
and Financial Reporting Services*

**PROFESSIONAL
ACCREDITATION**

- Certified Public Accountant, Oregon (Number 12768)
- Municipal Auditor, Oregon (Number 1544)

**GOVERNMENTAL
AND NON PROFIT
ENGAGEMENT
EXPERIENCE**

- Eight years' experience managing audit engagements of various Oregon municipalities and nonprofit entities; including compliance testing under OMB Circular A-133 Single Audits

- Recent experience managing governmental engagements include:

Hillsboro School District – including A-133 Single Audit
Beaverton School District – including A-133 Single Audit
Salem-Keizer School District – including A-133 Single Audit
Lake Oswego School District – including A-133 Single Audit
City of Wilsonville – including A-133 Single Audit

**GOVERNMENTAL
TRAINING**

- Oregon Society of Certified Public Accountants Governmental Accounting and Auditing Conference annually for six years
- Continuing professional education for the past two years exceeds GAO standards
- Active participant in Governmental Audit Quality Center (GAQC) training
- Local office instructor for governmental training sessions

EDUCATION

- Linfield College, McMinnville, Oregon
Bachelor of Arts, Accounting

**PROFESSIONAL
SOCIETIES AND
ACTIVITIES**

- American Institute of Certified Public Accountants
- Oregon Society of Certified Public Accountants
- Salem Area Young Professionals, Salem Chamber of Commerce

ATTACHMENT C

PEER REVIEW REPORT



System Review Report

To the Shareholders of
Grove, Mueller & Swank, P.C.
and the Peer Review Committee of the Oregon Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Grove, Mueller & Swank, P.C. (the firm) in effect for the year ended September 30, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and an audit of an employee benefit plan.

In our opinion, the system of quality control for the accounting and auditing practice of Grove, Mueller & Swank, P.C. in effect for the year ended September 30, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Grove, Mueller & Swank, P.C. has received a peer review rating of *pass*.

Read & Bose, PC

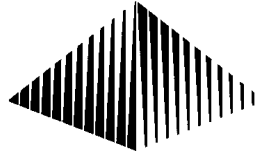
January 23, 2014

ATTACHMENT D

SINGLE AUDIT EXAMPLES

GROVE, MUELLER & SWANK, P.C.

***CITY OF WILSONVILLE
FEDERAL COMPLIANCE REPORTS
Year Ended June 30, 2014***



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor, Members of the City Council, and the City Manager
City of Wilsonville
29799 SW Town Center Loop East
Wilsonville, Oregon 97070

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wilsonville, Oregon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Wilsonville's basic financial statements, and have issued our report thereon dated November 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Wilsonville's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Wilsonville's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Wilsonville's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Wilsonville's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

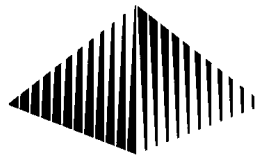
As part of obtaining reasonable assurance about whether the City of Wilsonville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Wilsonville's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Wilsonville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS

November 10, 2014



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Mayor, Members of the City Council, and the City Manager
City of Wilsonville
29799 SW Town Center Loop East
Wilsonville, Oregon 97070

Report on Compliance for Each Major Federal Program

We have audited the City of Wilsonville's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Wilsonville's major federal programs for the year ended June 30, 2014. The City of Wilsonville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Wilsonville's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Wilsonville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Wilsonville's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Wilsonville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the City of Wilsonville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Wilsonville's internal control over compliance with the types of

requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Wilsonville's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wilsonville, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Wilsonville's basic financial statements. We issued our report thereon dated November 10, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS

November 10, 2014

CITY OF WILSONVILLE, OREGON
Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2014

	CFDA#	Passthrough Number	Federal Award	Expended in Fiscal Year 2013-14
<u>U.S. Department of Transportation</u>				
<i>Federal Transit Cluster</i>				
Capital Investment Grant				
Fixed Guideway Capital Investment Grant - Agreement OR040017	20.500	Direct	\$ 208,519	\$ 10,454
Formula Grants				
OR950031 (Transportation Demand Management)	20.507	Direct	203,687	54,026
OR950042	20.507	Direct	240,000	61,430
OR900155	20.507	Direct	532,658	290,405
OR900163	20.507	Direct	291,711	4,282
Subtotal Federal Transit Cluster			<u>1,476,575</u>	<u>420,597</u>
<i>Transit Services Programs Cluster</i>				
<i>Passed-through Oregon Department of Transportation</i>				
Seniors and Individuals with Disabilities	20.513	29300	187,092	53,838
Seniors and Individuals with Disabilities	20.513	27734	429,693	354,635
Total Passed-through Oregon Department of Transportation			<u>616,785</u>	<u>408,473</u>
Job Access Reverse Commute Program - Agreement OR370022	20.516	Direct	9,245	9,254
Subtotal Transit Services Programs Cluster			<u>626,030</u>	<u>417,727</u>
Total U.S. Department of Transportation			<u>2,102,605</u>	<u>838,324</u>
<u>U.S. Department of Health and Human Services</u>				
<i>Administration for Community Living:</i>				
Clackamas County Social Services Pass Through Agreement:				
Special Programs for the Aging - Title III, Part D	93.043	n/a	1,351	1,351
<i>Aging Cluster</i>				
Special Programs for the Aging - Title III, Part B	93.044	n/a	10,831	10,831
Special Programs for the Aging - Title III, Part C	93.045	n/a	19,710	19,710
Nutrition Services Incentive Program	93.053	n/a	5,400	5,400
Total Aging Cluster			<u>35,941</u>	<u>35,941</u>
Subtotal Clackamas County Social Service Pass Through Agreement			<u>37,292</u>	<u>37,292</u>
<i>Center for Disease Control and Prevention:</i>				
National Recreation and Parks Association - ACHIEVE Agreement	93.283	n/a	50,000	8,338
Total U.S. Department of Health and Human Services			<u>87,292</u>	<u>45,630</u>
Total Federal Awards				<u>\$ 883,954</u>

City of Wilsonville
Notes to Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2014

PURPOSE OF THE SCHEDULE

The accompanying schedule of expenditures of federal awards (the "Schedule") is a supplementary schedule to the City of Wilsonville's financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the City of Wilsonville, it is not intended to and does not present either the financial position or the results of operations of the City.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in the Schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Federal Financial Assistance

Pursuant to the Single Audit Act of 1996 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

The Single Audit Act Amendment of 1996 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the City of Wilsonville are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in notes to the financial statements. Additionally, the Schedule includes all federal programs administered by the City of Wilsonville for the year ended June 30, 2014.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting.

City of Wilsonville
Schedule of Findings and Questioned Costs
For the fiscal year ended June 30, 2014

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issues:	Unmodified
Internal control reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
• Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

Identification of major program:

CFDA	Agency	Program Title
20.513 20.516	DOT	Transit Services Programs Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

FINANCIAL STATEMENT FINDINGS

None

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

City of Wilsonville
Summary Schedule of Prior Audit Findings
June 30, 2014

There were no findings or questioned costs in the prior year.

Compliance Section



***INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor, Members of the
City Council and the City Manager
City of Springfield
225 5th Street
Springfield, Oregon 97477

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Springfield, Oregon as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS
December 19, 2014

OMB Circular A-133 (Single Audit) Report



***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133***

To the Honorable Mayor, Members of the
City Council and the City Manager
City of Springfield
225 5th Street
Springfield, Oregon 97477

Report on Compliance for Each Major Federal Program

We have audited the City of Springfield, Oregon's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Springfield, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS

December 19, 2014

CITY OF SPRINGFIELD, OREGON, FEDERAL GRANT COMPLIANCE REPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control reporting:	
· Material weakness(es) identified?	No
· Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
· Material weakness(es) identified?	No
· Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major program:

CFDA Numbers

Name of Federal Program or Cluster

14.239
20.600, 20.602, 20.610, 20.616

HOME Investment Partnerships Program
Highway Safety Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualifies as low-risk auditee?	Yes

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

CITY OF SPRINGFIELD, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Federal Expenditures in Fiscal Year 2013-2014	Amount Provided to Subrecipients
U.S. Department of Justice				
Direct Programs:				
2010 Justice Assistance Grant - Local	16.738	2010-DJ-BX-0112	\$ 9,169	
2011 Justice Assistance Grant - Local	16.738	2011-DJ-BX-2757	21,576	
2012 Justice Assistance Grant - Local	16.738	2012-DJ-BX-1073	16,428	
2013 Justice Assistance Grant - Local	16.738	2013-DJ-BX-0313	6,678	
Total U.S. Department of Justice			53,851	
U.S. Department of Homeland Security				
Grants passed through State of Oregon:				
Presidential Major Disaster Declaration FEMA	97.073	4169-DR-OR	4,313	
State Ops Center Project Participation	97.073	13-241	18,337	
Lane Fire Defense Board Regional Repeater/Radio Project, Phase 2	97.073	13-240	80,878	\$ 73,878
Total U.S. Department of Homeland Security			103,528	
U.S. Department of Housing and Urban Development				
Direct Programs:				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grant	14.218	NA	346,665	71,935
Community Development Block Grant Program Income	14.218	NA	40,296	
<i>Total CDBG - Entitlement Grants Cluster</i>			<u>386,961</u>	
City of Eugene:				
HOME Investment Partnership Programs	14.239	NA	300,965	
Lane Council of Governments:				
Sustainable Communities Regional Planning Grant (Lane Livability)	14.703	ORRIP0031-10	10,153	
Total U.S. Department of Housing and Urban Development			698,079	
U.S. Department of Transportation				
<i>Highway Planning and Construction Cluster</i>				
Grants passed through State of Oregon:				
Surface Transportation Program - Urban	20.205	NA	87,299	
Grants passed through Lane Council of Governments:				
Federal Surface Transportation Planning (STP-U)	20.205	NA	8,048	
Federal Surface Transportation Planning (STP-U)	20.205	NA	36,322	
<i>Total Highway Planning and Construction Cluster</i>			<u>131,669</u>	
<i>Highway Safety Cluster</i>				
Grants passed through State of Oregon:				
Springfield PD Safety Belt Overtime Enforcement Grant	20.600	OP-14-45-03NNN	2,013	
Springfield PD Speed Equipment and Overtime Grant	20.602	SC-13-35-12eee	4,975	
Springfield PD Speed Equipment and Overtime Grant	20.602	SC-14-35-12ggg	3,073	
Springfield Police eCitation and eCrash Project/Report Beam Grant	20.610	K9-13-54-03 SPD	108,409	
DUII Overtime Enforcement Grant	20.616	K8-13-12-36	950	
<i>Total Highway Safety Cluster</i>			<u>119,420</u>	
Total U.S. Department of Transportation			251,089	
U.S. Department of the Interior				
Grants passed through State of Oregon:				
State Historic Preservation Office	15.904	HPF OR-12-19	2,010	
Total U.S. Department of the Interior			2,010	
Total Expenditures of Federal Awards			\$ 1,108,557	\$ 145,813

City of Springfield, Oregon

NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS

June 30, 2014

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE B – LOANS RECEIVABLE OUTSTANDING

The City had the following loan balances outstanding at June 30, 2014

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
Community Development Block Grant	14.218	\$ 760,832
HUD HOME Grant	14.239	<u>2,614,902</u>
		<u>\$ 3,375,734</u>

NOTE C – LOANS PAYABLE OUTSTANDING

As of June 30, 2014, the City did not have any loan balances outstanding included in the Schedule of Expenditures of Federal Awards.

ATTACHMENT E

MUNICIPAL AUDIT REPORT EXAMPLE

GROVE, MUELLER & SWANK, P.C.



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, Members of the
City Council and the City Manager
City of Springfield
225 5th Street
Springfield, Oregon 97477

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Springfield, Oregon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Springfield, Oregon as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) on pages 23 through 39, the schedules of revenues, expenditures and changes in fund balance – budget and actual for the General Fund and major special revenue funds (pages 84-86), and the schedule of OPEB and CRP funding progress (page 87) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A and the schedule of OPEB and CRP funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedules of revenues, expenditures and changes in fund balance – budget and actual for the General Fund and major special revenue fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is also not a required part of the financial statements. The other supplementary information, and the schedule of expenditure of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

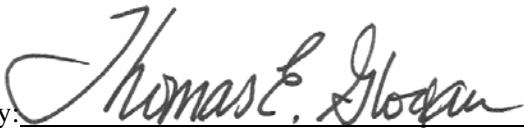
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 19, 2014, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Thomas E. Glogau, A Shareholder
December 19, 2014

ATTACHMENT F

SAMPLE MANAGEMENT LETTERS

GROVE, MUELLER & SWANK, P.C.



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

December 17, 2014

School Board and Management
Hillsboro School District 1J
3083 NE 49th Place
Hillsboro, Oregon 97124

In planning and performing our audit of the financial statements of the Hillsboro School District 1J as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Hillsboro School District 1J's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hillsboro School District 1J's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hillsboro School District 1J's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We identified no material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified no significant deficiencies.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated December 17, 2014, on the financial statements of Hillsboro School District 1J.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Hillsboro School District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

CURRENT YEAR:

Reconciliations

Condition:

There were account balances not reconciled prior to the start of audit fieldwork. As a result, Hillsboro School District staff identified journal entries that were required, to adjust account balances on the June 30, 2014 trial balance originally received by the auditors. Although the majority of the adjustments were identified by staff during these reconciliation processes, the quick creation of those reconciliations also resulted in an increase of auditor inquiries due to the identification of unusual items, such as asset accounts with credit balances, liability accounts with debit balances and unreconciled differences between capital asset balances and the capital asset module in Infinite Visions, which led to additional adjustments proposed by the auditors.

Possible effect:

The quick preparation of reconciliations leads to a lack of time for management to thoroughly examine them, which could lead to misstatements in the financial statements.

Recommendation:

Auditor recommends the preparation of reconciliations, including the attachment of supporting documentation used to perform those reconciliations, well in advance of audit fieldwork to allow management sufficient time to thoroughly review and approve the reconciliations of account balances at year end.

This communication is intended solely for the information and use of management, the School Board, others within Hillsboro School District 1J, and is not intended to be , and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jane Mueller & David R.", written in a cursive style.

CERTIFIED PUBLIC ACCOUNTANTS



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

December 9, 2014

Ronald Kilcoyne, General Manager

Mary Adams, Director of Administrative Services
Todd Lipkin, Finance Manager/CFO
Lane Transit District
Springfield, Oregon

In planning and performing our audit of the financial statements of the Lane Transit District as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Lane Transit District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lane Transit District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lane Transit District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated December 9, 2014, on the financial statements of Lane Transit District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Lane Transit District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

CURRENT YEAR:

Dispositions of Federally Acquired Equipment

Condition:

The District sold a federally acquired vehicle during the year. Under 49 U.S.C. 5334(h)(4) the District may sell and use proceeds for other capital projects after the useful life is met and with prior FTA approval, and there is no longer any public transportation purposes of the equipment. The proceeds are to be used to reduce the gross project cost of other FTA eligible capital transit grants. The District is expected to record the receipt of the proceeds in the District's accounting system, showing that the funds are restricted for use in a subsequent capital grant. The subsequent capital grant application should contain information showing FTA that the gross project cost has been reduced with proceeds from the earlier transactions.

The District did not notify FTA of the sale of the vehicle nor did they restrict the proceeds towards a future capital grant. The District is aware of this requirement and applied the proceeds once it was brought to their attention.

Possible effect:

The District could receive a reduction in funding or the FTA could require the District to repay funds resulting from non-compliance.

Recommendation:

We recommend the District develop policies and procedures surrounding the disposition of all equipment to ensure that all FTA requirements regarding equipment management are met.

Management Response:

The District is fully aware of this requirement and it was considered when processing the disposal of this vehicle. However, the vehicle was misidentified as not federally funded. Procedures have been enhanced to require all vehicles disposed of to be specifically identified in the fixed asset system to ensure the proper funding source is determined and to allow for timely notification to FTA.

PRIOR YEAR:

Audit Preparedness

Condition:

In order for an efficient audit to be performed, the audit team relies on its clients to have all the year-end reconciliations completed and all adjustments made prior to the beginning of the audit. The audit team posted a total of eleven journal entries during the course of the audit of which nine were given to the audit team by management in order to finish reconciling the accounts for the fiscal year. The areas requiring adjustment were various asset and liability accounts. Additionally, the District did not have revenue reconciliations and their schedule of expenditures of federal awards completed at the beginning of fieldwork as requested.

When journal entries are received from the client, the efficiency of the audit is decreased. The primary reason is that the audit team will either need to examine a new or revised audit workpaper given to us by management or the team will adjust the current version of the workpaper. The team will also reevaluate the

risk over the account and potentially determine the need to perform additional procedures. When the schedule of expenditures of federal awards is not received timely this may extend the audit as sufficient time is not allowed for selection of major programs.

Possible effect:

The issuance of the District's financial statements could be delayed.

Recommendation:

We recommend the District ensure that all preparation and adjustments needed for the fiscal year be completed prior to the beginning of the audit. The start of the audit can be delayed if management determines that more time is needed.

Management Response:

The District acknowledges that not all required audit materials were prepared in a timely manner to meet the independent audit site work schedule. Materials will be prepared on time in the future.

Current Year Update:

Management has complied with this recommendation and was fully prepared for the June 30, 2014 audit.

Inventory Costing

Condition:

The District uses the fleet system for inventory tracking. A majority of the inventory is purchased through the automated purchasing system which interfaces with the fleet system for quantities and pricing. Occasionally items are purchased outside the normal purchasing system in which items are then manually entered into the fleet system. The District currently has procedures in place to verify the quantity that is entered into the system, but no procedures in place to verify the pricing.

Possible effect:

The District's financial statements could be misstated at any given time as the product costs may not be accurate.

Recommendation:

We recommend that the District implement procedures to ensure both the quantity and cost are updated when inventory is received to ensure that inventory is valued appropriately.

Management Response:

The District will implement a procedure to verify the pricing of inventory acquisitions made outside the normal purchasing system and continue to verify the quantity of such items.

Current Year Update:

The District has implemented a new procedure to address this recommendation.

Financial Staff Succession

Condition:

The Chief Financial Officer, the Chief Accountant/Internal Auditor, and the Purchasing Manager will all be leaving the District before the end of fiscal 2013-14. Each position has an important skill set that will need to be replaced, and an orderly transition without interruption of key functions and controls must be assured.

Possible effect:

There could be a loss of adequate financial controls, compliance with Federal Transit Administration requirements and other regulations, and timely and accurate financial reporting.

Recommendation:

We recommend that the District implement a detailed succession plan that covers all three positions.

Management Response:

Subsequent to the completion of the fiscal 2012-13 independent audit, the District published a reorganization and succession plan that covers the three positions and addresses the concerns raised by this comment.

Current Year Update:

The District has implemented a reorganization of the District during the fiscal year that addressed this recommendation.

Very truly yours,

A handwritten signature in black ink, appearing to read "John Mueller & Duke R.", written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

UPDATED DETAILED COST SCHEDULE

Grove, Mueller & Swank, P.C.

As requested via e-mail from Haley Fish, our cost proposal, detailed by area is as follows:

EXPECTED HOURS AND FEE FOR YEAR ENDED JUNE 30, 2015

Key Personnel	Hourly Rate	City CAFR		URA Audit Hours	URA Audit Cost
		Audit Hours	City CAFR Audit Cost		
Shareholders	\$ 205	40	\$ 8,200	4	\$ 820
Manager	115	56	6,440	9	1,035
Senior/Staff	80	110	8,800	21	1,680
Support Staff	50	8	400	4	200
		<u>214</u>	<u>\$ 23,840</u>	<u>38</u>	<u>\$ 3,735</u>

Key Personnel	Hourly Rate	Initial Single Audit Hours	Initial Single Audit Cost	Add'l Program		Total Hours	Total
				Single Audit Hours	Add'l Program Single Audit Cost		
Shareholders	\$ 205	2	\$ 410	1	\$ 205	47	\$ 9,635
Manager	115	8	920	8	920	81	9,315
Senior/Staff	80	25	2,000	9	720	165	13,200
Support Staff	50	1	50	-	-	13	650
		<u>36</u>	<u>\$ 3,380</u>	<u>18</u>	<u>\$ 1,845</u>	<u>306</u>	<u>\$ 32,800</u>

ORDINANCE NO. 1418

AN ORDINANCE AUTHORIZING THE MAYOR AND CITY ADMINISTRATOR TO EXECUTE A CONTRACT WITH EAGLE-ELSNER, INC. IN THE AMOUNT OF \$210,530.98 WITH AUTHORIZATION TO EXPAND THE WORK SCOPE TO AN AMOUNT NOT TO EXCEED \$225,000.00 FOR CONSTRUCTION OF THE 2015 STREET MAINTENANCE PROGRAM; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Canby has heretofore advertised and received seven (7) bids for the 2015 Street Maintenance Program; and

WHEREAS, the notice of call for bids was duly and regularly published in the Oregon Daily Journal of Commerce on April 27, 2015; and

WHEREAS, bids were received and opened on May 12, 2015 at 2:00 pm in the City Hall Conference Room of the City of Canby and the bids were read aloud:

WHEREAS, the bidders are as listed below and a detailed tabulation of all items is attached herein as Exhibit "B" and summarized as follows:

The summary of cost from each of the seven (7) bidders is shown on the attached tabulation and listed below:

1.	Eagle-Elsner, Inc.	\$210,530.98
2.	Kodiak Pacific Construction	\$221,000.00
3.	S-2 Contractors, Inc.	\$230,200.00
4.	Roy L. Houck Construction, LLC	\$242,242.00
5.	North Santiam Paving Company	\$249,465.00
6.	Brix Paving Company	\$250,779.98
7.	Knife River Corporation Northwest	\$269,073.00

WHEREAS, the Canby City Council, acting as the City's Contract Review Board, met on Wednesday, May 20, 2015, and considered the bids and reports and recommendations of the City staff, including the staff recommendation that the low responsive bid be selected; and

WHEREAS, the Canby City Council determined that the low responsive bid was that of Eagle-Elsner, Inc.; now therefore

2nd Reading

THE CITY OF CANBY ORDAINS AS FOLLOWS:

Section 1. The Mayor and/or City Administrator are hereby authorized and directed to make, execute, and declare in the name of the City of Canby and on its behalf, an appropriate contract with Eagle-Elsner, Inc. for the 2015 Street Maintenance Program in the amount of \$210,530.98 with authorization to expand the work scope to an amount not to exceed \$225,000.00 using the contract unit prices. A copy of the contract with Eagle-Elsner, Inc. is attached hereto and marked as Exhibit "A" and by this reference incorporated herein.

Section 2. Inasmuch as it is in the best interest of the citizens of Canby, Oregon, to complete this project as soon as possible, an emergency is hereby declared to exist and this ordinance shall therefore take effect immediately upon its enactment after final reading.

SUBMITTED to the Canby City Council and read the first time at a regular meeting therefore on Wednesday, May 20, 2015; ordered posted as required by the Canby City Charter and scheduled for second reading on Wednesday, June 3, 2015, after the hour of 7:30 p.m. at the Council Meeting Chambers located at 155 NW 2nd Avenue, Canby, Oregon.

Kimberly Scheafer, MMC
City Recorder

PASSED on second and final reading by the Canby City Council at a regular meeting thereof on the 3rd day of June 2015, by the following vote:

YEAS _____ NAYS _____

Brian Hodson
Mayor

ATTEST:

Kimberly Scheafer, MMC
City Recorder

CONTRACT FOR CONSTRUCTION

THIS AGREEMENT is dated as of the ____ day of _____ in the year 2015 by and between

City of Canby

(hereinafter called OWNER) and

Eagle-Elsner, Inc.

(hereinafter called CONTRACTOR)

OWNER and CONTRACTOR, in consideration of the mutual covenants hereinafter set forth, agree as follows:

ARTICLE 1 - WORK

CONTRACTOR shall complete all Work as specified or indicated in the Contract Documents:

City of Canby

2015 Street Maintenance Program

The scope of work consists of the following:

- ! Approximately 1,600 tons of asphaltic concrete pavement at 2" thickness.
- ! Approximately 4,600 lineal feet of 6-foot wide panel grinding.
- ! Approximately 735 square yard of pavement reconstruction.
- ! Approximately 325 lineal feet of concrete curb and 100 square yards of sidewalks.
- ! Restore approximately 1,550 lineal feet of 4" wide stripes and approximately 2,600 square feet of continental crosswalks.

ARTICLE 2 - ENGINEER

The Project has been designed by CURRAN-McLEOD, INC., Consulting Engineers, who is hereinafter called ENGINEER and who will assume all duties and responsibilities and will have the rights and authority assigned to ENGINEER in the Contract Documents in connection with completion of the Work in accordance with the Contract Documents.

ARTICLE 3 - CONTRACT TIME

- 3.1 The Work will be substantially completed within 30 calendar days after the date when the Contract Time commences to run as provided in paragraph 2.03 of the General Conditions, and completed and ready for final payment in accordance with Paragraph 14.07 of the General Conditions within 30 days after the date when the issuance of the Certificate of Substantial Completion including punch list items.

- 3.2 Liquidated Damages: OWNER and CONTRACTOR recognize that time is of the essence of this Agreement and that OWNER will suffer financial loss if the Work is not substantially complete within the time specified in paragraph 3.1 above, plus any extensions thereof allowed in accordance with Article 12 of the General Conditions. They also recognize the delays, expense and difficulties involved in proving in a legal proceeding the actual loss suffered by OWNER if the Work is not substantially complete on time.

Accordingly, instead of requiring any such proof, OWNER and CONTRACTOR agree that as liquidated damages for delay (but not as a penalty) CONTRACTOR shall pay OWNER or the OWNER may withhold from amounts due the CONTRACTOR Four Hundred Dollars (\$400.00) for each day that expires after the time specified in paragraph 3.1. for Substantial Completion until the Work is substantially complete AND/OR for each day of delay beyond the deadline for Final Completion.

ARTICLE 4 - CONTRACT PRICE

- 4.1 OWNER shall pay CONTRACTOR for performance of the Work in accordance with the Contract Documents in current funds by check, an amount totaling

Two Hundred Ten Thousand Five Hundred Thirty and 98/100----- Dollars

(\$210,530.98) as shown in the attached Bid Proposal.

ARTICLE 5 - PAYMENT PROCEDURES

CONTRACTOR shall submit Applications for Payment in accordance with Article 14 of the General Conditions. Applications for Payment will be processed by ENGINEER as provided in the General Conditions.

- 5.1 Progress Payments: OWNER shall make progress payments on account of the Contract Price on the basis of CONTRACTOR'S Applications for Payment as recommended by ENGINEER, on or about the 25th day of each month during construction as provided below. All progress payments will be on the basis of the progress of the Work measured by the schedule of values provided for in paragraph 14.01 of the General Conditions.

- 5.1.1 Prior to Substantial Completion progress payments will be in an amount equal to:

- (a) 95 % of the Work completed; and
- (b) 95 % of materials and equipment not incorporated in the Work but delivered and suitably stored, less in each case the aggregate of payments previously made.

5.1.2 Upon Substantial Completion, OWNER shall pay an amount sufficient to increase total payments to CONTRACTOR to 95% of the value of the Contract Work completed, less such amounts as ENGINEER shall determine in accordance with paragraph 14.02 of the General Conditions.

5.2 Final Payment: Upon final completion and acceptance of the Work in accordance with paragraph 14.07 of the General Conditions, OWNER shall pay the remainder of the value of the Contract Work completed, as recommended by ENGINEER as provided in said paragraph 14.07.

ARTICLE 6 - INTEREST

All monies not paid when due hereunder shall bear interest at the maximum rate allowed by law at the place of the Project, when requested in accordance with ORS 279C.570

ARTICLE 7 - CONTRACTOR'S REPRESENTATIONS

In order to induce OWNER to enter into this Agreement CONTRACTOR makes the following representations:

7.1 CONTRACTOR has familiarized himself with the nature and extent of the Contract Documents, Work, locality, and with all local conditions and federal, state and local laws, ordinances, rules and regulations that in any manner may affect cost, progress or performance of the Work.

7.2 CONTRACTOR has studied carefully all reports of investigations and tests of subsurface and latent physical conditions at the site or otherwise affecting cost, progress or performance of the Work which were relied upon by ENGINEER in the preparation of the Drawings and Specifications and which have been identified in the Supplementary Conditions.

7.3 CONTRACTOR has made or caused to be made examinations, investigations and tests and studies of such reports and related data in addition to those referred to in paragraph 7.2 as he deems necessary for the performance of the Work at the Contract Price, within the Contract Time and in accordance with the other terms and conditions of the Contract Documents; and no additional examinations, investigations, tests, reports or similar data are or will be required by CONTRACTOR for such purposes.

7.4 CONTRACTOR has correlated the results of all such observations, examinations, investigations, tests, reports and data with the terms and conditions of the Contract Documents.

7.5 CONTRACTOR has given ENGINEER written notice of all conflicts, errors or discrepancies that he has discovered in the Contract Documents and the written resolution thereof by ENGINEER is acceptable to CONTRACTOR.

ARTICLE 8 - CONTRACT DOCUMENTS

8.1 This Agreement

- 8.2 Exhibits to this Agreement.
- 8.3 Performance and other Bonds
- 8.4 Notice of Award.
- 8.5 General Conditions of the Construction Contract
- 8.6 Supplementary Conditions
- 8.7 Technical Specifications as listed in the Table of Contents.
- 8.8 Drawings & Specifications bearing the following general title:
City of Canby
2015 Street Maintenance Program
- 8.9 Addenda number 1.
- 8.10 CONTRACTOR'S Bid
- 8.11 Any Modification, including Change Orders, duly delivered after execution of Agreement.

There are no Contract Documents other than those listed above in this ARTICLE 8. The Contract Documents may only be altered, amended or repealed by a Modification (as defined in Article 1 of the General Conditions).

ARTICLE 9 - MISCELLANEOUS

- 9.1 Terms used in this Agreement which are defined in Article 1 of the General Conditions shall have the meanings indicated in the General Conditions.
- 9.2 No assignment by a party hereto of any rights under or interests in the Contract Documents will be binding on another party hereto without the written consent of the party sought to be bound; and specifically by without limitation, moneys that may become due and moneys that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents.
- 9.3 OWNER and CONTRACTOR each binds himself, his partners, successors, assigns and legal representatives to the other party hereto, his partners, successors, assigns and legal representatives in respect to all covenants, agreements and obligations contained in the Contract Documents.

9.4 In the event a suit, arbitration or other legal action is required by either the OWNER or the CONTRACTOR to enforce any provisions of this Agreement, the prevailing parties shall be entitled to all reasonable costs and reasonable attorney's fees upon trial or subsequent appeal.

IN WITNESS WHEREOF, the parties hereto have signed three counterparts of this Agreement.

This Agreement will be effective on _____, 2015.

OWNER:

City of Canby
P.O. Box 930
Canby, OR 97013

CONTRACTOR:

Eagle-Elsner, Inc.
P.O. Box 23294
Tigard, OR 97281

By: _____

By: _____

Name/Title: _____

Name/Title: _____

Name/Title: _____

Attest: _____

Address for giving notices:

City of Canby

Project: 2015 Street Maintenance and Resurfacing Project

Bid Date: 5/12/15

1

2

3

4

5

6

7

BID TABULATION				Eagle-Elsner	Kodiak Pacific Construction	S-2 Contractors	Roy Houck Construction	North Santiam Paving Co.	Brix Paving NW	Knife River
Basic Bid			Units		Unit / Total	Unit / Total	Unit / Total	Unit / Total	Unit / Total	Unit / Total
1	Mobilization	1	LS	\$ 4,804.43	\$ 25,070.62	\$ 16,000.00	\$ 25,450.00	\$ 36,500.00	\$ 20,867.28	\$ 38,028.00
				\$ 4,804.43	\$ 25,070.62	\$ 16,000.00	\$ 25,450.00	\$ 36,500.00	\$ 20,867.28	\$ 38,028.00
2	1/2' Dense Mix Asphalt Concrete Prelevel	100	Tons	\$ 116.87	\$ 103.86	\$ 120.00	\$ 85.00	\$ 98.00	\$ 82.84	\$ 96.00
				\$ 11,687.00	\$ 10,386.00	\$ 12,000.00	\$ 8,500.00	\$ 9,800.00	\$ 8,284.00	\$ 9,600.00
3	2" Lift, 1/2" Dense Mix Asphalt Concrete Pavement Overlay	1500	Tons	\$ 71.15	\$ 75.72	\$ 72.00	\$ 71.00	\$ 71.00	\$ 77.74	\$ 74.50
				\$ 106,725.00	\$ 113,580.00	\$ 108,000.00	\$ 106,500.00	\$ 106,500.00	\$ 116,610.00	\$ 111,750.00
4	Grind Existing Pavement (6' Wide Panel, 2" Max. Depth)	4600	LF	\$ 2.99	\$ 1.95	\$ 3.00	\$ 2.20	\$ 4.40	\$ 2.92	\$ 3.25
				\$ 13,754.00	\$ 8,970.00	\$ 13,800.00	\$ 10,120.00	\$ 20,240.00	\$ 13,432.00	\$ 14,950.00
5	Pavement Reconstruction	735	SY	\$ 45.58	\$ 24.00	\$ 25.00	\$ 50.00	\$ 30.00	\$ 45.36	\$ 36.00
				\$ 33,501.30	\$ 17,640.00	\$ 18,375.00	\$ 36,750.00	\$ 22,050.00	\$ 33,339.60	\$ 26,460.00
6	Truncated Dome Detectable Warning Cast-In-Place Mat	14	Ea	\$ 210.00	\$ 264.36	\$ 700.00	\$ 490.00	\$ 440.00	\$ 491.31	\$ 465.00
				\$ 2,940.00	\$ 3,701.04	\$ 9,800.00	\$ 6,860.00	\$ 6,160.00	\$ 6,878.34	\$ 6,510.00
7	Concrete Curb Type "C"	325	LF	\$ 41.56	\$ 37.01	\$ 40.00	\$ 30.00	\$ 61.00	\$ 40.34	\$ 50.00
				\$ 13,507.00	\$ 12,028.25	\$ 13,000.00	\$ 9,750.00	\$ 19,825.00	\$ 13,110.50	\$ 16,250.00
8	4" Concrete Sidewalk	100	SY	\$ 88.94	\$ 148.04	\$ 220.00	\$ 220.00	\$ 140.00	\$ 227.70	\$ 305.00
				\$ 8,894.00	\$ 14,804.00	\$ 22,000.00	\$ 22,000.00	\$ 14,000.00	\$ 22,770.00	\$ 30,500.00
9	4" Wide Yellow or White Thermoplastic Stripe	1550	LF	\$ 1.42	\$ 1.43	\$ 1.50	\$ 1.35	\$ 1.40	\$ 1.49	\$ 1.40
				\$ 2,201.00	\$ 2,216.50	\$ 2,325.00	\$ 2,092.50	\$ 2,170.00	\$ 2,309.50	\$ 2,170.00
10	12" or 24" Wide White Thermoplastic Stop and Crosswalk Bars, 24" Wide x 9' Long Continental Crosswalk	2600	SF	\$ 4.36	\$ 4.39	\$ 5.50	\$ 5.10	\$ 4.25	\$ 4.59	\$ 4.50
				\$ 11,336.00	\$ 11,414.00	\$ 14,300.00	\$ 13,260.00	\$ 11,050.00	\$ 11,934.00	\$ 11,700.00
11	International ADA Symbols	3	Ea	\$ 393.75	\$ 396.53	\$ 200.00	\$ 320.00	\$ 390.00	\$ 414.92	\$ 385.00
				\$ 1,181.25	\$ 1,189.59	\$ 600.00	\$ 960.00	\$ 1,170.00	\$ 1,244.76	\$ 1,155.00
TOTAL BASIC BID				\$ 210,530.98	\$ 221,000.00	\$ 230,200.00	\$ 242,242.50	\$ 249,465.00	\$ 250,779.98	\$ 269,073.00

* Bold Numbers indicate a math error

CITY OF CANBY 2015 STREET MAINTAINENCE PROGRAM MAP



2" AC OVERLAY



ORDINANCE NO. 1419

AN ORDINANCE AMENDING CANBY MUNICIPAL CODE CHAPTER 9.32 DRUG PARAPHERNALIA SECTION 9.32.040 OFFENSES AND PENALTIES AND SECTION 9.32.060 NUISANCE

WHEREAS, the City of Canby currently has a Municipal Code, Chapter 9.32 based upon the Model Drug Paraphernalia Act authorized by the Drug Enforcement Administration of the United States Department of Justice; and

WHEREAS, the People of the State of Oregon recently voted to legalize (under Oregon State law) the use of recreational marijuana for people over the age of twenty-one years; and

WHEREAS, the Canby Municipal Code needed to reflect these recent changes in Oregon law as it relates to drug paraphernalia; now therefore.

THE CITY OF CANBY, OREGON, ORDAINS AS FOLLOWS:

1. Section 9.32.040 and 9.32.060 of the Canby Municipal Code are amended to read as follows:

§ 9.32.040 Offenses and penalties.

A. Possession of Drug Paraphernalia. It is unlawful for any person to use or to possess with intent to use drug paraphernalia to plant, propagate, cultivate, grow, harvest, manufacture, compound, convert, produce, process, prepare, test, analyze, pack, repack, store, contain, conceal, inject, ingest, inhale or otherwise introduce into the human body a controlled substance. Any person who violates this subsection is guilty of an infraction and upon conviction may be fined not more than \$500. **As of July 1, 2015, it is a valid defense to this section that a violator of this section is twenty-one years or older at the time of the offense, and that the paraphernalia was solely for uses involving marijuana.**

B. Manufacture or Delivery of Drug Paraphernalia. It is unlawful for any person to deliver, possess with intent to deliver, or manufacture with intent to deliver drug paraphernalia, knowing or under circumstances where one reasonably should know that it will be used to plant, propagate, cultivate, grow, harvest, manufacture, compound, convert, produce, process, prepare, test, analyze, pack, repack, store, contain, conceal, inject, ingest, inhale or otherwise introduce into the human body a controlled substance. Any person who violates this subsection is guilty of an infraction and upon conviction may be fined not more than \$500. **As of July 1, 2015, it is a valid defense to this section that a violator of this section is twenty-one years or older at the time of the offense, and that the paraphernalia was solely for uses involving marijuana by others also over the age of twenty-one years.**

C. Delivery of Drug Paraphernalia to a Minor. Any person 18 years of age or over who violates division B. of this section by delivering drug paraphernalia to a person under 18 years of age ~~who is at least 3 years his or her junior~~ is guilty of a misdemeanor offense and upon conviction may be imprisoned for not more than 1 year, fined not more than ~~\$2,500~~ **\$6,250**, or both.

D. Advertisement of Drug Paraphernalia. It is unlawful for any person to place in any newspaper, magazine, handbill or other publication any advertisement, knowing that the purpose of the advertisement, in whole or in part, is to promote the sale of objects

designed or intended for use as drug paraphernalia. Any person who violates this section is guilty of an infraction and upon conviction may be fined not more than \$500.

§ 9.32.060 Nuisance.

A. Drug paraphernalia are public nuisances. Any peace officer who has probable cause to believe these items enumerated above are being possessed in violation of this chapter shall summarily seize any paraphernalia and shall deliver it to the Chief of Police, who shall hold it subject to the order of the Municipal Court. **Officers operating under this section should consider the new, valid defenses above as of July 1, 2015.**

SUBMITTED to the Canby City Council and read the first time at a regular meeting therefore on Wednesday, June 3, 2015; ordered posted as required by the Canby City Charter and scheduled for second reading on Wednesday, June 17, 2015, after the hour of 7:30 p.m. at the Council Meeting Chambers located at 155 NW 2nd Avenue, Canby, Oregon.

Kimberly Scheafer, MMC
City Recorder

PASSED on second and final reading by the Canby City Council at a regular meeting thereof on the 17th day of June 2015, by the following vote:

YEAS _____

NAYS _____

Brian Hodson
Mayor

ATTEST:

Kimberly Scheafer, MMC
City Recorder