



**CITY COUNCIL  
REGULAR MEETING  
February 12<sup>th</sup>, 2019**

**Council Present:**

Brad Smith  
Barbara Northington  
Lilly Foster  
Sue Holliday  
Melissa Pettyjohn

**Public in Attendance**

Matt Wenick  
Josh Walker  
Richard Schwartzer

**City Manager/Recorder Raamin Burrell  
Minutes taken and recorded by Raamin Burrell**

**Meeting called to order by Mayor Smith at 6:01 p.m.**

**Open Floor:** Mayor Smith read the agenda item aloud and called for open floor items. Councilor Northington brought in tentative plans (ideas for the commercial lot in Block 1, next to the food cart) for a reader board and a postcard style frame that's large enough for people to sit in and take their picture. She's spoken with a few people to line up supplies to build the items, but wanted confirmation that the Council was in agreement to move forward with these ideas. Councilor Pettyjohn and Mayor Smith were in agreement to move forward.

Mr. Wenick brought up the defunct fire siren on top of City Hall. Most of the volunteer firefighters were unable to hear the smaller siren and had to be notified by other means for the recent fire. Mr. Walker said he knew a little about it; that some of the wiring looking suspect, was quite old, and exposed to the elements. There was some conversation about it being set off from dispatch, but if the larger one went off, then it was very quiet. Only those close to City Hall and outside heard it clearly. Mr. Schwartzer shared some technical information about the siren and how it connected to the breaker box. He said that if we had a safety inspection it would fail. There was more discussion about having it repaired and previous examples of it going off. Some suggestions were made about who to call to come and repair it. Mr. Schwartzer said that there was a land line phone in the actual fire hall, but it doesn't work anymore. Mayor Smith asked about the effectiveness of using a pager system and looking to how that could work for us. Mr. Walker said there was a gentleman near Baker City that knew about a system that would send a pager via cell phone text, that it was integrated with the 911 dispatch center for EMS via the hospital. Mr. Schwartzer explained how the siren system used to work with dispatch and Mr. Walker confirmed that information.





Councilor Northington asked about adding a siren test to the weekly checklist. Mr. Schwartz said that a city employee would coordinate with dispatch to test the siren every Monday at 10 a.m. It was suggested that we start that practice again and send out the notification in the next newsletter. City Manager Burrell suggested fixing the siren first, then notifying people via newsletter of the time and day that the siren tests would be going again. She would attempt to have the siren fixed before the March newsletter, but it would depend on the schedule of the electrician.

Mr. Walker stated that he wanted to address the letter that was sent to the council and several citizens in the city by Mr. & Mrs. Jahn. As it was requested to be read at this meeting, he would like the opportunity to respond to it. Mayor Smith said that he felt that he didn't feel the need to read it aloud and asked for council opinion. Councilor Northington agreed saying that it didn't have anything to do with what was going on now, but she wasn't aware of proper policy, nor did the rest of council. City Manager Burrell said she didn't know either. She would contact the city attorney but for now she would leave the decision up to council consensus. Mayor Smith said that if legally it had to be read, then it would be read aloud at the next meeting in order to be in compliance, but he felt that this meeting was not an appropriate forum for a disagreement between two residents. Councilor Northington asked Mr. Walker if he'd like to respond to the letter, on record, at this time. He said he didn't need to, but he'd like the opportunity to address it and asked if the council had any questions for him at this time. Mayor Smith said that as a council they weren't aware there was a conflict between the Jahn's and Mr. Walker until the public hearing, but didn't feel that the council needed to be involved. Councilor Pettyjohn said her only concern was in relation to the fact that Mr. Walker was city manager during the time of the claims and didn't know if the council had to do anything about that. Mayor Smith said run it by the city attorney but asked if the council agreed. Some said read it and be done with it, others said no. City Manager Burrell offered that as it was a submitted document on record for this meeting it would be an attachment to the final published minutes. In the meantime, the city attorney would be consulted. All were in agreement with that, including Mr. Walker.

**Approval of January 15<sup>th</sup>, 2019 Minutes:** Mayor Smith read the agenda item aloud, confirmed that the Council had read the minutes and asked for any corrections or changes. None noted. Mayor Smith called for a motion to approve and sign the minutes.

*-Councilor Northington made the motion, Councilor Foster seconded it. All in favor, motion passed to approve and sign the minutes.*

**Wastewater Facility Plan Update:** Mayor Smith read the agenda item aloud. City Manager Burrell said that the final sign-offs have been done on the remaining parts of the project, with the exception of a couple small moving parts, and the contactor bid





will be out by Thursday of this week. Mayor Smith will be contacted to sign a couple more documents in the meantime. Mr. Wenick confirmed that the bid would be out for 45 days. Mr. Walker confirmed that the bid would be advertised on the city website as well as all of the usual postings and public notices. Hoping to be able to award by the April meeting, but we have to wait until all of the final moving parts are finished before the contract can be awarded. We're on schedule to get those steps done within the 45 days, the only catch would be if there were any comments made during the comment periods for the environmental or the project that would require a substantial correction. She enumerated all of the various parts and timeframes and reminded everyone that if the contract is awarded prior to the release of funds, which is the final moving part in this, then it not only disqualifies the city for the rest of the funding, we'd have to pay part or all of what has been spent back to Business Oregon.

**Seneca Emergency Airstrip Deactivation-Road Naming:** Mayor Smith read the agenda item aloud. City Manager Burrell said that since it is officially deactivated, it has to be named and accepted as a city street by resolution which will be available at the next meeting. Mayor Smith suggested having the Seneca school kids submit names for the road. All present were in agreement. City Manager Burrell would contact the school about having a contest and confirmed that the council could vote on the name at the next meeting and sign the resolution at the same time.

**Removal of Urinal in Main Bathroom at City Hall:** Mayor Smith read the agenda item aloud. Mayor Smith confirmed that it didn't work anymore. City Manager Burrell confirmed that there was no water running to it anymore and it leaked, so when it was used, it was a mess to clean up. There are signs posted not to use it, but it's been consistently used during functions held at City Hall. All were in agreement to remove it.

**Approval of Letter to ODOT for City Park Entrance:** Mayor Smith read the agenda item aloud. Councilor Pettyjohn asked who wrote the letter. City Manager Burrell said that she'd written it and had someone else review it to make sure it didn't sound too angry. She said that previous city managers had tried to contact various people at ODOT, including her, with no positive outcome. She thought that if the council approved a letter be sent to ODOT then perhaps it would get more attention. Councilor Northington said the biggest issue is that you can't see the edges of the ditch. City Manager Burrell said that in her conversation with one ODOT person, they offered that if the city would purchase the extra culvert then they might be able to work something out. She told that person that the whole thing is in the ODOT right of way and should be their legal responsibility. That person said that they'd put up a guard rail years ago at the request of the city. She agreed, but that railing went into the ditch with a vehicle years ago and has never been repaired or replaced. Mr. Wenick and Mr. Walker added that ODOT won't let anyone do any work in their right of way so the city can't take care of it either. Ultimately, it's a dangerous safety hazard that needs to be





addressed. Council was in agreement to have the Mayor sign the letter as written and it be sent to various people at ODOT.

*-Councilor Northington made the motion, Councilor Pettyjohn seconded it. All in favor, motion passed to accept as written the letter and have the Mayor sign.*

**Review and Signing of Audit Contract with Solutions:** Mayor Smith read the agenda item aloud. City Manager Burrell explained that it's similar to the contract that we sign with them every year to do our annual audit. Asked about the possibility of having someone else do the audit. Mr. Wenick said he didn't recommend it due to all of the issues his employer has had with who they had to switch to when Solutions stopped doing it for them and highly recommended staying with them while they still offer to provide the service for us. There was some discussion about how good they are and that us smaller communities were lucky have them continue providing the service to us.

*-Councilor Foster made the motion, Councilor Holliday seconded it. All in favor, motion passed to accept and sign the audit contract with Solutions CPA's.*

Councilor Pettyjohn asked about the letter that was included in their packets that was not addressed during open floor. The letter is from the owner of one of the two lots, Ruth Robinson, that were previously inhabited by Mr. McMunn. She states that she and her siblings (owners of the other lot) are not financially able to help with the clean-up of the lots and would attempt to sell the lots as-is. She verbally said, after she sent the letter to the city, she might be able to help share the clean-up cost with Mr. McMunn's heirs if the cost was minimal. There was a question if they were wanting to sell the lots together or separately and that was unknown as the lots were separately owned. Mrs. Robinson just wanted to let the city to know that she and her siblings were aware of the situation and taking steps to deal with it.

**Bills Before Council:** Mayor Smith read the agenda item aloud and called for a motion to pay the bills.

*-Councilor Holliday made the motion, Councilors Foster and Pettyjohn seconded it. All in favor, motion passed, bills signed.*

While bills were being signed Councilor Pettyjohn asked if there was any new information in regards to rezoning Lot 1702 in the Industrial Park. City Manager Burrell said that she'd been in contact with Mr. Stenbeck at the Oregon DLCD and he said that since it was already city-owned, totally inside city limits, and it's a regular shape, then all it would take is an ordinance amending the comprehensive plan. And there was no cost to the city. There would be additional paperwork required for them to process the change but he made it sound relatively simple. Councilor Holliday had the

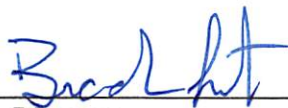


idea that if the park idea was going to work then to make it a memorial park and dedicate it John Saunders. Councilor Northington had several ideas that were contributory to that proposal. It was mentioned that it was a great idea since there was nothing in Seneca that commemorated those that have passed, no cemetery or other memorial.

Mayor Smith also had something to add. He thought that a group discussion should be had with the city employees, former maintenance staff, and the council so that every one was on the same page as far as duties required and establish set work lists. Due to the recent turnovers in the various city personnel positions there's been some important information and duties forgotten along the way. City Manager Burrell said that would be great so that the job descriptions could be updated to be more specific and binding and everyone on the same page. All were in agreement. There were questions about the shop hours and whether or not a part-time employee should be hired. It was suggested to also set and post defined shop hours due to there being none set. Mayor Smith asked that we do this as a work-session separate from a council meeting and said he would contact former employees to join and notify all when a date was set.

**Meeting Adjourned at 6:40 p.m.**

Attest: \_\_\_\_\_

  
Mayor

**Fw: Land across from us**

Tina Jahn

Sun 2/10/2019 9:32 AM



Good Morning.

We feel the need to reach out to as many people as we could find emails for.

We had an approval of 3 council members from the January 15, 2019 meeting approving the proposal to purchase the property across from us known as lot 1702. It took us several months of proposals to the council to finally get a business name to meet the needs the city council had required of us. We had always agreed to never build on the property, to keep it looking like a park, to give full access to the pond to the fire department and all other caveats in the written agreement. This sent us to the next step which was a public meeting held on February 7, 2019 at 6 pm.

This public meeting began and the first person to give testimony was Josh Walker, prior city manager. Josh Walker stated that we misled council and misrepresented our current proposal to council by misrepresenting our initial proposal in 2015 which he stated included building a large building or shop on the lot. He was allowed to attack our character and state several other false slanderous statements about us. His statements are defamation of character and the printing of these in public record will cause libel and irreversible personal damage and a tarnished reputation.

We have copies of the original email (included, see below) showing each of you the actual proposal dated October 1, 2015. You will note there is no content about us building a barn or shop on that property which is the beginning points Josh so loudly expressed when he made



each person there believe we are not good for our word and led each of you to believe we may well have misrepresented the current council approved proposal. The final result ended without the three votes for us to buy the property. Granted, the end result, by unanimous council vote, will require the city to finally take that property off the future market once and for all (which we understand may possibly have been the intent by Hines when they originally gave that property to the city, before that lot was divided for iron triangle to purchase) by creating it not sellable to anyone which will have the same outcome as us buying it only without the \$15,000 in the city coffers. Our price was much higher than all others whom have purchased that same type of city property but as we have always stated, having that as a permanent buffer is the only responsible action that is in the best interest of the community as a whole and has been our goal since our first proposal. We would like to have on record that our proposal to purchase remains active should the city ever decide to sell this property in future years.

We also had 22 signed documents which clearly state in red print "By signing this form (a copy can be provided to each of you but it stated our proposal facts) I state my approval for the city to sell this lot to the Jahns, creating a much needed quiet buffer zone between residents and industry" Each person signed on their own volition, freely and at their own informed consent. These forms did not seem to make any difference to the outcome which squelched these residents voices.

It is vital that we get on the record the corrected facts unlike what was stated in the meeting. The February 7th 2019 meeting was a public hearing and not a slander session. We had a couple people loudly state that we are land-grabbers. We were attacked and had to defend our character and our actual intentions. This is not fair nor should this be allowed to take place. We are paying more than value for the properties we are buying in Seneca. We are then putting actual cash money into each property increasing the values above true market or appraised values. A land-grabber, by definition, is a person who seizes land illegally or underhandedly.

This whole process has been harmful to our reputation in town. Damages caused by Defamation of Character from Slanderous comments and Libel are usually irreversible.

This information is sent to each of you to clear our name and intentions at least in your own minds. We will also request that this email be read out loud at the next council meeting, this month. Although we can not erase the false statements about us we can clarify with the true facts.

It is our goal to retire in this town we love. We hope to remain friendly with all and welcomed here.

Thank you for your time,

Dale and Tina Jahn

Handwritten signatures of Dale and Tina Jahn in blue ink, positioned above a horizontal line.

**From:** [REDACTED] on behalf of City of Seneca  
<cityseneca@centurytel.net>

**Sent:** Thursday, October 1, 2015 9:16 AM

**To:** Tina Jahn

**Subject:** Re: Land across from us

Hi Tina,

That land is currently zoned industrial and is part of the "industrial park." I will take your email (proposal) to the city council for consideration at the next meeting.

Cheers,

Josh Walker  
City of Seneca  
Recorder/Manager  
[cityseneca@centurytel.net](mailto:cityseneca@centurytel.net)  
(541) 542-2161

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PUBLIC RECORDS LAW DISCLOSURE: Under Oregon's Public Records Law (ORS 192.410 - 192.505), emails are generally considered "public records." Therefore, this email (including any attachments) may be subject to public inspection unless exempt from disclosure under Oregon's Public Records Law.

On Thu, Oct 1, 2015 at 8:51 AM, Tina Jahn <[REDACTED]> wrote:

Good morning!!!! Hey....we have a weird question.....

The land across from us is vacant and we are interested in seeing if the city will sell it to us.....as is.....no change in the designated use and no change in zoning.

We always want our beautiful view and we would like to occasionally park on that side with our truck and snowmobile traile. We would sign something saying we will not build or change the zoning if that helps the lumber business owner.....we just like it as it is.....we do not know how it is split or if it is all one piece.....but we want it. If people are using parts that can remain the same....we don't want to upset the apple cart just want to preserve the pond (maybe stock it even if that is allowed) and keep our view as it is!!! Try to keep it mowed and beautiful!!!! :)

It would be ideal for the city to sell it for a set price and carry the contract (like an owner carry at 5%) with a down payment and a set amount per month so the city has another monthly income with interest too!!! :)

Tina and Dale Jahn 403 4th Street!!! :)

We are actually excited to be part of this fun fantastic Seneca family!!!!

We are headed back around the 26th for a few weeks.....would love to sign something then about that property.....once again....we don't want to change zoning!!! :) ever! And we won't build homes there or a business or anything.....just let it be!!! :)

Thanks!!!!

[REDACTED]

**Re: Land across from us**

City of Seneca <cityseneca@centurytel.net>

Thu 10/1/2015 8:16 AM

To: Tina Jahn <[REDACTED]>

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Thanks!!!!

**Re: <No Subject>**

City of Seneca <cityseneca@centurytel.net>

Thu 10/15/2015 6:51 AM

To: Tina Jahn <[REDACTED]>

Hello Tina,

The city council meeting was Tuesday night. The city council voted to decline your offer to purchase the property across from your house. The city has been considering options for development of that property, and wishes to maintain those options.

Golf memberships can be purchased using the envelopes and drop box located at Hole #1 (behind the fence at the baseball field). There is a price list posted there with membership options.

The Gun Club is not ran by the city. I believe that the shotgun club has info posted at the club building for contacting them, but I know they welcome anybody to show up at their shoots (mostly on Sundays). The rifle and pistol range is open to everybody for free! Just close the gates when in use to direct traffic to the rear of the range.

If you have any questions please feel free to contact me.

Josh Walker  
City of Seneca  
Recorder/Manager  
[cityseneca@centurytel.net](mailto:cityseneca@centurytel.net)  
(541) 542-2161

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On Wed, Oct 14, 2015 at 11:09 AM, Tina Jahn <[REDACTED]> wrote:

Good morning!!!!

We are wondering how to join the golf club and gun club??? And curious when the city council meeting is to discuss us buying the property across from us???



Thanks!!! :) Even though we won't be living there full time we would like to participate as much as possible!!! :)

Tina



January 24, 2019

TO:

City of Seneca

106 A Ave

PO Box 208

Seneca, OR 97873

admin@senecaoregon.com

**NOTICE OF AIRPORT AIRSPACE ANALYSIS DETERMINATION  
DEACTIVATE LANDING AREA  
\*\*\* NO OBJECTION/NO OBJECTION WITH CONDITIONS \*\*\***

The Federal Aviation Administration (FAA) has conducted an aeronautical study under the provisions of Title 14 of the Code of Federal Regulations, Part 157, concerning:

RE: *(See attached Table 1 for referenced case(s))*

Table 1 - Letter Referenced Case(s)

ASN	Prior ASN	Airport Name	Description	Location	Latitude (NAD83)	Longitude (NAD83)	Airport Elevation (feet)
2018-ANM-2714-NRA		SENECA EMERGENCY AIRSTRIP	LAP ASN # 2018-WSA-70-LAP	SENECA, OR	44-08-17.55N	118-58-53.81W	4666

Description: LAP ASN # 2018-WSA-70-LAP

We have no objection to your request to de-activate the Airport, OR98 , SENECA EMERGENCY AIRSTRIP .

We have requested the Office of Airports Headquarters to remove the Landing area from the National Airspace Database system. Please be advised, that there is a 56 day cycle in which the database is updated.

If you have any questions concerning this determination, please contact me at [mathew.wilder@faa.gov](mailto:mathew.wilder@faa.gov) or at (206) 231-4137.

Sincerely,

Mathew Wilder

ADO

**Signature Control No: 391648723-394324399**





106 A Ave., PO Box 208  
 Seneca, OR 97873  
 (541) 542-2161  
[www.SenecaOregon.com](http://www.SenecaOregon.com)



February 11, 2019

RE: Entrance to Seneca City Park from Highway 395  
 Being Too Narrow for Traffic Safety

Dear Oregon Department of Transportation,

This letter is being submitted to you on behalf of all of the citizens of Seneca Oregon and everyone who passes through town to use the Seneca City Park or the only public restroom in this part of Grant County.

The main entrance to the Seneca City Park comes directly off of Highway 395, is only 15 feet wide (barely wide enough for two standard vehicles to pass each other), and is within the right-of-way of Highway 395. This "driveway" has aged pavement, no railings, and no markings delineating the edges of this narrow space that hovers over a ditch that drops 10 feet below the roadway of Highway 395. The road bed for the rest of 4<sup>th</sup> Street, of which this is an extension according to ODOT road maps, is approximately 22 feet wide. This obvious safety issue is compounded exponentially when road conditions are wet, snowy, or icy. We have at least one person slide off the driveway into the ditch every year. Last year the most notable was an Oregon State Police rig that had to be pulled out.

Several City employees, elected officials, residents, and passers-by have reported this issue to ODOT over the years with no response. The most productive response was when an ODOT representative asked for the City of Seneca to purchase the extra culvert so that they could consider coming in to extend the accessway. Isn't it the responsibility of the State of Oregon to maintain safe conditions for road and traffic areas within the official rights-of-way of state-owned roads? ODOT came and removed a gasoline tank that was within its right-of-way, and backfilled and leveled the hole, all on the state's dime. How is this situation any different? As this is a frequently traveled space, especially to families visiting the park or vacationers passing through, wouldn't that make it more important to maintain or improve? What happens when the existing culvert rots out, the accessway collapses, and the water that flows through the ditch starts to undercut the roadbed for Highway 395 because it will then be dammed up right there? Will ODOT continue to say that it's Seneca's problem?

Bottom line is that this accessway is not safe and hasn't been for many years. The real question is if the State of Oregon is going to allow the City of Seneca to continue to be ignored, or will it take care of the issue?

Thank You for Your Time,

A handwritten signature in blue ink that reads "Brad Smith".

Brad Smith, Mayor  
 City of Seneca, Oregon

## AUDIT CONTRACT

January 31, 2019

Mayor and City Council  
City of Seneca  
PO Box 208  
Seneca, Oregon 97873

This contract, made this \_\_\_\_\_ day of \_\_\_\_\_, 2019, in accordance with the requirements of Oregon Revised Statutes 297.405 through 297.555 between Solutions, CPAs of John Day, Oregon, and City of Seneca (the city) provides as follows:

1. It hereby is agreed that shall conduct an audit of the accounts and fiscal affairs of the city for the period beginning July 1, 2018 and ending June 30, 2019 in accordance with Minimum Standards for Audits of Oregon Municipal Corporations as prescribed by law. The audit shall be undertaken in order to express an opinion upon the financial statements of the city and to determine if the city has substantially complied with appropriate legal provisions.
2. Solutions, CPAs agrees that the services it has contracted to perform under this contract shall be rendered by it or under its personal supervision and that the work will be faithfully performed with care and diligence.
3. It is understood and agreed that, should unusual conditions arise or be encountered during the course of the audit whereby the services of are necessary beyond the extent of the work contemplated, written notification of such unusual conditions shall be delivered to the city who shall instruct in writing concerning such additional services, and that a signed copy of each notification and instruction shall be delivered immediately to the Secretary of State by the party issuing the same.
4. The audit shall be started as soon after this contract is executed as is agreeable to the parties hereto and shall be completed and a written report thereon delivered within a reasonable time, but not later than six months after the closing of the audit period covered by this contract. Adequate copies of such report shall be delivered to the 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.



5. It is understood and agreed that the 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 Solutions, CPAs shall draft them for the city. The cost of preparing such financial statements shall be in addition to the fee for conducting the audit as set forth in paragraph 7 below.
6. It is understood and agreed that either party may cancel this contract by giving notice in writing to the other party at least ninety days prior to July 1 of any year.
7. In consideration of the faithful performance of the conditions, covenants, and undertakings herein set forth the city hereby agrees to pay the sum of \$9,000 and the city hereby affirms that proper provision for the payment of such fee has been or will be duly made and that funds for the payment thereof are or will be made legally available.

By: Solutions, CPAs PC

**City of Seneca**

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





## AUDIT ENGAGEMENT LETTER

January 31, 2019

Mayor and City Council  
City of Seneca  
Seneca, Oregon

You have requested that we audit the financial statements of the governmental activities, the business-type activities, and each major fund of City of Seneca (the city), as of June 30, 2019, and for the year then ended and the related notes, which collectively comprise the city's basic financial statements as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on each opinion unit applicable to those basic financial statements.

This audit agreement is in accordance with the requirements of Oregon Revised Statutes 297.405 through 297.555.

Accounting principles generally accepted in the United States of America, (U.S. GAAP), as promulgated by the Governmental Accounting Standards Board (GASB) require that management's discussion and analysis (MD&A) and budgetary comparison information on the General Fund and major special revenue funds be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The RSI is required by U.S. GAAP and will be subjected to certain limited procedures but will not be audited.

We intend to provide an opinion on the budgetary comparison information in relation to the financial statements as a whole and it will be subjected to the auditing procedures applied in the basic financial statements.

Supplementary information other than RSI will accompany the city's basic financial statements. Supplementary information will be presented for purposes of additional analysis and is not a required part of the basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and additional procedures in accordance with U.S. GAAS. We intend to provide an opinion on the following supplementary information in relation to the basic financial statements as a whole:

- Combining and individual fund statements
- Supplemental supporting schedules

## **Auditor Responsibilities**

We will conduct our audit in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and with *Minimum Standards for Audits of Oregon Municipal Corporations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the basic financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and with *Minimum Standards for Audits of Oregon Municipal Corporations*.

In making our risk assessments, we consider internal control relevant to the city's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the city's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

## **Compliance with Laws and Regulations**

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the city's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

## Management Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c. To provide us with:
  - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - ii. Additional information that we may request from management for the purpose of the audit; and
  - iii. Unrestricted access to persons within the city from whom we determine it necessary to obtain audit evidence.
- d. For including the auditor's report in any document containing financial statements that indicates that such financial statements have been audited by the city's auditor;
- e. For identifying and ensuring that the city complies with the laws and regulations applicable to its activities; and
- f. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- g. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

## Reporting

We will issue a written report upon completion of our audit of the city's basic financial statements. Our report will be addressed to the governing body of the city. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However,



providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

## **Other**

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

## **Provisions of Engagement Administration, Timing and Fees**

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

The audit shall be started as soon after the contract is executed as is agreeable to the parties hereto, and shall be completed and a written report thereon delivered within a reasonable time, but not later than six months after the close of the audit period, unless an extension of time is agreed upon. We will contact city personnel to schedule an agreeable time for engagement fieldwork.

Amy K. Walker is the engagement partner for the audit services specified in this letter. The engagement partner's responsibilities include supervising Solutions' services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. Adequate copies of the audit shall be delivered to the 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*.

We will be available during the year to consult with you on financial management and accounting matters of a routine nature.

With respect to any nonattest services we perform, the city's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

*Government Auditing Standards* require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

At the conclusion of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

1. Our view about the qualitative aspects of the city's significant accounting practices;
2. Significant difficulties, if any, encountered during the audit;
3. Uncorrected misstatements, other than those we believe are trivial, if any;

4. Disagreements with management, if any;
5. Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
6. Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
7. Representations we requested from management;
8. Management's consultations with other accountants, if any; and
9. Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

Once the books are ready for audit, we will begin fieldwork as scheduled. Generally, the books will be considered ready for audit when:

1. All activity is recorded in the accounting records and properly classified by fund.
2. Trial balance, in electronic Microsoft Excel format, has been provided at least 2 weeks prior to scheduled fieldwork.
3. General ledger cash accounts have been reconciled to the statements provided by the city's financial institutions.
4. A listing of accounts receivable (FY2019 revenue received after 6/30/19), if applicable, have been listed by fund and income account, evaluated for collectability and amounts received within 60 days of year-end identified.
5. Inventories, if applicable, have been counted and valued.
6. A list of property and equipment acquired or disposed of, with dates and amounts, is prepared and depreciation has been calculated and a complete listing of fixed assets is available.
7. A listing of accounts payable (FY2019 expenses paid after 6/30/19), if applicable, to vendors and others is prepared and summarized by fund and expense account.
8. Payroll tax reports through the end of the fiscal year have been completed and reconciled to the general ledger.
9. A list of the Mayor and City Council and their addresses at June 30 is prepared and made available.
10. New leases, contracts, and notes payable are summarized and made available for review.
11. A summary of current, pending or threatened litigation is prepared.
12. A schedule of expenditures of federal awards is prepared and reconciled to the general ledger revenue accounts.

If the city is unable to complete some part of the necessary accounting work to have the city books ready for audit, we are available to assist the city. If the city desires to engage Solutions for assistance, a separate contract for services may be prepared prior to commencement. To maintain our independence and, therefore our ability to perform the audit in accordance with professional standards, there may be some limitations on the type of services that can be provided.

We will provide copies of our reports to the city; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Solutions, CPAs PC and constitutes confidential information. However, we may be requested to make certain audit documentation available to a cognizant or oversight agency or its designee, a federal agency providing direct or indirect funding, or to the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Solutions' personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The agencies and regulators may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the date the auditor's report is issued or for any additional period requested by interested parties. If we are aware that a federal awarding agency, pass-through district, or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

In accordance with the requirements of *Government Auditing Standards*, a copy of our November 3, 2016 peer review report is available upon request.

Based on our estimates, the fee for the audit should not exceed \$9,000. This estimate is based on anticipated cooperation from city personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss the reasons with management and arrive at a new fee estimate before we incur the additional costs. Rescheduling audit field work and significant additional time in closing the fiscal year are a few examples of events that would justify an additional fee.

This fee does not include additional costs related to the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and the related Management's Discussion and Analysis. We anticipate the cost of assisting in the preparation of the financial statements and MD&A will not exceed \$1,800.

We do not charge for incidental telephone calls and inquiries, and we encourage management to use us as a resource throughout the year. Where we find that the city needs services that will require an additional fee, we can discuss those services and estimate a fee at that time.

We appreciate the opportunity to be of service to the city, and believe this letter accurately summarizes the significant terms of our engagement. If the city has any questions, please let us know. If the city agrees with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

***Solutions, CPAs PC***

Solutions, CPAs PC  
John Day, Oregon

This letter correctly sets forth the understanding of the city.

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

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

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

