

RESOLUTION 2012-08

A RESOLUTION OF THE GARIBALDI CITY COUNCIL ACTING AS LOCAL CONTRACT REVIEW BOARD ADOPTING FINDINGS AND AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH ACCUITY, LLC, FOR MUNICIPAL AUDITING SERVICES

WHEREAS, the City of Garibaldi had previously contracted with Koontz & Perdue, LLC, of Albany Oregon (Koontz & Perdue) for municipal auditing services ; and

WHEREAS, Koontz & Perdue has recently restructured their organization, resulting in the amenable separation of certain professionals from the firm for the purpose of forming Accuity, LLC, (Accuity) a professional accounting firm specializing in municipal auditing; and

WHEREAS, Koontz & Perdue has corresponded with the City in a letter dated February 16, 2012, attached and included with this resolution as Exhibit A, requesting that the City decide if they would continue contracting with Koontz & Perdue for auditing services, or if the City would prefer to contract with Accuity for municipal auditing services; and

WHEREAS, the City Council directed staff to notify Koontz & Perdue of our desire to separate and engage Accuity for municipal auditing service; and,

WHEREAS, the City Council, acting as the City of Garibaldi's Local Contract Review Board, directed City staff to prepare an agreement for municipal auditing service with Accuity, attached and included in this resolution as Exhibit B,

NOW, THEREFORE, THE COMMON COUNCIL OF THE CITY OF GARIBALDI RESOLVES AS FOLLOWS:

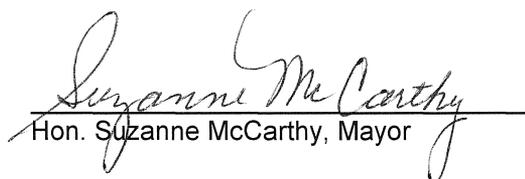
Section 1. The Council finds the recitals to this Resolution are relevant facts and incorporated herein as findings for this Resolution.

Section 2. The Council approves of the agreement with Accuity LLC titled "Professional Service Agreement – Financial Audit" with Exhibits A through B ("Contract").

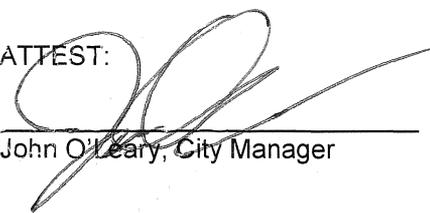
Section 4. The Mayor is authorized to sign Contract.

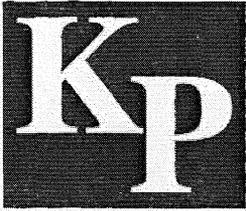
Section 5. This resolution is effective as of the date of its adoption by the City Council.

PASSED BY THE COMMON COUNCIL AND APPROVED BY THE MAYOR, this 16th day of April 2012.


Hon. Suzanne McCarthy, Mayor

ATTEST:


John O'Leary, City Manager



Koontz & Perdue, P.C.
Certified Public Accountants

February 16, 2012

John O'Leary
City of Garibaldi
P.O. Box 708
Garibaldi, Oregon 97118

RE: Audit Services Contract

Dear John:

On April 17, 2012, Glen Kearns will be terminating his employment with Koontz & Perdue, PC and will be performing audit, accounting, and tax services as a part of his new business, Accuity, LLC. Glen has advised us that you may want Accuity, LLC to perform your future audit services.

Currently, you may have a contract for audit services for the year ending June 30, 2012 (and beyond) with Koontz & Perdue, PC; however, if you want to transfer your audit services to Accuity, LLC, then that requires that we agree to cancel the current contract between you and Koontz & Perdue, PC before March 31, 2012.

Koontz & Perdue, PC has been in business for nearly 60 years and has a large accounting and audit staff with over 80 years of combined experience in municipal and commercial auditing services. We will continue to perform audit services after Glen's departure.

If it is your desire to transfer your auditing services to Accuity, LLC and cancel any existing contracts with Koontz & Perdue, PC, then we must confirm in writing your wishes.

Please review the enclosed form, check the appropriate box, sign where indicated, and return the form to our office in the enclosed envelope as soon as possible. If you wish to have Accuity, LLC perform future services for you, we will ensure that all necessary records are transferred to Glen for a smooth transition.

If you have any questions, please feel free to contact our office and discuss this with Richard D. Perdue, CPA, Owner/Managing Shareholder, Debra Blasquez, CPA, Owner/Shareholder, or Glen Kearns, CPA and we would be happy to answer your questions or concerns during this transition.

Very truly yours,

Richard D. Perdue, CPA
Shareholder/Manager

RECEIVED

FEB 21 2012

Koontz & Perdue, PC
P.O. Box 605
Albany, OR 97321

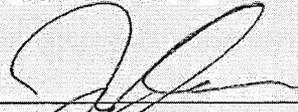
RE: Audit Services Contract

Dear Koontz & Perdue, PC:

- It is our desire to terminate our Audit Services Contract with your Firm for the year ending June 30, 2012 and beyond, and would appreciate it if you could transfer copies of all audit information to Accuity, LLC so as to create a smooth transition. We also understand that Koontz & Perdue, PC will need to keep the original information for audit services performed in the past for their records and appreciate the prior relationship we have had with your Firm.
- We do NOT wish to terminate our Audit Services Contract with Koontz & Perdue, PC for the year ending June 30, 2012 and beyond and wish to continue our professional relationship with Koontz & Perdue, PC.

Please check the appropriate box above, sign below, and return this form to our office as soon as possible. Thank you.

City of Garibaldi
P.O. Box 708
Garibaldi, Oregon 97118



Signature

City Manager

Title

March 12 2012

Date

PERSONAL SERVICES AGREEMENT – FINANCIAL AUDIT
City of Garibaldi – Accuity, LLC

THIS AGREEMENT is made this 8th day of February 2012, in accordance with the requirements of Oregon Revised Statutes 297.405 through 297.555. The parties are ACCUITY, LLC, Certified Public Accountants of Albany, Oregon and CITY OF GARIBALDI (“CITY”), Garibaldi, Oregon. The parties agree as follows:

1. Services. ACCUITY, LLC shall conduct an audit of the accounts and fiscal affairs of CITY for the fiscal year ending June 30, 2012, in accordance with the Minimum Standards for Audits of Municipal Corporations as prescribed by law. The audit shall be undertaken in order to express an opinion upon the financial statements of CITY and to determine if CITY has complied substantially with appropriate legal provisions.

2. Payment. Initial Term: CITY agrees to pay ACCUITY, LLC an annual sum of \$11,000 for completing all services as required for an audit of the CITY, including its component units as established at the execution of this agreement, for the 2011-2012, 2012-2013 and 2013-2014 fiscal years. The sum is based on a projected scope of services and schedule of fees attached to this agreement as Exhibit A. CITY and ACCUITY, LLC agree that costs for services in excess of \$11,000 in any year will be approved by the City Manager prior to ACCUITY, LLC providing those services, and that additional costs will be billed on an hourly rate as identified on Exhibit A.

3. Standard of Care.

A. ACCUITY, LLC agrees that the services they have contracted to perform under this Agreement shall be rendered by them or under their personal supervision and that the work will be faithfully performed with care and diligence. In the performance of its professional services, ACCUITY, LLC shall use that degree of care and skill ordinarily exercised under similar circumstances by reputable members of its profession practicing in Oregon. ACCUITY, LLC will re-perform any services not meeting this standard without additional compensation. ACCUITY, LLC's re-performance of any services, even if done at CITY'S request, shall not be considered as a limitation or waiver by CITY of any other remedies or claims it may have arising out of ACCUITY, LLC's failure to perform services in accordance with the applicable standard of care or this Agreement.

B. By entering into this Agreement, ACCUITY, LLC certifies it has acquired, and will maintain throughout the course of the Agreement, any certificates, licenses or permits which ACCUITY LLC has held out as having acquired, or is required by law to obtain or maintain in order to perform the services described in this Agreement.

4. Notice of Additional Work. It is understood and agreed that, should unusual conditions arise or be encountered during the course of the audit whereby the services of ACCUITY, LLC are necessary beyond the extent of the work contemplated, ACCUITY, LLC will be responsible for notifying CITY of such unusual conditions. The City Manager shall instruct ACCUITY, LLC concerning such additional services.

5. Report Required. The audit shall be started as soon after this Agreement is executed as is agreeable to the parties and completed with a written report delivered within a reasonable time, but not later than December 31, after the close of each fiscal year covered by this Agreement. Adequate copies of the report shall be delivered to CITY, and its form and content shall be in accordance with and not less than that required by the Minimum Standards for Audits of Oregon Municipal Corporations.

6. Responsibility for Disclosure. It is understood and agreed that CITY is responsible for such financial statements as may be necessary to fully disclose and fairly present the results of operations for the period under audit and the financial condition at the end of that period. Should such financial statements not be prepared and presented within a reasonable period of time, it is understood that ACCUITY, LLC shall draft them for CITY. The cost of preparing such financial statements will be included in the fee for conducting the audit as established in Paragraph 2.

7. Indemnity and Insurance

A. ACCUITY, LLC acknowledges responsibility for liability arising out of the performance of this Agreement and the attachments thereto, and all liability resulting from or incidental to the acts, performance or errors or omissions of the ACCUITY, LLC or anyone acting on behalf of ACCUITY, LLC in connection with or incidental to the work performed under the Agreement.

B. The review, approval or acceptance by CITY of documents or other work prepared or submitted by ACCUITY, LLC shall not relieve ACCUITY, LLC of its responsibility to provide such materials in full conformity with CITY requirements as set forth in this Agreement and to indemnify CITY from any and all costs and damages resulting from ACCUITY, LLC's failure to adhere to the standard of performance described in Section 3. The provisions of this section survive termination of this Agreement.

C. Insurance Requirements

1. ACCUITY LLC shall provide CITY with evidence of the policies of insurance meeting the requirements of this section prior to the commencement of services. The certificates shall be attached to this Agreement as an exhibit and made a part of the Agreement. Unless specifically set forth in this Agreement, expenses relating to the cost of insurance shall not be the basis for additional reimbursement to ACCUITY, LLC.
2. ACCUITY LLC shall obtain at ACCUITY, LLC's expense the insurance specified in this paragraph shall maintain the insurance required in full force and ACCUITY LLC's expense throughout the duration of this Agreement. ACCUITY, LLC shall obtain the following insurance from insurance companies or entities that are authorized to transact the business of insurance and issue coverage in the State of Oregon and that are acceptable to City.
 - a. Workers' Compensation. ACCUITY, LLC shall provide workers' compensation and employer's liability insurance as required by Oregon law.
 - b. Professional Liability. ACCUITY, LLC will provide professional Liability Insurance, including contractual liability coverage, covering any damages caused by an error, omission or any negligent acts related to the services to be provided under this Agreement. ACCUITY, LLC shall provide proof of insurance of not less than the following amounts determined by CITY: Combined single limit for any single claimant per occurrence from commencement of the Agreement term to June 30, 2012: \$566,700;

aggregate limit for all claims per occurrence, from commencement of the Agreement term to June 30, 2012: \$1,133,300.

c. Automobile Liability Insurance. ACCUITY, LLC will provide Automobile Liability Insurance covering all owned, non-owned, or hired vehicles. This coverage may be written in combination with commercial liability (with separate limits for "Commercial General Liability" and "Automobile Liability"). ACCUITY, LLC shall provide proof of not less than the following amounts as determined by City: Bodily Injury/Death: Combined single limit for any single claimant per occurrence, from commencement of the Agreement through June 30, 2012: \$566,700; aggregate limit for all claims per occurrence from commencement of the Agreement through June 30, 2012: \$1,133,300. Property Damage: from commencement of the Agreement through June 30, 2012, \$101,400. For every year thereafter, the adjusted limitation as determined by the State Court Administrator pursuant to Oregon Laws, 2009, Chapter 67, section 5 (SB 311), codified at ORS 30.273. Aggregate limit for all claims per occurrence: from commencement of the Agreement through June 30, 2012, \$506,900. For every year thereafter, the adjusted limitation as determined by the State Court Administrator pursuant to Oregon Laws, 2009, Chapter 67, section 5 (SB 311), codified at ORS 30.273.

D. Notice of Cancellation or Change.

There shall be no cancellation, material change, potential exhaustion of aggregate limits or non-renewal of insurance coverages without 60 days' written notice from ACCUITY, LLC or its insurer to CITY. Any Failure to comply with the reporting provisions of this clause shall constitute a material breach of Agreement and shall be grounds for immediate termination of this Agreement by City.

E. Excess Umbrella Insurance. A combination of primary and excess/umbrella insurance is acceptable. If ACCUITY, LLC uses excess/umbrella insurance to meet the minimum insurance requirements, the certificate must include a list of the policies that fall under the excess/umbrella insurance. The Excess/Umbrella policy is excess over General Liability, Auto Liability, and other requirements.

7. Initial Term; Renewal. It is understood that this Agreement is for an Initial Term of three years beginning May 1, 2012 and ending December 31, 2015, for an audit of the 2011-2012, 2012-2013, and 2013-2014 fiscal years of the CITY and its Urban Renewal Agency Component (GURA). A Renewal Term is automatically entered into unless the CITY provides ACCUITY, LLC ninety (90) days notice prior to July 1 of any year that the Agreement will not be renewed after the date of the initial term.

8. Termination. It is understood and agreed that either party may cancel this Agreement by giving notice in writing to the other party at least ninety (90) days prior to July 1 of any year. Except for the 90-day period prior to July 1 of any year, either party may terminate the Agreement at any time on written notice to the other party. ACCUITY, LLC will be entitled to receive fair compensation under this Agreement for services performed up through the date of termination. In the event of termination by CITY, any compensation sought by ACCUITY, LLC is required to be documented according to services performed and CITY will be responsible for making payment as documented based on the hourly rate established in Section 2. No later than 10 days after the date of termination, ACCUITY, LLC shall promptly provide to CITY all

reports, documents, records, and work, whether draft, incomplete, or fully completed, and performed up to the date of termination.

9. Modification.

Any modifications or changes to this Agreement must be in writing, signed by the parties, and attached to this Agreement.

10. Dispute Resolution; Venue and Jursidiction.

A. The parties agree to resolve any dispute by mediation prior to filing any claim or suit. Any dispute arising under this Agreement shall first be subject to mediation. If the parties cannot agree on a mediator, then each party shall select a mediator and the two mediators so selected shall select a mediator who shall mediate the dispute. Each party is responsible for paying an equal share of the mediator's costs, and the full amount of the party's own costs including attorneys' fees as a result of any mediation.

B. The parties may use the same process to enter into non-binding arbitration conducted in Tillamook County, Oregon, with each party paying half of the arbitrator's fee and any costs, and with each party responsible for paying its own costs including attorneys' fees.

C. In the event there is any dispute between the parties arising out of this Agreement that is not resolved by mediation or arbitration, the dispute will be determined in a court of competent jurisdiction for Tillamook County, Oregon. By entering into this Agreement, ACCUITY, LLC agrees to submit to the jurisdiction of such court(s).

11. Law of Oregon

A. This Agreement is governed by the laws of the State of Oregon. ACCUITY, LLC shall comply with all applicable federal and state laws, including but not limited to laws, rules, regulations, and policies concerning employer and employee relationships, workers' compensation, and minimum wage requirements.

B. Public Records Law. ACCUITY, LLC and CITY acknowledge and understand that Oregon Public Records Law applies to all documents or records produced in the course of work under this Agreement.

ACCUITY, LLC

GLEN O. KEARNS, CPA

DATE

CITY OF GARIBALDI

SUZANNE MCCARTHY, MAYOR

DATE

Accuity LLC Billing Rates	
Staff Postion	Rate
Managing Partner	\$ 160
Audit Manager	120
In-Charge Auditor	90
Staff Auditors	70
Clerical & administrative	40