

# Council Business Meeting

July 3, 2018

**Title:** Approval of a public contract for Municipal Audit Services  
**From:** Mark Welch Administrative Services Director  
mark.welch@ashland.or.us

## Summary:

Approval is being requested to award a public contract for a **Municipal Audit Services** to **Moss Adams LLP**. The contract for Municipal Audit Services will be for a **five (5) year term** beginning in July 2019 and ending in June 2024.

## Actions, Options, or Potential Motions:

The Council, acting as the Local Contract Review Board, moves to approve the award of a public contract to Moss Adams LLP for Municipal Audit Services.

## Staff Recommendation:

Staff recommends the public contract for Municipal Audit Services be awarded to Moss Adams LLP.

## Resource Requirements:

Funds will be budgeted for municipal audit services as follows:

<b>Fiscal Year</b>	<b>Proposed Cost</b>
FY 2019	\$58,500.00
FY 2020	60,175.00
FY 2021	61,875.00
FY 2022	63,725.00
FY 2023	65,600.00
<b>Total amount for five (5) fiscal years</b>	<b>\$309,875.00</b>

## Policies, Plans and Goals Supported:

This contract award for a qualified independent municipal auditing firm to provide Municipal Audit Services will support the City's goals of financial accuracy, transparency and auditor rotation.

## Background and Additional Information:

The sourcing method used to acquire these services is a formal Competitive Sealed Proposal (Request for Proposal). The City received a record number five (5) proposals in response to this RFP. The proposals were evaluated in accordance with the evaluation process and criteria established in the RFP and all five (5) proposals were deemed to be RESPONSIVE by a three-person evaluation committee.

Pursuant to ORS 279.100, the City has the authority to reject a proposal if it is in the City's best interest. The proposal submitted by Pauly, Rogers, & Co., PC, has been rejected by the evaluation committee solely for the implementation of auditor rotation. Pauly, Rogers, & Co., PC, has been the City's independent municipal auditor for the previous 15+ years (three consecutive 5-year contracts). Having active participation in the solicitation process and receiving a record number five (5) RESPONSIVE proposals from qualified firms has allowed the evaluation committee to consider and implement auditor rotation. It is clearly and simply in the **City's best interest** to implement **auditor rotation** at this time.

**ORS 279B.100 Cancellation, rejection, delay of invitations for bids or requests for proposals.** (1) Any solicitation or procurement described in a solicitation may be canceled, or **any or all bids or proposals may be rejected in whole or in part, when the cancellation or rejection is in the best interest of the contracting agency as determined by the contracting agency.** The reasons for the cancellation or rejection must be made part of the solicitation file. A contracting agency is not liable to any bidder or proposer for any loss or expense caused by or resulting from the cancellation or rejection of a solicitation, bid, proposal or award.

In addition to satisfying the City's public contracting rules, the GFOA makes the following recommendations:

**GFOA makes the following recommendations regarding the selection of auditing services:**

*Governmental entities should undertake a full-scale competitive process for the selection of independent auditors at the end of the term of each audit contract, consistent with applicable legal requirements. Ideally, auditor independence would be enhanced by a policy requiring that the independent auditor be replaced at the end of the audit contract, as is often the case in the private sector. Unfortunately, the frequent lack of competition among audit firms fully qualified to perform public-sector audits could make a policy of mandatory auditor rotation counterproductive. In such cases, it is recommended that a governmental entity actively seek the participation of all qualified firms, including the current auditors, assuming that the past performance of the current auditors has proven satisfactory. Except in cases where a multiyear agreement has taken the form of a series of single-year contracts, a contractual provision for the automatic renewal of the audit contract (e.g., an automatic second term for the auditor upon satisfactory performance) is inconsistent with this recommendation.*

**Attachments:**

RFP Municipal Audit Services – Evaluation Summary  
Contract for Municipal Audit Services

**City of Ashland**  
**Request for Proposal**  
**MUNICIPAL AUDIT SERVICES**  
**Evaluation Summary**  
**June 11, 2018**

Evaluation Criteria	Points	Isler CPA			KDP CPAs LLP			Moss Adams LLP			Pauly, Rogers & Co. PC			Umpqua Valley Financial		
		#1	#2	#3	#1	#2	#3	#1	#2	#3	#1	#2	#3	#1	#2	#3
Letter of Introduction, Table of Contents & Proposal Submission Form (Exhibit A)	5	5	4	5	5	5	5	5	4	5	5	4	5	5	3	5
Qualifications and Experience	30	30	22	25	24	28	30	30	30	30	30	25	30	25	20	25
Proposed Services	25	25	25	25	22	25	25	25	25	25	25	25	25	23	20	25
Sample Reports	10	9	5	10	8	8	10	10	10	10	9	10	10	10	10	10
References	10	10	7	10	7	10	10	10	7	10	10	10	10	7	8	10
Contract Terms and Conditions & Certificate of Compliance (Exhibit C and Exhibit E)	5	5	5	5	5	5	5	5	3	5	5	5	5	5	5	5
<b>SUBTOTAL</b>	<b>85</b>	84	68	80	71	81	85	85	79	85	84	79	85	75	66	80
Cost Proposal (Exhibit B)	25	23.21	23.21	23.21	21.13	21.13	21.13	22.15	22.15	22.15	24.36	24.36	24.36	25	25	25
<b>TOTAL</b>	<b>110</b>	107.21	91.21	103.21	92.13	102.13	106.13	107.15	101.15	107.15	108.36	103.36	109.36	100	91	105
<b>GRAND TOTAL</b>		<b>301.63</b>			<b>300.39</b>			<b>315.45</b>			<b>321.08..... Rejected/Auditor Rotation)</b>			<b>296</b>		

Name of Proposer	Total for five (5) years	Calculation	Percentage	Points
Umpqua Valley Financial	\$286,000.00	\$286,000	100%	25
Pauly, Rogers & Co., PC	\$293,525.00	\$286,000/\$293,525	97.44	24.36
Isler CPA	\$298,800.00	\$286,000/\$298,800	95.72	23.21
Moss Adams LLP	\$309,875.00	\$286,000/\$309,875	92.30	22.15
KDP CPAs LLP	\$311,375.00	\$286,000/\$311,375	91.85	21.13

## PERSONAL SERVICES AGREEMENT

### CITY OF ASHLAND

20 East Main Street  
Ashland, Oregon 97520  
Telephone: 541/488-5300  
Fax: 541/552-2059

CONSULTANT: Moss Adams LLP

CONTACT: Amanda McCleary-Moore, Partner

ADDRESS: 221 Stewart Avenue, Suite 301  
Medford, Oregon 97501

TELEPHONE: 541-857-1040

FAX: 541-773-2101

EMAIL: [amnada.mccleary-moore@mossadams.com](mailto:amnada.mccleary-moore@mossadams.com)

This Personal Services Agreement (hereinafter "Agreement") is entered into by and between the City of Ashland, an Oregon municipal corporation (hereinafter "City") and **Moss Adams LLC**, a domestic professional corporation ("hereinafter "Consultant"), for **Municipal Audit Services**.

**NOW THEREFORE**, in consideration of the mutual covenants contained herein, the City and Consultant hereby agree as follows:

- Effective Date and Duration:** This Agreement shall become effective on **July 1, 2018** and continue for a **term of five (5) years**, and unless sooner terminated as specifically provided herein, shall terminate upon the City's affirmative acceptance of Consultant's Work as complete and Consultant's acceptance of the City's final payment therefore, but not later than **June 30, 2024**.
- Scope of Work:** Consultant will provide Municipal Audit Services as more fully set forth in the City's **RFP Scope of Work** attached hereto as "**Exhibit C**" and **Consultant's Proposal** dated May 8, 2018, which is attached hereto as "**Exhibit D**" and incorporated herein by this reference. Consultant's services are collectively referred to herein as the "Work."
- Supporting Documents/Conflicting Provisions:** This Agreement and any exhibits or other supporting documents shall be construed to be mutually complimentary and supplementary wherever possible. In the event of a conflict which cannot be so resolved, the provisions of this Agreement itself shall control over any conflicting provisions in any of the exhibits or supporting documents.
- All Costs Borne By Consultant:** Consultant shall, at its own risk and expense, perform the Work described above and, unless otherwise specified in this Agreement, furnish all labor, equipment, and materials required for the proper performance of such Work.
- Qualified Work:** Consultant has represented, and by entering into this Agreement now represents, that all personnel assigned to the Work to be performed under this Agreement are fully qualified to perform the service to which they will be assigned in a skilled and worker-like manner and, if required to be registered, licensed or bonded by the State of Oregon, are so registered, licensed and bonded.

6. **Compensation:** City shall pay Consultant the **proposed fees set forth in the Fee Arrangement Worksheet** attached hereto as "**Exhibit E**" as full compensation for Consultant's performance of all Work under this Agreement. In no event shall Consultant's total of all compensation and reimbursement under this Agreement exceed the sum of the **proposed fees**, without the express, written approval from the City official whose signature appears below, or such official's successor in office. Payments shall be made within 30 days of the date of receipt by the City of Consultant's invoice. Should this Agreement be terminated prior to completion of all Work, payments will be made for any phase of the Work completed and accepted as of the date of termination.
7. **Ownership of Work/Documents:** All Work product or documents produced in furtherance of this Agreement belong to the City, and any copyright, patent, trademark proprietary or any other protected intellectual property right shall vest in and is hereby assigned to the City.
8. **Statutory Requirements:** The following laws of the State of Oregon are hereby incorporated by reference into this Agreement: ORS 279B.220, 279B.230 and 279B.235.
9. **Living Wage Requirements:** If the amount of this Agreement is \$20,688.86 or more, Consultant is required to comply with Chapter 3.12 of the Ashland Municipal Code by paying a living wage, as defined in that chapter, to all employees performing Work under this Agreement and to any Subcontractor who performs 50% or more of the Work under this Agreement. Consultant is also required to post the notice attached hereto as "**Exhibit B**" predominantly in areas where it will be seen by all employees.
10. **Indemnification:** Consultant hereby agrees to defend, indemnify, save, and hold City, its officers, employees, and agents harmless from any and all losses, claims, actions, costs, expenses, judgments, subrogations, or other damages resulting from injury to any person (including injury resulting in death), or damage (including loss or destruction) to property, of whatsoever nature arising out of or incident to the performance of this Agreement by Consultant (including but not limited to, Consultant's employees, agents, and others designated by Consultant to perform Work or services attendant to this Agreement). However, Consultant shall not be held responsible for any losses, expenses, claims, subrogations, actions, costs, judgments, or other damages, caused solely by the negligence of City.
11. **Termination:**
  - a. Mutual Consent. This Agreement may be terminated at any time by the mutual consent of both parties.
  - b. City's Convenience. This Agreement may be terminated by City at any time upon not less than 30 days' prior written notice delivered by certified mail or in person.
  - c. For Cause. City may terminate or modify this Agreement, in whole or in part, effective upon delivery of written notice to Consultant, or at such later date as may be established by City under any of the following conditions:
    - i. If City funding from federal, state, county or other sources is not obtained and continued at levels sufficient to allow for the purchase of the indicated quantity of services;
    - ii. If federal or state regulations or guidelines are modified, changed, or interpreted in such a way that the services are no longer allowable or appropriate for purchase under this Agreement or are no longer eligible for the funding proposed for payments authorized by this Agreement; or

iii. If any license or certificate required by law or regulation to be held by Consultant to provide the services required by this Agreement is for any reason denied, revoked, suspended, or not renewed.

d. For Default or Breach.

i. Either City or Consultant may terminate this Agreement in the event of a breach of the Agreement by the other. Prior to such termination the party seeking termination shall give to the other party written notice of the breach and its intent to terminate. If the party committing the breach has not entirely cured the breach within fifteen (15) days of the date of the notice, or within such other period as the party giving the notice may authorize in writing, then the Agreement may be terminated at any time thereafter by a written notice of termination by the party giving notice.

ii. Time is of the essence for Consultant's performance of each and every obligation and duty under this Agreement. City by written notice to Consultant of default or breach may at any time terminate the whole or any part of this Agreement if Consultant fails to provide services called for by this Agreement within the time specified herein or within any extension thereof.

iii. The rights and remedies of City provided in this subsection (d) are not exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

e. Obligation/Liability of Parties. Termination or modification of this Agreement pursuant to subsections a, b, or c above shall be without prejudice to any obligations or liabilities of either party already accrued prior to such termination or modification. However, upon receiving a notice of termination (regardless whether such notice is given pursuant to Subsection a, b, c, or d of this section, Consultant shall immediately cease all activities under this Agreement, unless expressly directed otherwise by City in the notice of termination. Further, upon termination, Consultant shall deliver to City all Agreement documents, information, works-in-progress and other property that are or would be deliverables had the Agreement been completed. City shall pay Consultant for Work performed prior to the termination date if such Work was performed in accordance with this Agreement.

12. **Independent Contractor Status:** Consultant is an independent contractor and not an employee of the City for any purpose. Consultant shall have the complete responsibility for the performance of this Agreement. Consultant shall provide workers' compensation coverage as required in ORS Chapter 656 for all persons employed to perform Work pursuant to this Agreement. Consultant is a subject employer that will comply with ORS 656.017.

13. **Assignment:** Consultant shall not assign this Agreement or subcontract any portion of the Work without the written consent of City. Any attempted assignment or subcontract without written consent of City shall be void. Consultant shall be fully responsible for the acts or omissions of any assigns or subcontractors and of all persons employed by them, and the approval by City of any assignment or subcontract of the Work shall not create any contractual relation between the assignee or subcontractor and City.

14. **Default.** The Consultant shall be in default of this Agreement if Consultant: commits any material breach or default of any covenant, warranty, certification, or obligation under the Agreement; institutes an action for relief in bankruptcy or has instituted against it an action for insolvency; makes a general assignment for the benefit of creditors; or ceases doing business on a regular basis of the type identified

in its obligations under the Agreement; or attempts to assign rights in, or delegate duties under, this Agreement.

**15. Insurance.** Consultant shall, at its own expense, maintain the following insurance:

- a. Worker's Compensation insurance in compliance with ORS 656.017, which requires subject employers to provide Oregon workers' compensation coverage for all their subject workers
- b. Professional Liability insurance with a combined single limit, or the equivalent, of not less than \$2,000,000 (two million dollars) per occurrence. This is to cover any damages caused by error, omission or negligent acts related to the professional services to be provided under this Agreement.
- c. General Liability insurance with a combined single limit, or the equivalent, of not less than \$2,000,000 (two million dollars) per occurrence for Bodily Injury, Death, and Property Damage.
- d. Automobile Liability insurance with a combined single limit, or the equivalent, of not less than \$1,000,000 (one million dollars) for each accident for Bodily Injury and Property Damage, including coverage for owned, hired or non-owned vehicles, as applicable.
- e. Notice of cancellation or change. There shall be no cancellation, material change, reduction of limits or intent not to renew the insurance coverage(s) without 30 days' prior written notice from the Consultant or its insurer(s) to the City.
- f. Additional Insured/Certificates of Insurance. Consultant shall name the City of Ashland, Oregon, and its elected officials, officers and employees as Additional Insureds on any insurance policies, excluding Professional Liability and Workers' Compensation, required herein, but only with respect to Consultant's services to be provided under this Agreement. The consultant's insurance is primary and non-contributory. As evidence of the insurance coverages required by this Agreement, the Consultant shall furnish acceptable insurance certificates prior to commencing the Work under this Agreement. The certificate will specify all of the parties who are Additional Insureds. Insuring companies or entities are subject to the City's acceptance. If requested, complete copies of insurance policies; trust agreements, etc. shall be provided to the City. The Consultant shall be financially responsible for all pertinent deductibles, self-insured retentions, and/or self-insurance.

**16. Nondiscrimination:** Consultant agrees that no person shall, on the grounds of race, color, religion, creed, sex, marital status, familial status or domestic partnership, national origin, age, mental or physical disability, sexual orientation, gender identity or source of income, suffer discrimination in the performance of any Work under this Agreement when employed by Consultant. Consultant agrees to comply with all applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations. Further, Consultant agrees not to discriminate against a disadvantaged business enterprise, minority-owned business, woman-owned business, a business that a service-disabled veteran owns or an emerging small business enterprise certified under ORS 200.055, in awarding subcontracts as required by ORS 279A.110.

**17. Consultant's Compliance With Tax Laws:**

17.1 Consultant represents and warrants to the City that:

17.1.1 Consultant shall, throughout the term of this Agreement, including any extensions hereof, comply with:

- (i) All tax laws of the State of Oregon, including but not limited to ORS 305.620 and ORS Chapters 316, 317, and 318;
- (ii) Any tax provisions imposed by a political subdivision of the State of Oregon applicable to Consultant; and

(iii) Any rules, regulations, charter provisions, or ordinances that implement or enforce any of the foregoing tax laws or provisions.

17.1.2 Consultant, for a period of no fewer than six (6) calendar years preceding the Effective Date of this Agreement, has faithfully complied with:

- (i) All tax laws of the State of Oregon, including but not limited to ORS 305.620 and ORS Chapters 316, 317, and 318;
- (ii) Any tax provisions imposed by a political subdivision of the State of Oregon applicable to Consultant; and
- (iii) Any rules, regulations, charter provisions, or ordinances that implement or enforce any of the foregoing tax laws or provisions.

18. **Governing Law; Jurisdiction; Venue:** This Agreement shall be governed and construed in accordance with the laws of the State of Oregon without resort to any jurisdiction's conflict of laws, rules or doctrines. Any claim, action, suit or proceeding (collectively, "the claim") between the City and the Consultant that arises from or relates to this Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Jackson County for the State of Oregon. If, however, the claim must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon filed in Jackson County, Oregon. Consultant, by its signature hereon of its authorized representative, hereby consents to the *in personam* jurisdiction of said courts.
19. THIS AGREEMENT AND THE ATTACHED EXHIBITS CONSTITUTE THE ENTIRE UNDERSTANDING AND AGREEMENT BETWEEN THE PARTIES. NO WAIVER, CONSENT, MODIFICATION OR CHANGE OF TERMS OF THIS AGREEMENT SHALL BIND EITHER PARTY UNLESS IN WRITING AND SIGNED BY BOTH PARTIES. SUCH WAIVER, CONSENT, MODIFICATION OR CHANGE, IF MADE, SHALL BE EFFECTIVE ONLY IN THE SPECIFIC INSTANCE AND FOR THE SPECIFIC PURPOSE GIVEN. THERE ARE NO UNDERSTANDINGS, AGREEMENTS, OR REPRESENTATIONS, ORAL OR WRITTEN, NOT SPECIFIED HEREIN REGARDING THIS AGREEMENT. CONSULTANT, BY SIGNATURE OF ITS AUTHORIZED REPRESENTATIVE, HEREBY ACKNOWLEDGES THAT HE/SHE HAS READ THIS AGREEMENT, UNDERSTANDS IT, AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS.
20. **Amendments.** This Agreement may be amended only by written instrument executed by both parties with the same formalities as this Agreement.
21. **Nonappropriations Clause.** Funds Available and Authorized: City has sufficient funds currently available and authorized for expenditure to finance the costs of this Agreement within the City's fiscal year budget. Consultant understands and agrees that City's payment of amounts under this Agreement attributable to Work performed after the last day of the current fiscal year is contingent on City appropriations, or other expenditure authority sufficient to allow City in the exercise of its reasonable administrative discretion, to continue to make payments under this Agreement. In the event City has insufficient appropriations, limitations or other expenditure authority, City may terminate this Agreement without penalty or liability to City, effective upon the delivery of written notice to Consultant, with no further liability to Consultant.



22. **Certification.** Consultant shall sign the certification attached hereto as "**Exhibit A**" and incorporated herein by this reference.

**CITY OF ASHLAND:**

**MOSS ADAMS LLP:**

By: \_\_\_\_\_

City Administrator

By: \_\_\_\_\_

Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

Purchase Order No. \_\_\_\_\_

(W-9 is to be submitted with this signed Agreement)

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Assistant City Attorney

\_\_\_\_\_  
Date

**EXHIBIT A**

**CERTIFICATIONS/REPRESENTATIONS:** Consultant, by and through its authorized representative, under penalty of perjury, certifies that (a) the number shown on the attached W-9 form is its correct taxpayer ID (or is waiting for the number to be issued to it and (b) Consultant is not subject to backup withholding because: (i) it is exempt from backup withholding, or (ii) it has not been notified by the Internal Revenue Service (IRS) that it is subject to backup withholding as a result of a failure to report all interest or dividends, or (iii) the IRS has notified it that it is no longer subject to backup withholding. Consultant further represents and warrants to City that: (a) it has the power and authority to enter into and perform the Work, (b) the Agreement, when executed and delivered, shall be a valid and binding obligation of Consultant enforceable in accordance with its terms, (c) the work under the Agreement shall be performed in accordance with the highest professional standards, and (d) Consultant is qualified, professionally competent, and duly licensed (if applicable) to perform the Work. Consultant also certifies under penalty of perjury that its business is not in violation of any Oregon tax laws, it is an independent contractor as defined in the Agreement, it is authorized to do business in the State of Oregon, and Consultant has checked four or more of the following criteria that apply to its business.

- \_\_\_\_\_ (1) Consultant carries out the work or services at a location separate from a private residence or is in a specific portion of a private residence, set aside as the location of the business.
- \_\_\_\_\_ (2) Commercial advertising or business cards or a trade association membership are purchased for the business.
- \_\_\_\_\_ (3) Telephone listing is used for the business separate from the personal residence listing.
- \_\_\_\_\_ (4) Labor or services are performed only pursuant to written contracts.
- \_\_\_\_\_ (5) Labor or services are performed for two or more different persons within a period of one year.
- \_\_\_\_\_ (6) Consultant assumes financial responsibility for defective workmanship or for service not provided as evidenced by the ownership of performance bonds, warranties, errors and omission (professional liability) insurance or liability insurance relating to the Work or services to be provided.

\_\_\_\_\_ Consultant \_\_\_\_\_ Date

EXHIBIT B

CITY OF ASHLAND, OREGON

# City of Ashland LIVING WAGE

ALL employers described below must comply with City of Ashland laws regulating payment of a living wage.

**\$14.81** per hour, effective June 30, 2017.



The Living Wage is adjusted annually every June 30 by the Consumer Price Index.

## Employees must be paid a living wage:

- For all hours worked under a service contract between their employer and the City of Ashland if the contract exceeds **\$20,688.86** or more.
- For all hours worked in a month if the employee spends 50% or more of the employee's time in that month working on a project or

portion of business of their employer, if the employer has ten or more employees, and has received financial assistance for the project or business from the City of Ashland in excess of **\$20,688.86**.

- If their employer is the City of Ashland, including the Parks and Recreation Department.
- In calculating the living wage, employers may add the value of health care, retirement,

401K and IRS eligible cafeteria plans (including childcare) benefits to the amount of wages received by the employee.

- **Note:** For temporary and part-time employees, the Living Wage does **not** apply to the first 1040 hours worked in any calendar year. For more details, please see Ashland Municipal Code Section 3.12.020.

## For additional information:

Call the Ashland City Administrator's office at 541-488-6002 or write to the City Administrator, City Hall, 20 East Main Street, Ashland, OR 97520, or visit the City's website at [www.ashland.or.us](http://www.ashland.or.us).

**Notice to Employers:** This notice must be posted predominantly in areas where it can be seen by all employees.

CITY OF  
ASHLAND

# Exhibit C

## SCOPE OF SERVICES

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The City of Ashland is requesting proposals for **municipal audit services** from qualified, licensed and experienced independent accounting firms. Annual municipal audits will be performed for the City of Ashland and Ashland Park and Recreation Commission. Additional audits will be required for the City's Food and Beverage Tax and the City's Transient Occupancy Tax.

The format of audit papers must allow the City to meet the requirements of the GFOA Comprehensive Annual Financial Reports (CAFR), including the CUFR, reporting program. The City of Ashland anticipates the continued submission of its CAFR, including the CUFR (Component Unit Financial Report) for Ashland Park and Recreation Commission, to the GFOA for the *Certificate of Achievement for Excellence in Financial Reporting*.

The annual municipal audits will encompass a financial and compliance examination of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information, which collectively comprises the financial statements of the City of Ashland and Ashland Parks and Recreation Commission.

The City's intent is to award a contract to the highest ranked proposer for a term of five (5) years.

<p><small>Note: The City's public contracting requirements require a formal solicitation (Request for Proposal) be processed and a resulting contract be executed for a specific term (number of years). When the contract and options to extend the contract expire, the City is required to process another formal solicitation (Request for Proposal) to acquire the required services.</small></p>
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The successful proposer will be required to meet the highest standards prevalent for the following scope of services:

### **A. Comprehensive Annual Financial Reports (CAFR)**

The City of Ashland, Administrative Services Department prepares a CAFR for the City and for the Ashland Park and Recreation Commission (the City's Component Unit Financial Report - CUFR). They are prepared to conform fully with Generally Accepted Accounting Principles (GAAP), the Minimum Standards as defined in ORS 297 and to be in full compliance with applicable pronouncements of the Governmental Accounting Standards Board (GASB) and /or the Financial Accounting Standards Board (FASB), and as appropriate, disclosures required by State regulations.

Independent auditor reports on the examination of each of these basic financial statements are required. The purpose of the auditor's examinations is to form an opinion on the fairness of presentation, in accordance with GAAP, of the basic financial statements taken as a whole. The combining, individual fund and financial statements and schedules, as listed in the additional information section of the CAFR are to be examined "in relation to" the basic financial statements.

As part of the audit(s), the selected audit firm will be required to perform an evaluation of the internal accounting controls and communicate any weaknesses and recommendations as required in the CAFR and CUFR in separate letters to management.

The selected audit firm shall have conducted an examination of, and have issued its opinion on the financial statements, including auditor's comments and disclosures required by the Minimum Standards for Audits for Oregon Municipal Corporations, no later than November 15 of each year. Each year the schedule will be reviewed and adjusted if appropriate.

For the interim work, the files can be ready in March depending on requested information. For the Final audit work, the records will be ready by the last week in August, again depending on requested information.

All work papers beyond those prepared by the City and Parks in the normal process of fiscal closing will be the responsibility of the selected auditor. The selected auditor will annually provide the City with copies (electronic is acceptable) of final work papers prior to final payment.

The **City of Ashland 2017-2019 Biennium Budget** can be found on the City's website at: [http://www.ashland.or.us/SIB/files/2017-19%20Budget/2017\\_19\\_Budget\\_Complete.pdf](http://www.ashland.or.us/SIB/files/2017-19%20Budget/2017_19_Budget_Complete.pdf)

The **City of Ashland Comprehensive Annual Financial Report** can be found on the City's website at: <http://www.ashland.or.us/Files/2017%20CAFR.pdf>

#### **B. Report on the Single Audit**

A report on the results of a single audit of the City's and Parks' grants may be required by the Uniform Single Audit Act of 1984 (as revised in 1996) and OBB Circular A-133, "Audits of State and local Governments." City staff will provide schedules of grant activity; however, the selected audit firm is expected to prepare the Schedule of Federal Financial Assistance reconciled to the City's financial statements.

Should the City and/or Parks require a Single Audit, the following will be required:  
The selected audit firm is expected to prepare and deliver its report on the single audit no later than November 15 of each year. The report on the single audit shall state that the audit was made in accordance with the provisions of OMB Circular A-133 and shall include at a minimum:

1. The selected audit firm's opinion on the combined financial statements and a report stating that the Schedule of Federal Financial Assistance was examined "in relation to" the basic financial statements;
2. The selected audit firms' report on the study and evaluation of internal control systems. The report must identify the City's significant internal accounting controls, and those controls designed to provide reasonable assurance that Federal programs are being managed in compliance with applicable laws and regulations. This report must also identify those controls which were not evaluated, and any material weaknesses identified as a result of the evaluation; and
3. The selected audit firm's report on compliance with Federal laws and regulations containing:
  - a. Statement of positive assurance with respect to those items tested for compliance, including compliance with laws and regulations pertaining to financial reports and claims for advances and reimbursements. In addition, the firm's report should disclose whether the City has, for each of its major federal assistance programs, complied with laws and regulations for which noncompliance could have a material effect on the allowable program expenditures;
  - b. Statement of negative assurance on those items not tested;
  - c. Summary of all instances of noncompliance;
  - d. Identification of total amount of costs questioned, if any, for each Federal assistance award, as a result of noncompliance; and
  - e. Other statements or reports to satisfy state and local government's requirements.

If the selected audit firm finds indications of fraud or illegal acts, the firm is required to submit a separate written report, including questioned costs found as a result of these acts, to the City or Parks.

#### **C. Management Letter(s)**

The letter should include recommendations to management, prepared by the selected audit firm in

letter form, which include any findings, observations, opinions, comments or recommendations, relating to internal control, accounting systems, data processing, compliance with laws, rules and regulations, or any other matters that come to the attention of the audit firm during the course of the examination and, in the opinion of the audit firm, warrant the attention of management. Such recommendations shall not be construed as special or additional studies, but shall be limited to those usually associated with the study of internal control systems and procedures as a part of an examination of financial statements. The management letter(s) and management's written responses shall be discussed with City officials prior to publication. The selected audit firm will prepare and deliver ten (10) copies of the final report to the City following the same schedule as for the CAFR and CUFR.

**D. Modifications to Original Audit Scope and Contract Amount**

In the event that circumstances disclosed by either audit indicate that a more extensive and detailed examination is required, in addition to that which would be sufficient under normal circumstances, the selected audit firm shall provide all pertinent facts relative to the extraordinary circumstances together with the firm's cost estimate of the additional services to the City. Any fees relating to such extensions of examination procedures are to be considered as additional fees subject to negotiation and are not included within the scope of services to be performed under the original contract signed as a result of this RFP.

**E. Other Services**

1. **GFOA Certificate of Achievement**

The selected audit firm is expected to assist the City and Parks in obtaining the Certificate of Achievement for Excellence in Financial Reporting award for its CAFR and CUFR from GFOA. The program affirms that the financial report(s) not only comply with generally accepted accounting principles and applicable legal requirements, but are also easy to read, efficiently organized and conform to program standards.

2. **Other Technical Assistance**

As a part of the overall audit contract and included in the fee for the audit(s), the City and Parks expect to receive from the audit firm a variety of technical assistance throughout the fiscal year. This would include assistance with the implementation of future GASB statements as well as assistance in other accounting, reporting, or internal control questions.

3. **Additional Audits**

The auditor will also schedule and perform limited scope audits of local businesses for conformance to Ashland Municipal Code Section 4, Chapters 24 and 34 providing four reviews of Hotel/Motel and six reviews of prepared food establishments each year. In support of the auditor, City staff will assist selecting those to be audited using a random selection process and also coordinate schedules and appointments if needed.

Typically, an audit involves a site visit to a local business to review all of the data that the business uses to prepare a Food & Beverage and TOT (Transient Occupancy Tax) tax return. Then it requires an audit of approximately three months of data to verify how they collect the tax, whether the tax is included in the price or is added separately and finally to verify the amount of sales to the amount reported on the tax return.

4. **Additional Services**

Proposals shall contain provisions for dealing with extraordinary circumstances discovered during the audit that may require an expansion of audit work beyond that

which was originally planned.

In addition, the selected audit firm may be requested to perform special projects for the City during the year. Because of variations in the demand for additional services from year to year, such work will be contracted for, provided, and billed separately to the City on an hourly or otherwise agreed-upon basis.

**F. Fee Arrangement**

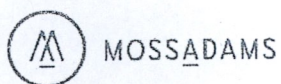
The fees being proposed for the audit services shall be provided on the **Fee Arrangement Worksheet** attached as **Exhibit B**.

**G. Contract**

The City's intent is to award a contract to the highest ranked proposer for a term of five (5) years, beginning with the fiscal year ending June 30, 2019.

**Work to begin July 1, 2018**, which is the first day of fiscal year 2019.

# Exhibit D



# OPPORTUNITY RISING

*TECHNICAL AUDIT PROPOSAL FOR*

**CITY OF ASHLAND**

---

**Amanda McCleary-Moore, Partner**

Moss Adams LLP  
221 Stewart Avenue, Suite 301  
Medford, OR 97501  
(541) 857-1040





MOSSADAMS

Dear Mr. Welch:

Thank you for the opportunity to present this proposal to City of Ashland (City) for independent audit services. You'll find our firm is highly qualified and has vast experience in serving municipalities similar to the City. We're committed to providing you with a level of service and attention that exceeds our competitors.

Below are just some of the many ways you'll see that the City will benefit from a professional relationship with Moss Adams:

- **Government expertise.** With over 250 government clients firmwide—approximately 25 of which are right here in Oregon—we have vast experience serving cities throughout the state and beyond. We've built our processes around the Oregon Minimum Audit Standards and your engagement will be staffed with government-focused professionals from our Oregon offices, giving you access to the industry resources you need right in your own backyard.
- **Depth of local resources.** Headquartered in the Pacific Northwest, we maintain a strong presence in the state of Oregon. Your engagement will be staffed with government-specialized professionals from our Oregon region and primarily from our Medford office, giving you access to the industry resources you need right in your own backyard. We have the depth of resources necessary to serve the City with local and regional professionals.
- **Smooth transition.** We've put a lot of effort into designing a transition process that minimizes the impact on you and your staff. We take responsibility for setting meetings, getting to know your operations, and making accommodations so you can focus on running the City's operations.
- **Solid relationships and communication.** The City needs a team dedicated to working closely with the agency as a trusted resource, a team that's more than a once-a-year service provider. That's why during the audit and throughout the year, we'll solicit and encourage communication to facilitate a smooth process and keep management apprised of new accounting pronouncements and industry issues. We'll maintain close and regular contact with you throughout the year.
- **Single audit focus.** We've devoted significant firmwide resources to developing one of the largest single audit practices in the nation. In addition to the over 3,200 single audits our team has performed since 1997, we've created a rigorous training program to make sure our teams are up to date with Office of Management and Budget (OMB) compliance.

May 8, 2018

Mark Welch  
Administrative Services  
Director

City of Ashland  
90 N. Mountain Avenue  
Ashland, OR 97520

May 8, 2018

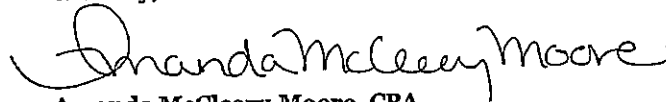
**Mark Welch**  
*Administrative Services  
Director*

**City of Ashland**  
90 N. Mountain Avenue  
Ashland, OR 97520

We commit to making the City a long-term and extremely satisfied client of Moss Adams. Our personal promise to you is to be sure you receive the best service Moss Adams is capable of providing.

With client service and open communication placed above all else, we're sure we'll provide an efficient and effective experience. Together, we'll infuse knowledge, energy, and experience into your engagement. Thank you for your consideration of Moss Adams.

Sincerely,



**Amanda McCleary-Moore, CPA**  
Partner  
(541) 732-3865 (direct line)  
(541) 773-2102 (fax)  
[amanda.mccleary-moore@mossadams.com](mailto:amanda.mccleary-moore@mossadams.com)

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**EXHIBIT A**

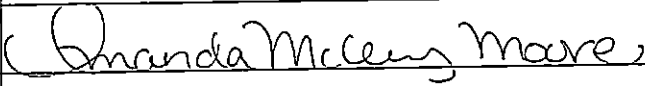
**Request for Proposals  
MUNICIPAL AUDIT SERVICES  
April 3, 2018**

**Proposal Submission Form**

The undersigned proposer submits this proposal in response to the City's Request for Proposals (RFP) for **MUNICIPAL AUDIT SERVICES**, released on April 3, 2018. The proposer warrants that proposer has carefully reviewed the RFP and that this proposal represents proposer's full response to the requirements described in the RFP. The proposer further ~~warrants~~ represents that if this proposal is accepted, subject to the exceptions submitted: the proposer will contract with the City, agrees to the terms and conditions found in the attached contract and RFP or has submitted terms and conditions acceptable to the City, and will provide all necessary labor, materials, equipment, and other means required to complete the work in accordance with the requirements of the RFP and contract documents.

The proposer hereby acknowledges the requirement to carry or indicates the ability to obtain the insurance required in the contract, subject to the exceptions submitted. Indicate in the affirmative by initialing here:  
\_\_\_\_\_

The proposer hereby acknowledges receipt of Addendum Nos. 1, 2, 3,    ,     to this RFP.

<b>Full legal name of company:</b>	Moss Adams LLP
<b>Principle owner's name:</b>	N/A
<b>Business Address:</b>	221 Stewart Avenue, Suite 301 Medford, OR 97501
<b>State and location of company headquarters:</b>	Seattle, Washington
<b>Year business established:</b>	1913
<b>Telephone Number:</b>	(541) 857-1040
<b>Fax Number:</b>	(541) 773-2102
<b>Email Address:</b>	amanda.mccleary-moore@mossadams.com
<b>Authorized Signature:</b>	
<b>Printed/Typed Name:</b>	Amanda McCleary-Moore
<b>Title:</b>	Partner
<b>Date:</b>	5/4/18

# Qualifications and Experience

## ABOUT MOSS ADAMS

### History

D  
E  
E  
P

105  
years in  
business

2,900+  
professionals

30+  
industries  
served

*Crater Lake—  
A monument to perseverance, North America's  
deepest lake filled to 1,949 feet over 700 years.  
Data as of January 2018*

Our story begins in 1913, the year President Woodrow Wilson signed the federal income tax into law. That same year, John G. McIntosh, CPA, set up a small Seattle practice to serve a booming Pacific Northwest timber industry. Through good times and bad, through two world wars and 18 US presidents, that practice steadily extended its reach to serve the industries that built this country.

Today, that practice is Moss Adams, a fully integrated professional services firm dedicated to growing, managing, and protecting prosperity. Since we put down roots in the Pacific Northwest more than 100 years ago, we've steadily expanded to serve clients across the nation and globally. Our full range of services includes accounting, consulting, as well as individual and institutional wealth management and we're now one of the 15 largest US accounting and consulting firms.

### Firm Organization and Management

W  
I  
D  
E

25+  
locations  
west of the Mississippi

100+  
countries served  
through Praxis, AISBL

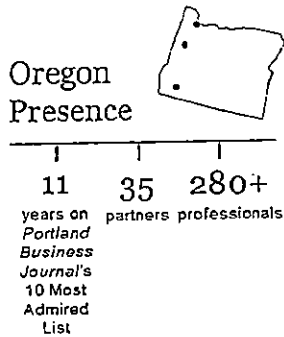
\$577M  
in revenue  
earned

*Grand Canyon—  
At 277 miles long and up to 18 miles  
wide, this icon serves as a testament  
to determination and time.  
Data as of January 2018*

Moss Adams is organized as a limited liability partnership with approximately 330 active partners. Firm business is conducted under the leadership of our chairman, Chris Schmidt; our president, Dave Follett; an elected executive committee; regional and office managing partners; and many industry chairpersons.

Several additional committees convene to handle specific issues and needs of the firm's business, such as accounting and auditing standards, tax practice, firm training, industry business development, and information services. Our national office, located in Seattle, Washington, provides certain centralized support services for the firm. Our practice offices have local leadership to help improve opportunities in their local business environment, but offices also work collaboratively to best serve our clients.

**Oregon Focus**



Your engagement will be staffed with government-focused professionals based in Oregon—primarily from our Medford office. You'll have access to essential industry resources right in your own backyard. Our local team understands the state's economy and will be readily available when you need them. You'll be able to connect with any of your engagement leaders, partners, or managers through close communication via in-person meetings, phone calls, and emails. You can also expect to see at least one or all of your engagement leaders and managers on-site during the audit to answer questions and further facilitate communications with your team.

**Licensed Municipal Auditors**

Amanda McCleary-Moore, proposed engagement partner, is a licensed Oregon municipal auditor under number 1574. Jim Lanzarotta, proposed quality control reviewer, serves under license number 1116.

Like other government entities throughout the state, the City must comply with appropriate legal provisions, most notably, Oregon Minimum Audit Standards. Your proposed team works with numerous cities and counties throughout the state—you won't find professionals who understand Oregon municipalities better than they do. In fact, we were recently selected to serve the City of Medford and, similar to the City of Ashland, the City of Grants Pass, for which we'll also perform a lodging review; they'll join a robust local client portfolio which also includes the following clients:

Current and Former Oregon Government Clients	
City of Bend	Financial and Compliance Audits
City of Brookings	Financial, Compliance, and Urban Renewal Agency Audits
City of Portland	Financial, Compliance, and Landfill Agreed-Upon Procedures
City of Tigard	Financial and Compliance Audits
Clackamas County	Financial and Compliance Audits, including the Parks and Recreation District component unit
Curry County	Financial, Compliance, and Transit District Audits
Jackson County	Financial, Compliance, and Passenger Facility Charge Audits
Josephine County	Financial and Compliance Audits, Landfill Agreed-Upon Procedures, and Tax Levy Examination
Klamath County	Financial, Compliance, Drainage Service District, and Library District Audits; Landfill Agreed-Upon Procedures
Lane County	Financial and Compliance Audits, Landfill Agreed-Upon Procedures, and Tax Levy Examination
Multnomah County	Financial and Compliance Audits
Port of Astoria	Financial and Compliance Audits
Port of Coos Bay	Financial and Compliance Audit
Portland Development Commission	Financial and Compliance Audits
Portland METRO	Financial, Compliance, and Bond Covenant Audits
TriMet	Financial, Compliance, and FTA/NTD Agreed-Upon Procedures

## Government Services

The City will be in good hands with our skilled team of government auditors. These individuals focus their entire careers on serving tax-exempt entities and are part of a firmwide team of over 180 professionals providing services to a group of specialized practices including governments, higher education institutions, nonprofits, tribal and gaming entities, and municipal utilities. This team currently serves almost 1,500 clients throughout the United States each year. We have several experienced partners and senior managers who lead audit engagements for over 250 governmental entities including state agencies; cities and counties; public colleges and universities; special purpose governments including ports, utility districts, and transit agencies; public retirement funds; and others.

You'll receive a more effective audit from our industry professionals who have a deep understanding of your industry. They don't simply "dabble" in audits of governmental entities and thus are more likely than generalists to spot potential problems, create effective solutions, and understand the trends.

Professionals Dedicated to Nonprofits and Government	
EXPERIENCE LEVEL	NUMBER
Partners	27
Senior Managers and Directors	48
Managers	45
Seniors and Staff	60+
<b>TOTAL</b>	<b>180+</b>

Tax-Exempt Clients Served Firmwide	
TYPE	NUMBER
Not-for-Profit	1,265
Government	250+

We recognize government organizations are accountable to many different constituencies—oversight agencies, audit committees, elected officials, taxpayers—all with different expectations and demands. That's why we commit significant personnel and resources to our Government Services team, building technical expertise in all areas of government. We have several experienced partners and senior managers who lead audit engagements for over 200 government entities including state agencies; cities and counties; public colleges and universities; special purpose governments including ports, utility districts, and transit agencies; public retirement funds; and others.

### *GASB Involvement*

Through close ties to industry standard setters and associations and our firm is deeply involved with GASB. In fact, David Bean, director of research and technical activities for GASB, has joined our firm's Government Services team regularly over the past 10 years. He typically joins our group of more than 150 practitioners on an annual basis for a two-hour presentation and discussion of the latest government accounting pronouncements and topics of interest to our professionals and their clients.

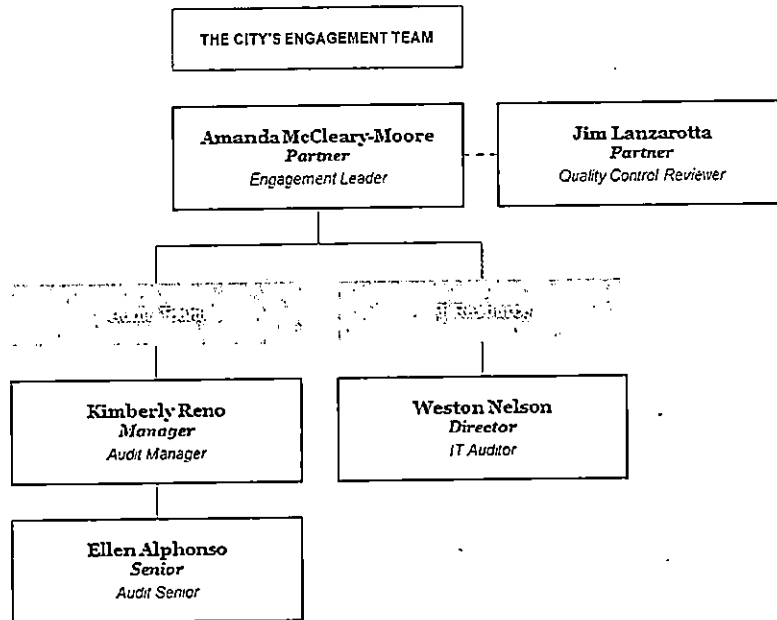
### *Implementation New GASB Pronouncements*

We've assisted many of our clients with implementation of new accounting standards, including, most recently, GASB No. 77. As a result of our national involvement, we're helping develop implementation guidance to assist our clients with GASB No. 75 in 2018, which includes client training and tools for practical application.

## KEY PERSONNEL ON YOUR ENGAGEMENT

### Staffing Plan

To conduct the best audit possible, we've assigned a manager who dedicates all of her time to government entities to your engagement. Kimberly Reno, your proposed manager, will be on-site for the majority of the audit to provide daily supervision of the in-charge and staff accountants. This will involve directing and reviewing the efforts of the staff members performing the engagement and making sure engagement objectives are accomplished. Supervision will occur as work is performed to identify and resolve issues or inefficiencies in real time.



In addition, Amanda McCleary-Moore, engagement partner, will be involved throughout the process and is available for technical questions and support. She will also be on-site for portions of the fieldwork because we believe this improves client service and facilitates rapid responses to any questions that arise during fieldwork.

### *Accounting Staff*

We'll select and assign professional staff on the basis of their prior government industry experience and their ability to complete each assignment with careful consideration of your deadlines and time frames. Because Moss Adams is an industry-based firm, our staff and seniors begin to specialize within their careers early on. There are a number of staff members with considerable government industry experience in our Medford office. We'll be happy to make these individuals available for interviews at your request.



## RESUMES

### **Amanda McCleary-Moore, CPA, Partner**



*Amanda will serve as the engagement partner for the City. She'll be responsible for making sure your audit is performed in compliance with firm and professional standards. Amanda will work with the City council on communicating audit and financial-related matters and with management on the implementation of new accounting standards as well as providing technical assistance and review for the City's financial statements, single audit, and other reports.*

#### **Professional Experience**

Amanda has practiced public accounting since 2000 and focuses on serving clients in the government and not-for-profit industries. She has provided a range of services to her public and tax-exempt clients. Amanda leads the not-for-profit and government group in the firm's Medford office.

#### **Representative Clients**

- City of Bandon, OR
- City of Brookings, OR
- City of Tigard, OR
- Clackamas County, OR
- Curry County, OR
- Jackson County, OR
- Klamath County Drainage Service District, OR
- Klamath County, OR
- Lane County, OR
- Oregon International Port of Coos Bay, OR
- Urban Renewal Agency of Brookings

#### **Certifications**

- Certified Public Accountant, Oregon, license number 10608
- Municipal Auditor, license number 1574

#### **Professional Affiliations**

- Member, American Institute of Certified Public Accountants
- Member, Oregon Society of Certified Public Accountants
- Member, Government Finance Officers Association

#### **Community Involvement**

- Member, Finance Committee, Habitat for Humanity
- Member, Audit Committee, Southern Oregon Goodwill Industries, Inc.
- Board member, Logos Public Charter School

#### **Education**

- BS, accounting, Southern Oregon University

#### **Relevant Training**

For the past three years, Amanda has met the industry-specific and audit continuing professional education requirements in accordance with Government Auditing Standards. Amanda participated in the Moss Adams pension task force to provide CPE internally and externally related to GASB No. 68. Additionally, Amanda has completed 172.50 hours of continuing professional education over the past three years.

**Jim Lanzarotta, CPA, Partner, National Practice Leader, Government Services**

*Jim will serve as the quality control reviewer for the City.*



**Professional Experience**

Jim has practiced public accounting since 1984 and specializes in providing audit, accounting, and consulting services to governmental entities including state agencies; counties; cities; universities and their foundations; port and transportation authorities; and water, sewer, and other special districts.

**Representative Clients**

- City of Bend, OR
- City of Portland, OR
- City of Tigard, OR
- Clackamas County Service District No. 1
- Clackamas County, OR
- Curry County, OR
- Jackson County, OR
- Klamath County, OR
- Lane County, OR
- METRO
- Multnomah County, OR
- Oregon compliance audits as part of state's single audit
- Port of Stockton, CA
- Portland Development Commission, OR
- State of Oregon, Secretary of State
- Tri-Cities Service District
- Tri-County Metropolitan Transportation District, OR

**Certifications**

- Certified Public Accountant, Oregon, license number 5435
- Municipal Auditor, license number 1116

**Professional Affiliations**

- Associate member, Government Finance Officers Association
- Associate member, Oregon Government Finance Officers Association
- CPA committee member, Oregon Society of Certified Public Accountants
- Member, American Institute of Certified Public Accountants
- Member, Financial Accounting Foundation's Governmental Accounting Standards Advisory Council
- Past chair, Governmental CPE Committee, Oregon Board of Accountancy

**Education**

- BBA, accounting, University of Oregon

**Relevant Training**

For the past three years, Jim has met the industry-specific and audit continuing professional education requirements in accordance with Government Auditing Standards. Jim's currently an appointed member of the Financial Accounting Foundation's Governmental Accounting Standards Advisory Council, a group of leaders responsible for advising GASB on issues related to the financial accounting and reporting by state and local governments. Jim has completed 147 hours of continuing professional education over the past three years.

**Weston Nelson, CRISC, CISA, Director**



*Weston will serve as an IT consultant for the City.*

**Professional Experience**

Weston has provided financial compliance, internal control, and risk management services since 1996. His risk management services include internal audits, Sarbanes-Oxley compliance, process and control analysis, IT compliance and strategy, IT governance, ERP solutions, and anti-bribery.

Weston has a broad-based collaborative approach to risk management, working closely with stakeholders to understand business and compliance risks while developing strategies to improve, remediate, and monitor compliance and risk management efforts. He has helped companies develop appropriate strategies to address regulatory rules and compliance with the Public Company Accounting Oversight Board (PCAOB), Control Objectives for Information and Related Technology (COBIT), Foreign Corrupt Practice Act (FCPA), and the SEC Sarbanes-Oxley Act.

Weston has led global compliance practices and strategy for multinational companies in the Fortune 100, Big Four, and regional public accounting environments. He began his career with a Big Four firm and was most recently the global finance compliance director for Nike. He previously spent two years at Moss Adams providing business risk management and control solutions, helping clients implement and manage SOX 404 engagements and internal controls over financial reporting.

**Professional Affiliations**

- Certified in Risk and Information Systems Control
- Certified Information Systems Auditor
- Member, Information System Audit and Control Association
- Member, Institute of Internal Auditors

**Education**

- MAcc, Brigham Young University
- BS, accounting, Brigham Young University

**Continuing Professional Education**

Weston has completed 169 hours of continuing professional education over the past three years.

**Kimberly Reno, CPA, Manager**



*Kimberly will serve as the City's audit manager.*

**Professional Experience**

Kim has practiced public accounting since 2012. She provides professional services to clients encompassing a variety of industry groups, including government entities and not-for-profit organizations, as well as employee benefit plans.

**Representative Clients**

Kimberly's experience includes managing engagements for Klamath County and Josephine County.

**Certifications**

- Certified Public Accountant, Oregon, license number 14802

**Professional Affiliations**

- Member, American Institute of Certified Public Accountants
- Member, Oregon Society of Certified Public Accountants

**Education**

- BA, business administration (concentration in accounting), Southern Oregon University

**Relevant Training**

Kimberly has met the industry-specific and audit continuing professional education requirements in accordance with Government Auditing Standards and has completed 169 hours of continuing professional education over the past three years.

**Ellen Alphonso, CPA, Senior**



*Ellen will serve as the City's audit senior.*

**Professional Experience**

Ellen has practiced public accounting since 2015. She's a member of our firm's Government Services Practice and Employee Benefit Plan Services group providing a variety of services to municipal governments and tax-exempt entities.

**Representative Clients**

Ellen's municipal experience includes working with Klamath County, Jackson County, and the American Samoa Power Authority.

**Certifications**

- Certified Public Accountant, Oregon, license number 14913

**Professional Affiliations**

- Member, American Institute of Certified Public Accountants
- Member, Oregon Society of Certified Public Accountants

**Education**

- Post Baccalaureate Certificate, accounting, Southern Oregon University
- BS, communication arts, Georgia Southern University

**Relevant Training**

Ellen has met the industry-specific and audit continuing professional education requirements in accordance with Government Auditing Standards and has completed 175 hours of continuing professional education over the past three years.

---

# Proposed Services

## YOUR SCOPE OF WORK

### Proposed Approach

It's not just about what we do, it's about how we do it. For us, an audit isn't just a compliance exercise. It's an opportunity to view the City at a macro level, go well beyond the numbers, and provide greater value than simply complying with a requirement.

We understand the scope of this engagement covers annual municipal audits for the City, Ashland Park and Recreation Commission, the City's Food and Beverage Tax, and the City's Transient Occupancy Tax. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, Uniform Guidance for Federal Awards.

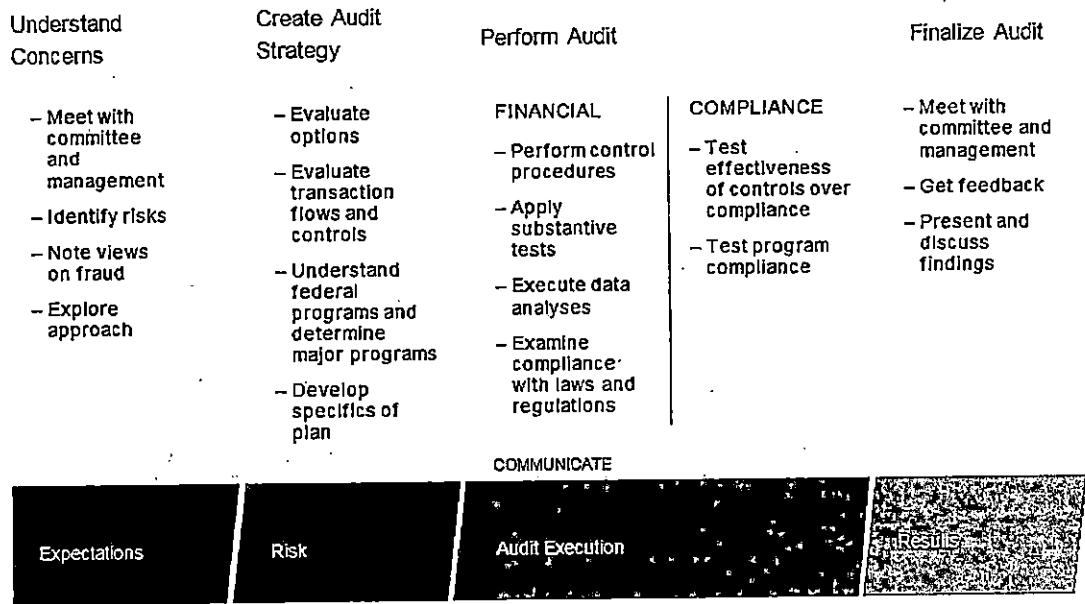
We have a deep respect for your time and don't believe in the one-size-fits-all approach so we'll create an approach specifically suited to the City. After all, why spend time on procedures that aren't necessary? Customizing our process results in an efficient audit that's complete in fewer hours.

### *Oregon Minimum Audit Standards*

Our firm has developed a comprehensive audit program designed to test the City's compliance with certain state laws as required by the Oregon Minimum Audit Standards, including the following:

- **Legal and Budget.** Review of the budget document, published notices, and the ordinance adopting the budget. We also test the City's quarterly budget changes during the year for all major funds and a sample the smaller funds
- **Public Purchasing.** Sample public contracts for compliance with ORS requirements
- **Deposits and Investments.** Test the City's depositories against the approved State Treasurer's list, investments against guidance on what is allowable, and the City's investment policies
- **Insurance.** Verify the City's has a risk management program
- **Indebtedness.** Test the City's compliance with legal debt limits and debt covenants
- **Highway Funds.** Test the City's expenditures of gas tax receipts against state requirements
- **Programs Funded with Outside Sources.** Test a sample of grant programs for compliance with grant requirements
- **Reporting.** Provide a report to be included in with the audited financial statements that reports our findings. All findings will be discussed with management immediately so there are no surprises when the final written report is delivered.

## Methodology



The City will benefit from our customized, risk-based audit approach as well as the timely and effective communication and coordination of our audit activities. With dedicated and ongoing involvement from our partners and senior-level professionals, the audit will be planned and executed by an experienced team that understands your industry. During the audit, your Moss Adams audit partner, Amanda McCleary-Moore, will be in the field to review the work in progress and address any issues with management. This reduces time spent on post-audit procedures and wrap-up.

Our emphasis on tailoring an integrated audit to focus on the areas of significant risks allows us to complete the audit in an efficient and effective manner. Our audit will include the following:

- Plan the engagement based on a thorough understanding of your business risks and transactions
- Communicate and coordinate activities with management and the audit committee based on an agreed-upon timeline
- Conduct continuous audit procedures to increase efficiency and reduce the burden on your personnel at year-end
- Work with management to resolve any complex accounting or reporting issues as early as possible in the audit process
- Provide recommendations to management for areas of improvement

### *Federal Compliance Audit*

Given our vast experience in this area and our sizable Government Services team, we have a deep understanding of the challenges involved in adhering to grant requirements at all levels: federal, state, and local. Our general audit approach follows the guidelines and framework in Government Auditing Standards (GAS) and the Uniform Guidance for Federal Awards. This approach is risk-based, beginning with the identification of major programs for audit and the related applicable compliance requirements described in the OMB Compliance Supplement, grants, and contract agreements. We also have specific experience the City's programs including Community Development Block Grant and the Safe Drinking Water Act.

## Work Plan

### TRANSITIONING TO MOSS ADAMS

It's our first step in welcoming you as a new client—and it's an important one. Our goal? To avoid disruption to your staff and make the transition period as smooth as possible. You'll get:

No Surprises	Personal, Partner-Led Service	Flexibility
<ul style="list-style-type: none"><li>- We meet with you well before the transition</li><li>- We look over your financial statements ahead of time</li><li>- We create a communication plan so you stay informed</li><li>- We outline clear expectations and timing for both of us</li></ul>	<ul style="list-style-type: none"><li>- Close leadership of engagement teams</li><li>- Face-to-face meetings with your team</li><li>- Focus on building a relationship</li></ul>	<ul style="list-style-type: none"><li>- A transition plan tailored to your needs</li><li>- Responsive, proactive service</li><li>- Ability to hit the ground running with your existing report methods and workpapers</li></ul>

### Transition Steps

1. **Entrance meetings.** Conference with your finance department and other appropriate groups to discuss risks, expectations, processes, and timelines.
2. **Planning sessions.** Meet with key managers to discuss risks, expectations, the audit process and timelines, and to share key strategic, financial, and operational information.
3. **Review working papers.** Examine your prior auditor's working papers to understand their audit approach and the timing of their procedures and to determine the scope of any additional procedures our team will perform on the opening balances in your financial statements.
4. **Design audit approach.** Devise an efficient and effective approach that addresses the potential risks we discover.

CS

*We were very impressed by the level of knowledge and professionalism of the Moss Adams staff. They were thorough, yet efficient, when performing their fieldwork reviews and worked well as a team. It was clear that they collaborated and communicated well as an audit team to ensure they performed as much research and review on their own before contacting City of Bend staff for follow-up questions which limited the interruptions of our daily operations. The Moss Adams team was not only incredibly knowledgeable, but it was clear that they work well together and enjoy the work they are doing, which I credit to the firm's philosophy of supporting their staff and assigning staff to their areas of interest, which in the end, benefits us as a client because we are more likely to have a consistent audit team year after year. "First time through" audits are typically painful, but Moss Adams made the transition seamless and I look forward to our continued relationship with them!*

*—Sharon Wojda, Finance Director  
City of Bend*

## PLANNING PHASE

We'll begin with an overall risk assessment. Our risk assessment processes include information gathering activities followed by robust planning sessions that include all engagement team members. We'll involve specialists where appropriate, including our IT team.

Next, we'll perform a thorough evaluation and discussion of industry trends and the City's system environments and developments. We'll consider the impact of general industry and economic conditions on the financial reporting processes and federal compliance. We'll discuss and review documentation of processes and controls, including technology-based controls with management. Our objective is to develop a preliminary assessment of risks of material misstatement of the financial statements due to fraud or error and of material noncompliance with laws and regulations. Following our preliminary risk determinations, our IT professionals may visit the City's sites to assess the various systems' general and application controls and advise the audit teams regarding the control environment.

This preliminary work is critical to the entire audit process and allows us to design the optimal, tailored approach for the City's audits. Robust planning, solid communication, and excellent project management are critical to a successful audit project. We exert significant effort to make sure our approach in these areas is thorough, appropriate, and clearly developed with your input and involvement. Our goal is to conduct adequate and appropriate, but not excessive, procedures in the areas of greatest risk. Our audit plan will include tests of the design and implementation of internal controls, controls testing when they're operational and effective, and substantive tests of balances to augment the evidence obtained from controls testing. Sampling techniques will be employed and various sites to be visited will be determined based on the results of our controls testing and risk assessment.

### **How We Plan to Use Your Personnel in the Audit**

Prepared by client (PBC) requests are a key area audit that will involve your staff. We'll collaborate on ways to make your audit more efficient by reviewing the PBC list with your financial staff in advance so expectations are clear. PBC requests are customized to your specific circumstances and tailored each year to make each subsequent audit more efficient. In consideration of your staff's time and effort, we use reports or schedules you prepare internally to the extent possible. Specific requests may include the following:

- Providing systems descriptions, policy/procedures manuals, and other internal control-related documents
- Fulfilling preparation of cash, investment, and other confirmation requests
- Providing a reconciled trial balance (in electronic format)
- Completing lead and other schedules and supporting documents
- Completing various questionnaires and checklists

We'll establish a client service plan with management that sets the expected due dates for each stage of the engagement and includes weekly audit status meetings with your team. The quality control reviewer will be involved throughout the engagement during the planning, fieldwork, and reporting process to help prevent surprise issues from appearing at the end of the engagement.



### **Evaluating Inherent and Control Risk**

Based on our understanding of systems and controls in place, we'll evaluate the relative levels of inherent and control risk for each balance presented in each set of financial statements and make an assessment of the risk of material misstatement due to fraud. Our audit design will reflect this assessment. The audit programs for each balance will be tailored to obtain evidential matter from a combination of reliance on internal control, analytical procedures, and substantive testing. The reliance on each source of evidential matter will vary by audit section.

### **Sampling Procedures**

When applying sampling procedures, we use a statistically-based sampling approach that's unbiased, effective, and efficient. We use random sampling methods for tests of controls and monetary sampling methods when applying substantive tests of details. We prefer the cumulative monetary amount method due to its efficiency and effectiveness. We'll use sampling throughout the engagement to test financial statement balances. We'll typically obtain an 80% to 95% confidence level during our testing depending upon the attributes of the test.

### **Analytical Procedures**

In the audit planning phase, we'll compare current-and prior-year results to identify potential areas requiring additional audit focus. We'll will also compare City's results with industry benchmarks so we can consider the reasonableness of reported amounts. During substantive testing, we'll analyze the detail of changes occurring in accounts such as accounts receivable, capital assets, unearned revenue, and investments. Near the audit conclusion, we'll conduct a holistic review of the financial statements to assess conformity with audit expectations. At this point, we'll reconsider planning stage procedures to be sure we've appropriately tested all critical areas. During all stages, we'll develop independent expectations of anticipated results, compare these expectations to actual results, and investigate any differences exceeding a predetermined significant difference threshold.

### **Evaluating Risk**

For each balance presented in City's financial statements, we'll evaluate the relative levels of inherent risk and control risk and make an assessment of the risk of material misstatement resulting from fraud or error. We'll tailor each audit program to obtain evidence from a combination of internal control testing, analytical procedures, and substantive testing. The degree of evidence to be obtained from each of the three general types of procedures is determined using an audit approach decision model to account for the strength of the institution's system of internal control.

### **Single Audit Planning**

During the federal compliance audit planning phase, we'll develop an efficient audit approach and design audit programs after considering the following matters:

- Results of prior single audits
- Your schedule of expenditures of federal awards
- Satisfaction of federal and other relevant legal, regulatory, or contractual requirements
- Determination of entity and program risk
- Satisfaction of the additional requirements of GAS
- Satisfaction of federal compliance audit requirements regarding scope of testing, working papers, and audit follow-up
- Timing of conduct and completion of the audit and reporting submission deadlines
- Results of our preliminary risk assessment
- Determination of preliminary level of materiality
- Determination of applicable laws, regulations, and compliance requirements
- Understanding of applicable state and local compliance and reporting requirements
- Results of desk reviews and on-site reviews performed by grantor, pass-through, or other oversight agencies

For federal financial assistance programs, we use our knowledge and the guidance and procedures within the federal compliance audit requirements and the OMB Compliance Supplement for the selection of major programs and the preliminary identification of risks associated with those programs. Once the major programs have been selected, we further plan our audit by performing a combination of interviews with program officials, reviews of internal audit work, and in-depth reviews of the grant or program agreements. We also read and understand program reviews from external agencies, applicable audit guides and updates, instructions from pass-through agencies, and existing regulatory guidance from the granting agency. For federal programs not selected as major, we determine which programs or specific agreements may have a direct and material effect on the financial statements. Lastly, we rely on our experience with other clients in the same industry, and our extensive professional education programs that keep us current and informed.

### **Drawing Audit Samples for the Federal Compliance Audit**

- Specific tests of internal control and of compliance are designed and may include the use of audit samples.
- Appropriate sampling techniques are determined and tailored to the particular test.
- Data extraction software may be used.

## INTERIM FIELDWORK

### Internal Controls Testing

The main objective of this phase is to assess the adequacy of City's internal controls including financial, operational, and general computer controls. As required by auditing standards and federal compliance requirements, we learn about your control environment and any laws and regulations that are applicable to our test work; perform risk assessment; and test control activities, information, communication, and monitoring. This determines the number and level of substantive tests to use. The following is our methodology for assessing internal controls:

- Obtain knowledge of design of controls relevant to each accounting cycle, financial reporting, and compliance with laws and regulations that have direct and material effect on determination of financial statement amounts.
- Perform tests of controls that relate to financial statement assertions and perform tests of controls and compliance related to City's federal awards.
- Obtain copies of system, policy, and procedure documentation from various departments. We retain these copies in our permanent working paper files and update them annually.
- Our tests of internal controls will be conducted in the most efficient manner possible. This includes performing dual purpose tests that provide assurance over multiple accounts within the statements. For example, when testing additions to capital assets, we'll incorporate tests of accounts payable and purchasing.
- Our IT audit professionals will test general computer controls. General computer controls provide assurance that data and programs that process the data are protected from unauthorized modification and processed in accordance with management's intentions, and that confidentiality is maintained.
- Sample sizes for tests of compliance will be determined based on the significance of the account balance, current-year risk assessment, results of preliminary planning, and historical experience (i.e., existence of any control deficiencies noted in prior years).

Any matters relating to the internal control structure that are noted during the audit will be communicated to City's management during this interim phase and may be included in our letter of recommendations. Significant deficiencies or material weaknesses noted during our audit will also be communicated to City management during this phase and will be included in an internal control report that will be issued at the time our audit reports are released.

**Issue 3**

Capital assets, including related accounts such as depreciation, classification as capital vs. expense, capitalized interest, and potential impairment

Accounts are inherently complex in that they contain management estimation and require strong systems of internal controls.

**Solution 3**

The accounting for capitalization vs. expense of assets and testing for impairment have become increasingly complex in recent years. Our audit team has extensive experience with accounting for the construction of capital assets. GASB provides the appropriate guidance with respect to potential impairment, and we've assisted many of our clients with their analyses. Self-constructed assets and aspects of the work order system can be complex as well; for example, allocated charges to plant such as overhead and other soft costs require management estimation and judgment. We perform much of our testing of these accounts on an interim basis and plan to test and rely upon your internal control structure to gain our audit assurance in this area.

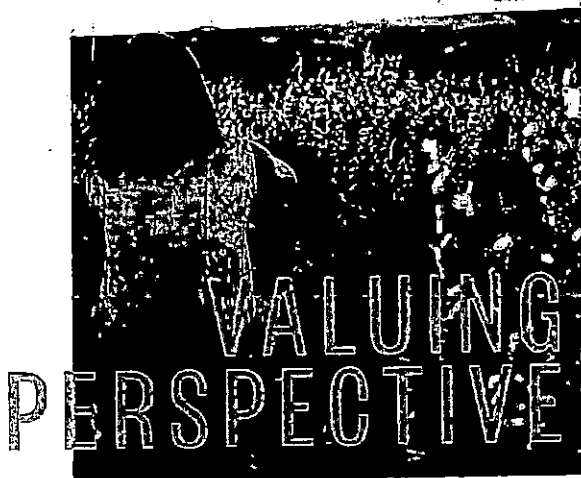
**Issue 4**

Bonded debt and related accounts

Arbitrage, capitalized interest, compliance with debt covenants, and capitalized interest all combine to make this a complex area.

**Solution 4**

Our audit team is comprised of municipal specialists who frequently deal with the complexities of arbitrage liabilities, capitalized interest (SFAS 34 and 62, now codified in GASB No. 62), and debt refundings (GASB No. 7 and No. 23). All of the members of our audit team possess the expertise to effectively address these issues in a manner that's timely and responsive to the City. Many of these issues can be addressed and resolved at an interim date prior to year-end.



### Timing

The following is a proposed first-year engagement schedule for City. We'll discuss any adjustments you may need when we meet with you.

Service Description	Proposed Timing
<b>AUDITOR TRANSITION</b>	
Schedule to meet with your prior auditor to review their working papers	January 2019
<b>AUDIT PLANNING</b>	
Meet with management for pre-audit planning and to obtain an understanding of systems, internal controls, and current-year issues	February 2019
Provide management with a detailed list of items needed to perform the audit, including the timing of when items are needed	February 2019
<b>AUDIT FIELDWORK</b>	
Perform interim audit fieldwork and tests of internal controls	February or March 2019
Send confirmations of cash, investment, and other accounts as deemed necessary	July 2019
Perform substantive audit fieldwork	August 2019
<b>REPORT PREPARATION</b>	
Present draft of financial statements, audit report, and management letter to senior management	September 2019
<b>BOARD COMMUNICATIONS</b>	
Present final audit report, financial statements, and management letter to the board of directors or trustees	November 15, 2019

## ADDITIONAL SERVICES

We understand the scope of this engagement is limited to the requested audit services. But the people that make up your engagement team, like all our professionals, have a wider skill set and are trained to be aware of issues that fall outside typical assurance and tax work. Exposing our accountants to a broad range of financial and operational disciplines is an approach that's hardwired to our practice.

We do this because we place a high value on having peripheral vision when it comes to your business. It's the difference between being able to advise you on your business versus serving as "just an accountant." For this reason, the City should know Moss Adams can provide a broad set of additional solutions if the need arises, including the following:

### *IT Services*

IT services represent a core component of the Moss Adams consulting practice. Our consultants have extensive business and technology backgrounds, complemented by their systems expertise. We understand the benefits of automation and technology as well as the risks.

Our IT professionals assist clients with planning system needs, selecting hardware and software, managing third-party vendor installations of hardware and software, and acting as an ongoing resource for your internal IT specialists. We're capable and available to handle entire projects or to provide occasional consultation services. To support our efforts, we bring technology and business consultants to the team who've successfully participated in:

- Alternatives analysis
- Complex technology assessments
- Contract negotiations
- Disaster recovery and business continuity planning
- Implementations
- Independent system acquisitions
- Network design and administration
- Penetration testing
- Security reviews
- Strategic planning
- System needs analysis
- Workflow re-engineering

Our team is comfortable with the unique requirements of not-for-profit organizations and the intricacies of their related technology systems. Our consulting group has a reputation for value, objective analysis, and focused insight. Our extensive experience enables us to efficiently and effectively guide organizations through security assessments and procedural reviews to make realistic recommendations that clients can implement. As a result, we're often asked to address the most challenging issues facing management and operational teams. Serving clients throughout the West, our IT team is comprised of accomplished security and system engineers with authoritative resources in security policy and workflow administration and management. With detailed technical understanding and business process expertise, we provide a comprehensive approach to information security.

### *Cybersecurity Services*

Today, nearly all business and financial operations are technology-driven, making IT systems central to your organization's sustainability. This means nothing's more important than being sure of the security and availability of those systems and protecting both your sensitive corporate information and the personal information of your employees and customers. Our cybersecurity IT consulting services include the following:

- IT security assessments
- Network vulnerability assessments and penetration testing
- Web application penetration testing
- Security analytics
- Wireless network assessments
- Social engineering
- Disaster recovery and business continuity planning
- Application code security reviews
- HIPAA security reviews
- GLBA security reviews

### *Internal Audit Solutions*

With the mounting pressures and challenges that you face, you can achieve your organization's goals, improve your local capability and efficiency, and reduce your compliance costs. Moss Adams can help you implement a cost-efficient and effective internal audit function that will be valued by your management and board members.

Working with you, we can address such challenges as:

- Audit committee expectations
- Internal control problems
- Inefficient business control processes
- High fixed internal audit costs
- Unfulfilled internal audit needs
- Insufficient coverage of IT
- Compliance failures

### *Performance Audits*

Now more than ever, higher education institutions are expected to demonstrate performance levels typically associated with businesses. As a result, boards, councils, and management teams have had to rethink how they operate and provide greater emphasis on continuous improvement, performance metrics, and return on investment.

One of the key means of doing so is via a performance audit—a thorough examination of your operations. Performance audits focus on significant and probable risks to achievement of important program objectives. We conduct performance audits in accordance with rigorous firm standards that reflect relevant AICPA standards and apply these standards throughout our process.

### *SCORE!*

SCORE! is a diagnostic consulting service that helps our not-for-profit clients assess the effectiveness of their internal systems and operating procedures. In a SCORE! engagement, we conduct assessments that help locate and eliminate common problems that can lead to long-term financial harm for the organization. This service is a fully customized modular tool that is adaptable for different settings and circumstances.

### *Strategic Planning*

The exempt industry is experiencing tremendous change under overwhelming constraints. Organizations are realizing the need to rethink strategies to survive and thrive in the future. Now more than ever before, strategic planning has become a critical issue for exempt organizations. We encourage our clients to think, plan, and act strategically for the future. We've found that the most successful organizations today have a clear sense of purpose, effective leadership, and a comprehensive plan.

### *Policy Development and Documentation*

Policy generally governs the intended use and purpose of systems within an organization and frequently must be addressed prior to system planning. Because policy-level issues often span the business functions of an organization, our involvement frequently addresses high-level policy and procedures issues.

### *Construction Audit Services*

As the City continues to grow, you may want to have a third party review your construction contracts to make sure you're being billed appropriately and there are no inconsistencies. Moss Adams performs 40 to 50 similar engagements per year for construction programs valued between \$2 million and \$3.5 billion where a guaranteed maximum price (GMP) contract is used. Our team brings needed knowledge of construction means and methods as well as direct experience in monitoring and analyzing construction operations. This enables efficient audit delivery and effective coordination with your project team.



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## Sample Reports

We've included sample reports from the City of Brookings and Jackson County on the following pages.



MOSSADAMS

## Report of Independent Auditors

Honorable Mayor and Members  
of the City Council  
City of Brookings, Oregon

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, budgetary statement for the general fund and the aggregate remaining fund information of the City of Brookings, Oregon (the City) as of and for the year ended June 30, 2017, 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 entity'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 entity'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, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, and the respective changes in financial position, respective budgetary statements for the general fund 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 on pages iv to x, schedule of proportionate share of net pension liability on page 45, and schedule of contributions on page 46 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 required supplementary information 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.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements on pages 47 through 87 and schedule of expenditures of federal awards on page 90 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. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***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 6, 2017 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 solely 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 the effectiveness of 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 Minimum Standards for Audits of Oregon Municipal Corporations***

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 6, 2017 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.

*Amanda McCleary-Moore*

Amanda McCleary-Moore, Partner for  
Moss Adams LLP  
Medford, Oregon  
December 6, 2017



## **Report of Independent Auditors on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Oregon Minimum Audit Standards**

Honorable Mayor and Members  
of the City Council  
City of Brookings, Oregon

We have audited the basic financial statements of City of Brookings, Oregon (the City) as of and for the year ended June 30, 2017 and have issued our report thereon dated December 6, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

### **Compliance**

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2017 and 2018.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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 that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

*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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain other matters that we reported to management of the City in a separate letter dated December 6, 2017.

### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Amanda McCleary-Moore*

Amanda McCleary-Moore, Partner for  
Moss Adams LLP  
Medford, Oregon  
December 6, 2017



MOSSADAMS

## **Report of Independent Auditors 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 and Members  
of the City Council  
City of Brookings, Oregon

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, budgetary statement for the general fund, and the aggregate remaining fund information of the City of Brookings, Oregon (the City) as of and for the year ended June 30, 2017, 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 6, 2017.

### **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 entity'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.

*Moss Adams LLP*

Medford, Oregon  
December 6, 2017





MOSSADAMS

## **Report of Independent Auditors on Compliance for each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance**

Honorable Mayor and Members  
of the City Council  
City of Brookings, Oregon

### **Report on Compliance for the Major Federal Program**

We have audited City of Brookings, Oregon's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the City's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

### **Opinion on the Major Federal Program**

In our opinion, City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2017.

## 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 the Uniform Guidance, 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 a 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mass Adams LLP

Medford, Oregon  
December 6, 2017



MOSSADAMS

## Report of Independent Auditors

Board of Commissioners  
Jackson County, Oregon

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, budgetary statements for the general fund, general road fund, and health and human services fund, and the aggregate remaining fund information of Jackson County, Oregon (the County) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County'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 entity'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 entity'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.

*Other Information*

The introductory section on pages i to vii and statistical information (including annual disclosure information) on pages 97 to 125 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

**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, 2017 on our consideration of the Jackson County, Oregon'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 Jackson County, Oregon's internal control over financial reporting and compliance.

***Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations***

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 19, 2017 on our consideration of the County'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.

*Amanda McCleary-Moore*

Amanda McCleary-Moore, Partner for  
Moss Adams LLP  
Medford, Oregon  
December 19, 2017

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County'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 entity'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.

Mass Adams LLP

Medford, Oregon  
December 19, 2017



## **Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance as Required by the Uniform Guidance**

Board of Commissioners  
Jackson County, Oregon

### **Report on Compliance for Each Major Federal Program**

We have audited Jackson County's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the County's major federal programs for the year ended June 30, 2017. The County'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of County'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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 County'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 County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the County 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, 2017.

### **Report on Internal Control Over Compliance**

Management of the County 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 County'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 the Uniform Guidance, 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 County'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 a 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mass Adams LLP*

Medford, Oregon  
December 19, 2017



## **Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Oregon Minimum Audit Standards**

Board of Commissioners  
Jackson County, Oregon

We have audited the basic financial statements of Jackson County, Oregon (the County) as of and for the year ended June 30, 2017 and have issued our report thereon dated December 19, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

### **Compliance**

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2017 and 2018.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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 one instance of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

- The County overspent the appropriated capital outlay expenditure for Exposition Park by \$9,899; however, did not overspend the total amount appropriated.



### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

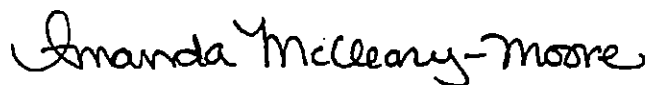
*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

We noted certain matters that we reported to management of the County in a separate letter dated December 19, 2017.

### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Amanda McCleary-Moore, Partner for  
Moss Adams LLP  
Medford, Oregon  
December 19, 2017

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## References

Hear for yourself the unique experience our clients have in working with our firm. We're confident they'll share stories of how we make their lives easier, help them identify and take advantage of rising opportunities, and guide them to increased prosperity.

JACKSON COUNTY, OR	Shannon Bell, Finance Director	(541) 774-6535 <a href="mailto:bellsa@jacksoncounty.org">bellsa@jacksoncounty.org</a>
CITY OF BROOKINGS, OR	Janell Howard, Finance and Human Resources Director	(541) 469-1123 <a href="mailto:jhoward@brookings.or.us">jhoward@brookings.or.us</a>
CITY OF TIGARD, OR	Toby LaFrance, Finance and Information Services Director	(503) 718-2406 <a href="mailto:toby@tigard-or.gov">toby@tigard-or.gov</a>

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# Contract Terms and Conditions

## CONTRACT EXCEPTIONS

This Proposal is contingent upon satisfaction of applicable professional standards (including communications with the prior auditors), and negotiation of a mutually acceptable contract. With regard to the terms and conditions set forth in the Personal Service Agreement, Moss Adams suggests: (i) clarifying City's ownership of final deliverables vs Consultant's retention and ownership of working papers (§7, 11(e)); (ii) focusing indemnification, including to protect auditor independence (§10); (iii) clarifying insurance requirements, including additional insureds are added via blanket endorsement, notification only goes to primary insured, and non-ownership of vehicles (§15); and (iv) providing for representations in lieu of warranties (§17). Additionally, pursuant to professional standards and firm practice, we would expect to confirm our understanding of each engagement on an annual basis in the form of an engagement letter outlining the scope of work and obligations/responsibilities specific to that year's audits.

We have successfully signed professional services agreements with thousands of clients, and we commit to working in good faith to successfully negotiate a mutually agreeable contract on a timely basis should we be awarded this contract.

**EXHIBIT C**

**Certificate of Compliance**

Compliance with Oregon Tax Laws:

In compliance with OAR 137-047-0260(2)(e), I hereby attest or affirm under penalty of perjury: That I am authorized to act on behalf of the proposer in this matter, that I have authority and knowledge regarding the payment of taxes, and that contractor is, to the best of my knowledge, not in violation of any Oregon Tax Laws, as defined in ORS 305.380.

Compliance with Nondiscrimination Laws:

In compliance with ORS 279A.110(4), OAR 137-046-0210(2) and OAR 137-047-0260(2)(a)(E), I hereby attest or affirm under penalty of perjury that I am authorized to act on behalf of proposer in this matter, and to the best of my knowledge the proposer has not discriminated and will not discriminate, in violation of ORS 279A.110(1), against a minority, women or emerging small business enterprise certified under ORS 200.055 or against a business enterprise that is owned or controlled by or that employs a disabled veteran as defined in ORS 408.225 in obtaining a required subcontract.

Corporate Officer:

By: Amanda McCleary-Moore  
Signature

Amanda McCleary-Moore

Print Name

Partner

Title

5/4/18

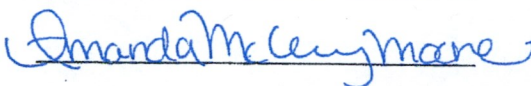
Date

# Exhibit E

## FEE ARRANGEMENT WORKSHEET

Fee Categories	City	Parks	Total
Audit Fee	\$ 37,000	\$ 9,600	\$ 46,600
Financial Statement Preparation	N/A - RFP notes management will draft financial statements.		
Single Audit	\$ 4,250	\$ -	\$ 4,250
<i>Other Related Services:</i>			
GFOA Certificate of Achievement	No additional cost		
Other Technical Assistance	No additional cost for routine phone calls and e-mails. Anything outside of the scope of the audit will be discussed with management to determine if additional fees are necessary.		
<i>Additional Audits:</i>			
Additional Audits - Food and Beverage (6-Annually)	\$ 3,900	\$ -	\$ 3,900
Additional Audits - Transient Occupancy Tax (4- Annually)	\$ 3,750	\$ -	\$ 3,750
Sum for Year One	\$ 48,900	\$ 9,600	\$ 58,500
Sum for Year Two	\$ 50,375	\$ 9,800	\$ 60,175
Sum for Year Three	\$ 51,875	\$ 10,000	\$ 61,875
Sum for Year Four	\$ 53,425	\$ 10,300	\$ 63,725
Sum for Year Five	\$ 55,000	\$ 10,600	\$ 65,600
<b>Estimated number of hours to be spent annually on the audit:</b>			
Partner	42.5	7.5	50
Manager	85	15	100
Accountants ( <b>seniors and staff</b> )	170	30	200
Support ( <b>not charged</b> )	0	0	0
Others - ( <b>IT auditor</b> )	12.75	2.25	15
Sum of Hours	310.25	54.75	365
Additional Services by the hour:		Hourly Rate:	
	Partner	\$400	
	Manager	\$200-\$300	
	Accountant	\$150-\$175	
	Support	0	

Name of company: Moss Adams LLP

Signature: 

Printed Name: Amanda McCleary-Moore, Partner

Date: 5/4/18

# Cost Proposal

## FEES FOR ADDITIONAL SERVICES

Any additional services will be billed at the following rates:

Staff Level	Hourly Rate
Partner	\$400
Senior Manager	\$300
Manager	\$205
Senior	\$175
Staff	\$150

## ADDITIONAL FEE INFORMATION

Subject	The Details
Client Acceptance Procedures	The scope of work and fee quotes are subject to our client acceptance process, which 1) verifies that all parties understand the specific services we're being asked to perform, 2) ensures contract terms are acceptable to both parties and in agreement with professional standards, and 3) confirms we've staffed the engagement with individuals qualified with the necessary experience to fulfill our commitments to our prospective client. We'll also need to complete our inquiries of your former auditor as required by our professional audit standards.
First-Year Costs	We acknowledge that changing auditors can be disruptive to your staff's routines, since a new audit team needs to spend time learning your systems. Because of this cost, fees associated with the first year of a new audit firm tend to be higher than normal. <b>We've waived these first-year fees as our investment into your organization.</b>
Cost Overruns	During the course of the audit, we'll measure our progress against our planned budget. If situations arise that are significantly different than our expectations, we'll bring them to your attention immediately and discuss various options before we proceed. We'll meet weekly during the course of fieldwork with the appropriate parties to ensure there are open lines of communication between our organizations.
Progress Billing	Progress billings are based on hours and expenses completed at the time of billing. Bills are due upon receipt. We reserve the right to charge interest on accounts over 30 days past due.
Routine Phone Calls and Emails	Our policy is to not charge for short telephone calls seeking miscellaneous advice unless those consultations require significant additional work or research. If a matter requires further follow-up, we'll discuss a fee estimate with you before incurring significant time.

Subject	The Details
Minor Research and Consultation	If we're requested to provide minor research or consultation service, we'll estimate the number of hours necessary to provide the requested services. We'll then provide a fee quote for your approval before commencing any work. Our fees for these services are generally at our standard billing rates.
Single Audit	Our fee estimate for the single audit is based on the assumption that you'll have one major program for fiscal year ending June 30, 2019, and that there may be more major programs in each subsequent fiscal year. If additional major programs are required to be audited, we estimate the additional cost at \$2,500 to \$3,500 per major program.
Future New Audit, Review, and Accounting Standards	Our fee estimate discussed herein is based on accounting and professional standards that exist and are applicable as of the date of this proposal. To the extent that future rulemaking activities require modification to our audit approach, procedures, scope of work, etc., we'll advise you of such changes and the impact on our fee proposal. If we're unable to agree on the additional fees, if any, that may be required to implement any new accounting, auditing, and review standards that are required to be adopted and applied as part of our engagement, we reserve the right to withdraw from the engagement, regardless of the stage of completion.