

# **CITY OF WEST LINN, OREGON**

## **REQUEST FOR PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**



**22500 SALAMO ROAD, SUITE 600  
WEST LINN, OREGON 97068**

**JANUARY 2010**

PHOTOGRAPH

MARYS. YOUNG PARK – VIEW FROM RIVERSIDE LOOP TRAIL FOOT BRIDGE

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## **I. Background Information**

### **a. General Information about the City**

West Linn is a community where citizens, civic organizations, businesses and city government work together to ensure that the community retains its hometown identity, high quality of life and its natural beauty. The City incorporated in 1913 and today, serves a population of 24,500. It is close to the region's business core and urban amenities, with Portland approximately twenty miles to the north. At the same time, the City provides a small-town atmosphere and distinct neighborhoods that range from the Historic Willamette District with its pioneer-era dwellings, to the contemporary architecture of newer homes. The City is approximately twenty miles from the Portland International Airport.

The City is a full-service municipality that operates under a council/manager form of government. The elected City Council consists of the Mayor and four Councilors who act as the board of directors. The Council sets policies for city government, enacts ordinances and hires, directs and evaluates the City Manager. In turn, the City Manager is the City's chief executive officer, responsible for overall management and administration.

Municipal services are provided by City employees and headed by the City Manager. The City operates its own police department, a municipal court, water, sewer and surface water utilities, street operations, planning, engineering, fleet management, library and extensive year-round parks and recreation programs.

### **b. Staffing/Operations**

The City Finance Department is responsible for many aspects of City operations including Utility Billing, Accounts Payable and Disbursements, Account Receivable and Cash Receipts, Payroll, Investments, Business Licenses, Municipal Court, Financial Budgeting and Financial Reporting. Currently, the Finance Department consists of the Finance Director, Accounting Manager, two Senior Accounting Clerks, a Business Analyst, an Accounting Clerk II, and an Accounting Clerk.

### **c. Accounting Records**

The City currently utilizes SunGuard HTE's government accounting software. The HTE Modules used by the City include GMBA, Payroll/Personnel, Cash Receipts, Accounts Receivable, Purchasing/Inventory, Building Permits, Case Management (green screen) and Customer Information Systems (utility billing). The financial system uses both online real-time entry and batch processing. The City's in-house Information Technology personnel are responsible for system security, backups and installing vendor up-grades.

#### **d. Government Finance Officers Association (GFOA) Awards**

The City of West Linn recently received the following awards from the Government Finance Officers Association (GFOA):

**Budget:** GFOA has awarded the *Distinguished Budget Presentation Award* to the City of West Linn for the third consecutive budget document ending with the 2010-2011 Biennium Budget.

**Audit:** GFOA has awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the City of West Linn for the year ended June 30, 2008.

Note: The City of West Linn anticipates that it will continue to submit its Comprehensive Annual Financial Report (CAFR) to the GFOA for the *Certificate of Achievement for Excellence in Financial Reporting*. The format of audit reports must allow the City to meet the requirements of that program. This also requires that the Auditor ensure that the audit report and financial statements are completed in time for this submission.

**Annual Report:** GFOA has awarded the *Award for Outstanding Achievement in Popular Annual Financial Reporting* to the City of West Linn for the fiscal year 2008 Popular Annual Financial Report (PAFR).

## **II. General Request for Proposal Information**

### **a. General Description**

The City of West Linn is seeking proposals for the audit of its Comprehensive Annual Financial Report (CAFR) from qualified certified public accounting firms. A complete description of services to be provided is described under Section III. The first reporting period to be audited is July 1, 2009 through June 30, 2010, extending through the next four subsequent fiscal years.

### **b. City Points of Contact**

Questions, inquiries, or comments regarding this Request for Proposal (RFP), the City's accounting system, financial staff or financial processes shall be directed to:

Richard W. Seals, CPA CMA CFM  
Finance Director  
[rseals@westlinnoregon.gov](mailto:rseals@westlinnoregon.gov)  
503-722-5505

Casey A. Camors, CPA  
Accounting Manager  
[ccamors@westlinnoregon.gov](mailto:ccamors@westlinnoregon.gov)  
503-723-2559

Note: Additional information, the prior year Comprehensive Annual Financial Report, and Budget documents are accessible on the City website at <http://westlinnoregon.gov/finance/finance-home>.

### **c. Responding to the Audit RFP**

Five copies of your proposal must be received no later than Friday, January 29<sup>th</sup> at 4:00 p.m. Proposals may be emailed to [ccamors@westlinnoregon.gov](mailto:ccamors@westlinnoregon.gov) (in Adobe or MS Word) or mailed/messengered to the West Linn City Hall, Finance Department, addressed as follows:

City of West Linn  
Attn: Casey A. Camors, Accounting Manager  
22500 Salamo Road, Suite 600  
West Linn, OR 97068

No faxed materials will be accepted. Postmarks are not considered proof of delivery. Emailed proposals shall not be deemed received until a confirmation email sent by the City is received in reply to the submitted proposal, confirming the emailed proposal was received and the format was readable by the City. If the proposal is hand delivered, it must be delivered to and stamped by personnel at the City of West Linn's Finance Department on the 2<sup>nd</sup> floor of the West Linn City Hall.

The proposal should address, at a minimum, the information requested in Proposal Requirements (section IV) subsection Minimum Content of Responses (a).

Any amendments to this RFP will be in writing and will be issued to all persons or businesses that have indicated an interest to receive RFP amendments. No proposal will be considered that is not responsive to any issued amendments.

### **d. Tentative Schedule for Selection Process**

Proposal Due:	January 29, 2010 (4:00 p.m.)
Finalist Selection:	February 1 – 5, 2010
Finalist Interviews:	February 8 – 12, 2010
Audit Committee Approval:	February 22, 2010
Contract Finalized:	March 1, 2010

Note: This is a tentative schedule and is provided as a courtesy to potential proposers. The actual schedule may vary for that provided without notice to potential proposers. Any changes made to the closing date of the RFP will be made in the form of an addendum and mailed to all potential proposers who have received RFP documents.

## **e. Proposal Evaluation**

The City intends to select the most qualified certified public accounting firm that exhibits the strongest ability to provide the highest quality service, based upon the following criteria:

- Firm's understanding of the engagement and the City's needs.
- Firm's local municipal audit expertise/experience including references from similar engagements.
- Experience and qualifications of individuals to be assigned to the City's engagement including resources available for the timely completion of the audit and scheduling of work.
- Cost of services.

The selection team shall be the City of West Linn's Audit Committee, comprised of two City Councilors and one Citizen Member, with assistance provided by the City's Finance Director and Accounting Manager.

## **f. Contract Duration**

The selected certified public accounting firm shall be designated as the City's auditor for a five-year term commencing with the fiscal year ended June 30, 2010 audit. Either party may cancel the contract effective at fiscal year end, by written notice delivered prior to December 15<sup>th</sup> of that fiscal year. The City reserves the right to extend the contract beyond the original period, negotiating each year separately as to price and work performed.

## **g. Acceptance or Rejection and Negotiation of Proposals**

The City reserves the right to reject any or all proposals, to waive any irregularities in the request for proposal, to accept or reject any item or combination of items in a proposal, to request additional information or clarifications from respondents, and to negotiate or hold interviews with any one or more of the respondents. By requesting proposals, the City is in no way obligated to award a contract or to pay expenses of the proposing firms in connections with the preparation or submission of a proposal. Furthermore, the City reserves the right to reject any and all proposals prior to execution of a contract, with no penalty to the City of West Linn.

## **III. Scope of Auditor Services**

### **a. General**

The City of West Linn is requesting proposals from qualified certified public accounting firms, duly authorized to practice as such by the State of Oregon, to audit the City's Comprehensive Annual Financial Report commencing with the fiscal year ending June 30, 2010, extending through the next four subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposal.

The City of West Linn desires the auditor to express an opinion on the fair presentation of the City's basic financial statements as a whole, in conformity with generally accepted accounting principles (GAAP). The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board (GASB), as mandated by generally accepted auditing standards (GAAS).

The selected auditor shall submit for management's review, a draft of all reports. The final reports are subject to review by the City's Audit Committee. The selected auditor shall incorporate, as part of the basic proposal, meeting time with the finance staff and the Audit Committee for the purpose of discussing the audit, management letter, and conclusions.

## **b. Basic Reports to be Issued**

Following the completion of the audit of the fiscal year's Comprehensive Annual Financial Report, the auditor shall issue the following:

- Independent Auditor's Report for the City
  - Report on the fair presentation of the financial statements in conformity with generally accepted accounting principles based upon the audit of the basic financial statements of the City. The other supplementary information listed in the Table of Contents of the City's CAFR, including combining schedules and additional budgetary comparison schedules, are not a required part of the basic financial statements. However, the auditor is to provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules. The information presented shall be based on the auditing procedures applied during the audit of the basic financial statements.
- SAS 114 and Management Letters
  - SAS 114 Letter: Report summarizing certain matters required by professional standards to be communicated to the City's Audit Committee to assist in the Committee's oversight responsibility for the City's financial reporting process.
  - Management Letter: Findings, statements, observations, opinions, comments and recommendations related to:
    - The City's system of internal control based upon the auditors' understanding of the control structure and assessment of control risk.
    - The City's compliance with applicable laws and regulations.
    - The City's accounting systems, functions, procedures and processes, especially with regard to cost effectiveness.
- Audit Comments and Disclosures Required by State Regulation
  - As required by the Minimum Standards for Audits of Oregon Municipal Corporations (Oregon Administrative Rules 162-10-050 through 162-10-320).

### **c. Additional Reports to be Issued Dependent on Applicability**

Due to the fluctuation in receipt and expenditure of federal grant funds, the need for some reports is based upon whether the City meets the audit threshold (over \$500,000 in expended grant funds) for performance of a Single Audit under OMB Circular A-133. Such reports are as follows:

- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
  - Report identifying any deficiencies in internal control over financial reporting that are considered to be significant deficiencies including control deficiencies, significant deficiencies and material weaknesses as defined by Statements on Auditing Standards No. 112.
- Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133
  - Report on compliance with requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* applicable to each of the City's major federal programs.
- Schedule of Findings and Questioned Costs
  - Report of findings and questioned costs related to the City's financial statements as well as costs and compliance for federal award programs.

### **d. Supplemental Reports / Studies**

Reports on other audits or agreed-upon procedures may be agreed to in writing as stated in a supplemental audit agreement. Prior to beginning work, the scope of the study and associated costs shall be approved by the City.

### **e. Standards to be Followed**

To meet the requirements of this request for proposal, these audits are to be performed in accordance with all applicable standards including, but not limited to, applicable standards set forth for financial audits by the Governmental Accounting Standards Board (GASB), applicable standards set forth for financial audits by the Financial Accounting Standards Board (FASB) prior to November 30, 1989, generally accepted auditing standards (GAAS) as promulgated by the American Institute of Certified Public Accountants (AICPA), Government Auditing Standards (GAS), as promulgated by the Government Accountability Office (GAO) (if applicable), and requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* (if applicable).

In addition, all aspects of the engagement shall be performed in accordance with the highest professional standards and comply with all applicable federal, state and local laws.

## **f. Special Considerations**

The firm receiving the contract for audit services shall procure and maintain, for the duration of the contract, insurance as required in the City's standard services contract (see attached). The firm must provide the City with a Certificate of Insurance.

## **g. Working Paper Retention and Access to Working Papers**

All working papers and reports must be retained, at the auditor's expense, for a minimum of seven (7) years following completion of the audit, unless the firm is notified in writing by the City of West Linn of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- City of West Linn
- Parties designated by the federal or state governments or by the City of West Linn as part of an audit quality review process
- Oregon Secretary of State, Audits Division

In addition, the firm shall respond to the inquiries of successor auditors and allow successor auditors to review working papers related to matters of accounting significance and internal control.

## **h. Assistance to be Provided by the City**

- City Staff will prepare the final closing of the books. The City will provide the auditors with a Trial Balance by fund and all of the accounting detail necessary to perform the audit.
- City Staff will prepare all workpapers requested by the Auditor prior to the start of interim and/or final fieldwork.
- City Staff will generate the necessary confirmation letters based on templates provided by the auditors.
- City Staff will prepare the draft CAFR and all related schedules and statements deliverable to the auditor during the first week of audit fieldwork. City Staff will also incorporate any agreed upon edits to the draft CAFR to arrive at the final CAFR.
- City staff will be available during the audit to assist in providing information, documentation and explanations as needed as well as access to the computer system to view records and print reports. All requests will first be directed to the Finance Director and Accounting Manager of the City.
- The City will provide the auditor with reasonable workspace including access to the internet, a telephone line, photocopier and fax machine.
- The Finance Director and City Manager will provide the auditor with a signed Representation Letter at the conclusion of the audit.

## **IV. Proposal Requirements**

### **a. Minimum Content of Responses**

- I. A title page showing the firm's name, the date of proposal, point of contacts, business address, telephone numbers, and email addresses.
- II. A signed letter of transmittal briefly stating that the firm submitting the proposal is properly licensed to perform such audits in the State of Oregon (including all of the assigned professional staff to the engagement), agrees to perform all of the work outlined in the City's RFP within the time periods established by the City, is independent of the City of West Linn and understands that the firm's proposal is a firm and irrevocable offer through the June 30, 2010 audit period. The letter must also contain a certification that the person signing the proposal is entitled to represent the audit firm, empowered to submit the bid, and authorized to sign a contract with the City on behalf of the audit firm.
- III. The report on the audit firm's most recent external quality review, any findings discovered as part of that review and actions taken to correct those findings. The audit firm must also disclose information on the circumstances and status of any disciplinary action taken or pending against the audit firm during the past three (3) years with state regulatory bodies or professional organizations, as well as any pending or settled litigation within the past three (3) years.
- IV. List five (5) of the firm's current municipal auditing engagement clients in Oregon and three (3) non-current engagements served within the last three (3) years and respective contact information for reference purposes. Contact information should include the name of the public agency, name and title of contact person, telephone number, and email address.
- V. Describe the audit firm's experience and knowledge in performing audits in accordance with the provisions of the Single Audit Act, as amended by OMB Circular A-133. Attach two recent examples of your work in this area to your proposal.
- VI. Attach to the proposal one sample of your last municipal audit report issued in the State of Oregon that was similar and comparable in services to that of the City of West Linn.
- VII. Attach to the proposal two (2) samples of management letters that you have recently issued covering an audit of an Oregon municipality.
- VIII. Identify all key personnel who will be assigned to work on this project including names, CPA license numbers, and Oregon Municipal Audit Roster numbers. Include a brief summary of their background and experience in auditing similar cities as well as their roles and assigned responsibilities under the proposal.
- IX. Describe the audit firm's audit approach and methodology to be used to perform the audit services. Discussion items may include approach to determining laws

and regulations subject to audit test work, approach to evaluating the City's internal control structure, approach to selecting audit procedures including sample size selection, use of specialized software and use of analytical procedures, and identification of any anticipated problems.

- X. Explain how you propose to use City personnel, if at all, to assist you during the audit and indicate the approximate time required of City personnel in this capacity.
- XI. Provide a schedule (calendar) indicating proposed timing of interim fieldwork, final fieldwork and firm deliverables to the City to ensure submission of the final CAFR to the GFOA by December 31<sup>st</sup> of each fiscal year. Any assumptions regarding turnaround time for City Staff, the Audit Committee and the City Council should be clearly noted.

Note: For the City's fiscal year ended June 30, 2009 audit, interim audit fieldwork (mainly internal control procedures) lasted approximately seven (7) business days and final audit fieldwork lasted twelve (12) business days.

- XII. Provide expected hours required for the year ended June 30, 2010 audit on the Not to Exceed Price for Proposed Services Schedule (section V (a)).
- XIII. Attach an additional schedule identifying expected hours required by your firm for the subsequent fiscal years ending June 30, 2011 through 2014.
- XIV. Provide fee information on the Not to Exceed Price for Proposed Services Schedule (section V (a)) for the completion of the projects described in Scope of Auditor Services (section III) for the fiscal years ending June 30, 2010 through June 30, 2014.
- XV. Describe the firm's policy on other charges including special requests and special reports or broadening the scope of the engagement.
- XVI. List the audit firm's billing rates for all other applicable professional services for City reference as the City may request additional services which are outside of personal services audit contract.

## **V. Attachments**

**a. Not to Exceed Price for Proposed Service Schedule**

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

Key Personnel	Fiscal Year Ended June 30, 2010				
	F/S Audit Hours	Single Audit Hours	Total Hours	Hourly Rate	Total
Engagement Partners					
Engagement Manager					
Engagement Senior					
Engagement Staff					
Clerical/Support Staff					
Other					

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

	Fiscal Years Ending June 30th,				
	2010	2011	2012	2013	2014
Financial Statement Audit:					
Single Audit:					
Cost of Supplies & Materials:					
Additional Fees (if applicable)*:					
Total					

\*The City of West Linn expects to receive technical assistance, as needed, from the audit firm throughout the fiscal year that may include inquiries regarding accounting, reporting and internal control issues. If fees related to this technical assistance are not included in the firm's financial statement audit fee, please include them here.

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

Firm Name: \_\_\_\_\_

Signature: \_\_\_\_\_

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Email Address: \_\_\_\_\_

## **b. Personal Service Audit Contract**

The attached contract represents the City's personal service audit contract. Any proposed changes in the language or construction of the document must be raised and resolved in the RFP process. All participants are therefore required to cite and define any/all proposed changes, additions, deletion or modifications as a condition of acceptance of their proposal. Failure to respond will be interpreted as acceptance of the terms and conditions for the contract and subsequent changes.

**CITY OF WEST LINN**  
**Personal Services Audit Contract**

This contract is entered into this \_\_ day of \_\_\_\_, 20XX, by and between [the audit firm], hereinafter called "[FIRM]" and the City of West Linn, a municipal corporation of the State of Oregon, hereinafter called "City"; mutually covenant and agree to and with each other as follows:

**CONTRACT DOCUMENTS**

The contract documents shall consist of this Contract, the City's Request for Proposals (RFP) (Exhibit A), [FIRM] proposal (Exhibit B), and the Engagement Letter (Exhibit C), and any conflict between the contract documents shall be resolved in the following priority:

1. This contract
2. Exhibit A – The City's RFP; and
3. Exhibit B – [FIRM]' proposal.
4. Exhibit C – Engagement letter

City shall, upon execution of this Contract, file a duplicate copy of the contract with the Oregon Secretary of State, Audits Division, Salem, Oregon.

This contract shall supersede any prior representation or contract, written or oral.

**SCOPE OF WORK**

1. [FIRM] shall conduct an audit of the accounts and fiscal affairs of the City, for the year beginning July 1, 2009, and ending June 30, 2010, and annually thereafter. The Work shall be performed in accordance with:

- a. The *Minimum Standards of Audits of Oregon Municipal Corporations*;
- b. The requirements of Oregon Revised Statutes 297.405 through 297.740, and the regulations promulgated pursuant thereto;
- c. Generally accepted auditing standards, and,
- d. When required, *Government Auditing Standards* prescribed by the Comptroller General of the United States and Office of Management and Budget Circular A-133, commonly called the "Single Audit".

2. The audit shall be undertaken in order to express an opinion upon the financial statements of the City, and to determine if the City has complied substantially with appropriate legal provisions. The services to be provided are detailed in the Proposal issued by [FIRM] (Exhibit B).

3. [FIRM] agrees that the services they have contracted to perform under this contract shall be rendered by them or under the personal supervision of an auditor admitted to the Municipal Roster employed by them, and that the work will be faithfully performed with care and diligence.

4. Should unusual conditions arise or be encountered during the course of the audit whereby the services of [FIRM] are necessary beyond the extent of the work contemplated, written notification of such unusual conditions shall be delivered to the City, who shall instruct in writing [FIRM] concerning such additional services, and that a signed copy of each such notification and instruction shall be delivered immediately to the Secretary of State by the party issuing the same.

5. The audit shall be started as soon after this contract is executed as is agreeable to the parties hereto and shall be completed and all written reports thereon delivered within a reasonable time, but no later than six months, after the close of the audit year covered by this contract, unless extended by mutual agreement and as approved by the Oregon Secretary of State.

6. Adequate copies of the auditors' reports on financial statements and related reports and opinions required by professional standards shall be delivered to the City, and their form and content shall be in accordance with and not less than that required by the *Minimum Standards for Audits of Oregon Municipal Corporations*.

7. City acknowledges that it is responsible for such financial statements as may be necessary to fully disclose and fairly present the results of operations for the year under audit and the financial condition at the end of that year. Should such financial statements not be prepared and presented within a reasonable period of time, it is understood [FIRM] shall prepare them for the City. The cost of preparing such financial statements shall be in addition to the fee for conducting the audit as set forth below.

8. All final reports shall be provided in both written and electronic format. Electronic format shall be in a format coordinated with the City and shall be fully compatible with such software programs specified by the City, .e.g. Microsoft Word, Microsoft Excel, or such other software program as specified by the City.

9. The Scope of Work is subject to the following restrictions and assumptions:

- a. City's staff shall reasonably cooperate with [FIRM].
- b. The books are closed, balanced and reconciled, and that no unexpected circumstances will be encountered during the audit.
- c. City will prepare all financial schedules that it has traditionally prepared, will prepare the Comprehensive Annual Financial Report (CAFR).
- d. City will print the financial statements, except reports and opinions of [FIRM], and will prepare all statistical tables for the CAFR.
- g. If audit or reporting requirements change substantially, the parties will agree to renegotiate audit and assistance fees to allow [FIRM] to meet professional standards without economic harm or benefit, regardless of whether those new requirements reduce or increase [FIRM]'s responsibilities.

## DURATION OF CONTRACT

This Contract shall become effective on the date this Contract has been signed by every party hereto. [FIRM] acknowledges that no work has been or will be performed for the project under this Contract until this Contract is fully executed and effective.

This Agreement shall be for a term of five years, to complete the audit of five (5) individual fiscal years, commencing with auditing services for the fiscal year ending June 30, 2010. The contract may be renewed annually at the option of the City, for two successive years. Any renewal shall be upon the same original terms and provisions, provided however that the fees and "not-to-exceed" amounts may be increased as set forth in the Payment section below. Renewal shall be given in writing by the City between the period of February 1 and March 1 prior to the expiration of the original term or each renewal period.

## PAYMENT

The City hereby affirms that for the first year of this Contract proper provision for the payment of the fee has been or will be duly made and that funds for the payment thereof are or will be made legally available; however, as to future years, this Contract is subject to appropriation of funds (See Termination, Section C(i)).

### A. Amount of Payment

[FIRM] shall be compensated for all goods, materials, expenses, and services as follows: payment based on the lump-sum contract price and [FIRM]'s schedule, as set forth in Section 11 of Exhibit B, provided however that the contract amount shall not exceed:

1. \$XX,XXX for FY2009-10
2. \$XX,XXX for FY 2010-11
3. \$XX,XXX for FY 2011-12
4. \$XX,XXX for FY 2012-13, and
5. \$XX,XXX for FY 2013-14

If the Options to Renew the Contract are exercised by the City as set forth in Duration above, the fees charged for each annual period of renewal shall be [FIRM]'s published municipal rates, or the prior year's rates plus CPI, whichever is less. The "not to exceed" amount shall be:

1. \$XX,XXX for FY 2014-15; and
2. \$XX,XXX for FY 2015-16

### B. Manner of Payment

Payment shall be made to [FIRM] as follows: as invoiced.

City shall withhold until final payment for each year's audit, the sum of 5% from each payment invoice, as retainage. Payment of the reserved retainage amount shall be paid with the final payment upon completion of all annual audit tasks, other than providing advice.

Invoices are payable on delivery, but must be paid within 30 days of the invoice date. A service fee of 1-1/2 percent per month, calculated from the date of the invoice and until the date of payment will be assessed for payments received by [FIRM] after 30 days.

C. Invoice Requirement

The invoices shall describe the percentage of completion agreed-to with the Finance Director and the total billed-to-date. The invoices shall include the total amount invoiced to date by [FIRM] prior to the current invoice. [FIRM] will specifically note in the appropriate invoice when one-third and two-thirds payment of the maximum annual Contract amount, including expense reimbursement, have been expended. [FIRM] shall send invoices to City's Finance Director.

**TIME IS OF THE ESSENCE**

[FIRM] agrees that time is of the essence under this Contract.

**TERMINATION**

A. Parties' Right to Terminate for Convenience.

This Contract may be terminated at any time by mutual written consent of the both parties.

B. City's Right To Terminate for Convenience.

City may, at its sole discretion, terminate this Contract, in whole or in part, upon ten (10) days notice

C. City's Right to Terminate for Cause.

City may terminate this Contract, in whole or in part, immediately upon notice to [FIRM], or at such later date as the Finance Director may establish in such notice, upon the occurrence of any of the following events:

(i) City fails to receive funding, or appropriations, limitations or other expenditure authority at levels sufficient to pay for [FIRM]'s Work;

(ii) Federal or state laws, regulations or guidelines are modified or interpreted in such a way that either the Work under this Contract is prohibited or City is prohibited from paying for such Work from the planned funding source;

(iii) [FIRM] no longer holds any license or certificate that is required to perform the Work; or

(iv) [FIRM] commits any material breach or default of any covenant, warranty, obligation or agreement under this Contract, fails to perform the Work under this Contract within the time specified herein or any extension thereof, or so fails to pursue the Work as to endanger [FIRM]'s performance under this Contract in accordance with its terms, and such

breach, default or failure is not cured within 5 business days after delivery of the Finance Director's notice, or such longer period as the Finance Director may specify in such notice.

D. [FIRM]'s Right to Terminate for Cause.

[FIRM] may terminate this Contract upon 30 days' notice to the Finance Director if:

(i) City fails to pay [FIRM] pursuant to the terms of this Contract and City fails to cure within 30 business days after receipt of [FIRM]'s notice, or such longer period of cure as [FIRM] may specify in such notice, or

(ii) [FIRM] determines that the books and records are not auditable or that City management has not been truthful, honest and forthcoming in its responses to inquiries made as part of the audit.

E. Remedies

(i) In the event of termination pursuant to subsections B, C(i), C(ii) or D, [FIRM]'s sole remedy shall be a claim for the sum designated for accomplishing the Work multiplied by the percentage of Work completed, less previous amounts paid and any claim(s) which City has against [FIRM]. If previous amounts paid to [FIRM] exceed the amount due to [FIRM] under this subsection, [FIRM] shall pay any excess to the City upon demand.

(ii) In the event of termination pursuant to subsection C(iii) or C(iv), City shall have any remedy available to it in law or equity. If it is determined for any reason that [FIRM] was not in default under subsection C(iii) or C(iv), the rights and obligations of the parties shall be the same as if the Contract was terminated pursuant to subsection B.

F. [FIRM]'s Tender upon Termination.

Upon receiving a notice of termination of this Contract, [FIRM] shall immediately cease all activities under this Contract, unless the Finance Director expressly directs otherwise in such notice of termination.

Upon termination of this Contract, [FIRM] shall deliver to the Finance Director all documents, information, works-in-progress and other property that are or would be deliverables had the Contract been completed, and any other items owned by the City. Upon the Finance Director's request, [FIRM] shall surrender to anyone the Finance Director designates, all documents, research or objects or other tangible things in [FIRM]'s possession that may be needed to complete the Work.

**PROFESSIONAL LIABILITY INSURANCE**

[FIRM] shall provide the City evidence of professional liability in an amount not less than \$1,000,000 combined single limit. [FIRM] shall keep in force the professional liability policy for at least one year after the expiration of the contract with the City, or notify the City in the event of a cancellation or reduction in limits of a "claims made" policy.

## **INDEMNITY AND HOLD HARMLESS**

[FIRM] shall defend, indemnify, and hold the City, its officers, agents and employees, harmless against all liability, loss, or expenses, including attorney's fees, and against all claims, actions or judgments based upon or arising out of or in connection with the performance by [FIRM] or its agents, officers or employees under this Agreement insofar as such performance results from [FIRM]'s negligent, reckless or willful act or omission. This indemnity does not include claims that arise from any negligent, reckless or willful act or omission of the City. This indemnification obligation shall continue beyond the term of this Agreement as to any acts or omissions occurring under this Agreement or any extension of this Agreement. Similarly, the City shall agree to hold harmless and indemnify [FIRM] for any liability arising out of the negligence of the City's personnel and anyone acting on behalf in connection with, or incidental to, this contract.

## **PUBLICATION RIGHTS/RIGHTS IN DATA**

All material contained in the CAFR and related reports (graphics, photos, etc.), prepared by the City are the property of the City. The auditors' reports are the property of [FIRM]; the City may reproduce and distribute the reports, or any part thereof, in such form as the City desires, but will inform [FIRM] if such reports are to be used in offering documents or similar materials and obtain the written permission of [FIRM] to do so.

[FIRM] shall not publish any of the results of the work without the prior written permission of the City. All original written material and other documentation, including background data, documentation, and staff work that is preliminary to final reports, originated and prepared for **the City pursuant to this contract, is exclusively the property of [FIRM].**

Material already in [FIRM]'s possession, independently developed by [FIRM] outside the scope of this contract or rightfully obtained by [FIRM] from third parties, shall belong to [FIRM].

**[FIRM]**

**CITY OF WEST LINN**

By<sup>1</sup>: \_\_\_\_\_  
[Authorized Signer]  
[Title]  
Date: \_\_\_\_\_

\_\_\_\_\_  
Richard W. Seals  
Date: \_\_\_\_\_  
Finance Director

[Firm Address]

\_\_\_\_\_  
Chris A. Jordan  
Date: \_\_\_\_\_  
City Manager

Employer ID #<sup>2</sup>: XX-XXXXXXX

City of West Linn  
22500 Salamo Road, Suite 600  
West Linn, Oregon 97068

Check one:

Sole Proprietor \_\_\_\_\_  
Partnership \_\_\_\_\_  
Corporation \_\_\_\_\_  
Limited Liability Company \_\_\_\_\_  
Limited Liability Partnership \_\_\_\_\_  
Other: \_\_\_\_\_

Date Authorized by Council, if applicable:

<sup>1</sup> The individual signing on behalf of [AUDIT FIRM NAME] hereby certifies and swears under penalty of perjury: (a) the number shown on this form is PS [AUDIT FIRM NAME]'s correct taxpayer identification; (b) [AUDIT FIRM NAME] is not subject to backup withholding because (i) [AUDIT FIRM NAME] is exempt from backup withholding, (ii) [AUDIT FIRM NAME] has not been notified by the IRS that [AUDIT FIRM NAME] is subject to backup withholding as a result of a failure to report all interest or dividends, or (iii) the IRS has notified [AUDIT FIRM NAME] that [AUDIT FIRM NAME] is no longer subject to backup withholding; (c) s/he is authorized to act on behalf of PS [AUDIT FIRM NAME], s/he has authority and knowledge regarding PS [AUDIT FIRM NAME]'s payment of taxes, and to the best of her/his knowledge, [AUDIT FIRM NAME] is not in violation of any Oregon tax laws, (d) [AUDIT FIRM NAME] is an independent [AUDIT FIRM NAME] as defined in ORS 670.600; and (e) the above [AUDIT FIRM NAME] data is true and accurate.

<sup>2</sup> [AUDIT FIRM NAME]'s disclosure of Social Security number or Taxpayer Identification number is requested so that the City may comply with federal and state income tax reporting requirements. 5 USC 552a. This contract is subject to public disclosure. You may submit the social security / taxpayer identification number by separate letter to the Finance Director, along with a request that it not be subject to public disclosure. In such event, the City shall only disclose the social security / taxpayer identification number as required by the Oregon Public Records law, ORS 192.502.