



Molalla City Council –Meeting Agenda
Meeting located at: Molalla Adult Center
315 Kennel Ave, Molalla, OR 97038
June 10, 2015

Business meeting will begin at 7:00PM. The Council has adopted Public Participation Rules. Public comment cards are available at the entry desk. Request to speak must be turned into to the Mayor prior to the start of the regular Council meeting.
Executive Session : AFTER Regular Council Meeting

1. **CALL TO ORDER – 1,059th Regular Meeting**
 - A. Call the meeting to order
 - B. Flag Salute and Roll Call

2. **COMMUNICATIONS AND PUBLIC COMMENT**
 - A. Minutes: May 8, 2015
 - B. Minutes: May 27, 2015
3. **AWARDS, RECOGNITIONS & PRESENTATIONS**
4. **PROCLAMATIONS**

5. **PUBLIC HEARINGS**
 - A. City of Molalla FY 15/16 Budget

6. **NEW BUSINESS**
 - A. Intent to Award RFP to New Auditing Firm – Huff/Penni

7. **CONTINUING BUSINESS**
 - A. Ordinance Examples for Council Review Regarding Cutting Into New Streets – Discussion/Huff – 06/24/15

8. **RESOLUTION**
 - A. 2015-06: Ability to Receive State Funds
 - B. 2015-07: Declaring the City’s Election to Receive State Revenues
 - C. 2015-08: Approval of City FY Budget 15/16

9. **ORDINANCES**

10. **REPORTS AND ANNOUNCEMENTS**
 - A. City Manager/Staff Reports – Dan Huff
 - Parade - Street Closures on July 4th

11. **EXECUTIVE SESSIONS: 6:00PM**

ORS 192.660(2)(f) to consider information or records that are exempt from disclosure by law. ORS 192.660 (2)(d) to conduct deliberations with persons designated by the governing body to carry on labor negotiations.

12. **ADJOURNMENT**

Minutes of the Molalla City Council Regular Meeting
Molalla Adult Center
315 Kennel Ave., Molalla, OR 97038
Wednesday, May 13, 2015

ATTENDANCE: Mayor Rogge, Present; Councilor Pottle, Present; Councilor Thompson, Present; Councilor Griswold, Present; Councilor Satter, Present; Councilor Riggs, Present.

STAFF IN ATTENDANCE: City Manager Dan Huff, Present; City Recorder Sadie Cramer, Present; Public Works Director Jennifer Cline, Present.

COMMUNICATIONS

A. Minutes – April 22, 2015 – not approved yet until DEQ reviews, will present at next meeting May 27, 2015.

B. Library Minutes – Information only

PUBLIC COMMENT:

Mike Decker, 621 E. Main Street, Molalla – topic is property behind their address occupied by Petey aka Myrtle Krebs. Serious safety issues regarding their house and the property Ms. Krebs is living on. The barn behind their house needs to be taken down as it is ready to fall down. There is porta potty on the property illegally, electricity to the house is via electrical cords connected to a power line. She has at least a dozen cats living in the barn that is not on her property, and the porta potty is not on her property, but she is using it. She is a hoarder and the smell is beyond belief. Mayor Rogge asked if Mr. Decker has brought up the complaint to City Hall in written form. Mr. Decker replies that he has on several occasions and last talked to Nicholas, the Community Planner. He pulled up the dangerous building code and says most of the points in the code apply to Ms. Krebs's property. Mayor Rogge says that the CM Dan Huff will take care of the issue and make sure Code Enforcement follows through on the issues. Mr. Decker said that Nicholas, CP, said that numerous City and County officials came to the property and agreed that there several violations, were going to look into the issues, were going to get back to him, but it was over two months ago. Mayor Rogge reiterates that CM Huff will be his follow up contact regarding the issue.

Susanna Ball, 715 Garden Court, Molalla – is president of Ruth Garden HOA, last week brought to her attention a fire access was being built at end of cul-de-sac. She is aware of the space provided for the city to create a fire exit, however the residents of Ruth Gardens do not want it placed there for multiple reasons. One being they are a very small community with very small yards, therefore residents and kids are always outside in the front, playing in the street. Feels that although the fire exit would be gated, it would be able to be easily opened and used on multiple occasions. Asks if there are any other options and wants to explore them for the safety of neighbors, children, and pets. Feels that it would bring down property value of their homes,

already has a lot of construction happening on the street, has many construction vehicles going up and down the street already, and thinks that pursuing the access will increase that traffic. Potentially the gate will be used for other purposes, wants to slow down the traffic on the street for the safety of the kids. Mayor Rogge clarifies that the street was a quiet community before the new construction came in, and because of the new construction, the city is requiring a fire exit. Ms. Ball says it's her understanding the exit is needed due to a storage facility that borders the cul-de-sac, the corner of their property lined up to their street. The city ordinance required that they provide a small access for the fire exit gate. The storage facility is looking to expand, says they are already not meeting fire codes, from her understanding, and are looking to be compliant with the fire codes in their expansion. She respects that they are doing that, however wants to know of more options other than the fire exit gate that could potentially decrease their home value and children's safety. Mayor Rogge advises Ms. Ball to follow up with CM Huff and CP Lennartz regarding this issue.

Loydene Brumbaugh, 10376 S. Comer Creek Drive, Molalla – here to ask to postpone zoning for medical marijuana dispensaries, asks for another month to discuss the issue, wants two hours for Q&A's, wants to help them understand what they are asking and have opportunities to ask each other questions. Says Council doesn't understand what is to happen June 1, that everyone who wants to can grow up to 4 plants in their backyards, garages, that are next to their churches, adult centers, schools, etc. Says kids will be able to jump a fence and get access to that marijuana. Says Council is making access easier for children because they're not allowing local people in need to get their marijuana through a safe, regulated dispensary. Says it's just like vegetables; anyone can grow vegetables in their backyard, but not everyone does because they have access to vegetables at their local grocery store. Allowing a dispensary would discourage people from growing their own marijuana, therefore better protecting the kids. Stresses that they want to keep the kids safe, to keep marijuana away from kids, and would do so by following strict regulations and keeping all products locked up. Says to even enter building, a current photo id and medical card is required. Asks for another month before imposing the law.

Ed Huff, 29354 S. Salo Rd, Mulino – clarified that they submitted their business license on April 1, says they have been working with CP Lennartz, and now understand that the Council pushed through Section 17 anyhow. He's there for that reason. Last time he was there he was requesting Section 17 be lifted and to have the city follow the state regulations of the 1000 foot boundary from schools and daycares. This would allow him to open up at his current business location. States he already closed down two businesses to allow him to open up this one. Also does not want marijuana to end up in the hands of kids, and says they are on the same page as the Council as far as making the whole process safe. Says that if they are pushed away, they will leave and are afraid of the next people coming in, who most likely will be out of town. The city of Sandy is currently dealing with people from out of town making a huge indoor grow facility out of an old equestrian barn his wife went to as a child. Feels they got off on the wrong foot, stresses the

safety of having patients come there for their medical marijuana. Says it is too hard, too expensive to grow on their own. Wants to make the process easier for them.

NEW BUSINESS

A. Citizen Application: Council Appointment to Fill Vacancy –

Two applications submitted to fill vacancy of Chris Cook. One of the applicants were present; the other had to send a letter due to being ill. The applicants are Joe Harrison and Steve Clarke. Joe Harrison was present, Council gave him chance to introduce himself.

Joe Harrison, 302 Lola St, Molalla – has become quite involved in city politics and various behind the scenes things and was interested in taking on a bigger role. Likes the way Molalla works as far as participation between citizens and Council members, appreciates the interaction, and has not seen any other jurisdiction operate this way. Has been on the planning commission, involved in local youth groups, projects, and the skate park. Doesn't have a lot of experience, but wants to bring the views and opinions of the average citizen to the board.

Mayor Rogge states the other applicant is Stephen Clarke, who has sat on Council for a number of years, and is up-to-date on all current events. Opens the floor for nominations. Councilor Thompson nominates Stephen Clarke. Councilor Pottle thanks Mr. Harrison for applying, says council takes a lot of commitment and knowledge, and needs someone right now with experience, encourages Mr. Harrison to continue what he's doing on the various boards and committees he's on, and to apply for the next vacant position. Councilor Pottle says his vote is for Stephen Clarke. Councilor Thompson commends Mr. Harrison for his participation in the community and hopes he stays involved and also asks that he continue to apply for any future vacancies, however votes for Stephen Clarke. Councilor Thompson motions to seat Stephen Clark; Councilor Pottle seconded. Vote (4-2); Councilor Pottle, Aye; Councilor Thompson, Aye; Councilor Riggs, Nay; Councilor Griswold, Nay; Councilor Satter, Aye; Mayor Rogge, Aye. Motion passed.

B. Citizen Application: Transportation Advisory Committee and Park & Rec Vacancies – N/A

C. Public Works: Purchase of Water Gun in Excess of \$10,000 – Cline

Public Works Director Jennifer Cline wants to make recommendation to Council to purchase second big gun or water gun. The WW Treatment Plant needs the second gun to increase the ability to irrigate at Coleman Ranch. The guns provide better control for their system for timing and control purposes. Three bids were sought. Recommends to go with the Valley Fab Corporation big gun as it is the same as the existing one the City purchased. The public works crew is already familiar with the product and trained to use it. Also says it helps if something breaks, having the same product will provide extra parts on hand to provide a quick fix and not halt operation. This will aid summer help or new hires by only having to train on one system.

Says all products have similar warranties. Mayor Rogge questions whether or not the City has full control of the guns even though they are not on our land. PWD Cline specifies that only the City operates them at this time, that Coleman does not; however the City may use the Coleman's tractor to aid in moving the guns throughout the fields. There is no intention of allowing the landowner (currently Coleman) to operate the guns. Councilor Pottle clarifies that the guns are computer-operated, and that both have the same operating system. PWD Cline verifies that yes, they do. Also confirms yes to the question of being able to manually shut down the machine in case of system failure. Councilor Riggs asks how often the guns are checked on. PWD Cline says they are checked daily, for 12 hour sets. Says the machines are checked on quite often. Councilor Pottle motions to approve the purchase; Councilor Thompson seconds. Councilor Griswold clarifies that this item will use next year's budget to purchase. PWD Cline says the reason for discussion today is to get approval to place the order so the gun is ready by next year. Vote in favor (6-0).

D. Annual Audits – Penni/Huff

CM Huff says that our current auditors, Oster, have resigned as our auditing service. The city has put out an RFP for new auditors that went out last week. CM Huff says they are disappointed in the resignation but sites distance, Burns, Oregon, as the reasoning. Says next meeting they will bring in proposals of new auditors for them to look at.

E. Repeal of Ord 2011-07 Chapter 2.05 Membership by Former City Employees – Discussion/Huff

CM Huff turns discussion over to Mayor Rogge. Mayor Rogge says because we have in the charter now that the Mayor, Seats, Boards & Commissions with approval of the city Council, we don't have a mayoral control of our boards and commissions. That was a more equitable way of seating people on boards and commissions and preventing a political block. That charter piece protects us against having current Council processes disrupted by individual groups or former employees. Provides a more balanced seating on our boards and commissions. No need for Ordinance 2011-07 Chapter 2.05 which limited the ability of prior council members and prior city employees to be seated on boards and commissions. We feel with approval of the Council and the Mayor we can make the best decisions to seat those open positions. Councilor Thompson makes a motion to instruct staff to prepare a repeal of Ordinance 2011-07 Chapter 2.05 for Council consideration; Councilor Griswold seconded. Vote in favor (6-0).

F. Resolution by Council Regarding Cutting Into New Streets – Discussion/Huff

CM Huff says this is a topic for discussion for the Council. Says many cities have ordinances that prohibit, limit, or assess high fees for cutting into streets that have recently been reconstructed. Staff mentioned in light of Stowers, Grange, and Heintz streets. If it is something Council is interested in having staff pursue, they can bring in samples of ordinances other cities have put in place. Or do nothing if that is what the Council wishes; CM Huff wanted to bring the

topic to their attention. Mayor Rogge clarifies that an example of this would be any utilities needing to cut into the street for work/maintenance, would need to repair the street to a specific standard. Asks what is in place currently. CM Huff says we currently have permits that need completed for cutting into the streets and specific design standards and specs that need to be met in order to be granted the permit, including getting an inspection. CM Huff says in the current projects, they have contacted all applicable utilities, ie: Molalla Communications, PGE, NW Natural Gas, to be involved in pre-construction meetings to give each utility opportunities to make upgrades, repairs, re-locations, etc to their equipment while the road is open. What other cities are doing in the case of the utility having to open the new street for the stated reasons, is charging the utility double, triple, quadruple the fees to cut the street, or not allowing them to do it at all, instead having them bore under to eliminate the need of cutting the new surface of the street. Implementation of this ordinance will hopefully make utilities think twice about having to cut into the street, and plan ahead during the construction and do their utility work at that time. Councilor Satter asks how long a street is considered new. CM Huff says about 4-5 years is standard. Mayor Rogge says she is concerned because sometimes utilities do not know that far in advance whether their equipment needs touched to be able to do anything in the new construction phase. Says she's concerned that cost would be too harsh. Councilor Thompson says he wants to see staff bring in examples for review. Says that the city is finally able to make several improvements to its infrastructure, it would be a shame to see people cutting into the streets and tearing them back down defeating work we are doing. Council directs staff to present examples of other city ordinances to review/consider at a future time.

G. (Not on Agenda) Local Agency Agreement Authorization ODOT Hwy 211 Improvements – Added by Huff

CM Huff says he included the Local Agency Agreement from ODOT in their packets between ODOT and the City of Molalla regarding improvements to Hwy 211. Says our city attorney has reviewed the agreement and made some changes, a map of proposed improvements is included. Says the majority of the improvements are from Safeway going East just past Ona Way. CM Huff says the City need authorization from the Council to enter into the IGA with ODOT so that they can continue to move forward with the improvements. Councilor Pottle makes a motion to approve moving forward with ODOT for Hwy 211 improvements; Councilor Thompson seconded. Mayor Rogge clarifies ODOT's plans of the Hwy 211 improvement will occur in 4 phases, this will be the first phase. Vote in favor (6-0).

CONTINUING BUSINESS

C-4 UPDATE – Councilor Thompson – attended retreat, said they were asked at last meeting to come prepared to discuss goals and plans. The second day of the retreat will be focused on transportation and the different committees they have. The second day will provide us an opportunity to actually discuss with other cities within Clackamas County to see what types of goals they have, if there are things they can partner on, other opportunities to follow what others

are doing, preventing having to re-create the wheel, or us to provide the same opportunities for other cities. Wants to seek approval from the Council to be able to take to the retreat with him the types of goals they have as a Council, and get some staff goals to bring from CM Huff. Councilor Pottle states that he previously represented our Council in C4 and asks Councilor Thompson to clarify what C4 is. Councilor Thompson says C4 is the Clackamas County Coordinating Committee. Basically a collection of representatives from all of the cities, special districts, county commissioners. Goal is to meet and find things important to the county and have the group focus their attention on things that affect the county overall. C4 can make recommendations to the county commissioners that they can then take action on. Example is the transportation committee, JPEC, members from the C4 committee voted to have representatives from each type of city (rural/urban), business officials, etc. that goes to represent the county at ODOT to discuss transportation issues/funding. The primary focus is to give Clackamas County a voice. Says C4 is a good resource for networking with other cities of various types. Mayor Rogge instructs staff and council to get questions, concerns to Councilor Thompson to bring up at the C4 Meeting. Encourages others to attend a meeting as a visitor from Molalla, won't be able to participate, but says the experience is interesting and educating.

POOL UPDATE – Mayor Rogge and Councilor Riggs met with Mr. Luke and Mr. Guerke from the school board. They are in the process of looking at the proposal brought forth from Sherwood as to a potential to open the pool briefly this summer. The proposal is under review, then a meeting will be called including the pool representatives on Council who are Councilor Riggs, Councilor Thompson, and Councilor Pottle, representatives from the school board and representatives from Friends of the Molalla Pool. Councilor Thompson says that Councilor Cook was formerly on the pool committee and that there should be a formal motion made to add Councilor Riggs to the committee in his place. Councilor Thompson makes a motion to appoint Councilor Riggs to the pool committee; Councilor Pottle seconded. All in favor, vote (6-0).

ORDINANCES

A. 2015-02: An Ordinance Amending The Molalla Land Use And Development Code To Impose Reasonable Regulations On The Placement Of Medical Marijuana Dispensaries In The City And Declaring An Emergency – *Pending Final Adoption*

Councilor Pottle asks Ms. Brumbaugh to come back up to the mic for a question. Councilor Pottle asks if they are currently doing business there. Ms. Brumbaugh says no, they are not allowed and specifies again that their business will only consist of providing the medical product to those licensed to obtain it. Councilor Pottle asks if, when recreational marijuana dispensing becomes legal, they intend on catering to that demographic. Ms. Brumbaugh says their intention at this time is only for medical purposes. Says OLCC is considering allowing medical marijuana dispensaries, for up to one year, to start selling recreational marijuana, while they work on their regulations for recreational dispensaries. Says the head of OLCC does not want recreational

marijuana and medical marijuana coinciding together at all. Recreational marijuana requires tracking from seed to sale. Medical marijuana is not tracked that way; the dispensary is allowing the medical growers a place to take the excess product they grow to dispense to medical users who otherwise cannot grow the product themselves for various reasons. Councilor Pottle asked again if they planned on dispensing recreational marijuana from their dispensary during the one year timeframe OLCC designates. Ms. Brumbaugh said it would be a future discussion that they, as a business would bring forward to the city for discussion. Councilor Thompson says that, and asks CM Huff to correct him if he's wrong, that they can write into the ordinance to restrict the medical marijuana dispensaries from selling recreational marijuana from their locations. CM Huff confirms that yes that is true. Councilor Riggs says that he'd like to see a petition from all their neighbors stating they're okay with the medical marijuana dispensary located next to them. Says the neighbors have already expressed they do not want the dispensary located there. Councilor Griswold motions to move forward with the final reading. Councilor Riggs seconded. Councilor Thompson clarifies that as of May 1, 2015, state law has already gone into effect. Says if Council takes no action today, there is a state law in place preventing the dispensaries near our schools. Mayor Rogge says her concerns are the location of the facility near the high school football/track field. Says the location of the building is the issue, not the selling of the product. This has been expressed by residents nearby the building and throughout the city. Says that Council will have no control over where the residential marijuana is grown, however they can control a dispensary that sits close to the high school field. Councilor Thompson says if the high school is the only concern of the Council, that all they would need to do is adopt only the change that the city attorney suggested, not the all the other items such as residential care facilities, where people may be patients themselves. Councilor Satter says she thinks what Councilor Thompson is trying to say is that he doesn't feel the residential care facility portion of the proposed ordinance is not appropriate and would want that portion written out. Ms. Brumbaugh specified that they agreed, as a business, that they would shut down at any time the football/playing field is being in use. Mayor Rogge says she is okay with the 1000 ft from schools as the state regulates; she is not okay with 150 ft from the school property as this dispensary would be located. Councilor Satter clarified that the law approving marijuana for recreational use is July 1. CM Huff clarifies that the code the Planning Commission wrote was not based on any particular property and says it would be improper for Council to include/exclude specific properties. Councilor Pottle asks how the option of having the dispensary close down during school functions would be mandated. Councilor Thompson says they are able to impose reasonable restrictions. Ms. Brumbaugh agrees they are willing to comply with this. Councilor Satter asks if there is a possibility of holding a town hall as people seem to be evenly split on their views. Councilor Thompson shares that the support for both recreational and medical marijuana have increased; however there is more support for medical use. People may support medical use, and not recreational use. Vote in favor of adoption (4-2). Councilor Satter, Nay; Councilor Griswold, Aye; Councilor Riggs, Aye; Councilor Thompson, Nay; Councilor Pottle, Aye; Mayor Rogge, Aye. Councilor Pottle asked if amendments can be

made after adoption. CM Huff says, yes, it can be brought back and amended, however cautions that they have adopted a city-wide ordinance. It would be inappropriate to amend on a case by case basis, that any amendments they made would affect the entire ordinance.

REPORTS & ANNOUNCEMENTS

City Manager/ Staff Report

CM Huff – wants to point out the amount of effort staff has gone through with all the recent street improvements, commends PWD Cline for all her hard work, late nights and early mornings in achieving what she has, all the while starting new projects. Says he appreciates her efforts and the Council should too.

CR Cramer – updates on art projects happening around the city. Says there is a watermark mural currently underway on City Hall being done using funds left over from a mural project previously granted to us from Clackamas County Arts Alliance. Lee Lawrenson is doing the artwork, the same artist who created the Willhoit Springs Mural currently displayed on City Hall.

PWD Cline – update on upcoming projects – in process of going to bid for Heintz street, creating a brand new road connecting Ridings and Kennel avenue. Sidewalks will be on both sides of the street and provide better fire department and police department access. It will also improve public safety in the area known for vagrancy and drug use. Councilor Satter confirms that the “420 Trail” will be eliminated. Councilor Pottle asks if city services will also be added down this new road. PWD Cline says no new sewer access added at this time due to grading; however water will continue down the road. Points out that all residences surrounding the area currently have access to the city sewer system. Mayor Rogge said she thought a sidewalk was only going in on one side; CM Huff explains that plans show the way the road was to lay, the city had to decide on having a retaining wall on the other side or another sidewalk. The city opted for the sidewalk as it was cheaper. Property dedication will happen from surrounding property owners as well. All utilities, minus sewer, will be extended through there.

Councilor Satter – announced that Saturday will be the Kiwanis club breakfast, CM Huff will attend.

Councilor Griswold – attended the Transportation Advisory Committee meeting, TAC, last month, commends PWD Cline on her work, says next meeting occurs 05/26/2015. Veterans of Foreign Wars Loyalty Day was May 1 at the fire department, thanks those in the community who attended.

Councilor Riggs – nothing

Councilor Thompson – nothing

Councilor Pottle – nothing

Mayor Rogge - nothing

ADJOURNMENT:

Councilor Pottle made a motion to adjourn; Councilor Thompson seconded. Motion approved (6-0) Mayor Rogge, Aye; Councilor Thompson, Aye; Councilor Griswold, Aye; Councilor Pottle, Aye; Councilor Satter, Aye; Councilor Riggs, Aye.

Sadie Cramer, City Recorder

Mayor Debbie Rogge

Minutes of the Molalla City Council Regular Meeting
Molalla Adult Center
315 Kennel Ave., Molalla, OR 97038
Wednesday, May 27, 2015

ATTENDANCE: Mayor Rogge, Present; Councilor Pottle, Present; Councilor Thompson, Present; Councilor Griswold, Present; Councilor Satter, Present; Councilor Riggs, Present. Councilor Clark, Present.

STAFF IN ATTENDANCE: City Manager Dan Huff, Present; City Recorder Sadie Cramer, Present.

COMMUNICATIONS

- A. Minutes – April 22, 2015** – Councilor Pottle motions to approve minutes; Councilor Griswold seconded. Vote in favor (7-0).
- B. Minutes – May 8, 2015** (*Pending 6/10/15*)
- C. Library Minutes** – Information only

ANNOUNCEMENT

Molalla Area Seniors having a rummage sale Saturday, June 27, 2015 from 9 am to 3 pm. Proceeds will go to the MAS. Accepting new, like new, gently used donations. Contact MAS board or adult center for details or call 503-829-4214.

PUBLIC COMMENT

Linda Countryman, 812 E. 3rd St, Molalla – wants to let you know the Molalla 912 Patriot Group commended Molalla Police Department last Wednesday with a big sheet cake on a day where most of the officers were present. Wanted to tell the MOPD that they were appreciated and that they are not standing alone.

NEW BUSINESS

- A. Ratification of Teamster Contract – Huff**

CM Huff says this is a request to authorize the Mayor and himself to sign the ratified teamster contract. Councilor Clark motioned to authorize this; Councilor Griswold seconded. Vote in favor (7-0).

CONTINUING BUSINESS

- A. Ordinance Examples for Council Review Regarding Cutting Into New Streets – Huff**

CM Huff provided samples of other city ordinances in place regarding moratoriums in place preventing people from cutting into new streets right after they're constructed. Provided samples from the cities of Wilsonville, Oregon City, and Portland. Currently the city of Molalla has no restrictions in place. Says having the restrictions in place is common with cities today and standard in the planning process. Mayor Rogge asked if CM Huff preferred one policy over the others, CM Huff says he liked the city of Portland's ordinance. City of Oregon City is very straight forward in explanation. They tier their ordinance based on how old the street, up to 6 years, is that they're wanting to tear into. Councilor Clark asks in the case of a private property owner wanting to subdivide their lot directly after repairing the street. CM Huff says a fee would be imposed in that situation. A fee schedule would need to be established. Says the moratorium would be included in the design standards. An ordinance would not be needed; it would be added to the existing design standard. Councilor Riggs asks how the repair would be inspected. CM Huff says a permit and an inspection is required by either the public works director or trained public works employee. Councilor Griswold says he preferred Oregon City's plan as it is clearer and more applicable to what Molalla would impose. CM Huff says Oregon City bases their tiered/fee schedule based on the level of damage made to the street. It would set a higher standard for the repair to the street, preventing future breakdown.

ORDINANCES

A. 2015-04: An Ordinance Repealing Ordinance 2011-07 Chapter 2.05 Membership by Former City Employees

Mayor Rogge points out the ordinance title needs to include "...and City Council Members." Councilor Thompson motions to have a first reading of Ordinance 2015-04 by title only; Councilor Clark seconded. Vote in favor (7-0). Councilor Thompson motions to have a second reading by title only on Ordinance 2015-04; Councilor Clark seconded. Vote in favor (7-0). Councilor Thompson motions to adopt Ordinance 2015-04; Councilor Pottle seconded. Councilor Riggs clarified that this is with the changes. Mayor Rogge confirms this. Vote in favor (7-0).

REPORTS & ANNOUNCEMENTS

City Manager/ Staff Report

CM Huff – we are trying to wrap up street improvements, trees on Grange should be going in this week or next week, plan to have done by end of June. Talked with Library director regarding beginning to look at a new library. CM Huff wasn't planning on talking about the issue until next fiscal year, however they are pushing to discuss sooner. Asks Council to consider options or remodeling existing building that we do not own, it is leased through the school district, or seek a different piece of property and build a whole new library. Suggests putting the item on the agenda in the next fiscal year after the budget is approved. Mayor Rogge has CR Cramer add to agenda for August 12 meeting.

CR Cramer – Watermark on building coming along, almost finished.

Councilor Clark – thanks fellow councilors for the re-appointment and looks forward to working as a team

Councilor Satter – nothing

Councilor Griswold – TAC meeting went well, has yet to get the minutes, topics covered were submitting grant application on 06/06/2015, discussion on finishing their by-laws, trying to get more involvement from Clackamas County. Will not be at the next council meeting. Attended Veteran’s Day ceremony at Adams Cemetery, had a nice flyover.

Councilor Riggs – attended MAS board meeting, on track with rummage sale, looking for Meals on Wheels drivers. Mayor Rogge asks status of roof funding, Councilor Riggs responds that they are still raising funds, waiting on some grants that have been applied for.

Councilor Thompson – nothing

Councilor Pottle – asks CM Huff status of bike racks. CM Huff says rack in front of City Hall is supposed to be installed before the end of June; the racks that are being designed and built for the front of Long Park will be coming later in the summer. CR Cramer says they will be part of the bike plaza being installed.

Mayor Rogge – says the fire department has taken on certification training for the first round of citizens in Molalla, Citizen Emergency Response training. She has joined this class and is one of 15. It is two full Saturdays or 14 hrs a time to train as an Emergency Response Citizen. There are currently 3 people in town, the others in surrounding areas. Challenges others to train in following classes. These people who are trained will aid the professionals in taking on minor duties in cases of natural disaster or otherwise where professional firefighters and/or paramedics are tending to major incidents. They will be a part of a phone tree that will activate as needed. Their final test is next Saturday and expects that most in the class will pass. Mixed men and women, even a couple children. Encourages other Councilors to get involved as city officials to aid in the community. Certification training is done by Byron Wakefield and another from Clackamas County. Mt Angel has a trained crew, as well as Wilsonville. Aim to have 200 trained in a citizen base of 30,000. Councilor Thompson says that he has the FIMA certs as part of an emergency management team for the City of Salem. Councilor Riggs asks if it is part of the emergency preparedness that happens in October, Mayor Rogge says that she believes this is separate. Says the emergency preparedness is more for informational purposes.

ADJOURNMENT:

Councilor Clark made a motion to adjourn; Councilor Thompson seconded. Motion approved (7-0) Mayor Rogge, Aye; Councilor Thompson, Aye; Councilor Griswold, Aye; Councilor Pottle, Aye; Councilor Satter, Aye; Councilor Riggs, Aye, Councilor Clark, Aye.

Sadie Cramer, City Recorder

Mayor Debbie Rogge

City Of Molalla

City Council Meeting

Agenda Category: Public Hearing/New Business

Subject: FY 2015/2016 BUDGET

Staff Recommendation: Public Hearing, Administrative Recommendations, Deliberations, and Adoption of FY 2015/2016 with changes by Resolution.

Date of Meeting to be Presented: June 10, 2015

Fiscal Impact: Appropriations defined within specific categories.

Background: On Tuesday May 5, 2015 the City of Molalla Budget committee approved the proposed budget and admonished staff to review a potential adjustment to beginning fund balances for FY 2015/2016 at the month end close of May 2015 and present to City Council with the approved budget potential changes.

Administration recommends adoption of the FY 2015/2016 budget with the following adjustments presented now for discussion, reference the attached spreadsheet.

These adjustments are reflected in the Resolution 2015-08

SUBMITTED BY: Heather Penni, Finance Director
APPROVED BY: Dan Huff, City Manager

<u>General Fund</u>	Approved Budget	Adjusted to	Difference
Resources:			
Beginning Fund Balance	\$794,019.90	\$885,000.00	\$ 90,980.10
State Revenue Share	\$ 25,000.00	\$ 40,000.00	\$ 15,000.00
		Subtotal	\$105,980.10
Requirements:			
OGM – City Attorney	\$ 30,000.00	\$ 40,000.00	\$ 10,000.00
OGM – Computer Services	\$ 30,000.00	\$ 40,000.00	\$ 10,000.00
OGM - Transfer to Pool	\$ 30,000.00	\$ 20,000.00	(\$10,000.00)
Police – Insurance	\$200,000.00	\$225,000.00	\$ 25,000.00
Police – Chief	\$ 85,000.00	\$ 87,500.00	\$ 2,500.00
Police – Sergeants	\$175,000.00	\$250,000.00	\$ 75,000.00
Police – Officers	\$550,000.00	\$650,000.00	\$100,000.00
Police – Records Clerk	\$ 47,500.00	\$ 40,000.00	(\$ 7,500.00)
Police – Overtime	\$140,000.00	\$110,000.00	(\$30,000.00)
Police – Vehicle Fuel	\$ 40,000.00	\$ 30,000.00	(\$10,000.00)
Police – Vehicle Repair	\$ 40,000.00	\$ 30,000.00	(\$10,000.00)
Court – OR Dept of Rev.	\$ 1,500.00	\$ 15,000.00	\$ 13,500.00
Contingency	\$200,000.00	\$150,000.00	(\$50,000.00)
Unappropriated Ending	\$481,029.90	\$468,510.00	(\$12,519.90)
		Subtotal	\$105,980.10
	Adjustment net Resources over Requirements		\$ 0.00

<u>Street Fund</u>	Approved Budget	Adjusted to	Difference
Resources:			
Beginning Fund Balance	\$277,044.45	\$197,500.00	(\$79,544.45)
		Subtotal	(\$79,544.45)
Requirements:			
PERS	\$ 20,000.00	\$ 28,000.00	\$ 8,000.00
FICA	\$ 13,000.00	\$ 15,000.00	\$ 2,000.00
Crew – Streets	\$ 50,000.00	\$ 55,000.00	\$ 5,000.00
Crew – Parks	\$ 50,000.00	\$ 60,000.00	\$ 10,000.00
Crew – Seasonal	\$ 15,000.00	\$ 25,000.00	\$ 10,000.00
Unappropriated Ending	\$125,544.45	\$ 11,000.00	(\$114,544.45)
		Subtotal	(\$ 79,544.45)
	Adjustment net Resources over Requirements		\$ 0.00

<u>Sewer Fund</u>	Approved Budget	Adjusted to	Difference
Resources:			
Beginning Fund Balance	\$243,904.51	\$416,675.00	\$172,770.49
		Subtotal	\$172,770.49
Requirements:			
Contingency	\$ 0.00	\$100,000.00	\$100,000.00
Unappropriated Ending	\$ 795.95	\$ 73,566.44	\$ 72,770.49
		Subtotal	\$172,770.49
	Adjustment net Resources over Requirements		\$ 0.00

<u>Water Fund</u>	Approved Budget	Adjusted to	Difference
Resources:			
Beginning Fund Balance	\$933,673.80	\$615,875.00	(\$317,798.80)
		Subtotal	(\$317,798.80)
Requirements:			
Contingency	\$150,000.00	\$100,000.00	(\$ 50,000.00)
Unappropriated Ending	\$674,273.80	\$406,475.00	(\$267,798.80)
		Subtotal	(\$317,798.80)
	Adjustment net Resources over Requirements		\$ 0.00

<u>Aquatic Center Fund</u>	Approved Budget	Adjusted to	Difference
Resources:			
Beginning Fund Balance	\$ 2,426.24	\$ 12,600.00	\$ 10,173.76
GF Transfer	\$ 30,000.00	\$ 20,000.00	(\$ 10,000.00)
		Subtotal	\$ 173.76
Requirements:			
Unemployment Liability	\$ 13,926.24	\$ 14,100.00	\$ 173.76
		Subtotal	\$ 173.76
	Adjustment net Resources over Requirements		\$ 0.00

<u>City Wide Summary</u>	Approved Budget	Adjustment	Difference
Resources:			
Beginning Fund Balance	\$ 7,237,148.51	\$ 7,113,729.61	(\$ 123,418.90)
15/16 Resources	\$10,783,680.50	\$10,798,680.50	\$ 15,000.00
Transfers In	\$ 783,271.56	\$ 773,271.56	(\$ 10,000.00)
			Total (\$ 118,418.90)
Requirements:			
Personnel Services	\$ 4,199,506.24	\$ 4,399,680.00	\$ 200,173.76
Materials & Services	\$ 3,352,483.07	\$ 3,365,983.07	\$ 13,500.00
Capital Outlay	\$ 3,600,500.00	\$ 3,600,500.00	\$ 0.00
Transfers Out	\$ 783,271.56	\$ 773,271.56	(\$10,000.00)
Debt Service	\$ 911,841.00	\$ 911,841.00	\$ 0.00
Contingency	\$ 565,000.00	\$ 565,000.00	\$ 0.00
Reserve	\$ 4,043,314.23	\$ 4,043,314.23	\$ 0.00
Unappropriated Ending	\$ 1,348,184.47	\$ 1,026,091.81	(\$322,092.66)
			Total (\$118,418.90)
	Adjustment net Resources over Requirements		\$ 0.00

City Of Molalla

City Council Meeting

Agenda Category: New Business

Subject: APPROVE SELECTION OF NEW AUDITING FIRM

Staff Recommendation: Discussion and approval

Date of Meeting to be Presented: June 10, 2015

Fiscal Impact: FY 2015/2016 City \$20,000.00, URA \$4500.00. FY 2016/2017 City \$20,705.00, URA \$4545.00. FY 2017/2018 City \$21,320.00, URA \$4680.00.

Background: At the beginning of May 2015 the Finance staff was notified that Oster Professional Group was terminating audit services with the City and URA due to internal staffing adjustments and distance from their firm (Burns, OR).

Therefore, the City submitted to the Daily Journal of Commerce, the League of Oregon Cities, the City website, and emailed directly to known municipal auditing firms a Request for Proposal (RFP) for Professional Auditing Services.

The RFP closed on Monday June 1, 2015 at 2:00pm and bids were opened at 4:00pm. The City of Molalla received three (3) bids from the following firms: Pauly Rogers and Co. PC, Steve Tuchscherer CPA, PC, and Merina & Co, LLP. All bids were reviewed by a 6 person panel consisting of the Mayor, 2 Councilors, City Manager, City Recorder, and a City Staff and all scored using the same four criteria of: the firms understanding of the engagement, local municipal audit experience, qualifications of those assigned to City, and cost of service. Each criteria had points attached to them resulting in the review panel selection of Merina & Co., LLP.

The City Manager has made initial contact with Merina & Co, LLC. Finance requests City Council to discussion and approve the entering into a contract with this firm to be the City of Molalla's audit team for FY 2015/2016 – FY 2017/2018 and authorize the City Manager to sign a contract so stating.

SUBMITTED BY: Heather Penni, Finance Director
APPROVED BY: Dan Huff, City Manager

**PROPOSAL TO PROVIDE
PROFESSIONAL AUDITING SERVICES
FOR
CITY OF MOLALLA
JUNE 1, 2015**



Prepared by

**MERINA
& COMPANY, LLP**

Certified Public Accountants and Consultants

Contact: Kamala Austin, Partner
kaustin@merinacpas.com

5499 Amy Street
West Linn, OR 97068-1707
(503) 723-0300
www.merinacpas.com



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Appendix A – Resumes
Appendix B – Sample Management Letter

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June 1, 2015

City of Molalla
117 N. Molalla Avenue
Molalla, OR 97038

Merina & Company, LLP (MCO) is pleased to present this proposal to provide professional auditing services for the City of Molalla and Molalla Urban Renewal Agency herein collectively referred to as the "City." The audit(s) will be performed in accordance with auditing standards generally accepted in the United States, *Government Auditing Standards* issued by the Comptroller General of the United States, and Minimum Standards for Audits of Oregon Municipal Corporations. We will demonstrate in this proposal that we have the experience and qualifications to provide these services in a competent and cost effective manner.

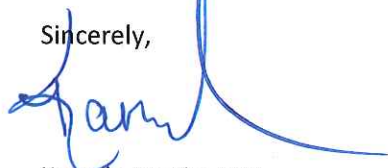
We believe MCO is the best firm for the City because we have a long history performing audits of state and local governments. This provides you with an audit team who has an in-depth knowledge of the problems, issues, and challenges faced by governmental entities such as the City of Molalla. The individuals to be assigned to the audit of the City have direct experience and qualifications relating to municipal auditing and preparing financial statements compliant with GASB 34, GASB 45, GASB 54, and other applicable GASB requirements and Oregon Budget Law. We make every effort to keep the same staff on the engagement. We meet all mandatory requirements as stated in the RFP.

Our proposal will demonstrate we have recent experience with the audit requirements of the City, understand the environment in which it operates, and have developed a proven work plan that will achieve the scope of the engagement. The work plan is designed to perform the audit efficiently, without sacrificing quality, and result in starting and completing the audit within the deadlines. We affirm that MCO and all partners and managers named in this proposal are:

- Duly licensed by the Oregon Board of Accountancy to practice as Certified Public Accountants
- Licensed Municipal Auditors
- Meet the independence requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards* issued by the Comptroller General of the United States
- Certified Women Business Enterprise with the State of Oregon

We appreciate the opportunity to propose on this engagement. This proposal is a firm and irrevocable offer open for 90 days. Kamala Austin, CPA, Partner, who is authorized to represent MCO and to bind the firm in a contract, signs this proposal.

Sincerely,



Kamala Austin, CPA
Managing Partner
Merina & Company, LLP
Certified Public Accountants and Consultants

**Proposal to Provide Professional Auditing Services for
City of Molalla
June 1, 2015**



Firm Qualifications and Experience

Merina & Company, LLP (MCO) is a diverse local accounting and consulting firm located in West Linn, Oregon. Our firm is committed to and specializes in providing government and non-profit organizations with independent and accurate auditing and assurance services.

MCO is a certified Women Business Enterprise with the State of Oregon. The partners have 30 years of combined experience with MCO and municipal auditing. From this combined experience, the partners have nurtured the firm's experience, knowledge, and expertise, placing high value in top quality work that is performed efficiently and timely.

At MCO we put our clients first. We believe providing quality customer service leads to a better audit. We work to create a trusting relationship with open communication. We strive to meet the audit requirements of your organization in a timely manner and at a reasonable cost. Our audits are tailored to your requirements and our deliverables will be efficiently prepared, on-time, and of the highest quality.

We will be available to you on a year round basis. Our policy is to not charge for occasional calls on accounting, budgeting, new accounting and Governmental Accounting Standards Board pronouncements, or other matters in the normal course of business. In fact, we encourage you to call us so potential future problems can be avoided. We make it a point to establish a trusting professional relationship with you so you feel comfortable calling when you have questions or concerns.

In addition, MCO practices an open door policy between staff and management. We place just as much value in our relationships with our employees as we do with our clients. We strongly support and encourage our employees to practice a proper work-life balance resulting in employees who are dedicated to our company and to you.

MCO is licensed to practice accounting in the State of Oregon, Washington and Hawaii. We are a member of the following professional organizations:

- American Institute of Certified Public Accountants
- Oregon State Society of Certified Public Accountants
- Government Finance Officers Association
- Oregon Government Finance Officers Association
- American Institute of Certified Public Accountants Governmental Audit Quality Center
- The Nonprofit Association of Oregon

Municipal and Non-Profit Specialization

We have performed audits and provided other services for a wide range of governments and non-profit organizations, from small municipalities with few resources, to large agencies that face heavy workloads and complicated compliance requirements. Services provided have included auditing government financial statements, A-133 compliance single audits, evaluating the internal controls structure, assessing control risk, performing tests of controls, and testing compliance with applicable laws and regulations. From this experience, we have created extensive standardized work programs, procedures, and clear reporting templates that allow us to work swiftly and creatively to get the job done. We also offer other services including a variety of agreed upon procedures such as transient room tax audits, energy incentive program cost certifications (formerly business energy tax credits),

**Proposal to Provide Professional Auditing Services for
City of Molalla
June 1, 2015**



rate consulting, and franchise fee setting. We have taken the time to focus on these categories of service to be able to respond quickly and efficiently to our governmental clients.

Single Audit Experience

We perform audits in accordance with the provisions of the Single Audit Act, as amended, and OMB Circular A-133 for many of our clients every year. In the last five years we have audited nearly 60 different federal programs. This experience with federal programs has given us the ability and expertise to audit any federal program. We have performed single audits for cities, counties, school districts, state agencies, state departments, and non-profit organizations. Several of these engagements have been peer reviewed without any findings. In addition, we have also performed program specific audits of federal programs at the State level for the Oregon Secretary of State Audits Division.

We are monitoring the upcoming changes to the OMB's Uniform Guidance with regards to the single audit. The partner assigned to the City's audit actively participated in responding to the proposed rules when released a few years ago. We are up-to-date with the changes and can provide resources to assist the City in compliance with the Uniform Guidance for the pre-award, post-award, and cost principles that is effective December 26, 2014 and single audit changes effective for the City for the fiscal year ending June 30, 2016.

Peer Review

The firm has participated in the American Institute of Certified Public Accountants Peer Review Program since its inception. We have undergone an external peer review every three years since that time and conduct internal quality reviews in each of the intervening two years for our audit assurance engagements. Every external review has resulted in an unqualified opinion or pass. In July of 2012 we received a peer review of *pass* under the most current Peer Review Standards and Interpretations that became effective January 1, 2009. Under these peer review reporting standards, a *pass* is the highest rating a firm can achieve. These reviews have placed an emphasis on our municipal, compliance, and single audit practices. A copy of our most recent peer review is displayed on the following page. There were no findings as a result of the peer review.

Disciplinary Actions and Legal Settlements

MCO has not been subject to any disciplinary action by any regulatory agencies or to any legal settlements within the last two years. There are no pending or threatened actions related to audit services provided by the firm.

Relationships with the City

We are not aware of any personal, business, investment, or family relationships with the City, City officials or appointed employees and believe we are independent and have no conflicts of interest with regards to the City or the Urban Renewal under AICPA standards in its Code of Professional Conduct and *Government Auditing Standards*, 2011 Revision, as issued by the U.S. General Accounting Office. At the time of hire and annually thereafter, all audit staff are required to review the firm's list of audit clients for potential independence issues and document in writing the results of the review.

Proposal to Provide Professional Auditing Services for
City of Molalla
June 1, 2015



WALL & WALL, P.C. CERTIFIED PUBLIC ACCOUNTANTS

J. ROBERT WALL, C.P.A.
KAREN S. WALL, C.P.A.

System Review Report

July 13, 2012

To the Partners of
Merina & Company, LLP
and the Peer Review Committee of the Oregon Society of CPAs (OSCPA)

We have reviewed the system of quality control for the accounting and auditing practice of Merina & Company, LLP (the firm) in effect for the year ended May 31, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Merina & Company, LLP in effect for the year ended May 31, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Merina & Company, LLP has received a peer review rating of *pass*.

Wall & Wall P.C. CPAs

Wall & Wall, P.C., Certified Public Accountants

MEMBER • AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • OREGON SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

750 CENTRAL AVENUE, SUITE 102

COOS BAY, OREGON 97420

(541) 269-1358

FAX: (541) 269-0202

MERINA
& COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**Proposal to Provide Professional Auditing Services for
City of Molalla
June 1, 2015**



Municipal Audit Clients and References

MCO specializes in serving government and non-profit organizations ranging from small to large municipalities to state departments and agencies. The scope of work performed has included financial audits, single audits, compliance audits, urban renewal agencies and other component units, rate and fee consulting, room tax audits, energy incentive program cost certifications, and various other agreed-upon procedures. Below is a list of our municipal audit clients we have served within the last five years and the number of years served.

- | | |
|----------------------------|-------------------------------------------------------------------|
| Linn County* (5) | City of The Dalles* (4) |
| City of Astoria (9) | City of Tillamook (2) |
| City of Bandon (4) | City of Tualatin* (4) |
| City of Canby* (11) | City of Wood Village* (8) |
| City of Clatskanie (15) | Port of Tillamook Bay (9) |
| City of Cornelius* (9) | Clean Water Services* (5) |
| City of Dallas* (5) | West Slope Water District* (8) |
| City of Damascus (7) | Corbett Water District (6) |
| City of Florence (9) | Sunrise Water Authority (4) |
| City of Gates (3) | Union Health District (8) |
| City of Gladstone (18) | Sunset Empire Park and Recreation District (9) |
| City of Gresham* (6) | Housing Authority of the City of Salem (3) |
| City of Happy Valley (7) | Housing Works (9) |
| City of Independence (2) | Northwest Oregon Housing Authority (6) |
| City of Klamath Falls* (1) | Clatsop County Housing Authority (5) |
| City of Mt. Angel (1) | Oregon Corrections Enterprises (8) |
| City of Oregon City* (1) | Oregon Department of Veterans' Affairs (10) |
| City of Salem* (3) | Common School Fund of the Oregon
Department of State Lands (3) |
| City of Sandy* (11) | |

*GFOA Certificate of Achievement of Excellence in Financial Reporting

While any of our clients can be contacted as a reference we have provided five that demonstrate our ability to serve governmental entities of various sizes and scopes.

<u>Name</u>	<u>Location</u>	<u>Contact</u>
City of Dallas Cecilia Ward, Finance Director	187 SE Court St. Dallas, OR 97338	503.831.3507 cecilia.ward@ci.dallas.or.us
City of Independence Gloria Butsch, Accounting Manager	555 S. Main Street Independence, OR 97351	503.838.1212 butsch.gloria@ci.independence.or.us
City of Mt. Angel Chaunee Seifried, Finance Director	5 N. Garfield St. Mt. Angel, OR 97362	503.845.9291 cseifried@ci.mt-angel.or.us

**Proposal to Provide Professional Auditing Services for
City of Molalla
June 1, 2015**



City of Oregon City Wyatt Parno, Finance Director	625 Center Street Oregon City, OR 97045	503.496.1525 wparno@orcity.org
City of The Dalles Kate Mast, Finance Director	313 Court Street The Dalles, OR 97058	541.296.5481 x1113 kmast@ci.the-dalles.or.us

Audit Team

Management Team

MCO provides a high level of management participation and hands-on involvement in all phases of the audit. During the course of the engagement and as well as the rest of the year the City can expect full access to the audit team including the engagement partner and manager. All work will be reviewed by the engagement partner or manager. Progress meetings will be held as needed or required. If we encounter any issues or findings they will be brought to management's attention right away.

In accordance with Statements of Quality Control No. 7, issued by the Auditing Standards Board of the AICPA, we have fully implemented the use of an engagement quality control reviewer. The purpose is to provide an objective evaluation of the significant judgments made and conclusions reached by the engagement team and that reports are appropriate for the circumstances. The engagement quality control reviewer will be a person or team of persons in the firm not involved in the audit who have the sufficient and appropriate experience and authority to perform the engagement quality control review.

Audit Team

We have selected the staff for this engagement based on their experience and training in relation to the requirements of the City. We understand that an audit can either be a disruptive experience or an opportunity to bring to the City best practices we see in other audit clients. We are committed to providing our clients with competent services, professionally delivered. We have assigned an engagement partner, quality control partner, audit manager, and one staff accountant to perform the audit. Additional staff accountants will be assigned as needed. Detailed resumes can be found in Appendix A.

Engagement Partner

Kamala Austin, CPA (CPA License #9198: Municipal License #1287), will be the engagement partner. She oversees the firm's municipal audit practice. Ms. Austin received her Bachelor of Science in Accounting from Portland State University. In her eighteen years of experience she streamlined the MCO's audit process and achieved significant efficiencies through development of custom audit programs, standardized workpapers, and financial statement templates. She is a reviewer for the GFOA Certificate of Excellence in Financial Reporting award program and has assisted several of our clients in their initial submission as well as retention of the award. She is also a committee member of the OSCPA Governmental Accounting and Auditing Strategic Committee.

Ms. Austin is focused and experienced in accounting and auditing for cities and counties, special districts, state agencies and commissions, and non-profit organizations. She is an expert in Oregon Budget Law and financial and compliance reporting requirements for governmental organizations. She has in-depth knowledge of accounting systems and software applications including many fund accounting and commercial software. Ms. Austin has worked with the City of Clatskanie, City of Dallas, City of Independence, City of Mt. Angel, and City of Sandy as well as many other municipalities.



Proposal to Provide Professional Auditing Services for City of Molalla June 1, 2015



The majority of Ms. Austin's continuing professional education is directly related to governmental audits and she meets all Yellow Book continuing education requirements for in-charge auditors. Ms. Austin will be present during a portion of field work and will be responsible for:

- Development of the overall audit plan
- Determine the nature, timing, and scope of specific audit procedures
- Consultation with audit staff and management over important issues
- Review of audit work performed by the audit manager and selected other areas
- Quality of the audit and the audit reports
- Issuance of the audit reports
- Presentations to management and City Council

Quality Control Partner

Tonya Moffitt, CPA (CPA License #11063; Municipal License #1392), is a partner at MCO and will be the quality control partner on this engagement. She received her Bachelor of Science in Accounting from Portland State University and then a Master of Science in Financial Analysis.

Ms. Moffitt has experience working with various municipalities and non-profits with a focus on cities, special districts, and state agencies. She has been the engagement partner for MCO's audits of the City of The Dalles, City of Oregon City, City of Klamath Falls, City of Damascus, and City of Wood Village, and many others. She has also managed several federal compliance audits at the Oregon Secretary of State Audits Division. She is also responsible for training the new staff who assist in governmental and compliance audits.

She is a reviewer for the GFOA Certificate of Excellence in Financial Reporting Award program and has assisted several of our clients in their initial submission and retention of the award. Ms. Moffitt is also currently a committee member and former co-chair of the Accounting Standards Review Committee for the Oregon Government Finance Officers Association, a member of the OSCP Legislative Committee, Government Strategic and Not-for-profit Strategic Committees, and a member of the Oregon Board of Accountancy CPE Committee. She participates in the Oregon Society of Certified Public Accountants and Portland State University's Coaching Programs as a guide to students as they make the transition from college into the accounting profession. She served as Chair of the Board of Directors and is a current finance committee member for Forward Stride, a non-profit therapeutic equine program which provides, promotes, and supports quality therapeutic recreation services for children and adults.

Ms. Moffitt focuses her continuing professional education in governmental accounting, Oregon Budget Law, and non-profit accounting. She meets all Yellow Book continuing education requirements for in-charge auditors.

Ms. Moffitt will be responsible for the engagement quality control review.

Audit Manager

Lyn Pope, CPA (CPA License #10751; Municipal License #1372), will lead the audit. Ms. Pope began her career after receiving her Bachelor of Arts in Business Administration from the University of North Carolina Charlotte. She diversified her skills further with a Post-Baccalaureate Certificate in Accounting from Portland State University. Since joining MCO twelve years ago, Ms. Pope has built a strong understanding in financial and compliance auditing of governmental entities.

Ms. Pope is a reviewer for the GFOA Certificate of Excellence in Financial Reporting awards program and has assisted several of our clients in their initial submission and retention of the award. She has

Proposal to Provide Professional Auditing Services for City of Molalla June 1, 2015



also participated in the Oregon Society of CPA's Coaching Program as a mentor to students as they make the transition from college into the CPA profession. Ms. Pope is also a committee member of the Not-for-Profit Strategic Committee.

Ms. Pope has experience working with a variety of government entities with a focus on cities, counties, and special districts in Oregon, and Yellow Book requirements. She has been audit manager for City of Clatskanie, City of Independence, City of Klamath Falls, Port of Tillamook Bay, and West Slope Water District, as well as others. She also supervised compliance and single audits for various municipalities, the State of Oregon, state agencies, and non-profit organizations. Ms. Pope meets all Yellow Book continuing education requirements for in-charge auditors. As with all MCO personnel, her continuing education is heavily oriented to governmental accounting subjects. Ms. Pope will be responsible for:

- Direct supervision of the audit team
- Review of audit work performed by the staff accountant and selected other areas
- Execution of audit procedures in significant or difficult audit areas
- Quality of the audit and the audit reports
- Progress meetings with City management

Staff Accountants

Our senior and staff accountants are all CPA's or CPA candidates. They have prior experience auditing other MCO governmental and non-profit clients, performing single audits, and testing compliance with Oregon Local Budget Law. Continuing education emphasizes governmental and non-profit auditing and accounting and also Oregon requirements. As a result of our specialization in governmental auditing all of our staff has in-depth experience with municipal engagements.

Daniel Choy, CPA Candidate, will be a staff accountant on this engagement. Mr. Choy joined MCO over two years ago as an intern and later advanced to Staff Accountant. He has gained significant experience in municipal auditing and Oregon Local Budget Law testing. He has assisted on the audits of City of Dallas, City of The Dalles, City of Cornelius, West Slope Water District, and Sunrise Water Authority as well as several others. Mr. Choy will largely be responsible for:

- Execution of audit procedures such as internal controls testing, tests of detail, and compliance testing
- Preparation of financial statements and reports

Personnel Development and Continuing Professional Education

MCO is a member of the AICPA Government Audit Quality Center, the Government Finance Officer Association, the Oregon Government Finance Officer Association, and the Oregon Society of Certified Public Accountants. We send our staff to those organizations' governmental training conferences. This enables them to gain proficiency in governmental accounting and auditing and to learn best practices. The audit team has taken, at a minimum, 80 hours of continuing professional education courses, with at least 24 hours directly related to the government environment and government auditing, within the last two years. Our staff regularly exceeds this minimum. Because we specialize in governmental auditing most of the 80 hour requirement is government focused.

Staff Continuity

Staff continuity enables us to be more familiar with the City personnel and with the issues the City faces. Therefore, it is our policy to keep the same audit team assigned to the engagement for the

**Proposal to Provide Professional Auditing Services for
City of Molalla
June 1, 2015**



duration of the contract so the City will have the benefit of working with the same audit team from year to year. Changes to the audit team should only occur due to turnover which has been historically low. In the unlikely event that the audit personnel should change, a seasoned replacement with substantially the same or better qualifications or experience will be assigned.

Work Plan and Schedule

Statement of Understanding of the Nature of the Engagement

The City of Molalla and the Molalla Urban Renewal Agency are seeking an audit firm to express an opinion on the financial statements of the City and Urban Renewal Agency. MCO will complete the annual financial audits for the fiscal year ending June 30, 2015, with the option to renew up to an additional two years at the discretion of the City. These audits are to be completed with the provisions of the following as they pertain to financial and single audits:

- Generally accepted auditing standards as issued by the American Institute of Certified Public Accountants
- *Government Auditing Standards* as issued by the Comptroller General of the United States
- Minimum Standards for Audits of Oregon Municipal Corporations issued by the Secretary of State
- State of Oregon and local laws and regulations

MCO will prepare the City's Comprehensive Annual Financial Report and a separately issued financial report for the Urban Renewal. The firm will also be available to give guidance to City personnel on various accounting and reporting questions throughout the year. At the completion of the audit the deliverables are audit opinion reports and management letters.

Work Plan and Schedule

MCO is committed to meeting all desired timelines and required deadlines. To do this we prefer to perform as many audit procedures as possible during the planning phase of the audit, including interim fieldwork. This includes documenting or updating our understanding of the financial system and internal controls, performing a preliminary analytical review, developing tests of controls and sampling plan, and performing a risk assessment, in order to develop our audit plan and procedures. MCO has specialized government auditing programs that are customized to each individual client during the planning of the audit. This practice will minimize disruption to City staff during final fieldwork and allow for quicker identification of any problem areas.

Should any unforeseen circumstances arise during the course of the audit, we will gain a clear understanding of the problem, assess the audit exposure, and identify possible solutions. If we believe there is a significant change in scope we will immediately present the situation to Management. We will not proceed with extra work unless agreed upon by both the City and MCO.

The audit approach for this engagement is presented in the form of a comprehensive work plan that we have developed to complete the engagement. The work plan is broken down by major audit activity and is presented below followed by our audit procedures methodology.

Proposal to Provide Professional Auditing Services for City of Molalla

June 1, 2015



Planning the Audit – July 2015, On-site 3-5 days

1. **Obtain and document an understanding of the City**
 - a. Determine the firm and audit team are independent
 - b. Document engagement staff's compliance with continuing education requirements required by *Governmental Auditing Standards*
 - c. Review prior audit workpapers, audit reports completed since the prior audit, and grantor correspondence pertaining to the audit
 - d. Conduct an entrance conference with the City at a mutually agreeable date
 - i. Development of specific time line for the audit
 - e. Submit an audit documentation request list
 - f. Review City minutes
 - g. Obtain and prepare extracts of relevant information from grant agreements, contracts, and pertinent laws and regulations
 - i. Determine if there have been any amendments to the grant requirements
 - h. Complete MCO planning form
 - i. Compute materiality and tolerable misstatement
 - j. Identify related parties and communicate them to MCO audit team
 - k. Inquire and search for commitments and potential contingencies that may relate to the audit
 - l. Inquire of any known subsequent events that may relate to the audit
 - m. Perform a preliminary analytical review
2. **Risk Assessment**
 - a. Identify and assess risks related to fraud
 - i. Make inquiries of Council, management, and key employees about known instances of fraud, allegations of fraud having occurred, inappropriate or unusual activities
 - ii. Hold a fraud discussion with audit team
 - b. Obtain and document an understanding of the financial reporting system and the supporting computer system
 - c. Perform walkthroughs to gain and understanding of the City's accounting cycles that may be susceptible to error or fraud
 - d. Document the state of the control environment, the internal risk assessment process, and the results of monitoring activities
 - e. Assess the City's inherent risk and control risk including material misstatement and noncompliance
 - f. Consider the internal control environment and internal controls established to link the results of the risk assessment to the audit programs
 - g. Develop additional or modify planning procedures, if necessary
3. **Audit Procedures Development**
 - a. Prepare financial audit work programs for significant audit areas identified during the risk assessment
 - b. Prepare compliance audit work programs designed to determine compliance with laws, regulations, and the provisions of contracts or grant agreements that have a direct and material effect on the audit
 - c. Determine that the audit programs are tailored to reflect identified engagement risks, including inherent risk, control risk, and detection risk, and any unique characteristics identified in the planning, risk assessment, and internal control evaluation processes

**Proposal to Provide Professional Auditing Services for
City of Molalla
June 1, 2015**



- d. Determine that the nature, timing, and extent of auditing procedures reflected in the audit programs address the assessed risk of material misstatement and material noncompliance, including the risk due to fraud

4. Planning Tests of Internal Controls

- a. Plan the tests of internal controls to achieve a low assessed control risk
- b. Determine and document which key requirements to test considering
- c. Identify the audit assertions relevant to each significant audit area
- d. Identify the internal controls over each assertion
 - i. Design test of controls sufficient to allow the assessment of control risk to be low
 - ii. Be alert for opportunities for dual-purpose tests of controls and compliance
- e. Assess the level of inherent risk for each significant audit area
- f. Determine allowable detection risk for each audit area
- g. Design dual-purpose tests of controls over financial reporting to ensure detection risk is limited to computed amount

5. Sampling Plan

- a. Identify which financial audit areas are susceptible to sampling
- b. Select the appropriate sampling technique for audit areas
- c. Sampling plan
 - i. Define the population and segregate individually significant dollar items and unusual items
 - ii. Define the sampling unit
 - iii. Define what constitutes an error
 - iv. Determine the population is complete
 - v. Select sample items for test of controls over financial reporting for substantive testing
 - vi. Use dual purpose testing whenever possible
- d. Project sample results onto the population
- e. Consider data mining software to test the population in lieu of sampling

Conducting the Audit – August 2015, On-site for 1 week

1. Substantive Procedures and Testing

- a. Perform test of controls and compliance for each key financial audit area, using dual purpose testing where feasible
- b. Perform analytical procedures including but not limited to - predictive tests, expectations, trends, ratio analysis
- c. Perform substantive audit procedures and tests including but not limited to:
 - i. Cut-off testing
 - ii. Examining journal entries
 - iii. Scan general ledger postings for unusual items
 - iv. Vouch selected transactions to supporting documents
 - v. Trace selected supporting documents through the system
 - vi. Third party confirmation of account balances
 - vii. Determine personnel expenditures are supported by time sheets or monthly certification and supervisory approval
 - viii. Test expenditures for allowable costs
 - ix. Perform procedures noted in the specific audit approach
- d. Complete audit program for financial audit in significant audit areas
- e. Complete audit program and test compliance with Oregon Minimum Standards
- f. Complete audit program and test compliance with Oregon Budget Law

**Proposal to Provide Professional Auditing Services for
City of Molalla
June 1, 2015**



2. Fieldwork completion and wrap-up

- a. Review workpapers
- b. Evaluate results of procedures to determine if results are sufficient to support the opinion
- c. Perform additional procedures, if necessary
- d. Conduct an exit conference with management
 - i. Discuss results of our audit
 - ii. Discuss any findings and recommendations, if any
 - iii. Discuss unadjusted misstatements and passed journal entries, if any

Concluding the Audit – September 2015

1. Audit wrap-up

- a. Compute final materiality
- b. Perform final analytical review
- c. Obtain and evaluate any attorney letters received
- d. Consider the accumulated results of audit procedures in relation to the audit risk assessment made in the planning stage of the audit and that audit evidence supports our opinion
- e. Consider whether the nature of audit findings (including unadjusted audit differences), if any, noted may be indicative of possible fraud, illegal acts, or other noncompliance
- f. Summarize findings and recommendations, if any
- g. Summarize unadjusted misstatements and passed journal entries, if any
- h. Consider whether the qualitative effects of audit findings are indicative of noncompliance with provisions of contracts or grant agreements or abuse that must be reported
- i. Update from the last day of field work through the report date
 - i. Commitments and contingencies
 - ii. Significant estimates and concentration
 - iii. Subsequent events
 - iv. Related-party transactions
- j. Obtain a management representation letter
- k. Complete and document MCO quality control procedures

2. Prepare Reports and Drafts

- a. Draft financial statements
- b. Review Management Discussion and Analysis and Statistical section
- c. Prepare disclosure checklist
- d. Independent Auditor's Report
- e. Independent Auditor's Report Required by Oregon State Regulations
- f. Report on Internal Control over Financial Reporting
- g. Letter to Those Charged with Governance (AU-C 260)
- h. Management Letter (AU-C 265), if applicable
- i. Obtain responses to AU-C 265, if applicable
- j. Management Letter of nonreportable recommendations and suggestions for improving internal accounting controls
- k. Send draft financial statements and reports for review and comment
- l. Prepare Summary of Revenues and Expenses for submission to the Secretary of State Audits Division
- m. Data Collection Report

Deliver Final Reports – No later than the first December Council meeting

Presentation to City Council – No later than the first December Council meeting



Management Letter

A sample of a recently issued management letter is included in Appendix B.

Suggestions for Improving Internal Accounting Controls

We believe that communication is vital to a successful audit. Since MCO audits many local governments we are able to observe "best practices" other local governments have implemented and make recommendations accordingly. We make it a practice to offer these suggestions informally during the course of the audit by keeping the management team informed of our status and any observations, opinions, or comments we note. Any findings will be brought to management's attention right away.

Under the Clarified U.S. Auditing Standards Section (AU-C) 260 and 265 we are required to communicate certain internal control deficiencies and other audit communications to those charged with governance. Reportable items will be discussed with management and drafts will be provided for review and comment prior to final issuance. In addition a management letter will be issued to management to communicate other non-reportable observations and recommendations.

Use of City Personnel

It is our practice to work with City personnel whenever possible to minimize costs and improve efficiencies. We recognize that City personnel have their own full workloads and priorities. We will make every effort to keep our requests to a minimum and avoid disruptions.

However, we will expect City personnel to provide us with a trial balance, internal control documentation, reconciliations, and general ledger detail. We anticipate accounting personnel will be available to assist us in understanding your processes and locating documents, invoices, etc. needed for our testing. In the initial year of our audit, however, we will need to obtain copies of charters, loan agreements, leases, bonds indentures, etc. in order for us to build a permanent file. Obtaining these documents should not require a significant time commitment of City personnel. In total, assistance from City personnel should approximate time requirements similar to prior year audits.

GFOA Certificate of Achievement for Excellence in Financial Reporting

We congratulate the City for submitting a Comprehensive Annual Financial Report to the GFOA for the Certificate of Achievement for Excellence in Financial Reporting for the first time. We will assist the City in responding to any CAFR comments to help ensure the award of the certificate from year to year. We will carefully review the CAFR and complete the GFOA Disclosure Checklist. Kamala Austin, Tonya Moffitt, and Lyn Pope who are assigned to this engagement, are reviewers for the GFOA in this program and have an in-depth knowledge of the program requirements. We have assisted many cities and counties in their initial submission as well as retention of the award and expect no difficulties in doing so for the City. We are currently assisting the City of Independence with their initial submission.

Proposal to Provide Professional Auditing Services for City of Molalla

June 1, 2015



Additional Information

Analytical Procedures

We will perform preliminary analytical procedures during the planning phase of the audit. We will also perform substantive analytical tests in most key audit areas. Typically we compare current year balances to prior years and budget and investigate variances outside of the scope. The scope is determined by our assessment of materiality, internal control understanding, and expectations based on external information and knowledge of the City. For instance, an account balance with a large number of small items would lend itself to analytical procedures, whereas an account balance with a small number of large items would be detail tested. We will also perform predictive analytical tests and ratio analysis and determine whether actual balances are in line with our expectations.

Sampling

We use sampling throughout the audit process to obtain and evaluate audit evidence about a characteristic of the population in order to form a conclusion or determine if additional audit procedures are needed. Sampling is used extensively in testing of internal controls and compliance with applicable rules, regulations, and/or award requirements. Sample sizes will be determined during the planning phase of the audit and reassessed as necessary during interim and final fieldwork.

We may conduct the audit with the assistance of data extraction software. This software allows our audit teams to extract data and efficiently analyze the population. Automated applications that we typically utilize are sample planning and selection, statistical analysis data mining, identify sequence gaps, and identify duplicate transactions, vendors, and/or employees.

Testing for compliance is generally attribute sampling and is concerned with the rate of a characteristic rather than a dollar amount. Thus, it is appropriate for tests of compliance with laws and regulations in a Single Audit.

Documenting an Understanding of the Internal Control Structure

Our audit approach uses an understanding and evaluation of the system of internal controls. Depending on the circumstances and transaction cycle in question, we will use a combination of checklists, flowcharts, and a risk assessment matrix to document the system. The controls in each major transaction cycle will be identified and tested so that we may determine which controls can be relied upon. This will enable us make decisions about inherent risk and control risk and allow us to tailor an efficient audit program which may lead to reduced substantive testing.

We will determine the amount and sufficiency of the City's current level of internal controls documentation. Our approach is to then test the controls in that documentation, evaluate the operating effectiveness of the controls, and design appropriate audit procedures. We will use the City documentation of the controls. If more documentation of the various processes in the accounting cycles is determined to be needed to gain a better understanding of the City's controls, we can work with City personnel to develop the needed documentation.

Determining Laws and Regulations

We will familiarize and comply with the provisions of federal, state, and City statutes, local ordinances, charter, bond covenants, administrative code and orders, and rules and regulations that may pertain to work required in the engagement. We will review the City's Charter, By-laws, Ordinances, Minutes, and Resolutions, as well as make inquiries of City personnel to discover compliance requirements. Other

Proposal to Provide Professional Auditing Services for City of Molalla June 1, 2015



restrictions and covenants will be determined from prior year financial statements and reading leases, contracts, and bond indentures. We also perform compliance audits on a wide variety of federal award programs. We have developed audit programs that allow us to:

- Identify compliance requirements
- Prepare tests to measure compliance
- Evaluate compliance

MCO has created a custom audit program to test compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-320 of *the Minimum Standards for Audits of Oregon Municipal Corporations*. The results are reported in the Independent Auditor's Report Required by Oregon State Regulations included in the financial statements.

Understanding of City's Use of Electronic Data Processes

We will attain a general understanding of the computer system and the software used by the City. Our understanding will be documented in the form of checklists and related explanations that will enable us to assess the audit risk and tailor audit programs accordingly. We have found that gaining an understanding of the City's use of electronic data processes will not impose any more procedures for obtaining an understanding of computerized accounting systems than manual systems. The major differences are that the audit trail is sometimes more difficult to follow in computer systems and that there can be other considerations for obtaining a further understanding of computer controls if necessary.

New Accounting Pronouncements

Due to MCO's specialization in municipal audits we have significant experience implementing new accounting pronouncements. Our approach is to proactively help our clients understand and implement new accounting pronouncements that are applicable to them. The partner assigned to this engagement is the former co-chair and is currently a member of the OGFOA's Accounting Standards Review Committee. The committee's primary responsibilities are to review, evaluate and prepare responses to GASB exposure drafts and to provide OGFOA members with information on accounting issues and developments. The partner's involvement on this committee enables her to study in advance which pronouncements will affect our clients. She is currently on a GASB 68 task force to help identify any missing data elements from the draft information that OPERS has handed out.

MCO takes a hands-on approach in helping our clients with new accounting pronouncements. We have offered free training classes on recently issued GASB pronouncements. We also send our clients governmental updates pertaining to significant changes in reporting requirements. We will be available to give guidance to City staff on various accounting and reporting questions throughout the year. When MCO learns about potential new pronouncements or changes to current pronouncements we will notify clients how these potential changes could affect their entity, so they can have an opportunity to respond to the OMB proposed rules or GASB preliminary views and exposure drafts.

**Proposal to Provide Professional Auditing Services for
City of Molalla
June 1, 2015**



Audit Fee

Proposed Fee

Based on our experience with audits of similar size and scope, we estimate a fair price for this engagement of \$24,500. This is a Not-To-Exceed fee and includes a \$4,500 fee for the Urban Renewal. The fee also includes all incidental costs such as preparing all report copies, travel, subsistence, etc. If we are able to complete the project in less time, we will bill only for costs actually incurred. This fee has been determined according to the following schedule.

Position	Total Hours	Hourly Rate	Total Audit Fee for Fiscal Year Ending June 30,		
			2015	2016	2017
Engagement Partner	34	\$ 175	\$ 5,950	\$ 6,130	\$ 6,310
Audit Manager	70	150	10,500	10,820	11,140
Staff	184	80	14,720	15,160	15,610
Discount			(6,670)	(6,860)	(7,060)
Totals	288		\$ 24,500	\$ 25,250	\$ 26,000

It is our practice to hold future fees at an increase of about three percent. If there is a change in scope, such as a single audit, inflation, or extraordinary situations arise that would require additional audit time, we would expect to be able to discuss this with management and arrive at a mutually agreeable adjustment to the basic fee.

Additional Technical Assistance

As part of the overall contract we will provide technical assistance throughout the year which may include questions relating to accounting, budgeting, reporting, internal control, or other matters in the normal course of business on a no charge basis.

From time-to-time an audit client requests that we prepare special reports or broaden the scope of our audit for a variety of reasons. Our approach is to define the scope of the request in as much detail as possible, evaluate whether the requested services maintains our independence from the City, determine an approach to accomplish the request, estimate the level of professional expertise involved, and estimate the cost. We then meet with the client to explain the approach and cost. During this phase, the client may alter the scope or suggest alternative approaches. We do not begin work until a negotiated scope and fee estimate is agreed upon. Hourly rates by position follow below:

Position	Hourly Rate
Partner	\$ 175
Manager	150
Senior Accountant	100
Staff Accountant	80

Appendix A

Resumes

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Profile

Ms. Austin is a Partner for Merina & Company and oversees the firm's governmental and non-profit audit practice. Ms. Austin has worked in public accounting for 18 years. During her public accounting career she has gained extensive experience in accounting and auditing for governmental entities. She is an expert in Oregon Budget Law and financial and compliance reporting requirements for governmental organizations. Ms. Austin is also a reviewer for the Government Finance Officers Association (GFOA) Certificate of Excellence in Financial Reporting awards program.

As a Partner at Merina & Company Ms. Austin is in charge of the company's practice-monitoring standards, internal quality control program, and peer review. These programs are in place for all audit and assurance engagements to ensure all work is done free from personal and external impairment of independence and in accordance with professional standards.

Specialization

Accounting and Auditing for Municipalities with a focus on Financial and Compliance Audits, Performance Audits, Quality Assurance Reviews and Franchise Fee and Rate Consulting for Cities, Counties, Special Districts, State Agencies, State Commissions, and Semi-Independent State Boards.

Licensing

OR CPA License No. 9198

OR Municipal License No. 1287

WA CPA License No. 29642

Education

Bachelor of Science in Accounting – Portland State University

Continuing professional education focused in governmental accounting and Oregon Budget Law. Ms. Austin meets all Yellow Book continuing education requirements for in-charge auditors.

Engagement Clients

City of Bandon	City of Gladstone	City of Salem
City of Cornelius	City of Gresham	City of Sandy
City of Dallas	City of Independence	City of Tualatin
City of Florence	Port of Astoria	Port of Tillamook Bay
Clean Water Services	Corbett Water District	West Slope Water District
Oregon Secretary of State	Housing Works	Salem Housing Authority
Teachers Development Group	Northwest Oregon Housing Authority	Clatsop County Housing Authority

Significant Affiliations and Achievements

American Institute of CPA's	Special Districts Association of Oregon
Oregon Society of CPA's	Speaker at League of Oregon Cities Conference
Oregon Municipal Finance Officers Association	Association of Oregon Recyclers
Instructor of Oregon Budget Law and Minimum Standards for Audits of Oregon Municipalities	OSCPA Governmental Accounting and Auditing Strategic Committee
Reviewer for GFOA Certificate of Excellence in Financial Reporting awards program	Assisted several clients in receiving their initial GFOA Certificate of Excellence in Financial Reporting

Profile

Ms. Moffitt is a Partner of Merina & Company. Ms. Moffitt specializes in and has extensive experience performing and managing governmental audits. She is also on the Oregon Board of Accountancy CPE Committee, a committee member and the former Co-chair of the Accounting Standards and Review Committee for the Oregon Municipal Finance Officers Association (OMFOA), as well as a reviewer for the Government Finance Officers Association (GFOA) Certificate of Excellence in Financial Reporting awards program.

Ms. Moffitt is responsible for training new staff who assist in governmental and compliance audits and supervising managers, seniors, entry level staff and interns. Ms. Moffitt created the firm's financial statement template and is currently in charge of training numerous clients to use the template for financial statement preparation.

Specialization

Accounting and auditing for municipalities with a focus on Cities, Special Districts, State Agencies, and State Commissions, performing Financial Audits, Compliance Audits, Performance Audits, Franchise Fee and Rate Consulting.

Licensing

OR CPA License No. 11063

OR Municipal License No. 1392

HI CPA License No. 4886

Education

Master of Science in Financial Analysis – Portland State University

Bachelor of Science in Accounting – Portland State University

Continuing professional education focused on governmental accounting and *Government Auditing Standards*, OMB Circular A-133, and Oregon Budget Law and meets Yellow Book for in-charge auditors.

Engagement Clients

State of Hawaii	City of Gresham	Port of Astoria
City of Salem	City of Sandy	Union Health District
City of Klamath Falls	City of Clatskanie	Oregon Corrections Enterprises
City of The Dalles	City of Happy Valley	Oregon Secretary of State
City of Oregon City	Sunrise Water Authority	City of Gladstone
City of Damascus	Clean Water Services	Woodburn Rural Fire District
Common School Fund of the State of Oregon	Attorney General's Sexual Assault Task Force	Northwest Oregon Housing Authority

Significant Affiliations and Achievements

Oregon Board of Accountancy CPE Committee	Oregon Municipal Finance Officers Association
Oregon Society of CPA's Governmental Accounting and Auditing Strategic Committee	American Institute of CPA's and Oregon Society of CPA's
OMFOA Standard and Review Committee Member and Prior Co-chair	Oregon Society of CPA's Not-for-Profit Strategic Committee
Oregon Society of CPA's Coaching Program	Served as Beta Alpha Psi, Treasurer
GFOA Certificate of Excellence in Financial Reporting Awards Program Reviewer	Forward Stride Equine Program Finance Committee Member and Prior Chair of the Board of Directors

Profile

Ms. Pope is a Manager for Merina & Company. Ms. Pope has over fourteen years of public and private accounting experience. Ms. Pope has worked in public accounting for twelve years and two years in private industry. Her experience in both public and private accounting has given her a strong and diversified accounting background. During her public accounting career she has gained extensive experience in accounting and auditing for governmental and non-profit entities. In addition, Ms. Pope has acquired in depth knowledge regarding Single Audit and Yellow Book reporting requirements. Ms. Pope is also a reviewer for the Government Finance Officers Association (GFOA) Certificate of Excellence in Financial Reporting awards program.

As a Manger at Merina & Company, Ms. Pope is responsible for training new staff who assist on governmental and non-profit, single, and compliance audits and supervising all staff and interns.

Specialization

Accounting and auditing for municipalities and non-profits with a focus on Cities, Counties, Special Districts, Semi-Independent State Boards, State Agencies, Housing Authorities, and Low Income Housing Tax Credit entities, performing Financial Audits, Single Audits, Compliance Audits, and Performance Audits.

Licensing

CPA License No. 10751

Municipal License No.1372

Education

Post Baccalaureate Certificate in Accounting - Portland State University

Bachelor of Arts in Business Administration- University of North Carolina at Charlotte

Continuing professional education focused in governmental accounting and Oregon Budget Law. Ms. Pope meets all Yellow Book continuing education requirements for in-charge auditors.

Engagement Clients

Linn County	City of Gladstone	Housing Works
City of Clatskanie	City of Independence	Teachers Development Group
City of Florence	City of Salem	Rich and Rhine Distributors
West Slope Water District	Corbett Water District	Oregon Secretary of State
Port of Tillamook Bay	Port of Astoria	Salem Housing Authority
Common School Fund of the State of Oregon	Sunrise Water Authority	Northwest Oregon Housing Authority

Significant Affiliations and Achievements

Oregon Society of CPA's	OSCPA Not-for-Profit Strategic Committee
Reviewer for GFOA Certificate of Excellence in Financial Reporting awards program	Oregon Municipal Finance Officer Association Membership Committee
Oregon Society of CPA's Coaching Program	

Daniel Choy, CPA Candidate

Staff Accountant

Profile

Mr. Choy is a Staff Accountant for Merina & Company's governmental and non-profit clients. Mr. Choy has been with Merina & Company for over two years and has assisted in performing audit engagements which involved planning and conducting audits.

As a Staff Accountant at Merina & Company, Mr. Choy supports the audit team throughout the audit cycle. He performs many of our testing procedures and has significant experience with Oregon Budget Law compliance testing. Mr. Choy also helps to prepare financial statements and reports. His areas of focus are government and non-profit accounting and auditing.

Specialization

Accounting and auditing for municipalities with a focus on State agencies, Cities, Special Districts, Non-Profit, and For-Profit Organizations.

Licensing

CPA Candidate

Education

Bachelor of Science – Accounting – Oregon State University

Engagement Clients

City of Clatskanie	City of The Dalles
City of Cornelius	City of Tualatin
City of Dallas	Mattie Younkin Manor and Powell Vista Manor
City of Happy Valley	Salem Housing Authority
City of Portland	Teton Non-profit Housing Corporation
City of Salem	Washington County

Significant Affiliations and Achievements

Oregon Society of Certified Public Accountants

Appendix B

Sample Management Letter

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To [REDACTED]

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the [REDACTED] as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the [REDACTED]'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 [REDACTED]'s internal control. Accordingly, we do not express an opinion on the effectiveness of the [REDACTED]'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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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 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:

- The City lacks adequate segregation of duties within some of the accounting functions. The individual responsible for processing checks should be segregated from the individual(s) who can approve, set up new vendors, and maintain/update vendor information. The individual responsible for preparing the bank deposits and the bank reconciliations should be segregated from the individual(s) who process payments.

- City employees are circumventing information technology controls when they use other employee's computer logins instead of their own.

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

Merina & Company

Merina & Company, LLP
West Linn, Oregon



Oregon

Kate Brown, Governor

Department of Administrative Services

Enterprise Goods and Services, Shared Financial Services

155 Cottage St NE

Salem, OR 97301-3972

(503)378-3557

FAX (503)373-1273

RETURN TO:

DEPARTMENT OF ADMINISTRATIVE SERVICES
SHARED FINANCIAL SERVICES
ATTN Dana Keller
155 COTTAGE ST NE
SALEM OR 97301-3972

RESOLUTION NO. 2015-06

Whereas, ORS 221.760 provides as follows:

Section 1. The officer responsible for disbursing funds to cities under ORS 323.455, 366.785 to 366.820 and 471.805 shall, in the case of a city located within a county having more than 100,000 inhabitants according to the most recent federal decennial census, disburse such funds only if the city provides four or more of the following services:

- (1) Police protection
- (2) Fire protection
- (3) Street construction, maintenance, and lighting
- (4) Sanitary sewer
- (5) Storm sewers
- (6) Planning, zoning, and subdivision control
- (7) One or more utility services

and

Whereas, city officials recognize the desirability of assisting the state officer responsible for determining the eligibility of cities to receive such funds in accordance with ORS 221.760, now, therefore,

Be it resolved, that the City of MOLALLA hereby certifies that it provides the following four or more municipal services enumerated in Section 1, ORS 221.760:

- | | | |
|----------------------------------------------------------------------------------|-------|----------------------------------------------------------|
| <input checked="" type="checkbox"/> Police protection | _____ | One or more utility services
not checked off on left: |
| <input type="checkbox"/> Fire protection | _____ | |
| <input checked="" type="checkbox"/> Street construction, maintenance, & lighting | _____ | |
| <input checked="" type="checkbox"/> Sanitary sewer | _____ | |
| <input checked="" type="checkbox"/> Storm Sewers | _____ | |
| <input checked="" type="checkbox"/> Planning, zoning, and subdivision control | _____ | |

Approved by the City of MOLALLA

this 10 day of June, 2015.

Attest:

Mayor

Recorder



Oregon

Kate Brown, Governor

Department of Administrative Services

Enterprise Goods and Services, Shared Financial Services

155 Cottage St NE

Salem, OR 97301-3972

(503)378-3557

FAX (503)373-1273

Dana.Keller@oregon.gov

April 08, 2015

**CITY OF MOLALLA
CITY TREASURER
PO BOX 248
MOLALLA OR 97038**

Finance Director,

The Shared Financial Services unit is responsible for certification of eligibility of cities for state-shared revenues (cigarette, liquor and highway taxes) under ORS 221.760.

The law provides that cities located within a county having more than 100,000 inhabitants, according to the most recent decennial census (2010), must provide four or more of the following municipal services to be eligible to receive the revenues:

- Police protection,
- Fire protection,
- Street construction, maintenance, and lighting,
- Sanitary sewers,
- Storm sewers,
- Planning, zoning, and subdivision control,
- One or more utility services.

In order to gain this certification, we will need to have a Resolution from your Council which states that four or more of these services are being provided. A model resolution, applicable to your city under ORS 221.760 is enclosed for your City Council action.

Please return a copy of the Resolution to this office by June 30 to assure your city's certification. ***If you are not certified by July 31 you may not receive your portion of the state-shared revenues.*** We will continue to send periodic reminders to the cities that have not submitted documentation until each city has been certified.

If you have any questions, you can contact me Monday through Friday 8:00 AM – 3:30 PM.

Sincerely,

Dana Keller, Accountant



Oregon

Kate Brown, Governor

Department of Administrative Services

Enterprise Goods and Services, Shared Financial Services

155 Cottage St. NE

Salem, OR 97301-3972

(503)378-3557

FAX (503)373-1273

Resolution 2015-07

RETURN TO:

DEPARTMENT OF ADMINISTRATIVE SERVICES
SHARED FINANCIAL SERVICES
ATTN Dana Keller
155 COTTAGE ST NE
SALEM OR 97301-3972

AN ORDINANCE/RESOLUTION DECLARING THE CITY'S ELECTION TO RECEIVE STATE REVENUES

The City of MOLALLA ordains as follows:

Section 1. Pursuant to ORS 221.770, the city hereby elects to receive state revenues for fiscal year 2015-2016.

Passed by the Common Council the 10 day of June, 2015.

Approved by the Mayor this 10 day June, 2015.

Mayor Debbie Rogge

Attest _____

I *certify that a public hearing before the Budget Committee was held on MAY 5, 2015 and a public hearing before the City Council was held on June 10, 2015, giving citizens an opportunity to comment on use of State Revenue Sharing.

City Recorder

* NOTE: Please return certification only. We do not need copies of notices.



Oregon

Kate Brown, Governor

Department of Administrative Services

Enterprise Goods and Services, Shared Financial Services

155 Cottage St. NE

Salem, OR 97301-3972

(503)378-3557

FAX (503)373-1273

Dana.Keller@oregon.gov

April 08, 2015

CITY OF MOLALLA
CITY TREASURER
PO BOX 248
MOLALLA OR 97038

Finance Director,

State Revenue Sharing Law, ORS 221.770, requires cities to annually pass an ordinance or resolution requesting state revenue sharing money. The law mandates public hearings be held by the city, certification of these hearings is required.

In order to receive state revenue sharing in 2015-2016 your city **must have levied property taxes** in the preceding year and:

1. Pass an ordinance or resolution approving participation in the program and file a copy of that ordinance with Shared Financial Services prior to July 31.
2. Hold the following hearings on the use of state revenue sharing funds:
 - a) a public hearing before the budget committee to discuss possible uses of the funds;
 - b) a public hearing before the city council on the proposed uses of the funds in relation to the entire budget.
3. Certify to DAS Operations **by completing the attached ordinance/resolution form**, prior to July 31 that these hearings have been held. We will continue to send periodic reminders to all cities that have not submitted documentation, until each qualifying city has been certified.

If you have any questions, you can contact me Monday through Friday 8:00 AM –3:30 PM.

Sincerely,

Dana Keller, Accountant

Resolution No. 2015-08
CITY OF MOLALLA

**A RESOLUTION ADOPTING THE CITY OF MOLALLA BUDGET FOR THE FISCAL YEAR
2015/2016; MAKING APPROPRIATIONS; AND CATEGORIZING AND LEVYING AD
VALOREM TAXES**

The City Council of the City of Molalla, Oregon, on the 10th day of June, 2015 sat in regular session for the transaction of City business.

WHEREAS, the Molalla Budget Committee has reviewed and acted on the proposed City budget; and

WHEREAS, the Molalla Budget Committee approved and recommended a balanced budget to the City Council on May 5, 2015; and

WHEREAS, in accordance with State law, the Molalla City Council has held a public hearing on the budget as approved and recommended but the Molalla Budget Committee.

NOW, THEREFORE, THE CITY OF MOLALLA RESOLVES and hereby adopts the FY 2015/2016 budget approved by the Budget Committee on May 5, 2015 with all City Council adjustments as discussed in the regular meeting on June 10, 2015, in the amount of \$18,685,681.67, of which \$1,026,091.81 is in Unappropriated Ending Fund Balance and \$4,043,314.23 is in reserves. Copies of the said budget are on file at the Molalla City Hall, 117 N. Molalla Avenue, Molalla, Oregon, 97038.

THE CITY OF MOLALLA FURTHER RESOLVES as follows:

1. **THAT** the Molalla City Council hereby imposes taxes provided for in the adopted budget at the rate of \$5.3058 per \$1,000 of assessed value for general operations; and in the amount of \$66,463.00 for bonds; and that these taxes are hereby imposed and categorized for tax year 2015/2016 upon the assessed value of all taxable property within the City of Molalla.

	General Government	Excluded from
Limitation		
Permanent Rate	\$5.3058 / \$1,000.00	
General Obligation Bonded Debt Service		\$66,463.00

2. **THAT** the amounts for the purpose of operating the City of Molalla for the fiscal year 2015/2016 budget year be appropriated as follows, beginning July 1, 2015.

TOTAL APPROPRIATED FUNDS	\$13,616,275.63
RESERVES	\$ 4,043,314.23
UNAPPROPRIATED ENDING FUNDS	\$ 1,026,091.81
TOTAL FY 2015/2016 BUDGET FOR THE CITY OF MOLALLA	\$18,685,681.67

GENERAL FUND

Personnel Service	
Office of Governance & Management	\$ 517,500.00
Police Service	\$ 1,789,750.00
Municipal Court	\$ 141,650.00
Materials & Services	
Office of Governance & Management	\$ 323,800.00
Police Service	\$ 488,250.00
Municipal Court	\$ 93,200.00
Capital Outlay	
Office of Governance & Management	\$ 250,000.00
Police Service	\$ 55,000.00
Transfers	\$ 20,000.00
Contingency	\$ 150,000.00
TOTAL APPROPRIATED TO GENERAL FUND	\$ 3,829,150.00
Reserve	\$ 400,000.00
<i>Unappropriated Ending Fund Balance</i>	\$ 468,510.00

LIBRARY FUND

Personnel Service	\$ 550,500.00
Materials & Services	\$ 246,650.00
Capital Outlay	\$ 426,000.00
Contingency	\$ 100,000.00
TOTAL APPROPRIATED TO LIBRARY	\$ 1,323,150.00
Reserve	\$ 1,400,000.00
<i>Unappropriated Ending Fund Balance</i>	\$ 66,418.41

AQUATIC CENTER

Personnel Service	\$ 14,100.00
Materials & Services	\$ 18,500.00
TOTAL APPROPRIATED TO AQUATIC CENTER	\$ 32,600.00

STREET FUND

Personnel Service	\$ 327,400.00
Materials & Services	\$ 479,600.00
Capital Outlay	\$ 557,000.00
Contingency	\$ 100,000.00
TOTAL APPROPRIATED TO STREETS	\$ 1,464,000.00
<i>Unappropriated Ending Fund Balance</i>	\$ 11,000.00

WATER/SEWER DEPOSITS

Materials & Services	\$ 14,129.60
TOTAL APPROPRIATED TO WATER/SEWER DEPOSITS	\$ 14,129.60

PD RESTRICTED REVENUE

Materials & Services	\$	57,453.47
TOTAL APPROPRIATED TO PD RESTRICTED REVENUE	\$	57,453.47

GRANT FUND

Materials & Services	\$	20,000.00
TOTAL APPROPRIATED TO GRANT FUND	\$	20,000.00

WATER FUND

Personnel Service	\$	521,650.00
Materials & Services	\$	585,750.00
Capital Outlay	\$	232,000.00
Transfers	\$	250,000.00
Contingency	\$	100,000.00
TOTAL APPROPRIATED TO WATER	\$	1,689,400.00
<i>Unappropriated Ending Fund Balance</i>	\$	406,475.00

SEWER FUND

Personnel Service	\$	482,330.00
Materials & Services	\$	888,850.00
Capital Outlay	\$	160,500.00
Transfers	\$	315,928.56
Contingency	\$	100,000.00
TOTAL APPROPRIATED TO SEWER	\$	1,947,608.56
<i>Unappropriated Ending Fund Balance</i>	\$	73,566.44

STORM FUND

Personnel Service	\$	54,800.00
Materials & Services	\$	44,800.00
Capital Outlay	\$	20,000.00
Contingency	\$	15,000.00
TOTAL APPROPRIATED TO STORM	\$	134,600.00
<i>Unappropriated Ending Fund Balance</i>	\$	121.96

GENERAL OBLIGATION WATER BOND

Debt Service	\$	66,463.00
TOTAL APPROPRIATED TO GO WATER BOND	\$	66,463.00
<i>Reserve</i>	\$	64,963.00

WATER DEBT RETIREMENT

Debt Service	\$	339,250.00
TOTAL APPROPRIATED TO WATER DEBT RETIREMENT	\$	339,250.00
<i>Reserve</i>	\$	390,919.92

SEWER DEBT RETIREMENT

Debt Service	\$	318,150.00
TOTAL APPROPRIATED TO SEWER DEBT RETIREMENT	\$	318,150.00
<i>Reserve</i>	\$	316,550.00

CWSRF

Debt Service	\$	187,978.00
TOTAL APPROPRIATED TO CWSRF	\$	187,978.00
<i>Reserve</i>	\$	187,343.00

SEWER SDC

Materials & Services	\$	10,000.00
Transfers	\$	187,343.00
TOTAL APPROPRIATED TO SEWER SDC	\$	197,343.00
<i>Reserve</i>	\$	153,441.00

WATER SDC

Materials & Services	\$	25,000.00
Capital Outlay	\$	1,000,000.00
TOTAL APPROPRIATED TO WATER SDC	\$	1,025,000.00
<i>Reserve</i>	\$	562,396.83

STORM SDC

Materials & Services	\$	10,000.00
Capital Outlay	\$	150,000.00
TOTAL APPROPRIATED TO STORM SDC	\$	160,000.00
<i>Reserve</i>	\$	54,794.37

TRANSPORTATION SDC

Materials & Services	\$	10,000.00
Capital Outlay	\$	250,000.00
TOTAL APPROPRIATED TO TRANSPORTATION SDC	\$	260,000.00
<i>Reserve</i>	\$	247,389.35

PARK SDC

Materials & Services	\$	50,000.00
Capital Outlay	\$	500,000.00
TOTAL APPROPRIATED TO PARK SDC	\$	550,000.00
<i>Reserve</i>	\$	265,516.76

3. **THAT** the Budget Officer is authorized to prepare and submit any certifications of the taxes levied that may be deemed necessary by the Oregon Department of Revenue and Clackamas County Assessor.

Adopted by the Molalla City Council this 10th day of June, 2015.

ATTEST:

By: _____
Sadie Cramer, CMC
City Recorder

City of Molalla, Oregon
By: _____
Debbie Rogge, Mayor

MEDIA RELEASE: Molalla Giant Street Parade & Freedom 5K Run Route & Road Closures

MEDIA RELEASE – FOR IMMEDIATE RELEASE

CONTACT:

Molalla Area Chamber of Commerce
503-829-6951
macc@molalla.net

Molalla Giant Street Parade Route & Road Closures starting at 9:00am.

The Molalla Giant Street Parade and Freedom 5K Run will be on Saturday, July 4, 2015. The Freedom Run will begin at 9:20am at the corner of Hwy 213 (Main St.) & Cole St. with the parade starting at 9:30am at the corner of Cole & Heintz St. (Please note starting times.)

The Freedom Run and Parade will follow the following route:
Start at Heintz & Cole, west on Heintz to Grange, south on Grange to Robbins, west on Robbins to Molalla Ave., north on Molalla Ave. to Toliver, west on Toliver to Ridings, south on Ridings to Main (Hwy 211) St. and east on Main Street to Cole.

Roads along this route will close as the Freedom 5K Run and parade nears them. Road closures could be up to 2 ½ hours long. A detour using Molalla Forest Road will take traffic around the community during the parade. Traffic on the north side of town is encouraged to use Vick and Vaughan Roads as feasible alternatives to access either Hwy 211 or Hwy 213.

Roads will be opened as soon as possible after the end of the parade has passed. Please use caution and follow instructions from the Molalla Police Department, Clackamas County Sheriff's Department and Clackamas County Sheriff Explorers.

For any questions please contact the Molalla Area Chamber of Commerce at 503-829-6941.

Molalla Area Chamber of Commerce
107 N. Main St.
Molalla, Oregon 97038

503-829-6941 Fax 503-829-7949
