

One-rdg. _____
P. Hrngs. _____
Pgs. 227
Filed: 06-21-16

Sponsored by: McClure

First Reading: _____

Second Reading: _____

COUNCIL BILL NO. 2016- 154

SPECIAL ORDINANCE NO. _____

AN ORDINANCE

1 AUTHORIZING the City Manager, or his designee, to enter into agreements with RSM
2 US LLP, to provide professional auditing services to the City and to
3 The Police Officers' and Fire Fighters' Retirement System for fiscal
4 years 2016 through 2020.
5 _____
6

7 BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD,
8 MISSOURI, as follows, that:
9

10 Section 1 – The City Manager, or his designee, is hereby authorized to enter into
11 two agreements with RSM US LLP, said agreements to be substantially in form and
12 content as those documents attached hereto and incorporated herein by reference as
13 “Exhibit 1” and “Exhibit 2.”
14

15 Section 2 – This ordinance shall be in full force and effect from and after
16 passage.
17

18 Passed at meeting: _____
19

20 _____
21 Mayor
22

23 Attest: _____, City Clerk
24

25 Filed as Ordinance: _____
26

27
28 Approved as to form: Rhonda Lewsader, Assistant City Attorney
29

30
31 Approved for Council action: [Signature], City Manager

EXPLANATION TO COUNCIL BILL NO: 2016- 154

FILED: 06-21-16

ORIGINATING DEPARTMENT: Finance

PURPOSE: To authorize the City Manager, or his designee, to enter into agreements with RSM US LLP, to provide professional auditing services for the City and for The Police Officers' and Fire Fighters' Retirement System for fiscal years 2016 through 2020.

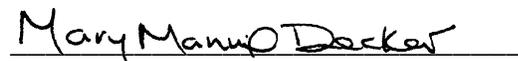
BACKGROUND: Article II, Section 2.14 of the City Charter requires that an independent audit shall be made of all accounts of the City annually by a certified public account experienced in municipal accounting selected by the City Council.

A four-member Audit Selection Committee composed of Department of Finance staff issued Requests for Proposals (RFPs) through the Division of Purchasing for auditing services. Two responses were received. The Audit Selection Committee evaluated and ranked the responses according to the selection criteria outlined in the RFPs and recommends the selection of RSM US LLP, to the City Council. The proposed agreements are attached as "Exhibit 1" and "Exhibit 2."

REMARKS: The Audit Selection Committee recommends that City Council approve the selection of and authorize entering into an agreement with RSM US LLP, for fiscal years 2016 through 2020.

Recommended by:

Approved by:



Mary Mannix Decker,
Director of Finance



Greg Burris, City Manager

Exhibit 1

CONTRACT NO. _____

**City of Springfield
Division of Purchases
218 E Central
Springfield, MO 65802
Ph. 417 864-1620
Fax 417-864-1927**

**RSM
Attn: Kevin Smith
4801 Main Street, Suite 400
Kansas City, MO 64112
Ph. 816-751-4027
Email: kevin.smith@rsmus.com**

AUDITOR AGREEMENT

THIS AGREEMENT, made and entered into this ____ day of _____, 2016, by and between the City of Springfield, a municipal corporation of the State of Missouri, hereinafter referred to as the "City" with an office located at 218 E Central, Springfield, Missouri 65802 and RSM, hereinafter referred to as the "Auditor."

WITNESSETH:

WHEREAS, the City of Springfield desires to engage the Auditor to render certain auditing services hereafter described in Request for Proposal #172-2016 which is attached hereto and incorporated herein as **Exhibit A**; and

WHEREAS, the Auditor submitted a proposal dated May 12, 2016 which proposal is attached hereto and incorporated herein as **Exhibit B**; and

WHEREAS, the Auditor has submitted the lowest and best bid for performing the services listed in the Notice of Award, which Notice of Award is attached hereto and incorporated herein as **Exhibit C**;

NOW, THEREFORE, for the considerations herein expressed, it is agreed by and between the City and the Auditor as follows:

- 1. **Services.** The City agrees to engage the services of the Auditor and the Auditor agrees to perform the services in strict accordance with the terms of **Exhibit A**, and in accordance with the standard of care, skill and expertise ordinarily used by other members of Auditor’s profession in performing similar services.
- 2. **Contract Documents.** The agreement between the City of Springfield and the Auditor shall consist of (1) The Contract form which embodies the requirements contained herein, (2) the Request for Proposal, and any amendments thereto, (3) the proposal, as accepted, submitted in response to the Request for Proposal, and (4) the award letter. In the event of a conflict in language between the documents referenced above, the provisions and requirements set forth and/or referenced in the Contract shall govern over all other documents, and the Request for Proposal and amendments thereto shall govern over the Auditor’s Proposal and amendments thereto. However, the City reserves the right to clarify any Contractual relationship in writing with the concurrence of the Auditor, and such written clarification shall govern in case of conflict with the applicable requirements stated in the Request for Proposal or the Auditor’s Bid. In all other matters not affected by the written clarification, if any, the Request for Proposal shall govern. The Auditor is cautioned that the proposal shall be subject to acceptance without further clarification.
 - a. **Request for Proposal Scope of Work Modifications:**
 - i. Item 1.6.1 Auditor requests that access to working papers and reports be limited to a representative of a regulator of the City.
 - ii. Item 1.6.2 Auditor agrees, to the extent allowable by professional standards.

3. **Modification of Contract.** The Scope of Work to be done under the Contract shall be subject to modification and supplementation upon the written agreement of the duly authorized representatives of the contracting parties. No provision in the Contract shall be changed or modified without the execution of a formal amendment to the Contract, mutually agreed to by the City and the Auditor and processed through the Division of Purchases. Upon request by the City, the Auditor shall provide an estimate of cost of any additional work or services to be incorporated by a modification to the Scope of Work and the Contract.
4. **Exchange of Data.** All information, data, and reports in the City's possession and necessary for the carrying out of the work, shall be furnished to the Auditor without charge, and the parties shall cooperate with each other in every way possible in carrying out the scope of services.
5. **Personnel.**
 - a. The Auditor represents that Auditor will secure at Auditor's own expense, all personnel required to perform the services called for under this contract by Auditor. Such personnel shall not be employees of or have any contractual relationship with the City except as employees of the Auditor. All of the services required hereunder will be performed by the Auditor or under Auditor's direct supervision and all personnel engaged in the work shall be fully qualified and shall be authorized under state and local law to perform such services. None of the work or services covered by this contract shall be subcontracted without the written approval of the City.
 - b. The Auditor represents, in accordance with RSMo statute Section 285.530.2, that it has not employed, or subcontracted with, unauthorized aliens in connection with the scope of work to be done under the Contract and agrees to provide an affidavit to the City of Springfield affirming that it has not, and will not in connection with the Contract, knowingly employ, or subcontract with, any person who is an unauthorized alien.
6. **Term.** The services of the Auditor shall commence only as authorized in writing by City purchase order or other written notice and shall commence as soon as practicable after the execution of this contract as promised by the Auditor in **Exhibit B**, unless otherwise directed in writing. The term of the Agreement shall be for the period specified in **Exhibit C**.
7. **Appropriation of Funds.** In the event funds are not appropriated by the Council of the City of Springfield for any term of the contract, any extension thereto or any portion of any term of the contract which falls in a fiscal period other than a fiscal period for which funds have been appropriated, the contract shall terminate without notice at the end of the fiscal period for which funds are appropriated.
8. **Payment.**
 - a. **Conditioned upon acceptable performance.** The City agrees to pay the Auditor in accordance with the prices and terms set forth in **Exhibit B** for work authorized by City purchase order or other written notice by the City upon presentation of proper invoice and inspection by the City of work completed by the Auditor. The City expressly reserves the right to disapprove in whole or in part a request for payment where the services rendered during the period for which payment is claimed are not performed in a timely and satisfactory manner in accordance with the schedule and description of services set forth in **Exhibit A**.
 - b. **Total compensation not to exceed.** It is expressly understood that in no event will the total compensation and reimbursement to be paid to the Auditor under the terms of this contract exceed the sum of **One Hundred Thirty Thousand Six Hundred Fifty Dollars (\$130,650.00)**.

9. **Termination of Contract.**

- a. **For Breach:** If, through any cause, the Auditor shall fail to fulfill in a timely and proper manner Auditor's obligations under this contract, or if the Auditor shall violate any of the covenants, agreements, or stipulations of this contract, the City shall thereupon have the right to terminate this contract by giving written notice to the Auditor of such termination and specifying the effective date thereof, at least five (5) days before the effective day of such termination.
- b. **For Convenience:** The City shall have the right at any time by written notice to Auditor to terminate and cancel this contract, without cause, for the convenience of the City, and Auditor shall immediately stop work.

In either such event, all finished or unfinished documents, data, studies, reports, or other materials prepared by the Auditor shall, at the option of the City become its property. **It is agreed that Auditor's working papers are at all times the exclusive property of Auditor and are not subject to the terms of this agreement.** The Auditor shall be entitled to receive just and equitable compensation for any satisfactory work completed prior to termination of the contract. Notwithstanding the above, the Auditor shall not be relieved of liability to the City for damages sustained by the City by virtue of any such breach of the contract by the Auditor.

10. **Conflicts.**

- a. Auditor covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services to be performed under this contract. The Auditor further covenants that in the performance of this contract no person having such interest shall be employed.
- b. No salaried officer or employee of the City and no member of the City Council shall have a financial interest, direct or indirect, in this contract. A violation of this provision renders the contract void. Any federal regulations and applicable provisions in Section 105.450 et seq. RSMo. shall not be violated.

11. **Assignment.** The Auditor shall not assign or transfer any interest in this contract (whether by assignment or novation), and shall not substitute any specific individuals and/or personnel qualifications without prior written consent of the City thereto. Provided, however, that claims for money due or to become due to the Auditor from the City under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of such assignment or transfer shall be furnished in writing promptly to the City. Any such assignment is expressly subject to all rights and remedies of the City under this agreement, including the right to change or delete activities from the contract or to terminate the same as provided herein, and no such assignment shall require the City to give any notice to any such assignee of any actions which the City may take under this agreement, though City will attempt to so notify any such assignee.

12. **Confidentiality of Documents.** Any reports, data, design or similar information given to or prepared or assembled by the Auditor under this contract which the City requests to be kept as confidential shall not be made available to any individual or organization by the Auditor without prior written approval of the City.

Notwithstanding the terms of this clause, it is understood that Auditor subscribes to a program of peer review for maintenance of quality control as required by its profession. As part of this program, engagement files may be selected for review by other professionals under strict rules of confidentiality. Acceptance constitutes agreement for disclosure under peer review programs, with reasonable notice given by Auditor.

13. **Discrimination.** The Auditor agrees in the performance of this contract not to discriminate on the ground or because of race, creed, color, national origin or ancestry, sex, religion, handicap, age, or

political opinion or affiliation, against any employee of Auditor or applicant for employment and shall include a similar provision in all subcontracts let or awarded hereunder.

14. **Occupational License:** The Auditor shall obtain and maintain an occupational license with the City of Springfield, Missouri, if required by city code and any required state or federal license. The cost for this occupational license shall be borne by the Auditor. No contract will be executed by the City until this occupational license has been obtained.
15. **Compliance with Laws.** Auditor agrees to comply with all applicable federal, state and local laws or rules and regulations applicable to the provision of services and products hereunder. Auditor affirmatively states that payment of all local, state, and federal taxes and assessments owed by Auditor is current.
16. **Nonresident/Foreign Auditors.** The Auditor shall procure and maintain during the life of this contract:
 - a. If the Auditor is a foreign corporation, a certificate of authority to transact business in the State of Missouri from the Secretary of State, unless exempt pursuant to the provisions of Section 351.572 RSMo.
 - b. A certificate from the Missouri Director of Revenue evidencing compliance with the transient employer financial assurance law, unless exempt pursuant to the provisions of Section 285.230 RSMo.
17. **General Independent Auditor Clause.** This agreement does not create an employee/employer relationship between the parties. It is the parties' intention that the Auditor will be an independent Auditor and not the City's employee for all purposes, including, but not limited to, the application of the Fair Labor Standards Act minimum wage and overtime payments, Federal Insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act, the provisions of the Internal Revenue Code, Missouri revenue and taxation laws, Missouri workers' compensation and unemployment insurance laws. The Auditor will retain sole and absolute discretion in the judgment of the manner and means of carrying out the Auditor's activities and responsibilities hereunder. The Auditor agrees that it is a separate and independent enterprise from the public employer, that it has a full opportunity to find other business, that it has made its own investment in its business, and that it will utilize a high level of skill necessary to perform the work. This agreement shall not be construed as creating any joint employment relationship between the Auditor and the City, and the City will not be liable for any obligation incurred by the Auditor, including but not limited to unpaid minimum wages and/or overtime premiums.
18. **City Benefits.** The Auditor shall not be entitled to any of the benefits established for the employees of the City nor be covered by the Worker's Compensation Program of the City.
19. **Liability and Indemnity.** The parties mutually agree to the following:
 - a. In no event shall the City be liable to the Auditor for special, indirect, or consequential damages, except those caused by the City's gross negligence or willful or wanton misconduct arising out of or in any way connected with a breach of this contract. The maximum liability of the City shall be limited to the amount of money to be paid or received by the City under this contract.
 - b. The Auditor shall defend, indemnify, and hold harmless the City, its elected or appointed officials, agents and employees, from and against any and all liability, suits, damages, costs (including attorney fees), losses, outlays and expenses from claims caused by Auditor's negligent or willful acts or omissions in the performance of this Contract (assuming full responsibility for relations with subcontractors), including but not limited to claims for personal injuries, death, property damage, or for damages from the award of this contract to Auditor.

- c. The Auditor shall indemnify and hold the city harmless from all wages or overtime compensation due any employees in rendering services pursuant to this agreement or any subcontract, including payment of reasonable attorneys' fees and costs in the defense of any claim made under the Fair Labor Standards Act, the Missouri Prevailing Wage Law or any other federal or state law.
20. **Professional Liability Insurance:** The Auditor shall provide professional errors and omissions insurance in the amount of Five Million Dollars (\$5,000,000.00) with an insurance carrier with ratings no lower than A minus by A.M.Best.
21. **Notices.** All notices required or permitted hereinunder and required to be in writing may be given by FAX or by first class mail addressed to City and Auditor at the addresses shown above. The date of delivery of any notice given by mail shall be the date falling on the third day after the day of its mailing. The date of delivery of notice by FAX transmission shall be deemed to be the date transmission occurs, except where the transmission is not completed by 5:00 p.m. on a regular business day at the terminal of the receiving party, in which case the date of delivery shall be deemed to fall on the next regular business day for the receiving party.
22. **Jurisdiction.** This agreement and every question arising hereunder shall be construed or determined according to the laws of the State of Missouri. Should any part of this agreement be litigated, venue shall be proper only in the Circuit Court of Greene County, Missouri.
23. **Entire Agreement.** This agreement contains the entire agreement of the parties. No modification, amendment, or waiver of any of the provisions of this agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.
24. **Auditor's Responsibility for Subcontractors.** It is further agreed that Auditor shall be as fully responsible to the City for the acts and omissions of its Subcontractors, and of persons either directly or indirectly employed by them, as Auditor is for the acts and omissions of persons it directly employs. Auditor shall cause appropriate provisions to be inserted in all subcontracts relating to this work, to bind all Subcontractors to Auditor by all the terms herein set forth, insofar as applicable to the work of Subcontractors and to give Auditor the same power regarding termination of any subcontract as the City may exercise over Auditor under any provisions of this contract. Nothing contained in this contract shall create any contractual relation between the Subcontractor and the City or between any Subcontractors.
25. **Waiver.** No provision of the contract documents shall be construed, expressly or by implication, as a waiver by the City of any existing or future right or remedy available by law in the event of any claim of default or breach of contract.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the day and year herein stated.

CERTIFICATE OF DIRECTOR OF FINANCE

AUDITOR

I certify that the expenditure contemplated by this document is within the purpose of the appropriation to which it is to be charged and that there is an unencumbered balance of appropriated and available funds to pay therefore.

By: _____

Name: _____

Title: _____

Director of Finance

CITY OF SPRINGFIELD, MISSOURI

By: _____
City Purchasing Agent

APPROVED AS TO FORM

Assistant City Attorney



**CITY OF SPRINGFIELD, MISSOURI
DIVISION OF PURCHASES**

REQUEST FOR PROPOSAL NO. 172-2016

AUDITING SERVICES: FINANCIAL STATEMENTS

RFP Due Date: 3:00 P.M. on Thursday, May 12, 2016

Location: Purchasing Division, 218 E Central, Springfield, MO 65802

Buyer: Margaret Juarez

Email: mjuarez@springfieldmo.gov

Phone: 417-864-2079

Fax: 417-864-1927

Proposals will be received by the Purchasing Division at the specified location until the time and date cited above. Only proposals received by the correct time and date will be recorded.

Proposals must be submitted in an envelope with the Request for Proposal number and the Vendor's name and address clearly indicated on the envelope. All proposals must be completed in ink or typewritten and submitted by the time and date above.

Auditors are strongly encouraged to carefully read the entire Request for Proposal.

April 11, 2016
Issue Date

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City Budget - <http://www.springfieldmo.gov/DocumentCenter/View/19568>

CAFR - <http://www.springfieldmo.gov/DocumentCenter/View/21433>

Single Audit - <http://www.springfieldmo.gov/DocumentCenter/View/21434>

CITY OF SPRINGFIELD, MISSOURI
DIVISION OF PURCHASES
STANDARD INSTRUCTIONS TO PROPOSERS AND CONDITIONS OF REQUEST FOR PROPOSAL

1. PREPARATION OF PROPOSALS

A. Proposers are expected to examine the scope of services, delivery schedule, requirements and all instructions of the Request for Proposal. Failure to do so will be at Proposer's risk. In case of a mistake in extension, the unit price(s) will govern.

B. Any manufacturer's name, trade names, brand names, information and/or catalogue numbers listed in a specification are for information and are not intended to limit competition. The Proposer may offer any brand which meets or exceeds the specification for any item. If proposals are based on equivalent products, indicate on the proposal the manufacturer's name and model number. The Proposer shall explain in detail the reasons why the proposed equivalent will meet the specifications and not be considered an exception thereto. Proposals which do not comply with these requirements are subject to rejection. Proposals lacking any written indication of intent to propose an alternate brand will be received and considered in complete compliance with the specifications as listed on the proposal forms.

C. All supplies and equipment offered in a proposal must be new and of current production unless the Request for Proposal clearly specifies that used or reconditioned supplies or equipment may be offered.

D. Firm fixed prices shall be bid and include all packing, handling and shipping charges.

E. Unless otherwise indicated prices quoted shall be firm for acceptance for ninety days from proposal opening and for the specified contract period.

F. The City of Springfield does not pay federal excise and sales tax on direct purchases of tangible personal property. Exemption number A356656.

2. SUBMISSION OF PROPOSALS

A. A proposal submitted by a Proposer must (1) be manually signed by the Proposer on the Division of Purchases Request For Proposal Affidavit for Compliance form; (2) contain all information required by the Request For Proposal; (3) be priced as required; (4) be sealed in an envelope or container; (5) be attached to a security deposit if required; and (6) be delivered to the Division of Purchases and officially clocked in no later than the exact time and date specified on the Request For Proposal.

B. The sealed envelope or container containing a proposal should be clearly marked on the outside left corner with (1) the official Request For Proposal number and (2) the official closing date and time.

C. Do not submit proposals in response to other solicitations in the same sealed envelope. If more than one proposal is submitted in the same container, your proposal may be rejected as non-responsive.

3. MODIFICATION OR WITHDRAWAL OF PROPOSALS

A. Proposals may be modified or withdrawn by written or telegraphic notice received prior to the official closing date and time specified. A proposal may also be withdrawn or modified in person by the Proposer or his authorized representative provided proper

identification is presented before the official closing date and time. Verbal phone requests to withdraw or modify a proposal will not be considered.

B. After the official closing date and time, no proposal may be modified or withdrawn.

C. The proposal is firm for acceptance for ninety (90) days after proposal opening.

4. PROPOSAL OPENING

A. Proposal openings shall be public on the date and at the time specified on the proposal form. It is the Proposer's responsibility to assure that his proposal is delivered at the proper time and place of the proposal opening. Proposals which for any reason are not so delivered will be not considered. Offers by telegram, telephone, or facsimile will not be accepted, unless specifically authorized by the Request for Proposal. Proposal files may be examined during normal working hours by appointment.

5. AWARDS

A. Unless otherwise stated in the Request For Proposal, cash discounts for prompt payment of invoices will not be considered in the evaluation of prices, if part of the proposal. However, such discounts are encouraged to motivate prompt payment.

B. As the best interest of the City may require, the right is reserved to make awards; to reject any and all proposals or waive any minor irregularity of technicality in proposals received.

C. Awards will be made to the Proposer whose proposal (1) meets the specifications and all other requirements of the Request For Proposal and (2) is the best proposal, considering price, responsibility of the Proposer and all other relevant factors in the criteria for award.

D. Each proposal is received with the understanding that the acceptance in writing by the City of the offer to furnish any or all the materials, equipment, supplies or services described therein shall constitute a contract between the Proposer and the City; and shall bind the Proposer to furnish and deliver at the price, and in accordance with the conditions of said accepted proposal and detailed specifications.

6. OPEN COMPETITION

A. It is the intent and purpose of the Division of Purchases that the Request for Proposal permits free and open competition. However, it shall be the Proposer's responsibility to advise the Division of Purchases if any language, requirements, etc., or any combination thereof, inadvertently restricts or limits the requirement to a single source or otherwise prohibits the submission of a proposal. The notification should be received by the Division of Purchases at least ten days prior to the Request for Proposal closing date and time. The Proposer may submit a notification after the proposal closing provided sufficient time is permitted for a thorough review by the Division of Purchases and its decision will be final.

**CITY OF SPRINGFIELD, MISSOURI
DIVISION OF PURCHASES
STANDARD TERMS AND CONDITIONS OF PURCHASE**

A. This contract expresses the complete agreement of the parties and performance shall be governed solely by the terms and conditions contained herein. Changes, additions or modifications hereto must be in writing and signed by the Purchasing Agent.

B. **QUANTITIES:** The City of Springfield assumes no obligations for articles or materials shipped in excess in the quantity ordered. Any unauthorized quantity is subject to the City's rejection and returned at the Seller's expense.

C. **DELIVERY:** Time is of the essence of this order. If deliveries or completion time are not made at the time agreed upon, the City reserves the right to cancel or to purchase elsewhere and hold Seller liable for any re-procurement costs.

D. **SHIPMENT:** Deliveries shall be FOB: Destination unless otherwise specified by the City.

E. **INVOICES:** An original and three copies of the invoice shall be submitted and shall show the purchase order number or contract and contract release number and contain full descriptive information of item or services furnished.

F. **INSPECTION AND ACCEPTANCE:** No material received by the City pursuant to this contract shall be deemed accepted until the City has had reasonable opportunity to inspect said material. All material which is discovered to be defective or which does not conform to any warranty of the Seller herein upon inspection, or at any later time if the defects contained in the material were not reasonably ascertainable upon the initial inspection, may be returned at the Seller's expense for full credit or replacement. Such right to return offer to the City arising from the City's receipt of defective goods shall not exclude any other legal, equitable or contractual remedies the City may have therefore.

G. **WARRANTY:** Seller expressly warrants that all articles, materials and work covered by this contract will conform to each and every specification, drawing, sample or other description which is furnished to or is adopted by the City and that they will be fit and sufficient for the purpose intended, merchantable, of good material and workmanship, and free from defect. Such warranty shall not be deemed waived either by reason of the City's acceptance of said material or goods or by payment for them.

H. **PATENTS:** Seller guarantees that the sale or use of the articles described herein will not infringe upon any U. S. or foreign patent and Seller covenants that he will, at his own expense, defend every suit which may be brought against the City, or those selling or using City's product for any alleged infringement of any patent by reason of the sale or use of such articles and Seller agrees that he will pay all costs, damages and profits recoverable in any such suit.

I. **BANKRUPTCY OR INSOLVENCY:** In the event of any proceedings by or against either party, voluntary or involuntary, in bankruptcy or insolvency, or for the appointment of a receiver or trustee or an assignee for the benefit of creditors, of the property of Seller, or in the event of breach of any of the terms hereof including the warranties of the Seller, City may cancel this contract or affirm the contract and hold Seller responsible in damages.

J. **COMPLIANCE WITH APPLICABLE LAWS:** The Seller warrants its has complied with all applicable laws, rules and ordinances of the United States, or any state, municipality or any

other governmental authority or agency in the manufacture or sale of the items covered by this contract, including but not limited to all provisions of the Fair Labor Standard Act of 1938, as amended.

K. **INTERPRETATION OF CONTRACT AND ASSIGNMENTS:** The contract shall be construed according to the laws of the State of Missouri. The contract, or any rights, obligations or duties hereunder may not be assigned by Seller without City's written consent or any attempted assignment without such consent shall be void.

L. **TERMINATION OF CONTRACT:** The City reserves the right to terminate the contract at any time if any of the provisions of the contract are violated by the Contractor or by any of his Subcontractors, in the sole judgment and discretion of the City. In the event of such termination, the Contractor shall be liable for any excess costs incurred by the City. If the contract is so terminated, the City may purchase upon such terms and in such manner as the Purchasing Agent may deem appropriate, supplies or services similar to those so terminated, and that the Contractor will be liable for excess costs occasioned thereby.

M. **NON-DISCRIMINATION IN EMPLOYMENT:** In connection with the furnishing of supplies or performances or work under this contract, the Contractor agrees to comply with the Fair Labor Standard Act, Fair Employment Practices, Equal Opportunity Employment Act, and all other applicable federal and state laws, and further agrees to insert the foregoing provision in all subcontracts awarded hereunder.

N. **PROVISIONS BY LAW DEEMED INSERTED:** Each and every provision of the law and clauses required by law to be inserted in this contract will be deemed to be inserted herein and will read and enforced as though it were included herein, and if through mistake, or otherwise any such provision is not inserted, then upon the application of either party the contract will be physically amended to make such insertion or correction.

O. **PERFORMANCE BONDS:** If required, as a condition for the award of a contract, the amount of a performance bond will be described in the Request for Proposal at the time of issuance. The performance bond must be issued for the amount specified by a surety company, or secured with a certified check, cash, or cashiers check. No personal or company-check is acceptable.

P. **TAX-EXEMPT:** The City of Springfield is exempt from sales tax and Federal Excise Tax Certificate No. A356656.

Q. **ASSIGNMENT:** The Contractor shall not assign any interest in this contract, and shall not transfer any interest in the same (whether by assignment or novation), without prior written consent of the City thereto. Provided, however, that claims for money due or to become due to the Contractor from the City under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of such assignment or transfer shall be furnished in writing promptly to the City. Any such assignment is expressly subject to all rights and remedies of the City under this agreement, including the right to change or delete activities from the contract or to terminate the same as provided herein, and no such assignment shall require the City to give any notice to any such assignee of any actions which the City may take under this agreement, though City will attempt to so notify any such assignee.

**CITY OF SPRINGFIELD, MISSOURI
REQUEST FOR PROPOSAL #172-2016
1.0 SCOPE OF WORK**

1.1 GENERAL INFORMATION:

1.1.1 As required by Section 2.14 of the City Charter, the City of Springfield, Missouri is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2016 with the option, if exercised by the City, of auditing its financial statements for each of the four (4) subsequent fiscal years. The audits are to be performed in accordance with generally accepted auditing standards and the standards set forth for financial audits by **Government Auditing Standards**, issued by the Comptroller General of the United States.

1.1.2 This section sets forth the minimum requirements to be met by the independent auditor in completion of the audit of the City's financial statements for the contract period.

1.1.3 The auditor shall provide at least the minimum services described herein, but the services provided by the auditor shall include all services offered by the auditor in its proposal and shall not be limited by this Scope of Work.

1.1.4 Schedule: The following schedule of events is anticipated by the City. The City may, at its' discretion, revise the schedule of events at any time as may be in the best interests of the City.

Publish the Request for Proposal	April 11, 2016
Final Questions from Offers	April 26, 2016
City's response to Questions	April 29, 2016
Proposals Due Date	May 12, 2016

1.1.5 **Execution of Agreement:** It is anticipated the selection of a firm will be completed as quickly as possible. The successful proposer shall, within ten (10) calendar days after Notice of Award is issued by the City of Springfield Division of Purchases, enter into a contract with the City for the performance of work awarded to him/her and shall simultaneously provide any required bonds, indemnities and insurance certificates. A copy of the sample agreement is attached. Failure to comply within the established deadline for submittal of required documents may be grounds for cancellation of the award.

1.2 SCOPE OF WORK TO BE PERFORMED:

1.2.1 The auditor shall express an opinion on the fair presentation of the City's financial statements, in conformity with generally accepted accounting principles for the year ending June 30, 2016.

1.2.2 The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board (GASB) as mandated by generally accepted auditing standards.

1.3 AUDITING STANDARDS TO BE FOLLOWED: To meet the requirements of this Request for Proposal, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the latest U. S. General Accounting Office's Government Auditing Standards, and the provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

1.4 DELIVERABLES: Following the completion of the audits of the fiscal year's financial statements, the auditor shall issue and deliver the following reports:

1.4.1 A report of independent auditors on the fair presentation of the basic financial statements for the City of Springfield for the year ending June 30 in conformity with generally accepted accounting principles.

1.4.2 A report on compliance and the internal control over financial reporting based on the following:

- Audit of the Financial Statements
- Single Audit
- Passenger Facility Charge Audit

1.4.3 In the required reports on compliance and internal controls, the auditor shall communicate any deficiencies found during the audit. A deficiency in internal control over financial reporting exist 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 over financial reporting, 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.

1.4.4 Deficiencies and significant deficiencies discovered by the auditors and not reported above shall be reported in a separate management letter addressed to the City Council, which shall be referred to in the report on internal control. These deficiencies and significant deficiencies shall be discussed with the Director of Finance prior to inclusion in the management letter.

1.4.5 The reports on compliance shall include all instances of noncompliance, required to be reported by ***Governmental Auditing Standards***.

1.4.6 Auditors shall be required to make an immediate report of all fraud and illegal acts or indications of fraud and illegal acts of which they become aware to the City Manager and the Director of Finance.

1.5 SPECIAL CONSIDERATIONS:

1.5.1 The City will submit its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada (GFOA) for review in its Certificate of Achievement for Excellence in Financial Reporting program. The auditor shall be required to

provide assistance as needed to the City to continue to meet the requirements of the program.

1.5.2 The City may require the auditor's assistance to comply with reporting requirements of the Governmental Accounting Standards Board (GASB), as they relate to both new pronouncements or any subsequent pronouncements issued.

1.5.3 The City's most recent financial statement audit revealed no material weaknesses in internal control structure and operation, nor did it reveal any material instances of noncompliance with applicable laws, regulations, contracts or grants.

1.5.4 The City's most recent OMB Circular A-133 audit did not reveal any deficiencies in internal control over financial reporting that were considered to be material weaknesses or significant deficiencies. There were no findings or questioned costs.

1.5.5 Management believes it has addressed all findings for the fiscal year ending June 30, 2016.

1.5.6 The Auditors may be required to assist in determining applicability of reporting requirements of the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB) as they relate to both new pronouncements and any subsequent pronouncements.

1.6 WORKING PAPER RETENTION AND ACCESS TO WORKING PAPERS:

1.6.1 All working papers and reports shall be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor shall make working papers available, upon request, to the following parties or their designees:

- The City of Springfield, Missouri (the City)
- The auditor of the City's basic financial statements
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state governments, or by the City as part of an audit quality review process

1.6.2 In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

1.7 SPECIAL TERMS AND CONDITIONS: The following terms and conditions apply to submitting proposals in response to this Request for Proposal:

1.7.1 **Term:** The term of this contract shall be for one year beginning on July 1, 2016. The City may, at its sole option, extend the contract for up to four (4) additional one year terms upon written notice to the Contractor.

1.7.2 **Escalation/De-Escalation:** Bid prices shall remain firm for a period of one year from the date of award. The contract prices may be changed after the first year for the following reasons:

An increase or decrease in the supplier's cost of materials may be justification for price change; however, this shall not be construed in any way to increase vendor's margin of profit.

All written request for price increase must include backup documentation as to the nature of the increase and shall be submitted to the City Purchasing Agent at least 60 days prior to the scheduled price increase/decrease or renewal of contract. Approval of each request shall be by written confirmation from the City Purchasing Agent. If the City should consider said increase unwarranted or unreasonable, the City reserves the right to terminate the contract with the vendor. Any price decline at the manufacturer's level shall be reflected in an immediate reduction of the contract prices and the vendor shall notify the buyer of said decline.

- 1.7.3 **Insurance:** The Auditor shall provide professional errors and omissions insurance in the amount of Five Million Dollars (\$5,000,000.00) with an insurance carrier with ratings no lower than A minus by A.M.Best.
- 1.7.4 **Incurred Expenses:** The City is not responsible for any expenses which proposers may incur in preparing and submitting proposals called for in this Request for Proposals.
- 1.7.5 **Interviews:** The City reserves the right to conduct personal interviews or require presentations of any or all proposers prior to selection. The City will not be liable for any costs incurred by the proposer in connection with such interviews (i.e. travel, accommodations, etc.)
- 1.7.6 **Request for Additional Information:** The proposer shall furnish such additional information as the City of Springfield may reasonably require. This includes information which indicates financial resources as well as ability to provide services. The City reserves the right to make investigations of the qualifications of the proposer as it deems appropriate.
- 1.7.7 **Acceptance/Rejection/Modification to Proposals:** The City reserves the right to negotiate modifications to proposals that it deems acceptable, reject any and all proposals and to waive minor irregularities in the procedures.
- 1.7.8 **Proposals Binding:** All proposals submitted shall be binding for one hundred twenty (120) calendar days following the opening date.
- 1.7.9 **Proprietary Information:** In accordance with Public Records Law, and except as may be provided by other applicable State and Federal law, all proposers should be aware that Requests for Proposals and the responses thereto are in the public domain. However, the proposers are requested to identify specifically any information contained in their proposals which they consider confidential and/or proprietary and which they believe to be exempt from disclosure, citing specifically the applicable exempting law.

All proposals received from proposers in response to this Request for Proposal will become the property of the City of Springfield and will not be returned to the proposers. In the event

of contract award, all documentation produced as part of the contract will become the exclusive property of the City.

- 1.7.10 **Proposer's Certification:** By submitting a proposal, the proposer certifies that he/she has fully read and understands the proposal method and has full knowledge of the scope, nature and quality of work to be performed. The proposer further certifies that no employee of the City has any direct or indirect financial interest in any resultant contract, and that no gratuities will be offered or provided to City of Springfield employees or their family members.
- 1.7.11 **Non-Exclusive Contract:** The agreement resulting from this RFP shall be a non-exclusive contract, and the City reserves the right to purchase same or like services from other sources the City deems necessary and appropriate.
- 1.7.12 **Exceptions:** If the Offeror desires to take any exception to the terms, conditions and requirements of the RFP, the proposer must clearly state those exceptions on the Affidavit of Compliance. Exceptions taken by the Offeror may be considered in the evaluation of proposals.
- 1.7.13 **Late Proposals:** Proposals received by the City after the time specified for receipt will not be considered. Proposers shall assume full responsibility for timely delivery of the proposals to the location designated for receipt of proposals. The City of Springfield is not responsible for the U.S. Mail or private couriers in regards to mail being delivered by the specified time so that a proposal can be considered. All proposals will be received at the time and place specified and made available for public inspection when an award decision is made.
- 1.7.14 **Completeness:** All information required by the Request for Proposal must be supplied to constitute a legitimate proposal. The City of Springfield reserves the right to use any and all information presented in any response to the Request for Proposal. Acceptance or rejection of the RFP does not affect this right.
- 1.7.15 **Authorization:** The services of the Contractor shall commence only as authorized in writing by City Purchase Order or other written notice and shall be undertaken and completed as promised by the Contractor in its bid.
- 1.7.16 **Time of Completion:** Notwithstanding the term of the Contract, the Contractor shall complete all work and provide all services in accordance with the schedule of time promised by the Contractor in the Contractor's proposal.
- 1.7.17 **Manner of Payment:**
 - 1.7.17.1 Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month.
 - 1.7.17.2 Payments shall be made to auditor within thirty (30) working days following submission of proper invoice to the City.

1.7.17.3 Final payment shall be made only after satisfactory completion and delivery of all reports included in this request for proposals.

CITY OF SPRINGFIELD, MISSOURI
REQUEST FOR PROPOSAL #172-2016
2.0 DESCRIPTION OF THE CITY OF SPRINGFIELD

2.1 BACKGROUND INFORMATION:

- 2.1.1 The City's 2016 Annual Operating Budget is located at the following web site:
<http://www.springfieldmo.gov/DocumentCenter/View/19568>
- 2.1.2 The Annual Financial Report for the year ended June 30, 2015 is located at the following web site: <http://www.springfieldmo.gov/DocumentCenter/View/21433>
- 2.1.3 The Annual Financial Report is prepared by the City of Springfield and is usually issued during the month of December.
- 2.1.4 The current Auditing Firm for the City of Springfield is BKD, LLP who has been on contract since July 2, 2012. The contract with BKD has no one-year renewals remaining which is why we are asking for proposals at this time. Total audit fees for fiscal year ended June 30, 2015, totaled \$133,299.44.
- 2.1.5 During the fiscal year ended June 30, 2015, the City reported a total of six major funds, consisting of four major governmental funds and two major enterprise funds. All bids should be based on a minimum of six major funds and a per unit cost for each additional major fund audited.
- 2.1.6 During the fiscal year ended June 30, 2015, the City reported in excess of \$16.3 million in expenditures of federal financial awards. During the fiscal year to be audited, total expenditures of federal awards will be similar in nature. It is anticipated that the federal award programs will include, but may not be limited to Home Investment Partnership Programs, Community Development Block Grants (CDGB), Workforce Investment Act Grants, Environmental Protections Agency Programs, Department of Justice Grants, Department of Health and Human Services Grants, Department of Homeland Security Grants, Airport Improvement Program Grants, and Highway Planning and Construction Grants. All bids should be based on a minimum of three major programs and a per unit cost for each additional major program audited.
- 2.1.7 The auditor's principal contact with the City will be the Accounting Manager for scheduling requirements and questions related to the financial process.
- 2.1.8 **Computer Systems:** The City operates with Oracle Financial Management and HR/Payroll software. These systems will operate on Sun Solaris server's located offsite at the "Bluebird Underground". The City completed a system upgrade from Oracle platform 11.5.10 to Oracle platform 12.1.3 during fiscal year 2014. The City does not have any planned system upgrades with the exception of Oracle mandated patches.

**CITY OF SPRINGFIELD, MISSOURI
REQUEST FOR PROPOSAL #172-2016
3.0 TIME REQUIREMENTS**

3.1 SCHEDULE FOR THE 2016 FISCAL YEAR AUDIT: (A similar schedule will be developed for audits of future fiscal years if the City exercises its option for additional audits.) Each of the following shall be completed by the auditor no later than the dates indicated.

3.1.1 Interim Work: The auditor shall complete any required interim work during the months of July and August 2016. Historically, the interim work has taken 1-2 weeks with 2-3 auditors.

3.1.2 Detailed Audit Plan: The auditor shall provide a detailed audit plan and a list of all schedules to be prepared by the City by July 29, 2016.

3.1.3 Date Final Field Work May Commence: The City shall have all records ready for final audit and all personnel available to meet with the firm's personnel on October 3, 2016. The auditor shall complete all final field work by November 18, 2016. Historically, Final Field Work has taken 4-5 weeks with 3-6 auditors.

3.1.4 Draft Reports: The auditor shall have draft of the audited financial statements and reports available for review November 25, 2016.

3.1.5 Once all issues for discussion are resolved, the final signed auditor's opinion shall be delivered to the Director of Finance by December 7, 2016.

3.1.6 The auditor shall make two separate presentations of the deliverables prior to December 31, 2016. The first presentation will be made to the City Manager and Finance Director. The second presentation will be made to the City Council. The presentation to the City Council will be made on either December 13, 2016 or December 20, 2016, pending the availability of City Council. All reports should be completed and available for the presentation to the City Council.

3.1.7 The auditor shall deliver an electronic version of the audited financial statements to the City immediately following the presentation to City Council.

3.2 ENTRANCE CONFERENCES, PROGRESS REPORTING AND EXIT CONFERENCES: (a similar procedure shall be followed for the audits of future fiscal years if the City exercises its option of additional audits). **At a minimum, the following conferences shall be held:**

3.2.1 An entrance conference with the Director of Finance and Accounting Manager shall be held at the start of both interim and final fieldwork.

3.2.2 Weekly progress reporting shall be made with the Director of Finance or designee during both interim and final fieldwork. These progress reports shall include, but not be limited to, discussions on the progress of the audit, any findings or problems encountered and resolution of audit issues.

- 3.2.3 An exit conference with the Director of Finance and Accounting Manager shall be scheduled at the end of fieldwork to summarize the results of fieldwork and to review significant findings, including proposed management letter comments.
- 3.2.4 An additional exit conference with the Director of Finance, Accounting Manager and City Manager shall be scheduled at the end of fieldwork to summarize the results of fieldwork and to review significant findings, including proposed management letter comments.

**CITY OF SPRINGFIELD, MISSOURI
REQUEST FOR PROPOSAL #172-2016**

4.0 ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

4.1 FINANCE DEPARTMENT AND CLERICAL ASSISTANCE:

- 4.1.1 Finance Department staff will be available during the audit to assist the firm by providing information, documentation and explanations. Finance Department staff will also assist on items such as confirmations, reports, schedules, etc. Internal audit staff is not available to direct the audit or perform work of the auditor. Additionally, staff routinely prepares ledgers, financial statements, year-end proof of cash, etc. Offerors may assume that this level of effort and assistance will be continued but may also recommend a different level.
- 4.1.2 Information Systems personnel will be available to assist the auditor with preparation of I.S. reports and schedules and statistical data for inclusion in the audit report.
- 4.1.3 City staff shall prepare working papers summarizing all sources of revenues and expenditures for the audit period.

4.2 STATEMENTS AND SCHEDULES TO BE PREPARED BY CITY STAFF:

- 4.2.1 City staff shall prepare all sections of the Comprehensive Annual Financial Report, including the Introductory Section, Financial Section (excluding the Independent Auditor's Report), Required Supplementary Information, and Statistical Section.
- 4.2.2 City of Springfield staff shall prepare working papers summarizing all sources of federal awards for use in the completion of the OMB Circular A-133 audit.
- 4.2.3 The City shall provide the auditor with a reasonable work area. The auditor shall also be provided with access to a phone line in the work area, photocopying facilities and fax machines in an adjacent area.

CITY OF SPRINGFIELD, MISSOURI
REQUEST FOR PROPOSAL #172-2016
5.0 SUBMISSION OF PROPOSALS/INSTRUCTIONS TO OFFERORS

5.1 GENERAL INSTRUCTIONS: In order for the Committee to adequately compare proposals and evaluate them uniformly and objectively, all proposals shall be submitted in accordance with this format. The proposal should be prepared simply and economically, providing straightforward and concise information as requested.

5.1.1 The Offeror is strongly encouraged to thoroughly review the entire Request for Proposal. Failure to do so could result in improper submittal and rejection of offer. All proposals will be reviewed for compliance with the submission requirements contained in this section and responsiveness to the minimum requirements in the Scope of Work.

5.1.2 **Forms and Attachments:** The Affidavit of Compliance Form is required to be sent with your proposal. Any exceptions to the RFP terms, conditions and requirements shall be stated on this form. Any addenda to the RFP shall be acknowledged on this form.

5.1.3 **Proposal Due Date:** Sealed proposals with one (1) original, four (4) complete copies, and one (1) complete electronic copy stored on a CD or portable drive (flash type) shall be received at the Division of Purchases no later than **3:00 p.m., Thursday, May 12, 2016**. Proposals will not be accepted after this time. Proposals shall be addressed as follows:

For Mail or Hand Delivery:

CITY OF SPRINGFIELD
MARGARET JUAREZ
218 E. CENTRAL
SPRINGFIELD, MO 65802

Submitted envelopes should be marked:

"REQUEST FOR PROPOSAL: #172-2016"

5.1.4 **Addenda:** If it becomes necessary to revise or amend any part of this Request for Proposal, the City Purchasing Agent will furnish the revision by written Addendum to all prospective proposers who received an original Request for Proposal.

5.1.5 **Proposal Format:**

I. **Title Page:** Title page showing the Request For Proposal's subject; the firm's complete legal name; the name, address and telephone number of a contact person, and the date of the proposal.

II. **Table of Contents**

III. **Transmittal Letter:** A signed letter of transmittal briefly stating the Offeror's understanding of the work to be done, acceptance of all terms and conditions specified in the Request for Proposal (any terms and conditions not accepted must be specifically identified in the transmittal letter), a commitment to perform the work within the time

period, and a statement that the proposal is a firm and irrevocable offer for one hundred twenty (120) days after the date and time set for receipt.

IV. **Technical Proposal:** The method by which the detailed proposal is organized is left to the discretion of the Offeror. However, the detailed proposal shall include a discussion of all items set forth in Part 5.3 of this request for proposal.

V. **Certificates of Insurance:** Submit with your proposal a Certificate of Insurance for your Professional Liability and Errors and Omissions insurance.

5.2 PROPOSAL EVALUATION PROCESS: The steps and activities in the proposal process will include the following:

5.2.1 A Selection Committee consisting of at least three (3) members will be established to review and evaluate all proposals submitted in response to this Request for Proposals (RFP). The Committee shall conduct a preliminary evaluation of all proposals on the basis of the information provided and other evaluation criteria as set forth in this Request for Proposals or as reasonably determined by the Committee.

5.2.2 **Criteria for Award:** The evaluation committee will evaluate the proposals. Each proposal will be evaluated for full compliance with the RFP instructions to the Offeror and mandatory terms and conditions set forth in the RFP. The objective of the evaluation will be to select a firm that is most responsive to the described needs of the City. Proposals which are responsive to the Request for Proposal will be evaluated based on, but not limited to the following criteria:

- 30% Demonstrated experience with auditing entities similar to the City of Springfield.
- 20% Overall responsiveness and quality of the proposal in clearly demonstrating an understanding of the work to be performed.
- 25% Ability of the proposer to perform the required services and consideration of the proposer's capacity, structure, and financial stability, including the Experience, qualifications, and availability of the primary contact(s) and support staff assigned to the City.
- 25% Cost of the proposer's services to the City.

5.2.3 Mandatory Elements:

5.2.3.1 The audit firm is independent and licensed to practice in the State of Missouri.

5.2.3.2 The firm's past experience on comparable government engagements.

5.2.3.3 The firm has no conflict of interest with regard to any other work performed by the firm for the City.

5.2.3.4 The firm submits a copy of its most recent external quality control review report and any letter of comments, as well as the firm having a record of quality audit work.

5.2.3.5 The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.

5.2.3.6 The proposal demonstrates that the firm has an understanding of the audit objectives, the City's needs and final products to be delivered.

5.2.3.7 The proposal demonstrates an adequate intention of starting the audit when required, meeting deadlines and completing the audit in a timely fashion.

FIRMS THAT DO NOT MEET THE MANDATORY CRITERIA LISTED ABOVE WILL BE ELIMINATED FROM FURTHER CONSIDERATION.

5.2.4 Technical Qualifications/Expertise and Experience:

- Assigned practice office and audit staff experience
- Adequacy of the proposed staffing plan for various segments of the engagement and realistic estimates of time required to complete the engagement
- The quality and municipal government experience of the firm's professional personnel to be assigned to the engagement
 - Audit approach, reference comments, and other relevant experience
 - Quality of audit work of assigned practice office

5.3 TECHNICAL PROPOSAL:

5.3.1 General Instructions:

5.3.1.1 The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City's financial statements in conformity with the requirements of this Request for Proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal shall demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It shall also specify an audit approach that will meet the requirements of this Request for Proposal.

5.3.1.2 The technical proposal shall address all the points outlined in the request for proposals (excluding any cost information which shall only be included in the sealed dollar cost bid). The proposal shall be prepared simply and economically, providing a straightforward, concise description of the Offeror's capabilities to satisfy the requirements of the Request for Proposal. While additional pertinent narrative or data may be presented, the following subjects, items Nos. 3.2 through 3.9, must be included. They represent the criteria against which the proposal will be evaluated.

5.3.2 Independence:

5.3.2.1 The firm shall provide an affirmative statement that it is independent of the City of Springfield, Missouri and its component units, as defined by generally accepted auditing standards and *Government Auditing Standards*, as issued by the

Comptroller General of the United States.

- 5.3.2.2 The firm shall also list and describe the firm's professional relationships involving the City or any of its agencies, component units or oversight unit for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.
- 5.3.2.3 In addition, the firm shall give the City written notice of any professional relationships entered into during the period of this agreement which could have the appearance of a conflict of interest.
- 5.3.3 **License to Practice in the State of Missouri:** An affirmative statement shall be included indicating that the firm and all assigned key professional staff are properly licensed to practice in the State of Missouri.
- 5.3.4 **Firm Qualifications and Experience:**
- 5.3.4.1 The proposal shall state:
- a. The size of the firm
 - b. The size of the firm's governmental audit staff
 - c. The location of the practice office from which the work on this engagement is to be performed. For the assigned practice office, indicate:
 - the number of staff by discipline (financial audit, information technology, tax, consulting)
 - the number of staff by category (partner, manager, etc.)
 - the number of staff with governmental audit or consulting experience
 - description of current audit client base by industry, size, etc.
- 5.3.4.2 The firm shall also submit a copy of the report and any letter of comments on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.
- 5.3.4.3 The firm shall also provide information on the results of any federal or state desk reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the assigned practice office during the past five (5) years by the AICPA, SEC or State Board or Society.
- 5.3.4.4 The proposal shall describe all pending or settled litigation during the past five (5) years involving the assigned practice office.
- 5.3.4.5 The proposal shall describe the professional liability and errors and omissions insurance coverage maintained by the firm including the amounts of maximum coverage and deductibles or retentions.

5.3.5 Partner, Supervisory and Staff Qualifications and Experience:

- 5.3.5.1 The firm shall identify the principal supervisory and management staff, including engagement partners, managers, seniors, other supervisors and specialists who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in the State of Missouri. The firm also shall provide information on the government auditing experience of each person identified including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.
- 5.3.5.2 The firm shall provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also shall indicate how the quality of staff over the term of the agreement will be assured.
- 5.3.5.3 Describe any other practice office experience which is deemed to be relevant to completion of the proposed engagement.
- 5.3.5.4 If it becomes necessary to change engagement partners, managers, seniors, specialists, and other audit personnel during the contract term, the City will retain the right to approve or reject replacements.

5.3.6 Description of Relevant Practice Office Experience:

- 5.3.6.1 Please provide a list of clients of the assigned practice office for the following categories: (Please include clients anytime between 2012 and 2015)
- Municipalities and other government entities
 - Governmental entities for which single audits of federal financial assistance have been performed (identify the magnitude of federal assistance provided).
- 5.3.6.2 For each of the categories of clients listed above in Section 2.6.1, please indicate the top five clients that are considered most similar to the City of Springfield:
- Scope of Work
 - Approximate dates service was provided
 - Approximate size of government entity, annual budget, population, etc.
 - Name of engagement partner
 - Total hours
 - Name and telephone number of principal client contact

5.3.7 Specific Audit Approach:

- 5.3.7.1 The proposal shall set forth a work plan, including an explanation of the audit methodology to be followed to perform the services required in Part Two - Scope of Work of this request for proposals. In developing the work plan, reference should be made to such sources of information as the City's budget, Comprehensive Annual

Financial Report and related materials, organizational charts, and financial and other management information systems.

5.3.7.2 Offerors shall provide the following information on their audit approach:

- Proposed segmentation of the engagement
- Level of staff and estimated number of hours to be assigned to each proposed segment of the engagement
- A description of the extent to which statistical sampling techniques are to be used in the engagement
- Type and extent of analytical procedures to be used in the engagement.
- Approach to be taken to gain and document an understanding of the City's internal control structure
- Approach to be taken in determining laws and regulations that will be subject to audit test work
- Approach to be taken in drawing audit samples for purposes of tests of compliance
- An explanation of the firm's normal use of client personnel to assist you during the audit and indicate approximate time requirements to be placed on them.
- An explanation of your firm's procedures for technical review of audit reports prior to issuance. This discussion shall identify key personnel involved in technical review, their qualifications and whether they are independent of personnel assigned to the audit engagement.
- Identify the firm's general approach regarding subsequent years' audit engagements, should the City exercise this option.
- Identify how your firm would utilize other auditors' work, to the extent possible, in completion of this engagement.

5.3.8 **Identification of Anticipated Potential Audit Problems:** The proposal shall identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City.

5.3.9 Other Information

5.3.9.1 **Staff Education and Development:** The proposal shall identify the firm's policies and practices regarding staff education and development.

5.3.9.2 **Staff Turnover:** Describe the proposed practice office's history of staff turnover at all staff levels during the past three (3) years.

5.3.9.3 **Rotation Policy:** Describe the firm's policy regarding rotation of seniors, managers and/or partners, if such a policy exists.

5.3.9.4 **Policy Regarding Use of Minority Firms:** Describe the firm's policy, if such a policy exists, regarding the use of minority firms in completion of the engagement.

5.4 PRICE: Cost will be a factor in the selection of an audit firm.

5.5 OTHER CONSIDERATIONS:

- Litigation, pending or settled, involving the proposed practice office
- Disciplinary actions involving the proposed practice office

5.6 SHORT LIST: Proposals will then be evaluated and rated in accordance with the evaluation criteria. A shortlist will be developed listing the highest ranked proposals.

5.6.1 The City Purchasing Agent will confer with all responsible proposers who have been short-listed and may arrange, if necessary, for interviews/presentations by the short listed firms.

5.6.2 The City Purchasing Agent reserves the right to conduct pre-award discussions and/or pre-contract negotiations with any or all responsive and responsible proposers who submit proposals determined to be reasonably acceptable of being selected for award. Proposers shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals and such revisions may be permitted after submission of proposals and prior to award of a contract.

5.7 The City reserves the right to reject any and all proposals and to waive minor irregularities. The City further reserves the right to seek new proposals when such a procedure is reasonable and in the best interests of the City to do so.

5.8 QUESTIONS REGARDING SPECIFICATIONS OR PROPOSAL PROCESS: To ensure fair consideration for all proposers, the City prohibits communication to or with any department, board members, or employee during the submission process, except as provided below. Additionally, the City prohibits communications initiated by a proposer to the City official(s) or employee(s) evaluating or considering the proposals prior to the time an award decision is made. Any communication between proposer and the City will be initiated by the appropriate City Official(s) or employee(s) in order to obtain information or clarification needed to develop a proper, accurate evaluation of the proposal. Such communications initiated by a proposer may be grounds for disqualifying the offending proposer from consideration for award of the proposal and/or any future proposal(s).

5.8.1 Any questions relative to interpretation of specifications or the proposal process shall be addressed to the City Purchasing Agent or his designee in writing, in ample time before the period set for the receipt and opening of proposals. No inquiries, if received within ten (10) days of the date set for receipt of proposals will be given any consideration. Any interpretation made to prospective proposers will be expressed in the form of an addendum to the RFP, which, if issued, will be conveyed in writing to all prospective proposers not later than five (5) days prior to the date set for receipt of proposals.

5.8.2 It will be the responsibility of the proposer to contact the Division of Purchases prior to submitting a proposal to ascertain if any addenda have been issued, to obtain all such addenda, and to acknowledge addendum with the proposal.

**CITY OF SPRINGFIELD, MISSOURI
REQUEST FOR PROPOSAL #172-2016**

OFFER AND SCHEDULE OF PROFESSIONAL FEES

The undersigned has thoroughly examined the entire Request for Proposal (RFP), including all addenda thereto, hereby offers to furnish all services in accordance with the requirements of the Request For Proposal, as described in the proposal attached hereto and incorporated herein, as follows:

PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2016 FINANCIAL STATEMENTS

	Estimated Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	_____	\$ _____	\$ _____	\$ _____
Managers	_____	\$ _____	\$ _____	\$ _____
Seniors	_____	\$ _____	\$ _____	\$ _____
Other Supervisory Staff	_____	\$ _____	\$ _____	\$ _____
Staff	_____	\$ _____	\$ _____	\$ _____
Other (specify)	_____	\$ _____	\$ _____	\$ _____
Subtotal				\$ _____
Total for services described in Part Two of the Request For Proposal				\$ _____
Out-of-pocket expenses (Not to Exceed):				
Meals and lodging				\$ _____
Transportation				\$ _____
Total all-inclusive maximum price for 2016 Audit Services				\$ _____

Note: The rates quoted shall not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price. **PROFESSIONAL FEES SPECIFIED HEREIN SHALL BE APPLICABLE FOR ADDITIONAL SERVICES, IF REQUESTED BY THE CITY.**

CONTRACT NO. _____

City of Springfield
Division of Purchases
218 E Central
Springfield, MO 65802
Ph. 417 864-1620
Fax 417-864-1927

Auditor
Company Name
Attn: _____
Address _____

Ph. _____
Fax _____

AUDITOR AGREEMENT

THIS AGREEMENT, made and entered into this ____ day of _____, 2016, by and between the City of Springfield, a municipal corporation of the State of Missouri, hereinafter referred to as the "City" with an office located at 218 E Central, Springfield, Missouri 65802 and _____, (type of entity) hereinafter referred to as the "Auditor."

WITNESSETH:

WHEREAS, the City of Springfield desires to engage the Auditor to render certain auditing services hereafter described in Request for Proposal #172-2016 which is attached hereto and incorporated herein as **Exhibit A**; and

WHEREAS, the Auditor submitted a proposal dated _____ which proposal is attached hereto and incorporated herein as **Exhibit B**; and

WHEREAS, the Auditor has submitted the lowest and best bid for performing the services listed in the Notice of Award, which Notice of Award is attached hereto and incorporated herein as **Exhibit C**;

NOW, THEREFORE, for the considerations herein expressed, it is agreed by and between the City and the Auditor as follows:

1. **Services.** The City agrees to engage the services of the Auditor and the Auditor agrees to perform the services in strict accordance with the terms of **Exhibit A**, and in accordance with the standard of care, skill and expertise ordinarily used by other members of Auditor's profession in performing similar services.
2. **Contract Documents.** The agreement between the City of Springfield and the Auditor shall consist of (1) The Contract form which embodies the requirements contained herein, (2) the Request for Proposal, and any amendments thereto, (3) the proposal, as accepted, submitted in response to the Request for Proposal, and (4) the award letter. In the event of a conflict in language between the documents referenced above, the provisions and requirements set forth and/or referenced in the Contract shall govern over all other documents, and the Request for Proposal and amendments thereto shall govern over the Auditor's Proposal and amendments thereto. However, the City reserves the right to clarify any Contractual relationship in writing with the concurrence of the Auditor, and such written clarification shall govern in case of conflict with the applicable requirements stated in the Request for Proposal or the Auditor's Bid. In all other matters not affected by the written clarification, if any, the Request for Proposal shall govern. The Auditor is cautioned that the proposal shall be subject to acceptance without further clarification.
3. **Modification of Contract.** The Scope of Work to be done under the Contract shall be subject to modification and supplementation upon the written agreement of the duly authorized representatives of the contracting parties. No provision in the Contract shall be changed or modified without the execution of a formal amendment to the Contract, mutually agreed to by the City and the Auditor and processed through the Division of Purchases. Upon request by the City, the Auditor shall provide an estimate of cost of any additional work or services to be incorporated by a modification to the Scope of Work and the Contract.

4. **Exchange of Data.** All information, data, and reports in the City's possession and necessary for the carrying out of the work, shall be furnished to the Auditor without charge, and the parties shall cooperate with each other in every way possible in carrying out the scope of services.

5. **Personnel.**
 - a. The Auditor represents that Auditor will secure at Auditor's own expense, all personnel required to perform the services called for under this contract by Auditor. Such personnel shall not be employees of or have any contractual relationship with the City except as employees of the Auditor. All of the services required hereunder will be performed by the Auditor or under Auditor's direct supervision and all personnel engaged in the work shall be fully qualified and shall be authorized under state and local law to perform such services. None of the work or services covered by this contract shall be subcontracted without the written approval of the City.

 - b. The Auditor represents, in accordance with RSMo statute Section 285.530.2, that it has not employed, or subcontracted with, unauthorized aliens in connection with the scope of work to be done under the Contract and agrees to provide an affidavit to the City of Springfield affirming that it has not, and will not in connection with the Contract, knowingly employ, or subcontract with, any person who is an unauthorized alien.

6. **Term.** The services of the Auditor shall commence only as authorized in writing by City purchase order or other written notice and shall commence as soon as practicable after the execution of this contract as promised by the Auditor in **Exhibit B**, unless otherwise directed in writing. The term of the Agreement shall be for the period specified in **Exhibit C**.

7. **Appropriation of Funds.** In the event funds are not appropriated by the Council of the City of Springfield for any term of the contract, any extension thereto or any portion of any term of the contract which falls in a fiscal period other than a fiscal period for which funds have been appropriated, the contract shall terminate without notice at the end of the fiscal period for which funds are appropriated.

8. **Payment.**
 - a. **Conditioned upon acceptable performance.** The City agrees to pay the Auditor in accordance with the prices and terms set forth in **Exhibit B** for work authorized by City purchase order or other written notice by the City upon presentation of proper invoice and inspection by the City of work completed by the Auditor. The City expressly reserves the right to disapprove in whole or in part a request for payment where the services rendered during the period for which payment is claimed are not performed in a timely and satisfactory manner in accordance with the schedule and description of services set forth in **Exhibit A**.

 - b. **Total compensation not to exceed.** It is expressly understood that in no event will the total compensation and reimbursement to be paid to the Auditor under the terms of this contract exceed the sum of _____ **Dollars**
(\$ _____).

9. **Termination of Contract.**
 - a. **For Breach:** If, through any cause, the Auditor shall fail to fulfill in a timely and proper manner Auditor's obligations under this contract, or if the Auditor shall violate any of the covenants, agreements, or stipulations of this contract, the City shall thereupon have the right to terminate this contract by giving written notice to the Auditor of such termination and specifying the effective date thereof, at least five (5) days before the effective day of such termination.

- b. **For Convenience:** The City shall have the right at any time by written notice to Auditor to terminate and cancel this contract, without cause, for the convenience of the City, and Auditor shall immediately stop work.

In either such event, all finished or unfinished documents, data, studies, reports, or other materials prepared by the Auditor shall, at the option of the City become its property. The Auditor shall be entitled to receive just and equitable compensation for any satisfactory work completed prior to termination of the contract. Notwithstanding the above, the Auditor shall not be relieved of liability to the City for damages sustained by the City by virtue of any such breach of the contract by the Auditor.

10. **Conflicts.**

- a. Auditor covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services to be performed under this contract. The Auditor further covenants that in the performance of this contract no person having such interest shall be employed.
- b. No salaried officer or employee of the City and no member of the City Council shall have a financial interest, direct or indirect, in this contract. A violation of this provision renders the contract void. Any federal regulations and applicable provisions in Section 105.450 et seq. RSMo. shall not be violated.

11. **Assignment.** The Auditor shall not assign or transfer any interest in this contract (whether by assignment or novation), and shall not substitute any specific individuals and/or personnel qualifications without prior written consent of the City thereto. Provided, however, that claims for money due or to become due to the Auditor from the City under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of such assignment or transfer shall be furnished in writing promptly to the City. Any such assignment is expressly subject to all rights and remedies of the City under this agreement, including the right to change or delete activities from the contract or to terminate the same as provided herein, and no such assignment shall require the City to give any notice to any such assignee of any actions which the City may take under this agreement, though City will attempt to so notify any such assignee.

12. **Confidentiality of Documents.** Any reports, data, design or similar information given to or prepared or assembled by the Auditor under this contract which the City requests to be kept as confidential shall not be made available to any individual or organization by the Auditor without prior written approval of the City.
13. **Discrimination.** The Auditor agrees in the performance of this contract not to discriminate on the ground or because of race, creed, color, national origin or ancestry, sex, religion, handicap, age, or political opinion or affiliation, against any employee of Auditor or applicant for employment and shall include a similar provision in all subcontracts let or awarded hereunder.

14. **Occupational License:** The Auditor shall obtain and maintain an occupational license with the City of Springfield, Missouri, if required by city code and any required state or federal license. The cost for this occupational license shall be borne by the Auditor. No contract will be executed by the City until this occupational license has been obtained.

15. **Compliance with Laws.** Auditor agrees to comply with all applicable federal, state and local laws or rules and regulations applicable to the provision of services and products hereunder. Auditor affirmatively states that payment of all local, state, and federal taxes and assessments owed by Auditor is current.

16. **Nonresident/Foreign Auditors.** The Auditor shall procure and maintain during the life of this contract:

- a. If the Auditor is a foreign corporation, a certificate of authority to transact business in the State of Missouri from the Secretary of State, unless exempt pursuant to the provisions of Section 351.572 RSMo.

- b. A certificate from the Missouri Director of Revenue evidencing compliance with the transient employer financial assurance law, unless exempt pursuant to the provisions of Section 285.230 RSMo.
17. **General Independent Auditor Clause.** This agreement does not create an employee/employer relationship between the parties. It is the parties' intention that the Auditor will be an independent Auditor and not the City's employee for all purposes, including, but not limited to, the application of the Fair Labor Standards Act minimum wage and overtime payments, Federal Insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act, the provisions of the Internal Revenue Code, Missouri revenue and taxation laws, Missouri workers' compensation and unemployment insurance laws. The Auditor will retain sole and absolute discretion in the judgment of the manner and means of carrying out the Auditor's activities and responsibilities hereunder. The Auditor agrees that it is a separate and independent enterprise from the public employer, that it has a full opportunity to find other business, that it has made its own investment in its business, and that it will utilize a high level of skill necessary to perform the work. This agreement shall not be construed as creating any joint employment relationship between the Auditor and the City, and the City will not be liable for any obligation incurred by the Auditor, including but not limited to unpaid minimum wages and/or overtime premiums.
 18. **City Benefits.** The Auditor shall not be entitled to any of the benefits established for the employees of the City nor be covered by the Worker's Compensation Program of the City.
 19. **Liability and Indemnity.** The parties mutually agree to the following:
 - a. In no event shall the City be liable to the Auditor for special, indirect, or consequential damages, except those caused by the City's gross negligence or willful or wanton misconduct arising out of or in any way connected with a breach of this contract. The maximum liability of the City shall be limited to the amount of money to be paid or received by the City under this contract.
 - b. The Auditor shall defend, indemnify, and hold harmless the City, its elected or appointed officials, agents and employees, from and against any and all liability, suits, damages, costs (including attorney fees), losses, outlays and expenses from claims in any manner caused by, or allegedly caused by, or arising out of or connected with, this contract, or the work of any subcontract there under (the Contract or hereby assuming full responsibility for relations with subcontractors), including but not limited to claims for personal injuries, death, property damage, or for damages from the award of this contract to Auditor.
 - c. The Auditor shall indemnify and hold the city harmless from all wages or overtime compensation due any employees in rendering services pursuant to this agreement or any subcontract, including payment of reasonable attorneys' fees and costs in the defense of any claim made under the Fair Labor Standards Act, the Missouri Prevailing Wage Law or any other federal or state law.
 20. **Professional Liability Insurance:** The Auditor shall provide professional errors and omissions insurance in the amount of Five Million Dollars (\$5,000,000.00) with an insurance carrier with ratings no lower than A minus by A.M.Best.
 21. **Notices.** All notices required or permitted hereinunder and required to be in writing may be given by FAX or by first class mail addressed to City and Auditor at the addresses shown above. The date of delivery of any notice given by mail shall be the date falling on the third day after the day of its mailing. The date of delivery of notice by FAX transmission shall be deemed to be the date transmission occurs, except where the transmission is not completed by 5:00 p.m. on a regular business day at the terminal of the receiving party, in which case the date of delivery shall be deemed to fall on the next regular business day for the receiving party.
 22. **Jurisdiction.** This agreement and every question arising hereunder shall be construed or determined according to the laws of the State of Missouri. Should any part of this agreement be litigated, venue shall be proper only in the Circuit Court of Greene County, Missouri.

- 23. **Entire Agreement.** This agreement contains the entire agreement of the parties. No modification, amendment, or waiver of any of the provisions of this agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.
- 24. **Auditor's Responsibility for Subcontractors.** It is further agreed that Auditor shall be as fully responsible to the City for the acts and omissions of its Subcontractors, and of persons either directly or indirectly employed by them, as Auditor is for the acts and omissions of persons it directly employs. Auditor shall cause appropriate provisions to be inserted in all subcontracts relating to this work, to bind all Subcontractors to Auditor by all the terms herein set forth, insofar as applicable to the work of Subcontractors and to give Auditor the same power regarding termination of any subcontract as the City may exercise over Auditor under any provisions of this contract. Nothing contained in this contract shall create any contractual relation between the Subcontractor and the City or between any Subcontractors.
- 25. **Waiver.** No provision of the contract documents shall be construed, expressly or by implication, as a waiver by the City of any existing or future right or remedy available by law in the event of any claim of default or breach of contract.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the day and year herein stated.

CERTIFICATE OF DIRECTOR OF FINANCE

AUDITOR

I certify that the expenditure contemplated by this document is within the purpose of the appropriation to which it is to be charged and that there is an unencumbered balance of appropriated and available funds to pay therefore.

By: _____

Name: _____

Title: _____

Mary Mannix-Decker, Director of Finance

CITY OF SPRINGFIELD, MISSOURI

By: _____

Michael Bell
Acting City Purchasing Agent

APPROVED AS TO FORM

Assistant City Attorney

Notice and Instructions to Bidders/Vendors

Regarding Sections 285.525 through 285.550 RSMO, Effective January 1, 2009 and Section 292.675 RSMO, Effective August 28, 2009

Effective January 1, 2009 and pursuant to the State of Missouri's RSMO 285.530 (1), No business entity or employer shall knowingly employ, hire for employment, or continue to employ an unauthorized alien to perform work within the state of Missouri.

As a condition for the award of any contract or grant in excess of five thousand dollars by the state or by any political subdivision of the state (e.g., Greene County, Mo.) to a business entity, the business entity (Company) shall, by sworn affidavit and provision of documentation, affirm its enrollment and participation in a federal work authorization program with respect to the employees working in connection with the contracted services. Every such business entity shall sign an affidavit affirming that it does not knowingly employ any person who is an unauthorized alien in connection with the contracted services. [RSMO 285.530 (2)]

RSMO 285.530 pertains to all solicitations for services over \$5,000. RSMO 285.530 does not apply to solicitations for goods only. If a solicitation is for services and goods, RSMO 285.530 applies if the services portion of the solicitation is over \$5,000.

1. Affidavit for Service Contracts over \$5,000.00 (US) – Effective 1-1-2009, Company shall comply with the provisions of Section 285.525 through 285.550 R.S.Mo. Contract award is contingent on Company providing an acceptable notarized affidavit stating:

- a. that Company is enrolled in and participates in a federal work authorization program with respect to the employees working in connection with the contracted services; and
- b. that Company does not knowingly employ any person who is an unauthorized alien in connection the contracted services.

2. Additionally, Company must provide documentation evidencing current enrollment in a federal work authorization program (e.g. electronic signature page from E-Verify program's Memo of Understanding (MOU). *See attached sample.*

The City of Springfield encourages companies that are not already enrolled and participating in a federal work authorization program to do so. E-Verify is an example of this type of program. Information regarding E-Verify is available at <http://www.uscis.gov/e-verify> or by calling **888-464-4218**.

If you have any questions, please contact the City Purchasing Department at 417-864-1620.

Company ID Number: XXXXXX

The foregoing constitutes the full agreement on this subject between the SSA, DHS (Department of Homeland Security), and the Employer.

The individuals whose signatures appear below represent that they are authorized to enter into this MOU on behalf of the Employer and DHS respectively.

To be accepted as a participant in E-Verify, you should only sign the Employer's Section of the signature page. If you have any questions, contact E-Verify Operations at 888-464-4218.

Employer, Your Company Name

John Doe

Name (Please type or print)

Title

Electronically Signed

01/01/2009

Signature

Date

Verification

Department of Homeland Security –Division

USCIS Verification Division

Name (Please type or print)

Title

Electronically Signed

01/01/2009

Signature

Sample
Memo of Understanding - MOU
E-Verify
Electronic Signature Page

**CITY OF SPRINGFIELD
STATEMENT OF "NO PROPOSAL"
REQUEST FOR PROPOSAL #172-2016**

**RETURN THIS PAGE ONLY IF YOUR COMPANY PROVIDES THE PRODUCTS/SERVICES BEING BID AND
DECLINES TO DO SO.**

**WE, THE UNDERSIGNED, HAVE DECLINED TO BID ON YOUR RFP #172-2016 FOR AUDITING SERVICES:
FINANCIAL STATEMENTS FOR THE FOLLOWING REASON(S):**

_____ SPECIFICATIONS ARE TOO "TIGHT", I.E. GEARED TOWARD ONE BRAND OR MANUFACTURER
ONLY (PLEASE EXPLAIN REASON BELOW)

_____ INSUFFICIENT TIME TO RESPOND TO REQUEST FOR PROPOSAL.

_____ WE DO NOT OFFER THIS PRODUCT/S OR EQUIVALENT.

_____ REMOVE US FROM YOUR BIDDERS' LIST FOR THIS COMMODITY OR SERVICE

_____ OUR PRODUCT SCHEDULE WOULD NOT PERMIT US TO PERFORM.

_____ UNABLE TO MEET SPECIFICATIONS.

_____ UNABLE TO MEET INSURANCE REQUIREMENTS.

_____ SPECIFICATIONS UNCLEAR (PLEASE EXPLAIN BELOW).

_____ OTHER (PLEASE SPECIFY BELOW).

REMARKS:

COMPANY NAME: _____

ADDRESS: _____

SIGNATURE AND TITLE: _____

TELEPHONE NUMBER: _____

DATE: _____



CITY OF SPRINGFIELD, MISSOURI
DIVISION OF PURCHASES
REQUEST FOR PROPOSAL #172-2016

ADDENDUM #1

**R
E
T
U
R
N**

TO: Margaret Juarez, Buyer
City of Springfield
Division of Purchases
218 E. Central
Springfield, MO 65802

Date Issued: May 2, 2016
Buyer's Email: mjuarez@springfieldmo.gov
Telephone Number: 417-864-2079
Fax Number: 417-864-1927
DUE DATE: MAY 12, 2016

The Request for Proposal specified above is hereby amended and revised as described below. **This addendum must be acknowledged on the Affidavit of Compliance provided in the original bid documents.**

DESCRIPTION

AUDITING SERVICES: FINANCIAL STATEMENTS

Responses to Questions:

1. Does the City have a mandatory rotation policy for audit firms, or has the current audit firm been invited to bid?

No, the current audit firm has been invited to bid.

2. Has there been any significant turnover in the accounting staff over the past year or any changes you'd expect would impact fieldwork?

No, there has been no change in key accounting staff.

3. Are members of the Selection Committee with the City, or outside participants?

The members include the Director of Finance, Accounting Manager, and two financial analysts involved with the audit process.

4. What, if anything, would the City like to see changed about their current audit process? Are there any improvement areas you'd recommend to your auditor?

The City has received quality audits from their current firm. The firm has been very responsive to all requests throughout the term of the contract.

5. In section 2.1.3 of the RFP, it notes the City prepares the annual financial report:
- If the City drafts the financials, are they available to start reviewing during audit fieldwork traditionally, or after fieldwork has concluded?
 - Section 3.1.4 of the RFP notes the auditor shall have a draft of the financial statements available for review by November 25th – when is the first draft provided by the City for review?

Fund financial statements are usually available during the second week of audit fieldwork. The government-wide financial statements are available in the latter part of fieldwork. The City did not have our LAGERS data until November 20, 2015, which delayed the completion of the government wide statements. This did not result in a delay of the scheduled audit presentation to City Council.

6. Were there any journal entries proposed by the audit firm during 2015 audit? Is there a list of these journal entries available?

No.

7. Was a management letter issued during the 2015 audit, if so, is this available for review?

Yes, please see the attachments titled "Bid 172-2016RFP – Addendum #1 - Exhibit 1" and "Bid 172-2016RFP – Addendum #1- Exhibit 2".

8. For the schedule of professional fees submitted in the proposal response, is a price quote being requested for only 2016, or also for the 4 optional years to renew?

Any change during the optional 4 years should be specified.

9. When are the City Utilities' audited financial statements usually finalized and available to review with the City's CAFR?

The audit of City Utilities of Springfield, Missouri, for the years ended September 30, 2014 and 2013, was dated December 18, 2014 by the audit firm.

10. Who does the City use as its actuary for the Police and Fire Retirement System Plan, and the OPEB plan?

Milliman is the actuary for the Police and Fire Retirement System Plan and Segal is the OPEB actuary.

11. Section 2.1.4 of the RFP notes audit fees for fiscal year ended June 30, 2015 were \$133,299 – was there an allocation between the financial statement audit and single audit?

*Financial statement audit: \$113,923
Single Audit: \$25,000*

The total audit costs were \$138,924. The total noted in the original RFP did not include the airport PFC.

City Manager and Director of Finance
City of Springfield, Missouri
Springfield, Missouri

In planning and performing our audit of the financial statements of City of Springfield, Missouri, as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified.

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 of the City's financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or 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 observed the following matters that we consider to be deficiencies.

Deficiencies

Community Development Fund Interest Receivable

Interest receivable is not currently being accrued on Community Development Fund notes receivable. We estimated accrued interest receivable at year end based on the July 2015 interest paid by borrowers. Our estimate of year-end interest receivable is \$101,000. An adjustment for this amount in the Community Development Fund has been proposed and passed during the fiscal year 2015 audit. The estimate of interest receivable proposed but not recorded during the fiscal year 2014 audit was \$121,000.

We recommend the City accrue interest receivable on Community Development Fund notes receivable going forward.

Accounts Payable Cutoff

We selected samples of payments subsequent to June 30, 2015, to determine appropriate cutoff of expenditures at year end by opinion unit. During our testing, we noticed items below \$10,000 that had not been accrued at year end. In discussion with the Finance Department, the City does not accrue any expense that is received after year end that is not above \$10,000. We estimated the liability that should have been accrued among all funds to be approximately \$49,000. We also noted the purchasing card activity for the last day of the fiscal year totaling approximately \$29,000 was not accrued. We recommend that the City accrue all expenses that relate to the fiscal year.

OTHER MATTERS

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist.

However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving accounting controls and the financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

Planning and Development Department Notes Receivable Software Implementation

During our review of notes receivable with the Planning and Development Financial Analyst, we noted that the loan reconciliation and billing process is manual and time consuming for the Planning and Development staff. We also noted that the implementation of a new, internally developed loan software was completed during the year. Currently, the Financial Analyst and her staff maintain Excel amortization files on some loans that have not been added to the new system. In discussion with the department, all additional loans will be added to the system but there are a few loans that are still maintained manually. We recommend that the City incorporate the remaining manual loans into the new loan software system. Amortization schedules in Excel can be easily manipulated and increase the likelihood of an error in billing and posting a loan payment.

Increased Oversight through Continuous Auditing

One way to increase oversight over routine transactions with little additional time from management personnel is the use of continuous auditing. Continuous auditing is the routine use of electronic auditing tools and methods which have the ability to effectively and efficiently analyze an entire data set, as opposed to traditional oversight methods such as manually reviewing only high dollar items. There are various software tools available that can be set up to perform automated processes at scheduled times. Continuous auditing processes can be developed to address many risks.

Below are a few of the schemes and errors that can potentially be identified through an electronic analysis:

- Fictitious vendors
- Significant alterations of hours and wages
- Ghost employees
- Duplicate payments
- Inappropriate purchasing card transactions
- Employees paid as vendors (undisclosed conflicts of interest)

Electronic data analysis does not provide assurance that irregularities will be discovered; however, it is a tool that can be effective when used in conjunction with management's other efforts to detect fraud and errors.

Affordable Care Act Employer Reporting Requirement

New reporting requirements under the Patient Protection and Affordable Care Act (ACA) will take effect for calendar year 2015, with initial reporting in early 2016. The IRS will use the new reporting statements to enforce penalties relating to the individual mandate and employer mandate rules.

Beginning with the 2015 calendar year, ACA requires certain employers to annually furnish new informational forms that follow the same due dates as Form W-2 filings. These informational forms provide a mechanism for the IRS to monitor compliance with the employer-provided health insurance mandate, individual shared responsibility mandate and employee's entitlement to an individual premium tax credit.

Employers with more than 50 full time employees (FTEs) must provide FTEs with Form 1095-C, Employer-Provided Health Insurance and Coverage. Forms 1095-C are transmitted by the employer to the IRS with Form 1094-C. Failure to accurately file these forms or intentional disregard of the filing requirement could subject the employer to a penalty of \$250 per form.

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

BKD, LLP

December 14, 2015
Springfield, Missouri

The Honorable Mayor and Members of the City Council
City of Springfield, Missouri
Springfield, Missouri

As part of our audits of the financial statements and compliance of City of Springfield, Missouri (the "City") as of and for the year ended June 30, 2015, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America and the Standards Applicable to Financial Audits Contained in Government Auditing Standards Issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations

An audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in OMB Circular A-133 that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The City's significant accounting policies are described in *Note 1* of the audited financial statements.

Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Allowance for uncollectible loans
- Accrued claims and judgments
- Estimated liability for incurred but unreported claims
- Accrued landfill closure and postclosure care costs
- Other post-employment benefits (OPEB)
- Net pension asset and liability and related deferred outflows and inflows of resources
- Compensated absences

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Change in Accounting Principle
- Employee Retirement Systems and Plans
- Postretirement Benefits Other than Pensions
- Closure and Postclosure Care Costs
- Risk Management

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Proposed Audit Adjustments Not Recorded

Attached is a summary of uncorrected misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole.

Auditor's Judgments About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the City's application of accounting principles:

- The Governmental Accounting Standards Board issued Statement No. 68, *Accounting and Financial Reporting for Pensions— an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The City's application of these statements required recording of the City's net pension liability or asset, and related amounts, in the governmental activities, business-type activities and enterprise funds financial statements. The City recorded a net pension liability in the governmental activities statement of net position for the Police Officers' and Fire Fighters' Retirement System. The City recorded a net pension asset in the statements of net position of the City's governmental activities, business-type activities and enterprise funds for the Missouri Local Government Employees Retirement System. The City first applied GASB Statements No. 68 and No. 71 during the year ended June 30, 2015.

Other Material Written Communications

Listed below are other material written communications between management and us related to the audit:

- Management representation letter (attached)
- Management letter dated December 14, 2015, communicating other deficiencies in internal control that are not considered material weaknesses or significant deficiencies

OTHER MATTERS

We observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

Increased Oversight through Continuous Auditing

One way to increase oversight over routine transactions with little additional time from management personnel is the use of continuous auditing. Continuous auditing is the routine use of electronic auditing tools and methods which have the ability to effectively and efficiently analyze an entire data set, as opposed to traditional oversight methods such as manually reviewing only high dollar items. There are various software tools available that can be set up to perform automated processes at scheduled times. Continuous auditing processes can be developed to address many risks.

Below are a few of the schemes and errors that can potentially be identified through an electronic analysis:

- Fictitious vendors
- Significant alterations of hours and wages
- Ghost employees
- Duplicate payments
- Inappropriate purchasing card transactions
- Employees paid as vendors (undisclosed conflicts of interest)

Electronic data analysis does not provide assurance that irregularities will be discovered; however, it is a tool that can be effective when used in conjunction with management's other efforts to detect fraud and errors.

Significant Changes to Federal Grant Policies

In December 2013, the Office of Management and Budget issued final guidance to supersede and streamline requirements from OMB Circulars A-21, A-50, A-87, A-89, A-102, A-110, A-122 and A-133 by consolidating into one document the federal government's guidance on "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." This guidance, commonly referred to as the Omni- or Super Circular, is effective for all federal awards or funding increments provided after December 26, 2014, and the audit requirement changes contained therein will be effective for years *beginning on or after* December 26, 2014. The final guidance is located in Title 2 of the Code of Federal Regulations.

The new guidance raises the audit threshold and the minimum Type A/B program threshold to \$750,000, simplifies, in many instances, the support requirements for the indirect cost rate used and increases the focus on internal controls over compliance with federal program rules.

Personnel in your organization responsible for federal grant administration will need to become familiar with this new guidance and, in most cases, certain controls over compliance with federal program rules and guidance will require modification as a result of implementing this new guidance.

This communication is intended solely for the information and use of management, the Honorable Mayor and Members of the City Council and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Springfield, Missouri
December 14, 2015

December 14, 2015

BKD, LLP
Certified Public Accountants
P.O. Box 1190
Springfield, Missouri 65801-1190

We are providing this letter in connection with your audits of our financial statements as of and for the years ended June 30, 2015 and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended June 30, 2015. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our contract dated June 2, 2015, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.

Department of Finance
840 Boonville Avenue P.O. Box 8368, Springfield, Missouri 65801
(417)-864-1625 • Fax: (417)-864-1880 • springfieldmo.gov



- (b) Additional information that you have requested from us for the purpose of the audit.
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - (d) All minutes of meetings of City Council held through the date of this letter.
 - (e) All significant contracts and grants.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:
- (a) Misappropriation of assets.
 - (b) Misrepresented or misstated assets, liabilities or net position.
7. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
8. We have no knowledge of any known or suspected:
- (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
 - (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, customers, regulators, suppliers or others.
10. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the entity may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.

11. Except as reflected in the financial statements, there are no:
 - (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
 - (b) Material transactions omitted or improperly recorded in the financial statements.
 - (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - (d) Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.
 - (e) Agreements to purchase assets previously sold.
 - (f) Restrictions on cash balances or compensating balance agreements.
 - (g) Guarantees, whether written or oral, under which the City is contingently liable.
12. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
13. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
14. Adequate provisions and allowances have been accrued for any material losses from:
 - (a) Uncollectible receivables.
 - (b) Reducing obsolete or excess inventories to estimated net realizable value.
 - (c) Sales commitments, including those unable to be fulfilled.
 - (d) Purchase commitments in excess of normal requirements or above prevailing market prices.
15. Except as disclosed in the financial statements, we have:
 - (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.

- (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
- 16. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
- 17. We have evaluated all projects in construction in progress at year end and have determined that all material completed projects have been placed in service.
- 18. With regard to deposit and investment activities:
 - (a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.
 - (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
- 19. With respect to any nonattest services you have provided us during the year:
 - (a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - (b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.
 - (c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - (d) We have evaluated the adequacy of the services performed and any findings that resulted.
- 20. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
- 21. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.

22. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
23. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.
24. We have a process to track the status of audit findings and recommendations.
25. We have identified to you any previous financial audits, attestation engagements, performance audits or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other studies.
26. With regard to federal awards programs:
 - (a) We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations or in any other form.
 - (b) We have identified the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* regarding activities allowed or unallowed; allowable costs/cost principles; cash management; Davis-Bacon Act; eligibility; equipment and real property management; matching, level of effort, earmarking; period of availability of federal funds; procurement and suspension and debarment; program income; real property acquisition and relocation assistance; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.
 - (c) We are responsible to understand and comply with the requirements of laws, regulations, contracts and grants applicable to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the City has complied with all applicable compliance requirements.
 - (d) We are responsible for establishing and maintaining effective internal control over compliance to provide reasonable assurance we have administered each of our federal awards programs in compliance with

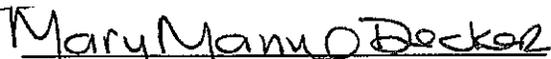
requirements of laws, regulations, contracts and grants applicable to those programs.

- (e) We have made available to you all contracts and grant agreements, including any amendments, and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.
- (f) The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.
- (g) The reports provided to you related to federal awards programs are true copies of reports submitted or electronically transmitted to the federal awarding agency, the applicable payment system or pass-through entity in the case of a subrecipient.
- (h) Amounts claimed or used for matching were determined in accordance with the applicable OMB Circular regarding cost principles.
- (i) We have monitored any subrecipients to determine that they have expended federal awards in accordance with applicable laws and regulations and have met the audit and other requirements of OMB Circular A-133.
- (j) We have taken appropriate corrective action on a timely basis after receipt of any subrecipient's auditor's report that identified findings and questioned costs pertaining to federal awards programs passed through to the subrecipient by us.
- (k) We have considered the results of any subrecipient's audits received and made any necessary adjustments to our books and records.
- (l) We have disclosed to you any communications from grantors and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.
- (m) We have identified to you any previous compliance audits, attestation engagements and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other monitoring.
- (n) The summary schedule of prior audit findings correctly states the status of all audit findings included in the OMB Circular A-133 section of the prior audit's schedule of findings and questioned costs and any uncorrected open

findings included in the prior audit's summary schedule of prior audit findings as of the date of this letter.

27. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, budgetary comparisons and pension information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.
28. With regard to supplementary information:
- (a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - (b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - (c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
 - (d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
 - (e) If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.


Greg Burris, City Manager


Mary Manix-Decker, Director of Finance


David Holtmann, Accounting Manager

City of Springfield, Missouri

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

Governmental Activities (Government-Wide Statements)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	719,744,654		719,744,654	
Total Liabilities & Deferred Inflows	(307,010,029)		(307,010,029)	
Total Net Position	(412,734,625)		(412,734,625)	
General Revenues & Transfers	(174,327,664)		(174,327,664)	
Net Program Revenues/ Expenses	142,673,206	1,199,180	143,872,386	0.84%
Change in Net Position	(31,654,458)	1,199,180	(30,455,278)	-3.79%

City of Springfield, Missouri

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

Business Type Activities (Government-Wide Statements)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	644,249,993		644,249,993	
Total Liabilities & Deferred Inflows	(258,716,610)		(258,716,610)	
Total Net Position	(385,533,383)		(385,533,383)	
General Revenues & Transfers	(665,118)		(665,118)	
Net Program Revenues/ Expenses	(11,525,606)	218,487	(11,307,119)	-1.90%
Change in Net Position	(12,190,724)	218,487	(11,972,237)	-1.79%

City of Springfield, Missouri

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

General Fund

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	28,426,104		28,426,104	
Total Liabilities & Deferred Inflows	(2,649,736)	(61,468)	(2,711,204)	2.32%
Total Fund Balance	(25,776,368)	61,468	(25,714,900)	-0.24%
Revenues	(75,287,381)		(75,287,381)	
Expenditures	74,437,053	61,468	74,498,521	0.08%
Change in Fund Balance	(196,853)	61,468	(135,385)	-31.23%

City of Springfield, Missouri

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

Community Development Fund

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	47,268,567	100,874	47,369,441	0.21%
Total Liabilities & Deferred Inflows	(80,106)		(80,106)	
Total Fund Balance	(47,188,461)	(100,874)	(47,289,335)	0.21%
Revenues	(3,287,080)	19,855	(3,267,225)	-0.60%
Expenditures	2,716,067		2,716,067	
Change in Fund Balance	(391,033)	19,855	(371,178)	-5.08%

City of Springfield, Missouri

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

Public Parks Fund

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	7,991,302		7,991,302	
Total Liabilities & Deferred Inflows	(6,485,086)	(16,809)	(6,501,895)	0.26%
Total Fund Balance	(1,506,216)	16,809	(1,489,407)	-1.12%
Revenues	(23,961,894)		(23,961,894)	
Expenditures	23,574,865	16,809	23,591,674	0.07%
Change in Fund Balance	(172,046)	16,809	(155,237)	-9.77%

City of Springfield, Missouri

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

Aggregate Remaining Funds

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	501,650,184		501,650,184	
Total Liabilities & Deferred Inflows	(47,163,379)		(47,163,379)	
Total Fund Balance	(454,486,805)		(454,486,805)	
Revenues	(161,569,795)		(161,569,795)	
Expenditures	146,917,143	(395,256)	146,521,887	-0.27%
Change in Fund Balance	(18,396,271)	(395,256)	(18,791,527)	2.15%

City of Springfield, Missouri
ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

National Airport Fund

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	17,299,925		17,299,925	
Non-Current Assets & Deferred Outflows	193,507,694		193,507,694	
Current Liabilities	(5,230,903)		(5,230,903)	
Non-Current Liabilities & Deferred Inflows	(86,017,301)		(86,017,301)	
Current Ratio	3.307		3.307	
Total Assets & Deferred Outflows	210,807,619		210,807,619	
Total Liabilities & Deferred Inflows	(91,248,204)		(91,248,204)	
Total Net Position	(119,559,415)		(119,559,415)	
Operating Revenues	(15,368,864)		(15,368,864)	
Operating Expenses	21,995,568	41,465	22,037,033	0.19%
Nonoperating Revenues (Exp)	(2,959,953)		(2,959,953)	
Change in Net Position	(911,112)	41,465	(869,647)	-4.55%

City of Springfield, Missouri
ATTACHMENT

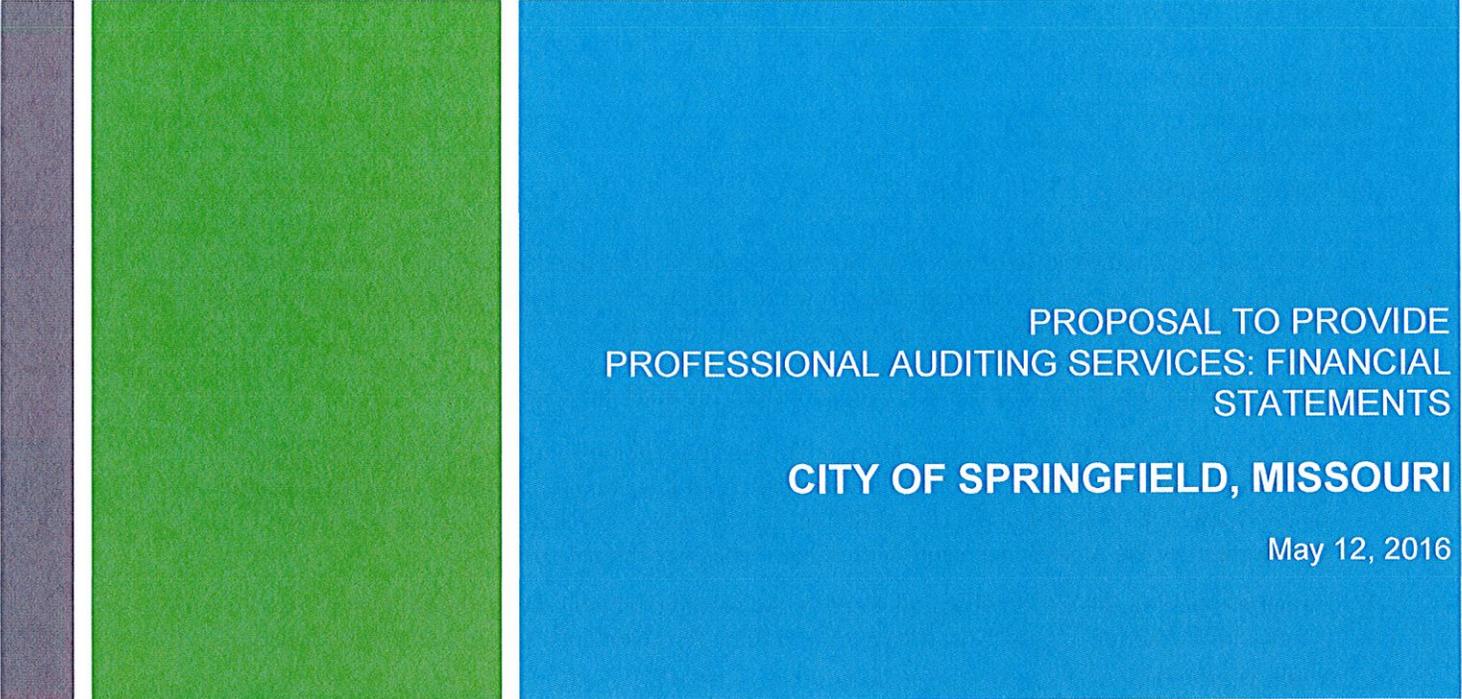
This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

Sanitary Sewerage Fund

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	75,389,966		75,389,966	
Non-Current Assets & Deferred Outflows	323,704,560		323,704,560	
Current Liabilities	(13,384,695)		(13,384,695)	
Non-Current Liabilities & Deferred Inflows	(141,563,029)		(141,563,029)	
Current Ratio	5.633		5.633	
Total Assets & Deferred Outflows	399,094,526		399,094,526	
Total Liabilities & Deferred Inflows	(154,947,724)		(154,947,724)	
Total Net Position	(244,146,802)		(244,146,802)	
Operating Revenues	(38,504,120)		(38,504,120)	
Operating Expenses	27,335,428	117,232	27,452,660	0.43%
Nonoperating Revenues (Exp)	934,103		934,103	
Change in Net Position	(9,860,959)	117,232	(9,743,727)	-1.19%

Exhibit BB



PROPOSAL TO PROVIDE
PROFESSIONAL AUDITING SERVICES: FINANCIAL
STATEMENTS

CITY OF SPRINGFIELD, MISSOURI

May 12, 2016

Contact Person:

Kevin Smith, Partner
RSM US LLP
4801 Main Street, Suite 400
Kansas City, MO 64112
816 751 4027
kevin.smith@rsmus.com



May 12, 2016

City of Springfield
Margaret Juarez
218 E. Central
Springfield, MO 65802

RSM US LLP

4801 Main St
Suite 400
Kansas City, MO 64112

T +1 816 753 3000
F +1 816 751 1890

www.rsmus.com

We appreciate the opportunity to provide the City of Springfield, Missouri (the City) our qualifications to serve as your audit provider. We are prepared to give full attention to the areas of greatest importance to you and look forward to counting the City as a valued client of our firm.

We understand the City is seeking the following services of its audit provider:

- Annual audit of the City of Springfield, Missouri for the year ending June 30, 2016, with the option of four subsequent fiscal years, performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, and generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants (AICPA)
- Single audit of the City's federal awards in accordance with the provisions of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Grant Guidance)
- Written communication to management and those charged with governance of significant deficiencies and material weaknesses identified in the audit and a management letter which will include suggestions of operational improvements
- A technical review of the CAFR for compliance with GFOA guidelines for obtaining the Certificate of Achievement for Excellence in Financial Reporting
- Report on compliance with the Passenger Facility Charge Program and report on the schedule of passenger facility charges collected and expended (as required by the *Passenger Facility Charge Audit Guide for Public Agencies*)

We are committed to meet your timing requirements as outlined in your request for proposal.

Why RSM?

Everything about us – our culture, our values, the locations of our 80 offices, including Kansas City – is designed to help us understand your challenges, earn your trust and contribute to your success. We have a passion for meeting the unique needs of governmental entities. We provide our clients with a high level of commitment and the personal attention your City deserves. We also offer a full array of business consulting and other advisory services designed to help you succeed.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

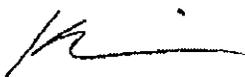
The following are some features that make us uniquely qualified to serve your needs:

- **We understand your industry.** Nationally, we provide services to over 800 public sector entities and have developed a governmental practice with the primary goal of developing more specialization within the governmental niche so we can create higher value for our clients through better advice, more efficient audit processes and deeper knowledge of their organization.
- **We understand your business and operations.** The key members of your proposed engagement team serve a large number of governmental entities, including municipalities, each year. This means that we understand the issues unique to municipal operations and will not require on the job training – from understanding the risks relating to funding sources; to managing compliance with the grant programs. Working with people knowledgeable of your industry means we'll hit the ground running and will provide the City with value-added insights, not just during the audit but throughout the entire year.
- **Exceptional level of service.** We take a team approach that is heavy on experienced partner involvement. With a partner-to-staff ratio of 1:13, you won't just meet the partner at the initial planning sessions; your partner is in contact with you regularly to help ensure we meet your delivery expectations. They will also challenge your thinking, offer potential solutions and provide sound business advice, when appropriate. We are structured to ensure our clients receive a high amount of attention and involvement. Throughout the year, questions arise concerning accounting procedures, debt refinancing, tax matters, benefit plans, staffing, budgeting and other matters. We believe you will find it reassuring to be able to call experienced professionals and seek their advice whenever needed. We believe you will find our **responsive service** is different from what you will find with other accounting firms.
- **Our governmental practice has gained a national reputation for excellence.** Many of our governmental clients have been referred to us by regulators, among whom we have developed a reputation for providing quality auditing services. In addition, we have assisted many clients in receiving and maintaining the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting.

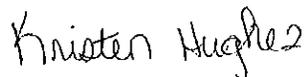
Our approach to the audit engagement will establish a delivery system for providing a truly exceptional level of service. Each element of that system, including team structure, staffing, audit approach, communication and coordination, has been examined and refined to fit the needs of the City. In the following pages, our goals are to demonstrate how the City will benefit from selecting our firm as your professional services provider, underscore our commitment to providing you a quality audit at a competitive fee and lay the foundation for an ongoing relationship.

Please see exceptions to the terms and conditions specified in the Request for Proposal summarized in the Affidavit of Compliance in Appendix C, as requested.

We look forward to contributing to the City's long-term success. Once you have had the opportunity to review the following response, we would be pleased to discuss your needs in greater detail or make a presentation to your team. Please feel free to contact us with any questions. This proposal is a firm and irrevocable offer for 120 days.



Kevin Smith, Partner
816 751 4027



Kristen Hughes, Senior Manager
816 751 4004

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INDEPENDENCE

We are independent with respect to the City, and its component units, as that term is defined by Rule 101 of the Code of Professional Ethics of the American Institute of Certified Public Accountants and the *Government Auditing Standards*. Those rules require that the firm and all of its partners be independent with respect to any clients (not only on a local, but also on a national level) who engage RSM to express an opinion on the financial statements. Those rules specify that an auditor may not have or be committed to acquire a direct financial interest or material indirect financial interest in a client or any of the client's affiliates during the period of his or her engagement or at the time he or she expresses an opinion. Further, those rules specify that an auditor may not act in a capacity of promoter, underwriter, officer, director, voting trustee or employee of the audit client during the periods covered by his opinion.

We are not aware of any professional relationships involving the City or its component units in the past five years.

We will give written notice to the City of any professional relationships entered into during the period of this agreement.

LICENSE TO PRACTICE IN MISSOURI

RSM holds an active CPA firm license in Missouri. Our key personnel assigned to this engagement currently are properly licensed to practice in the state of Missouri.

FIRM QUALIFICATIONS AND EXPERIENCE

National support, strong local presence

RSM US LLP is the leading provider of audit, tax and consulting services focused on the middle market, with more than 8,000 people in 80 offices nationwide. It is a licensed CPA firm and the U.S. member of RSM International, a global network of independent audit, tax and consulting firms with more than 38,000 people in over 120 countries. RSM uses its deep understanding of the needs and aspirations of clients to help them succeed.

We combine the resources of a large, world-class firm with the personal service and attention to detail of a small firm. Our engagement teams are composed of professionals who are optimally positioned to serve you, both geographically and in terms of relevant experience. The combination of local presence and national strength assures you will receive exceptional advice from professionals experienced in the governmental industry, prompt responses to your needs and questions, and timely and cost-effective delivery of services.

While our size affords us the national resources needed to serve complex industries, size by itself is not important. What is important are the factors that have resulted in our success. We believe RSM is unique because while we possess the expertise of a national firm, our client service philosophy matches that of a local accounting firm. Our growth has been the result of our ability to provide our clients with close, personal attention, continuity and accessibility of all professional personnel, including partners, and prompt quality services in a cost-effective and innovative manner.

Description of our government practice

In selecting a firm to perform your professional audit services, the City should expect both staff accessibility, as well as a substantial public sector practice to support your full range of needs, current and emerging. As a firm that embraces such a service model, we find this combination promotes value through perspective and efficiency that can only come through serving hundreds of entities like yours. For the City, this translates to minimal time commitment on your part to assimilate our staff—who will come to the engagement with the level of experience and education necessary to perform their work efficiently.

Size of public sector practice

Within our public sector practice, we offer approximately 140 partners and principals, 150 directors/senior managers, and nearly 500 additional professionals who are committed to serving state and local governments.

Consulting professionals			Audit and tax professionals			All professionals		
Partner/ Principal	Senior Manager/ Director	Other	Partner/ Principal	Senior Manager/ Director	Other	Partner/ Principal	Senior Manager/ Director	Other
17	33	77	121	116	400	138	149	477

RSM serves more than 24,000 business clients. Of that total, government, education and nonprofit account for approximately 8 percent of our client base.

Location of office from which work will be performed

Our firm has the size and depth to support specialization in key industries, including state and local government. This focus enables us to provide an audit team with extensive experience serving entities similar in size and complexity to the City. Our work on behalf of the City will be staffed with full-time professionals from our Kansas City, Missouri office which has more than 170 professionals. This office has key employees at all levels that are members of RSM's public sector team and have experience serving governmental clients throughout our Central Region (which includes Kansas, Colorado, Missouri, Iowa, Minnesota, Nebraska, Oklahoma and Texas). We anticipate staffing your engagement with a partner, one senior manager, one manager, a senior associate and three to four staff members. We look forward to leveraging this proximity to provide a high level of personal attention throughout the engagement and whenever you need us during the year.

Title	Employees	Audit	Consulting	Tax	IT
Partner/Principal	12	5	4	3	0
Senior Manager/Director	17	5	4	8	0
Manager/Supervisor	44	7	27	10	0
Professional staff	84	34	33	17	0
Administrative staff	19	0	2	0	1

Expertise in the Uniform Grant Guidance audits and relationships with regulatory and professional standards organizations

A large number of state and local governments receive federal funds. Our ability to effectively serve these entities is based on significant knowledge and experience with the Uniform Grant Guidance. Your proposed engagement team members collectively possess the skills, knowledge and experience to perform financial and compliance audits under *Government Auditing Standards* and the Uniform Grant Guidance—and have undergone requisite training.

Government auditing and accounting of federal funding is one of the most dynamic aspects of public accounting. The needs of clients and the expectations of government financial statements and audit report users are changing rapidly. As a result, it is necessary that both RSM and our clients have a means to keep current with changing requirements; to access decision makers when laws, regulations, standards and principles are being considered and established; and to have an avenue of appeal, if necessary. To assure these benefits for both RSM and our clients, we have established extensive formal and informal relationships with government officials, industry associations, standard-setting bodies and professional organizations at the national, regional and state levels.

Representation on standard-setting bodies

The City wants to be informed and understand the impact of regulatory challenges, and needs an auditing firm with a deep level of involvement with standard-setting bodies.

We require all professionals who are CPAs to be members of the AICPA, and we actively participate on various AICPA committees, task forces and expert panels, including the AICPA Board of Directors, Auditing Standards Board, Professional Ethics Executive Committee, National Peer Review Committee, Governmental Audit Quality Center (GAQC) and Employee Benefit Plan Audit Quality Center Executive Committees. This participation provides immediate, first-hand knowledge of proposed and final standards and other developments affecting our clients and audit quality. RSM also has provided technical review services to the AICPA for a number of industry-related audit and accounting guides, risk alerts and other publications.

Brian Schebler, RSM's National Director of Public Sector Services, currently chairs the AICPA Governmental Audit Quality Center Executive Committee, where he is an initial and multi-term member. He is also a member of the AICPA Practice Monitoring Task Force - A-133 Subgroup. He is serving his third term as a member of the Comptroller General of the United States Advisory Council on Government Auditing Standards and is our firm's Single Audit Roundtable representative. He frequently presents training on behalf of the AICPA, serves as a member of industry-related task forces, assists with industry-related publications and is a former initial and multi-term member of the AICPA State and Local Government Industry Expert Panel. Currently, RSM partner Linda Abernethy serves on the AICPA State and Local Government Expert Panel.

Advocacy and memberships

We participate in the following associations:

- Government Finance Officers Association
- Association of Government Accountants
- National Association of State Auditors, Comptrollers and Treasurers
- National Association of State Chief Information Officers
- Public Pension Financial Forum

Attuned to public sector developments

We leverage a variety of means to establish that our public sector personnel are well-versed on issues affecting you. Among these, we maintain relationships with many federal departments and agencies, as well as close working relationships with key officials within the U.S. Government Accountability Office and Office of Management and Budget.

We have participated as an advisor to the President's Council on Integrity and Efficiency through the Quality of Audit Roundtable. Our firm also serves on the AICPA's State and Local Government Expert Panel and Executive Committee of the Government Audit Quality Center.

External quality control review

Our non-SEC audit practice is subject to the triennial peer review requirements of the American Institute of Certified Public Accountants. As specifically required by the standards for such reviews and our membership in the AICPA Governmental Audit Quality Center (GAQC), a representative sample of the approximately 1,000 audits that are performed annually in accordance with *Government Auditing Standards*, including approximately 600 single audits, were selected for review.

The RSM system of quality control for the accounting and auditing practice applicable to non-SEC issuers in effect for the year ended April 30, 2013, was subject to peer review by the firm of BKD LLP, a GAQC member firm. That review included a representative sample of university, government and nonprofit engagements. Under the peer review standards, firms can receive a rating of pass, pass with deficiency(ies) or fail. RSM received a peer review rating of pass. A copy of our most recent peer review report is included in Appendix A.

Results of federal or state desk reviews or field reviews

RSM performs approximately 1,000 audits annually in accordance with *Government Auditing Standards*, approximately 600 of which are single audits. Every year, approximately 1 percent of these engagements are selected for either desk or quality control reviews by state or federal cognizant/oversight agencies.

When any issues arise, our national director of public sector services (who has 30 years of compliance audit experience) is required to be consulted. He works directly with the engagement teams to mitigate any issues raised in connection with these reviews. All issues raised during the last three years have been resolved to the satisfaction of the oversight agencies involved.

Our own system of quality control also requires that RSM's national director of public sector services be consulted to mitigate any issues that might be internally identified relative to the quality of any prior audits performed by the firm. Any such issues identified in the last three years have also been resolved, when applicable, to the satisfaction of the oversight agencies involved.

Disciplinary action and litigation against the firm

Like other professional services firms, RSM engages in matters with legal and regulatory implications as a part of doing business. Therefore, we maintain a system of quality control that is structured to provide reasonable assurance that our personnel comply with applicable professional standards and applicable regulatory and legal requirements.

RSM does not release information pertaining to disciplinary actions against the firm. However, there are no pending disciplinary matters, nor have there been any such matters in the past three years, that could reasonably be expected to impact our ability to serve our clients generally, or to provide the services contemplated by this proposal, specifically.

None of the proposed engagement team members is—or has been—the subject of disciplinary action by any state regulatory body or professional organization.

Insurance coverage

RSM US maintains a level of insurance coverage customary for companies of our financial size and strength. We carry commercial general liability, automobile liability, statutory workers' compensation/employers' liability, property, network security & privacy liability, professional liability (i.e. errors and omissions), and other miscellaneous insurance policies. Proof of relevant coverage is available upon request.

PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

Engagement team qualifications

As a priority client to our public sector industry, the City will be served by an engagement team that strives to truly understand your business plans, operating challenges and day-to-day activities. The City will be front of mind for us, not only during fieldwork, but throughout the year. When it comes to best practices, operational improvement recommendations or updates to new accounting pronouncements and law changes, we will ensure that our best ideas are communicated to you.

RSM is geared to providing you the seasoned professionals and personalized service the City deserves. We are committed to providing the highest quality work. We provide talented, bright professionals for the engagement, all of which are licensed to practice public accounting in the state of Missouri and exceed the minimum professional education requirements of the *Government Auditing Standards*.

The following professionals would be responsible for the City's audit. The full biographies, including memberships in professional organizations and the continuing professional education hours of the team members, are provided in Appendix B.

Team member, engagement role

Kevin Smith

Assurance Partner

816 751 4027

kevin.smith@rsmus.com

Client Service Coordinator and Engagement Lead: Kevin is the industry leader for the governmental practice in the RSM Kanas City, Missouri office. As your client service coordinator and audit partner, Kevin will be responsible for your complete satisfaction with the services we provide. He will be responsible for assuring the quality of services and continuity of the client service team and will also have ultimate responsibility for the overall quality of the audit. He will ensure the professional services are delivered in a timely and efficient manner. Kevin is also a reviewer for the GFOA Certificate of Achievement for Excellence in Financial Reporting Program.

Kristen Hughes

Senior Manager

816 751 4004

kristen.hughes@rsmus.com

Engagement Partner: As your audit partner, Kristen will be responsible for your complete satisfaction with the services we provide. She will be responsible for assuring the quality of services and continuity of the client service team and will also have ultimate responsibility for the overall quality of the audit. She will ensure the professional services are delivered in a timely and efficient manner. Kristen is also a reviewer for the GFOA Certificate of Achievement for Excellence in Financial Reporting Program.

Team member, engagement role

Chelsey Ryerson

Assurance Manager

816 751 1884

chelsey.ryerson@rsmus.com

Audit Manager: Chelsey will make the determination of specific audit steps, communicate strengths and weaknesses of financial information to the audit partner and monitor all phases of the audit to promote timely completion. She will directly supervise the performance of audit fieldwork and will be responsible for carrying out the audit plan.

Natalie Gaunce

Senior Associate

816 751 1895

natalie.gaunce@rsmus.com

Audit Senior: Natalie will serve as the senior on the engagement and will lead the field engagement team in auditing the financial statements and compliance of the City. Natalie has extensive experience supervising the audits of cities and school districts as well as performing Single Audits.

Michelle Horaney

Quality Control Reviewer

michelle.horaney@rsmus.com

563 888 4038

Quality Assurance and Concurring Review Partner: Michelle will serve as the quality control partner reviewer ensuring the content of the reports is appropriate and that state, professional and regulatory standards have been met. As a public sector specialist for over 20 years, she provides audit and consulting services to government and not-for-profit organizations, as well as higher education institutions. In fact, Michelle leads our governmental, higher education and not-for-profit practice in the Central Region. In addition, she is a reviewer for the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting.

Quality assurance with regard to staffing

We recognize the impact staffing changes have on clients and are committed to maintaining continuity and team stability as much as possible. Our policy is to maintain the integrity of the client service team from year to year. While we cannot guarantee that every member of the service team will return each year, we provide staffing consistency whenever possible.

If personnel changes do occur, we know how to minimize disruption. We have a deep pool of government accounting experience from which to draw and will select highly-qualified professionals for your consideration. RSM's senior management on your account will transfer specific knowledge about the City to other team members, helping to bridge any gaps and ensure no interruptions in performance of services. We recognize your right to approve or reject replacements. Transition costs to new personnel incurred by us would not be billed to the City.

Quality of staff over engagement term

RSM has been providing governmental audit services since RSM's inception in 1926. This commitment translates to a deep pool of professionals who are qualified to serve the City throughout this engagement and in the future.

The assurance staff assigned to the City meet Yellow Book competency CPE standards. In addition, the firm has stringent standards as to who can perform the in-charge and manager function on a governmental audit.

All professionals working on the audit at the in-charge level and above are required to complete courses that cover the topics below:

- Our approach to governmental audits
- Government audit planning and supervision
- Auditing control systems
- The role and proper use of transaction testing
- Integration of financial and compliance audit procedures

DESCRIPTION OF RELEVANT PRACTICE OFFICE EXPERIENCE

Your engagement team has a substantial portfolio of government clients. Following is a list of governmental audit clients that have been served within the past five years or are currently being served by your proposed engagement team. We have indicated which audits include an OMB Circular A-133 audit, as well as the operations of a public utility.

Your Proposed Team's Auditing Experience With Governmental Entities - Previous Five Years							Federal Grant Dollars For Most Recent Fiscal Year
Client Name	Service Years	A-133 Audit	Water Utility	Waste-water	Other Utilities		
City and County Governments							
City of Columbia, Missouri	2009 - present	√	√	√	√		\$14,095,838
City of Independence, Missouri	2012 - present	√	√	√	√		\$4,603,642
City of Blue Springs, Missouri	2012 - present	√	√	√	√		\$2,547,992
City of Excelsior Springs, Missouri	2008 - present	√	√	√	√		*
City of Riverside, Missouri	2007 - present	√					*
City of North Kansas City, Missouri	2015 - present	√	√	√	√		*
City of Fort Collins, Colorado	2009 - present	√	√	√	√		\$26,022,141
City of Longmont, Colorado	2009 - 2013	√	√	√	√		\$2,115,275
City of Northglenn, Colorado	2014 - present		√	√	√		
City of Overland Park, Kansas	2007 - present	√					\$4,870,169
City of Roeland Park, Kansas	2002 - present						
City of Tulsa, Oklahoma	2010 - present	√	√	√	√		\$20,398,666
City of Waterloo, Iowa	2008 - present	√	√	√	√		\$20,047,059
Platte County, Missouri	2011 - present	√					\$2,030,624
Clay County, Missouri	2015 - present	√					\$2,126,893

* Grant dollars are not listed as entity did not have a single audit in most recent fiscal year.

Your Proposed Team's Auditing Experience With Governmental Entities - Previous Five Years							Federal Grant Dollars For Most Recent Fiscal Year
Client Name	Service Years	A-133 Audit	Water Utility	Waste-water	Other Utilities		
Special Districts/Authorities							
Kansas City Area Transportation Authority, Missouri	2006 - present	√					\$22,914,773
Platte County Regional Sewer District, Missouri	2003 - 2012	√			√		*
Water District No. 1 of Johnson County	2008 - 2010		√				
Metropolitan Utilities District	2014 - present		√		√		
Lincoln Water and Wastewater Systems	2014 - present		√	√			
Des Moines Water Works, Iowa	2004 - present	√	√				*
Tulsa Airports Improvement Trust	2010 - present	√					\$4,731,949
Des Moines Airport Authority	2004 - present	√					*
Tulsa Metropolitan Utility Authority	2010 - present	√	√		√		*
Tulsa Public Facilities Authority	2010 - present						
Metropolitan Tulsa Transit Authority	2010 - present	√					\$5,825,961
Tulsa Authority for Recovery of Energy	2010 - present				√		
Tulsa Performing Arts Center Trust	2010 - present						*
Tulsa Parking Authority	2010 - present						
Emergency Medical Services Authority	2010 - present	√					\$1,135,130
Regional Metropolitan Utility Authority	2010 - present				√		
Tulsa Development Authority	2010 - present	√					*
Overland Park Development Corp, Kansas	2007 - present						
Overland Park Convention Center, Kansas	2007 - present						
Parker Water and Sanitation District, Colorado	2013 - present		√		√		
Poudre Fire Authority	2009 - present						
Poudre River Public Library District	2009 - present						
Colorado River Conservation District	2007 - present						
School Districts							
School District of Kansas City, Missouri	2007 - present	√					\$45,485,515
Colorado Springs School District No. 11, Colorado	2008 - present	√					\$27,715,743
Douglas County School District RE-1	2012 - present	√					\$14,379,638
Des Moines Independent Community School District, Iowa	2004 - present	√					\$46,643,623
Iowa City Community School District, Iowa	2004 - present	√					\$7,220,532
Cedar Rapids School District, Iowa	2008 - present	√					\$10,554,496

* Grant dollars are not listed as entity did not have a single audit in most recent fiscal year.

Similar engagements with other government entities

A list of the top five clients most similar to the City of Springfield, Missouri is listed below, including contact information and a description of the engagement.

City of Columbia, Missouri

Janet Frazier, Controller

Phone: 573 874 7372

Engagement Partner: Kevin Smith

Engagement Manager: Kristen Hughes

Hours: 1,000

GFOA Certificate Holder

Budget: \$455 million

Population: 115,000

Scope: Engagement includes the audit of the City's September 30 basic financial statements and related component units and audit of federal programs in accordance with the Single Audit Act, as well as airport PFC compliance. The City is currently an audit client and has been since 2009.

City of Independence, Missouri

Brian Watson, Finance Director

Phone: 816 325 7173

Engagement Partner: Kevin Smith

Engagement Manager: Kristen Hughes

Hours: 600

GFOA Certificate Holder

Budget: \$305 million

Population: 117,000

Scope: Engagement includes the audit of the City's June 30 basic financial statements and related component units and audit of federal programs in accordance with the Single Audit Act. The City is currently an audit client and has been since 2012.

City of Tulsa, Oklahoma

David Bryant, Controller

Phone: 918 596 7620

Engagement Partner: Kevin Smith

Engagement Manager: Kristen Hughes

Hours: 3,500

GFOA Certificate Holder

Budget: \$760 million

Population: 400,000

Scope: Engagement includes the audit of the City's June basic financial statements and related component units (including Tulsa International Airport and PFC compliance) and audit of federal programs in accordance with the Single Audit Act. The City is currently an audit client and has been since 2010.

City of Fort Collins, Colorado

John Voss, Controller

Phone: 970 221 6772

Engagement Partner: Kevin Smith

Engagement Manager: Kristen Hughes

Hours: 850

GFOA Certificate Holder

Budget: \$536 million

Population: 155,000

Scope: Engagement includes the annual audit of the City's December 31 basic financial statements and its related component units and the audit of federal programs in accordance with the Single Audit Act. The City is currently an audit client and has been since 2009.

City of Overland Park, Kansas

David Scott, CFO

Phone: 913 895 6154

Engagement Partner: Kevin Smith

Engagement Manager: Kristen Hughes

Hours: 800

GFOA Certificate Holder

Budget: \$260 million

Population: 185,000

Scope: Engagement includes the annual audit of the City's December 31 basic financial statements and its related component units and the audit of federal programs in accordance with the Single Audit Act. The City is currently an audit client and has been since 2007.

SPECIFIC AUDIT APPROACH

Designed for organizations like the City, the RSM audit methodology allows your engagement team to use professional judgment in planning an overall audit strategy.

No surprises

In serving the City, we will communicate with you frequently throughout the audit process and throughout the year to address and resolve issues, new accounting standards and changes in your organization.

Smooth transition to working with us

The City wants the transition from your prior firm to be smooth and orderly—resulting in as little distraction as possible. Any change of this nature will result in some disruption; however, with our extensive experience in succeeding other accounting firms, the disruption is minimized. Our process for transitioning clients from their prior auditors to our services emphasizes early planning, with a high degree of partner and manager involvement.

Key steps in the RSM audit process

UNDERSTAND THE CLIENT	RISK ASSESSMENT	FURTHER AUDIT PROCEDURES	EVALUATION	DELIVERY
<ul style="list-style-type: none"> · Business objectives · Financial performance · Accounting policies · Internal control 	<ul style="list-style-type: none"> · Risks of material misstatement (error or fraud) · Significant risks · Control deficiencies 	<ul style="list-style-type: none"> · Tests of controls · Substantive analytical procedures · Substantive tests of details 	<ul style="list-style-type: none"> · Audit evidence · Uncorrected misstatements 	<ul style="list-style-type: none"> · Issue reports

- **Understand the client**—We learn as much as possible about your business up front in order to properly understand the account balances, classes of transactions, and disclosures relevant to your activities.
- **Risk assessment**—We assess the risk that errors or fraud may cause a material misstatement of financial statements. We next decide whether the identified risks relate to specific relevant assertions related to significant account balances, classes of transactions, or disclosures, or whether they relate to the financial statements taken as a whole and potentially affect many relevant assertions. We then determine which of the identified risks of material misstatement are significant risks that require special audit consideration. We also identify internal control deficiencies as part of our risk assessment process.
- **Further audit procedures**—We next determine the nature, timing and extent of tests of controls and substantive procedures necessary to address the risks identified. We select transactions for testing using various approaches, which may include specific identification of transactions or may involve sampling. When audit evidence obtained from the audit procedures results in identification of previously unidentified risks of material misstatement or contradicts planned risk assessment procedures, we revise the assessment and plan and perform additional audit procedures to reduce risk of material misstatement related to those assertions to an acceptably low level.

- **Evaluation**—At the conclusion of the audit, we evaluate the sufficiency and appropriateness of the audit evidence obtained and whether the assessments of the risks of material misstatement at the relevant assertion level remain appropriate. We may redesign planned audit procedures based on our evaluation. We also evaluate the effects, both individually and in the aggregate, of factual, judgmental and projected misstatements that are not corrected by the organization. We communicate all misstatements identified during the audit, other than those we believe to be trivial, to management and City Council on a timely basis.
- **Delivery**—Our audit culminates with the issuance of a report on the financial statements, report on internal control over financial reporting, report to the City Council and, if applicable, communications of material weaknesses and significant deficiencies.

Proactive resolution of accounting issues

We find that year-round communication and a proactive approach to accounting issues helps clients avoid surprises at the end of the audit process. For this reason, we encourage clients to call us to discuss new transactions as they arise.

How our audit is different—Our audit approach is specifically designed for public sector entities with consideration for their controls, systems and personnel resources. We are actively involved with management, and the City Council to ensure they are engaged in the audit process and thoroughly understand audit results and recommendations for the future.

We differentiate ourselves through:

- High level of partner involvement
- Motivation to learn all the facets of your organization
- Governmental industry specialization
- Regular communication with management throughout the audit process
- Commitment to minimizing disruption for your personnel

Implementation of future GASB statements

We will provide information to you regarding new accounting pronouncements and will work with you through implementation as a part of our audit process. This includes training opportunities about forthcoming GASB pronouncements and any other changes affecting the City. On an annual basis, we conduct webinars free of charge for our governmental clients and prospects serving. This training covers topics such as GASB updates, compliance issues and other relevant topics affecting audits of governmental clients.

Resources and tools

It's one thing to say we're committed to the success of your organization – it's another to show it. One of the ways we show it is by providing tools at no additional cost that give you an added perspective and keep you up-to-date on the latest rules and regulations.



Accounting research

To ensure you and your staff have access to the most current audit and accounting information, RSM uses an online research manager tool. This web-based tool includes GASB Statements and Interpretations, AICPA Statements of Position and guidance on many other accounting standards and applications.

As your auditor, we are always available to provide the City's finance department with direction toward pertinent literature and pronouncements related to accounting and reporting matters being evaluated by management.

Audit and accounting insights

RSM's national office provides *Insights*, a monthly electronic newsletter designed to communicate recent accounting and auditing developments to our clients and other friends.

Award-winning publications

Muse is a newsletter focusing on governmental and not-for-profit organizations. It features the latest accounting, tax and business news impacting our public sector clients.

Client-service relationship

Our client-service relationship with the City will be based on certain nonnegotiable principles, including:

- An outstanding client service experience, focused on efficient and well-coordinated services
- Commitment to completing work within the agreed-upon timeframe
- Staffing of the engagement team based on industry-specific qualifications and technical experience
- Hands-on approach to planning, with management meetings held routinely to discuss changes to the business, industry issues, new accounting pronouncements, etc.
- Fees that are reasonable based on the scope of work
- Transparent approach to all aspects of our relationship, with clear communication and an emphasis on avoiding surprises

Proposed segmentation of the engagement

Proposed segmentation of the engagement

- **Preplanning**—The first step of the audit is preplanning, which involves meeting with management of the City to clearly identify the lines of communication, perform a risk analysis, discuss audit scopes, discuss any concerns and set expectations. During this time, we will discuss and coordinate with the City the materials that we would expect the City to prepare, and discuss the level of support and types of activities that will be expected for the City, including approximate time requirements of staff. We would anticipate the level of support and schedules requested by our firm will be generally consistent with those the City has prepared in the past (including confirmation letters, preparation of workpapers, providing supporting documentation, etc.), yet we are open to changes the City feels would improve the audit process. We will also establish a preliminary timetable to ensure a smooth audit process.
- **Interim fieldwork**—The next step in the audit process is the performance of interim fieldwork. This would take place at some point before year-end, at the convenience of the City, and would consist of obtaining and documenting the City's system of internal controls and testing these controls. A progress meeting would be held with management at the end of this period for the purpose of communicating any internal control deficiencies and/or findings and confirming the audit plan for final fieldwork.
- **Final fieldwork**—Final fieldwork is the largest part of the audit process and includes our substantive test of details and variance analysis. Throughout the fieldwork phase, our audit team will be in constant dialogue with the appropriate personnel from the City to review the progress of the audit to ensure the audit remains on track and the progress has been communicated.
- **Reviews**—To ensure the final audit is of the highest quality, we review files and reports several times. Each review focuses on specific areas of the audit, with intentional overlap so every part of the audit is reviewed at least twice. RSM performs these reviews while in the field. Your Comprehensive Annual Financial Report will also be reviewed for compliance with the GFOA's Certificate of Achievement for Excellence in Financial Reporting Program.
- **Resolution of accounting issues**—Because we communicate frequently with you throughout the year, we expect few, if any, major accounting-related issues to arise during the audit. Most accounting issues arise from a misunderstanding of the facts, circumstances and complexities unique to an organization and its industry. Because we take a business advisory approach to auditing, we truly believe we are better equipped to understand the issues surrounding management's position on accounting and reporting matters. Rather than analyze the transaction after the fact, we will help management and the finance department with their decision-making process as accounting issues arise.
- **Audit conclusion**—At the conclusion of the audit process, we will have an exit conference with management of the City to summarize the results of fieldwork and review significant findings, including proposed management letter comments. We will then issue a management letter discussing these internal control recommendations and weaknesses. The letter will also include observations about accounting methods and procedures, business and industry practices or issues, operational ideas and suggestions to further enhance the City. We will advise you of any new accounting pronouncements that have been or may be issued and indicate their potential impact on you.

We will meet with the Director of Finance and Accounting Manager at the conclusion of the audit to discuss the results of our work and present to the City Council the audited financial statements and related deliverables.

We anticipate the following schedule would be used for the 2016 audit. These dates can be altered to meet the City's goals:

	Timing
Audit Services	
Entrance conference with management	Prior to interim fieldwork
Preliminary/interim fieldwork and compliance testing	July/August
Final fieldwork, including compliance testing	October/November
Report review and drafts of deliverables to the City	November
Issuance of final reports	By December 7
Presentation to the City Council	December

Fieldwork Segment	Number of Hours Anticipated				
	Engagement Leader and Quality Control Reviews	Engagement Manager	In-Charge	Other Staff	Total
CAFR Audit					
Planning and interim fieldwork	5	10	45	45	105
Final fieldwork	35	65	170	580	850
Wrap-up and report reviews	20	15	10	0	45
Total	60	90	225	625	1,000

Sampling

Effective use of sampling generally allows us to achieve audit objectives in a more efficient manner. The approach we use for sampling is consistent with our professional standards and guidance found in the AICPA Audit Guide, *Audit Sampling*.

RSM does not rely solely on the results of a single procedure to reach a conclusion on an assertion relating to an account balance, class of transactions, or the operating effectiveness of controls. Rather, our audit conclusions are usually based on evidence obtained from several sources as a result of applying a number of procedures. The combined evidence obtained from the various procedures is considered in reaching an opinion about whether the financial statements are free of material misstatement.

Our professional standards provide guidance for planning, performing and evaluating audit samples. Such standards include guidance related to sampling risk, sampling in substantive tests of details, and sampling in tests of controls, as well as discussion of dual-purpose samples. This guidance also addresses sampling considerations when performing a financial statement audit—with an emphasis on testing account balances or classes of transactions that may contain misstatements—as well as testing internal control over financial reporting.

We may employ audit sampling to obtain sufficient appropriate audit evidence in a compliance audit of federal and/or state awards. It should be noted, however, that the compliance audit environment differs from sampling in a financial statement audit.

In order to meet compliance-related objectives of the Single Audit, we gather sufficient appropriate evidence related to auditee compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program. In addition to the standards and guidance referenced above, we apply the sampling guidance found in the AICPA Audit Guide, *Government Auditing Standards* and *OMB Circular A-133 Audits*, when the audit is also performed to address compliance audit requirements for expenditures of federal and state awards in accordance with applicable single audit requirements.

Type and extent of analytical procedures to be used in this engagement

Systematic analysis and comparison of related figures, trends, and ratios is performed to identify mutual consistency or inconsistency. Apparent inconsistencies revealed by analytical procedures require further investigation and, until resolved, raise doubt as to the reliability of previously gathered evidential matter bearing on the same audit objective.

Analytical procedures may be used as substantive procedures that contribute to all the objectives of substantive tests, but particularly those of existence or occurrence, valuation or allocation, and completeness. Well-designed analytical procedures often can detect fictitious additions to the recorded amounts, inadvertent or deliberate omissions from the recorded amounts, improper valuation of assets or liabilities, or improper allocation of revenues, expenses, gains and losses.

Because analytical procedures can be applied to almost every financial statement account and are often more efficient to apply than tests of details, it is desirable to employ them to the extent possible. The required extent of substantive tests of details is then varied inversely with the degree of assurance already obtained.

The process of applying analytical procedures includes the following steps:

- Identify the factors on which a given accounting result should depend
- Determine the relationship between the accounting result and those underlying factors
- Predict what the current result should be if that relationship continued
- Compare the actual current result to the prediction
- Investigate and corroborate significant variances between the actual current result and the prediction
- Reach a conclusion as to the reasonableness of the reported result

Analytical procedures require the development and evaluation of plausible relationships between the financial data being examined and other data (either other financial data or nonfinancial data) which have a logical or predictable relationship to the financial data. Predictive estimates must be based on plausible and logical relationships between account balances or transaction streams.

Approach to be taken to gain and document an understanding of the City's internal control structure

A solid understanding of the City's systems of internal controls will be the foundation of our audit process. Our assessment of internal control is concentrated in the following areas:

- Inquiries of appropriate entity personnel regarding the design and/or application of a relevant internal control policy or procedure including the classes of transactions to which the policy or procedure applies; how it is applied and by whom; and the disposition of exceptions detected by the policy or procedure;
- Inspection of documents and/or reports evidencing the design and/or application of the relevant policy or procedure by the City personnel; noting how the policy or procedure is applied and by whom; the classes of transactions to which it applies; and the disposition of exceptions detected by the policy or procedure;
- Observation by the auditor of the performance of the relevant policy or procedure by the City personnel; noting how the policy or procedure is applied and by whom; the classes of transactions to which it applies; and the disposition of exceptions detected by the policy or procedure; and/or
- Re-performance of the application of the policy or procedure by the auditor and comparison between the results obtained by the auditor and the results obtained by the entity personnel.

Our audit approach is based on our gaining a solid understanding of your internal control systems. This understanding, along with testing the significant control areas, will allow us to reduce substantive testing procedures, focus the audit approach to risk areas and gain efficiencies as we audit the City. We will also draw on this understanding to provide feedback in our management letter about opportunities you may have to strengthen controls or streamline processes. We will also use this understanding for subsequent years' audit engagements. While our general audit approach does not change significantly in subsequent years, we will use this understanding to identify areas where future efficiencies can be gained in procedures performed.

Extent of the use of other auditors

For components of the City's financial to be audited by other auditors, our firm policy identifies review procedures to be performed on other auditor's work depending on how significant those financials are to the City as a whole.

Approach to be taken in determining laws and regulations that will be subject to audit test work

The City is subject to various laws and regulations that could impact the nature, timing and extent of audit procedures performed over the financial statements. Our audit approach encompasses an understanding of these laws and regulations, including the requirements of the City's federal funding and student enrollment, how they impact the financial statements, and devises appropriate audit procedures to assess the City's compliance with these laws and regulations.

Approach to be taken in drawing audit samples for purposes of tests of compliance

All sampling related to tests of compliance is conducted in accordance with the recommended guidelines in Chapter 11 of the AICPA Audit Guide titled *Government Auditing Standards and Circular A-133 Audits*.

Approach to be taken in completing Federal Single Audit

A substantial number of our public sector clients receive federal funds and require a single audit in accordance with the Uniform Grant Guidance. Our team of professionals possesses comprehensive knowledge of accounting requirements, federal procurement regulations and cost-accounting standards and their impact on governmental organizations.

As a firm, we have performed hundreds of single audits and have received extensive training in governmental accounting, auditing and financial reporting. In addition, they receive specialized training on the compliance requirements of the Uniform Grant Guidance and the use of the related compliance supplement.

As noted in our proposed work plan, we perform a substantial portion of our single audit testing during preliminary fieldwork. We believe shifting certain elements of the audit final field work to other periods provides value to the City due to the reduced workload related to the audit process during final fieldwork. Our team will work directly with the departments and grant administrators to ensure we gain an accurate understanding of the City's processes and controls in place over federal compliance requirements.

Our audit approach is based on early audit planning and preliminary fieldwork, ongoing and straightforward communications with management, and a high level of involvement by team leadership in all phases of the audit. A no-surprises audit is always our goal.

If any deficiencies or instances of noncompliance arise, they would first be addressed by your engagement team. Upon identification of the potential issue, your engagement team would discuss the matter with you, to ensure all relevant information has been communicated. Once all facts are gathered and evaluated, the engagement team will once again discuss with you the open matters and the possible outcomes. Any potential deficiencies and conclusions will always be discussed with management before written drafts of deliverables are provided.

Use of audit technology

Throughout the audit process, our computer-assisted audit techniques, leveraging CaseWare software as our audit platform, allow us to simultaneously read, review and work with all audit-related records regardless of their physical location, which reduces manual procedures. We can utilize existing schedules and electronic downloads of information, which then reduces the need to create additional schedules specifically for the audit.

As part of the audit, we utilize a program called IDEA[®], which allows us to access, extract and analyze selected client information that is relevant to the audit process. IDEA improves audit efficiency and effectiveness through the use of the following functions:

- Sampling including planning, selection and evaluation for systematic, random, stratified random, monetary unit and attribute sampling plans
- Field manipulation that allows fields to be appended for calculations and re-computations

RSM Collaborate

RSM Collaborate is an internet-based system that allows you to stay in touch with your engagement team from any location, at any time.

Designed to encourage collaboration and to simplify work flow processes, RSM Collaborate takes many of the administrative challenges out of project management, allowing you better visibility of the project status. The portal will enhance communications and accountability between you and your engagement team by allowing users to connect with their team on specific tasks or to view the latest version of documents – all to better collaborate.

Through RSM Collaborate, your team and each member of the RSM engagement team have access to tools and functions that help expedite assignments and keep the work running smoothly.

Project management features include:

- Engagement calendars to track progress and key milestones
- Functionality to assign tasks and due dates with appropriate security and confidentiality for each task
- Protocols that help manage document iterations by limiting editing to one person at a time
- Alerts to notify users of updates and deadlines

Enhanced document security. RSM Collaborate is a secure site that reduces the risk of files and information being shared through unauthorized access.

Security features allow users to:

- Upload documents through a secure file transfer
- Centralize location of files to facilitate access and manage document retention
- Protect confidential and sensitive documents and information
- Adjust information access with specified security for distinct tasks

Quality assurance plan

RSM has a system of quality control for our assurance practice that is structured to provide reasonable assurance that our personnel comply with applicable professional standards and applicable regulatory and legal requirements, and that our firm issues reports that are appropriate in the circumstances. The policies and procedures designed to implement the system include the following elements:

- Leadership responsibilities for quality within the firm
- Relevant ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Human resources
- Engagement performance and monitoring

Responsibility for the design, implementation and monitoring of RSM's quality control system rests with our firm's National Office of Risk Management. RSM develops and maintains a number of manuals and other guidance material to implement its quality control system. We monitor our quality control system through annual internal inspections. Our SEC audit practice is subject to annual inspection by the PCAOB, and our non-SEC audit practice is subject to triennial peer review.

Our commitment to auditor independence and integrity, which is reflected in our audit process and review, helps ensure that independence is not jeopardized. All of the reports for the City will be subject to a concurring review by an audit and accounting specialist who is not part of your day-to-day engagement team. Michelle Horaney is an experienced quality control and governmental financial reporting specialist and will fill the quality control review role on your engagement. She is independent of the personnel assigned to the engagement.

IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

We do not anticipate encountering any special issues or problems during the course of our audit. In the event that issues or problems arise, we will immediately discuss them with City management to determine an appropriate course of action to address the issue.

OTHER INFORMATION

Staff education and development

RSM US and its individually licensed certified public accountants are regulated by a number of state and federal requirements. All partners in the firm are CPAs. All CPAs must be licensed in the state in which their office is located. Our licensing department ensures that our firm and its individual employees are in compliance with the licensing requirements in the states where active firm and individual licenses are held.

Many state licensing boards require that CPAs maintain and improve their skills through continuing professional education courses and other opportunities for professional development. Certain competency requirements also must be met for professionals who perform engagements in accordance with standards established by the Comptroller General of the United States (i.e., *Government Auditing Standards*).

RSM US is a registered sponsor with the National Association of State Boards of Accountancy. We ensure our internal training meets the requirements of the AICPA/NASBA Statement on Standards for Continuing Professional Education Programs.

Our assurance and tax partners and professional staff, including CPAs and non-CPAs, are required to participate in at least 20 hours of qualifying CPE every year and at least 120 hours every three years. In addition to these requirements, there are additional minimum standards for professionals who practice in certain industries. It is the responsibility of each professional to be familiar with the various CPE requirements for the states in which they are licensed, and to properly register and complete the necessary CPE requirements when renewing state licenses to practice. Our National Office of Risk Management monitors compliance with CPE requirements.

Staff turnover

While turnover rates fluctuate from year to year, RSM's employee attrition rates are generally consistent with the industry average.

Recognizing that engagement team stability is a priority for the City, we will make every effort to ensure staffing consistency from year to year.

Because excellent client service begins with engaged, knowledgeable employees, we are strongly committed to continual improvement in the area of employee retention. We support this goal through a variety of career development programs and initiatives that promote work-life balance, fulfilling personal lives and overall job satisfaction.

Rotation policy

We recognize the impact staffing changes have on clients and are committed to maintaining continuity and team stability as much as possible. RSM does not have a formal rotation policy for non-public entities.

Our policy is to maintain the integrity of the client service team from year to year. While we cannot guarantee that every member of the service team will return each year, we provide staffing consistency whenever possible. In addition, we make every effort to mitigate disruption when staffing changes occur.

If a change in key personnel should arise, partners and directors on your account will transfer specific knowledge about the City to new team members, helping to bridge any gaps and avoid interruptions in the performance of services.

Policy regarding use of minority firms

Like the City, RSM is committed to the principles of Equal Employment Opportunity and Affirmative Action—and our engagement teams reflect that commitment to the degree possible.

Our specific policies and Affirmative Action plans are supported by many programs and practices that are part of our firm culture. As a result, our workforce—while still emerging and maturing—includes significant female and minority representation. We have also increased the number of female and minority employees in professional and managerial levels over the past few years.

While we are proud of our firm's progress toward diversifying our workforce, we recognize these efforts as a beginning and not an end. Proposed staffing the City underscores this need for continued improvement. Should opportunities arise to supplement this team in a manner that increases diversity, we will make every effort to do so.

PRICE

**CITY OF SPRINGFIELD, MISSOURI
REQUEST FOR PROPOSAL #172-2016**

OFFER AND SCHEDULE OF PROFESSIONAL FEES

The undersigned has thoroughly examined the entire Request for Proposal (RFP), including all addenda thereto, hereby offers to furnish all services in accordance with the requirements of the Request For Proposal, as described in the proposal attached hereto and incorporated herein, as follows:

PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2016 FINANCIAL STATEMENTS

	Estimated Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Quality Control Reviewer	10	\$ 560	\$ 425	\$ 4,250
Engagement Leader	50	305	235	11,750
Managers	90	\$ 240	\$ 185	\$ 16,650
Seniors	225	\$ 170	\$ 130	\$ 29,250
Other Supervisory Staff	-	\$ -	\$ -	\$ -
Staff	625	\$ 145	\$ 110	\$ 68,750
Other (specify)	-	\$ -	\$ -	\$ -
Subtotal				\$ 130,650
Total for services described in Part Two of the Request For Proposal				\$ 130,650
Out-of-pocket expenses (Not to Exceed):				
Meals and lodging				\$ -
Transportation				\$ -
Total all-inclusive maximum price for 2016 Audit Services				\$ 130,650 *

Note: The rates quoted shall not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price. **PROFESSIONAL FEES SPECIFIED HEREIN SHALL BE APPLICABLE FOR ADDITIONAL SERVICES, IF REQUESTED BY THE CITY.**

* As specified in Part 2.1.6 of the Request for Proposal, the cost bid is based on three major programs. Additional major programs will have a per unit cost of \$6,000.

Note: The offeror agrees not to increase the total all-inclusive maximum price by more than 4 percent for each successive one-year extension to the contract term, unless the scope of the work changes.

Note 2: We do not charge additional fees for additional major funds, unless management is presenting as major for public interest purposes.

Reimbursement of out of pocket expenses

Out of pocket expenses are included in our all-inclusive fee and are not charged to the City.

Important investment

We recognize that engaging an independent audit and accounting, tax and business advisory firm is an important investment for the City. Our goal is to provide timely and responsive services at a reasonable and competitive cost. We hope we have illustrated our capability to add value to the City through our experience and approach. Our fees, like those of other professional firms, are based on actual time spent by our people and are measured by standard hourly rates, reflecting the experience level of the professionals assigned to your account. We estimate professional hours and fees we believe are competitive, and that will enable us to be responsive and provide the high quality professional services you deserve. Progress payments are billed as work progresses.

Routine calls and other services

Our general practice for our clients is not to bill for consultation services that can be provided over the phone in less than 30 minutes. We believe this type of policy is beneficial to both you and us in that it encourages you to call us during the year. By keeping abreast of issues as they occur, we will not only be able to deliver a more efficient audit, but the advice we provide to you will be more meaningful.

We will provide information to you regarding new accounting pronouncements and will work with you through implementation, for no additional charge. This includes training opportunities about forthcoming GASB pronouncements and any other changes affecting the City. If we have the opportunity to provide other consulting, tax or accounting assistance services, we would be happy to provide you with an estimate of fees for that service. We will work with you to determine the scope of the service and the best team (your people and ours) to provide that service. We would discuss any such additional services and costs with you prior to proceeding on a particular project.

APPENDICES

Appendix A—External quality control review

After 50 years of operating as a member of the RSM International network, our firm (formerly McGladrey LLP) united with these fellow firms, effective October 26, 2015, under a common name and global brand: RSM. The attached report was issued prior to this name change.



910 E. St. Louis Street, Suite 200 // P.O. Box 1190 // Springfield, MO 65801-1190
417.865.8701 // fax 417.865.0682 // bkd.com

System Review Report

To the Partners of
McGladrey LLP
and the National Peer Review Committee
of the American Institute of Certified
Public Accountants Peer Review Board

We have reviewed the system of quality control for the accounting and auditing practice of McGladrey LLP (the "firm") applicable to non-SEC issuers in effect for the year ended April 30, 2013. 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, and audits of carrying broker-dealers, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of McGladrey LLP applicable to non-SEC issuers in effect for the year ended April 30, 2013, 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*. McGladrey LLP has received a peer review rating of *pass*.

BKD, LLP

December 4, 2013



Appendix B—Engagement team biographies and continuing professional education



Kevin Smith

Partner, Assurance Services
RSM US LLP
Kansas City, Missouri
kevin.smith@rsmus.com
+1 816 751 4027

Summary of experience

Kevin is a regional team leader for RSM's public sector industry and has approximately 16 years of experience serving this industry. As a public sector specialist for the firm, he focuses on providing audit, consulting and reporting services to governmental and not-for-profit entities. In his role as a public sector specialist, Kevin brings an in-depth understanding of governmental and not-for-profit accounting, auditing and compliance reporting to his clients. As a condition of meeting the firm's standards for this designation, he is well-versed in the financial and compliance-related requirements of governmental entities and has extensive experience performing audits in accordance with *Government Auditing Standards* and Single Audits in accordance with The Uniform Guidance (previously OMB Circular A-133).

Kevin is involved in teaching professional education courses on a national and local level. These courses include Yellow Book seminars. He has received specific training for governmental units and future governmental accounting standard changes and has received the necessary continuing professional education to be considered Yellow Book certified. In addition, Kevin is a reviewer for the national Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting program.

Professional affiliations and credentials

- Certified public accountant
- American Institute of Certified Public Accountants
- Missouri Society of Certified Public Accountants
- Government Finance Officers Association
- Kansas Government Finance Officers Association
- Colorado Government Finance Officers Association
- Government Finance Officers Association of Missouri

Community involvement

- United Way Young Leaders Society
- United Way of Greater Kansas City – Employee Campaign Manager

Education

- Bachelor of Arts, accounting, St. Ambrose University



Kristen Hughes

Senior Manager, Assurance Services
RSM US LLP
Kansas City, Missouri
kristen.hughes@rsmus.com
+1 816 751 4004

Summary of experience

As a public sector specialist for the firm, Kristen focuses on providing audit, consulting and reporting services to governmental and not-for-profit organizations. In her role as a governmental specialist, she brings an in-depth understanding of governmental accounting, auditing and compliance reporting to her clients.

She has received specific training for governmental organizations and future governmental accounting standard changes and has received the necessary continuing professional education to be considered Yellow Book certified. Kristen is a reviewer for the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

Kristen also has experience with internal controls as she served as the senior lead on an engagement for a large accelerated public filer for three years, including the year of Sarbanes Oxley implementation.

Professional affiliations and credentials

- Certified public accountant
- American Institute of Certified Public Accountants
- Government Finance Officers Association
- Missouri Society of Certified Public Accountants
- Kansas Government Finance Officers Association
- Government Finance Officers Association of Missouri

Community involvement

- United Way of Greater Kansas City Young Leaders Society

Education

- Bachelor of Science, accounting, Truman State University
- Masters of Accountancy, Truman State University



Chelsey Ryerson

Manager, Assurance Services
RSM US LLP
Kansas City, Missouri
chelsey.ryerson@rsmus.com
+1 816 751 1884

Summary of experience

Chelsey provides assurance services focused on governmental and not-for-profit organizations. She has five years of professional experience, including audits of major municipalities, audits with A-133 compliance, religious organizations, charitable service organizations and foundations. Chelsey has received specific training for the audits of governmental and not-for-profit organizations and she has the necessary continuing professional education to be considered Yellow Book certified. Her responsibilities have included developing and managing the audit plan, supervising the engagement team and finalizing the audit report.

Chelsey has prepared and presented professional education courses on both a regional and local level, including industry-specific training for government and not-for-profit clients and on-boarding training for new hires. She serves as the representative from the Kansas City office in the firm's national philanthropic endeavors.

Professional affiliations and credentials

- Certified public accountant
- Missouri Society of Certified Public Accountants
- American Institute of Certified Public Accountants

Community involvement

- United Way Young Leaders Society
- St. Jude Give Thanks. Walk. Kansas City Leadership Committee

Education

- Bachelor of Science, accounting, Baker University
- Bachelor of Science, business management, Baker University



Natalie Gaunce

Senior Associate, Assurance Services
RSM US LLP
Kansas City, Missouri
natalie.gaunce@rsmus.com
+1 816 751 1895

Summary of experience

Natalie provides financial and compliance audit services in an in-charge capacity to a variety of industries. She focuses primarily on serving governmental and nonprofit entities.

Natalie's experience includes audits performed under the Single Audit Act and OMB Circular A-133. In addition, Natalie is considered Yellow Book certified due to completing the necessary continuing professional education.

In her current role, Natalie develops strong working relationships with clients built on understanding their businesses and challenges. She is responsible for performing substantive tests along with tests of internal controls in order to complete audit engagements with an eye on quality, thoroughness and accuracy.

Education

- Masters of Science, accounting, University of Missouri, Kansas City



Michelle Horaney

Partner, Assurance Services
RSM US LLP
Davenport, Iowa
michelle.horaney@rsmus.com
+1 563 888 4038

Summary of experience

Michelle is a partner in RSM's public sector industry group. She leads RSM's Central region public sector practice and the Firm's national education practice. In addition to her responsibilities as an industry leader, Michelle serves as the audit partner and quality control reviewer on a number of government, higher education and not-for-profit clients, providing audit and advisory services.

Michelle is involved in teaching professional education courses on a national and regional level, both internally and externally. These courses include benchmarking, various higher education programs, and Financial Accounting Standards Board and Government Accounting Standards Board updates and implementation programs. Michelle participates in the Firm's quality control system as a quality control reviewer and an interoffice inspector.

Professional affiliations and credentials

- Certified public accountant
- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants
- National Association of College and University Business Officers
- Central Association of College and University Business Officers
- Government Finance Officers Association
- Colorado Government Finance Officers Association
- Native American Finance Officers Association

Education

- Master of Business Administration, St. Ambrose University
- Bachelor of Science, accounting, Illinois State University

Kevin Smith

Continuing Professional Education				
	2015	2014	2013	Total
CPE Credits	98.5	32.0	63.5	194.0
A&A Credits	78.5	29.0	48.0	155.5
Yellow Book	75.0	28.0	36.5	139.5

Kristen Hughes

Continuing Professional Education				
	2015	2014	2013	Total
CPE Credits	86.5	57.0	72.0	215.5
A&A Credits	59.5	45.0	53.0	157.5
Yellow Book	50.5	22.0	41.5	114.0

Chelsey Ryerson

Continuing Professional Education				
	2015	2014	2013	Total
CPE Credits	83.0	88.5	54.0	225.5
A&A Credits	48.5	69.5	41.5	159.5
Yellow Book	37.0	38.5	34.0	109.5

Natalie Gaunce

Continuing Professional Education				
	2015	2014	2013	Total
CPE Credits	68.0	85.0	N/A	153.0
A&A Credits	57.0	83.5	N/A	140.5
Yellow Book	27.5	36.5	N/A	64.0

Michelle Horaney

Continuing Professional Education				
	2015	2014	2013	Total
CPE Credits	105.5	108.5	76.0	290.0
A&A Credits	91.0	87.5	54.0	232.5
Yellow Book	89.0	98.5	37.5	225.0

Appendix C—Required Forms

**Affidavit of Compliance with Section 285.500, RSMo., et seq.
For All Agreements Providing Services In Excess Of \$5,000.00.
Effective January 1, 2009**

STATE OF Missouri)
) ss.
COUNTY OF Jackson)

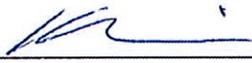
Before me, the undersigned Notary Public, in and for the County of Jackson,
State of Missouri, personally appeared Kevin Smith (Name)
who is a Partner (Title) of RSM US LLP

(Name of company), a (circle one) corporation, partnership, sole proprietorship, limited liability company, and is competent and authorized to make this affidavit, and being duly sworn upon oath deposes and says as follows:

- (1) that said company is enrolled in and participates in a federal work authorization program with respect to the employees working in connection with the contracted services; and
- (2) that said company does not knowingly employ any person who is an unauthorized alien in connection with the contracted services.

The terms used in this affidavit shall have the meaning set forth in Section 285.500 R.S.Mo., et seq.

Documentation of participation in a federal work authorization program is attached to this affidavit.

Signature 

Print Name: Kevin Smith

Subscribed and sworn to before me this 10th day of May, 2016.

Constance M Boyle

Notary Public

My commission expires: 9-8-2018



CONSTANCE M. BOYLE
My Commission Expires
September 8, 2018
Jackson County
Commission #14629980

E-Verify



Company ID Number: 19959
Client Company ID Number: 197715

Approved by:

Employer McGladrey & Pullen, LLP

John Yeager

Name (Please Type or Print)

Signature

Affirmative Action Director

Title

3/24/2008

Date

Designated Agent TALX Corporation

Louis Laurer

Name (Please Type or Print)

Electronically Signed

Signature

Title

03/13/2009

Date

Department of Homeland Security - Verification Division

Rebecca K Green

Name (Please Type or Print)

Signature

Deputy Chief / E-Verify

Title

11/2/11

Date

AFFIDAVIT OF COMPLIANCE
RFP# 172-2016

To be submitted with vendor's Proposal

_____ We **DO NOT** take exception to the RFP Documents/Requirements.

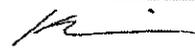
X We **TAKE** exception to the RFP Documents/Requirements as follows:

Please see summary on the following page.

I have carefully examined the Request for Proposal and agree to abide by all submitted pricing, delivery, terms and conditions of this bid unless otherwise stipulated herein.

Company Name RSM US LLP

ADDENDA

By 
(Authorized Person's Signature)

Bidder acknowledges receipt of the following addendum:

Kevin Smith, Partner
(Print or type name and title of signer)

Addendum No. 1

Addendum No. _____

Company Address _____

Addendum No. _____

4801 Main Street, Suite 400

Addendum No. _____

Kansas City, MO 64112

Addendum No. _____

Telephone Number 816 751 4027

Email kevin.smith@rsmus.com

Fax Number: 816 751 1890

Federal Tax ID No. 42-0714325

Date: May 12, 2016

DBE Vendor (Yes/No): No Minority Owned: _____
Women Owned: _____
Veteran Owned: _____

City of Springfield, MO RFP – List of Exceptions

1.6.1 Auditor requests that access to working papers and reports be limited to a representative of a regulator of the City.

1.6.2 Auditor agrees, to the extent allowable by professional standards.

1.7.3 Auditor agrees to provide the requested coverage in the amount of One Million Dollars (\$1,000,000.00).

5.3.4.5 Auditor agrees to supply satisfactory proof of insurance coverage, but does not agree to provide amounts of maximum coverage and deductibles or retentions.

Auditor Agreement

2. Auditor requests that its engagement letter also be specifically incorporated into the documents comprising the Contract Documents and that it be given priority in the event of a conflict with other Contract Documents.

9. Auditor agrees to solely supply finished documents and other deliverables in the event of a termination of the Contract. It is agreed that Auditor's working papers are at all times the exclusive property of Auditor and are not subject to the terms of this agreement.

12. Notwithstanding the terms of this clause, it is understood that Auditor subscribes to a program of peer review for maintenance of quality control as required by its profession. As part of this program, engagement files may be selected for review by other professionals under strict rules of confidentiality. Acceptance constitutes agreement for disclosure under peer review programs, with reasonable notice given by Auditor.

19.a. Auditor requests that this clause be equally applied to both Auditor and the City.

19.b. Auditor agrees to indemnify the City, its elected or appointed officials, agents and employees, from all claims or other causes of action found to have been caused by Auditor's negligent or willful acts or omissions in the performance of this Contract. Auditor does not agree to indemnify the City, its elected or appointed officials, agents and employees, from that portion of any claim alleged to have been caused by the negligent or willful acts or omissions of the City, its elected or appointed officials, agents and employees.

20. Auditor agrees to provide the requested coverage in the amount of One Million Dollars (\$1,000,000.00).



www.rsmus.com

RSM US LLP is the leading provider of audit, tax and consulting services focused on the middle market, with more than 8,000 people in 80 offices nationwide. It is a licensed CPA firm and the U.S. member of RSM International, a global network of independent audit, tax and consulting firms with more than 38,300 people in over 120 countries. RSM uses its deep understanding of the needs and aspirations of clients to help them succeed.

For more information, visit www.rsmus.com, like us on Facebook at [RSM US LLP](https://www.facebook.com/RSMUSLLP), follow us on Twitter [@RSMUSLLP](https://twitter.com/RSMUSLLP) and/or connect with us on [LinkedIn](https://www.linkedin.com/company/rsm-us-llp).

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Exhibit CC

June 9, 2016

RSM
Attn: Kevin Smith
4801 Main Street
Suite 400
Kansas City, MO 64112

Phone: 816-751-4027
Email: kevin.smith@rsmus.com

Subject: **Notice of Award**, Request for Proposal #172-2016; Contract # _____

Dear Mr. Smith:

The City of Springfield hereby accepts your proposal, dated May 12, 2016 in response to the referenced Request for Proposal. You are hereby awarded the contract for:

AUDITING SERVICES: FINANCIAL STATEMENTS

2016 Audit: \$130,650.00

Hourly Rates: Quality Control Reviewer \$425/hour
 Engagement Leader \$235/hour
 Managers \$185/hour
 Seniors \$130/hour
 Staff \$110/hour

Delivery: As per the RFP

Term of Contract: July 1, 2016 through June 30, 2017. The City may, at its option, extend the contract for four (4) additional one year terms.

You are hereby requested to provide the following documents:

- A. Four (4) signed copies of the Contract. Please have completed and signed by person authorized to legally bind the Contractor. **DO NOT DATE THE CONTRACTS; THE CITY WILL DATE UPON SIGNATURE BY CITY OFFICIALS.**
- B. Certificates of Insurance in the amounts specified in the above stated RFP.
- C. Occupational License - the Contractor shall obtain and maintain an occupational license with the City of Springfield, Missouri, if required by city code and any required state or federal license. The cost for this occupational license shall be borne by the Auditor. No contract will be executed by the City until this occupational license has been obtained.
- D. W9 (Dec2014) Form

All requested documentation must be received within ten (10) days of the receipt of this notice.

Note: The cancellation clause contained in the Certificates of Insurance must read as follows:

"Should any of the policies described herein be canceled, modified, changed, altered, or not renewed, the issuing company shall give thirty (30) days written notice to the below-named certificated holder."

Division of Purchases
218 East Central • Springfield, Missouri 65802
417-864-1620 • Fax (417) 864-1927 • springfieldmo.gov



This is not a notice to proceed. The City is not obligated for the expenditure of any funds whatsoever unless and until a notice to proceed is issued by City Purchase Order or other written City document.

If you have any questions, please contact the Buyer, Margaret Juarez, at 417-864-2079.

Very truly yours,
CITY OF SPRINGFIELD, MISSOURI

Tim Killion
City Purchasing Agent

Exhibit 2

CONTRACT NO. _____

**City of Springfield
Division of Purchases
218 E Central
Springfield, MO 65802
Ph. 417 864-1620
Fax 417-864-1927**

**RSM
Attn: Kristen Hughes
4801 Main Street, Suite 400
Kansas City, MO 64112
Ph. 816-751-4004
Email: kristen.hughes@rsmus.com**

AUDITOR AGREEMENT

THIS AGREEMENT, made and entered into this ____ day of _____, 2016, by and between the City of Springfield, a municipal corporation of the State of Missouri, hereinafter referred to as the "City" with an office located at 218 E Central, Springfield, Missouri 65802 and RSM, hereinafter referred to as the "Auditor."

WITNESSETH:

WHEREAS, the City of Springfield desires to engage the Auditor to render certain auditing services hereafter described in Request for Proposal #173-2016 which is attached hereto and incorporated herein as **Exhibit A**; and

WHEREAS, the Auditor submitted a proposal dated May 12, 2016 which proposal is attached hereto and incorporated herein as **Exhibit B**; and

WHEREAS, the Auditor has submitted the lowest and best bid for performing the services listed in the Notice of Award, which Notice of Award is attached hereto and incorporated herein as **Exhibit C**;

NOW, THEREFORE, for the considerations herein expressed, it is agreed by and between the City and the Auditor as follows:

- 1. **Services.** The City agrees to engage the services of the Auditor and the Auditor agrees to perform the services in strict accordance with the terms of **Exhibit A**, and in accordance with the standard of care, skill and expertise ordinarily used by other members of Auditor’s profession in performing similar services.
- 2. **Contract Documents.** The agreement between the City of Springfield and the Auditor shall consist of (1) The Contract form which embodies the requirements contained herein, (2) the Request for Proposal, and any amendments thereto, (3) the proposal, as accepted, submitted in response to the Request for Proposal, and (4) the award letter. In the event of a conflict in language between the documents referenced above, the provisions and requirements set forth and/or referenced in the Contract shall govern over all other documents, and the Request for Proposal and amendments thereto shall govern over the Auditor’s Proposal and amendments thereto. However, the City reserves the right to clarify any Contractual relationship in writing with the concurrence of the Auditor, and such written clarification shall govern in case of conflict with the applicable requirements stated in the Request for Proposal or the Auditor’s Bid. In all other matters not affected by the written clarification, if any, the Request for Proposal shall govern. The Auditor is cautioned that the proposal shall be subject to acceptance without further clarification.

a. The Request for Proposal is modified as follows:

- i. Item 1.6.1: Access to working papers and reports shall be limited to a representative of a regulator of the City.

- ii. Item 1.6.2: Auditor shall comply with the requirements of Item 1.6.2 to the extent allowable by professional standards.
- 3. **Modification of Contract.** The Scope of Work to be done under the Contract shall be subject to modification and supplementation upon the written agreement of the duly authorized representatives of the contracting parties. No provision in the Contract shall be changed or modified without the execution of a formal amendment to the Contract, mutually agreed to by the City and the Auditor and processed through the Division of Purchases. Upon request by the City, the Auditor shall provide an estimate of cost of any additional work or services to be incorporated by a modification to the Scope of Work and the Contract.
- 4. **Exchange of Data.** All information, data, and reports in the City's possession and necessary for the carrying out of the work, shall be furnished to the Auditor without charge, and the parties shall cooperate with each other in every way possible in carrying out the scope of services.
- 5. **Personnel.**
 - a. The Auditor represents that Auditor will secure at Auditor's own expense, all personnel required to perform the services called for under this contract by Auditor. Such personnel shall not be employees of or have any contractual relationship with the City except as employees of the Auditor. All of the services required hereunder will be performed by the Auditor or under Auditor's direct supervision and all personnel engaged in the work shall be fully qualified and shall be authorized under state and local law to perform such services. None of the work or services covered by this contract shall be subcontracted without the written approval of the City.
 - b. The Auditor represents, in accordance with RSMo statute Section 285.530.2, that it has not employed, or subcontracted with, unauthorized aliens in connection with the scope of work to be done under the Contract and agrees to provide an affidavit to the City of Springfield affirming that it has not, and will not in connection with the Contract, knowingly employ, or subcontract with, any person who is an unauthorized alien.
- 6. **Term.** The services of the Auditor shall commence only as authorized in writing by City purchase order or other written notice and shall commence as soon as practicable after the execution of this contract as promised by the Auditor in **Exhibit B**, unless otherwise directed in writing. The term of the Agreement shall be for the period specified in **Exhibit C**.
- 7. **Appropriation of Funds.** In the event funds are not appropriated by the Council of the City of Springfield for any term of the contract, any extension thereto or any portion of any term of the contract which falls in a fiscal period other than a fiscal period for which funds have been appropriated, the contract shall terminate without notice at the end of the fiscal period for which funds are appropriated.
- 8. **Payment.**
 - a. **Conditioned upon acceptable performance.** The City agrees to pay the Auditor in accordance with the prices and terms set forth in **Exhibit B** for work authorized by City purchase order or other written notice by the City upon presentation of proper invoice and inspection by the City of work completed by the Auditor. The City expressly reserves the right to disapprove in whole or in part a request for payment where the services rendered during the period for which payment is claimed are not performed in a timely and satisfactory manner in accordance with the schedule and description of services set forth in **Exhibit A**.
 - b. **Total compensation not to exceed.** It is expressly understood that in no event will the total compensation and reimbursement to be paid to the Auditor under the terms of this contract exceed the sum of **Twenty Two Thousand Six Hundred Fifty Dollars (\$22,650.00)**.

9. **Termination of Contract.**

- a. **For Breach:** If, through any cause, the Auditor shall fail to fulfill in a timely and proper manner Auditor's obligations under this contract, or if the Auditor shall violate any of the covenants, agreements, or stipulations of this contract, the City shall thereupon have the right to terminate this contract by giving written notice to the Auditor of such termination and specifying the effective date thereof, at least five (5) days before the effective day of such termination.
- b. **For Convenience:** The City shall have the right at any time by written notice to Auditor to terminate and cancel this contract, without cause, for the convenience of the City, and Auditor shall immediately stop work.

In either such event, all finished or unfinished documents, data, studies, reports, or other materials prepared by the Auditor shall, at the option of the City become its property. **It is agreed that Auditor's working papers are at all times the exclusive property of Auditor and are not subject to the terms of this agreement.** The Auditor shall be entitled to receive just and equitable compensation for any satisfactory work completed prior to termination of the contract. Notwithstanding the above, the Auditor shall not be relieved of liability to the City for damages sustained by the City by virtue of any such breach of the contract by the Auditor.

10. **Conflicts.**

- a. Auditor covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services to be performed under this contract. The Auditor further covenants that in the performance of this contract no person having such interest shall be employed.
- b. No salaried officer or employee of the City and no member of the City Council shall have a financial interest, direct or indirect, in this contract. A violation of this provision renders the contract void. Any federal regulations and applicable provisions in Section 105.450 et seq. RSMo. shall not be violated.

11. **Assignment.** The Auditor shall not assign or transfer any interest in this contract (whether by assignment or novation), and shall not substitute any specific individuals and/or personnel qualifications without prior written consent of the City thereto. Provided, however, that claims for money due or to become due to the Auditor from the City under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of such assignment or transfer shall be furnished in writing promptly to the City. Any such assignment is expressly subject to all rights and remedies of the City under this agreement, including the right to change or delete activities from the contract or to terminate the same as provided herein, and no such assignment shall require the City to give any notice to any such assignee of any actions which the City may take under this agreement, though City will attempt to so notify any such assignee.

12. **Confidentiality of Documents.** Any reports, data, design or similar information given to or prepared or assembled by the Auditor under this contract which the City requests to be kept as confidential shall not be made available to any individual or organization by the Auditor without prior written approval of the City.

Notwithstanding the terms of this clause, it is understood that Auditor subscribes to a program of peer review for maintenance of quality control as required by its profession. As part of this program, engagement files may be selected for review by other professionals under strict rules of confidentiality. Acceptance constitutes agreement for disclosure under peer review programs, with reasonable notice given by Auditor.

13. **Discrimination.** The Auditor agrees in the performance of this contract not to discriminate on the ground or because of race, creed, color, national origin or ancestry, sex, religion, handicap, age, or

political opinion or affiliation, against any employee of Auditor or applicant for employment and shall include a similar provision in all subcontracts let or awarded hereunder.

14. **Occupational License:** The Auditor shall obtain and maintain an occupational license with the City of Springfield, Missouri, if required by city code and any required state or federal license. The cost for this occupational license shall be borne by the Auditor. No contract will be executed by the City until this occupational license has been obtained.
15. **Compliance with Laws.** Auditor agrees to comply with all applicable federal, state and local laws or rules and regulations applicable to the provision of services and products hereunder. Auditor affirmatively states that payment of all local, state, and federal taxes and assessments owed by Auditor is current.
16. **Nonresident/Foreign Auditors.** The Auditor shall procure and maintain during the life of this contract:
 - a. If the Auditor is a foreign corporation, a certificate of authority to transact business in the State of Missouri from the Secretary of State, unless exempt pursuant to the provisions of Section 351.572 RSMo.
 - b. A certificate from the Missouri Director of Revenue evidencing compliance with the transient employer financial assurance law, unless exempt pursuant to the provisions of Section 285.230 RSMo.
17. **General Independent Auditor Clause.** This agreement does not create an employee/employer relationship between the parties. It is the parties' intention that the Auditor will be an independent Auditor and not the City's employee for all purposes, including, but not limited to, the application of the Fair Labor Standards Act minimum wage and overtime payments, Federal Insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act, the provisions of the Internal Revenue Code, Missouri revenue and taxation laws, Missouri workers' compensation and unemployment insurance laws. The Auditor will retain sole and absolute discretion in the judgment of the manner and means of carrying out the Auditor's activities and responsibilities hereunder. The Auditor agrees that it is a separate and independent enterprise from the public employer, that it has a full opportunity to find other business, that it has made its own investment in its business, and that it will utilize a high level of skill necessary to perform the work. This agreement shall not be construed as creating any joint employment relationship between the Auditor and the City, and the City will not be liable for any obligation incurred by the Auditor, including but not limited to unpaid minimum wages and/or overtime premiums.
18. **City Benefits.** The Auditor shall not be entitled to any of the benefits established for the employees of the City nor be covered by the Worker's Compensation Program of the City.
19. **Liability and Indemnity.** The parties mutually agree to the following:
 - a. In no event shall the City be liable to the Auditor for special, indirect, or consequential damages, except those caused by the City's gross negligence or willful or wanton misconduct arising out of or in any way connected with a breach of this contract. The maximum liability of the City shall be limited to the amount of money to be paid or received by the City under this contract.
 - b. The Auditor shall defend, indemnify, and hold harmless the City, its elected or appointed officials, agents and employees, from and against any and all liability, suits, damages, costs (including attorney fees), losses, outlays and expenses from claims caused by Auditor's negligent or willful acts or omissions in the performance of this Contract (assuming full responsibility for relations with subcontractors), including but not limited to claims for personal injuries, death, property damage, or for damages from the award of this contract to Auditor.

- c. The Auditor shall indemnify and hold the city harmless from all wages or overtime compensation due any employees in rendering services pursuant to this agreement or any subcontract, including payment of reasonable attorneys' fees and costs in the defense of any claim made under the Fair Labor Standards Act, the Missouri Prevailing Wage Law or any other federal or state law.
20. **Professional Liability Insurance:** The Auditor shall provide professional errors and omissions insurance in the amount of Five Million Dollars (\$5,000,000.00) with an insurance carrier with ratings no lower than A minus by A.M.Best.
21. **Notices.** All notices required or permitted hereinunder and required to be in writing may be given by FAX or by first class mail addressed to City and Auditor at the addresses shown above. The date of delivery of any notice given by mail shall be the date falling on the third day after the day of its mailing. The date of delivery of notice by FAX transmission shall be deemed to be the date transmission occurs, except where the transmission is not completed by 5:00 p.m. on a regular business day at the terminal of the receiving party, in which case the date of delivery shall be deemed to fall on the next regular business day for the receiving party.
22. **Jurisdiction.** This agreement and every question arising hereunder shall be construed or determined according to the laws of the State of Missouri. Should any part of this agreement be litigated, venue shall be proper only in the Circuit Court of Greene County, Missouri.
23. **Entire Agreement.** This agreement contains the entire agreement of the parties. No modification, amendment, or waiver of any of the provisions of this agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.
24. **Auditor's Responsibility for Subcontractors.** It is further agreed that Auditor shall be as fully responsible to the City for the acts and omissions of its Subcontractors, and of persons either directly or indirectly employed by them, as Auditor is for the acts and omissions of persons it directly employs. Auditor shall cause appropriate provisions to be inserted in all subcontracts relating to this work, to bind all Subcontractors to Auditor by all the terms herein set forth, insofar as applicable to the work of Subcontractors and to give Auditor the same power regarding termination of any subcontract as the City may exercise over Auditor under any provisions of this contract. Nothing contained in this contract shall create any contractual relation between the Subcontractor and the City or between any Subcontractors.
25. **Waiver.** No provision of the contract documents shall be construed, expressly or by implication, as a waiver by the City of any existing or future right or remedy available by law in the event of any claim of default or breach of contract.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the day and year herein stated.

CERTIFICATE OF DIRECTOR OF FINANCE

I certify that the expenditure contemplated by this document is within the purpose of the appropriation to which it is to be charged and that there is an unencumbered balance of appropriated and available funds to pay therefore.

Director of Finance

APPROVED AS TO FORM

Assistant City Attorney

AUDITOR

By: _____

Name: _____

Title: _____

CITY OF SPRINGFIELD, MISSOURI

By: _____
City Purchasing Agent



**CITY OF SPRINGFIELD, MISSOURI
DIVISION OF PURCHASES**

REQUEST FOR PROPOSAL NO. 173-2016

**AUDITING SERVICES: POLICE OFFICERS' & FIRE
FIGHTERS' RETIREMENT SYSTEM**

RFP Due Date: 3:00 P.M. on Thursday, May 12, 2016

Location: Purchasing Division, 218 E Central, Springfield, MO 65802

Buyer: Margaret Juarez

Email: mjuarez@springfieldmo.gov

Phone: 417-864-2079

Fax: 417-864-1927

Proposals will be received by the Purchasing Division at the specified location until the time and date cited above. Only proposals received by the correct time and date will be recorded.

Proposals must be submitted in an envelope with the Request for Proposal number and the Vendor's name and address clearly indicated on the envelope. All proposals must be completed in ink or typewritten and submitted by the time and date above.

Auditors are strongly encouraged to carefully read the entire Request for Proposal.

April 11, 2016

Issue Date

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**ATTACHMENT: POLICE OFFICERS' AND FIRE FIGHTERS' RETIREMENT FUND;
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION, JUNE 30, 2015**

**CITY OF SPRINGFIELD, MISSOURI
DIVISION OF PURCHASES
STANDARD INSTRUCTIONS TO PROPOSERS AND CONDITIONS OF REQUEST FOR PROPOSAL**

1. PREPARATION OF PROPOSALS

A. Proposers are expected to examine the scope of services, delivery schedule, requirements and all instructions of the Request for Proposal. Failure to do so will be at Proposer's risk. In case of a mistake in extension, the unit price(s) will govern.

B. Any manufacturer's name, trade names, brand names, information and/or catalogue numbers listed in a specification are for information and are not intended to limit competition. The Proposer may offer any brand which meets or exceeds the specification for any item. If proposals are based on equivalent products, indicate on the proposal the manufacturer's name and model number. The Proposer shall explain in detail the reasons why the proposed equivalent will meet the specifications and not be considered an exception thereto. Proposals which do not comply with these requirements are subject to rejection. Proposals lacking any written indication of intent to propose an alternate brand will be received and considered in complete compliance with the specifications as listed on the proposal forms.

C. All supplies and equipment offered in a proposal must be new and of current production unless the Request for Proposal clearly specifies that used or reconditioned supplies or equipment may be offered.

D. Firm fixed prices shall be bid and include all packing, handling and shipping charges.

E. Unless otherwise indicated prices quoted shall be firm for acceptance for ninety days from proposal opening and for the specified contract period.

F. The City of Springfield does not pay federal excise and sales tax on direct purchases of tangible personal property. Exemption number A356656.

2. SUBMISSION OF PROPOSALS

A. A proposal submitted by a Proposer must (1) be manually signed by the Proposer on the Division of Purchases Request For Proposal Affidavit for Compliance form; (2) contain all information required by the Request For Proposal; (3) be priced as required; (4) be sealed in an envelope or container; (5) be attached to a security deposit if required; and (6) be delivered to the Division of Purchases and officially clocked in no later than the exact time and date specified on the Request For Proposal.

B. The sealed envelope or container containing a proposal should be clearly marked on the outside left corner with (1) the official Request For Proposal number and (2) the official closing date and time.

C. Do not submit proposals in response to other solicitations in the same sealed envelope. If more than one proposal is submitted in the same container, your proposal may be rejected as non-responsive.

3. MODIFICATION OR WITHDRAWAL OF PROPOSALS

A. Proposals may be modified or withdrawn by written or telegraphic notice received prior to the official closing date and time specified. A proposal may also be withdrawn or modified in person by the Proposer or his authorized representative provided proper

identification is presented before the official closing date and time. Verbal phone requests to withdraw or modify a proposal will not be considered.

B. After the official closing date and time, no proposal may be modified or withdrawn.

C. The proposal is firm for acceptance for ninety (90) days after proposal opening.

4. PROPOSAL OPENING

A. Proposal openings shall be public on the date and at the time specified on the proposal form. It is the Proposer's responsibility to assure that his proposal is delivered at the proper time and place of the proposal opening. Proposals which for any reason are not so delivered will be not considered. Offers by telegram, telephone, or facsimile will not be accepted, unless specifically authorized by the Request for Proposal. Proposal files may be examined during normal working hours by appointment.

5. AWARDS

A. Unless otherwise stated in the Request For Proposal, cash discounts for prompt payment of invoices will not be considered in the evaluation of prices, if part of the proposal. However, such discounts are encouraged to motivate prompt payment.

B. As the best interest of the City may require, the right is reserved to make awards; to reject any and all proposals or waive any minor irregularity of technicality in proposals received.

C. Awards will be made to the Proposer whose proposal (1) meets the specifications and all other requirements of the Request For Proposal and (2) is the best proposal, considering price, responsibility of the Proposer and all other relevant factors in the criteria for award.

D. Each proposal is received with the understanding that the acceptance in writing by the City of the offer to furnish any or all the materials, equipment, supplies or services described therein shall constitute a contract between the Proposer and the City; and shall bind the Proposer to furnish and deliver at the price, and in accordance with the conditions of said accepted proposal and detailed specifications.

6. OPEN COMPETITION

A. It is the intent and purpose of the Division of Purchases that the Request for Proposal permits free and open competition. However, it shall be the Proposer's responsibility to advise the Division of Purchases if any language, requirements, etc., or any combination thereof, inadvertently restricts or limits the requirement to a single source or otherwise prohibits the submission of a proposal. The notification should be received by the Division of Purchases at least ten days prior to the Request for Proposal closing date and time. The Proposer may submit a notification after the proposal closing provided sufficient time is permitted for a thorough review by the Division of Purchases and its decision will be final.

**CITY OF SPRINGFIELD, MISSOURI
DIVISION OF PURCHASES
STANDARD TERMS AND CONDITIONS OF PURCHASE**

A. This contract expresses the complete agreement of the parties and performance shall be governed solely by the terms and conditions contained herein. Changes, additions or modifications hereto must be in writing and signed by the Purchasing Agent.

B. **QUANTITIES:** The City of Springfield assumes no obligations for articles or materials shipped in excess in the quantity ordered. Any unauthorized quantity is subject to the City's rejection and returned at the Seller's expense.

C. **DELIVERY:** Time is of the essence of this order. If deliveries or completion time are not made at the time agreed upon, the City reserves the right to cancel or to purchase elsewhere and hold Seller liable for any re-procurement costs.

D. **SHIPMENT:** Deliveries shall be FOB: Destination unless otherwise specified by the City.

E. **INVOICES:** An original and three copies of the invoice shall be submitted and shall show the purchase order number or contract and contract release number and contain full descriptive information of item or services furnished.

F. **INSPECTION AND ACCEPTANCE:** No material received by the City pursuant to this contract shall be deemed accepted until the City has had reasonable opportunity to inspect said material. All material which is discovered to be defective or which does not conform to any warranty of the Seller herein upon inspection, or at any later time if the defects contained in the material were not reasonably ascertainable upon the initial inspection, may be returned at the Seller's expense for full credit or replacement. Such right to return offer to the City arising from the City's receipt of defective goods shall not exclude any other legal, equitable or contractual remedies the City may have therefore.

G. **WARRANTY:** Seller expressly warrants that all articles, materials and work covered by this contract will conform to each and every specification, drawing, sample or other description which is furnished to or is adopted by the City and that they will be fit and sufficient for the purpose intended, merchantable, of good material and workmanship, and free from defect. Such warranty shall not be deemed waived either by reason of the City's acceptance of said material or goods or by payment for them.

H. **PATENTS:** Seller guarantees that the sale or use of the articles described herein will not infringe upon any U. S. or foreign patent and Seller covenants that he will, at his own expense, defend every suit which may be brought against the City, or those selling or using City's product for any alleged infringement of any patent by reason of the sale or use of such articles and Seller agrees that he will pay all costs, damages and profits recoverable in any such suit.

I. **BANKRUPTCY OR INSOLVENCY:** In the event of any proceedings by or against either party, voluntary or involuntary, in bankruptcy or insolvency, or for the appointment of a receiver or trustee or an assignee for the benefit of creditors, of the property of Seller, or in the event of breach of any of the terms hereof including the warranties of the Seller, City may cancel this contract or affirm the contract and hold Seller responsible in damages.

J. **COMPLIANCE WITH APPLICABLE LAWS:** The Seller warrants its has complied with all applicable laws, rules and ordinances of the United States, or any state, municipality or any

other governmental authority or agency in the manufacture or sale of the items covered by this contract, including but not limited to all provisions of the Fair Labor Standard Act of 1938, as amended.

K. **INTERPRETATION OF CONTRACT AND ASSIGNMENTS:** The contract shall be construed according to the laws of the State of Missouri. The contract, or any rights, obligations or duties hereunder may not be assigned by Seller without City's written consent or any attempted assignment without such consent shall be void.

L. **TERMINATION OF CONTRACT:** The City reserves the right to terminate the contract at any time if any of the provisions of the contract are violated by the Contractor or by any of his Subcontractors, in the sole judgment and discretion of the City. In the event of such termination, the Contractor shall be liable for any excess costs incurred by the City. If the contract is so terminated, the City may purchase upon such terms and in such manner as the Purchasing Agent may deem appropriate, supplies or services similar to those so terminated, and that the Contractor will be liable for excess costs occasioned thereby.

M. **NON-DISCRIMINATION IN EMPLOYMENT:** In connection with the furnishing of supplies or performances or work under this contract, the Contractor agrees to comply with the Fair Labor Standard Act, Fair Employment Practices, Equal Opportunity Employment Act, and all other applicable federal and state laws, and further agrees to insert the foregoing provision in all subcontracts awarded hereunder.

N. **PROVISIONS BY LAW DEEMED INSERTED:** Each and every provision of the law and clauses required by law to be inserted in this contract will be deemed to be inserted herein and will read and enforced as though it were included herein, and if through mistake, or otherwise any such provision is not inserted, then upon the application of either party the contract will be physically amended to make such insertion or correction.

O. **PERFORMANCE BONDS:** If required, as a condition for the award of a contract, the amount of a performance bond will be described in the Request for Proposal at the time of issuance. The performance bond must be issued for the amount specified by a surety company, or secured with a certified check, cash, or cashiers check. No personal or company-check is acceptable.

P. **TAX-EXEMPT:** The City of Springfield is exempt from sales tax and Federal Excise Tax Certificate No. A356656.

Q. **ASSIGNMENT:** The Contractor shall not assign any interest in this contract, and shall not transfer any interest in the same (whether by assignment or novation), without prior written consent of the City thereto. Provided, however, that claims for money due or to become due to the Contractor from the City under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of such assignment or transfer shall be furnished in writing promptly to the City. Any such assignment is expressly subject to all rights and remedies of the City under this agreement, including the right to change or delete activities from the contract or to terminate the same as provided herein, and no such assignment shall require the City to give any notice to any such assignee of any actions which the City may take under this agreement, though City will attempt to so notify any such assignee.

**CITY OF SPRINGFIELD, MISSOURI
REQUEST FOR PROPOSAL #173-2016
1.0 SCOPE OF WORK**

1.1 GENERAL INFORMATION:

- 1.1.1 As required by Section 2.14 of the City Charter, the City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement System is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2016 with the option, if exercised by the Pension System, of auditing its financial statements for each of the four (4) subsequent fiscal years. The audits are to be performed in accordance with generally accepted auditing standards and the standards set forth for financial audits by **Government Auditing Standards**, issued by the Comptroller General of the United States.
- 1.1.2 This section sets forth the minimum requirements to be met by the independent auditor in completion of the audit of the City's financial statements for the contract period.
- 1.1.3 The auditor shall provide at least the minimum services described herein, but the services provided by the auditor shall include all services offered by the auditor in its proposal and shall not be limited by this Scope of Work.
- 1.1.4 Schedule: The following schedule of events is anticipated by the City. The City may, at its' discretion, revise the schedule of events at any time as may be in the best interests of the City.

Publish the Request for Proposal	April 11, 2016
Final Questions from Offers	April 26, 2016
City's response to Questions	April 29, 2016
Proposals Due Date	May 12, 2016

- 1.1.5 **Execution of Agreement:** It is anticipated the selection of a firm will be completed as quickly as possible. The successful proposer shall, within ten (10) calendar days after Notice of Award is issued by the City of Springfield Division of Purchases, enter into a contract with the City for the performance of work awarded to him/her and shall simultaneously provide any required bonds, indemnities and insurance certificates. A copy of the sample agreement is attached. Failure to comply within the established deadline for submittal of required documents may be grounds for cancellation of the award.

1.2 SCOPE OF WORK TO BE PERFORMED:

- 1.2.1 The auditor shall express an opinion on the fair presentation of the City's Police Officers' and Fire Fighters' Retirement Fund financial statements, in conformity with generally accepted accounting principles.
- 1.2.2 The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board (GASB) as mandated by generally accepted auditing standards.

1.3 AUDITING STANDARDS TO BE FOLLOWED: To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards and the standards for financial audits set forth by ***Government Auditing Standards***, issued by the Comptroller General of the United States.

1.4 DELIVERABLES: Following the completion of the audits of the fiscal year's financial statements, the auditor shall issue and deliver the following reports:

1.4.1 All required reports for the fair presentation of the financial statements in conformity with generally accepted accounting principles.

1.4.2 A report on compliance and the internal control over financial reporting based on the audit of the financial statements in conformity with ***Government Auditing Standards***.

1.4.3 In the required reports on compliance and internal controls, the auditor shall communicate any deficiencies found during the audit. A deficiency in internal control over financial reporting exist 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 over financial reporting, 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.

1.4.4 Deficiencies and significant deficiencies discovered by the auditors and not reported above shall be reported in a separate management letter addressed to the Pension Board, which shall be referred to in the report on internal control. These deficiencies and significant deficiencies shall be discussed with the Director of Finance prior to inclusion in the management letter.

1.4.5 The reports on compliance shall include all instances of noncompliance, required to be reported by ***Governmental Auditing Standards***.

1.4.6 Auditors shall be required to make an immediate report of all fraud and illegal acts or indications of fraud and illegal acts of which they become aware to the City Manager, the Director of Finance, and the Police Officers' and Fire Fighters' Pension Board.

1.5 SPECIAL CONSIDERATIONS:

1.5.1 The City will submit its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada (GFOA) for review in its Certificate of Achievement for Excellence in Financial Reporting program. The auditor shall be required to provide assistance as needed to the City to continue to meet the requirements of the program.

1.5.2 The City may require the auditor's assistance to comply with reporting requirements of the Governmental Accounting Standards Board (GASB), as they relate to both new pronouncements or any subsequent pronouncements issued.

1.5.3 The City's most recent financial statement audit revealed no material weaknesses in internal control structure and operation, nor did it reveal any material instances of noncompliance with applicable laws, regulations, contracts or grants.

1.5.4 The City's most recent OMB Circular A-133 audit revealed certain deficiencies in internal control over financial reporting that were considered significant deficiencies described in the schedule of findings and questioned costs.

1.5.5 Management believes it has addressed all findings for the fiscal year ending June 30, 2016.

1.5.6 The Auditors may be required to assist in determining applicability of reporting requirements of the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB) as they relate to both new pronouncements and any subsequent pronouncements.

1.6 WORKING PAPER RETENTION AND ACCESS TO WORKING PAPERS:

1.6.1 All working papers and reports shall be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor shall make working papers available, upon request, to the following parties or their designees:

- The City of Springfield, Missouri (the City)
- The auditor of the City's basic financial statements
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state governments, or by the City as part of an audit quality review process

1.6.2 In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

1.7 SPECIAL TERMS AND CONDITIONS: The following terms and conditions apply to submitting proposals in response to this Request for Proposal:

1.7.1 **Term:** The term of this contract shall be for one year beginning on July 1, 2016. The City may, at its sole option, extend the contract for up to four (4) additional one year terms upon written notice to the Contractor.

1.7.2 **Escalation/De-Escalation:** Bid prices shall remain firm for a period of one year from the date of award. The contract prices may be changed after the first year for the following reasons:

An increase or decrease in the supplier's cost of materials may be justification for price change; however, this shall not be construed in any way to increase vendor's margin of profit.

All written request for price increase must include backup documentation as to the nature of the increase and shall be submitted to the City Purchasing Agent at least 60 days prior to the scheduled price increase/decrease or renewal of contract. Approval of each request shall be by written confirmation from the City Purchasing Agent. If the City should consider said increase unwarranted or unreasonable, the City reserves the right to terminate the contract with the vendor. Any price decline at the manufacturer's level shall be reflected in an immediate reduction of the contract prices and the vendor shall notify the buyer of said decline.

- 1.7.3 **Insurance:** The Auditor shall provide professional errors and omissions insurance in the amount of Five Million Dollars (\$5,000,000.00) with an insurance carrier with ratings no lower than A minus by A.M.Best.
- 1.7.4 **Incurred Expenses:** The City is not responsible for any expenses which proposers may incur in preparing and submitting proposals called for in this Request for Proposals.
- 1.7.5 **Interviews:** The City reserves the right to conduct personal interviews or require presentations of any or all proposers prior to selection. The City will not be liable for any costs incurred by the proposer in connection with such interviews (i.e. travel, accommodations, etc.)
- 1.7.6 **Request for Additional Information:** The proposer shall furnish such additional information as the City of Springfield may reasonably require. This includes information which indicates financial resources as well as ability to provide services. The City reserves the right to make investigations of the qualifications of the proposer as it deems appropriate.
- 1.7.7 **Acceptance/Rejection/Modification to Proposals:** The City reserves the right to negotiate modifications to proposals that it deems acceptable, reject any and all proposals and to waive minor irregularities in the procedures.
- 1.7.8 **Proposals Binding:** All proposals submitted shall be binding for one hundred twenty (120) calendar days following the opening date.
- 1.7.9 **Proprietary Information:** In accordance with Public Records Law, and except as may be provided by other applicable State and Federal law, all proposers should be aware that Requests for Proposals and the responses thereto are in the public domain. However, the proposers are requested to identify specifically any information contained in their proposals which they consider confidential and/or proprietary and which they believe to be exempt from disclosure, citing specifically the applicable exempting law.

All proposals received from proposers in response to this Request for Proposal will become the property of the City of Springfield and will not be returned to the proposers. In the event of contract award, all documentation produced as part of the contract will become the exclusive property of the City.

- 1.7.10 **Proposer's Certification:** By submitting a proposal, the proposer certifies that he/she has fully read and understands the proposal method and has full knowledge of the scope, nature and quality of work to be performed. The proposer further certifies that no employee of the City has any direct or indirect financial interest in any resultant contract, and that no gratuities will be offered or provided to City of Springfield employees or their family members.
- 1.7.11 **Non-Exclusive Contract:** The agreement resulting from this RFP shall be a non-exclusive contract, and the City reserves the right to purchase same or like services from other sources the City deems necessary and appropriate.
- 1.7.12 **Exceptions:** If the Offeror desires to take any exception to the terms, conditions and requirements of the RFP, the proposer must clearly state those exceptions on the Affidavit of Compliance. Exceptions taken by the Offeror may be considered in the evaluation of proposals.
- 1.7.13 **Late Proposals:** Proposals received by the City after the time specified for receipt will not be considered. Proposers shall assume full responsibility for timely delivery of the proposals to the location designated for receipt of proposals. The City of Springfield is not responsible for the U.S. Mail or private couriers in regards to mail being delivered by the specified time so that a proposal can be considered. All proposals will be received at the time and place specified and made available for public inspection when an award decision is made.
- 1.7.14 **Completeness:** All information required by the Request for Proposal must be supplied to constitute a legitimate proposal. The City of Springfield reserves the right to use any and all information presented in any response to the Request for Proposal. Acceptance or rejection of the RFP does not affect this right.
- 1.7.15 **Authorization:** The services of the Contractor shall commence only as authorized in writing by City Purchase Order or other written notice and shall be undertaken and completed as promised by the Contractor in its bid.
- 1.7.16 **Time of Completion:** Notwithstanding the term of the Contract, the Contractor shall complete all work and provide all services in accordance with the schedule of time promised by the Contractor in the Contractor's proposal.
- 1.7.17 **Manner of Payment:**
- 1.7.17.1 Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month.
- 1.7.17.2 Payments shall be made to auditor within thirty (30) working days following submission of proper invoice to the City.
- 1.7.17.3 Final payment shall be made only after satisfactory completion and delivery of all reports included in this request for proposals.

CITY OF SPRINGFIELD, MISSOURI
REQUEST FOR PROPOSAL #173-2016
2.0 DESCRIPTION OF THE CITY OF SPRINGFIELD

2.1 BACKGROUND INFORMATION:

- 2.1.1 Prior to the closing of the Plan to new entrants on January 31, 2010, The City of Springfield, Missouri police officers and fire fighters became participants in the Police Officers' and Fire Fighters' Retirement Fund, a single-employer, defined benefit pension plan. Members hired on or after June 1, 2006, have voluntarily left the Plan and are currently participants in the LAGERS Pension System. Operations of the Plan are governed by City Ordinance and are administered by the Plan's Board of Trustees.
- 2.1.2 The Board of Trustee's consist of a member of the City Council designated by the Mayor to act as a liaison, one current members of the police department, one current members of the fire department, one former employee who is currently receiving benefits from the Plan, and six citizens recommended by the City Manager and approved by the City Council. The Plan is not subject to the provisions of the Employee Retirement Income Security Act (ERISA) of 1974. The Plan is considered part of the City financial reporting entity and is included in the City's basic financial statements as a fiduciary trust fund.
- 2.1.3 Detail provisions of the plan in the areas of retirement benefits, disability benefits, survivor's benefits, and all other plan provisions are contained in Chapter 2, Article 6, Division 4 of the Springfield City Code.
- 2.1.4 Employer and Employee Contributions: The City's funding policy provides for periodic employee contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. Participants entering the Plan prior to June 1, 2006 are required to contribute 14.63% of their annual salary to the Plan for the year ended June 30, 2015. The City may, at their discretion, contribute the remaining amounts necessary to fund the Plan using the entry age normal actuarial method as specified by ordinance.
- 2.1.5 The current Auditing Firm for the City of Springfield is BKD, LLP who has been on contract since July 2, 2012. The contract with BKD has no one-year renewals remaining which is why we are asking for proposals at this time. Total audit fees for fiscal year ended June 30, 2015, totaled \$19,404.32.

2.2 INVESTMENTS:

- 2.2.1 The Pension System's investment policies are governed by the Council Ordinances and management policies. The Plan purchases investments from SEC-registered broker-dealers and banks. The asset classes and targets established are as follows:

ASSET TYPE AND CLASS	RANGE	TARGET
Equities:	25% - 75%	
U.S. Equity (Large Cap)		8%-16%
U.S. Equity (Small Cap)		1%-7%
Developed Non-U.S. Equity		7%-15.00%
Developed Non-U.S. Equity (Small Cap)		2%-7%
Emerging Markets		7%-13%
Fixed Income	25% - 50%	
Core Fixed Income		7%13%
Long Duration Fixed Income		7%-13%
Developed Non-U.S. Fixed Income		6%-12%
Emerging Market Fixed Income		2%-8%
Inflation-Linked Fixed Income		2%-8%
Alternatives	0% - 3%	
Real Estate/REITS		2%-8%
Hedge Fund of Funds		7%-13%
Commodities		2%-8%

2.2.2 The Pension System currently has investment managers of various investment styles investing the system assets of approximately \$322 million. The custodial bank that handles all investment transactions is UMB.

2.3 COMPUTER SYSTEMS:

2.3.1 The City operates with Oracle Financial Management and HR/Payroll software. These systems will operate on Sun Solaris server's located offsite at the "Bluebird Underground". The City completed a system upgrade from Oracle platform 11.5.10 to Oracle platform 12.1.3 during fiscal year 2014. The City does not have any planned system upgrades with the exception of Oracle mandated patches.

**CITY OF SPRINGFIELD, MISSOURI
REQUEST FOR PROPOSAL #173-2016
3.0 TIME REQUIREMENTS**

- 3.1 SCHEDULE FOR THE 2016 FISCAL YEAR AUDIT:** (A similar schedule will be developed for audits of future fiscal years if the City exercises its option for additional audits.) Each of the following shall be completed by the auditor no later than the dates indicated.
- 3.1.1 Interim Work:** The auditor shall complete any required interim work during the month of July and August 2016. Historically, the interim work has taken 1-2 weeks with 1-2 auditors.
- 3.1.2 Detailed Audit Plan:** The auditor shall provide a detailed audit plan and a list of all schedules to be prepared by the City by July 29, 2016.
- 3.1.3 Date Final Field Work May Commence:** The City shall have all records ready for final audit and all personnel available to meet with the firm's personnel on September 6, 2016. The auditor shall complete all final field work by October 7, 2016. Historically, Final Field Work has taken 1-2 weeks with 1-2 auditors.
- 3.1.4 Draft Reports:** The auditor shall have draft of the audited financial statements and reports available for review October 21, 2016.
- 3.1.5** Recommendations for improvements to the Board shall be available for review by October 28, 2016.
- 3.1.6** Once all issues for discussion are resolved, the final signed auditor's opinion shall be delivered and presented in person to the Chairman of the Pension Board of Trustees by November 10, 2016.

**CITY OF SPRINGFIELD, MISSOURI
REQUEST FOR PROPOSAL #173-2016**

4.0 ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

4.1 FINANCE DEPARTMENT AND CLERICAL ASSISTANCE:

4.1.1 Finance Department staff will be available during the audit to assist the firm by providing information, documentation and explanations. Finance Department staff will also assist on items such as confirmations, reports, schedules, etc. Internal audit staff is not available to direct the audit or perform work of the auditor. Additionally, staff routinely prepares ledgers, financial statements, year-end proof of cash, etc. Offerors may assume that this level of effort and assistance will be continued but may also recommend a different level.

4.1.2 Information Systems personnel will be available to assist the auditor with preparation of I.S. reports and schedules and statistical data for inclusion in the audit report.

4.1.3 City staff shall prepare working papers summarizing all sources of revenues and expenditures for the audit period.

4.2 STATEMENTS AND SCHEDULES TO BE PREPARED BY CITY STAFF:

4.2.1 City staff shall prepare the financial statements, management's discussion and analysis, notes to the financial statements, and all supplementary schedules for inclusion in the report.

4.2.2 The City shall provide the auditor with a reasonable work area. The auditor shall also be provided with access to a phone line in the work area, photocopying facilities and fax machines in an adjacent area.

CITY OF SPRINGFIELD, MISSOURI
REQUEST FOR PROPOSAL #173-2016
5.0 SUBMISSION OF PROPOSALS/INSTRUCTIONS TO OFFERORS

5.1 GENERAL INSTRUCTIONS: In order for the Committee to adequately compare proposals and evaluate them uniformly and objectively, all proposals shall be submitted in accordance with this format. The proposal should be prepared simply and economically, providing straightforward and concise information as requested.

5.1.1 The Offeror is strongly encouraged to thoroughly review the entire Request for Proposal. Failure to do so could result in improper submittal and rejection of offer. All proposals will be reviewed for compliance with the submission requirements contained in this section and responsiveness to the minimum requirements in the Scope of Work.

5.1.2 **Forms and Attachments:** The Affidavit of Compliance Form is required to be sent with your proposal. Any exceptions to the RFP terms, conditions and requirements shall be stated on this form. Any addenda to the RFP shall be acknowledged on this form.

5.1.3 **Proposal Due Date:** Sealed proposals with one (1) original, four (4) complete copies, and one (1) complete electronic copy stored on a CD or portable drive (flash type) shall be received at the Division of Purchases no later than **3:00 p.m., Thursday, May 12, 2016**. Proposals will not be accepted after this time. Proposals shall be addressed as follows:

For Mail or Hand Delivery:

CITY OF SPRINGFIELD
MARGARET JUAREZ
218 E. CENTRAL
SPRINGFIELD, MO 65802

Submitted envelopes should be marked:

"REQUEST FOR PROPOSAL: #173-2016"

5.1.4 **Addenda:** If it becomes necessary to revise or amend any part of this Request for Proposal, the City Purchasing Agent will furnish the revision by written Addendum to all prospective proposers who received an original Request for Proposal.

5.1.5 **Proposal Format:**

I. **Title Page:** Title page showing the Request For Proposal's subject; the firm's complete legal name; the name, address and telephone number of a contact person, and the date of the proposal.

II. **Table of Contents**

III. **Transmittal Letter:** A signed letter of transmittal briefly stating the Offeror's understanding of the work to be done, acceptance of all terms and conditions specified in the Request for Proposal (any terms and conditions not accepted must be specifically identified in the transmittal letter), a commitment to perform the work within the time

period, and a statement that the proposal is a firm and irrevocable offer for one hundred twenty (120) days after the date and time set for receipt.

IV. **Technical Proposal:** The method by which the detailed proposal is organized is left to the discretion of the Offeror. However, the detailed proposal shall include a discussion of all items set forth in Part 5.3 of this request for proposal.

V. **Certificates of Insurance:** Submit with your proposal a Certificate of Insurance for your Professional Liability and Errors and Omissions insurance.

5.2 PROPOSAL EVALUATION PROCESS: The steps and activities in the proposal process will include the following:

5.2.1 A Selection Committee consisting of at least three (3) members will be established to review and evaluate all proposals submitted in response to this Request for Proposals (RFP). The Committee shall conduct a preliminary evaluation of all proposals on the basis of the information provided and other evaluation criteria as set forth in this Request for Proposals or as reasonably determined by the Committee.

5.2.2 **Criteria for Award:** The evaluation committee will evaluate the proposals. Each proposal will be evaluated for full compliance with the RFP instructions to the Offeror and mandatory terms and conditions set forth in the RFP. The objective of the evaluation will be to select a firm that is most responsive to the described needs of the City. Proposals which are responsive to the Request for Proposal will be evaluated based on, but not limited to the following criteria:

- 30% Demonstrated experience with auditing entities similar to the City of Springfield.
- 20% Overall responsiveness and quality of the proposal in clearly demonstrating an understanding of the work to be performed.
- 25% Ability of the proposer to perform the required services and consideration of the proposer's capacity, structure, and financial stability, including the Experience, qualifications, and availability of the primary contact(s) and support staff assigned to the City.
- 25% Cost of the proposer's services to the City.

5.2.3 Mandatory Elements:

5.2.3.1 The audit firm is independent and licensed to practice in the State of Missouri.

5.2.3.2 The firm's past experience on comparable government engagements.

5.2.3.3 The firm has no conflict of interest with regard to any other work performed by the firm for the City.

5.2.3.4 The firm submits a copy of its most recent external quality control review report and any letter of comments, as well as the firm having a record of quality audit work.

5.2.3.5 The firm adheres to the instructions in this request for proposals on preparing and

submitting the proposal.

5.2.3.6 The proposal demonstrates that the firm has an understanding of the audit objectives, the City's needs and final products to be delivered.

5.2.3.7 The proposal demonstrates an adequate intention of starting the audit when required, meeting deadlines and completing the audit in a timely fashion.

FIRMS THAT DO NOT MEET THE MANDATORY CRITERIA LISTED ABOVE WILL BE ELIMINATED FROM FURTHER CONSIDERATION.

5.2.4 Technical Qualifications/Expertise and Experience:

- Assigned practice office and audit staff experience
- Adequacy of the proposed staffing plan for various segments of the engagement and realistic estimates of time required to complete the engagement
- The quality and municipal government experience of the firm's professional personnel to be assigned to the engagement
 - Audit approach, reference comments, and other relevant experience
 - Quality of audit work of assigned practice office

5.3 TECHNICAL PROPOSAL:

5.3.1 General Instructions:

5.3.1.1 The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City's financial statements in conformity with the requirements of this Request for Proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal shall demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It shall also specify an audit approach that will meet the requirements of this Request for Proposal.

5.3.1.2 The technical proposal shall address all the points outlined in the request for proposals (excluding any cost information which shall only be included in the sealed dollar cost bid). The proposal shall be prepared simply and economically, providing a straightforward, concise description of the Offeror's capabilities to satisfy the requirements of the Request for Proposal. While additional pertinent narrative or data may be presented, the following subjects, items Nos. 3.2 through 3.9, must be included. They represent the criteria against which the proposal will be evaluated.

5.3.2 Independence:

5.3.2.1 The firm shall provide an affirmative statement that is independent of the City of Springfield, Missouri and its component units, as defined by generally accepted auditing standards and *Government Auditing Standards*, as issued by the Comptroller General of the United States.

5.3.2.2 The firm shall also list and describe the firm's professional relationships involving the City or any of its agencies, component units or oversight unit for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

5.3.2.3 In addition, the firm shall give the City written notice of any professional relationships entered into during the period of this agreement which could have the appearance of a conflict of interest.

5.3.3 License to Practice in the State of Missouri: An affirmative statement shall be included indicating that the firm and all assigned key professional staff are properly licensed to practice in the State of Missouri.

5.3.4 Firm Qualifications and Experience:

5.3.4.1 The proposal shall state:

- a. The size of the firm
- b. The size of the firm's governmental audit staff
- c. The location of the practice office from which the work on this engagement is to be performed for the assigned practice office, indicate:
 - the number of staff by discipline (financial audit, information technology, tax, consulting)
 - the number of staff by category (partner, manager, etc.)
 - the number of staff with governmental audit or consulting experience
 - description of current audit client base by industry, size, etc.

5.3.4.2 The firm shall also submit a copy of the report and any letter of comments on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

5.3.4.3 The firm shall also provide information on the results of any federal or state desk reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the assigned practice office during the past five (5) years by the AICPA, SEC or State Board or Society.

5.3.4.4 The proposal shall describe all pending or settled litigation during the past five (5) years involving the assigned practice office.

5.3.4.5 The proposal shall describe the professional liability and errors and omissions insurance coverages maintained by the firm including the amounts of maximum coverage and deductibles or retentions.

5.3.5 Partner, Supervisory and Staff Qualifications and Experience:

- 5.3.5.1 The firm shall identify the principal supervisory and management staff, including engagement partners, managers, seniors, other supervisors and specialists who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in the State of Missouri. The firm also shall provide information on the government auditing experience of each person identified including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.
- 5.3.5.2 The firm shall provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also shall indicate how the quality of staff over the term of the agreement will be assured.
- 5.3.5.3 Describe any other practice office experience which is deemed to be relevant to completion of the proposed engagement.
- 5.3.5.4 If it becomes necessary to change engagement partners, managers, seniors, specialists, and other audit personnel during the contract term, the City will retain the right to approve or reject replacements.

5.3.6 Description of Relevant Practice Office Experience:

- 5.3.6.1 Please provide a list of clients of the assigned practice office for the following categories: (Please include clients anytime between 2012 and 2015)
- Municipalities and other government entities
 - Governmental entities for which single audits of federal financial assistance have been performed (identify the magnitude of federal assistance provided).
- 5.3.6.2 For each of the categories of clients listed above in Section 2.6.1, please indicate the top five clients that are considered most similar to the City of Springfield:
- Scope of Work
 - Approximate dates service was provided
 - Approximate size of government entity, annual budget, population, etc.
 - Name of engagement partner
 - Total hours
 - Name and telephone number of principal client contact

5.3.7 Specific Audit Approach:

- 5.3.7.1 The proposal shall set forth a work plan, including an explanation of the audit methodology to be followed to perform the services required in Part Two - Scope of Work of this request for proposals. In developing the work plan, reference should be made to such sources of information as the City's budget, Comprehensive Annual

Financial Report and related materials, organizational charts, and financial and other management information systems.

5.3.7.2 Offerors shall provide the following information on their audit approach:

- Proposed segmentation of the engagement
- Level of staff and estimated number of hours to be assigned to each proposed segment of the engagement
- A description of the extent to which statistical sampling techniques are to be used in the engagement
- Type and extent of analytical procedures to be used in the engagement.
- Approach to be taken to gain and document an understanding of the City's internal control structure
- Approach to be taken in determining laws and regulations that will be subject to audit test work
- Approach to be taken in drawing audit samples for purposes of tests of compliance
- An explanation of the firm's normal use of client personnel to assist you during the audit and indicate approximate time requirements to be placed on them.
- An explanation of your firm's procedures for technical review of audit reports prior to issuance. This discussion shall identify key personnel involved in technical review, their qualifications and whether they are independent of personnel assigned to the audit engagement.
- Identify the firm's general approach regarding subsequent years' audit engagements, should the City exercise this option.
- Identify how your firm would utilize other auditors' work, to the extent possible, in completion of this engagement.

5.3.8 **Identification of Anticipated Potential Audit Problems:** The proposal shall identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City.

5.3.9 **Other Information:**

5.3.9.1 **Staff Education and Development:** The proposal shall identify the firm's policies and practices regarding staff education and development.

5.3.9.2 **Staff Turnover:** Describe the proposed practice office's history of staff turnover at all staff levels during the past three (3) years.

5.3.9.3 **Rotation Policy:** Describe the firm's policy regarding rotation of seniors, managers and/or partners, if such a policy exists.

5.3.9.4 **Policy Regarding Use of Minority Firms:** Describe the firm's policy, if such a policy exists, regarding the use of minority firms in completion of the engagement.

5.4 PRICE: Cost will be a factor in the selection of an audit firm.

5.5 OTHER CONSIDERATIONS:

- Litigation, pending or settled, involving the proposed practice office
- Disciplinary actions involving the proposed practice office

5.6 SHORT LIST: Proposals will then be evaluated and rated in accordance with the evaluation criteria. A shortlist will be developed listing the highest ranked proposals.

5.6.1 The City Purchasing Agent will confer with all responsible proposers who have been short-listed and may arrange, if necessary, for interviews/presentations by the short listed firms.

5.6.2 The City Purchasing Agent reserves the right to conduct pre-award discussions and/or pre-contract negotiations with any or all responsive and responsible proposers who submit proposals determined to be reasonably acceptable of being selected for award. Proposers shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals and such revisions may be permitted after submission of proposals and prior to award of a contract.

5.7 The City reserves the right to reject any and all proposals and to waive minor irregularities. The City further reserves the right to seek new proposals when such a procedure is reasonable and in the best interests of the City to do so.

5.8 QUESTIONS REGARDING SPECIFICATIONS OR PROPOSAL PROCESS: To ensure fair consideration for all proposers, the City prohibits communication to or with any department, board members, or employee during the submission process, except as provided below. Additionally, the City prohibits communications initiated by a proposer to the City official(s) or employee(s) evaluating or considering the proposals prior to the time an award decision is made. Any communication between proposer and the City will be initiated by the appropriate City Official(s) or employee(s) in order to obtain information or clarification needed to develop a proper, accurate evaluation of the proposal. Such communications initiated by a proposer may be grounds for disqualifying the offending proposer from consideration for award of the proposal and/or any future proposal(s).

5.8.1 Any questions relative to interpretation of specifications or the proposal process shall be addressed to the City Purchasing Agent or his designee in writing, in ample time before the period set for the receipt and opening of proposals. No inquiries, if received within ten (10) days of the date set for receipt of proposals will be given any consideration. Any interpretation made to prospective proposers will be expressed in the form of an addendum to the RFP, which, if issued, will be conveyed in writing to all prospective proposers not later than five (5) days prior to the date set for receipt of proposals.

5.8.2 It will be the responsibility of the proposer to contact the Division of Purchases prior to submitting a proposal to ascertain if any addenda have been issued, to obtain all such addenda, and to acknowledge addendum with the proposal.

**CITY OF SPRINGFIELD, MISSOURI
REQUEST FOR PROPOSAL #173-2016**

OFFER AND SCHEDULE OF PROFESSIONAL FEES

The undersigned has thoroughly examined the entire Request for Proposal (RFP), including all addenda thereto, hereby offers to furnish all services in accordance with the requirements of the Request For Proposal, as described in the proposal attached hereto and incorporated herein, as follows:

**PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2016 AUDITING SERVICES
POLICE OFFICERS' & FIRE FIGHTERS' RETIREMENT SYSTEM FINANCIAL STATEMENTS**

	Estimated Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	_____	\$ _____	\$ _____	\$ _____
Managers	_____	\$ _____	\$ _____	\$ _____
Seniors	_____	\$ _____	\$ _____	\$ _____
Other Supervisory Staff	_____	\$ _____	\$ _____	\$ _____
Staff	_____	\$ _____	\$ _____	\$ _____
Other (specify)	_____	\$ _____	\$ _____	\$ _____
Subtotal				\$ _____
Total for services as described in the Scope of Work:				\$ _____
Out-of-pocket expenses (Not to Exceed):				
Meals and lodging				\$ _____
Transportation				\$ _____
Total all-inclusive maximum price for 2016 Audit Services Police Officers' & Fire Fighters' Retirement System Financial Statements				\$ _____

Note: The rates quoted shall not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price. **PROFESSIONAL FEES SPECIFIED HEREIN SHALL BE APPLICABLE FOR ADDITIONAL SERVICES, IF REQUESTED BY THE CITY.**

CONTRACT NO. _____

City of Springfield
Division of Purchases
218 E Central
Springfield, MO 65802
Ph. 417 864-1620
Fax 417-864-1927

Auditor
Company Name
Attn: _____
Address _____

Ph. _____
Fax _____

AUDITOR AGREEMENT

THIS AGREEMENT, made and entered into this ____ day of _____, 2016, by and between the City of Springfield, a municipal corporation of the State of Missouri, hereinafter referred to as the "City" with an office located at 218 E Central, Springfield, Missouri 65802 and _____, (type of entity) hereinafter referred to as the "Auditor."

WITNESSETH:

WHEREAS, the City of Springfield desires to engage the Auditor to render certain auditing services hereafter described in Request for Proposal #173-2016 which is attached hereto and incorporated herein as **Exhibit A**; and

WHEREAS, the Auditor submitted a proposal dated _____ which proposal is attached hereto and incorporated herein as **Exhibit B**; and

WHEREAS, the Auditor has submitted the lowest and best bid for performing the services listed in the Notice of Award, which Notice of Award is attached hereto and incorporated herein as **Exhibit C**;

NOW, THEREFORE, for the considerations herein expressed, it is agreed by and between the City and the Auditor as follows:

1. **Services.** The City agrees to engage the services of the Auditor and the Auditor agrees to perform the services in strict accordance with the terms of **Exhibit A**, and in accordance with the standard of care, skill and expertise ordinarily used by other members of Auditor's profession in performing similar services.
2. **Contract Documents.** The agreement between the City of Springfield and the Auditor shall consist of (1) The Contract form which embodies the requirements contained herein, (2) the Request for Proposal, and any amendments thereto, (3) the proposal, as accepted, submitted in response to the Request for Proposal, and (4) the award letter. In the event of a conflict in language between the documents referenced above, the provisions and requirements set forth and/or referenced in the Contract shall govern over all other documents, and the Request for Proposal and amendments thereto shall govern over the Auditor's Proposal and amendments thereto. However, the City reserves the right to clarify any Contractual relationship in writing with the concurrence of the Auditor, and such written clarification shall govern in case of conflict with the applicable requirements stated in the Request for Proposal or the Auditor's Bid. In all other matters not affected by the written clarification, if any, the Request for Proposal shall govern. The Auditor is cautioned that the proposal shall be subject to acceptance without further clarification.
3. **Modification of Contract.** The Scope of Work to be done under the Contract shall be subject to modification and supplementation upon the written agreement of the duly authorized representatives of the contracting parties. No provision in the Contract shall be changed or modified without the execution of a formal amendment to the Contract, mutually agreed to by the City and the Auditor and processed through the Division of Purchases. Upon request by the City, the Auditor shall provide an estimate of cost of any additional work or services to be incorporated by a modification to the Scope of Work and the Contract.

4. **Exchange of Data.** All information, data, and reports in the City's possession and necessary for the carrying out of the work, shall be furnished to the Auditor without charge, and the parties shall cooperate with each other in every way possible in carrying out the scope of services.

5. **Personnel.**
 - a. The Auditor represents that Auditor will secure at Auditor's own expense, all personnel required to perform the services called for under this contract by Auditor. Such personnel shall not be employees of or have any contractual relationship with the City except as employees of the Auditor. All of the services required hereunder will be performed by the Auditor or under Auditor's direct supervision and all personnel engaged in the work shall be fully qualified and shall be authorized under state and local law to perform such services. None of the work or services covered by this contract shall be subcontracted without the written approval of the City.

 - b. The Auditor represents, in accordance with RSMo statute Section 285.530.2, that it has not employed, or subcontracted with, unauthorized aliens in connection with the scope of work to be done under the Contract and agrees to provide an affidavit to the City of Springfield affirming that it has not, and will not in connection with the Contract, knowingly employ, or subcontract with, any person who is an unauthorized alien.

6. **Term.** The services of the Auditor shall commence only as authorized in writing by City purchase order or other written notice and shall commence as soon as practicable after the execution of this contract as promised by the Auditor in **Exhibit B**, unless otherwise directed in writing. The term of the Agreement shall be for the period specified in **Exhibit C**.

7. **Appropriation of Funds.** In the event funds are not appropriated by the Council of the City of Springfield for any term of the contract, any extension thereto or any portion of any term of the contract which falls in a fiscal period other than a fiscal period for which funds have been appropriated, the contract shall terminate without notice at the end of the fiscal period for which funds are appropriated.

8. **Payment.**
 - a. **Conditioned upon acceptable performance.** The City agrees to pay the Auditor in accordance with the prices and terms set forth in **Exhibit B** for work authorized by City purchase order or other written notice by the City upon presentation of proper invoice and inspection by the City of work completed by the Auditor. The City expressly reserves the right to disapprove in whole or in part a request for payment where the services rendered during the period for which payment is claimed are not performed in a timely and satisfactory manner in accordance with the schedule and description of services set forth in **Exhibit A**.

 - b. **Total compensation not to exceed.** It is expressly understood that in no event will the total compensation and reimbursement to be paid to the Auditor under the terms of this contract exceed the sum of _____ **Dollars**
(\$ _____).

9. **Termination of Contract.**
 - a. **For Breach:** If, through any cause, the Auditor shall fail to fulfill in a timely and proper manner Auditor's obligations under this contract, or if the Auditor shall violate any of the covenants, agreements, or stipulations of this contract, the City shall thereupon have the right to terminate this contract by giving written notice to the Auditor of such termination and specifying the effective date thereof, at least five (5) days before the effective day of such termination.

- b. **For Convenience:** The City shall have the right at any time by written notice to Auditor to terminate and cancel this contract, without cause, for the convenience of the City, and Auditor shall immediately stop work.

In either such event, all finished or unfinished documents, data, studies, reports, or other materials prepared by the Auditor shall, at the option of the City become its property. The Auditor shall be entitled to receive just and equitable compensation for any satisfactory work completed prior to termination of the contract. Notwithstanding the above, the Auditor shall not be relieved of liability to the City for damages sustained by the City by virtue of any such breach of the contract by the Auditor.

10. **Conflicts.**

- a. Auditor covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services to be performed under this contract. The Auditor further covenants that in the performance of this contract no person having such interest shall be employed.
- b. No salaried officer or employee of the City and no member of the City Council shall have a financial interest, direct or indirect, in this contract. A violation of this provision renders the contract void. Any federal regulations and applicable provisions in Section 105.450 et seq. RSMo. shall not be violated.

11. **Assignment.** The Auditor shall not assign or transfer any interest in this contract (whether by assignment or novation), and shall not substitute any specific individuals and/or personnel qualifications without prior written consent of the City thereto. Provided, however, that claims for money due or to become due to the Auditor from the City under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of such assignment or transfer shall be furnished in writing promptly to the City. Any such assignment is expressly subject to all rights and remedies of the City under this agreement, including the right to change or delete activities from the contract or to terminate the same as provided herein, and no such assignment shall require the City to give any notice to any such assignee of any actions which the City may take under this agreement, though City will attempt to so notify any such assignee.

12. **Confidentiality of Documents.** Any reports, data, design or similar information given to or prepared or assembled by the Auditor under this contract which the City requests to be kept as confidential shall not be made available to any individual or organization by the Auditor without prior written approval of the City.

13. **Discrimination.** The Auditor agrees in the performance of this contract not to discriminate on the ground or because of race, creed, color, national origin or ancestry, sex, religion, handicap, age, or political opinion or affiliation, against any employee of Auditor or applicant for employment and shall include a similar provision in all subcontracts let or awarded hereunder.

14. **Occupational License:** The Auditor shall obtain and maintain an occupational license with the City of Springfield, Missouri, if required by city code and any required state or federal license. The cost for this occupational license shall be borne by the Auditor. No contract will be executed by the City until this occupational license has been obtained.

15. **Compliance with Laws.** Auditor agrees to comply with all applicable federal, state and local laws or rules and regulations applicable to the provision of services and products hereunder. Auditor affirmatively states that payment of all local, state, and federal taxes and assessments owed by Auditor is current.

16. **Nonresident/Foreign Auditors.** The Auditor shall procure and maintain during the life of this contract:

- a. If the Auditor is a foreign corporation, a certificate of authority to transact business in the State of Missouri from the Secretary of State, unless exempt pursuant to the provisions of Section 351.572 RSMo.

- b. A certificate from the Missouri Director of Revenue evidencing compliance with the transient employer financial assurance law, unless exempt pursuant to the provisions of Section 285.230 RSMo.
17. **General Independent Auditor Clause.** This agreement does not create an employee/employer relationship between the parties. It is the parties' intention that the Auditor will be an independent Auditor and not the City's employee for all purposes, including, but not limited to, the application of the Fair Labor Standards Act minimum wage and overtime payments, Federal Insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act, the provisions of the Internal Revenue Code, Missouri revenue and taxation laws, Missouri workers' compensation and unemployment insurance laws. The Auditor will retain sole and absolute discretion in the judgment of the manner and means of carrying out the Auditor's activities and responsibilities hereunder. The Auditor agrees that it is a separate and independent enterprise from the public employer, that it has a full opportunity to find other business, that it has made its own investment in its business, and that it will utilize a high level of skill necessary to perform the work. This agreement shall not be construed as creating any joint employment relationship between the Auditor and the City, and the City will not be liable for any obligation incurred by the Auditor, including but not limited to unpaid minimum wages and/or overtime premiums.
18. **City Benefits.** The Auditor shall not be entitled to any of the benefits established for the employees of the City nor be covered by the Worker's Compensation Program of the City.
19. **Liability and Indemnity.** The parties mutually agree to the following:
- a. In no event shall the City be liable to the Auditor for special, indirect, or consequential damages, except those caused by the City's gross negligence or willful or wanton misconduct arising out of or in any way connected with a breach of this contract. The maximum liability of the City shall be limited to the amount of money to be paid or received by the City under this contract.
 - b. The Auditor shall defend, indemnify, and hold harmless the City, its elected or appointed officials, agents and employees, from and against any and all liability, suits, damages, costs (including attorney fees), losses, outlays and expenses from claims in any manner caused by, or allegedly caused by, or arising out of or connected with, this contract, or the work of any subcontract there under (the Contract or hereby assuming full responsibility for relations with subcontractors), including but not limited to claims for personal injuries, death, property damage, or for damages from the award of this contract to Auditor.
 - c. The Auditor shall indemnify and hold the city harmless from all wages or overtime compensation due any employees in rendering services pursuant to this agreement or any subcontract, including payment of reasonable attorneys' fees and costs in the defense of any claim made under the Fair Labor Standards Act, the Missouri Prevailing Wage Law or any other federal or state law.
20. **Professional Liability Insurance:** The Auditor shall provide professional errors and omissions insurance in the amount of Five Million Dollars (\$5,000,000.00) with an insurance carrier with ratings no lower than A minus by A.M.Best.
21. **Notices.** All notices required or permitted hereinunder and required to be in writing may be given by FAX or by first class mail addressed to City and Auditor at the addresses shown above. The date of delivery of any notice given by mail shall be the date falling on the third day after the day of its mailing. The date of delivery of notice by FAX transmission shall be deemed to be the date transmission occurs, except where the transmission is not completed by 5:00 p.m. on a regular business day at the terminal of the receiving party, in which case the date of delivery shall be deemed to fall on the next regular business day for the receiving party.
22. **Jurisdiction.** This agreement and every question arising hereunder shall be construed or determined according to the laws of the State of Missouri. Should any part of this agreement be litigated, venue shall be proper only in the Circuit Court of Greene County, Missouri.

- 23. **Entire Agreement.** This agreement contains the entire agreement of the parties. No modification, amendment, or waiver of any of the provisions of this agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.
- 24. **Auditor's Responsibility for Subcontractors.** It is further agreed that Auditor shall be as fully responsible to the City for the acts and omissions of its Subcontractors, and of persons either directly or indirectly employed by them, as Auditor is for the acts and omissions of persons it directly employs. Auditor shall cause appropriate provisions to be inserted in all subcontracts relating to this work, to bind all Subcontractors to Auditor by all the terms herein set forth, insofar as applicable to the work of Subcontractors and to give Auditor the same power regarding termination of any subcontract as the City may exercise over Auditor under any provisions of this contract. Nothing contained in this contract shall create any contractual relation between the Subcontractor and the City or between any Subcontractors.
- 25. **Waiver.** No provision of the contract documents shall be construed, expressly or by implication, as a waiver by the City of any existing or future right or remedy available by law in the event of any claim of default or breach of contract.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the day and year herein stated.

CERTIFICATE OF DIRECTOR OF FINANCE

I certify that the expenditure contemplated by this document is within the purpose of the appropriation to which it is to be charged and that there is an unencumbered balance of appropriated and available funds to pay therefore.

Mary Mannix-Decker, Director of Finance

AUDITOR

By: _____

Name: _____

Title: _____

CITY OF SPRINGFIELD, MISSOURI

By: _____

Michael Bell
Acting City Purchasing Agent

APPROVED AS TO FORM

Assistant City Attorney

Notice and Instructions to Bidders/Vendors

Regarding Sections 285.525 through 285.550 RSMO, Effective January 1, 2009 and Section 292.675 RSMO, Effective August 28, 2009

Effective January 1, 2009 and pursuant to the State of Missouri's RSMO 285.530 (1), No business entity or employer shall knowingly employ, hire for employment, or continue to employ an unauthorized alien to perform work within the state of Missouri.

As a condition for the award of any contract or grant in excess of five thousand dollars by the state or by any political subdivision of the state (e.g., Greene County, Mo.) to a business entity, the business entity (Company) shall, by sworn affidavit and provision of documentation, affirm its enrollment and participation in a federal work authorization program with respect to the employees working in connection with the contracted services. Every such business entity shall sign an affidavit affirming that it does not knowingly employ any person who is an unauthorized alien in connection with the contracted services. [RSMO 285.530 (2)]

RSMO 285.530 pertains to all solicitations for services over \$5,000. RSMO 285.530 does not apply to solicitations for goods only. If a solicitation is for services and goods, RSMO 285.530 applies if the services portion of the solicitation is over \$5,000.

1. Affidavit for Service Contracts over \$5,000.00 (US) – Effective 1-1-2009, Company shall comply with the provisions of Section 285.525 through 285.550 R.S.Mo. Contract award is contingent on Company providing an acceptable notarized affidavit stating:

- a. that Company is enrolled in and participates in a federal work authorization program with respect to the employees working in connection with the contracted services; and
- b. that Company does not knowingly employ any person who is an unauthorized alien in connection the contracted services.

2. Additionally, Company must provide documentation evidencing current enrollment in a federal work authorization program (e.g. electronic signature page from E-Verify program's Memo of Understanding (MOU). *See attached sample.*

The City of Springfield encourages companies that are not already enrolled and participating in a federal work authorization program to do so. E-Verify is an example of this type of program. Information regarding E-Verify is available at <http://www.uscis.gov/e-verify> or by calling **888-464-4218**.

If you have any questions, please contact the City Purchasing Department at 417-864-1620.

Company ID Number: XXXXXX

The foregoing constitutes the full agreement on this subject between the SSA, DHS (Department of Homeland Security), and the Employer.

The individuals whose signatures appear below represent that they are authorized to enter into this MOU on behalf of the Employer and DHS respectively.

To be accepted as a participant in E-Verify, you should only sign the Employer's Section of the signature page. If you have any questions, contact E-Verify Operations at 888-464-4218.

Employer, Your Company Name

John Doe

Name (Please type or print)

Title

Electronically Signed

Signature

01/01/2009

Date

Verification

Department of Homeland Security –Division

USCIS Verification Division

Name (Please type or print)

Title

Electronically Signed

Signature

01/01/2009

Sample
Memo of Understanding - MOU
E-Verify
Electronic Signature Page

**CITY OF SPRINGFIELD
STATEMENT OF "NO PROPOSAL"
REQUEST FOR PROPOSAL #173-2016**

**RETURN THIS PAGE ONLY IF YOUR COMPANY PROVIDES THE PRODUCTS/SERVICES BEING BID AND
DECLINES TO DO SO.**

WE, THE UNDERSIGNED, HAVE DECLINED TO BID ON YOUR **RFP #173-2016** FOR **AUDITING SERVICES:
POLICE OFFICERS' & FIRE FIGHTERS' RETIREMENT SYSTEM** FOR THE FOLLOWING REASON(S):

_____ SPECIFICATIONS ARE TOO "TIGHT", I.E. GEARED TOWARD ONE BRAND OR MANUFACTURER
ONLY (PLEASE EXPLAIN REASON BELOW)

_____ INSUFFICIENT TIME TO RESPOND TO REQUEST FOR PROPOSAL.

_____ WE DO NOT OFFER THIS PRODUCT/S OR EQUIVALENT.

_____ REMOVE US FROM YOUR BIDDERS' LIST FOR THIS COMMODITY OR SERVICE

_____ OUR PRODUCT SCHEDULE WOULD NOT PERMIT US TO PERFORM.

_____ UNABLE TO MEET SPECIFICATIONS.

_____ UNABLE TO MEET INSURANCE REQUIREMENTS.

_____ SPECIFICATIONS UNCLEAR (PLEASE EXPLAIN BELOW).

_____ OTHER (PLEASE SPECIFY BELOW).

REMARKS:

COMPANY NAME: _____

ADDRESS: _____

SIGNATURE AND TITLE: _____

TELEPHONE NUMBER: _____

DATE: _____



CITY OF SPRINGFIELD, MISSOURI
DIVISION OF PURCHASES
REQUEST FOR PROPOSAL #173-2016

ADDENDUM #1

**R
E
T
U
R
N**

TO: Margaret Juarez, Buyer
City of Springfield
Division of Purchases
218 E. Central
Springfield, MO 65802

Date Issued: May 2, 2016
Buyer's Email: mjuarez@springfieldmo.gov
Telephone Number: 417-864-2079
Fax Number: 417-864-1927
DUE DATE: MAY 12, 2016

The Request for Proposal specified above is hereby amended and revised as described below. **This addendum must be acknowledged on the Affidavit of Compliance provided in the original bid documents.**

DESCRIPTION

**AUDITING SERVICES: POLICE OFFICERS' & FIRE FIGHTERS'
RETIREMENT SYSTEM**

Responses to Questions:

1. Does the City and/or Pension System have a mandatory rotation policy for audit firms, or has the current audit firm been invited to bid?

No, the current firm has been invited to bid.

2. Has there been any significant turnover in the accounting staff over the past year or any changes you'd expect would impact fieldwork?

No, there has been no change in key accounting staff.

3. Are members of the Selection Committee with the City, or outside participants?

The members include the Director of Finance, Accounting Manager, and two financial analysts involved with the audit process.

4. What, if anything, would the City and/or Pension System like to see changed about their current audit process? Are there any improvement areas you'd recommend to your auditor?

The City has received quality audits from their current firm. The firm has been very responsive to all requests throughout the term of the contract.

5. Does management prepare the draft of the pension financial statements, or has this historically been the auditor?
- a. Section 4.1.2 of the RFP states "Information Systems personnel will be available to assist the auditor with preparation of the report," and section of the RFP 4.2.1 states "City staff shall prepare the financial statements." Can you please confirm who will draft the financial statements for the period covered by this RFP?

The Finance staff prepares the draft report.

6. Relevant clients discussed in section 5.3.6 of RFP – For comparable clients and references listed for the pension proposal – are there specific categories you'd like presented with this information (the current list of examples look like they pertain to the proposal for the City's audit)?

The City is looking for experience with municipal governments that administer their own pension trust fund.

7. Investments held by the plan – are audited financial statements available for the Real Estate fund investment?

Yes, Prudential provides us with audited financial statements.

8. With the implementation of GASB 72 in the current year, what is the Plan's methodology for determining the levels of fair value for the investments?

The City plans on using the market approach to measuring fair value for the investments.

9. Were there any journal entries proposed by the audit firm during 2015 audit? Is there a list of these journal entries available?

No, there were no journal entries proposed by the audit firm.

10. Was a management letter issued during the 2015 audit, if so, is this available for review?

Yes, please see the attachment titled "Bid 173-2016RFP – Addendum 1 – Exhibit 1".

11. For the schedule of professional fees submitted in the proposal response, is a price quote being requested for only 2016, or also for the 4 optional years to renew?

Any change during the optional 4 years should be specified.

Board of Trustees and Management
City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
Springfield, Missouri

As part of our audit of the financial statements of City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement Fund (the "Plan") as of and for the year ended June 30, 2015, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America and the Standards Applicable to Financial Audits Contained in Government Auditing Standards Issued by the Comptroller General of the United States

An audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The Plan's significant accounting policies are described in *Note 2* of the audited financial statements.

Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Valuation of investments
- Calculation of net pension liability

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Retirement, disability and survivor benefits
- Determination of fair values
- Sensitivity analysis of net pension liability

Audit Adjustments

No matters are reportable.

Auditor's Judgments About the Quality of the Entity's Accounting Principles

No matters are reportable.

Other Material Written Communication

Listed below is another material written communication between management and us related to the audit:

- Management representation letter (attached)

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the Plan as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan'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 significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified.

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 of the Plan's financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or 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 observed the following matters that we consider to be deficiencies.

Deficiencies

Maintenance of Plan Census Data

We selected a sample of 30 active participants from the Plan's census to test the proper calculation of employee and employer contributions to the Plan. In our initial testing, we noted that the annual pay amounts in the census file did not agree to the City of Springfield's (the "City") Oracle payroll system. It was determined that the errors in the annual pay amounts were the result of the census file including participants' longevity pay and degree pay twice. The annual pay amounts are entered into the census file from the pension database. In fiscal year 2014, the City's payroll processing was converted to a new version of the Oracle system. In fiscal year 2015, the Plan's financial analyst made changes to the way that the payroll information was pulled from Oracle to the pension database so that longevity and degree pay would be included in the amounts transferred to the pension database. The change converted a once manual process to a system generated report, but inadvertently resulted in longevity and degree pay being added twice to the base pay when imported into the pension database. Therefore, annual pay included in the Plan's census file provided to the Plan's actuary was overstated. Once this issue was isolated, the financial analyst worked with the City's information technology department to correct the programming issue and prepared a revised census file for use by the actuary and audit testing. We recommend the finance department incorporate a review of the census file prior to submission to the Plan's actuary that includes a reconciliation of total annual pay to the City's payroll information.

Benefit Payment Calculation

We selected a sample of 30 participants that were receiving benefits. This sample was used to test the proper calculation of benefit payments and adjustment to benefit payments for applicable cost of living adjustments. Our sample excluded those participants receiving benefits for the first time, as those participants were tested in a separate sample. In our testing, we found one participant who retired in 2010, whose benefit payment calculation was inconsistent with the standard practices of the Plan. The percentages used for service credit are rounded to two decimal places, whereas the calculation for this participant was rounded up to the nearest percentage point. Rounding up the percentage from 45.88% to 46% resulted in the initial benefit payment calculation being overstated by \$14. We recommend the director of finance to continue to review and approve benefit payment calculations and ensure the calculations are completely consistent for all participants and in accordance with plan provisions.

OTHER MATTERS

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

Asset Allocation

The Plan's investment allocation is in line with the ranges in the Investment Policy Statement by Asset Type, but the target allocation percentages by Subasset Classes were not yet met at year end. In comparison to the target percentages in the Investment Policy Statement, the Plan had differentials greater than three percentage points for the following subasset classes:

Subasset Class	Target Allocation	Actual Allocation
Developed Non-US Equity-Small Cap	2-7%	0%
Long Duration Fixed Income	7-13%	0%

This communication is intended solely for the information and use of management and the Board of Trustees of the City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement Fund and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

November 3, 2015

November 3, 2015

BKD, LLP
Certified Public Accountants
P.O. Box 1190
Springfield, MO 65801-1190

We are providing this letter in connection with your audits of the financial statements of the City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement Fund (the Plan) as of and for the years ended June 30, 2015 and 2014. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our original contract dated July 2, 2012, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

Department of Finance
840 Boonville Avenue P.O. Box 8368, Springfield, Missouri 65801
(417)-864-1625 • Fax: (417)-864-1880 • springfieldmo.gov



5. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
 - (b) Additional information that you have requested from us for the purpose of the audit.
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - (d) All minutes of Board of Trustees' meetings held through the date of this letter.
 - (e) All significant contracts.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by plan procedures with respect to:
 - (a) Misappropriation of assets.
 - (b) Misrepresented or misstated assets or liabilities.
8. We have no knowledge of any known or suspected:
 - (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
 - (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the Plan received in communications from participants, former participants, regulators, third-party servicers or others.
10. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand the term related party refers to an affiliate; employer, management, fiduciaries, and members of their immediate families, and any other party with which the Plan may deal if the Plan can significantly influence, or be influenced by, the management or operating policies

of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with the Plan.

11. Except as reflected in the financial statements, there are no:
 - (a) Plans or intentions that may materially affect carrying values of assets and liabilities.
 - (b) Material transactions omitted or improperly recorded in the financial records.
 - (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - (d) Events occurring subsequent to the date of the statement of net assets available for benefits through the date of this letter requiring adjustment or disclosure in the financial statements.
 - (e) Agreements to purchase assets previously sold.
12. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
13. The Plan is not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. Neither the Plan nor the sponsor has sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.
14. Adequate allowances have been provided for any material losses from uncollectible receivables.
15. With regard to deposit and investment activities:
 - (a) All deposits and investment transactions have been made in accordance with legal and contractual requirements.
 - (b) Disclosures of deposit and investment balances are risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

16. The Springfield, Missouri, Code of Ordinances related to the Plan has not been amended during the year.
17. The Plan provisions at the date of this letter are the same as those at the actuarial valuation date.
18. The Plan has made no investments during the year that violate the terms of the Plan.
19. The participants' data that we provided the Plan's actuary for the purposes of determining the net pension liability and other actuarially determined amounts in the financial statements were complete.
20. We agree with the actuarial methods and assumptions that the actuary used for funding purposes and for determining total pension liability and know of nothing that would make such methods or assumptions inappropriate in the circumstances.
21. Except as disclosed in the financial statements, the actuarial methods or assumptions used in calculating amounts recorded or disclosed in the financial statements have not been changed since the previous year.
22. Except as disclosed in the financial statements, the Plan has:
 - (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.
 - (b) Complied with all aspects of contractual agreements, for which noncompliance would materially affect the financial statements.
23. The financial statements disclose all significant estimates known to us. Significant estimates are estimates at the date of the statement of net assets available for benefits which could change materially within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
24. With respect to any nonattest services you have provided us during the year, including drafting the financial statements and related notes:
 - (a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - (b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.
 - (c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.

- (d) We have evaluated the adequacy of the services performed and any findings that resulted.
25. We have reviewed the reports of all transactions processed by third-party servicers, and, based on our review, we believe the transactions shown in the reports are valid and in accordance with our instructions to the third-party processor.
26. We have apprised you of all communications, written or oral, with regulatory agencies concerning the operation of the Plan.
27. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, and pension information, has been prepared, and is presented in conformity with the applicable GASB pronouncements. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation


Mary Mannix-Decker
Director of Finance

Janell Manley
Administrative Director



Maryjo Kerringer
Financial Analyst

Financial Statements and
Supplemental Information

**City of Springfield, Missouri
Police Officers' and Fire Fighters'
Retirement Fund**

Independent Auditor's Report and Financial Statements

June 30, 2015 and 2014



City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
June 30, 2015 and 2014

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Independent Auditor's Report

The Board of Trustees
City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
Springfield, Missouri

Report on the Financial Statements

We have audited the accompanying basic financial statements of the City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement Fund (the "Plan"), a fiduciary fund of the City of Springfield, Missouri, which comprise the statements of fiduciary net position as of June 30, 2015 and 2014, and statements of changes in fiduciary net position and the related notes to the financial statements for the years ended June 30, 2015 and 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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. Accordingly, we express no such opinion. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position restricted for pensions of the Plan as of June 30, 2015 and 2014, and the changes in its net position restricted for pensions for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2015, on our consideration of the Plan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

BKD, LLP

Springfield, Missouri
November 3, 2015

City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
Management Discussion and Analysis (Unaudited)
Years Ended June 30, 2015 and 2014

Management is pleased to present this overview and analysis of the financial activities of the City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement Fund for the fiscal years ending June 30, 2015 and 2014. The intent of this discussion and analysis is to look at the Plan's financial performance as a whole; readers should review the financial statements, notes to the financial statements and other schedules in order to enhance their understanding of the Plan's financial performance.

FINANCIAL STATEMENTS

The City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement Fund is a single employer contributory defined benefit plan. The financial statements are prepared on an accrual basis, whereby transactions are recognized when they occur, regardless of when the cash is received or disbursed. Investments are recorded at market value.

The Statement of Fiduciary Net Position presents the assets and liabilities by major categories as of the end of the fiscal year. The difference between assets and liabilities is the net position restricted for pensions. Over time, increases or decreases in fiduciary net position can be monitored to determine whether the Plan's financial condition is improving or deteriorating.

The Statement of Changes to Fiduciary Net Position presents information on the increases and decreases that caused the change in fiduciary net position during the fiscal year.

The Notes to the Financial Statements are an integral part of the financial statements. The notes provide important detail and background information that is essential to the full understanding of the data provided in the financial statements. The notes also contain information pertaining to the Plan's actuarial methods and assumptions including data on the funded status of the Plan.

Required Supplementary Information section follows immediately after the notes to the basic financial statements. This section includes the schedule of changes in net pension liability and related ratios which has information about the actuarially funded status of the Plan and the progress made in the accumulation of sufficient assets to pay benefits. The schedule of contributions provides historical information about the annual contributions made by the City of Springfield, Missouri, to the Plan. All of this information is considered useful in understanding and evaluating the financial activities of the Plan.

Financial Analysis

Fiduciary net position may serve over time as a useful indicator of the Plan's financial position. The fiduciary net position is available to meet the Plan's ongoing obligation to plan members and their beneficiaries.

City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
Management Discussion and Analysis (Unaudited)
Years Ended June 30, 2015 and 2014

A summary of the Statement of Fiduciary Net Position is as follows (\$000's):

	2015	2014	2013
Assets			
Cash and short-term investments	\$ 18,588	\$ 4,478	\$ 6,348
Public safety pension sales tax due from City	5,056	5,021	4,165
Accrued interest and dividends	313	287	290
Investments	298,788	299,986	243,566
Total Assets	322,745	309,772	254,369
Liabilities			
Accounts payable	211	118	11
Net Position Restricted for Pensions	\$ 322,534	\$ 309,654	\$ 254,358

In 2015, fiduciary net position increased by \$12.9 million or 4% over 2014. This increase was primarily driven by an increase in cash and short-term investments. In 2014, fiduciary net position increased \$55.3 million or 22% over 2013. This increase was primarily driven by the increase in the fair market value of investments.

A summary of the Statement of Changes in Fiduciary Net Position is as follows (\$000's):

	2015	2014	2013
Additions			
Contributions			
Sales tax	\$ 30,772	\$ 29,315	\$ 27,957
City	7,131	7,658	7,658
Employees	2,983	3,201	3,038
Total contributions	40,886	40,174	38,653
Net investment income (loss)	(4,345)	37,637	23,489
Other income	83	26	56
Total Additions	36,624	77,837	62,198
Deductions			
Benefit payments	20,823	19,228	18,245
Refund of contributions	2,586	2,959	1,177
Administrative expenses	335	354	328
Total Deductions	23,744	22,541	19,750
Net Increase	12,880	55,296	42,448
Net Position Restricted for Pensions, Beginning of Year	309,654	254,358	211,910
Net Position Restricted for Pensions, End of Year	\$ 322,534	\$ 309,654	\$ 254,358

City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
Management Discussion and Analysis (Unaudited)
Years Ended June 30, 2015 and 2014

The City contributes 35% of payroll and employees contribute 14.63%. In 2009, Springfield voters passed a public safety sales tax with 100% of the tax revenue dedicated to the Plan. In 2015, this tax generated \$31 million, a 5% increase over 2014. In 2014, this tax generated \$29 million, a 5% increase over 2013. The public safety pension sales tax was scheduled to expire in 2015. In 2014, voters extended this tax for another five years. The tax is now scheduled to expire in March 2020.

Benefit payments include monthly payments of retirement, disability and survivor benefits. These payments increased \$1,596,000, or 8%, from 2014 to 2015, and \$983,000, or 5%, from 2013 to 2014. These increases are due to more retirees receiving payments and the automatic 3% cost-of-living adjustment.

Upon retirement, plan members receive a refund of the contributions they made to the Plan during their employment. In 2015, the amount refunded was \$374,000 less than in 2014. In 2015, there were fewer retirements and the average refund was lower. In 2014, the amount refunded was \$1,782,000 more than 2013. In 2014 there were more retirements and the average refund was more than in 2013.

Plan Highlights

As computed under Statement No. 67 of the Government Accounting Standards Board, the total pension liability for the Plan at June 30, 2015, was \$452,710,859 and the net pension liability was \$130,177,279. At June 30, 2014, the total pension liability was \$430,036,714 and the net pension liability was \$120,383,254. The fiduciary net position as a percent of the total pension liability was 71% at June 30, 2015. This is a decline from June 30, 2014, when the fiduciary net position was 72% of the total pension liability. The decrease in the net position as a percent of the total liability is primarily due a rate of return which was less than the assumed rate of 7%. This resulted in an increase in the present value of future benefits for both active employees and retirees.

Requests for Additional Information

This financial report is designed to provide a general overview of the City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement Fund to all parties with an interest in the Plan and to demonstrate accountability to the community. Questions regarding any information provided in this report, or requests for additional information should be directed to the Director of Finance, City of Springfield, 840 Boonville Avenue, Springfield MO 65801.

Mary Mannix Decker

Mary Mannix Decker
Director of Finance

City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
Statements of Fiduciary Net Position
June 30, 2015 and 2014

Assets

	2015	2014
Cash and Short-Term Investments	<u>\$ 18,587,762</u>	<u>\$ 4,477,842</u>
Receivables		
Public safety pension sales tax due from City	5,055,966	5,021,411
Accrued interest and dividends	<u>312,794</u>	<u>286,709</u>
Total receivables	<u>5,368,760</u>	<u>5,308,120</u>
Investments, At Fair Value		
Money market mutual funds	345,820	633,694
U.S. Treasury securities	2,877,795	3,088,329
U.S. agency securities	2,967,874	5,235,750
Government-sponsored enterprises obligations	12,527,768	12,398,485
Corporate bonds	21,496,745	18,058,146
Municipal bonds	1,961,530	2,201,651
International fixed income fund	42,374,600	41,120,369
Index fund - fixed income	16,494,245	12,812,152
Index funds - equities	69,636,755	69,174,020
Index fund - commodities	13,043,480	17,138,375
International equity funds	72,273,904	77,843,195
International hedge fund	30,278,976	28,795,566
Real estate fund	<u>12,508,292</u>	<u>11,486,313</u>
Total investments	<u>298,787,784</u>	<u>299,986,045</u>
Total assets	322,744,306	309,772,007
Liabilities		
Accounts payable	<u>210,726</u>	<u>118,547</u>
Net Position Restricted for Pensions	<u><u>\$ 322,533,580</u></u>	<u><u>\$ 309,653,460</u></u>

City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Additions		
Contributions		
Employer - public safety pension sales tax	\$ 30,772,390	\$ 29,315,082
Employer	7,131,402	7,658,315
Members	<u>2,982,942</u>	<u>3,201,170</u>
Total contributions	<u>40,886,734</u>	<u>40,174,567</u>
Investment income		
Net appreciation (depreciation) in fair value of investments	(4,401,805)	37,283,139
Interest and dividends	<u>1,465,130</u>	<u>1,577,953</u>
	(2,936,675)	38,861,092
Less investment expense	<u>(1,407,993)</u>	<u>(1,223,629)</u>
Net investment income (loss)	<u>(4,344,668)</u>	<u>37,637,463</u>
Other revenue	<u>82,892</u>	<u>25,926</u>
Total additions	<u>36,624,958</u>	<u>77,837,956</u>
Deductions		
Benefit payments	20,823,494	19,227,871
Refunds of contributions	2,586,004	2,959,629
Administrative expenses	<u>335,340</u>	<u>354,745</u>
Total deductions	<u>23,744,838</u>	<u>22,542,245</u>
Net Increase in Net Position	12,880,120	55,295,711
Net Position Restricted for Pensions, Beginning of Year	<u>309,653,460</u>	<u>254,357,749</u>
Net Position Restricted for Pensions, End of Year	<u>\$ 322,533,580</u>	<u>\$ 309,653,460</u>

City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
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Note 1: Description of the Plan

The City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement Fund (the "Plan"), is a single-employer, defined benefit pension plan. Prior to the closing the Plan to new entrants on January 31, 2010, the City of Springfield, Missouri's (the "City") police officers and fire fighters became members in the Plan as a condition of their employment. Members hired on or after June 1, 2006, have voluntarily left the Plan and are currently members in the Local Government Employees Retirement System (LAGERS). These former members' contributions to this plan have been refunded and they are no longer due any benefits. Police officers and fire fighters hired on or after February 1, 2010, are provided a retirement plan through LAGERS.

Operations of the Plan are governed by City ordinance and are administered by the Plan's Board of Trustees (the "Trustees"). The Trustees consists of nine voting members: one current member of the police department, one current member of the fire department, one former employee who is currently receiving benefits from the system and six citizens recommended by the City Manager and approved by the City Council. The Trustees also include five nonvoting members, one of which is a member of the City Council designated by the Mayor to act as a liaison. The Plan is not subject to the provisions of the *Employee Retirement Income Security Act of 1974*. The Plan is considered part of the City financial reporting entity and is included in the City's basic financial statements as a pension trust fund.

Membership in the Plan as of June 30, 2015 and 2014, is comprised of the following:

	June 30, 2015		
	Police Officers	Firefighters	Total
Retirees and beneficiaries currently receiving benefits	257	273	530
Terminated vested members	16	2	18
Fully vested active members	168	133	301
	441	408	849

	June 30, 2014		
	Police Officers	Firefighters	Total
Retirees and beneficiaries currently receiving benefits	248	271	519
Terminated vested members	16	2	18
Fully vested active members	180	140	320
	444	413	857

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The following brief description of the Plan is provided for general information purposes only. Sections 2-441 through 2-483 of the Springfield, Missouri, Code of Ordinances should be referred to for complete details. Members should also refer to the pamphlet, *City of Springfield Police Officers' and Fire Fighters' Retirement Fund Summary Plan Description*, for a more complete description of the Plan's provisions. Copies of the pamphlet are available from the City's Finance Department.

Retirement Benefits

Members become vested in the Plan after five years of service. Members are entitled to retirement benefits after 25 years of service, at age 50 after 20 years of service, or at age 60. Members with at least five years of service may elect to receive early retirement reduced benefits at age 55. Normal retirement benefits are 2.8% multiplied by total years of credited service multiplied by the average of a member's highest three years of salary within the last 10 years, limited to 70% of average annual salary.

Disability Benefits

Nonduty disability benefits are available to members having at least three years of service who become totally and permanently disabled from nonduty causes. These benefits are 1.75% of the member's average salary if the member retired prior to January 1, 2005, and seven-eighths of the percentage multiplier rate for the normal service retirement benefit, including the additional three-tenths multiplier for each year of service, subject to a minimum of 25% and a maximum of 50% for members who are current employees of the police or fire departments on and before January 1, 2005.

With respect to any member commencing employment on or after January 1, 2005, and before June 1, 2006, and having at least five years of service who become totally and permanently disabled from nonduty causes shall be entitled to a nonduty disability. This pension shall be payable during the lifetime of the member, provided the disability continues. The pension for members commencing employment on or after January 1, 2005, and before June 1, 2006, shall be equal to seven-eighths of the percentage multiplier rate for the normal service retirement benefit in effect at the time of the granting of the nonduty disability pension, including the additional three-tenths multiplier amount times the average salary for each year of service, subject to a minimum benefit of 25% of average salary and a maximum benefit of 50% of average salary.

Duty disability benefits are available to members, irrespective of the length of service, who become disabled as a direct result of occupational duties. Duty disability benefits are 66 2/3% of the member's salary in effect at the date of the disability, with an offset for any amounts payable under worker's compensation.

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Survivor Benefits

A pension equal to 50% of the member's average salary in effect at the date of death is payable to the surviving spouse until the spouse remarries if death occurs as a direct result of an act of duty. An additional allowance of 10% of the member's salary is payable for each surviving child under the age of 18, subject to a maximum payment to a surviving spouse and children of 75% of the member's salary, with an offset for any amounts payable under workers' compensation. Survivor's pensions for nonduty connected deaths are 25% of average salary plus 1 and 1/8% of average salary for each year of service, provided the member had at least five years of service, subject to a maximum of 50% of average salary paid to the surviving spouse. An additional 10% of the member's salary is payable for each surviving child under the age of 18, subject to a maximum payment of 60% of the member's salary to a surviving spouse and children for a nonduty death.

Termination

A member who terminates employment with the City and is not eligible for benefits from the Plan, is paid on demand and without interest his contributions to the Plan. If the member has five years of service, the member may remain vested and elect to receive benefits payable commencing at the member's normal retirement date.

Annual Adjustments

Plan members entering the Plan prior to June 1, 2006, will have pension benefits increased 3% each July over the amount paid in the preceding month of June, provided the pension has been paid at least 12 months prior to the July change. For age and service retirement pensions, the 3% increase does not begin until the calendar year of the employee's 56th birthday. Surviving spouses and dependent children receiving benefits are also eligible for the increase.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The Plan is accounted for using the economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Expenses are recognized when incurred. Benefits and refunds are recognized when due and payable under the terms of the Plan.

City of Springfield, Missouri
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Investments

Investments are recorded at fair value, based on quoted market prices at the valuation date. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein and disclosure of contingent assets and liabilities and the net pension liability at the date of the financial statements. Actual results could differ from those estimates.

Administrative Expenses

The Plan's Board of Trustees acts as the trustee for the Plan's assets. The operating and other administrative expenses incurred by the Trustees, or its employees, in the performance of its duties as the Plan's trustee are paid from the assets of the Plan accumulated from contributions and investment earnings. Such expenses totaled \$335,340 and \$354,745 in 2015 and 2014, respectively, and are reported as administrative expense in the accompanying statement of changes in fiduciary net position.

Note 3: Contributions

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. Members entering the Plan prior to June 1, 2006, were required to contribute 14.63% of their annual salary to the Plan for the year ended June 30, 2015 and 2014. The member contribution rate is comprised of the required 8.50% rate and 6.13% for the additional funding contribution. The Plan requires the additional funding contribution rate be adjusted triennially, with the next adjustment occurring July 1, 2016. The City may, at its discretion, contribute the remaining amounts necessary to fund the Plan using the entry age normal actuarial method as specified by ordinance. For the years ended June 30, 2015 and 2014, the City's contribution rate to the Plan was 35% of member salaries.

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During the years ended June 30, 2015 and 2014, contributions totaling \$40,886,734 and \$40,174,567, respectively, were made to the Plan. In 2015, the employer's actual contributions of \$7,131,402 and \$30,772,390 in public safety sales tax revenue met the annual required employer's contributions of \$16,267,747 as determined by the Plan's actuary. In 2014, the employer's actual contributions of \$7,658,315 and \$29,315,082 in public safety sales tax revenue met the annual required employer's contributions of \$19,607,474 as determined by the Plan's actuary. For the years ended June 30, 2015 and 2014, employer contributions represented 37.8% and 40.8%, respectively, and employee contributions represented 15.8% and 17.1 %, respectively, of covered payroll.

The amount of contributions relating to the public safety sales tax due from the City of Springfield at June 30, 2015 and 2014, were \$5,055,966 and \$5,021,411, respectively. The public safety sales tax earned in May and June 2015 was \$3,179,167 and \$1,876,799, respectively. The Plan received these contributions subsequent to June 30, 2015. The public safety sales tax earned in May and June 2014 was \$3,233,028 and \$1,788,383, respectively. The Plan received these contributions subsequent to June 30, 2014.

Note 4: Deposits and Investments

It is the objective of the Plan in managing its investment portfolio as a whole to realize an investment return that at a minimum equals the Plan's actuarial long-term rate of return assumption on an ongoing basis.

The City has delegated the authority to manage the Plan's investments to the Trustees. The City approves the investment guidelines and objectives for the Plan. Trustees recommend the appropriate asset types to the City for approval. The Trustees may add, delete or change asset classes within those asset types at their discretion at any time within the parameters established by the City.

The asset type and classes, target asset allocation and ranges to be used in the Plan are shown below. All percentages are based on market values. The portfolio shall be reviewed on a quarterly basis and the Plan's Investment Consultant shall convey a recommended rebalancing plan to the Board, if necessary. The Investment Consultant's recommendation shall be conveyed to the Board within 30 days of each quarter end. The investment policy allows investment managers to use pooled investments to obtain the ranges and target percentages shown below.

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The asset classes and targets at June 30, 2015 and 2014, were as follows:

Asset Type and Class	June 30, 2015	
	Range	Target
Equities	25% - 75%	
U.S. Equity (Large Cap)		8% - 16%
U.S. Equity (Small Cap)		1% - 7%
Developed Non-U.S. Equity		7% - 15%
Developed Non-U.S. Equity (Small Cap)		2% - 7%
Emerging Market Equity		7% - 13%
Fixed Income	25% - 50%	
Core Fixed Income		7% - 13%
Long Duration Fixed Income		7% - 13%
Developed Non-U.S. Fixed Income		6% - 12%
Emerging Market Fixed Income		2% - 8%
Inflation-Linked Fixed Income		2% - 8%
Alternatives	0% - 35%	
Real Estate/REITS		2% - 8%
Hedge Fund of Funds		7% - 13%
Commodities		2% - 8%
Asset Type and Class	June 30, 2014	
	Range	Target
Equities	25% - 75%	
U.S. Equity		16%
Developed Equity		15%
Emerging Market Equity		10%
Fixed Income	25% - 50%	
Core Fixed Income		10%
Inflation Linked Bonds		5%
Developed Fixed Income		9%
Emerging Market Debt		5%
Long-Term Fixed Income		10%
Alternatives	0% - 35%	
Real Estate		5%
Hedge Fund of Funds		10%
Commodities		5%

The Plan's deposits and investments are exposed to risks, including credit risk, concentration of credit risk, custodial credit risk and interest rate risk that have the potential to result in losses.

City of Springfield, Missouri
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Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy requires its domestic fixed income investment managers to maintain an average quality of portfolio holdings of A- or better and A or better at June 30, 2015 and 2014, respectively, as measured by at least one credit rating service, with no more than 20% of the portfolio being invested in securities rated below BBB. The Plan's investment policy limits its international fixed income investment managers to invest only in securities that are rated at BBB- or higher by one of the three established rating agencies. The Plan's investment policy requires commercial paper holdings be rated A-1 or P-1 by at least one established rating agency. However, the Plan's investment policy does not specifically limit the investment choices for any other type of securities based on ratings given by the rating agencies.

The following tables provide information regarding Standard & Poor's credit ratings associated with the Plan's investments as of June 30, 2015 and 2014:

Investment Type	Range of Ratings	Percentage of Total Portfolio
June 30, 2015		
Domestic		
Money market mutual funds	N/A	0.1%
U.S. Treasury securities	AA+	1.0%
U.S. agency securities	AA+	1.0%
Government-sponsored enterprises obligations	AA+	4.2%
Corporate bonds	AAA to BB	7.2%
Municipal bonds	AAA to A-	0.7%
International fixed income fund		
Brandywine International Fixed Income Fund	N/A	9.6%
Pyramis Emerging Fixed Income Fund	N/A	4.6%
Index fund - fixed income		
SSgA U.S. TIPS Index Non-Lending Fund	N/A	5.5%
Index funds - equities		
Russell 2000 Index Non-Lending Fund	N/A	7.1%
S&P 500 Flagship Non-Lending Fund	N/A	16.2%
Index fund - commodities		
SSgA Dow Jones-UBS Commodity Index Non-Lending Fund	N/A	4.4%
International equity funds		
Pictet International Equity Fund, LLC	N/A	16.3%
Wells Fargo Emerging Markets Equity Fund	N/A	7.9%
International hedge fund		
EnTrust Capital Diversified Fund QP Ltd.	N/A	5.0%
Blackstone Alternative BPIF Nontax LP	N/A	5.1%
Real estate fund		
Prudential - PRISA SA	N/A	4.2%

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June 30, 2014

Investment Type	Range of Ratings	Percentage of Total Portfolio
Domestic		
Money market mutual funds	N/A	0.2%
U.S. Treasury securities	AA+	1.0%
U.S. agency securities	AA+	1.8%
Government-sponsored enterprises obligations	AA+	4.1%
Corporate bonds	AAA to Bb	6.0%
Municipal bonds	AAA to A+	0.7%
International fixed income fund		
Brandywine International Fixed Income Fund	N/A	10.1%
Pyramis Emerging Fixed Income Fund	N/A	3.6%
Index fund - fixed income		
SSgA U.S. TIPS Index Non-Lending Fund	N/A	4.3%
Index funds - equities		
Russell 2000 Index Non-Lending Fund	N/A	8.1%
S&P 500 Flagship Non-Lending Fund	N/A	15.0%
Index fund - commodities		
SSgA Dow Jones-UBS Commodity Index Non-Lending Fund	N/A	5.7%
International equity funds		
Pictet International Equity Fund, LLC	N/A	17.9%
Wells Fargo Emerging Markets Equity Fund	N/A	8.1%
International hedge fund		
EnTrust Capital Diversified Fund QP Ltd.	N/A	5.1%
Blackstone Alternative BPIF Nontax LP	N/A	4.5%
Real estate fund		
Prudential - PRISA SA	N/A	3.8%

Concentration of Credit Risk

The Plan's investment policy at June 30, 2015 and 2014, respectively, mandates that no managed account may invest more than 5% and 3.5% of managed assets in the securities of a single issuer with the exception of issuers guaranteed by the U.S. government. As of June 30, 2015 and 2014, the Plan was in compliance with this policy.

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Investment Concentrations

The fair value of individual investments that represented 5% or more of the Plan's net position restricted for pensions were as follows:

	2015	2014
Pictet International Equity Fund, LLC	\$ 48,767,608	\$ 53,749,243
S&P 500 Flagship Non-Lending Fund	48,346,058	45,020,372
Brandywine International Fixed Income Fund	28,590,156	30,229,370
Wells Fargo Emerging Markets Equity Fund	23,506,296	24,089,940
Russell 2000 Index Non-Lending Fund	21,290,697	24,153,648
SSgA U.S. Treasury Inflation Protected Securities (TIPS) Index Non-Lending Fund	16,494,245	12,812,152 *
SSgA Dow Jones-UBS Commodity Index	13,043,480 *	17,138,375

* Investment fund did not meet the 5% threshold for each respective year.

Custodial Credit Risk

In the event of a failure of a financial institution or counterparty, custodial credit risk is the risk that the Plan would not be able to recover its deposits, investments or collateral securities in the possession of an outside party. The Plan's investment policy requires assets held by a custodian as determined by the board of trustees be held in the name of the City of Springfield Police Officers' and Fire Fighters' Retirement Fund. In addition, the Plan addresses custodial credit risk by diversifying its investment portfolio and requiring all assets to be invested with the care, skill and diligence that a prudent person familiar with such matters acting in a like capacity would use in a similar enterprise.

At June 30, 2015 and 2014, the bank balances of the Plan's deposits totaled \$18,587,762 and \$4,477,842, respectively. The City's policy is to pledge collateral of at least 102% of deposits not covered by federal deposit insurance. Obligations pledged to secure deposits may consist of the same type of obligations in which the City may invest.

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Interest Rate Risk

Interest rate risk is the risk that changes in financial market rates of interest will adversely affect the value of an investment. As a means of limiting exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The Plan coordinates its investment maturities to closely match cash flow needs.

At June 30, 2015, investment maturities by investment type were as follows:

Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Money market mutual funds	\$ 345,820	\$ 345,820	\$ -	\$ -	\$ -
U.S. Treasury securities	2,877,795	-	1,847,683	-	1,030,112
U.S. agency securities	2,967,874	-	131,304	907,000	1,929,570
Government-sponsored enterprises obligations	12,527,768	129,076	1,115,445	1,002,723	10,280,524
Corporate bonds	21,496,745	685,323	7,046,148	8,344,831	5,420,443
Municipal bonds	1,961,530	210,699	717,619	640,661	392,551
International fixed income fund	42,374,600	42,374,600	-	-	-
Index fund - fixed income	16,494,245	16,494,245	-	-	-
		<u>\$ 60,239,763</u>	<u>\$ 10,858,199</u>	<u>\$ 10,895,215</u>	<u>\$ 19,053,200</u>
Index funds - equities	69,636,755				
Index fund - commodities	13,043,480				
International equity funds	72,273,904				
International hedge fund	30,278,976				
Real estate fund	12,508,292				
	<u>\$ 298,787,784</u>				

At June 30, 2015, as reported at fair value, the Plan's U.S. agency securities consisted of \$2,643,784 Small Business Administration (SBA) and \$324,090 Government National Mortgage Association (GNMA) debt securities and the Plan's government-sponsored enterprises obligations consisted of \$4,977,262 Federal Home Loan Mortgage Corporation (FHLMC) and \$7,550,506 Federal National Mortgage Association (FNMA) debt securities.

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At June 30, 2014, investment maturities by investment type were as follows:

Investments Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Money market mutual funds	\$ 633,694	\$ 633,694	\$ -	\$ -	\$ -
U.S. Treasury securities	3,088,329	133,893	905,692	2,048,744	-
U.S. agency securities	5,235,750	-	176,149	1,274,253	3,785,348
Government-sponsored enterprises obligations	12,398,485	-	1,555,686	1,318,413	9,524,386
Corporate bonds	18,058,146	672,828	6,071,672	6,502,904	4,810,742
Municipal bonds	2,201,651	110,000	1,051,606	774,780	265,265
International fixed income fund	41,120,369	41,120,369	-	-	-
Index fund - fixed income	12,812,152	12,812,152	-	-	-
		<u>\$ 55,482,936</u>	<u>\$ 9,760,805</u>	<u>\$ 11,919,094</u>	<u>\$ 18,385,741</u>
Index funds - equities	69,174,020				
Index fund - commodities	17,138,375				
International equity funds	77,843,195				
International hedge fund	28,795,566				
Real estate fund	11,486,313				
	<u>\$ 299,986,045</u>				

At June 30, 2014, as reported at fair value, the Plan's U.S. agency securities consisted of \$2,852,745 Small Business Administration (SBA) and \$2,383,005 Government National Mortgage Association (GNMA) debt securities and the Plan's government-sponsored enterprises obligations consisted of \$4,219,388 Federal Home Loan Mortgage Corporation (FHLMC) and \$8,179,097 Federal National Mortgage Association (FNMA) debt securities.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Plan does not have a formal policy relating to foreign currency risk since the Plan does not invest directly in foreign currency.

Annual Money-Weighted Rate of Return

For the years ended June 30, 2015 and 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.38)% and 14.49%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Note 5: Net Pension Liability

The components of the net pension liability of the City at June 30, 2015 and 2014, were as follows:

	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 452,710,859	\$ 430,036,714
Plan fiduciary net position	<u>(322,533,580)</u>	<u>(309,653,460)</u>
City's net pension liability	<u>\$ 130,177,279</u>	<u>\$ 120,383,254</u>
Fiduciary net position as a % of total pension liability	71.24%	72.01%

Note 6: Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation prepared by Milliman as of June 30, 2015 and 2014, using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial cost method	Entry age normal cost	
Amortization method	Level dollar, closed	
Remaining amortization period	15 years and 16 years at June 30, 2015 and 2014	
Asset valuation method	5 years, nonasymptotic	
Inflation	2.5%	
Salary increases	Range from 7% at hire to 2.5% at 13 years of service	
Investment rate of return	7%	
Cost of living adjustment	3%	
Retirement age		Percentage retiring in the next year
	<u>Age</u>	
	45-50	25%
	51-53	20%
	54	25%
	55-59	50%
	60+	100%
Turnover	Rates based on experience	
Mortality	RP-2000 (Healthy and Disabled) with generational projection per Scale AA for healthy participants	

The actuarial assumptions used in the June 30, 2015 and 2014, valuations were based on the results of an actuarial experience study for the period July 1, 2009 – July 1, 2013.

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Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the Fund's independent investment consultant as of June 30, 2015 and 2014.

Asset Class	Index	Target Allocation	Long-Term Expected Nominal Rate of Return
Core Fixed Income	Barclays Immediate Aggregate	13.96%	4.80%
Inflation-Indexed Bonds	Barclays US Treasury US TIPS	4.29%	4.40%
Non-US Fixed Income	Citigroup Non-U.S. World Govt	13.76%	4.90%
Broad US Equities	S&P 500/Russell 2000	23.14%	9.20%
Developed Foreign Equities	MSCI EAFE	17.98%	9.70%
Emerging Market Equities	MSCI EM	8.06%	12.00%
Hedge Funds	HFRI FOF: Conservative Index	9.23%	6.80%
Commodities	Bloomberg Commodity Index Total Re	5.73%	7.00%
Real Estate (Property)	NCREIF Fund Index	3.84%	7.00%
Portfolio Arithmetic Mean Return			7.67%
Portfolio Standard Deviation			10.57%
Long-Term Expected Rate of Return			7.00%

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2015 and 2014, was 7%. The Plan's fiduciary net position to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments.

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Sensitivity Analysis

The following sensitivity analysis presents the net pension liability of the City, calculated using the discount rate of 7% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease (6%)	June 30, 2015 Current Discount Rate (7%)	1% Increase (8%)
Total pension liability	\$ 514,343,784	\$ 452,710,859	\$ 402,511,609
Fiduciary net position	<u>(322,533,580)</u>	<u>(322,533,580)</u>	<u>(322,533,580)</u>
Net pension liability	<u>\$ 191,810,204</u>	<u>\$ 130,177,279</u>	<u>\$ 79,978,029</u>
	1% Decrease (6%)	June 30, 2014 Current Discount Rate (7%)	1% Increase (8%)
Total pension liability	\$ 489,109,052	\$ 430,036,714	\$ 381,978,469
Fiduciary net position	<u>(309,653,460)</u>	<u>(309,653,460)</u>	<u>(309,653,460)</u>
Net pension liability	<u>\$ 179,455,592</u>	<u>\$ 120,383,254</u>	<u>\$ 72,325,009</u>

Note 7: Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of net assets available for benefits.

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Plan contributions are made and the total pension liability are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Note 8: Future Change in Accounting Principle

The Governmental Accounting Standards Board issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan expects to first apply GASB Statement No. 72 during the year ending June 30, 2016. The primary impact of applying the Statement will be additional note disclosures related to the fair value measurements of the Plan's investments.

Required Supplementary Information

City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
Schedule of Changes in Net Pension Liability and Related Ratios
(Unaudited)
June 30, 2015
(Dollar amounts in thousands)

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service cost	\$ 6,421	\$ 6,435
Interest on total pension liability	30,102	28,173
Effect of economic/demographic gains or (losses)	9,560	3,961
Effect of assumption changes or inputs	-	38,020
Benefit payments	<u>(23,409)</u>	<u>(22,188)</u>
Net Change in Total Pension Liability	22,674	54,401
Total Pension Liability - Beginning	<u>430,037</u>	<u>375,636</u>
Total Pension Liability - Ending (a)	<u>452,711</u>	<u>430,037</u>
Fiduciary Net Position		
Employer - public safety pension sales tax	30,772	29,315
Employer contributions	7,131	7,658
Member contributions	2,983	3,201
Net investment income (loss)	(4,345)	37,637
Other revenue	83	26
Benefit payments	(20,823)	(19,228)
Refunds of contributions	(2,586)	(2,959)
Administrative expenses	<u>(335)</u>	<u>(354)</u>
Net Change in Fiduciary Net Position	12,880	55,296
Fiduciary Net Position - Beginning	<u>309,654</u>	<u>254,358</u>
Fiduciary Net Position - Ending (b)	<u>322,534</u>	<u>309,654</u>
Net Pension Liability, Ending = (a) - (b)	<u>\$ 130,177</u>	<u>\$ 120,383</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	71.24%	72.01%
Covered Payroll	\$ 18,844	\$ 18,770
Net Pension Liability as a Percentage of Covered Payroll	690.81%	641.35%

City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
Schedule of Contributions
(Unaudited)
June 30, 2015

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2006	\$ 9,834,917	\$ 6,831,086	\$ 3,003,831	\$ 23,746,840	28.77%
2007	10,237,825	7,388,016	2,849,809	23,863,923	30.96%
2008	12,347,207	8,794,259	3,552,948	24,695,779	35.61%
2009	13,273,246	23,979,519	(10,706,273)	23,825,564	100.65%
2010	13,137,104	31,916,852	(18,779,748)	20,970,392	152.20%
2011	12,972,229	34,141,863	(21,169,634)	20,498,113	166.56%
2012	20,881,652	35,726,586	(14,844,934)	19,976,163	178.85%
2013	20,823,687	35,615,908	(14,792,221)	20,060,038	177.55%
2014	19,607,474	36,973,397	(17,365,923)	18,770,274	196.98%
2015	16,267,747	37,903,792	(21,636,045)	18,844,060	201.14%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost	
Amortization method	Level dollar, closed	
Remaining amortization period	15 years	
Asset valuation method	5 years, nonasymptotic	
Inflation	2.5%	
Salary increases	Range from 7% at hire to 2.5% at 13 years of service, including inflation	
Investment rate of return	7%	
Cost of living adjustment	3%	
Retirement age		Percentage retiring in the next year
	<u>Age</u>	
	45-50	25%
	51-53	20%
	54	25%
	55-59	50%
	60+	100%
Turnover	Rates based on experience	
Mortality	RP-2000 (Healthy and Disabled) with generational projection per Scale AA for healthy participants	

City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
Schedule of Investment Returns
(Unaudited)
June 30, 2015

Fiscal Year	
Ending	Money-Weighted
June 30	Rate of Return, Net
2014	14.49%
2015	(1.38)%

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
Springfield, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement Fund, a fiduciary fund of the City of Springfield, Missouri, which comprise the statement of fiduciary net position as of June 30, 2015, and the related statement of changes in fiduciary net position for the year then ended and the related notes to the basic financial statements, and have issued our report thereon dated November 3, 2015.

Internal Control Over Financial Reporting

Management of the Plan is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the Plan's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Board of Trustees
City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

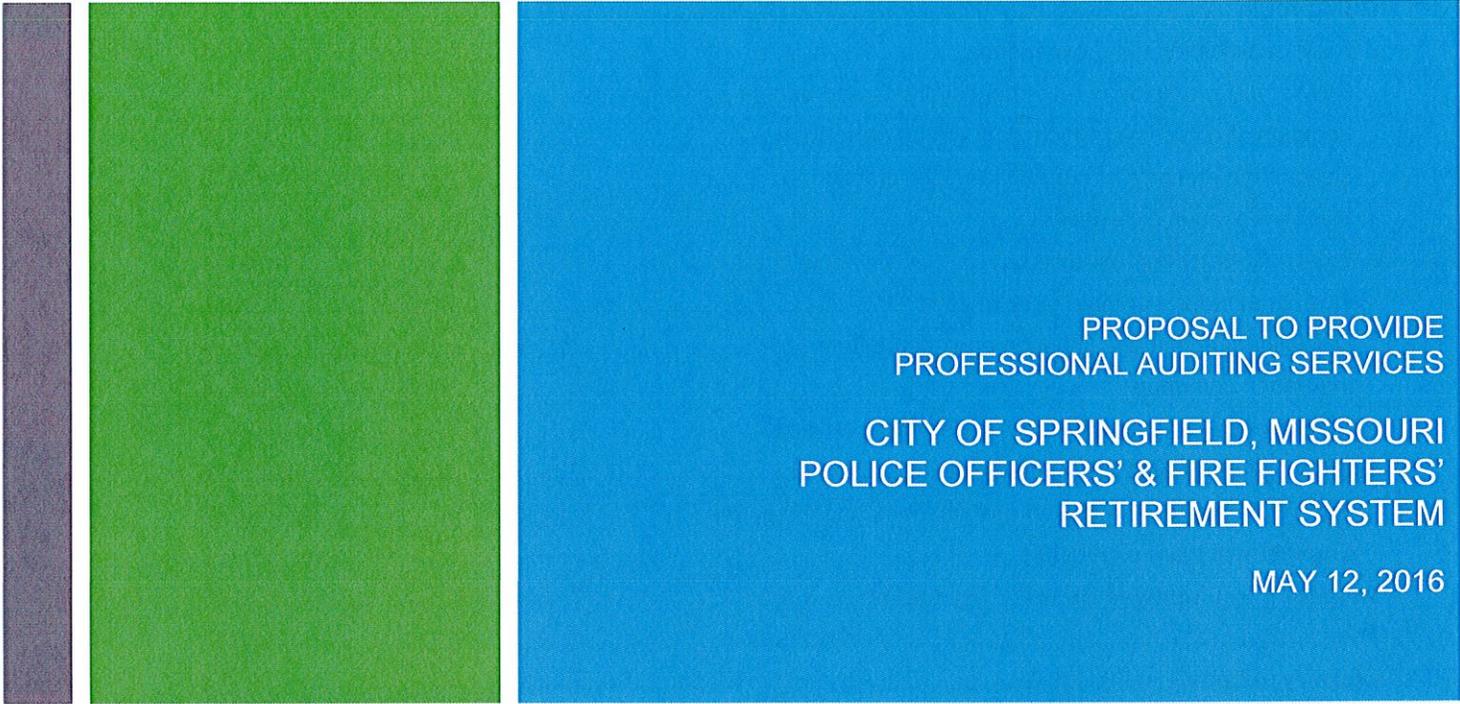
BKD, LLP

Springfield, Missouri
November 3, 2015

City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
Schedule of Findings and Responses
Year Ended June 30, 2015

Reference Number	Finding
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No matters are reportable.



PROPOSAL TO PROVIDE
PROFESSIONAL AUDITING SERVICES
CITY OF SPRINGFIELD, MISSOURI
POLICE OFFICERS' & FIRE FIGHTERS'
RETIREMENT SYSTEM
MAY 12, 2016

Contact Person:

Kristen Hughes, Senior Manager
RSM US LLP
4801 Main Street, Suite 400
Kansas City, MO 64112
816 751 4004
kristen.hughes@rsmus.com

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RSM US LLP

4801 Main St
Suite 400
Kansas City, MO 64112

T +1 816 753 3000
F +1 816 751 1890

www.rsmus.com

May 12, 2016

City of Springfield
Margaret Juarez
218 E. Central
Springfield, MO 65802

RSM US LLP (RSM) is pleased to present our proposal to provide audit services to the City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement System in accordance with your Request for Proposal (RFP). We understand the Plan is seeking the following services of its audit provider:

- Annual audit of the City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement Fund for the year ending June 30, 2016, with the option of four subsequent fiscal years, performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, and generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants (AICPA)
- Written communication to management and those charged with governance of significant deficiencies and material weaknesses identified in the audit and a management letter which will include suggestions of operational improvements

We are committed to meet your timing requirements as outlined in your request for proposal.

Why RSM?

Employee benefit plans are an area of focus for RSM. Nationally, we provide audit services to more than 2,000 plans, ranging from traditional single employer 401(k) and profit-sharing plans, multiple-employer plans, multi-employer pension plans, government sponsored plans, and health and welfare plans. We have a designated team of professionals who perform these services and receive annual specialized training in these areas. As a result, the staff assigned to audit your plan has the formal training and experience necessary to perform efficient and effective plan audits with minimal disruption for the City (the Plan Sponsor).

RSM has the breadth of Public Employee Retirement Systems (PERS) experience and the depth of local and national audit talent to deliver the requested audit services. We are excited about the opportunity to work with the Police Officers' and Fire Fighter's Retirement System. Our attached proposal describes our practice, our people, our reputation for quality services and how we will provide such services.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

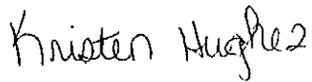
We understand your requirements and the work to be performed. We have the ability to supply the requested audit services. Our acceptance of this engagement is contingent upon mutual agreement on the contract terms and conditions and insurance provisions, and our normal client acceptance procedures.

Our proposal is valid for a period of 120 business days from the date of submission.

Please see exceptions to the terms and conditions specified in the Request for Proposal summarized in the Affidavit of Compliance in Appendix C, as requested.

Please contact Kristen Hughes with any questions about our firm, our proposal or to schedule an oral presentation. We would be honored to work with the City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement System.

RSM US LLP

A handwritten signature in black ink that reads "Kristen Hughes". The signature is written in a cursive, slightly slanted style.

Kristen Hughes, Senior Manager
816 751 4004

INDEPENDENCE

We are independent with respect to the Police Officers' & Firefighters' Retirement System (the Plan), the City of Springfield, MO (the City), and its component units, as that term is defined by Rule 101 of the Code of Professional Ethics of the American Institute of Certified Public Accountants and the *Government Auditing Standards*. Those rules require that the firm and all of its partners be independent with respect to any clients (not only on a local, but also on a national level) who engage RSM to express an opinion on the financial statements. Those rules specify that an auditor may not have or be committed to acquire a direct financial interest or material indirect financial interest in a client or any of the client's affiliates during the period of his or her engagement or at the time he or she expresses an opinion. Further, those rules specify that an auditor may not act in a capacity of promoter, underwriter, officer, director, voting trustee or employee of the audit client during the periods covered by his opinion.

We are not aware of any professional relationships involving the Plan, the City or its component units in the past five years.

We will give written notice to the Plan and the City of any professional relationships entered into during the period of this agreement.

LICENSE TO PRACTICE IN MISSOURI

RSM holds an active CPA firm license in Missouri. Our key personnel assigned to this engagement currently are properly licensed to practice in the state of Missouri.

RSM PROFILE

RSM qualifications and experience

RSM US LLP is the leading provider of audit, tax and consulting services focused on the middle market, with more than 8,000 people in 80 offices nationwide. It is a licensed CPA firm and the U.S. member of RSM International, a global network of independent audit, tax and consulting firms with more than 38,300 people in over 120 countries. RSM uses its deep understanding of the needs and aspirations of clients to help them succeed.

We combine the resources of a large, world-class firm with the personal service and attention to detail of a small firm. Our engagement teams are composed of professionals who are optimally positioned to serve you, both geographically and in terms of relevant experience. The combination of local presence and national strength assures you will receive exceptional advice from professionals experienced in the governmental industry, prompt responses to your needs and questions, and timely and cost-effective delivery of services.

While our size affords us the national resources needed to serve complex industries, size by itself is not important. What is important are the factors that have resulted in our success. We believe RSM is unique because while we possess the expertise of a national firm, our client service philosophy matches that of a local accounting firm. Our growth has been the result of our ability to provide our clients with close, personal attention, continuity and accessibility of all professional personnel, including partners, and prompt quality services in a cost-effective and innovative manner.

RSM's public employee retirement systems and benefit plan expertise

State PERS Plans: RSM currently provides PERS audit services to several states. We are very familiar with all aspects of PERS plans and the impact of GASB Statement Nos. 67 and 68. We are proud to provide professional audit services to the following plans:

State	PERS	Assets
Illinois	Teachers' Retirement System (TRS)	\$42.1 billion
Illinois	State Universities Retirement System (SURS)	\$14.2 billion
Indiana	Indiana Public Retirement System (INPRS)	\$37.3 billion
Ohio	School Employees' Retirement System (SERS)	\$12.3 billion
Ohio	Ohio Police & Fire Pension Fund (OP&F)	\$13.8 billion
Oklahoma	Oklahoma Public Employees Retirement System (OPERS)	\$ 9.5 billion
Oklahoma	Teachers' Retirement System of Oklahoma	\$17.2 billion

Benefit Plan audit leadership: RSM is the largest CPA firm providing retirement plan audits in the country, according to the U.S. Department of Labor (DOL) statistics. We perform more than 2,000 plan audits across the country. We have created a dedicated employee benefits plan practice with professionals committed to auditing pension and benefit plans. Our experience over the past five years includes performing audits for over 100 defined benefit plans, governmental plans and plans with substantial investment portfolios.

When new employee benefit plan legislation and standards arise, RSM's longstanding involvement in key professional organizations positions us to provide the insight you need. In addition to maintaining membership in the AICPA Audit Quality Center for Employee Benefit Plans, our professionals serve on its executive committee and hold seats on the AICPA's Employee Benefit Plans Expert Panel and Employee Benefit Plans Audit Guide Revision Task Force. These professionals will be available as technical resources for your engagement—while sharing their knowledge and perspective in the timely alerts and publications you receive from us.

RSM is also actively involved in the GASB standard setting process through our participation in the AICPA State and Local Government Expert Panel and through preparation of our own comment letters.

Location of office from which work will be performed

Our firm has the size and depth to support specialization in key industries, including state and local government and employee benefit plans. This focus enables us to provide an audit team with extensive experience serving entities similar in size and complexity to the Police Officers' and Fire Fighters' Retirement System. Our work on behalf of the Plan will be staffed from our Kansas City, Missouri office. This office has key employees at all levels that are members of RSM's public sector and employee benefit plan teams and have experience serving governmental clients throughout our Central Region (which includes Colorado, Kansas, Missouri, Iowa, Oklahoma, Illinois, Minnesota and Texas). We anticipate staffing your engagement with one partner, senior manager, manager, senior associate, and one staff member.

Description and size of our public sector practice

RSM handles the audit and compliance needs of over 2,000 public sector clients, including more than 700 governments, on a yearly basis. Our governmental clients include counties, cities and towns, school districts, utility districts, public pensions, housing authorities, redevelopment agencies and transportation authorities. This translates into considerable knowledge of the unique challenges faced by governmental organizations.

As a firm, we have committed resources to help our government clients address these challenges and anticipate future changes. The Police Officers' and Fire Fighters' Retirement System will have the benefit of dedicated resources that closely monitor public sector developments and provide regular communications on important accounting, regulatory and tax pronouncements and other matters pertinent to our state and local government clients.

By supporting specialization within the public sector industry, we create meaningful value for our clients through better advice, more efficient audit processes and real insight into your organization. Your reports will be audited by a firm that understands governmental entities. The Plan's employees and retirees, the GFOA and other stakeholders will know your financial reporting meets GASB and GAO standards.

Within our public sector practice, we offer approximately 140 partners and principals, 150 directors/senior managers, and nearly 500 additional professionals who are committed to serving state and local governments.

Consulting professionals			Audit and tax professionals			All professionals		
Partner/ Principal	Senior Manager/ Director	Other	Partner/ Principal	Senior Manager/ Director	Other	Partner/ Principal	Senior Manager/ Director	Other
17	33	77	121	116	400	138	149	477

An auditor's key responsibility is to gain an understanding of your operations and to comment and make recommendations—and not limited to financial matters—for improvement. Our goal is to provide significant insight to management on best practices that can be used throughout your organization.

Investment audit experience

RSM's Financial Services industry group serves over 2,500 financial services clients annually. Our clients include alternative investment companies, investment advisors, broker-dealers, futures commission merchants, hedge funds and commodity pools and proprietary trading firms. We help these organizations and governments navigate complex reporting, governance, and regulatory issues. Paul Nockels, Partner, has over 25 years of experience servicing large investment partnerships, private equity groups, fund of funds, broker dealers and investment advisory firms.

Our staff includes over 100 professionals who understand the valuation of derivatives, options, swaps, real estate and other non-traditional investments. We have experience auditing entities with large multi-billion dollar investment portfolios. Our experience includes dealing with complex investment vehicles, including derivatives, securities lending transactions and alternative investments. We have an extensive hedge fund practice with numerous experienced professionals, including several with various valuation credentials who are available to assist with complex valuations.

External quality control review

Our non-SEC audit practice is subject to the triennial peer review requirements of the American Institute of Certified Public Accountants. As specifically required by the standards for such reviews and our membership in the AICPA Governmental Audit Quality Center (GAQC), a representative sample of the approximately 1,000 audits that are performed annually in accordance with *Government Auditing Standards*, including approximately 600 single audits, were selected for review.

The RSM system of quality control for the accounting and auditing practice applicable to non-SEC issuers in effect for the year ended April 30, 2013, was subject to peer review by the firm of BKD LLP, a GAQC member firm. That review included a representative sample of university, government and nonprofit engagements. Under the peer review standards, firms can receive a rating of pass, pass with deficiency(ies) or fail. RSM received a peer review rating of pass. A copy of our most recent peer review report is included in Appendix B.

Results of federal or state desk reviews

RSM performs approximately 1,000 audits annually in accordance with *Government Auditing Standards*, approximately 600 of which are single audits. Every year, approximately 1 percent of these engagements are selected for either desk or quality control reviews by state or federal cognizant/oversight agencies.

When any issues arise, our national director of public sector services (who has 30 years of compliance audit experience) is required to be consulted. He works directly with the engagement teams to mitigate any issues raised in connection with these reviews. All issues raised during the last three years have been resolved to the satisfaction of the oversight agencies involved.

Our own system of quality control also requires that RSM's national director of public sector services be consulted to mitigate any issues that might be internally identified relative to the quality of any prior audits performed by the firm. Any such issues identified in the last three years have also been resolved, when applicable, to the satisfaction of the oversight agencies involved.

Disciplinary action and litigation against the firm

Like other professional services firms, RSM engages in matters with legal and regulatory implications as a part of doing business. Therefore, we maintain a system of quality control that is structured to provide reasonable assurance that our personnel comply with applicable professional standards and applicable regulatory and legal requirements.

RSM does not release information pertaining to disciplinary actions against the firm. However, there are no pending disciplinary matters, nor have there been any such matters in the past three years, that could reasonably be expected to impact our ability to serve our clients generally, or to provide the services contemplated by this proposal, specifically.

None of the proposed engagement team members is—or has been—the subject of disciplinary action by any state regulatory body or professional organization.

Insurance coverage

RSM US maintains a level of insurance coverage customary for companies of our financial size and strength. We carry commercial general liability, automobile liability, statutory workers' compensation/employers' liability, property, network security & privacy liability, professional liability (i.e. errors and omissions), and other miscellaneous insurance policies. Proof of relevant coverage is available upon request.

Similar engagements with other government entities

A list of the top five clients most similar to the City of Springfield, Missouri and its Plan are listed below, including contact information and a description of the engagement.

City of Columbia, Missouri

Janet Frazier, Controller

Phone: 573 874 7368

Partner: Kevin Smith

Senior Manager: Kristen Hughes

Scope: Engagement includes the audit of the City's September 30 basic financial statements and related component units and audit of federal programs in accordance with the Single Audit Act. The City is currently an audit client and has been since 2009. The City's engagement includes the audit of the City's Police and Firefighters' Retirement Funds, which are presented as fiduciary funds in the City's financial statements.

Kansas City Area Transportation Authority

Michael Graham, Director of Finance

Phone: 816 346 0304

Partner: Kevin Smith

Senior Manager: Kristen Hughes

Scope of services provided: Engagement includes the audit of the Authority's December 31 basic financial statements and the audit of federal programs in accordance with the Single Audit Act. The Authority is currently an audit client and has been since 2007. The Authority's engagement includes the separate defined benefit plan audits of both the Authority's Salaried and Union Employees' Pension Plans.

City of Overland Park, Kansas

David Scott, CFO

Phone: 913 895 6154

Partner: Kevin Smith

Senior Manager: Kristen Hughes

Scope: Engagement includes the audit of the City's December 31 basic financial statements and related component units and audit of federal programs in accordance with the Single Audit Act. The City is currently an audit client and has been since 2007. The City's engagement includes the audit of the City's Police and Firefighters' Retirement Funds, which are presented as fiduciary funds in the City's financial statements.

Jackson County, Missouri Revised Pension Plan

Cheryl Colter, Assistant Director of Accounting/Finance

Phone: 816 881 3180

Partner: Kristen Hughes

Senior Manager: Leslie Walston

GFOA Certificate Holder

Scope: Engagement includes the annual audit of the County's multiple-employer cost sharing defined benefit pension plan, as well as the GASB 68 cost sharing allocation report.

City of North Kansas City, Missouri

Shirley Land, Finance Manager

Phone: 816 274 6000

Partner: Kevin Smith

Manager: Chelsey Ryerson

Scope: Engagement includes the audit of the City's September 30 basic financial statements and related component units. The City is currently an audit client and has been since 2015, as well as previously from 2004 - 2010. The City's engagement includes the audit of the City's Police Officer's and Firefighter's Retirement Fund, which is presented as a fiduciary fund in the City's financial statements.

QUALIFICATIONS OF ASSIGNED PERSONNEL

Partner, supervisory and staff qualifications and experience

As a priority client to our public sector industry, the Plan will be served by an engagement team that strives to truly understand your business plans, operating challenges and day-to-day activities. The Plan will be front of mind for us, not only during fieldwork, but throughout the year. When it comes to best practices, operational improvement recommendations or updates to new accounting pronouncements and law changes, we will ensure that our best ideas are communicated to you.

RSM is geared to providing you the seasoned professionals and personalized service the Plan deserves. We are committed to providing the highest quality work. We provide talented, bright professionals for the engagement, all of which are licensed to practice public accounting in the state of Missouri and exceed the minimum professional education requirements of the *Government Auditing Standards*.

The following professionals would be responsible for the Plan's audit. The full biographies, including memberships in professional organizations and the continuing professional education hours of the team are provided in Appendix A.

Team member, engagement role

Kristen Hughes

Senior Manager

816 751 4004

kristen.hughes@rsmus.com

Engagement Partner: As your audit partner, Kristen will be responsible for your complete satisfaction with the services we provide. She will be responsible for assuring the quality of services and continuity of the client service team and will also have ultimate responsibility for the overall quality of the audit. She will ensure the professional services are delivered in a timely and efficient manner.

Chelsey Ryerson

Assurance Manager

816 751 1884

chelsey.ryerson@rsmus.com

Audit Manager: Chelsey will make the determination of specific audit steps, communicate strengths and weaknesses of financial information to the audit partner and monitor all phases of the audit to promote timely completion. She will directly supervise the performance of audit fieldwork and will be responsible for carrying out the audit plan.

Zach Sheridan

Senior Associate

816 751 4026

zach.sheridan@rsmus.com

Audit Senior: Zach will serve as the senior on the engagement and will lead the field engagement team in auditing the financial statements of the Plan. Zach has extensive experience supervising the audits of local municipalities and governmental pension plans.

Kevin Smith

Assurance Partner

816 751 4027

kevin.smith@rsmus.com

Quality Assurance and Concurring Review Partner: Kevin is the industry leader for the governmental practice in the RSM Kansas City, Missouri office. Kevin will serve as the quality control, second partner independent review which includes determining the content of our auditor's reports and being responsible for ascertaining that state, professional and regulatory standards have been met.

Team member, engagement role

John Zomchick, Jr.

Actuarial Services Specialist

917 548 9938

john.zomchick@rsmus.com

Actuarial Services Specialist: John will support the engagement team in reviewing the actuarial assumptions used and disclosure requirements.

Engagement team experience

Your engagement team has a substantial portfolio of governmental pension plan clients. Included below is a list of relevant governmental pension plan audit clients currently being served by your proposed engagement team at various levels of involvement.

- Teacher's Retirement System, Illinois
- State Universities Retirement System, Illinois
- School Employees' Retirement System, Ohio
- Ohio Police & Fire Pension Fund
- Jackson County, Missouri Revised Pension Plan
- Kansas City Area Transportation Authority Union Employees' Funded Pension Plan
- Kansas City Area Transportation Authority Retirement Plan for Salaried Employees
- Tulsa Municipal Employees Pension Plan
- Des Moines Water Works Pension Plan
- Overland Park Municipal Employees Pension Plan
- Overland Park Police & Fire Department Retirement Plans
- Metropolitan Utilities District of Omaha Retirement Plan for Employees
- City of Fort Collins General Employee Retirement Plan
- Douglas County (Colorado) School District (RE-1)
- Colorado Springs School District No. 11
- Des Moines Teachers' Retirement System
- City of Columbia, Missouri Police & Firefighters' Retirement Funds
- Metropolitan Tulsa Transit Authority Union Employees' Pension Plan
- City of North Kansas, Missouri Police Officer's and Firefighter's Retirement Fund

APPROACH TO EMPLOYEE BENEFIT PLAN AUDITS

Employee benefit plans are a specific area of focus for our firm, and we approach each audit engagement, regardless of size, as we would any other. A firm partner or director assumes the responsibility for all services provided to the client, and a manager directs all field activities. This senior-level involvement ensures that our staff works efficiently and effectively to provide quality service with minimal disruption to the Plan Sponsor.

Each engagement commences with a meeting of key client personnel to discuss goals and objectives, establish a work plan and timetable, and gather additional data needed to complete planning activities. A client assistance memo is prepared and distributed, which outlines schedules, reports and other information that will be required to complete the audit. Fieldwork typically is conducted by a senior associate and an associate, and is completed in one to two weeks, depending on the size of the plan and the scope of the audit.

We understand that employee benefit plans have many unique balances and accounts. Our professionals are trained on the different transactions and reporting nuances. RSM is familiar with all of these transactions and the reporting for them, including the following related parameters:

Investments

We will select samples of year-end investment balances and purchases and sales during the plan year to test fair market values used and also test dividends paid to the Plan.

Eligibility

The correct data were used to determine eligibility prior to the Plan being frozen.

Covered employees have been properly included or excluded in employee eligibility records and accurate participant data for eligible employees was provided to relevant service providers (including the Plan's actuary).

We will compare census information year to year and discuss any variances with management (we expect most variances would be due to lump-sum payouts, name changes or participant who pass away during the plan year).

Contributions (employer)

Contributions and contributions receivable for the period have been properly recorded and disclosed in the financial statements in conformity with plan provisions and generally accepted accounting principles.

Actuarial assumptions used to determine obligations are based on the plan provisions and prevailing rates, which are reviewed annually and approved by management.

Contributions have been computed and deposited as provided for in the Plan in a timely manner.

An appropriate allowance has been made for uncollectible receivables.

Benefits payments (retirement, death, survivor)

Payments were made in accordance with plan provisions and related documents.

Payments were made to or on behalf of persons entitled to them, and only to such persons.

Transactions are recorded in the proper period and at the correct amount.

Analytical Procedures

We will use analytical procedures as considered necessary as part of our planning process and to supplement work performed in the audit areas noted above and will include ratios such as return on investments as compared to markets in which they trade and a year-over year analysis of benefit payments per participant.

Technology

We will use audit technology tools similar to those used for the Plan Sponsor audit (Caseware and IDEA) to automate and store our audit program sheets and workpapers and to assist in sampling (for benefit distributions) and data analysis (year-over-year census file comparison).

FEES

CITY OF SPRINGFIELD, MISSOURI REQUEST FOR PROPOSAL #173-2016

OFFER AND SCHEDULE OF PROFESSIONAL FEES

The undersigned has thoroughly examined the entire Request for Proposal (RFP), including all addend. thereto, hereby offers to furnish all services in accordance with the requirements of the Request For Proposal, as described in the proposal attached hereto and incorporated herein, as follows:

PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2016 AUDITING SERVICES POLICE OFFICERS' & FIRE FIGHTERS' RETIREMENT SYSTEM FINANCIAL STATEMENTS

	Estimated Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Quality Control Reviewer	5	\$ 560	\$ 400	\$ 2,000
Engagement Lead	10	305	220	2,200
Managers	20	\$ 240	\$ 175	\$ 3,500
Seniors	65	\$ 170	\$ 120	\$ 7,800
Other Supervisory Staff	-	\$ -	\$ -	\$ -
Staff	65	\$ 145	\$ 110	\$ 7,150
Other (specify)	-	\$ -	\$ -	\$ -
Subtotal				\$ 22,650
Total for services as described in the Scope of Work:				\$ 22,650
Out-of-pocket expenses (Not to Exceed):				
Meals and lodging				\$ -
Transportation				\$ -
Total all-inclusive maximum price for 2016 Audit Services Police Officers, & Fire Fighters, Retirement System Financial Statements				\$ 22,650

Note: The rates quoted shall not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price. **PROFESSIONAL FEES SPECIFIED HEREIN SHALL BE APPLICABLE FOR ADDITIONAL SERVICES, IF REQUESTED BY THE CITY.**

Note 2: The offeror agrees not to increase the total all-inclusive maximum price by more than 4 percent for each successive one-year extension to the contract term, unless the scope of the work changes.

Note 3: RSM will offer an additional 10 percent discount to the quoted fee above, if also selected to provide financial audit services to the City of Springfield, Missouri for RFP No. 172-2016.

DELIVERY SCHEDULE

We anticipate the following schedule would be used for the 2016 audit. These dates can be altered to meet the Plan's goals:

	Timing
Audit Services	
Entrance conference with management	Prior to interim fieldwork
Preliminary/interim fieldwork and compliance testing	July/August
Final fieldwork, including compliance testing	September
Report review and drafts of deliverables to the City	By October 21
Issuance of final reports	By November 10
Presentation to the Pension Board	By November 10

Fieldwork Segment	Number of Hours Anticipated				
	Engagement Leader and Quality Control Reviews	Engagement Manager	In-Charge	Other Staff	Total
Pension Audit					
Planning and interim fieldwork	3	5	20	20	48
Final fieldwork	7	10	40	45	102
Wrap-up and report reviews	5	5	5	-	15
Total	15	20	65	65	165

RSM Collaborate

RSM Collaborate is an internet-based system that allows you to stay in touch with your engagement team from any location, at any time.

Designed to encourage collaboration and to simplify work flow processes, RSM Collaborate takes many of the administrative challenges out of project management, allowing you better visibility of the project status. The portal will enhance communications and accountability between you and your engagement team by allowing users to connect with their team on specific tasks or to view the latest version of documents – all to better collaborate.

Through RSM Collaborate, your team and each member of the RSM engagement team have access to tools and functions that help expedite assignments and keep the work running smoothly.

Project management features include:

- Engagement calendars to track progress and key milestones
- Functionality to assign tasks and due dates with appropriate security and confidentiality for each task
- Protocols that help manage document iterations by limiting editing to one person at a time
- Alerts to notify users of updates and deadlines

Enhanced document security. RSM Collaborate is a secure site that reduces the risk of files and information being shared through unauthorized access.

Security features allow users to:

- Upload documents through a secure file transfer
- Centralize location of files to facilitate access and manage document retention
- Protect confidential and sensitive documents and information
- Adjust information access with specified security for distinct tasks

Quality assurance plan

RSM has a system of quality control for our assurance practice that is structured to provide reasonable assurance that our personnel comply with applicable professional standards and applicable regulatory and legal requirements, and that our firm issues reports that are appropriate in the circumstances. The policies and procedures designed to implement the system include the following elements:

- Leadership responsibilities for quality within the firm
- Relevant ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Human resources
- Engagement performance and monitoring

Responsibility for the design, implementation and monitoring of RSM's quality control system rests with our firm's National Office of Risk Management. RSM develops and maintains a number of manuals and other guidance material to implement its quality control system. We monitor our quality control system through annual internal inspections. Our SEC audit practice is subject to annual inspection by the PCAOB, and our non-SEC audit practice is subject to triennial peer review.

Our commitment to auditor independence and integrity, which is reflected in our audit process and review, helps ensure that independence is not jeopardized. All of the reports for the City will be subject to a concurring review by an audit and accounting specialist who is not part of your day-to-day engagement team. Kevin Smith is an experienced quality control and governmental pension financial reporting specialist and will fill the quality control review role on your engagement. He is independent of the personnel assigned to the engagement.

IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

We do not anticipate encountering any special issues or problems during the course of our audit. In the event that issues or problems arise, we will immediately discuss them with Plan management to determine an appropriate course of action to address the issue.

OTHER INFORMATION

Staff education and development

RSM US and its individually licensed certified public accountants are regulated by a number of state and federal requirements. All partners in the firm are CPAs. All CPAs must be licensed in the state in which their office is located. Our licensing department ensures that our firm and its individual employees are in compliance with the licensing requirements in the states where active firm and individual licenses are held.

Many state licensing boards require that CPAs maintain and improve their skills through continuing professional education courses and other opportunities for professional development. Certain competency requirements also must be met for professionals who perform engagements in accordance with standards established by the Comptroller General of the United States (i.e., *Government Auditing Standards*).

RSM US is a registered sponsor with the National Association of State Boards of Accountancy. We ensure our internal training meets the requirements of the AICPA/NASBA Statement on Standards for Continuing Professional Education Programs.

Our assurance and tax partners and professional staff, including CPAs and non-CPAs, are required to participate in at least 20 hours of qualifying CPE every year and at least 120 hours every three years. In addition to these requirements, there are additional minimum standards for professionals who practice in certain industries. It is the responsibility of each professional to be familiar with the various CPE requirements for the states in which they are licensed, and to properly register and complete the necessary CPE requirements when renewing state licenses to practice. Our National Office of Risk Management monitors compliance with CPE requirements.

Staff turnover

While turnover rates fluctuate from year to year, RSM's employee attrition rates are generally consistent with the industry average.

Recognizing that engagement team stability is a priority for the Plan, we will make every effort to ensure staffing consistency from year to year.

Because excellent client service begins with engaged, knowledgeable employees, we are strongly committed to continual improvement in the area of employee retention. We support this goal through a variety of career development programs and initiatives that promote work-life balance, fulfilling personal lives and overall job satisfaction.

Rotation policy

We recognize the impact staffing changes have on clients and are committed to maintaining continuity and team stability as much as possible. RSM does not have a formal rotation policy for non-public entities.

Our policy is to maintain the integrity of the client service team from year to year. While we cannot guarantee that every member of the service team will return each year, we provide staffing consistency whenever possible. In addition, we make every effort to mitigate disruption when staffing changes occur.

If a change in key personnel should arise, partners and directors on your account will transfer specific knowledge about the City to new team members, helping to bridge any gaps and avoid interruptions in the performance of services.

Policy regarding use of minority firms

Like the Plan, RSM is committed to the principles of Equal Employment Opportunity and Affirmative Action—and our engagement teams reflect that commitment to the degree possible.

Our specific policies and Affirmative Action plans are supported by many programs and practices that are part of our firm culture. As a result, our workforce—while still emerging and maturing—includes significant female and minority representation. We have also increased the number of female and minority employees in professional and managerial levels over the past few years.

While we are proud of our firm's progress toward diversifying our workforce, we recognize these efforts as a beginning and not an end. Proposed staffing the Plan underscores this need for continued improvement. Should opportunities arise to supplement this team in a manner that increases diversity, we will make every effort to do so.

Appendix A—Team biographies and continuing professional education



Kristen Hughes

Senior Manager, Assurance Services
RSM US LLP
Kansas City, Missouri
kristen.hughes@rsmus.com
+1 816 751 4004

Summary of experience

As a public sector specialist for the firm, Kristen focuses on providing audit, consulting and reporting services to governmental and not-for-profit organizations. In her role as a governmental specialist, she brings an in-depth understanding of governmental accounting, auditing and compliance reporting to her clients.

She has received specific training for governmental organizations and future governmental accounting standard changes and has received the necessary continuing professional education to be considered Yellow Book certified. Kristen is a reviewer for the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

Kristen also has experience with internal controls as she served as the senior lead on an engagement for a large accelerated public filer for three years, including the year of Sarbanes Oxley implementation.

Professional affiliations and credentials

- Certified public accountant
- American Institute of Certified Public Accountants
- Government Finance Officers Association
- Missouri Society of Certified Public Accountants
- Kansas Government Finance Officers Association
- Government Finance Officers Association of Missouri

Community involvement

- United Way of Greater Kansas City Young Leaders Society

Education

- Bachelor of Science, accounting, Truman State University
- Masters of Accountancy, Truman State University



Chelsey Ryerson

Manager, Assurance Services
RSM US LLP
Kansas City, Missouri
chelsey.ryerson@rsmus.com
+1 816 751 1884

Summary of experience

Chelsey provides assurance services focused on governmental and not-for-profit organizations. She has five years of professional experience, including audits of major municipalities, audits with A-133 compliance, religious organizations, charitable service organizations and foundations. Chelsey has received specific training for the audits of governmental and not-for-profit organizations and she has the necessary continuing professional education to be considered Yellow Book certified. Her responsibilities have included developing and managing the audit plan, supervising the engagement team and finalizing the audit report.

Chelsey has prepared and presented professional education courses on both a regional and local level, including industry-specific training for government and not-for-profit clients and on-boarding training for new hires. She serves as the representative from the Kansas City office in the firm's national philanthropic endeavors.

Professional affiliations and credentials

- Certified public accountant
- Missouri Society of Certified Public Accountants
- American Institute of Certified Public Accountants

Community involvement

- United Way Young Leaders Society
- St. Jude Give Thanks. Walk. Kansas City Leadership Committee

Education

- Bachelor of Science, accounting, Baker University
- Bachelor of Science, business management, Baker University



Zach Sheridan

Senior Associate, Assurance Services
RSM US LLP
Kansas City, Missouri
zach.sheridan@rsmus.com
+1 816 751 4026

Summary of experience

Zach Sheridan provides financial and compliance audit services to a variety of entities. He focuses primarily on governmental entities and financial institutions. Zach has served on audits of municipalities, including the City of Tulsa, Oklahoma; City of Riverside, Missouri; City of Overland Park, Kansas; and City of Excelsior Springs, Missouri.

In his current role, Zach delivers timely, high-quality service while developing an understanding of each client's business. He is responsible for supervising the engagement team and keeping lines of communication open with staff and clients. He has received specific training for governmental organizations and future governmental accounting standard changes and the necessary continuing professional education to be considered Yellow Book certified.

Professional affiliations and credentials

- Certified public accountant
- American Institute of Certified Public Accountants

Education

- Master of Science, accounting, University of Missouri–Kansas City
- Bachelor of General Studies, economics, University of Kansas



Kevin Smith

Partner, Assurance Services
RSM US LLP
Kansas City, Missouri
kevin.smith@rsmus.com
+1 816 751 4027

Summary of experience

Kevin is a regional team leader for RSM's public sector industry and has approximately 16 years of experience serving this industry. As a public sector specialist for the firm, he focuses on providing audit, consulting and reporting services to governmental and not-for-profit entities. In his role as a public sector specialist, Kevin brings an in-depth understanding of governmental and not-for-profit accounting, auditing and compliance reporting to his clients. As a condition of meeting the firm's standards for this designation, he is well-versed in the financial and compliance-related requirements of governmental entities and has extensive experience performing audits in accordance with *Government Auditing Standards* and Single Audits in accordance with The Uniform Guidance (previously OMB Circular A-133).

Kevin is involved in teaching professional education courses on a national and local level. These courses include Yellow Book seminars. He has received specific training for governmental units and future governmental accounting standard changes and has received the necessary continuing professional education to be considered Yellow Book certified. In addition, Kevin is a reviewer for the national Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting program.

Professional affiliations and credentials

- Certified public accountant
- American Institute of Certified Public Accountants
- Missouri Society of Certified Public Accountants
- Government Finance Officers Association
- Kansas Government Finance Officers Association
- Colorado Government Finance Officers Association
- Government Finance Officers Association of Missouri

Community involvement

- United Way Young Leaders Society
- United Way of Greater Kansas City – Employee Campaign Manager

Education

- Bachelor of Arts, accounting, St. Ambrose University



John Zomchick

EA, FCA, MAAA

Consulting Actuary

Actuarial Services

john.zomchick@rsmus.com

917.548.9938

Summary of Experience

John Zomchick provides actuarial retirement and employee benefit consulting services for defined benefit pension plans and Other Post Employment Benefit (OPEB) plans on behalf of corporations, state and city governments, and local municipalities. He provides subject matter expertise on defined benefit pension plans and OPEB plans for audit engagements, merger and acquisition transactions, and advisory services by identifying and quantifying risk for both corporate and governmental entities. In addition, he provides valuation services for pension plans and OPEB plans, including projections and asset liability modeling. John has over 25 years of experience providing these services.

Prior to joining RSM, John assisted Deloitte's audit practice by providing actuarial reviews of funding and financial valuation reports and individual retirement benefit calculations to assess the results were properly calculated based on plan provisions, the reasonableness of the assumptions used, and confirm the results produced complied with IRS, US GAAP, FASB, GASB and IFRS requirements, standards and guidelines, as applicable. He has also consulted with clients on a variety of benefit issues including total rewards strategies to reduce liability by changing plan design and plan terminations using Liability Driven Investment strategies and stochastic and/or deterministic modeling analysis. He was responsible for pension and OPEB valuations, managed client relationships, performed due diligence for mergers and acquisitions and determined the proper asset allocations for plan divestitures.

Professional Affiliations and Credentials

- Enrolled Actuary (EA)
- Fellow of the Conference of Consulting Actuaries (FCA)
- Member of the American Academy of Actuaries (MAAA)

Education

- Bachelor of Science, mathematics and economics, Phi Beta Kappa, State University of New York, Binghamton

Kristen Hughes

Continuing Professional Education				
	2015	2014	2013	Total
CPE Credits	86.5	57.0	72.0	215.5
A&A Credits	59.5	45.0	53.0	157.5
Yellow Book	50.5	22.0	41.5	114.0

Chelsey Ryerson

Continuing Professional Education				
	2015	2014	2013	Total
CPE Credits	83.0	88.5	54.0	225.5
A&A Credits	48.5	69.5	41.5	159.5
Yellow Book	37.0	38.5	34.0	109.5

Zach Sheridan

Continuing Professional Education				
	2015	2014	2013	Total
CPE Credits	65.0	74.0	45.5	184.5
A&A Credits	54.5	72.5	43.0	170.0
Yellow Book	27.5	30.5	15.0	73.0

Kevin Smith

Continuing Professional Education				
	2015	2014	2013	Total
CPE Credits	98.5	32.0	63.5	194.0
A&A Credits	78.5	29.0	48.0	155.5
Yellow Book	75.0	28.0	36.5	139.5

John Zomchick

Continuing Professional Education				
	2015	2014	2013	Total
CPE Credits	1.0	26.5	0	27.5
A&A Credits	N/A	N/A	N/A	N/A
Yellow Book	N/A	N/A	N/A	N/A

Appendix B— External quality control review

After 50 years of operating as a member of the RSM International network, our firm (formerly McGladrey LLP) united with these fellow firms, effective October 26, 2015, under a common name and global brand: RSM. The attached report was issued prior to this name change.



910 E. St. Louis Street, Suite 200 // P.O. Box 1190 // Springfield, MO 65801-1190
417.865.8701 // fax 417.865.0682 // bkd.com

System Review Report

To the Partners of
McGladrey LLP
and the National Peer Review Committee
of the American Institute of Certified
Public Accountants Peer Review Board

We have reviewed the system of quality control for the accounting and auditing practice of McGladrey LLP (the "firm") applicable to non-SEC issuers in effect for the year ended April 30, 2013. 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, and audits of carrying broker-dealers, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of McGladrey LLP applicable to non-SEC issuers in effect for the year ended April 30, 2013, 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*. McGladrey LLP has received a peer review rating of *pass*.

BKD, LLP

December 4, 2013



Appendix C—Required forms

**AFFIDAVIT OF COMPLIANCE
RFP# 173-2016**

To be submitted with vendor's Proposal

_____ We **DO NOT** take exception to the RFP Documents/Requirements.

X We **TAKE** exception to the RFP Documents/Requirements as follows:

Please see summary on the following page.

I have carefully examined the Request for Proposal and agree to abide by all submitted pricing, delivery, terms and conditions of this bid unless otherwise stipulated herein.

Company Name RSM US LLP

By Kristen Hughes
(Authorized Person's Signature)

Kristen Hughes
(Print or type name and title of signer)

Company Address _____

4801 Main Street, Suite 400

Kansas City, MO 64112

Telephone Number 816 751 4004

Fax Number: 816 751 1890

Date: May 12, 2016

ADDENDA

Bidder acknowledges receipt of the following addendum:

Addendum No. 1

Addendum No. _____

Addendum No. _____

Addendum No. _____

Addendum No. _____

Email kristen.hughes@rsmus.com

Federal Tax ID No. 42-0714325

DBE Vendor (Yes/No): No Minority Owned: _____

Women Owned: _____

Veteran Owned: _____

City of Springfield, MO RFP – List of Exceptions

1.6.1 Auditor requests that access to working papers and reports be limited to a representative of a regulator of the City.

1.6.2 Auditor agrees, to the extent allowable by professional standards.

1.7.3 Auditor agrees to provide the requested coverage in the amount of One Million Dollars (\$1,000,000.00).

5.3.4.5 Auditor agrees to supply satisfactory proof of insurance coverage, but does not agree to provide amounts of maximum coverage and deductibles or retentions.

Auditor Agreement

2. Auditor requests that its engagement letter also be specifically incorporated into the documents comprising the Contract Documents and that it be given priority in the event of a conflict with other Contract Documents.

9. Auditor agrees to solely supply finished documents and other deliverables in the event of a termination of the Contract. It is agreed that Auditor's working papers are at all times the exclusive property of Auditor and are not subject to the terms of this agreement.

12. Notwithstanding the terms of this clause, it is understood that Auditor subscribes to a program of peer review for maintenance of quality control as required by its profession. As part of this program, engagement files may be selected for review by other professionals under strict rules of confidentiality. Acceptance constitutes agreement for disclosure under peer review programs, with reasonable notice given by Auditor.

19.a. Auditor requests that this clause be equally applied to both Auditor and the City.

19.b. Auditor agrees to indemnify the City, its elected or appointed officials, agents and employees, from all claims or other causes of action found to have been caused by Auditor's negligent or willful acts or omissions in the performance of this Contract. Auditor does not agree to indemnify the City, its elected or appointed officials, agents and employees, from that portion of any claim alleged to have been caused by the negligent or willful acts or omissions of the City, its elected or appointed officials, agents and employees.

20. Auditor agrees to provide the requested coverage in the amount of One Million Dollars (\$1,000,000.00).

Affidavit of Compliance with Section 285.500, RSMo., et seq.
For All Agreements Providing Services In Excess Of \$5,000.00.
Effective January 1, 2009

STATE OF Missouri)
) ss.
COUNTY OF Jackson)

Before me, the undersigned Notary Public, in and for the County of Jackson,
State of Missouri, personally appeared Kristen Hughes (Name)
who is A Senior manager (Title) of RSM US LLP

(Name of company), a (circle one) corporation, partnership, sole proprietorship, limited liability company, and is competent and authorized to make this affidavit, and being duly sworn upon oath deposes and says as follows:

- (1) that said company is enrolled in and participates in a federal work authorization program with respect to the employees working in connection with the contracted services; and
- (2) that said company does not knowingly employ any person who is an unauthorized alien in connection with the contracted services.

The terms used in this affidavit shall have the meaning set forth in Section 285.500 R.S.Mo., et seq.

Documentation of participation in a federal work authorization program is attached to this affidavit.

Signature Kristen Hughes
Print Name: Kristen Hughes

Subscribed and sworn to before me this 9th day of May 2014.

Constance M Boyle
Notary Public

My commission expires: 9/8/2018



CONSTANCE M. BOYLE
My Commission Expires
September 8, 2018
Jackson County
Commission #14829980

E-Verify



Company ID Number: 19959
Client Company ID Number: 197715

Approved by:

Employer McGladrey & Pullen, LLP

John Yeager
Name (Please Type or Print)

[Signature]
Signature

Affirmative Action Director
Title

3/24/2009
Date

Designated Agent TALX Corporation

Louis Laurer
Name (Please Type or Print)

Electronically Signed
Signature

Title

03/13/2009
Date

Department of Homeland Security - Verification Division

Rebecca K Green
Name (Please Type or Print)

[Signature]
Signature

Deputy Chief / E-Verify
Title

11/2/11
Date



www.rsmus.com

RSM US LLP is the leading provider of audit, tax and consulting services focused on the middle market, with more than 8,000 people in 80 offices nationwide. It is a licensed CPA firm and the U.S. member of RSM International, a global network of independent audit, tax and consulting firms with more than 38,300 people in over 120 countries. RSM uses its deep understanding of the needs and aspirations of clients to help them succeed.

For more information, visit www.rsmus.com, like us on Facebook at [RSM US LLP](https://www.facebook.com/RSMUSLLP), follow us on Twitter [@RSMUSLLP](https://twitter.com/RSMUSLLP) and/or connect with us on [LinkedIn](https://www.linkedin.com/company/rsm-us-llp).

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Exhibit C

June 9, 2016

RSM
Attn: Kristen Hughes
4801 Main Street
Suite 400
Kansas City, MO 64112

Phone: 816-751-4004
Email: kristen.hughes@rsmus.com

Subject: **Notice of Award**, Request for Proposal #173-2016; Contract # _____

Dear Ms. Hughes:

The City of Springfield hereby accepts your proposal, dated May 12, 2016 in response to the referenced Request for Proposal. You are hereby awarded the contract for:

AUDITING SERVICES: POLICE OFFICERS' & FIRE FIGHTERS' RETIREMENT SYSTEM

2016 Audit: \$22,650.00

Hourly Rates: Quality Control Reviewer \$400/hour
 Engagement Leader \$220/hour
 Managers \$175/hour
 Seniors \$120/hour
 Staff \$110/hour

Delivery: As per the RFP

Term of Contract: July 1, 2016 through June 30, 2017. The City may, at its option, extend the contract for four (4) additional one year terms.

You are hereby requested to provide the following documents:

- A. Four (4) signed copies of the Contract. Please have completed and signed by person authorized to legally bind the Contractor. **DO NOT DATE THE CONTRACTS; THE CITY WILL DATE UPON SIGNATURE BY CITY OFFICIALS.**
- B. Certificates of Insurance in the amounts specified in the above stated RFP.
- C. Occupational License - the Contractor shall obtain and maintain an occupational license with the City of Springfield, Missouri, if required by city code and any required state or federal license. The cost for this occupational license shall be borne by the Auditor. No contract will be executed by the City until this occupational license has been obtained.
- D. W9 (Dec2014) Form

All requested documentation must be received within ten (10) days of the receipt of this notice.

Note: The cancellation clause contained in the Certificates of Insurance must read as follows:

"Should any of the policies described herein be canceled, modified, changed, altered, or not renewed, the issuing company shall give thirty (30) days written notice to the below-named certificated holder."

Division of Purchases
218 East Central • Springfield, Missouri 65802
417-864-1620 • Fax (417) 864-1927 • springfieldmo.gov
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This is not a notice to proceed. The City is not obligated for the expenditure of any funds whatsoever unless and until a notice to proceed is issued by City Purchase Order or other written City document.

If you have any questions, please contact the Buyer, Margaret Juarez, at 417-864-2079.

Very truly yours,
CITY OF SPRINGFIELD, MISSOURI

Tim Killion
City Purchasing Agent