

AGENDA

WARRENTON URBAN RENEWAL AGENCY

March 22, 2022 – 6:00 P.M.

Warrenton City Commission Chambers – 225 South Main Avenue
Warrenton, OR 97146

Public Meetings will also be audio and video live streamed. Go to <https://www.ci.warrenton.or.us/administration/page/live-stream-public-meetings> for connection instructions.

1. CALL TO ORDER
2. ROLL CALL
3. CONSENT CALENDAR
 - A. Urban Renewal Agency Meeting Minutes – 1.11.22
 - B. Urban Renewal Advisory Committee Meeting Minutes – 12.01.21
 - C. Urban Renewal Agency Annual Report – FYE 6.30.21
4. BUSINESS
 - A. Consideration of Independent Audit Services Contract
5. ADJOURN

Warrenton City Hall is accessible to the disabled. An interpreter for the hearing impaired may be requested under the terms of ORS 192.630 by contacting Dawne Shaw, City Recorder, at 503-861-0823 at least 48 hours in advance of the meeting so appropriate assistance can be provided.

MINUTES
 Warrenton Urban Renewal Agency
 January 11, 2022
 6:00 p.m.
 Warrenton City Hall - Commission Chambers
 225 S. Main
 Warrenton, OR 97146

Chair Balensifer called the meeting to order at 6:45 p.m.

Commissioners Present: Chair Henry Balensifer, Tom Dyer (Zoom), Mark Baldwin, Gerald Poe, and Rick Newton

Staff Present: Executive Director Linda Engbretson, Secretary Dawne Shaw, Finance Director April Clark, Public Works Director Collin Stelzig, Public Works Operations Manager Kyle Sharpsteen, Fire Chief Brian Alsbury, and Planning Director Scott Hazelton

Chair Balensifer suggested keeping the Chair and Vice Chair the same as the Mayor and Vice Mayor. All were in favor.

Poe – aye; Newton – aye; Dyer – aye; Balensifer – aye; Baldwin – aye

CONSENT CALENDAR

- A. Urban Renewal Agency Meeting Minutes – 12.14.21
- B. Urban Renewal Agency Audit Report – FYE June 30, 2021

Commissioner Baldwin made the motion for consent calendar approval. Motion was seconded and passed unanimously.

Poe – aye; Newton – aye; Dyer – aye; Balensifer – aye; Baldwin – aye

PUBLIC HEARINGS – None

BUSINESS ITEMS

Mayor Balensifer noted Resolution No. 22-01; authorizing appointments to fill positions and set terms of office on the Warrenton Urban Renewal Advisory Committee.

Commissioner Poe made the motion to adopt Resolution No. 22-01; Authorizing Appointments to Fill Positions on the Urban Renewal District Advisory Committee and Setting Terms of Office. Motion was seconded and passed unanimously.

Poe – aye; Newton – aye; Dyer – aye; Balensifer – aye; Baldwin – aye

Executive Director Linda Engbretson discussed a residential grant program similar to the façade grant program, noting the advisory committee was in favor. She reviewed the draft program guidelines and noted this is to address blight and recommended a budget of \$25,000.

Chair Balensifer stated the purpose of urban renewal is to remove blight and spruce up the city. He suggested updating the commercial program to include soil remediation and hazardous material abatement. He discussed budgeting more for the program and suggested looking at the total project cost and allowing applicants to request additional funds from the advisory committee up to a percentage of the project cost to speed the process along. Ms. Engbretson noted the figures for the commercial program. There was consensus to increase the amount to \$10,000-\$15,000 to match the commercial program.

Ms. Engbretson stated she would like to take it back to the advisory committee and be ready to go by July 1. Mayor Balensifer would like it to be ready sooner. Ms. Engbretson will look into it.

Brief discussion continued on the Hammond library building going to the VFW and a possible town hall meeting.

There being no further business, Chair Balensifer adjourned the agency meeting at 6:59 p.m.

Respectfully prepared and submitted by Rebecca Sprengeler, Deputy City Recorder.

APPROVED:

Henry A. Balensifer III, Chair

ATTEST:

Dawne Shaw, Secretary

MINUTES
 Warrenton Urban Renewal Advisory Committee
 December 1, 2021
 3:30 p.m.
 Warrenton City Hall – Commissioners Chambers
 225 S. Main
 Warrenton, OR 97146

Dennis Faletti was nominated as Chair Pro-tem for the meeting. Chair Pro-tem Faletti called the meeting to order at 3:33 p.m.

Warrenton Urban Renewal Advisory Committee Members Present: Brooke Terry (via Zoom), AmyLeigh Sutton, Tess Chedsey, Chair Pro-tem Dennis Faletti, and Katie Burkhart (via Zoom)

Absent: Chair Bob Bridgens and Mel Jasmin

Staff Present: Executive Director Linda Engbretson, Finance Director April Clark, Public Works Director Collin Stelzig, Harbor Master Jane Sweet, Planning Director Scott Hazelton, and Secretary Rebecca Sprengeler

Secretary Rebecca Sprengeler corrected the consent calendar minutes date to September 1, 2021.

CONSENT CALENDAR

A. Urban Renewal Advisory Committee Meeting Minutes 9.1.21

Tess Chedsey made the motion to accept the minutes from September. Motion was seconded and passed unanimously.

Terry – aye; Sutton - aye; Chedsey - aye; Faletti – aye; Burkhart – aye

BUSINESS

Executive Director Linda Engbretson discussed a possible residential rehabilitation program. The original plan included commercial and residential programs. A residential plan has not been developed. She feels many nuisance properties within the district would benefit from a residential program to offset the cost of nuisance abatement. If the committee is open to it, a program will be put together similar to the façade program. She noted homes that have been declared nuisances often have funding issues. She suggested offering a matching grant or similar program to assist with dumpsters, demolition, or trash pickup for properties declared as nuisances. She noted a building that may be declared a nuisance soon and abatement may be several thousand dollars and feels it may help to offer financial assistance. Tess Chedsey noted the commercial façade program and feels a residential program should have different criteria. Ms. Engbretson feels it should be used for buildings that have been declared as nuisances to prevent the money from being used for flipping homes for a profit. Ms. Chedsey feels the

expenditure is valid as long as there are criteria they agree on. Ms. Engbretson discussed a property on 9th street. Brooke Terry noted concern about ensuring upkeep after abatement and a grant being incentive for owners to allow properties to become nuisances. Ms. Engbretson suggested adding a restriction on applying for grants within a time period. She feels the incentive is that owners would not be fined or condemned. There was brief discussion about cost of City abatement. AmyLeigh Sutton asked for an estimate of current nuisance properties. Ms. Engbretson noted the \$50,000 annual budget for façade grants and feels this would be adequate for a residential program. She explained the façade grant and matching funds. She discussed the nuisance declaration process and fines. Ms. Chedsey feels it is a good and cost beneficial idea. Chair Pro-tem Faletti stated we have the money, it might help. Ms. Engbretson noted if they budget \$50,000 that will be taken from another project. There was discussion about collecting fines and recovering the cost of City abatement. Ms. Engbretson discussed a house on Anchor that was abated by the City several years ago. They have not yet recovered the cost of abatement. Chair Pro-tem Faletti feels it will help. Ms. Chedsey feels it may be less expensive than what they have now and agreed with Chair Pro-tem Faletti. Ms. Engbretson suggested starting with a \$5,000 match. It was noted this is only for properties in the Urban Renewal District. Ms. Engbretson asked for a recommendation to bring to the agency and to assist with budgeting. Chair Pro-tem **Faletti asked if any member was not in favor of this program; there was no response.** Ms. Engbretson asked what kind of a budget they would like to see. Ms. Terry feels a \$5,000 match should be enough. Ms. Chedsey would like to add language about per residence and limitation on time. Ms. Sutton is concerned about applicants being able to match \$5,000 and feels a grant to cover expenses up to \$5,000 could help encourage people rather than back them into a corner. Ms. Engbretson suggested a \$2,500 grant and noted cost for abatement is different for each property. She discussed matching funds up to \$5,000 or a \$2,500 grant with any cost over that being a 1:1 match. Ms. Sutton would like to revisit the program in the future to see how it goes. Ms. Engbretson noted they could add committee approval to the criteria. Ms. Chedsey suggested matching up to \$5,000 with no minimum. Chair Pro-tem Faletti agreed. Ms. Engbretson asked for clarification if this would be a grant. Ms. Chedsey said yes, they would match it with no minimum. Ms. Engbretson noted they will put something together and bring it to the agency.

Public Works Director Collin Stelzig presented an update on the main street improvement project. They are selecting a project manager that will be in charge of researching additional funds. Next, they will select an engineer. The project was estimated at almost \$5 million for the intersection to 4th Street. Discussion followed about possible grant funding. Mr. Stelzig outlined the possible funds. Ms. Engbretson clarified they do not have enough money to complete the whole section but want to do as much as they can. The estimate is for the whole project. Mr. Stelzig noted they do not expect to be able to go that far but are going to try.

Mr. Stelzig noted update about the food carts. They have a sewer connection, electrical connection, water connection, and asphalt. Power is expected within the next month. Ms. Engbretson will be reaching out to additional vendors. Mr. Stelzig discussed the sewer connection. They found the old home connection that will be used for grey water. This may not be the final location.

Harbor Master Jane Sweet discussed an update on the commercial pier at the Warrenton Marina. They are hoping to review draft documents this month and are preparing to take the project to bid. Discussion followed about the status of dredging at the Hammond Marina. It should be finished in two weeks. The hope is to be on a five-year dredge schedule moving forward.

Ms. Engbretson introduced Planning Director Scott Hazelton to the committee.

OTHER BUSINESS

Finance Director April Clark presented a report on the cash flow for the Urban Renewal Agency capital projects fund. She noted the total cash is about 2.7 million across all three funds in the Urban Renewal Agency. She explained the pay-as-you-go process to not incur any additional debt. She noted annual debt service payments. She noted the annual estimated tax increment for the remaining life of the District. Ms. Engbretson noted it is difficult to go into debt because projects must be completed by the end of 2027. Ms. Clark noted two bonds from 2012 and 2013 and discussed the covenants that make it difficult to secure additional funding. Ms. Engbretson noted any leftover funds at the end of the District will be returned to the different taxing districts. There was brief discussion about extending the life of the District and the substantial amendment. Ms. Engbretson noted discussion about forming a district in Hammond. Discussion continued about difficulties of extending the life of the District.

Ms. Sutton asked about the possible parking lot discussed at the last meeting. Ms. Engbretson noted a realtor has been hired to work with the city and gave an update.

There being no further business, Chair Pro-tem Faletti adjourned the meeting at 4:11 p.m.

Next regular meeting: March 2, 2022 at 3:30 p.m.

APPROVED:



~~Bob Bridgens, Chair~~

Chair Pro-tem, Dennis Faletti

ATTEST:


Rebecca Sprengeler, Secretary

WARRENTON URBAN RENEWAL AGENCY ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2021



2020/2021

Warrenton Urban Renewal Agency

This report fulfills the requirements, laid out in ORS.457.460, for the filing of an annual report related to an urban renewal area established in Oregon.

Annual Report for Fiscal Year Ending June 30, 2021

WARRENTON URBAN RENEWAL AGENCY

WARRENTON URBAN RENEWAL AREA HISTORY

Sitting at the mouth of the Columbia River, the City of Warrenton's unique and beautiful surroundings provide many opportunities for both residents and tourists. In an effort to maximize its geography and unique qualities, the City of Warrenton created an Urban Renewal Area (URA) in August of 2007 to help link its downtown core to the marina by improving local infrastructure. According to the plan, the focus was on making improvements to the streetscapes and utilities, redeveloping underutilized properties, having new businesses and residences provide for a variety of shopping and living opportunities, improving the marina, and a unique mixed-use central area.

Since the adoption of the plan, Warrenton has made major strides towards realizing its goals. In 2010, Master Plans for the Marina and Downtown were completed, and published in a joint report that presents a bold and unified vision for the future. Marina improvements have included a new office/restroom facility, reconstruction of NE Heron Street, and commercial dock improvements, with work pier improvements on the horizon. Downtown improvements have included storm drainage, waterlines, street improvements, zone changes for redevelopment, landscaping and lighting improvements, and façade improvement grants to businesses in the downtown corridor.

In 2019 the plan underwent a substantial amendment to increase the maximum indebtedness by \$4,800,218 from \$7,134,597 to \$11,934,815, which will allow for additional projects to be completed without extending the life of the plan.

Goals

When developing the URA Plan and Report, a series of goals and objectives were developed to guide activities funded by, or related to the URA. The goals and objectives are listed in the Urban Renewal Plan, and the goals are reiterated here:

- Goal 1. A shared "vision" of the Downtown and Marina as a unique mixed use area for shopping, living, dining, civic activities and artistic endeavors.
- Goal 2. To prepare master plans for the Downtown and Warrenton Marina.
- Goal 3. A utilization of the Urban Renewal District's programs and funds to facilitate the expansion of existing businesses and attract new businesses.
- Goal 4. An inventory of the public improvement deficiencies in the district including: storm drainage, streets, sidewalks, lighting, and sewer and water services. Based on the inventory, prepare a Master Plan and Phasing Schedule to improve/mitigate the deficiencies.
- Goal 5. To maximize the Urban Renewal District tax increment revenues with state and federal grants and loans for specific project purposes.

Goal 6. To improve the quality of existing residences within the Urban Renewal District by offering a package of home improvement programs.

A full copy of either the Warrenton Urban Renewal Plan or Report can be found on the City of Warrenton website at <http://www.ci.warrenton.or.us/urbanrenewal>.

FINANCIAL REPORTING

Pursuant to ORS 457.460, a detailed accounting of the financial activity related to urban renewal areas is required to be reported on an annual basis. The following financial information responds to the requirements of this statute.

Money Received

ORS 457.460 (a)

The statute states, "The amount of money received during the preceding fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460" must be reported.

In FY 2020/2021, the Warrenton URA generated \$808,655¹ of tax revenue, \$19,849 of interest earnings, \$1,357 from county land sales, and \$468 in miscellaneous revenue.

Money Expended

ORS 457.460 (b)

The statute states, "The purposes and amounts for which money received under ORS 457.420 to 457.460 and from indebtedness incurred under 457.420 to 457.460 were expended during the preceding fiscal year" must be reported. This means any money received through urban renewal and spent on urban renewal activities, and this information is shown in Table 1, below.

Table 1. Expenditures during FY 2020/2021

Expenditures	Total Governmental Funds
Current	
General Government	\$51,978
Debt Service	
Principal retirement	\$289,754
Interest	\$60,273
Capital Outlay	\$106,984
Total Expenditures	\$508,989

Source: Warrenton Urban Renewal Agency FYE 2021
Financial Statements and Supplemental Information, page 12

Estimated Revenues

ORS 457.460 (c)

The statute states, "An estimate of moneys to be received during the current fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460" must be reported. This means an estimate of all tax increment income to be gained from urban renewal in the upcoming year plus interest.

The estimated revenues from tax increment plus interest for FY 2021/2022 are \$916,301.²

¹ Financial Statements and Supplemental Information, page 12

² Warrenton Urban Renewal Agency Adopted Budget FYE 2022, page 5.

Current Fiscal Year Adopted Budget

ORS 457.460 (d)

The statute states, "A budget setting forth the purposes and estimated amounts for which the moneys which have been or will be received under ORS 457.420 to 457.460 and from indebtedness incurred under 457.420 to 457.460 are to be expended during the current fiscal year" must be reported. This means a compiled budget listing the money to be received due to urban renewal, money to be spent, and what projects/expenses the money will fund. This information is shown in Table 2, Table 3, and Table 4, below.

Table 2. Budget for Debt Service Fund, FYE 2022

Resources and Requirements Debt Service Fund	Budget for Fiscal Year 7/1/2021 - 6/30/2022
Resources	
Beginning Fund Balance	\$2,089,327
Current Ad Valorem Taxes	\$878,301
Prior Taxes	\$20,000
Interest Earnings	\$18,000
County Land Sales	-
Total Resources	\$3,005,628
Requirements	
Debt Service	
Other Principal and Interest	\$200,000
UR Bonds - Principal	\$297,276
UR Bonds - Interest	\$52,741
Total Debt Service	\$550,017
Transfers	
Transfer to Capital Projects Fund	\$1,900,000
Transfer to Debt Service Reserve Fund	\$200,000
Total Transfers	\$2,100,000
Contingency	-
Total Expenditures	\$2,650,017
Ending Fund Balance	\$355,611
Total Requirements	\$3,005,628

Source: Warrenton Urban Renewal Agency Adopted Budget FYE 2022, Page 5

Table 3. Budget for Debt Service Reserve Fund, FYE 2022

Resources and Requirements Debt Service Reserve Fund	Budget for Fiscal Year 7/1/2021 - 6/30/2022
Resources	
Beginning Fund Balance	\$350,017
Transfer from Debt Service Fund	\$200,000
Total Resources	\$550,017
Requirements	
Debt Service	
UR Bonds – Principal	\$497,276
UR Bonds - Interest	\$52,741
Total Debt Service	\$550,017
Contingency	\$0
Total Expenditures	\$550,017
Ending Fund Balance	-
Total Requirements	\$550,017

Source: Warrenton Urban Renewal Agency Adopted Budget FYE 2022, page 6

Table 4. Budget for Capital Projects Fund, FYE 2022

Resources and Requirements Capital Projects Fund	Budget for Fiscal Year 7/1/2021 - 6/30/2022
Resources	
Beginning Fund Balance	\$16,220
Interest Earnings	\$0
Loan Proceeds - UR Bonds	\$4,281,812
Transfer from Debt Service Fund	\$1,900,000
Total Resources	\$6,198,032
Requirements	
Materials and Services	
Printing/Advertising/Publicity	\$2,000
Dues/Meetings/Travel/Training	\$2,000
Professional Services	\$15,000
Master Plans/Studies	\$50,000
Bond Issue Costs	\$25,000
Façade improvements	\$50,000
Total Materials and Services	\$144,000
Capital Outlay	
Commercial Work Pier Improvements	\$1,000,000
Parking Lot Improvements (Food Cart Pod)	\$74,000
SW 4 th Street (S Main Ave-SW Alder Ct)	\$412,000
Downtown Improvement	\$4,568,032
Total Capital Outlay	\$6,054,032
Contingency	\$0
Total Expenditures	\$6,198,032
Ending Fund Balance	-
Total Requirements	\$6,198,032

Source: Warrenton Urban Renewal Agency Adopted Budget FYE 2022, page 4.

Maximum Indebtedness

ORS 457.460 (e)

The statute states, " The maximum indebtedness for each urban renewal area included in an urban renewal plan of the agency, including amount of indebtedness incurred through the end of the immediately preceding fiscal year" must be shown. This means the maximum principal amount of indebtedness issued or incurred to carry out the urban renewal plan. This information is shown in Table 5, below.

Table 5. Maximum Indebtedness FY 2020/2021

Date	Amount
Original Maximum Indebtedness Adopted 2007	\$7,134,597
Increased by Amendment 2019	\$4,800,218
Total Maximum Indebtedness	\$11,934,815
Total Indebtedness incurred through FYE 2021	\$5,620,128
Balance Available, June 30, 2021	\$6,314,687

Source: Warrenton Urban Renewal Plan, page 5

Impact on Taxing Districts

ORS 457.460 (f)

The statute states, " An analysis of the impact, if any, of carrying out the urban renewal plan on the tax collections for the preceding year for all taxing districts included under ORS 457.430" must be shown. This means showing how much money local taxing districts (ex. fire, police, port authority) do not collect due to urban renewal. This information is shown in Table 6, below. The impacts on the Warrenton-Hammond School District and the Northwest Regional ESD are indirect impacts due to the state school funding formula in Oregon. Schools are funded on a per pupil formula established at the state level.

Table 6. Impact on Taxing Districts FY 2020/2021

Taxing District	Revenue Forgone
Warrenton-Hammond School District #30	\$408,974.07
City of Warrenton	\$148,798.71
Clatsop County	\$136,621.71
Clatsop Community College	\$69,331.47
Clatsop Care Center	\$15,696.36
Sunset Empire Transportation	\$14,429.39
Northwest Regional ESD	\$13,655.13
Port of Astoria	\$11,121.19
Clatsop 4H & Extension	\$4,715.95
Total	\$823,343.98

Source: Clatsop County 2020/21 Tax and Assessment Summary, SAL Table 4e

Warrenton Urban Renewal Agency

Agenda Memorandum

To: The Honorable Chair and Members of the Warrenton Urban Renewal Agency
 From: April Clark
 Finance Director
 Date: March 22, 2022

Regarding: Independent Audit Services Contract

SUMMARY:

Our contract with the audit firm, Isler, CPA expired with our last audit performed for the year ending June 30, 2021. As a result, staff sought proposals for Annual Independent Audit Services for both the City of Warrenton and the Urban Renewal Agency for the fiscal years ending June 30, 2022, 2023, and 2024 with two options to renew for additional two year periods.

The bid process commenced with the City directly soliciting 6 firms. The City received one proposal on February 8, 2022 from our current auditor, Isler CPA, as attached.

Staff evaluated the proposal and unanimously agreed to recommend awarding the contract to Isler CPA for the three year period.

The proposal (see page 11) provides for audit services based on the following fees:

June 30, 2022	\$9,000
June 30, 2023	\$9,200
June 30, 2024	\$9,400

RECOMMENDATION\SUGGESTED MOTION:

I move to award the contract for professional services to Isler CPA for Annual Independent Audit Services beginning with fiscal year ending June 30, 2022 as per the attached proposal.

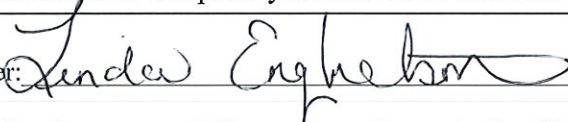
ALTERNATIVE:

Seek additional bidders either by direct solicitation or by advertisement.

FISCAL IMPACT:

This is an ongoing annual cost to the Agency. \$9,000 will be budgeted in the 2022-2023 budget. This is a 7% increase over the prior year and a 2% increase for each future year.

Approved by City Manager:



All supporting documentation, i.e., maps, exhibits, etc., must be attached to this memorandum.

WARRENTON URBAN RENEWAL AGENCY CONTRACT FOR PROFESSIONAL CONSULTING SERVICES

CONTRACT:

This Contract, made and entered into this ___day of _____, 202__, by and between the Warrenton Urban Renewal Agency, a corporation of the State of Oregon, hereinafter called "AGENCY", and Isler CPA, L.L.C. hereinafter called "CONSULTANT", duly authorized to do business in Oregon.

WITNESSETH

WHEREAS, the AGENCY requires services which CONSULTANT is capable of providing, under terms and conditions hereinafter described; and

WHEREAS, CONSULTANT is able and prepared to provide such services as AGENCY does hereinafter require, under those terms and conditions set forth; now, therefore,

IN CONSIDERATION of those mutual promises and the terms and conditions set forth hereafter, the parties agree as follows:

1. CONSULTANT SERVICES:

- A. CONSULTANT shall provide design services for the AGENCY, as outlined in the attached Proposal dated February 4, 2022 for Municipal Auditing Services (Attachment A).
- B. CONSULTANT's obligations are defined solely by this contract and its attachment (s) and not by any other contract or agreement that may be associated with this project.

2. COMPENSATION

- A. The AGENCY agrees to pay CONSULTANT a total not-to-exceed price of \$9,000, \$9,200, and \$9,400 for Fiscal Years ending June 30, 2022, June 30, 2023, and June 30, 2024, respectively. As presented in the attached proposal for performance of those services provided herein.
- B. The CONSULTANT will submit a final invoice referencing 200-800-380000 for all services rendered to: Warrenton Urban Renewal Agency, Attention: Accounts Payable, PO Box 250, Warrenton, Oregon 97146, **OR**, CONSULTANT may submit invoice via email to ap@ci.warrenton.or.us. City pays net 21 upon receipt of invoice.
- C. AGENCY certifies that sufficient funds are available from tax increment revenues and authorized for expenditure to finance costs of this Contract.

3. CONSULTANT IDENTIFICATION

CONSULTANT shall furnish to the AGENCY the CONSULTANT's employer identification number, as designated by the Internal Revenue Service, or CONSULTANT's Social Security number, as AGENCY deems applicable.

4. AGENCY 'S REPRESENTATIVE

For purposes hereof, the AGENCY'S authorized representative will be Linda Engbretson, Executive Director, Warrenton Urban Renewal Agency, PO Box 250, Warrenton, Oregon, 97146.

5. CONSULTANT'S REPRESENTATIVE

For purposes hereof, the CONSULTANT's authorized representative will be Paul Nielson.

6. CONSULTANT IS INDEPENDENT CONSULTANT

- A. CONSULTANT shall be an independent CONSULTANT for all purposes and shall be entitled to

no compensation other than the compensation provided for under Section 2 of this Contract,

B. CONSULTANT acknowledges that for all purposes related to this contract, CONSULTANT is and shall be deemed to be an independent CONSULTANT and not an employee of the AGENCY or the City of Warrenton, shall not be entitled to benefits of any kind to which an employee of the AGENCY or the City of Warrenton is entitled and shall be solely responsible for all payments and taxes required by law; and furthermore in the event that CONSULTANT is found by a court of law or an administrative agency to be an employee of the AGENCY or the City of Warrenton for any purpose, AGENCY shall be entitled to offset compensation due, or, to demand repayment of any amounts paid to CONSULTANT under the terms of the contract, to the full extent of any benefits or other remuneration CONSULTANT receives (from AGENCY or third party) as result of said finding and to the full extent of any payments that AGENCY is required to make (to CONSULTANT or a third party) as a result of said finding.

C. The undersigned CONSULTANT hereby represents that no employee of the AGENCY or City of Warrenton, or any partnership or corporation in which an AGENCY or City of Warrenton employee has an interest, has or will receive any remuneration of any description from the CONSULTANT, either directly or indirectly, in connection with the letting or performance of this contract, except as specifically declared in writing.

7. CANCELLATION FOR CAUSE

AGENCY may cancel all or any part of this Contract if CONSULTANT breaches any of the terms herein or in the event of any of the following: Insolvency of CONSULTANT; voluntary or involuntary petition in bankruptcy by or against CONSULTANT; appointment of a receiver or trustee for CONSULTANT, or any assignment for benefit of creditors of CONSULTANT. Damages for breach shall be those allowed by Oregon law, reasonable and necessary attorney's fees, and other costs of litigation at trial and upon appeal. CONSULTANT may likewise cancel all or any part of this contract if AGENCY breaches any of the terms herein and be therefore entitled to equivalent damages as expressed above for AGENCY.

8. ACCESS TO RECORDS

AGENCY shall have access to such books, documents, papers and records of CONSULTANT as are directly pertinent to this contract for the purposes of making audit, examination, excerpts and transcripts.

9. FORCE MAJEURE

Neither AGENCY nor CONSULTANT shall be considered in default because of any delays in completion of responsibilities hereunder due to causes beyond the control and without fault or negligence on the part of the party so disabled provided the party so disabled shall within ten (10) days from the beginning such delay notify the other party in writing of the causes of delay and its probable extent. Such notification shall not be the basis for a claim for additional compensation.

10. NONWAIVER

The failure of the AGENCY to insist upon or enforce strict performance by CONSULTANT of any of the terms of this Contract or to exercise any rights hereunder shall not be construed as a waiver or relinquishment to any extent of its right to assert or rely upon such terms or rights on any future occasion.

11. ATTORNEY'S FEES

In the event suit or action is instituted to enforce any of the terms of this contract, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorney's fees at trial or on appeal of such suit or action, in addition to all other sums provided by law.

12. APPLICABLE LAW

The law of the State of Oregon shall govern the validity of this Agreement, its interpretation and performance, and any other claims related to it.

13. CONFLICT BETWEEN TERMS

It is further expressly agreed by and between the parties hereto that should there be any conflict between the terms of this instrument and the proposal of the CONSULTANT, this instrument shall control and nothing herein shall be considered as an acceptance of the said terms of said proposal conflicting herewith.

14. INDEMNIFICATION

CONSULTANT agrees to indemnify and hold harmless the AGENCY and the City of Warrenton, its Officers, and Employees against and from any and all loss, claims, actions, suits, reasonable defense costs, attorney fees and expenses for or on account of injury, bodily or otherwise to, or death of persons, damage to or destruction of property belonging to city, CONSULTANT, or others resulting from or arising out of CONSULTANT's negligent acts, errors or omissions in the supply of goods or performance of services pursuant to this Agreement. This agreement to indemnify applies whether such claims are meritorious or not; provided, however, that if any such liability, settlements, loss, defense costs or expenses result from the concurrent negligence of CONSULTANT and the AGENCY this indemnification and agreement to assume defense costs applies only to the extent of the negligence or alleged negligence of the CONSULTANT.

With regard to Professional Liability CONSULTANT agrees to indemnify and hold harmless AGENCY and the City of Warrenton, their officers and employees from any and all liability, settlements, loss, reasonable defense costs, attorney's fees and expenses arising out of CONSULTANT's negligent acts, errors, or omissions in service provided pursuant to this Agreement; provided, however, that if any such liability, settlements, loss, defense costs or expenses result from the concurrent negligence of CONSULTANT and the AGENCY, this indemnification and agreement to assume defense costs applies only to the extent of negligence of CONSULTANT.

With respect to Professional Liability, CONSULTANT reserves the right to approve the choice of counsel.

15. INSURANCE

Prior to starting work hereunder, CONSULTANT, at CONSULTANT's cost, shall secure and continue to carry during the term of this contract, with an insurance company acceptable to AGENCY and the City of Warrenton, the following insurance:

- A. Commercial General Liability. CONSULTANT shall obtain, at CONSULTANT's expense and keep in effect during the term of this Contract, Commercial General Liability Insurance covering bodily injury and property damage with limits of not less than \$1,000,000 per occurrence and the annual aggregate of not less than \$2,000,000. Coverage shall include CONSULTANTS, sub consultants and anyone directly or indirectly employed by either. This insurance will include personal and advertising injury liability, products and completed operations. Coverage may be written in combination with Automobile Liability Insurance (with separate limits). Coverage will be written on an occurrence basis. If written in conjunction with Automobile Liability the combined single limit per occurrence will not be less than \$1,000,000 for each job site or location. Each annual aggregate limit will not be less than \$2,000,000.
- B. Professional Liability Insurance. The CONSULTANT shall have in force a policy of Professional Liability Insurance in an amount not less than \$1,000,000 per claim and \$2,000,000 aggregate. The CONSULTANT shall keep such policy in force and current during the term of this Agreement.
- C. Automobile Liability. CONSULTANT shall obtain, at CONSULTANT's expense and keep in effect during the term of the resulting Contract, Commercial Business Automobile Liability Insurance covering all owned, non-owned, or hired vehicles. This coverage may be written in

combination with the Commercial General Liability Insurance (with separate limits). Combined single limit per occurrence will not be less than \$1,000,000, and annual aggregate not less than \$2,000,000.

- D. Additional Insured. The liability insurance coverage shall include AGENCY and its officers and employees and the City of Warrenton and its officers and employees as Additional Insured but only with respect to CONSULTANT's activities to be performed under this Contract. Coverage will be primary and non-contributory with any other insurance and self-insurance. Prior to starting work under this Contract, CONSULTANT shall furnish a certificate to AGENCY from each insurance company providing insurance showing that the AGENCY and the City of Warrenton are both an additional insured, the required coverage is in force, stating policy numbers, dates of expiration and limits of liability, and further stating that such coverage is primary and not contributory.
- E. Notice of Cancellation or Change. There will be no cancellation, material change, potential exhaustion of aggregate limits or non-renewal of insurance coverage(s) without thirty (30) days written notice from CONSULTANT or its insurer(s) to AGENCY and the City of Warrenton. Any failure to comply with the reporting provisions of this clause will constitute a material breach of this Contract and will be grounds for immediate termination of this Agreement.

16. LABORERS AND MATERIALMEN, CONTRIBUTIONS TO INDUSTRIAL ACCIDENT FUND, LIENS AND WITHHOLDING TAXES ORS 279B.220

CONSULTANT shall make payment promptly, as due, to all persons supplying CONSULTANT labor or material for the prosecution of the work provided for this contract.

CONSULTANT shall pay all contributions or amounts due the Industrial Accident Fund from CONSULTANT or any sub consultant incurred in the performance of the contract.

CONSULTANT shall not permit any lien or claim to be filed or prosecuted against the state, county, school district, municipality, municipal corporation or subdivision thereof, on account of any labor or material furnished.

CONSULTANT shall pay to the Department of Revenue all sums withheld from employees pursuant to ORS 316.167.

17. WORKERS COMPENSATION INSURANCE

CONSULTANT, its sub-CONSULTANTS, if any, and all employees working under this agreement are either subject to employers under the Oregon Worker's Compensation Law and shall comply with ORS 656.017, which requires them to provide workers compensation coverage for all their subject workers, or are employers that are exempt under ORS 656.126.

18. PAYMENT OF MEDICAL CARE ORS 279B.230

CONSULTANT shall promptly, as due, make payment to any person, co-partnership, association or corporation, furnishing medical, surgical and hospital care or other needed care and attention, incident to sickness or injury to the employees of such CONSULTANT, of all sums which the CONSULTANT agrees to pay for such services and all moneys and sums which the CONSULTANT collected or deducted from the wages of employees pursuant to any law, contract or agreement for the purpose of providing or paying for such service.

19. OVERTIME ORS 279B.235.

Employees shall be paid for overtime work performed under this contract in accordance with ORS 279B.235(3) unless excluded under ORS 653.010 to 653.261 (29 U.S.C. sections 201 to 209).

20. BUSINESS LICENSE

Prior to commencing work in the City of Warrenton, CONSULTANT shall obtain a city business license.

21. STANDARD OF CARE

The standard of care applicable to CONSULTANT's services will be the degree of skill and diligence normally employed by CONSULTANTs performing the same or similar services at the time CONSULTANT's services are performed. CONSULTANT will re-perform any services not meeting this standard without additional compensation.

22. NO THIRD PARTY BENEFICIARIES

This contract gives no rights or benefits to anyone other than the AGENCY and CONSULTANT and has no third-party beneficiaries.

23. SEVERABILITY AND SURVIVAL

If any of the provisions contained in this Agreement are held illegal, invalid or unenforceable, the enforceability of the remaining provisions shall not be impaired thereby. Limitations of liability shall survive termination of this Agreement for any cause.

24. COMPLETE CONTRACT

This Contract and its referenced attachments constitute the complete contract between AGENCY and CONSULTANT and supersedes all prior written or oral discussions or agreements. CONSULTANT services are defined solely by this Contract and its attachments and not by any other contract or agreement that may be associated with this Contract.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first written above.

URBAN REBEWAL, a Municipal Corporation

CONSULTANT:

BY: _____
Henry Balensifer, Chair

By: _____
Printed Name: _____ Date

ATTEST: _____
Dawne Shaw, Secretary

Title: _____

DATE: _____

PROPOSAL FOR AUDIT SERVICES FOR
The City of Warrenton

TITLE PAGE

RFP SUBJECT: Proposal to Perform Municipal Auditing Services for the City of Warrenton and Warrenton Urban Renewal Agency

INDEPENDENT AUDITOR: Isler CPA, L.L.C.
1976 Garden Ave.
Eugene, Oregon 97403
(541) 342-5161 (telephone)
(541) 342-3533 (fax)

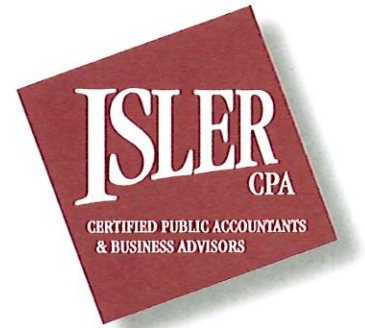
CONTACT PERSON: Paul Nielson, CPA
Member
(541) 915-8537 (telephone)
(541) 342-3533 (fax)
pnielson@islercpa.com

SUBMISSION DATE: February 4, 2022

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February 4, 2022



April Clark, Finance Director
City of Warrenton

1976 Garden Ave.
Eugene, OR 97403
541.342.5161
www.islercpa.com

Dear April:

Thank you for inviting our firm, Isler CPA ("Isler"), to submit a proposal to provide auditing financial services to the City of Warrenton ("City") and Warrenton Urban Renewal Agency ("WURA"), for the years ended June 30, 2022, 2023, and 2024.

Isler CPA (Isler) is an independent CPA firm licensed to practice in Oregon, located in Eugene. Isler has been assisting successful local governments and related organizations in Oregon and other states since the 1950's. We have audited and assisted many municipalities in Oregon. We understand the nature of the engagement and agree to perform the work as outlined in the City's RFP.

Our main focus is to provide efficient assurance services in a timely manner with an eye toward enhancing our clients' operations. Therefore, we believe it is essential to have contact with you throughout the year. We accomplish this by contacting you periodically, as well as promptly addressing any questions or concerns you may have during the year. We encourage you to contact us throughout the year with accounting and reporting questions. We will not bill for this service unless we have agreed to a fee with the City.

Since Isler has not attempted to be all things to all clients, we have designated several industries where we are especially well qualified to serve clients. Among these are Oregon municipalities, not-for-profit organizations, and tribal governments. These are niches where Isler has developed a significant amount of practice and expertise. Isler has provided audit and accounting services to municipalities for over 60 years.

We hope this proposal expresses our enthusiasm and desire to perform the services you need. We welcome any questions you may have about this proposal and thank you again for your consideration of Isler CPA.

Sincerely,

Paul R. Nielson, CPA, CFE a member of the firm
pnielson@islercpa.com
Isler CPA
1976 Garden Ave.
Eugene, OR 97403
Telephone: (541) 342-5161

Firm Profile

Isler CPA (Isler) is a Eugene-based CPA firm with about 30 employees that was formed in the 1950's. Isler provides professional services including audits, tax, business consulting, compilations and reviews, forensic, client accounting services, and due diligence services.

Our organizational structure and approach have evolved to serve the particular needs of our clients, most notably, a high degree of on-going partner involvement with our clients. This is demonstrated by our high overall partner-to-staff ratio. Our service philosophy allows our partners to serve clients directly and ensures our work is completed with more experienced professionals.

Isler has four partners, six managers, seven senior accountants, and eight staff accountants.



Isler is a member of the RSM US Alliance, which allows us to enjoy the best of all worlds: local management, national resources, and international affiliations. RSM US, LLP is a leading provider of audit, tax and consulting services focused on the middle market. Isler is small enough to cultivate and encourage close, personal, long-term relationships but large enough to offer the depth of experience and expertise required to earn your trust and help you meet your goals. Isler uses RSM audit resources and methodology, and Isler professional staff attend RSM staff training.

Isler CPA has been a proud member of RSM US Alliance since 2008. RSM US Alliance is a premier affiliation of independent accounting and consulting firms in the United States, with more than 75 members in over 38 states, the Cayman Islands and Puerto Rico. This affiliation gives us access to a full range of national and international capabilities.

We accepted an invitation to become a member of RSM US Alliance because it is a natural fit with our commitment to our clients and our determination to stay at the forefront of developments affecting accounting and consulting firms today. Visit [RSM Alliance](#) to learn more about our membership.

Isler CPA is also a member of the AICPA Government Audit Quality Center, providing us access to training events and resources focused on improving audit quality for governmental entities of all types.



In June, Isler was inducted into the 100 Best Green Companies to Work for in Oregon Hall of Fame for being an award winner for 10 consecutive years. The editors of Oregon Business Magazine noted that "the Best Green Companies to Work for in Oregon shows that, if you are committed to sustainable practices, it pays off not only for the environment and the bottom line, but also in being a great place to work."

Principals Assigned

Paul Nielson, CPA, CFE

Member (partner)

Oregon Municipal Auditor Roster # 1241

Paul received his B.A. from Brigham Young University in 1983. He has been in public accounting since then, including seven years as a partner in another firm. He is a licensed municipal auditor. Paul has extensive experience with governmental entities. He is the leader of our governmental audit team. His focus is the governmental niche, and he concentrates all his time and training on municipal audit and accounting issues. His annual training includes classes focusing on governmental accounting and auditing and he is in compliance with the AICPA continuing education requirements. Paul is a Certified Fraud Examiner (CFE).

Since the beginning of Paul's career, he has been involved with auditing and accounting for governments including tribal governments. He has assisted governmental entities in cash flow projections, budgeting, and new GASB implementation. Paul has instructed other accountants on issues that are crucial in governmental accounting and auditing. Some of these areas are the Single Audit Act, how to conduct a governmental audit, updates on governmental accounting issues, and GASB updates. Paul was the leader of the municipal practice for Moss Adams prior to joining Isler. While working for Moss Adams, Paul was the technical reviewer for all municipal audits in Oregon and California. He has also been an instructor for the Oregon Government Finance Officers Association (OGFOA) and the Special Districts of Oregon. For the OGFOA he has taught Governmental Accounting 101, 201, 301; Budget Preparation and Presentation, Preparing for the Audit, Cost Allocation, and Auditing Post Enron and WorldCom. In 2007, he was awarded the Outstanding Contribution to Public Finance award by OMFOA.

He is a reviewer for the GFOA Certificate of Achievement for Excellence in Financial Reporting. Paul has reviewed several municipal audits for the GFOA. He has assisted municipalities in receiving their first Certificate of Achievement for Excellence in Financial Reporting.

Paul will be at the City during the audit.

Principals Assigned, continued

Gatlin Hawkins, CPA, CFE

Member (partner)

Oregon Municipal Auditor Roster #1611

Gatlin joined Isler CPA in 2015, after spending two years auditing municipal entities in California. Prior to joining Isler CPA, he gained experience in financial audits and single audits as he worked on several large California counties and cities, special districts of all sizes, as well as several Not-for-Profit entities. He also frequently attends continuing education related to auditing, with at least 12 hours each year related specifically to not-for-profit and governmental accounting. Gatlin is currently serving as the head of Isler CPA's Accounting and Auditing department.

Gatlin attended Sacramento State University. He is fluent in Brazilian Portuguese and has volunteered with the Boy Scouts of America since 2011.

Gatlin belongs to the following organizations:

- American Institute of Certified Public Accountants
- Oregon Society of Certified Public Accountants
- Association of Certified Fraud Examiners
- Government Finance Officers Association (Associate Member)

Gatlin will serve as technical reviewer of the audit.

Cody Savey, CPA

Audit Manager

Oregon Municipal Auditor Roster #1626

Cody is originally from Reedsport, Oregon where he was born and raised. After high school, Cody moved to Eugene, Oregon to attend the University of Oregon. While at the University of Oregon, Cody joined the Isler family as a tax intern. Cody has been with the firm since 2012 and was hired full time in 2014. Cody received great news in July 2016 that he had been approved to become a practicing Certified Public Accountant (CPA) in the State of Oregon. As an Audit Manager, Cody focuses most of his time at the firm specializing in audits of municipalities, nonprofit organizations, and tribal governments. He has been involved with auditing governments since 2014. He has worked on and in-charged several municipal audits. The jobs he has in-charged includes special districts, cities and counties.

Cody has taken all the required CPE to maintain his municipal audit license.

Principals Assigned, continued

Kathy To
Senior Auditor

Kathy To is originally from Portland, Oregon where she was born and raised. After high school, she moved to Eugene, Oregon to attend the University of Oregon. After spending 2 years auditing municipal entities at a different firm, Kathy joined Isler CPA in 2021. As a Senior Auditor, she specializes in audits of municipalities, nonprofit organizations, and tribal governments. Kathy has been involved with auditing governments since 2019 and has worked on and in-charged several municipal audits. The jobs she has in-charged includes special districts and cities.

Kathy has taken all the required CPE to perform municipal audits.

Staff Continuity

Continuity of staff from year to year is extremely important. Consequently, our policy is to keep the individual who has overall responsibility for the engagement in that position from year to year. It is also our policy to keep the same nucleus of employees on an engagement and to rotate staff only when we feel that such a step can benefit the client. Such a situation might arise with the addition of an employee with a particular specialty. This policy improves both our continuity of effort and provides you with the most benefit for the dollar.

Availability

We encourage you to ask us questions and contact us throughout the year regarding accounting and auditing issues that may arise. Generally, these exchanges would occur on a complimentary basis. We will gladly research your questions and promptly respond to your inquiries. If the question can be answered without extensive effort, we will not bill the City. If the City requires services from us that are clearly outside the scope of the audit and the service is likely to require extensive effort, we will discuss the issue with the City's management and agree on a fee estimate before commencing the work.

Municipal references

CLIENT NAME	SCOPE OF WORK	YEARS OF SERVICE	CONTACT NAME	ADDRESS / PHONE NUMBER
Lincoln County	Audit, Single Audit, GFOA Award	13	Christina Shearer	210 SW Second Street Newport, OR 97365 (541) 265-0364
Rogue Valley Sewer Services	Audit, GFOA Award	4	Brenda Baldovino	138 W Vilas Rd, Central Point, OR 97502 (541) 726-1205
City of Central Point GFOA Award	Audit	9	Steve Webber	140 S. 3rd St. Central Point, Oregon 97502 (541) 664-3321
Roseburg Urban Sanitary Authority	Audit	15	Christine Morris	1297 N.E. Grandview Roseburg, OR 97470 (541) 672-1551
City of Cannon Beach	Audit, Agreed Upon Procedures	16	Laurie Sawery	163 E. Gower Cannon Beach, OR 97110 503-436-8058
Coos Bay North Bend Water Board	Audit	3	Jeff Howes	2305 Ocean Blvd SE Coos Bay, OR 97420 (541) 267-3128
Young's River Lewis and Clark Water District	Audit	14	Carl Gifford	34583 Hwy 101 Business Astoria OR 97103 (503) 325 4330
Lane Council of Governments	Audit, GFOA Award Single Audit	6	Brenda Wilson	859 Willamette St. Suite 500 Eugene, Oregon 97401-2910 (541) 682-4283
City of Gresham	Audit, GFOA Award Single Audit	7	Susan Brown	1333 N.W. Eastman Parkway Gresham, OR 97030-3813 (503) 618-2276
City of Cottage Grove	Audit	10	Roberta Likens	400 Main Street Cottage Grove, OR 97424 {541} 942-3346
City of Creswell	Audit	5	James Piper	South 1st Street Creswell, OR 97426 (541) 895-2531
Sunset Empire Transit District	Audit, Single Audit	3	Kelly Smith	900 Marine Drive Astoria. OR 97103 (506) 861 5363

Statement of Understanding & Approach to the Examination

In performing the testing and analyses of the City's and WURA's records, we will use a combination of the following procedures:

Sampling — Sampling will be a significant part of our audit due to its efficiency and reliability. We intend to use sampling in the testing of the City's internal controls over financial reporting and compliance with award requirements. For internal control and compliance testing, sample size will vary. Based upon our understanding of the control system and the tests of controls, we will draw additional samples for our substantive testing. For substantive testing, sample size will depend on the transaction population. We will use statistical and non-statistical sampling methods. Which method we used is determined by the test we are doing and the account or items we are testing.

Analytical Procedures — We will use analytical procedures in the planning and final stages of the audit and as a substantive test of account balances where appropriate. This determination will be based upon our understanding of the internal control system and the results of other tests we will perform. The types of analytical procedures that we use vary greatly based on the area being tested. Some of the more common types include budget-to-actual comparison, five-year trends, comparison to non-financial related data, and comparison to documents filed with outside regulatory agencies.

Specialized government audit program — We are a member of the RSM alliance. As a member, we use the RSM audit programs for our audits. We also subscribe to PPC and supplement our RSM information with programs from PPC. We use PPC for research into governmental accounting issues. PPC provides a complete library of GASB documents and PPC's recommendations on accounting issues. We will not use any specialists, such as actuaries.

Technical Review — After the draft statements are reviewed by the City the technical review will be done by Gatlin Hawkins, a partner in our office.

Statement of Understanding & Approach to the Examination, continued

Audit Element	Proposed Audit Approach	Staffing Profile
<p>Understanding the Entity and its Environment</p>	<p>To plan an audit, Isler must obtain an understanding of the City and WURA; establish materiality and tolerable misstatement; identify significant accounts, classes of transactions, relevant financial statement assertions and significant accounting processes.</p> <p>We will conduct preliminary and interim audit work (planning and audit preparation) at a mutually agreeable date.</p> <p>In addition, Isler would perform fraud risk inquiries, perform preliminary analytical procedures and review historical information.</p>	<p>Partner and Manager</p>
<p>Understanding and Testing Internal Controls</p>	<p>We will obtain an understanding of the City's and WURA internal controls.</p> <p>Test of internal controls, assuming controls are designed effectively, will be performed over account receivables/revenues and account payables/purchases, payroll, and manual journal entries. The tests will be planned to achieve a low level of control risk.</p>	<p>Partner, Manager and Staff</p>
<p>Assessing Risk and Designing Audit Procedures</p>	<p>Isler will assess the risk of material misstatement, assess inherent and control risk.</p> <p>Isler will assess the inherent and control risk for each relevant assertion related to each significant account and class of transactions.</p> <p>Substantive audit procedures would be designed and performed for all relevant assertions related to each significant account, class of transactions or disclosure.</p>	<p>Partner and Manager</p>

Statement of Understanding & Approach to the Examination, continued

Audit Element	Proposed Audit Approach	Staffing Profile
Cash and investments	<p>Test the cut-off by tracing items on the bank reconciliation to subsequent months' bank statements.</p> <p>Test compliance with regulations and applicable City & WURA guidance governing investing and collateralization.</p> <p>Verify restriction of cash and investments and reporting of restricted cash and investments.</p>	Manager and staff
Receivables, revenues and deferred revenues	<p>Confirm as receivables and revenues with other governments.</p> <p>Test receivables by tracing to subsequent receipts.</p> <p>Perform predictive tests for revenues that can be tested in this manner.</p> <p>For revenues not otherwise tested, select a sample of transactions and trace to supporting documentation.</p>	Manager and staff
Capital assets	<p>Select a sample of capital asset additions and trace to supporting documentation.</p> <p>Inquire about and test capital asset deletions / impairment.</p> <p>Select a sample of capital assets being depreciated and test the calculation and reasonableness of depreciation and useful lives.</p>	Manager and staff
Accounts payable and expenditures	<p>Test payables by examining disbursements subsequent to fiscal year-end.</p> <p>Select a sample from disbursements to test controls over expenditures.</p> <p>Select a sample from the expenditure accounts to trace to supporting documents.</p>	Manager and staff

Statement of Understanding & Approach to the Examination, continued

Audit Element	Proposed Audit Approach	Staffing Profile
Payroll and related payables	<p>Test payroll related payables by tracing to subsequent disbursements and supporting documents.</p> <p>Test calculation of compensated absences payable.</p> <p>Test controls in place for processing payroll accurately and based on approved rates.</p> <p>Test payroll using analytical trends based on prior audited information.</p> <p>Calculate the GASB 68 numbers</p>	Manager and Staff
Financial reporting	<p>Review the conversion to government wide financial statements, net asset classification and fund balance classification.</p> <p>Test supporting information for footnote disclosures.</p> <p>Perform other procedures for RSI and SI as required by SAS 119 and 120.</p>	Partner, Manager and Staff
Single audit	<p>Determine the major programs based on the SEFA.</p> <p>Test internal control and compliance as required by the Single Audit Act and the Yellow Book.</p> <p>Certify the Data Collection Form.</p>	Partner, Manager and Staff
Other	<p>Supervision and review.</p> <p>Meetings with City Staff.</p> <p>Nonsignificant sections.</p>	Partner Manager, and Staff

Use of City Personnel

Isler will take a collaborative approach to your engagement, utilizing your staff whenever possible, to minimize cost and improve efficiencies. We will adapt our schedule to fit your needs. We anticipate assistance from the City's staff to prepare schedules, find documents, explain processes, and pull sample documentation. We anticipate the City's staff will provide us with a trial balance, budget documents, and general ledger for use in planning and reconciliations of balance sheet accounts prior to fieldwork. In addition, we will request assistance from the City's staff to assist in preparing schedules, finding documents, explaining processes, and pulling documents to support our testing.

Fees

Maximum audit fees (fees include those for both the City and WURA) are estimated to be:

Service to be provided:	Fiscal Year 2022		Fiscal Year 2023		Fiscal Year 2024	
	Hours	Amount	Hours	Amount	Hours	Amount
Audit	260	\$ 29,500	260	\$ 30,500	260	\$ 31,500
Financial Statements	40	6,000	40	6,500	40	7,000
Single Audit (per program tested)	40	4,000	40	4,200	40	4,400
Warrenton Urban Renewal Agency (Audit)	90	9,000	90	9,200	90	9,400
Total:	430	\$ 48,500	430	\$ 50,400	430	\$ 52,300

This fee includes all services requested under scope of audit in the RFP. This fee includes the ability to call and ask questions during the year.

The above noted fees were estimated using the following schedule of hourly rates by staffing level:

Schedule of Fees	
Partners	\$ 200 - \$240 per hr.
Managers	\$ 170 - \$200 per hr.
Seniors	\$ 140 - \$140 per hr.
Other Staff	\$ 95 - \$120 per hr.

Claims

Isler CPA nor any of the staff who will work on this engagement have ever been sued or subject to professional discipline in connection with providing audit services for any client.

Management reports

See appendix A for two samples of management reports that we have recently issued.

Appendix A
Sample Management Letters

Sample Management Letter #1 (Significant Deficiency in Timeliness)

To the Board of Directors
Recreation District

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Recreation District (District) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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

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

Responsiveness to audit request

The District's June 30, 2021 bank reconciliations, and several testing documents were not produced in a timely manner. We did not receive a bank reconciliation for the June 30, 2021 until January 3 2022.

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

Sincerely,

Isler CPA
Eugene, Oregon

Sample Management Letter #2 (No Deficiencies, Combined with Post Audit Communication)

To the City Council and City Manager
City, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the for the year ended June 30, 2021, and have issued our report thereon dated December 15, 2021. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the accounting principles generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the footnotes to the financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. The most significant estimate affecting the financial statements is the determination of depreciation on capital assets. The accounting policies relating to capital assets and depreciation are described in the footnotes to the comprehensive annual financial report. The Retirement Plan and Other Post-Employment Benefits (OPEB) footnotes discuss assumptions used to value the pension and OPEB obligations.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. There were no known or likely material misstatements identified during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 15, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles, implementation of new accounting standards, and the impact of new auditing standards with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

ISLER CPA

Appendix B
Certificate of Insurance



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
08/24/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Andrew Core(731535A) 260 E 15th Ave Ste D Eugene OR 97401-4177	CONTACT NAME: PHONE (A/C, NO, EXT): 641-359-4791 FAX (A/C, NO): 541-359-4797 E-MAIL ADDRESS: acore1@farmersagent.com														
INSURED ISLER CPA LLC 1976 GARDEN AVE EUGENE OR 97403	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: center;">NAIC #</th> </tr> <tr> <td>INSURER A: Truck Insurance Exchange</td> <td style="text-align: center;">21709</td> </tr> <tr> <td>INSURER B: Farmers Insurance Exchange</td> <td style="text-align: center;">21652</td> </tr> <tr> <td>INSURER C: Mid Century Insurance Company</td> <td style="text-align: center;">21687</td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Truck Insurance Exchange	21709	INSURER B: Farmers Insurance Exchange	21652	INSURER C: Mid Century Insurance Company	21687	INSURER D:		INSURER E:		INSURER F:	
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COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAME ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
C	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:	Y	N	606746173	06/01/2021	06/01/2022	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea Occurrence) \$ 75,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
C	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY	Y	N	606746173	06/01/2021	06/01/2022	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	N	A03151181	06/01/2021	06/01/2022	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER \$ E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER _____	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Andrea Hughes</i>
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Appendix C
Certification and Contract Offer

**PROPOSAL FORM (Required)
(CERTIFICATION AND CONTRACT OFFER)**

CITY OF WARRENTON OREGON
FINANCE DEPARTMENT

**REQUEST FOR PROPOSAL
TO PROVIDE:**

ANNUAL INDEPENDENT AUDIT SERVICES

To City of Warrenton
Warrenton, Oregon

The undersigned Proposer warrants that he has carefully examined the Request for Proposal documents for providing the service described as follows:

ANNUAL INDEPENDENT AUDIT SERVICES FOR THE CITY OF WARRENTON

The Proposer warrants that Proposer has made such investigation as is necessary to determine the complexities and requirements of the City of Warrenton and, if Proposer's proposal is accepted, Proposer will contract with the City of Warrenton, in the form of City of Warrenton's Professional Services Agreement, to provide the required services as specified in the Request For Proposal document. The Proposer further warrants that the terms and conditions contained within the Request for Proposal document, which are, by reference, incorporated herein in their entirety, are acceptable for the Proposer and will be incorporated into any Personal Services Agreement resulting from award of this procurement and that such terms and conditions take precedence over any conflicting terms and conditions in Proposer's proposal.

The Proposer submits and proposes the fee schedule provided within the proposal as required within the Request for Proposal document. This proposal shall be effective for a period of sixty (60) days from the RFP closing date.

Name of Proposer: Isler CPA Date: 02/07/2022

Tax Identification Numbers: 20-4723636

Signature of authorized person: Paul R Nielson Title: Member (Partner)

Business Phone and FAX numbers: Phone (541) 342-5161 Fax (541) 342-3533