

AGREEMENT

THIS AGREEMENT, made and entered into on this 4th day of April, 2017, by and between **JACKSON COUNTY, MISSOURI**, by and through its County Executive, hereinafter called "the County," and **BKD LLP**, 1201 Walnut St # 1700, Kansas City, MO 64106, hereinafter called "Auditor."

WITNESSETH:

WHEREAS, the County has determined that it is in the best interest of its citizens to hire independent public accountants to provide auditing services of Jackson County financial statements for the 2016 fiscal year end and future County fiscal years if mutually agreed upon; and,

WHEREAS, the County issued Request for Proposals (RFP) No. 69-16 and received six responses thereon; and,

WHEREAS, the evaluation committee interviewed and evaluated the respondents and recommended an award to Auditor as the best overall response; and,

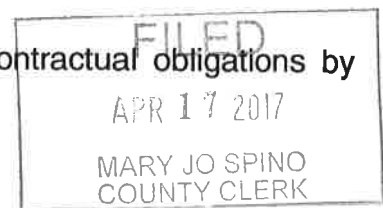
WHEREAS, this Agreement was authorized by Resolution 19399, dated February 27, 2017; and,

WHEREAS, Auditor has agreed to perform consulting work in accordance with the terms, conditions, and covenants as set forth in this Agreement; and,

WHEREAS, Auditor and the County have agreed to be bound by the provisions hereof,

NOW, THEREFORE, in consideration of the foregoing and the terms and provisions herein contained, County and Auditor respectively agree as follows:

1. Professional Services. Auditor shall fulfill its contractual obligations by



providing a Comprehensive Annual Financial Report and audit of the financial records of Jackson County, Missouri, as more fully set out in County's RFP 69-16, Auditor's response thereto, and in Auditor's attached engagement letter, which are all incorporated herein and made a part of this Agreement, provided that, should there be any conflicts between the terms and conditions set forth therein with the terms of this Agreement, the terms of this Agreement shall govern.

2. Independent Contractor. Auditor shall work as an independent contractor and not as an employee of the County. Auditor shall be subject to the direction of the County only as to the result to be accomplished and not as to the means and methods for accomplishing the result. Auditor shall report all earnings received hereunder as its gross income, and be responsible for its own Federal, State, and City withholding taxes and all other taxes, and shall operate its business independent of the business of the County, except as required by this Agreement.

3. Terms for Payment. Auditor shall receive a flat fee of \$125,000.00 for its work under this Agreement in connection with the 2016 year-end audit. Auditor shall submit monthly statements to the County's Director of Finance and Purchasing, based on estimated percentage of work completed, and the County shall process such statements for payment promptly upon receipt.

4. Duration and Termination. This Agreement shall commence upon execution and continue until the services for the 2016 year-end audit have been completed, unless sooner terminated. Auditor or the County may terminate this Agreement for any reason by giving three (3) days' written notice to the other party. Termination of this Agreement shall not constitute a waiver of the rights or obligations which County or Auditor may be entitled

to receive or be obligated to perform under this Agreement for services prior to the date of termination, but payment pursuant to paragraph 3 of this Agreement shall terminate as of the date of said notice, and shall be prorated through that date. Should this Agreement terminate, upon request, all of County's original written materials of any kind must be delivered and returned by the Auditor to the County within ten (10) business days of the date of request; however, the County acknowledges the Auditor shall maintain ownership of its workpapers, in accordance with Missouri law and Auditor's professional standards. Upon mutual agreement of the parties, this Agreement may be renewed annually for audits through the year 2019. In the event of a renewal, the maximum compensation to be paid to Auditor for its services for each year shall be as set out in Auditor's response to RFP 69-16.

5. Assignment. Auditor agrees, in addition to all other provisions herein, that Auditor shall not assign any portion or the whole of this contract without the prior written consent of the County.

6. Time of the Essence. Timely performance of all duties provided herein is of the essence of this Agreement.

7. Remedies for Breach. Auditor agrees to faithfully observe and perform all of the terms and conditions of this Agreement, and Auditor's failure to do so shall represent and constitute a breach of this Agreement. In such event, Auditor consents and agrees as follows:

(1) The County may upon written notice to Auditor immediately terminate this Agreement; and,

(2) The County shall be entitled to seek any available legal remedy and to collect from Auditor all costs incurred by the County as a result of said breach including reasonable attorney's fees, costs, and expenses.

8. Severability. If any covenant or other provision of this Agreement is invalid, or incapable of being enforced, by reasons of any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect and no covenant or provision shall be deemed dependent upon any other covenant or provision unless so expressed herein.

9. Appropriation of Funds. County promises and covenants to make its best efforts to appropriate funds in accordance with this Agreement. In the event that no funds or in the event that insufficient funds are appropriated and budgeted or are otherwise unavailable by any means whatsoever for payments due hereunder, County shall immediately notify Auditor of this occurrence and this Agreement shall terminate and be rendered null and void on the last day of the fiscal period for which appropriations were made without penalty, liability or expense to the County of any kind, except as to (i) the portions of the amounts due under this agreement for which funds shall have been appropriated and budgeted or are otherwise available and (ii) County's other obligations and liabilities under this agreement relating to, accruing or arising prior to such termination.

10. Conflict of Interest. Auditor warrants that no officer or employee of the County, whether elected or appointed, shall in any manner whatsoever be interested in or receive any benefit from the profits or emoluments of this contract.

11. Employment of Unauthorized Aliens Prohibited. Pursuant to §285.530.1, RSMo, Organization assures that it does not knowingly employ, hire for employment, or continue to employ an unauthorized alien to perform work within the State of Missouri

and/or Jackson County, and shall affirm, by sworn affidavit and provision of documentation, its enrollment and participation in a federal work authorization program with respect to the employees working in connection with the contracted services. Further, Organization shall sign an affidavit, attached hereto and incorporated herein as Exhibit B, affirming that it does not knowingly employ any person who is an unauthorized alien in connection with the contracted services.

12. Incorporation. This Agreement incorporates the entire understanding and agreement of the parties.

IN WITNESS WHEREOF, the parties hereto have signed and executed this Agreement on the date first above written.

BKD LLP

JACKSON COUNTY, MISSOURI

By Rachel Dwyer
Federal Tax I.D. No.: 44-0160260

By Frank White, Jr.
County Executive

APPROVED AS TO FORM:

ATTEST:

W. Stephen Nixon
W. Stephen Nixon
County Counselor

Mary Jo Spino
Mary Jo Spino
Clerk of the Legislature

REVENUE CERTIFICATE

I hereby certify that there is a balance otherwise unencumbered to the credit of the appropriation to which this contract is chargeable, and a cash balance otherwise unencumbered in the treasury from which payment is to be made, each sufficient to meet the obligation of \$125,000.00 which is hereby authorized.

April 13, 2017
Date

[Signature]
Chief Financial Officer
Account No. 001-5101-56010

April 4, 2017

Finance and Audit Committee
c/o Mr. Marc de Rome
Jackson County, Missouri
415 E. 12th Street
Kansas City, Missouri 64106

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide to Jackson County, Missouri.

ENGAGEMENT OBJECTIVES AND SCOPE

We will audit the basic financial statements of Jackson County, Missouri (“County”) as of and for the year ended December 31, 2016, and the related notes to the financial statements.

Our audit will be conducted with the objectives of:

- ✓ Expressing an opinion on the financial statements.
- ✓ Issuing a report on your compliance based on the audit of your financial statements.
- ✓ Issuing a report on your internal control over financial reporting based on the audit of your financial statements.
- ✓ Expressing an opinion on your compliance, in all material respects, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that are applicable to each of your major federal award programs.
- ✓ Issuing a report on your internal control over compliance based on the audit of your compliance with the types of compliance requirements that are applicable to each of your major federal award programs.
- ✓ Issuing a report on your schedule of expenditures of federal awards.

OUR RESPONSIBILITIES

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards require that we plan and perform:

- ✓ The audit of the financial statements to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error.

- ✓ The audit of compliance with the types of compliance requirements described in the *OMB Compliance Supplement* applicable to each major federal award program to obtain reasonable rather than absolute assurance about whether noncompliance having a direct and material effect on a major federal award program occurred.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance having a direct and material effect may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Also, in the future, procedures could become inadequate because of changes in conditions or deterioration in design or operation. Two or more people may also circumvent controls, or management may override the system.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate letter to be signed by you and BKD.

Rachel Dwiggins, Partner, will oversee and coordinate the engagement. Jacob Holman, Director, is responsible for supervising the engagement team and authorizing the signing of reports.

We will issue a written report upon completion of our audit of the County's financial statements. Our report will be addressed to The Honorable County Executive and Members of the County Legislature of Jackson County, Missouri. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis of matter or other matter paragraph(s) or withdraw from the engagement. If we discover conditions that may prohibit us from issuing a standard report, we will notify you as well. In such circumstances, further arrangements may be necessary to continue our engagement.

We will also express an opinion on whether the Combining Fund Statements and Schedules and the Schedule of Expenditures of Federal Awards ("supplementary information") is fairly stated, in all material respects, in relation to the financial statements as a whole.

YOUR RESPONSIBILITIES

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

- a. for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;

- b. for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- c. for identifying and ensuring compliance with the laws, regulations, contracts and grants applicable to your activities including your federal award programs; and
- d. to provide us with
 - i. access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - ii. additional information that we may request from management for the purpose of the audit; and
 - iii. unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, where appropriate, those charged with governance, written confirmation acknowledging certain responsibilities outlined in this engagement letter and confirming:

- The availability of this information
- Certain representations made during the audits for all periods presented
- The effects of any uncorrected misstatements, if any, resulting from errors or fraud aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

The results of our tests of compliance and internal control over financial reporting performed in connection with our audit of the financial statements may not fully meet the reasonable needs of report users. Management is responsible for obtaining audits, examinations, agreed-upon procedures or other engagements that satisfy relevant legal, regulatory or contractual requirements or fully meet other reasonable user needs.

With regard to supplementary information:

- Management is responsible for its preparation in accordance with applicable criteria
- Management will provide certain written representations regarding the supplementary information at the conclusion of our engagement
- Management will include our report on this supplementary information in any document that contains this supplementary information and indicates we have reported on the supplementary information
- Management will make the supplementary information readily available to intended users if it is not presented with the audited financial statements

OTHER SERVICES

We may perform other services for you not covered by this engagement letter. You agree to assume full responsibility for the substantive outcomes of the services described above and for any other services that we may provide, including any findings that may result. You also acknowledge that those services are adequate for your purposes and that you will establish and monitor the performance of those services to ensure that they meet management's objectives. Any and all decisions involving management responsibilities related to those services will be made by you, and you accept full responsibility for such decisions. We understand that you will designate a management-level individual to be responsible and accountable for overseeing the performance of those services, and that you will have determined this individual is qualified to conduct such oversight.

ENGAGEMENT FEES

The fees for our services are \$125,000 as outlined in our proposal. Any major funds in excess of seven will be an additional \$5,000 - \$7,000 depending on the activity within the fund. The above fee includes three major federal programs. Additional major federal programs will be an additional \$4,000 - \$5,000 per program.

Our fees do not include any time that may be required to address a restatement of the previously audited financial statements. Accordingly, any such work will be billed based on our standard hourly rates. Our fees also assume very few, if any, journal entries are required after the commencement of fieldwork.

Our fees are based upon the understanding that your personnel will be available to assist us. Assistance from your personnel is expected to include:

- Preparing audit schedules to support all significant balance sheet and certain other accounts
- Responding to auditor inquiries
- Preparing confirmation and other letters
- Pulling selected invoices and other documents from files
- Helping to resolve any differences or exceptions noted

We will provide you with a detailed list of assistance and schedules required and the date such assistance and schedules are to be provided before the audit begins. All schedules should be provided in electronic form unless indicated otherwise.

Our timely completion of the audit depends on your timely and accurate schedule and analyses preparation and on the availability of your personnel to provide other assistance. If there are inaccuracies or delays in preparing this material, or if we experience other assistance difficulties that add a significant amount of time to our work, our fees will increase.

Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly. We will issue progress billings during the course of our engagement, and payment of our invoices is due upon receipt. Interest will be charged on any unpaid balance after 30 days at the rate of 10% per annum.

Our engagement fee does not include any time for post-engagement consultation with your personnel or third parties, consent letters and related procedures for the use of our reports in offering documents, inquiries from regulators or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

Our fees may also increase if our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards.

If our invoices for this or any other engagement you may have with BKD are not paid within 30 days, we may suspend or terminate our services for this or any other engagement. In the event our work is suspended or terminated as a result of nonpayment, you agree we will not be responsible for any consequences to you.

OTHER ENGAGEMENT MATTERS AND LIMITATIONS

BKD is not acting as your municipal advisor under Section 15B of the *Securities Exchange Act of 1934*, as amended. As such, BKD is not recommending any action to you and does not owe you a fiduciary duty with respect to any information or communications regarding municipal financial products or the issuance of municipal securities. You should discuss such information or communications with any and all internal or external advisors and experts you deem appropriate before acting on any such information or material provided by BKD.

Our workpapers and documentation retained in any form of media for this engagement are the property of BKD. We can be compelled to provide information under legal process. In addition, we may be requested by regulatory or enforcement bodies to make certain workpapers available to them pursuant to authority granted by law or regulation. You agree that we have no legal responsibility to you in the event we provide such documents or information.

You agree to indemnify and hold harmless BKD and its personnel from any claims, liabilities, costs and expenses relating to our services under this agreement attributable to false or incomplete representations by management, except to the extent determined to have resulted from the intentional or deliberate misconduct of BKD personnel.

You agree that any dispute regarding this engagement will, prior to resorting to litigation, be submitted to mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The American Arbitration Association will administer any such mediation in accordance with its Commercial Mediation Rules. The results of the mediation proceeding shall be binding only if each of us agrees to be bound. We will share any costs of mediation proceedings equally.

Either of us may terminate these services at any time. Both of us must agree, in writing, to any future modifications or extensions. If services are terminated, you agree to pay us for time expended to date. In addition, you will be billed travel costs and fees for services from other professionals, if any, as well as an administrative fee of 4% to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as computer processing, software licensing, research and library databases and similar expense items.

If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on heirs, successors and assigns of you and BKD.

We may from time to time utilize third-party service providers, *e.g.*, domestic software processors or legal counsel, or disclose confidential information about you to third-party service providers in serving your account. We remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information. In the event we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider.

We will, at our discretion or upon your request, deliver financial or other confidential information to you electronically via email or other mechanism. You recognize and accept the risk involved, particularly in email delivery as the Internet is not necessarily a secure medium of communication as messages can be intercepted and read by those determined to do so.

You agree you will not modify these documents for internal use or for distribution to third parties. You also understand that we may on occasion send you documents marked as draft and understand that those are for your review purpose only, should not be distributed in any way and should be destroyed as soon as possible.

If you intend to include these financial statements and our report in an offering document at some future date, you agree to seek our permission to do so at that time. You agree to provide reasonable notice to allow sufficient time for us to perform certain additional procedures. Any time you intend to publish or otherwise reproduce these financial statements and our report and make reference to our firm name in any manner in connection therewith, you agree to provide us with printers' proofs or masters for our review and approval before printing or other reproduction. You will also provide us with a copy of the final reproduced material for our approval before it is distributed. Our fees for such services are in addition to those discussed elsewhere in this letter.

You agree to notify us if you desire to place these financial statements or our report thereon along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that we have no responsibility as auditors to review information contained in electronic sites.

Any time you intend to reference our firm name in any manner in any published materials, including on an electronic site, you agree to provide us with draft materials for our review and approval before publishing or posting such information.

BKD is a registered limited liability partnership under Missouri law. Under applicable professional standards, partners of **BKD, LLP** have the same responsibilities as do partners in a general accounting and consulting partnership with respect to conformance by themselves and other professionals in BKD with their professional and ethical obligations. However, unlike the partners in a general partnership, the partners in a registered limited liability partnership do not have individual civil liability, directly or indirectly, including by way of indemnification, contribution, assessment or otherwise, for any debts, obligations or liabilities of or chargeable to the registered limited liability partnership or each other, whether arising in tort, contract or otherwise.

Please sign and return the original of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities. If the signed copy you return to us is in electronic form, you agree that such copy shall be legally treated as a "duplicate original" of this agreement.

BKD, LLP

RRD:AJC:kh

Acknowledged and agreed to on behalf of:

JACKSON COUNTY, MISSOURI

BY _____
(Name & Title - Member of Those
Charged with Governance)

DATE _____

BY _____
(Name & Title - Member of Management)

DATE _____

System Review Report

To the Partners of BKD, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of BKD, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2014. 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. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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*, audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations (SOC 1).

In our opinion, the system of quality control for the accounting and auditing practice of BKD, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2014, 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*. BKD, LLP has received a peer review rating of *pass*.

Postlethwaite & Netterville

Baton Rouge, Louisiana
September 19, 2014

RFP RESPONSE

For your convenience, we have structured our proposal according to the questions in your Request for Proposal (RFP). We believe our proposal will demonstrate our qualifications to serve the County.

4.7.2 REQUIRED FORMS

All forms contained in the Request for Proposal package.

**Exhibit B
Res. 19399**

AFFIDAVIT

Jackson County Missouri Request for Proposal No. 69-16
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AFFIDAVIT

STATE OF Missouri)
COUNTY OF Jackson) SS.

Rachel Dwigins of the City of Kansas City
County of Jackson State of Missouri being duly sworn on her or his oath, deposes and says;

1. That I am the Partner (Title of Affiant) of BKD, LLP (Name of Respondent) and have been authorized by said Respondent to make this Affidavit upon my best information and belief, after reasonable inquiry as to the representations herein.
2. No Officer, Agent or Employee of Jackson County, Missouri is financially interested directly or indirectly what Respondent is offering to sell to the County pursuant to this Invitation (though no representation is made regarding potential ownership of publicly traded stock of respondent).
3. If Respondent were awarded any contract, job, work or service for Jackson County, Missouri, no Officer, Agent or Employee of the County would be interested in or receive any benefit from the profit or emolument of such.
4. Either Respondent is duly listed and assessed on the tax rolls of Jackson County, Missouri and is not delinquent in the payment of any taxes due to the County or Respondent did not have on December 31, 2015 any property subject to taxation by the County and if respondent is duly listed and assessed on the tax rolls of Jackson County, Missouri, respondent agrees to permit an audit of its records, if requested by the Jackson County Director of Assessment, as they relate to the assessment of Business Personal Property.
5. Respondent has not participated in collusion or committed any act in restraint of trade, directly or indirectly, which bears upon anyone's response or lack of response to the Invitation.
6. Respondent certifies and warrants that Respondent or Respondent's firm/organization is not listed on the General Services Administration's Report of Debarred and/or Suspended Parties; or the State of Missouri and City of Kansas City, Missouri Debarment List.
7. Respondent certifies and affirms its enrollment and participation in a federal work authorization program with respect to the employees working in connection with the contracted services.
8. Respondent certifies and affirms that it does not knowingly employ any person who is an unauthorized alien in connection with the contracted services.

BKD, LLP (Name of Respondent)

By: Rachel Dwigins (Signature of Affiant)

Partner (Title of Affiant)

Subscribed and sworn to before me this 3rd day of November, 2016

NOTARY PUBLIC in and for the County of Jackson (SEAL)

State of Missouri

My Commission Expires: Aug 18, 2017



ABBY L. HELIN
My Commission Expires
August 18, 2017
Clay County
Commission #13507828