



REQUEST FOR QUALIFICATIONS AND PROPOSAL: AUDIT SERVICES

City of Redmond, Oregon

February 4, 2011

Timeline

RFQ/RFP posted on website	February 4, 2011
Proposals due	March 15, 2011 (4:00pm local time)
Selection of Tier 1 Finalists	March 16-23, 2011
Notice of Tier 1 Results	no later than March 23, 2011
Interviews	April 4-8, 2011
Notice of Intent to Award	no later than April 15, 2011
City Council Approval	April 26, 2011
Contract Finalized	May 6, 2011

Note: This is the City's desired project schedule. The City reserves the right to modify the schedule.

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Attachments:

- A. Annual Financial Statements of City of Redmond Public Buildings Corporation, Inc. for the fiscal years ended June 30, 2010 and 2009.
- B. Sample Audit Contract
- C. Authorized Signature and Attestation Form



The City of Redmond hereby submits this Request for Qualifications and Proposals (“RFQ/RFQ/RFP”) to provide financial and compliance audit services for the City of Redmond (“City”), City of Redmond Urban Renewal Agency (“URA”) and City of Redmond Public Buildings Corporation (“PBC”).

I. Service Period

The City intends to hire the selected auditor for a four (4) year term, with two (2) optional one-year renewals. Initial audit period is for the fiscal year ended June 30, 2011 (fiscal year 2011). The total contract term is not to exceed a maximum of six (6) fiscal years and is subject to annual review and recommendation of City staff and satisfactory negotiation of terms (including a total fee acceptable to both the City and the auditor). Since the City cannot appropriate future resources, the remaining years of the agreement are subject to approval in the City’s annual budget.

Due to the transfer of ownership of the Juniper Golf Course from the PBC to the City, we expect the fiscal year ending June 30, 2011, to be the last one for which PBC will be reported as a component unit of the City and need a financial audit.

II. Audit Service Requirements

The audit must be conducted in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; the State Single Audit Implementation Act; any other applicable procedures for the audit of a local government’s CAFR prepared in accordance with generally accepted accounting principles (GAAP).

Manager(s) and Partner assigned to the audit of the City of Redmond CAFR must hold a municipal auditors license in the State of Oregon.

The audit is expected to be completed with audit reports and letters to be issued no later than December 31st of each fiscal year. However, the City’s preference is to be done by December 15th. Following the completion of the audit of each year’s financial statements, the auditor shall issue:

CAFR – City of Redmond

- a. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles for the City and its component units.
- b. Comments related to Minimum Standards for Audits of Oregon Municipal Corporations.
- c. A report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards (Single Audit).
- d. A report on compliance with requirements that could have a direct and material effect on each major program and passenger facility charge program and on internal control over compliance in accordance with OMB Circular A-133 (Single Audit) and passenger facility charge audit guide for public agencies.



- e. A schedule of findings and questioned costs (Single Audit).
- f. A summary schedule of prior audit findings.

Annual Financial Report – URA

- a. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles for the URA.
- b. Comments related to Minimum Standards for Audits of Oregon Municipal Corporations.

Annual Financial Report – PBC

- a. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles for the PBC.

The auditor will complete the “Oregon Audits Division Summary of Revenues and Expenditures” forms for the City and each of the City’s component units.

Each annual audit will include written recommendations made to management which address any findings, observations, opinions, or comments relating to internal controls, financial systems, compliance or other matters that come to the attention of the auditors during the examination. This management letter shall be provided in draft form and discussed with City staff prior to the management letter being issued.

An exit conference is required of the auditor upon completion of fieldwork with City staff to inform them of pertinent findings. A formal presentation of the audit results by the auditor to the City Council will be required.

The auditor is expected to provide informal advice and consultation throughout the year on matters relating to accounting and financial reporting. This would not necessarily include any task that entails significant research or a formal report.

The working papers shall be retained, at the auditor’s expense, and made available upon request by the City or any cognizant agency for no less than five years from the date of the audit report.

III. CAFR and Financial Statement Preparation

The City requests submission of two proposals:

- a. Assuming that City staff will draft the CAFR and URA financial statements, with a draft to be provided to the auditor no later than October 15th of each year.
- b. Assuming that the auditor will draft the CAFR and URA financial statements, if this service is available.

In both cases, we expect the PBC financial statements to be prepared by City staff or its agent, with a draft to be provided to the auditor no later than October 15th.



IV. Background on City of Redmond and Component Units

Please refer to the City of Redmond's website for a copy of the CAFR and URA annual financial statements for the fiscal year ended June 30, 2010. The City's budget document for the fiscal year ending June 30, 2011, is also available on the website: www.ci.redmond.or.us.

A copy of the PBC's Annual Financial Report is attached to this RFQ/RFP (Attachment A).

The following structural changes for FY10/11 should be noted:

1. A Police Fund was established on July 1, 2010. Police activity was previously reported within the General Fund.
2. The Administrative Services Fund was rolled in to the General Fund, effective July 1, 2010.
3. The City previously assigned a percentage of general property tax revenues to governmental funds. Effect July 1, 2010, the City changed its approach to record all general property tax revenues to the General Fund with a transfer of General Fund support to governmental funds.
4. The impact of GASB Statement No. 54 on the City's financial reporting has not been fully assessed but is expected to result in changes to the structure of the fund financial statements.

The following significant transactions for FY10/11 should be noted:

1. Ownership of Juniper Golf Course was transferred from the PBC to the City and will be reported as an enterprise fund, effective February 1, 2011. A new management company was hired by the City with a contract effective date of January 15, 2011 and a management start date of February 1, 2011. Debt service and long-term debt and receivable balances previously reported in the City's Capital Projects Fund will be transferred to the newly-created enterprise fund.
2. Annexation of Redmond Fire and Rescue from the City to the Deschutes County Rural Fire Protection District No. 1 was approved in the November 2010 elections and will be effective July 1, 2011. The City anticipates recording the transfer out and clearing the Fire Fund as of end of day, June 30, 2011.

The following structural changes are expected for FY11/12:

1. Cemetery Fund will be consolidated in to the Parks Fund, effective July 1, 2011.
2. The City's two remaining internal service funds – Internal Service Fund and Risk Management Fund – will be rolled in to the General Fund, effective July 1, 2011.



V. Accounting Records

The computerized budget and accounting records for the City of Redmond and the URA are processed using SunGard HTE's government accounting software, supported by Microsoft Office documents. The HTE modules used by the City include GMBA, Payroll, Cash Receipts, Accounts Receivable, Utility Billing, Business Licenses and Fixed Assets. In addition, several departments use third party vendor software for their operations – primarily Fire (TriTech) and Community Development (AccuTerm). Data generated by such software includes information that is interfaced with the primary accounting system pertaining to revenues, cash receipts and accounts receivable.

The accounting records for the PBC are processed using BusinessWorks software.

VI. Audit Contract, Fees

Redmond City Council must approve the audit contract prior to commencement of work. Up to 75% of the total fee may be billed through interim or progress billings prior to issuance of the audit reports. Each of the three audits needs to be billed by the audit firm as separate audit engagements.

Should circumstances arise during the audit that require significant additional work to be performed in excess of the amounts set forth in the contract, additional costs shall be negotiated prior to commencement of the work.

A sample contract is attached to this RFQ/RFP (Attachment B).

VII. Proposal Contents

In order to standardize the review process, the auditor's proposal must be presented in the following format and include the designated information.

Section A. Experience, Technical and Other Qualifications

The first section should address the requested information below. The corresponding response should begin with the number of the requested information.

1. Indicate the location of the office and the number of people, by level, expected to handle the audit.
2. Provide a list of the office's current and recent government audit clients, indicating the type(s) of services performed and the number of years served for each. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted by the City for reference.
3. Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review including management letter and responses, if any. Indicate whether the review included government engagements.



4. For each audit senior and higher-level person who would be assigned to the audit:
 - a. Describe their relevant educational background, professional qualifications, licenses, and professional experience in governmental audits.
 - b. Indicate the percentages of time each person is expected to be on site during the City's audit.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm. Those personnel may also be changed for other reasons with the express prior written permission of the City. However, in either case, the City retains the right to approve or reject replacements.

5. Identify proposed sub-contractors, if any, and the portion(s) of the engagement for which they will be used.
6. Describe how the firm meets professional independence standards.
7. Describe the firm's specific audit approach in the form of a work plan. The work plan should include an explanation of the audit methods to be used.
8. Describe liability insurance coverage arrangements to assure that it is sufficient to cover claims.
9. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office, if any, in the past five (5) years.
10. Identify any potential audit difficulties, along with the firm's proposed resolution and any additional assistance expected from City staff.
11. Provide any other information you believe relevant to the decision of selection of the best auditing firm for the City.

Section B. Cost Proposal

Proposals should include cost estimates and other necessary cost information for each of the three audits. Include the following information:

1. Comment specifically on the timeline and how the City can assist in expediting the audit.
2. Describe assistance expected from the City staff.
3. Estimated hours and estimated total cost per year (personnel, travel, supplies/materials, other), by staff position, for each of the following:
 - (1) City of Redmond financial and compliance audits assuming City preparation of the CAFR
 - (2) City of Redmond financial and compliance audits assuming auditor preparation of the CAFR, if this service is available
 - (3) City of Redmond URA financial audit assuming City preparation of the financial statements
 - (4) City of Redmond URA financial audit assuming auditor preparation of the financial statements, if this service is available
 - (5) City of Redmond PBC financial audit for FY11 assuming City/agent preparation of the financial statements



Use a format similar to the following for each item above:

	ESTIMATED HOURS				ESTIMATED COST			
	On-site interim	On-site year end	Office	Total Hours	FY11	FY12	FY13	FY14
Partner								
Manager								
Sr. Accountant								
Staff Accountant								
Clerical								
TOTAL STAFF								
TRAVEL								
OTHER (describe)								
TOTAL COST								

4. Include a signed “Authorized Signatures and Attestation” form (Attachment C).
5. Identify and describe any other important cost-based information.

The City reserves the right to reject any or all proposals if there is good cause; to cancel the solicitation; waive technicalities; request clarification or additional information and be the sole judge of suitability of the services for its intended use and further specifically reserves the right to make the award and negotiate a final contract in the best interest of the City considering cost effectiveness. Failure to respond to any requirements outlined in the RFQ/RFP, or failure to enclose copies of the required documents, may disqualify the proposal. The City reserves the right to retain all submitted proposals.

VIII. Submission of Proposals, Time Schedule for Awarding Contract

Five (5) copies of the proposals should be submitted in two sealed envelopes marked “Audit Services Proposal”. One envelope should include Section A material and the other envelope should include Section B material. *Section A* will be comprised of the audit firm’s experience and qualifications of its personnel in performing governmental audits. There should be no dollar units or total costs included in *Section A*. *Section B* is the auditor’s cost proposal.

Proposals should be submitted to:

Kelly Morse, City Recorder
 City of Redmond
 716 SW Evergreen Ave.
 Redmond, OR 97756

Proposals will be received until 4:00 p.m. Local Time on Tuesday, March 15, 2011.

It is anticipated the City staff will review the proposals and will make a recommendation to the City Council by April 26, 2011. Following approval by the City Council, it is expected a contract will be executed between the City and the selected auditor on or about May 6, 2011.



The City reserves the right to modify the dates for preliminary selection and final contract approval based on changes to regularly scheduled City Council meeting dates, unanticipated delays in the selection and/or negotiation process, or any other contingency based on the best interest of the City. Nevertheless, every effort will be made to be respectful of the time constraints put upon public accounting firms in late spring.

In accordance with ORS 279B.100, this RFQ/RFP may be canceled, or any or all 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.

The services described in this RFQ/RFP may be delayed or suspended when the delay or suspension is in the best interest of the contracting agency as determined by the contracting agency. The contracting agency shall make the reasons for the delay or suspension 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 delay or suspension of a solicitation, bid, proposal or award.

Any questions should be directed to Summer Sears, City Controller, in writing at summer.sears@ci.redmond.or.us. Written responses will be available to all interested parties. During the RFP process, no contact should be made regarding the Audit Services Proposal with any of the City Council Members or the City Manager.

IX. Description of Selection Process

The Auditor Selection Committee (“Committee”) will evaluate the proposals in two tiers. The Committee will include the Assistant City Manager and the Controller, and may include other City staff, members of the City Council and non-city members with accounting and auditing expertise. The Committee will use a point formula during the review process to score proposals.

Tier 1: Mandatory elements as described below will first be confirmed. Each member of the Committee will then score each proposer’s Experience, Technical and Other Qualifications (*Section A*) by each of the criteria described below. The individual scores will be combined to arrive at a composite technical score for each firm. At this point, any firm with an unacceptably low technical score will be eliminated from further consideration.

A Notice of Tier 1 Results will be made to all responsible proposers no later than March 23, 2011. Protest of Tier 1 results must be in writing, must be made by a proposer in good legal standing, must be specific, and must be received within seven (7) business days of the date of mailing or emailing the Notice of Tier 1 Results. The protest envelope must give the RFQ/RFP title reference and be addressed to Kelly Morse, City Recorder, 716 SW Evergreen Avenue, Redmond, Oregon 97756.



Tier 2: After the composite technical score for each firm has been established, the cost proposal (*Section B*) will be analyzed and additional points will be added to the technical score based on the bid price. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional shares will be assigned to other proposers.

A Notice of Intent to Award will be made to all responsible proposers no later than April 15, 2011, or, in the event of a Tier 1 protest, a decision on the protest has been rendered, the later of the two. Protest of Results and Intent to Award must be in writing, must be made by a proposer selected for participation in Tier 2, must be specific, and must be received within seven (7) business days of the date of mailing or emailing the Intent to Award. The protest envelope must give the RFQ/RFP title reference and be addressed to Kelly Morse, City Recorder, 716 SW Evergreen Avenue, Redmond, Oregon 97756.

The City reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether the proposal is selected.

Principal Selection Criteria: Proposals will be evaluated using three (3) sets of criteria. Firms meeting the mandatory elements will have their proposals evaluated and scored as discussed above. The following represent the principal selection criteria, which will be considered during the evaluation process.

- a. Mandatory elements
 - i. The audit firm is independent and licensed to practice in Oregon as a municipal auditor.
 - ii. The firm has no conflict of interest with regard to any other work performed by the firm for the City and other entities.
 - iii. The firm adheres to the instructions in this Request for Qualifications and Proposal on preparing and submitting the proposal.
- b. Experience, Technical and Other Qualifications (Maximum Points – 70)
 - i. The firm’s past experience and performance on comparable government engagements, including those with the City.
 - ii. The quality of the firm’s professional personnel to be assigned to the engagement.
 - iii. Other qualifications as listed in section VII of this RFQ/RFP.
- c. Cost (Maximum Points- 30)

Cost will not be the primary factor in the selection of an audit firm.



Annual Financial Statements

City of Redmond
Public Buildings Corporation

Years Ended June 30, 2010 and 2009



**CITY OF REDMOND
PUBLIC BUILDINGS CORPORATION**
(A Component Unit of the City of Redmond, Oregon)

FINANCIAL STATEMENTS

For The Years Ended June 30, 2010 and 2009

CITY OF REDMOND PUBLIC BUILDINGS CORPORATION
(A Component Unit of the City of Redmond, Oregon)

Financial Statements
For the Years Ended June 30, 2010 and 2009

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CITY OF REDMOND PUBLIC BUILDINGS CORPORATION
(A Component Unit of the City of Redmond, Oregon)

OFFICIALS OF THE CORPORATION

June 30, 2010

Board of Directors

Ronald L. Bryant, President
P.O. Box 457
Redmond, Oregon 97756

Pam Garney, Juniper Board Member
10449 N.W. Oak Lane
Redmond, Oregon 97756

John F. Hodecker, Vice President
P.O. Box 1709
Redmond, Oregon 97756

Barry Jordan
5309 N.W. 19th Street
Terrebonne, OR 97760

Donald W. Lee, Secretary
541 S.W. 15th Street
Redmond, Oregon 97756

Camden King, Councilor
170 S.W. 17th Street
Redmond, Oregon 97756

Jerry Thackery, Treasurer
3430 S.W. Canal Boulevard
Redmond, Oregon 97756

Paul Klotz, Juniper Board Member
65150 High Ridge Drive
Bend, Oregon 97701

Ed Boero, Councilor
4091 S.W. Salmon Avenue.
Redmond, Oregon 97756

Wayne Van Matre, Citizen-at-Large
764 N.W. 19th Place
Redmond, Oregon 97756

Shirlee Evans, Councilor
140 N.W. Dogwood Avenue
Redmond, Oregon 97756

City of Redmond Public Buildings Corporation
Administrative Offices
716 S.W. Evergreen
Redmond, Oregon 97756-0100



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

INDEPENDENT AUDITORS' REPORT

December 22, 2010

To the Board of Directors
City of Redmond Public Buildings Corporation

We have audited the accompanying statements of financial position of the City of Redmond Public Buildings Corporation (a component unit of the City of Redmond, Oregon) as of June 30, 2009 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the City of Redmond Public Building Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Redmond Public Buildings Corporation for the fiscal years ended June 30, 2010 and 2009, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

CITY OF REDMOND PUBLIC BUILDINGS CORPORATION
(A Component Unit of the City of Redmond, Oregon)
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

	2010	2009
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 138,591	\$ 166,952
Accounts receivable	80,160	84,150
Inventory	118,535	141,495
Other assets	1,600	2,050
Total current assets	338,886	394,647
DESIGNATED ASSETS		
Cash held by bond trustee	174	55,950
Cash designated for programs and PBC	4,197	4,352
Total board designated assets	4,371	60,302
FIXED ASSETS , net of \$1,185,250 accumulated depreciation	6,613,057	6,819,089
TOTAL ASSETS	\$ 6,956,314	\$ 7,274,038
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 121,026	\$ 246,666
Gift certificates payable	59,183	60,425
Management fee payable	41,116	190,037
Accrued interest	23,904	24,425
Deposits	10,237	-
Unearned revenue	116,024	101,749
Current portion of long-term debt	181,048	198,430
Total current liabilities	552,538	821,732
LONG-TERM DEBT LESS CURRENT PORTION		
Contracts, loans and notes payable	5,897,416	6,078,463
TOTAL LIABILITIES	6,449,954	6,900,195
NET ASSETS		
Unrestricted:		
Undesignated	501,989	313,541
Designated	4,371	60,302
TOTAL NET ASSETS	506,360	373,843
TOTAL LIABILITIES AND NET ASSETS	\$ 6,956,314	\$ 7,274,038

See accompanying notes and accountants' report.

CITY OF REDMOND PUBLIC BUILDINGS CORPORATION
(A Component Unit of the City of Redmond, Oregon)
STATEMENTS OF ACTIVITES AND CHANGES IN NET ASSETS
For the years ended June 30, 2010 and 2009

	2010	2009
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES:		
Dues, tournaments and membership fees	\$ 485,689	\$ 561,168
Restaurant and Bar	460,264	577,415
Course	424,842	541,585
Pro Shop	355,628	382,768
Interest on investments	181	310
Miscellaneous	61,442	1,651
City of Redmond - Recovery Fund	400,244	-
	<u>2,188,290</u>	<u>2,064,897</u>
EXPENSES AND LOSSES:		
Operations	440,076	401,746
Restaurant and Bar	412,061	517,897
Course	398,597	499,918
Pro Shop	299,938	357,805
Depreciation	206,032	220,613
Miscellaneous	5,838	362
Interest	293,231	314,797
	<u>2,055,773</u>	<u>2,313,138</u>
Total expenses		
	<u>2,055,773</u>	<u>2,313,138</u>
Loss on disposal of fixed assets	-	3,666
	<u>-</u>	<u>3,666</u>
Total expenses and losses		
	<u>2,055,773</u>	<u>2,316,804</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	132,517	(251,907)
NET ASSETS, Beginning of year	<u>373,843</u>	<u>625,750</u>
NET ASSETS, End of year	<u>\$ 506,360</u>	<u>\$ 373,843</u>

See accompanying notes and accountants' report.

CITY OF REDMOND PUBLIC BUILDINGS CORPORATION
(A Component Unit of the City of Redmond, Oregon)
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase (decrease) in unrestricted net assets	\$ 132,517	\$ (251,907)
Adjustments to reconcile operating income to net cash provided by operations:		
Depreciation	206,032	220,613
Loss on disposal of fixed assets	-	3,666
City of Redmond - Recovery Fund	(400,244)	-
Decrease (increase) in current assets:		
Accounts receivable	3,990	5,464
Inventory	22,960	21,231
Other assets	450	(1,050)
(Decrease) increase in current liabilities:		
Accounts payable	(125,640)	54,425
Gift certificates payable	(1,242)	(836)
Management fee payable	(148,921)	42,267
Accrued interest	(521)	(425)
Deposits	10,237	-
Unearned revenue	14,275	26,629
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(286,107)</u>	<u>120,077</u>
CASH FLOWS USED BY INVESTING ACTIVITIES:		
Purchases of fixed assets	-	(12,065)
NET CASH USED BY INVESTING ACTIVITIES	<u>-</u>	<u>(12,065)</u>
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:		
City of Redmond - Recovery Fund	400,244	-
Principal payments	(198,429)	(213,999)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>201,815</u>	<u>(213,999)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(84,292)	(105,987)
CASH AND CASH EQUIVALENTS, Beginning of year	227,254	333,241
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 142,962</u>	<u>\$ 227,254</u>
COMPRISED AS FOLLOWS:		
Cash	\$ 138,591	\$ 166,952
Board designated cash	4,371	60,302
Total	<u>\$ 142,962</u>	<u>\$ 227,254</u>
SUPPLEMENTAL DATA:		
Interest paid	<u>\$ 293,752</u>	<u>\$ 315,222</u>
Non-cash debt forgiveness	<u>\$ -</u>	<u>\$ 30,950</u>

See accompanying notes and accountants' report.

CITY OF REDMOND PUBLIC BUILDINGS CORPORATION
(A Component Unit of the City of Redmond, Oregon)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

I. REPORTING ENTITY

The City of Redmond Public Buildings Corporation (the Corporation) is a component unit of the City of Redmond, Oregon (the City). It is a not-for-profit corporation organized under the laws of the State of Oregon. The Corporation was organized in 1983 to provide for the development and operation of the Juniper Golf Course and other public facilities. The activities are guided by the City of Redmond Public Buildings Corporation Board and management hired to operate the Juniper Golf Course. The Corporation's governing body consists of a three member Board of Directors, which are appointed by the City of Redmond City council.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Inclusion of the City of Redmond Public Buildings Corporation in the City of Redmond, Oregon, Comprehensive Annual Financial Report

All significant activities and organizations for which the City exercises oversight responsibility have been included in the City's combined financial statements. The following criteria from Governmental Accounting Standards Board Statement (GASB) No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", regarding manifestation of oversight were considered by the City in its evaluation of City organizations and activities:

- Financial interdependency – the City receives financial support or provides financial benefit to the Corporation, and has issued bonds and other debt to finance activities of the Corporation.

City management has determined that the City of Redmond Public Buildings Corporation meets the criteria set forth above and, therefore, is a component unit of the City. This report is issued solely to meet a State of Oregon, Department of Revenue interpretation of Oregon Revised Statutes that requires a separate audit report.

B. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under those provisions, net assets and revenues, gains and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Corporation pursuant to those stipulations that expire by the passage of time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation. Generally, the donors of such assets permit the Corporation to use all or part of the income earned on the assets.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenses and other disclosures. Accordingly, actual results could differ from those estimates.

E. Unearned Revenue

The Corporation recognizes revenues as they are earned. Amounts for dues and capital improvement assessments that are received in advance of the period in which they are due are recorded as a liability under “unearned revenue” on the statement of financial position.

F. Income Tax Status

The City of Redmond Public Buildings Corporation is exempt from federal income tax under Section 501(C)(3) of the Internal Revenue Code (IRC). However income from certain activities not related to the Corporation's tax-exempt purpose could be subject to taxation as unrelated business income.

G. Cash and Cash Equivalents

The Corporation's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Corporation makes monthly deposits into a bond escrow cash account which had a balance of \$174 at June 30, 2010. These funds are considered cash and cash equivalents designated for debt service, and are listed separately on the financial statement.

H. Inventories

Inventories of food, beverages, and pro shop merchandise are stated at average cost.

I. Fixed Assets and Depreciation

Expenditures for equipment, buildings, course improvements and the new golf course are recorded at cost. Expenditures for major repairs and betterments that extend the useful lives of equipment are capitalized. Maintenance and minor repairs are charged to expense when incurred. When equipment is sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts, and any gain or loss is included in the statement of activities. The City of Redmond Public Buildings Corporation's capitalization threshold for fixed assets is currently set at \$1,000.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Eighteen Holes	50
Leasehold Improvements	15
Building Improvements	15-50
Club Equipment	8
Course Equipment	8
Office Furniture	5

J. Accounts Receivable

Accounts receivable consists mainly of the monthly charge to members for dues, cart storage, capital improvements, and the monthly food minimum; amounts receivable from members for pro shop sales, amounts receivable from members for food and drink charges, and other miscellaneous receivables. Management has reviewed the receivables for uncollectible amounts and an allowance for doubtful accounts has been set up to reflect the amount considered uncollectible.

K. Reclassification of Expenses

The Corporation has made changes to statements of financial position for the fiscal year ended 6/30/09. In order to have a proper comparison, designated assets for the fiscal year 6/30/09 have been restated to cash. There was no effect to total net assets.

III. DETAILED NOTES

A. Fixed Assets

Fixed assets at June 30, 2010 and 2009 are as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Eighteen Holes	\$ 5,074,392	\$ -	\$ -	\$ 5,074,392
Leasehold Improvements	8,338	-	-	8,338
Building Improvements	2,119,418	-	-	2,119,418
Club Equipment	101,361	-	-	101,361
Course Equipment	490,117	-	-	490,117
Office Furniture	4,681	-	-	4,681
Total	<u>\$ 7,798,307</u>	<u>\$ -</u>	<u>\$ -</u>	7,798,307
Less accumulated depreciation				<u>(1,185,250)</u>
Fixed assets, net				<u>\$ 6,613,057</u>

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Eighteen Holes	\$ 5,074,392	\$ -	\$ -	\$ 5,074,392
Leasehold Improvements	8,338	-	-	8,338
Building Improvements	2,119,418	-	-	2,119,418
Club Equipment	101,361	-	-	101,361
Course Equipment	581,902	12,065	103,850	490,117
Office Furniture	4,681	-	-	4,681
Total	<u>\$ 7,890,092</u>	<u>\$ 12,065</u>	<u>\$ 103,850</u>	7,798,307
Less accumulated depreciation				<u>(979,218)</u>
Fixed assets, net				<u>\$ 6,819,089</u>

B. Long Term Debt

1. Contracts, Loans and Notes Payable

	<u>2010</u>	<u>2009</u>
The Corporation is obligated to the City of Redmond under a construction loan payable for construction, bond issuance costs, and capitalized interest paid by the City to finance the new golf course and clubhouse. The Corporation is required to make monthly payments to the City for 1/6 of the bi-annual interest payment on the City's bonds and 1/13 of the annual principal payment on the bonds.	\$5,992,713	\$6,154,917
The Corporation received a \$144,000 loan from a board member of the organization for the purchase of kitchen equipment. The loan is payable over ten years with monthly payments of \$1,262, including interest at 1%, with final payment due November 15, 2015. The kitchen equipment is pledged as collateral.	79,784	94,047
Note payable to CitiCapital Commercial Corporation due in installments (eight per year) of \$2,022 including interest at an annual rate of 3.77% secured by equipment. The final payment was made in August 2009.	-	2,016
Note payable to CitiCapital Commercial Corporation, due in installments (eight per year) of \$1,705, including interest at an annual rate of 4.72% secured by equipment. The final payment was made in July 2010.	-	13,276
Note payable to John Deere Credit, due in monthly installments of \$485, including interest at an annual rate of 9.17%, secured by equipment. The final payment was made in February 2010.	-	3,924
Note payable to Citi Capital Commercial Corporation, due in monthly installments of \$263, including interest at an annual rate of 5.50%, secured by equipment. Final payment due June 1, 2012.	5,967	8,713
	<u>\$ 6,078,464</u>	<u>\$ 6,276,893</u>

1. Contracts, Loans and Notes Payable - continued

Future scheduled maturities of contracts, loans and notes payable at June 30, 2010 are as follows:

Year ending June 30	Principal	Interest
2011	\$ 181,048	\$ 287,385
2012	192,881	280,444
2013	196,770	272,598
2014	203,728	264,639
2015	210,791	256,222
2016 - 2020	1,127,839	1,139,931
2021 - 2025	1,423,550	843,205
2026 - 2030	1,486,857	482,698
2031 - 2033	1,055,000	105,700
	<u>\$ 6,078,464</u>	<u>\$ 3,932,822</u>

2. Changes in Long-Term Debt

During the year ended June 30, 2010, the following changes occurred in long-term liabilities:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010
Contracts, Loans and Notes	\$ 6,276,893	\$ -	\$ 198,429	\$ 6,078,464
Total	<u>\$ 6,276,893</u>	<u>\$ -</u>	<u>\$ 198,429</u>	6,078,464
Current Portion of Long-term Debt				<u>(181,048)</u>
Long-term Liabilities, Less Current Portion				<u>\$ 5,897,416</u>

C. Operating Leases

The Corporation is committed under various leases for golf equipment. These leases are considered for accounting purposes as operating leases. Lease expenses for the fiscal year totaled \$37,650. The future minimum lease payment as of June 30, 2010 as follows:

Year Ending June 30,	
2011	\$ 20,421
2012	12,120
2013	8,280
2014	659
	<u>\$ 41,480</u>

D. Net Assets Designation

The Corporation's board of directors has chosen to place the following designations on unrestricted net assets:

	<u>2010</u>	<u>2009</u>
Designated for bond debt service	\$ 174	\$ 55,950
Designated for programs and PBC	<u>4,197</u>	<u>4,352</u>
	<u>\$ 4,371</u>	<u>\$ 60,302</u>

IV. OTHER INFORMATION

A. Concentrations of Credit Risk

The Corporation keeps most of its deposits and Certificates of Deposits at one bank. The deposits are insured by the Federal Deposit Insurance Company for up to \$250,000 per depositor. The balances from time to time exceed the federally insured limits. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk on cash or cash equivalents and at June 30, 2010, all balances were fully insured.

B. Advertising Costs

Advertising costs consist of non-direct response advertising, and are expensed when paid. During the years ended June 30, 2010 and 2009, \$37,479 and \$39,123 were paid for advertising costs.

C. Risk Management

The Corporation is exposed to various risks of loss related to operations, theft of, damage to and destruction of assets, errors, omissions and natural disasters, for which the Corporation carries commercial insurance. There has been no significant reduction in insurance from the prior year. There has been no significant reduction in insurance from the prior year and the City of Redmond Public Buildings Corporation has not been required to pay any settlements in excess of insurance coverage during the last three fiscal years.

D. Golf Course Lease Agreements and Fixed Assets

The Corporation has entered into a lease agreement with the Bureau of Land Management with option to purchase 181.33 acres for the site of the golf course. The lease agreement requires no consideration for rent. The City of Redmond issued bonds in the City's name in the amount of \$5,935,000 and an \$800,000 line of credit for construction of the new

D. Golf Course Lease Agreements and Fixed Assets- continued

golf course and club house, bond issuance costs, and capitalized interest on the Corporations behalf. Golf course construction is complete and at June 30, 2010 and 2009, the Corporation owes \$5,992,713 and \$6,154,917, respectively, to the City of Redmond and has \$174 and \$55,950, respectively, deposited with the City for future debt service.

The City of Redmond is the legal owner of many of the fixed assets located at the golf course, and many of the improvement, which are immovable. However, the assets purchased by the Corporation and the golf course improvements continue to be reported in the Corporation's financial statements. In addition, provisions of the construction loan agreement with the City of Redmond require the Corporation to transfer assets from the new golf course once construction is complete and the option to purchase the land from the Bureau of Land Management (BLM) is exercised. The paperwork has been submitted to BLM and the patent has been received by the Corporation after year end.

The City of Redmond entered into lease purchase agreements to purchase equipment, which is used at the golf course. The loans are in the City's name and title to the equipment remains with the City. The Corporation makes monthly debt service payments to the City in the amount required for debt service on the loan. The obligations is considered a non-cancellable operating lease for the Corporation with payments of \$693 per month for 60 months ending December 11, 2010. The total cost of the equipment used by the course under this agreement is \$203,613. Future minimum lease payments are detailed in note III.C.

E. Contingencies

The City of Redmond issued bonds in the City's name to construct the new golf course and club house as discussed in Note IV, item D. As part of the agreement City of Redmond Public Buildings Corporation is to maintain a debt service reserve requirement of \$100,000. As of the release date of the financial statements, the debt reserve had been exhausted and the Corporation was behind on its monthly debt payment to the City.

Central Oregon is undergoing an economic downturn and due to this fact, the Golf Course has suffered a large decrease in revenues. As a result, the Corporation has been unable to fully meet its financial obligations and the City of Redmond has assisted the Corporation with their cash flow needs. The amount of assistance has been recorded on the books of the Corporation as "City of Redmond – Recovery Fund" in an amount of \$400,244 at June 30, 2010.

F. Related Party Transactions

The City of Redmond is a related party of the City of Redmond Public Buildings Corporation, as the Corporation is a component unit of the City. The Corporation has entered into various agreements with the City, as detailed above in notes III.B. and D and IV.D.

At June 30, 2010 and 2009 the Corporation had loans outstanding to a board member in the amount of \$79,784 and \$94,047, respectively.

G. Subsequent Events

As of December, 2010 contract negotiations are in progress with the proposed new management company of CourseCo., Inc. which is anticipated to be hired for the JGC management and operations. City of Redmond PBC will still exist as a going concern, but will cease its ownership of the Juniper Golf Course operations. This change in management will require the acceptance of two bargain and sale deeds which will transfer the Juniper Golf Course property to the City of Redmond as the patent has been received by the BLM; assignment of the Juniper Golf Club, Inc. management operating agreement to the City of Redmond, and termination of City of Redmond Public Buildings Corporation from the loan agreement obligations currently in effect. Once negotiations have been completed a Juniper Golf Commission will be established with a five member Board which will be responsible for monitoring the management agreement, preparation of the annual budget and operating plan, review of monthly financial statements and course fee structure, providing quarterly reports to City Council, and additional duties as requested by the Council.

Sample Audit Contract



**CONSULTANT SERVICES CONTRACT
CONTRACT NO. 2011-2**

This Contract is between The City of Redmond (City) and _____ (Consultant). The parties agree as follows:

Effective Date and Termination Date. The effective date of this Contract shall be _____ or the date on which each party has signed this Contract, whichever is later. Unless earlier terminated as provided below, the termination date shall be _____.

Statement of Work. Consultant shall perform the work described in Exhibit 1.

Payment for Work. City agrees to pay Consultant in accordance with Exhibit 1.

Contract Documents. This Contract includes this cover page, contract pages 1-8 and Exhibits 1, 2, 3, 4, and 5 (Instruction: Delete non-applicable exhibits.)

CONSULTANT DATA AND SIGNATURE

Consultant Address: _____

Federal Tax ID# or Social Security #: _____

Is Consultant a nonresident alien? Yes No

Business Designation (check one): Sole Proprietorship Partnership
 Corporation-for profit Corporation-non-profit Other, describe

A Federal tax ID number or Social Security number is required to be provided by the Consultant and shall be used for the administration of state, federal and local tax laws. Payment information shall be reported to the Internal Revenue Service under the name and Federal tax ID number or, if none, the Social Security number provided above.

I have read this Contract including the attached Exhibits. I understand this Contract and agree to be bound by its terms. NOTE: Consultant shall also sign Exhibits 3,4, and 5, if applicable,

Signature

Title

Name (please print)

Date

CITY OF REDMOND SIGNATURE

Contracts are not valid and not binding on the City until signed by the appropriate City Representative. Department Head: not to exceed \$10,000; Assistant City Manager or Public Works Director: not to exceed \$20,000; City Manager: not to exceed \$50,000. Contracts exceeding \$50,000 are not valid and not binding on the City until signed by the Local Contract Review Board.

Dated this _____ of _____, 20__

Dated this _____ of _____, 20__

CITY OF REDMOND DEPARTMENT HEAD

**CITY MANAGER
CITY OF REDMOND**

By:
Title:
CITY OF REDMOND ASSISTANT CITY MANAGER
OR PUBLIC WORKS DIRECTOR

DAVID BRANDT
REDMOND LOCAL CONTRACT REVIEW
BOARD

By:
Title:
INSURANCE REVIEWED _____

By:
Title:

CITY OF REDMOND CONSULTANT CONTRACT No. 2011-2

THIS AGREEMENT, made and entered into this ____ day of _____, 201_, by and between the **CITY OF REDMOND**, a municipal corporation of the state of Oregon, hereinafter referred to as "CITY", and _____, operating as an independent Consultant, hereinafter referred to as "CONSULTANT".

WITNESSETH:

The signing of this Agreement by CITY and CONSULTANT authorizes Consultant to carry out and complete the services as described below in consideration of the mutual covenants set forth in this Agreement.

1. **EFFECTIVE DATE AND DURATION.** This Agreement is effective _____. 201_. Except as otherwise provided in this agreement, this Agreement terminates at __:__.m., _____, 200_.
2. **PROJECT** Consultant's work will be limited to the projects described below. Work on any additional projects will require written authorization from City. Consultant will be working on the following projects:
 - 2.1 [identify and describe project]
 - 2.2
3. **SCOPE OF SERVICES.** Consultant agrees to provide the following services as an independent contractor:
 - 3.1 **Duties.** Exhibit 1 summarizes a detailed list of duties, including time lines and document production;
 - 3.2 **Representation on Authority of Parties/Signatories.** Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such party and enforceable in accordance with its terms.
 - 3.3 **City Project Representative.** Consultant shall coordinate services, progress reports and this agreement through the following authorized City Employee:

Name: _____ Contact Phone Number: _____
 - 3.4 **Records.** Consultant shall maintain all of its records relating to the Scope of Services on a generally recognized accounting basis and allow City the opportunity to inspect and copy such records at a convenient place during normal business hours. All records shall be maintained by Consultant for three years after City makes final payment and all other pending matters between City and Consultant are closed.

- 3.5 **Compliance with Laws.** Consultant shall comply with all federal, state and local laws and ordinances applicable to public contracts and the work to be performed under this Agreement.
- 3.6 **Ownership of Documents.** All documents, data or other work product produced by Consultant pursuant to this Agreement are the property of City. Consultant hereby conveys, transfers, and grants to City all rights of reproduction and the copyright to all such documents.
- 3.7 **Contract Documents.** In the event of a conflict between or among the terms of this Agreement and any proposal, bid documents, standards and specifications and/or request for proposals, the following order of precedence shall prevail: (a) this instrument; (b) the Attachments to this Instrument; (c) the request for proposal; (d) the proposal and/or bid documents. Nothing in this Agreement shall be considered as an acceptance of the terms of a proposal if the terms of the proposal conflict or are otherwise incompatible with the express terms contained in this Agreement and Attachments or in the City's request for bids or proposals.

4. RESTRICTIONS.

- 4.1 Consultant shall make prompt payments as due to all persons supplying labor or materials to Consultant for the work provided under this Agreement. Consultant shall not permit any lien or claim to be filed or prosecuted against City on account of any labor or material furnished. If Consultant fails, neglects or refuses to make prompt payment of any claim for labor, services or material furnished to Consultant or a subcontractor in connection with this Agreement as such claim becomes due, City may pay such claim to the person furnishing the labor or material and charge the amount of the payment against funds due or to become due to Consultant under this Agreement.
- 4.2 During the course of this Agreement Consultant may have access to confidential information of City and may participate in confidential discussions with City. Consultant shall not disclose confidential City information to any third party during the term of this Agreement or after its termination except as required by a court of competent jurisdiction or with the consent of City.

5. FEE FOR SERVICES.

- 5.1 City shall pay Consultant _____. Payments shall be made _____. fee for the Services shall not exceed \$_____. See Exhibit 1 for payment details and required Consultant documentation.
- 5.2 In the event that a dispute arises regarding Consultant's billing, City shall pay any amounts it agrees it owes and shall withhold payment of disputed amounts pending resolution of those disputes. Consultant shall provide any necessary documentation to support its billing to City.

6. **STANDARD OF PERFORMANCE/LIMITED WARRANTY.** Consultant warrants that its findings, recommendations, specifications or professional advice provided hereunder will be prepared and presented in accordance with the Professional, certification and licensing standards in effect at the time the Services are performed. Consultant makes no other warranty or representation, express or implied, and City accepts said limited warranty.

7. INDEPENDENT CONTRACTOR. Consultant, for the purpose of this Agreement, shall be considered an independent contractor. As an independent contractor, Consultant agrees as follows:

7.1 Consultant will be solely responsible for payment of Federal or State taxes required as a result of this Agreement;

7.2 Consultant is not entitled to any benefits generally granted to City employees; Consultant is solely liable for any Workers Compensation coverage under this contract.

7.3 If Consultant has the assistance of other persons in the performance of this contract, Consultant shall qualify and remain qualified for the term of this contract as a direct responsibility employer under Oregon Workers' Compensation law.

8. CONSULTANT NOT AN AGENT OF CITY. It is agreed by and between the parties that Consultant is not carrying out a function on behalf of City, and City does not have the right of direction or control of the manner in which Consultant delivers services under this Contract or exercise any control over the activities of Consultant. Consultant is not an officer, employee or agent of City as those terms are used in ORS 30.265.

8.1 This Agreement is not intended to entitle the Consultant nor any of its Agents to any benefits generally granted to City employees. Without limitation, but by way of illustration, the benefits which are not intended to be extended by this Agreement are vacation, holiday and sick leave, other leaves with pay, tenure, medical and dental coverage, life and disability insurance, overtime, Social Security, Workers' Compensation, unemployment compensation, or retirement. Consultant shall be responsible for all federal or state taxes applicable to compensation or payment paid to Consultant under this Agreement.

9. PARTNERSHIP. City is not, by virtue of this contract, a partner or joint venturer with Consultant in connection with activities carried out under this contract, and shall have no obligation with respect to Consultant's debts or any other liabilities of each and every nature.

10. INSURANCE – requirements are detailed in Exhibit 3

11. FAILURE TO SECURE. If Consultant at any time during the term hereof should fail to secure or maintain insurance required in Exhibit 3, City shall be permitted to obtain such insurance in the Consultant's name or as an agent of the Consultant and shall be compensated by the Consultant for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

12. INDEMNIFICATION HOLD HARMLESS. Consultant shall defend, save, hold harmless and indemnify the City and its officers, directors, agents, employees and volunteers from and against all claims, suits, actions, losses, damages, liabilities costs and expenses of any nature resulting from or arising out of, or relating to the activities of Consultant or its officers, employees, contractors, or agents under this Contract. To the extent permitted by Article XI, Section 10, of the Oregon Constitution and the Oregon Tort Claims Act, ORS 30.260 through 30.300, City shall defend, save, hold harmless and indemnify Consultant and its officers, employees and agents from and against all claims, suits, actions, losses, damages, liabilities costs and expenses of any nature resulting from or arising out of, or relating to the activities of City or its officers, directors, agents, employees and volunteers under this Contract. Neither

party shall be liable to the other for any incidental or consequential damages arising out of or related to this contract. Neither party shall be liable for any damages of any sort arising solely from the rightful termination of this contract or any part hereof in accordance with its terms.

13. SUBROGATION WAIVER: Consultant agrees that in the event of loss due to any of the perils for which it has agreed to provide commercial general and automotive liability insurance, Consultant shall look solely to its own insurance for recovery. Consultant hereby grants to City, on behalf of any insurer providing commercial general and automotive liability insurance to either Consultant or City with respect to the services of Consultant herein, a waiver of any right to subrogation which any such insurer of said Consultant may acquire against City by virtue of the payment of any loss under such insurance.

14. PERMITS AND LICENSES:

Consultant, at its sole expense, shall obtain and maintain during the term of this Agreement, all appropriate permits, certificates and professional licenses related to the scope of services provided, including a City Business License, which may be required in connection with the performance of services hereunder. Failure to maintain all Professional licenses, required permits or Professional certificates will void this agreement in its entirety.

15. PREFERENCE FOR RECYCLED MATERIALS (ORS 279A.125). Consultant will use where applicable, recycled materials if (a) The recycled product is available; (b) The recycled product meets applicable standards; (c) The recycled product can be substituted for a comparable non-recycled product; and (d) The recycled product's costs do not exceed the costs of non-recycled products by more than five percent (5%).

16. DRUGS AND ALCOHOL. Consultant shall enforce a zero tolerance as to dealing, possession, or use of drugs or alcohol by Consultant or its employees, subcontractors and agents while performing work under this contract.

17. CRIMINAL BACKGROUND INVESTIGATIONS. Consultant understands that Consultant is subject to periodic criminal background investigations by City and, if such investigations disclose criminal activity not disclosed by Consultant, such non-disclosure shall constitute a material breach of this Contract and City may terminate this Contract effective upon delivery of written notice to the Consultant, or at such later date as may be established by the City.

18. DELEGATION, SUBCONTRACTS AND ASSIGNMENT. Consultant shall not delegate or subcontract any of the work required by this Contract or assign or transfer any of its interest in this Contract, without the prior written consent.

18.1 Any delegation, subcontract, assignment, or transfer without prior written consent of City shall constitute a material breach of this contract.

18.2 Any such assignment or transfer, if approved, is subject to such conditions and provisions as the City may deem necessary.

18.3 No approval by the City of any assignment or transfer of interest shall be deemed to create any obligation of the City to increase rates of payment or maximum Contract consideration.

18.4 Prior written approval shall not be required for the purchase by the Consultant of articles, supplies and services which are incidental to the provision of services under this Contract that are necessary for the performance of the work.

18.5 Any subcontracts that the City may authorize shall contain all requirements of this contract, and the Consultant shall be responsible for the performance of the subcontractor.

19. NON-DISCRIMINATION. Consultant agrees that it shall not discriminate on the grounds of race, color, creed, national origin, sex, marital status, age, or disability in Consultant's performance of this Agreement. Consultant agrees to comply with Title VI of the Civil Rights Act of 1964, with Section V of the Rehabilitation Act of 1973, and with all applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations. Consultant also shall comply with the Americans with Disabilities Act of 1990 (Pub L No. 101-336), ORS 659.425, and all regulations and administrative rules established pursuant to those laws. Consultant agrees to comply with ADA in its employment and nondiscrimination practices, and that it shall perform its contractual obligations consistent with ADA federal requirements/regulations, state disability and accessibility law and requirements, and applicable regulations and administrative rules established pursuant to those laws.

20.TERMINATION.

The parties may terminate this Agreement as follows:

20.1. This Agreement may be terminated at any time by mutual consent of both parties.

20.2. City may, at its sole discretion, terminate this Agreement, in whole or in part, upon thirty (30) days' notice, in writing and delivered by certified mail or in person.

20.3. City may terminate this Agreement, effective upon delivery of written notice to the Consultant, or at such later date as may be established by the City under any of the following conditions:

20.31. City funding is not obtained and continued at levels sufficient to pay for Consultant's Work. The Agreement may be modified to accommodate a reduction in funds.

20.32. If federal, state or City 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.

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

20.34. Any termination of this Agreement shall be without prejudice to any obligations or liabilities of either party already accrued prior to such termination.

20.35The City by written notice of default (including breach of contract) to the Consultant may terminate the whole or any part of this Agreement:

20.36If the Consultant fails to provide services called for by this Agreement within the time specified or any extension of the Agreement, or

20.37If the Consultant fails to perform any of the other provisions of this Agreement, or so fails to pursue the work as to endanger performance of this Agreement in accordance with its terms, and after receipt of written notice from the City, fails to correct such failures within 10 days or such longer period as the City may authorize.

20.38If the consultant fails to maintain all Professional licenses, Professional certificates or required permits, the agreement will be voided in its entirety. Payments for valid Professional services will be assessed to determine if any payment under this agreement is required up to the date required Professional licenses, Professional certifications or permits lapse.

20.4. Consultant may terminate this Agreement upon 30 days' written notice to City if City fails to pay Consultant pursuant to the terms of this Agreement and City fails to cure within 30 business days after receipt of Consultant's notice, or such longer period of cure as Consultant may specify in the notice.

21. ACCESS TO RECORDS. Consultant shall maintain fiscal records and all other records pertinent to this Contract.

21.1 All fiscal records shall be maintained pursuant to generally accepted accounting standards, and other records shall be maintained to the extent necessary to clearly reflect actions taken. All records shall be retained and kept accessible for at least three years following the final payment made under this Contract or all pending matters are closed, whichever is later. If an audit, litigation or other action involving this Contract is started before the end of the three year period, the records shall be retained until all issues arising out of the action are resolved or until the end of the three year period, whichever is later.

21.2 City and its authorized representatives shall have the right to direct access to all of Consultant's books, documents, papers and records related to this Contract for the purpose of conducting audits and examinations and making copies, excerpts and transcripts. These records also include licensed software and any records in electronic form, including but not limited to computer hard drives, tape backups and other such storage devices. City shall reimburse Consultant for Consultant's cost of preparing copies. At Consultant's expense, the City, the Secretary of State's Office of the State of Oregon, the Federal Government, and their duly authorized representatives, shall have license to enter upon Consultant's premises to access and inspect the books, documents, papers, computer software, electronic files and any other records of the Consultant which are directly pertinent to this Contract for the purpose of making audits, examinations, excerpts, copies and transcriptions.

22. OWNERSHIP OF WORK. All work of Consultant that results from this Contract (the "Work Product") is the exclusive property of City. City and Consultant intend that such Work Product be deemed "work made for hire" of which City shall be deemed author. If, for any reason, the Work Product is not deemed "work made for hire," Consultant hereby irrevocably assigns to City all of its right, title, and interest in and to any and all of the Work Product, whether arising from copyright, patent, trademark, trade secret, or any other state or federal intellectual property law or doctrine. Consultant shall execute such further documents and instruments as City may reasonably request in order to fully vest such rights in City. Consultant forever waives any and all rights relating to Work Product, including without limitation, any and all rights arising under 17 USC § 106A or any other rights of identification of authorship or rights of approval, restriction or limitation on use or subsequent modifications. City shall have no rights in any pre-existing work product of Consultant provided to City by Consultant in the performance of this Contract except to copy, use and re-use any such work product for City use only. If this Contract is terminated prior to completion, and the City is not in default, City, in addition to any other rights provided by this Contract, may require the Consultant to transfer and deliver all partially completed work products, reports or documentation that the Consultant has specifically developed or specifically acquired for the performance of this Contract.

23. GOVERNING LAW. This Contract shall be governed by and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively, "Claim") between City and Consultant that arises from or relates to this Contract shall be brought and conducted solely and exclusively within the Circuit Court of Deschutes County for the State of Oregon; provided, however, if a Claim shall be brought in federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon. CONSULTANT, BY EXECUTION OF THIS CONTRACT, HEREBY CONSENTS TO THE IN PERSONAM JURISDICTION OF SAID COURTS.

24. FORCE MAJEURE. Neither party to this Agreement shall be liable to the other party for delays in performing the Services or for the direct or indirect cost resulting from such delays that may result from strikes, riots, war, acts of governmental authorities, extraordinary weather conditions or other natural catastrophe, or any other cause beyond the reasonable control or contemplation of either party.

25. NOTICE. Any notices required under this Agreement shall be effective when received at the following addresses:

City:

Consultant:

26. WAIVER. City's delay in exercising, or failure to exercise any right, power, or privilege under this Contract shall not operate as a waiver thereof, nor shall any single or partial exercise or any right, power, or privilege under this Contract preclude any other or further exercise thereof or the exercise of any other such right, power, or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

27. ATTORNEY FEES. If a suit or action is filed to enforce any term of this Agreement, the prevailing party shall be entitled to recover from the other party, in addition to costs and disbursements provided by statute, any sum that a court, including any appellate court, may adjudge reasonable as attorney's fees.

28. SEVERABILITY. If any term or provision of this Agreement is declared illegal or in conflict with any law by a court of competent jurisdiction, the validity of the remaining terms and provisions shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular term or provision held to be invalid.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed the day and year first above written.

[insert Consultant's company name]

CITY OF REDMOND

[Normally signed by the Mayor or City Manager]

By: _____

By: _____

ATTEST:

Kelly Morse, City Recorder

EXHIBIT 1

CITY OF REDMOND SERVICES CONTRACT
Contract No. 2011-2
STATEMENT OF WORK, COMPENSATION
and PAYMENT TERMS

1. Consultant shall perform the following work:

- A.
- B.
- C. .
- D.

2. **CITY Services.** City shall provide Consultant, at city's expense, with material and services described as follows:

- A.

3. **Consideration.**

4. **The maximum compensation.** [Include what information is to be submitted by Consultant (billing statements, invoices), how it is to be submitted (format) and when it is submitted. Included when the City will make payment to Consultant]

- a. The maximum compensation under this contract, including expenses, is \$_____.
- b. Consultant shall not submit invoices for, and City shall not pay for any amount in excess of the maximum compensation amount set forth above. If this maximum compensation amount is increased by amendment of this contract, the amendment shall be fully effective before Consultant performs work subject to the amendment. Contractor shall notify City in writing of the impending expiration of this Contract thirty (30) calendar days prior to the expiration date.

Exhibit 2

Relevant Provisions Of ORS Chapters

279B.220 Conditions concerning payment, contributions, liens, withholding. Every public contract shall contain a condition that the Contractor shall:

- (1) Make payment promptly, as due, to all persons supplying to the Contractor labor or material for the performance of the work provided for in the contract.
- (2) Pay all contributions or amounts due the Industrial Accident Fund from the Contractor or subcontractor incurred in the performance of the contract.
- (3) Not permit any lien or claim to be filed or prosecuted against the state or a county, school district, municipality, municipal corporation or subdivision thereof, on account of any labor or material furnished.
- (4) Pay to the Department of Revenue all sums withheld from employees under ORS 316.167.

279B.230 Condition concerning payment for medical care and providing workers' compensation.

- (1) Every public contract shall contain a condition that the contractor shall promptly, as due, make payment to any person, copartnership, association or corporation furnishing medical, surgical and hospital care services or other needed care and attention, incident to sickness or injury, to the employees of the contractor, of all sums that the contractor agrees to pay for the services and all moneys and sums that the contractor collected or deducted from the wages of employees under any law, contract or agreement for the purpose of providing or paying for the services.
- (2) Every public contract shall contain a clause or condition that all subject employers working under the contract are either employers that will comply with ORS 656.017 or employers that are exempt under ORS 656.126. [2003 c.794 §76c]

279B.235 Condition concerning hours of labor.

- (1) An employer must give notice in writing to employees who work on a public contract, either at the time of hire or before commencement of work on the contract, or by posting a notice in a location frequented by employees, of the number of hours per day and days per week that the employees may be required to work.
- (2) In the case of contracts for personal services as described in ORS 279A.055, the contract shall contain a provision that the employee shall be paid at least time and a half for all overtime worked in excess of 40 hours in any one week, except for individuals under personal services contracts who are excluded under ORS 653.010 to 653.261 or under 29 U.S.C. 201 to 209 from receiving overtime.
- (3) Except as provided in subsection (4) of this section, contracts for services must contain a provision that requires that persons employed under the contracts shall receive at least time and a half pay for work performed on the legal holidays specified in a collective bargaining

agreement or in ORS 279B.020 (1)(b)(B) to (G) and for all time worked in excess of 10 hours in any one day or in excess of 40 hours in any one week, whichever is greater.

(4) An employer shall give notice in writing to employees who work on a contract for services, either at the time of hire or before commencement of work on the contract, or by posting a notice in a location frequented by employees, of the number of hours per day and days per week that the employees may be required to work.

The following referenced Oregon Revised Statutes and Oregon Administrative Rules are requirements of Public Contracts.

- A provision that if the contractor fails to pay for labor and services, the agency can pay for them and withhold these amounts from payments to the contractor. ORS 279C.515; OAR 839-025-0020(2)(a)
- A provision that the contractor must pay daily, weekly, weekend and holiday overtime as required. ORS 279C.540; OAR 839-025-0020(2)(b)
- A provision that the employer must give written notice to the workers of the number of hours per day and days per week they may be required to work. OAR 839-025-0020(2)(c)
- A provision that the contractor must make prompt payment for all medical services for which the contractor has agreed to pay, and for all amounts for which the contractor collects or deducts from the worker's wages. ORS 279C.530; OAR 839-025-0020(2)(d)
- If applicable based on the amount of the contract, a provision that workers must be paid not less than the applicable state or federal prevailing wage rate, whichever is higher. ORS 279C.830(1)(c); OAR 839-025-0020(3)
- If applicable, a provision that requires the contractor to have a public works bond filed with the Construction Contractors Board before starting work on the project. ORS 279C.830(2)(a)
- If applicable, a provision that requires the contractor to include in every subcontract a provision requiring the subcontractor to have a public works bond filed with the Construction Contractors Board before starting work on the project. ORS 279C.830(2)(a)

EXHIBIT 3

INSURANCE and BOND
CITY OF REDMOND SERVICES CONTRACT

Insurance Assigned _____ MV _____

The Consultant shall at all times maintain, in force, at Consultant’s expense, each insurance noted below. Insurance coverage must apply on a primary and non-contributory basis. All insurance policies, except Professional Liability, shall be written on an occurrence basis and be in effect for the term of this contract. Policies written on a “claims made” basis must be approved and authorized by the City of Redmond.

Consultant Name _____

Contract Number: 2011-2

Workers Compensation insurance in compliance with ORS 656.017, requiring Consultant and all subcontractors to provide workers’ compensation coverage for all subject workers, or provide certification of exempt status. Employers’ Liability Insurance with coverage limits of not less than \$500,000 must be included.

Professional Liability insurance with an occurrence combined single limit of not less than:

Per Occurrence limit	Annual Aggregate limit
___ \$500,000	___ \$500,000
<input checked="" type="checkbox"/> \$1,000,000	___ \$1,000,000
___ \$2,000,000	<input checked="" type="checkbox"/> \$2,000,000

Professional Liability insurance covers damages caused by error, omission, or negligent acts related to professional services provided under this Contract. The policy must provide extended reporting period coverage, sometimes referred to as “tail coverage” for claims made within two years after this contract is completed.

Required by City

Commercial General Liability insurance with a combined single limit of not less than:

Per Occurrence limit	Annual Aggregate limit
___ \$500,000	___ \$500,000
<input checked="" type="checkbox"/> \$1,000,000	___ \$1,000,000
___ \$2,000,000	<input checked="" type="checkbox"/> \$2,000,000

Commercial General Liability insurance includes coverage for personal injury, bodily injury, advertising injury, property damage, premises, operations, products, completed operations and contractual damages. **By separate endorsement**, the policy shall name **The City of Redmond, its agents, directors, officers, employees and volunteers as an additional insured**. The additional insured endorsement shall not include declarations that reduce any per occurrence or aggregate insurance limit. The Consultant shall provide additional coverage based on any outstanding claim(s) made against policy limits to ensure that minimum insurance limits required by the City are maintained. Construction contracts may include aggregate limits that apply on a “per location” or “per project” basis.

Required by City Not required by City
 Per Location or Project required

Automobile Liability insurance with a combined single limit of not less than:

Per Occurrence
 ___ \$500,000
 ___ \$1,000,000
 ___ \$2,000,000

Automobile Liability insurance includes coverage for bodily injury and property damage resulting from operation of a motor vehicle. Commercial Automobile Liability Insurance shall provide coverage for any motor vehicle (symbol 1 on some insurance certificates) driven by or on behalf of Consultant during the course of providing services under this contract. Commercial Automobile Liability is required for Consultants that own business vehicles registered to the business. Examples include: plumbers, electricians or construction contractors. An Example of an acceptable personal automobile policy is a Consultant who is a sole proprietor that does not own vehicles registered to the business.

Required by City Not required by City

Additional Requirements: Consultant shall pay all deductibles and retentions. A cross-liability clause or separation of insured's condition must be included in all commercial general liability policies required by this Contract. Consultant's insurance coverage will be primary in the event of loss. Insurance shall provide a waiver of any right to subrogation which any such insurer of said Consultant may acquire against City by virtue of the payment of any loss under such insurance.

Certificate of Insurance Required: Consultant shall furnish a current Certificate of Insurance to the City with the signed Contract. The Certificate shall provide that there shall be no cancellation, termination, material change, or reduction of limits of the insurance coverage without at least 30 days written notice from the Consultant's insurer to the City. The Certificate shall also state the deductible or, if applicable, the self-insured retention level.

No contract shall be effective until the required certificates have been received and approved by the City of Redmond. The certificate will specify and document all provisions within this contract. A renewal certificate will be sent to the City of Redmond 10 days prior to coverage expiration.

For commercial general liability coverage, the Certificate shall also provide, **by policy endorsement**, that **The City of Redmond, its agents, directors, officers, employees and volunteers are additional insureds** with respect to Consultant's services provided under this Contract. The endorsement must provide primary and non-contributory coverage. All endorsements must be in a format acceptable to The City of Redmond.

Insurance Carrier Acceptability: Insurance coverage provided to the City of Redmond by the Consultant will be in an acceptable form and underwritten by an insurance company deemed acceptable by the City of Redmond. The City of Redmond reserves the right to reject all or any insurance carrier(s) with an unacceptable financial rating. The City of Redmond has the sole authority and discretion to determine the acceptability of an insurance carrier's financial rating and the form of policies and endorsements.

If requested, complete copies of the Consultant's insurance policies shall be provided to the City.

_____	_____
Consultant Signature	Date

C. Representation and Warranties.

Contractor certifies under penalty of perjury that the following statements are true to the best of Consultant's knowledge:

1. Consultant has the power and authority to enter into and perform this Contract;
2. This Contract, when executed and delivered, shall be a valid and binding obligation of Consultant enforceable in accordance with its terms;
3. The services under this Contract shall be performed in manner consistent with and in accordance with the professional standards of the industry and in a timely manner using the schedule, materials, plans and specifications approved by City; and
4. Consultant shall, at all times during the term of this Contract, be qualified, professionally competent, and duly licensed to perform the services.
5. To the best of Consultant's knowledge, Consultant is not in violation of any tax laws described in ORS 305.380(4),
6. Consultant understands that Consultant is responsible for any federal or state taxes applicable to any consideration and payments paid to Consultant under this Contract; and
7. Consultant has not discriminated against minority, women or small business enterprises in obtaining any required subcontracts.

Consultant Signature

Date

Workers' Compensation Exemption Certificate

(To be used only when Consultant claims to be exempt from Workers' Compensation coverage requirements)

Consultant is exempt from the requirement to obtain workers' compensation insurance under ORS Chapter 656 for the following reason (*check the appropriate box*):

SOLE PROPRIETOR

- Consultant is a sole proprietor, and
- Consultant has no employees, and
- Consultant shall not hire employees to perform this contract.

CORPORATION - FOR PROFIT

- Consultant's business is incorporated, and
- All employees of the corporation are officers and directors and have a substantial ownership interest* in the corporation, and
- The officers and directors shall perform all work. Consultant shall not hire other employees to perform this contract.

CORPORATION - NONPROFIT

- Consultant's business is incorporated as a nonprofit corporation, and
- Consultant has no employees; all work is performed by volunteers, and
- Consultant shall not hire employees to perform this contract.

PARTNERSHIP

- Consultant is a partnership, and
- Consultant has no employees, and
- All work shall be performed by the partners; Consultant shall not hire employees to perform this contract, and
- Consultant is not engaged in work performed in direct connection with the construction, alteration, repair, improvement, moving or demolition of an improvement to real property or appurtenances thereto.

LIMITED LIABILITY COMPANY

- Consultant is a limited liability company, and
- Consultant has no employees, and
- All work shall be performed by the members; Consultant shall not hire employees to perform this contract, and
- If Consultant has more than one member, Consultant is not engaged in work performed in direct connection with the construction, alteration, repair, improvement, moving or demolition of an improvement to real property or appurtenances thereto.

*NOTE: Under OAR436-50-050 a shareholder has a "substantial ownership" interest if the shareholder owns 10% of the corporation or, if less than 10% is owned, the shareholder has ownership that is at least equal to or greater than the average percentage of ownership of all shareholders.

**NOTE: Under certain circumstances partnerships and limited liability companies can claim an exemption even when performing construction work. The requirements for this exemption are complicated.

Consultant Printed Name

Consultant Signature

Consultant Title

Date

Authorized Signature and Attestation

I, the undersigned, an authorized representative of _____, whose address is _____, have read and thoroughly understand the specifications, instructions and all other conditions of the Request for Qualifications and Proposal for Audit Services issued by City of Redmond for Audit Services for the City of Redmond, City of Redmond Urban Renewal Agency, and City of Redmond Public Buildings Corporation, Inc. dated February 4, 2011.

Acting on behalf of my accounting firm, which is listed above, I do attest that the services offered by us meet City of Redmond’s specifications in every respect (check one) _____ without exception / _____ with exception.

We, therefore, offer and make this bid to furnish City of Redmond the Audit Services detailed in this proposal, at the price indicated.

Date: _____

Signature: _____

Printed Name: _____

Title: _____

