



ROAD SERVICE DISTRICT BOARD OF DIRECTORS
 Agenda Item Summary

Agenda Category:	Agreement	Item No.
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Meeting Date: June 6, 2023

Department: Klamath County Road Service District

Issue: In the Matter of approving an agreement between Klamath County and Moss Adams LLP for professional audit services of the Klamath County Road Service District for the fiscal years ending June 30, 2023, June 30, 2024, and June 30, 2025.

Background: Klamath County Road Service District is required to have an annual audit of its fiscal affairs. The proposal process has been complete with the Board of County Commissioners accepting the proposal for audit services from Moss Adams LLP on May 16, 2023. The term of the contract is for the annual audit of each of three fiscal years ending June 30, 2023, June 30, 2024, and June 30, 2025 with two optional one-year renewals. The anticipated fees for the fiscal year of the contract are as follows:

2023 - \$7,500 2024 - \$7,875 2025 - \$8,265

Recommended Motion: Move to approve the contract between Klamath County Road Service District and Moss Adams LLP for audit services for fiscal years 2023, 2024, and 2025 with fiscal impact of \$23,640 for the full term of the initial contract.

DONE AND DATED this _____ day of _____, 20__.

 Chair
 Approved
 Denied

 Vice-Chair
 Approved
 Denied

 Commissioner
 Approved
 Denied

**KLAMATH COUNTY ROAD SERVICE DISTRICT
CONTRACT FOR PROFESSIONAL SERVICES**

This Client Services Contract (Contract) is between the Klamath County Road Service District ("County") acting by and through the Klamath County Finance Department ("Department"), and Moss Adams LLP ("Contractor").

The Department's **Contract Administrator** for this Contract is: Vickie Noel, Finance Director
Phone Number: 541-851-3654 Address: 305 Main Street, Klamath Falls, Oregon 97601

The Contractor's **Contract Administrator** for this Contract is: Amanda McCleary-Moore
Phone Number: 541-857-1040 Address: 221 Stewart Avenue, Suite 301, Medford, Oregon 97501

1. Services to be Provided.

a. Required Services.

Deliverables and Delivery Schedule. Contractor shall provide, or cause to be provided, as an independent contractor and not as an agent of the County, all technical and professional labor, and materials to satisfactorily comply with the auditing services, and in accordance with an annual engagement letter to be executed by the parties confirming the responsibilities and professional standards for that year's services, as specified in "Exhibit A", attached to and hereby made a part of this Contract.

b. Special Requirements.

i. **Confidentiality of Information.** The use or disclosure by any party of any information concerning a recipient of Services purchased under this Contract, for any purpose not directly connected with the administration of the Department's or the Contractor's responsibilities with respect to such purchased Services, is prohibited, except on written consent of the Department.

ii. **Client Records.** Contractor shall appropriately secure all records and files to prevent access by unauthorized persons. The Contractor shall, and shall require its employees and subcontractors to comply with all appropriate federal and state laws, rules and regulations regarding confidentiality of client records.

iii. **Media Disclosure.** The Contractor shall not provide information to the media regarding Services purchased under this Contract without first consulting the Department. The Contractor will make immediate contact with the Department's office when media contact occurs. The Department will assist the Contractor with an appropriate follow-up response for the media.

c. Professional Standards.

Contractor's services shall be in conformance with "Exhibit A," Government Audit Standards Terms, which shall be executed annually in accordance with the professional standards for that year's services.

d. Term of Contract.

i. **Initial Term.** The initial term of the Contract is for the annual audit of the three (3) fiscal years ending June 30, 2023, June 30, 2024 and June 30, 2025.

ii. **Extension.** Upon mutual consent the parties may extend the term of this Contract for two (2) additional one (1) year terms.

2. Compensation.

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- a. For services provided under this Contract, the Contractor shall be compensated in an amount not to exceed \$7,500, \$7,875 and \$8,265 for the fiscal years ending June 30, 2023, 2024 and 2025, respectively.
 - b. In the event the Board of Commissioners of Klamath County reduces, changes, eliminates, or otherwise modifies the funding for this contract, or if funding from federal, state or other sources is not obtained and continued at levels sufficient to allow for the purchase of the indicated quantity of services, the County may terminate this contract, in whole or in part, effective upon delivery of written notice to the Contractor, or at such later date as may be established by the County, and Contractor agrees to abide by any such decision.
3. **Subcontracts, Assignment, Successors.**
- a. **Subcontracts.** Contractor shall not enter into any subcontracts for any services required under this Contract without Department's prior written consent. In addition to any other provisions Department may require, Contractor shall include in any permitted subcontract provisions to ensure that Department will receive the benefit of subcontractor's performance as if the subcontractor were Contractor. Department's consent to any subcontract shall not relieve Contractor of any of its duties or obligations under this Contract.
 - b. **Assignments.** Contractor shall not assign, delegate or transfer any of its rights or obligations under this Contract without Department's prior written consent. Department's written consent does not relieve Contractor of any obligations under this Contract, and any assignee, transferee, or delegate is considered Contractor's agent.
 - c. **Successors.** The provisions of this Contract are binding upon, and inure to the benefit the parties and their respective successors and permitted assigns, if any.
4. **Ownership of Work Product.**
- a. All final audit reports and other completed deliverables prepared by the Contractor that result from this Contract and are delivered to the County, excluding any Contractor Material (defined below) contained or embodied therein (the "Work Product"), is the exclusive property of the County. The County and the Contractor agree that such Work Product be deemed "work made for hire" of which the Department be deemed the author. If for any reason the Work Product is not deemed "work made for hire," the Contractor hereby irrevocably assigns to the County all of its right, title, and interest in and to any and all of the Work Product, whether arising from copyright, patent, trademark, trade secret, or any other state or federal intellectual property law or doctrine. The Contractor shall execute such further documents and instruments as the Department, or both, may reasonably request in order to fully vest such rights in the County. The Contractor forever waives any and all rights related to the Work Product, including without limitation, any and all rights arising under 17 USC § 106A or any other rights of identification or authorship or rights of approval, restriction or limitation on use of subsequent modifications, except as otherwise set forth in this Contract.
- Notwithstanding the foregoing, or anything to the contrary in this Contract, County may not modify or alter the Contractor's audit report or remove the identification of Contractor as auditor without Contractor's prior written consent. Contractor may retain a copy of Work Product for archival purposes.
- b. Contractor shall own its working papers and any engagement documentation and accounting-related general skills, know-how, expertise, ideas, concepts, methods, techniques, processes, software, materials or other intellectual property or information which may have been discovered, created,

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received, developed or derived by Contractor (collectively, "Contractor Materials"). The County shall have a non-exclusive, non-transferable license to use Contractor Materials for its own internal use and only for the purposes for which they are delivered to the extent they form part of a Work Product.

5. Termination.

- a. This Contract may be terminated by either party by giving written notice to the other party at least thirty (30) days prior to the termination date.
- b. The County reserves the right to terminate this Contract upon ten (10) days' notice should the Contractor fail to comply with the provisions of the Insurance section of this Contract.
- c. The County reserves the right to immediately terminate this Contract upon loss of licensure of Contractor.
- d. The County reserves the right to terminate this Contract with twenty-four (24) hours' notice should the County find the Contractor has failed to provide the agreed upon services in keeping with the conditions of this Contract, or relevant law, rule or regulation or has performed in a manner determined to have violated the civil rights of, or otherwise caused harm to, any individual serviced under this Contract.

6. Amendments.

This Contract may be amended to the extent permitted by applicable statutes and administrative rules. No waiver, consent, or amendment of terms of this Contract shall bind either party unless in writing and signed by County and Contractor, and all necessary approvals have been obtained. Waivers and consents shall be effective only in the specific instance and for the specific purpose given. The failure of County to enforce any provision of this Contract shall not constitute a waiver by County of that or any other provision.

7. Access to Records.

Klamath County, Department, and their duly authorized representatives shall have access to the Contractor's books, documents, papers and records pertinent to the fees and expenses charged for services under this Contract for the purpose of making audit, examination, excerpts and transcripts.

8. Copyright.

The Contractor shall irrevocably transfer, assign, set over and convey to the County all rights, title, and interest, including the sole exclusive and complete copyright interest, in any and all copyrightable Work Product created pursuant to the Contract and delivered to the County, subject to the requirements in section 4. The Contractor further agrees to execute such documents as the County may request to effect such transfer or assignment. Further, the Contractor agrees that the rights granted to the County by this paragraph/section are irrevocable. The Contractor's remedy in the event of termination of or dispute over any agreement entered into as a result of this Contract shall not include any right to rescind, terminate, or otherwise revoke or invalidate in any way the rights conferred pursuant to the provisions of this paragraph/section. Similarly, no termination of any agreement entered into as a result of this Contract shall have the effect of rescinding, terminating, or otherwise invalidating the rights acquired pursuant to the provisions of this paragraph/section.

9. Report Standards.

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Reports or written material prepared by the Contractor in response to the requirements of this Contract shall be thoroughly researched for accuracy of content, shall be grammatically correct and not contain spelling errors, shall be submitted in a format approved in advance by the Contract Administrator, and shall be submitted in draft form for advance review and comment by the Contract Administrator. The cost of correcting grammatical errors, correcting reports data, or other revisions required to bring the report or written material into compliance with the contractual requirements shall be borne by the Contractor.

10. Compliance with Applicable Laws and Standards.

- a. The Contractor shall comply with all federal, state and local laws, regulations, and ordinances applicable to this Contract or to the Contractor's obligations under this Contract, as those laws, regulations and ordinances may be adopted or amended from time to time.
- b. The Department's performance under this Contract is conditioned upon the Contractor's compliance with ORS 279B.220, 279B.225, 279B.230 and 279B.235. The Contractor shall, to the maximum extent economically feasible in the performance of this Contract, use recycled paper (as defined in ORS 279A.010(1)(ee)), recycled PETE products (as defined in ORS 279A.010(1)(ff)), and other recycled plastic resin products and recycled products (as "recycled product" is defined in ORS 279A.010(1)(gg)).
- c. Any violation of subsection (a.) of this section shall constitute a material breach of this Contract. Further, any failure of Contractor to comply with the tax laws of this state and the applicable tax laws of any political subdivision of this state also shall constitute a material breach of this Contract. Any violation shall entitle the County to terminate this Contract, to pursue and seek to recover (to the extent permitted under applicable law) any and all damages that arise from the breach and the termination of this Contract, and to pursue any or all of the remedies available under this Contract, at law, or in equity, including but not limited to:
 - Termination of this Contract, in whole or in part;
 - Exercise of the right of setoff, and withholding of amounts otherwise due and owing to Contractor, in an amount equal to State's setoff right, without penalty; and
 - Initiation of an action or proceeding for damages, specific performance, declaratory or injunctive relief. The County shall be entitled to seek recovery of any and all damages (to the extent permitted under applicable law) suffered as the result of Contractor's breach of this Contract.

11. Independent Contractor; Responsibility for Taxes and Withholding.

The Contractor shall perform all required Services as an independent contractor. Although the Department may (a) determine and modify the delivery schedule for Services to be performed and (b) evaluate the quality of the completed performance. The Contractor is responsible for determining the appropriate means and manner of performing any Services required under this Contract. The Contractor certifies, represents and warrants that the Contractor is an independent contractor of the County under all applicable state and federal law. The Contractor is not an "officer," "employee," or "agent" of the County as those terms are used in ORS 30.265.

12. Indemnification.

Contractor agrees to defend, indemnify and save County, its agents, officers and employees harmless from any and all losses, claims, actions, costs, expenses, judgments, subrogation or other damages resulting from bodily injury to any person (including injury resulting in death), or damage (including loss or destruction) to tangible or real property, to the extent arising or resulting from the fault,

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negligence, wrongful act or wrongful omission of Contractor or its agents or employees in the performance of services under this Contract. In order to seek or receive indemnification hereunder, County shall provide Contractor with prompt written notice of such claim and cooperate with Contractor in handling the claim. Contractor shall be entitled to control the handling of such claim and to defend or settle any such claim, in its sole discretion, with counsel of its own choosing.

13. Insurance.

- a. Contractor shall procure and maintain in force, for the entire duration of this Contract, insurance providing coverage for bodily injury and property damage which may arise out of the operations of the Contractor or its subcontractors, employees, agents, assigns or for anyone whose acts any of them may be liable. Such insurance shall have coverage limits equal to or greater than the minimum limits set forth herein.
- b. Contractor shall furnish to Klamath County an Accord 25-S or equivalent certificate of insurance evidencing the existence of all insurance coverage(s) required by this contract prior to the commencement of any work.
- c. Contractor shall endorse the Contractor General Liability (CGL) to include Klamath County as an “additional insured” (blanket endorsement acceptable), including coverage for products and completed operations, and a copy of this endorsement shall accompany each certificate.
- d. **Notice of Cancellation or Change.** There shall be no cancellation, material change, reduction of limits or intent not to renew the insurance coverage(s) without 30 days’ written notice from the Contractor or its insurer(s) to the County, provided, however, that Contractor shall not be obligated to provide such notice if, concurrently with such cancellation, material change, reduction or intent not to renew, Contractor obtains coverage from another insurer meeting the requirements described herein.
- e. Contractor’s insurance shall be primary and not excess to, or contributory with any insurance coverage provided by Klamath County.
- f. CGL coverage, including products and completed operations coverage, shall be maintained from the date work commences until two years after the work has been completed.
- g. If the work required by this contract or the location of the work specified in this contract constitutes an exposure to the employees of the contractor or his subcontractors under the U.S. Longshoremen and harbor Workers Act, The Jones Act, or under any laws, regulations or statutes that apply to maritime workers, the contractor shall ensure that proper coverage is purchased and maintained.
- h. Contractor and all Subcontractors shall endorse the Worker’s Compensation coverage to provide a “waiver of subrogation” in favor of Klamath County when available.
- i. Klamath County will waive the required Worker’s Compensation (WC) coverage if the Contractor submits a letter, on official letter head, stating they agree that they will obtain WC coverage immediately upon utilizing volunteers or hiring any employees during the period of the contract.
- j. Klamath County will waive the required Auto Liability coverage if the Contractor submits a letter, on official letter head, stating absolutely no driving will be done related to the contract and that they will obtain Auto Liability coverage in advance if they travel in any way in support of the contract, i.e. training our staff, meetings to implement, etc.

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- k. Contractor shall provide the County with a renewal certificate upon request, preferably at least thirty (30) days prior to the expiration date of the coverage in the event that the original certificate expires prior to the scheduled termination of the Contract.

❖ **Professional Services Contracts:**

Contracts should have the following, which may be met in combination with umbrella coverage:

- General Liability
 - Each Occurrence \$2,000,000
 - Aggregate \$4,000,000
 - Operations \$2,000,000
 - Products and Completed
 - Personal/Advertising Injury \$2,000,000
- Auto Liability
 - Combined Single \$2,000,000
- Workers' Compensation
 - Statutory Limits
 - Employers Liability
 - \$1,000,000

❖ **Professional Liability Coverage.**

Professional Liability Coverage covering any damages caused by an error, omission or any negligent or wrongful acts related to the services to be provided under this Contract. Per claim (for all claimants for claims arising out of a single accident or occurrence) in the amount of \$2,000,000 and \$3,000,000 professional aggregate.

13. **Limitation of Liability.** IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

14. **No Third Party Beneficiaries.**

The County and the Contractor are the only parties to this Contract and are the only parties entitled to enforce its terms. Nothing in this Contract gives, is intended to give, or shall be construed to give or provide any benefit or right, whether directly, indirectly or otherwise, to third persons unless such third persons are individually identified by name herein and expressly described as intended beneficiaries of the terms of this Contract.

15. **Merger.**

This Contract constitutes the entire agreement between the parties, and there are no understandings, agreements, or representations, oral or written, not specified herein regarding this Contract.

16. **Health Insurance Portability and Accountability Act.**

- a. If the Services funded in whole or in part with financial assistance provided under this Contract are covered by the Health Insurance Portability and Accountability Act or the federal regulations implementing the Act (collectively referred to as HIPAA), Contractor agrees to deliver the Services in compliance with HIPAA. Without limiting the generality of the foregoing, Services funded in whole or in part with financial assistance provided under this Contract are covered by HIPAA. Contractor shall comply and require its subcontractors to comply with the following:

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b. Privacy and Security of Individually Identifiable Health Information.

Individually Identifiable Health Information about specific individuals is confidential. Individually Identifiable Health Information relating to specific individuals may be exchanged between Contractor and County for purposes directly related to the provision of services to County. However, Contractor shall not use or disclose any Individually Identifiable Health Information about specific individuals in a manner that would violate HIPAA, the Oregon Privacy Rules, OAR 410-014-0000 et. Seq., as applicable.

17. Events of Breach.

a. Breach by Contractor. Contractor breaches this Contract if:

- i. Contractor institutes or has instituted against it insolvency, receivership or bankruptcy proceedings, makes an assignment for the benefit of creditors, or ceases doing business on a regular basis;
- ii. Contractor no longer holds a license or certificate that is required for Contractor to perform its obligations under this Contract and Contractor has not obtained the license or certificate within fourteen (14) calendar days after Department delivers notice of breach to Contractor or a longer period as Department may specify in the notice; or
- iii. Contractor commits any material breach of any covenant, warranty, obligation or certification under this Contract, fails to perform its obligations under this Contract within the time specified or any extension of that time, and Contractor fails to cure the breach within fourteen (14) calendar days after Department delivers notice of breach to Contractor or a longer period as Department may specify in the notice.
- iv. Contractor is in breach or default in any other contracts or agreements with the County.

b. Breach by County. County breaches this Contract if:

- i. County fails to pay Contractor any amount pursuant to the terms of this Contract, and County fails to cure its failure to pay within fourteen (14) calendar days after Contractor delivers notice of breach to County or a longer period as Contractor may specify in the notice; or
- ii. County commits any material breach of any covenant, warranty, or obligation under this Contract, fails to perform its obligations hereunder within the time specified or any extension thereof, and County fails to cure the breach within fourteen (14) calendar days after Contractor delivers notice of breach to County or a longer period as Contractor may specify in the notice.

18. Remedies.

a. County's Remedies.

If Contractor is in breach, then in addition to the remedies afforded elsewhere in this Contract, County shall be entitled to seek recovery of any and all damages suffered as the result of Contractor's breach of this Contract (to the extent permitted under applicable law), County may, at Department's option, pursue any or all of the remedies available under this Contract and at law or in equity, including, but not limited to:

- i. Termination of this Contract;
- ii. Withholding payment of all amounts in Contractor's invoices for Services that Contractor is obligated to but has failed to deliver or perform within any scheduled completion dates or has performed inadequately or defectively;

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- iii. Initiation of an action or proceeding for damages, specific performance, declaratory or injunctive relief;
- iv. Exercise of the right of setoff, and withholding of amounts otherwise due and owing to Contractor in an amount equal to County's setoff right, without penalty.
- v. These remedies are cumulative to the extent the remedies are not inconsistent, and County may pursue any remedy or remedies singly, collectively, successively or in any order whatsoever. If it is determined for any reason that Contractor was not in breach, the rights and obligations of the parties shall be the same as if this Contract was terminated pursuant to section 18.b.

b. Contractor's Remedies.

If County is in breach of this Contract, Contractor's sole remedy is one of the following, as applicable:

- i. For Services compensable on an hourly basis, a claim against County for unpaid invoices, hours worked but not yet invoiced, and authorized expenses for Services completed and accepted by Department less any claims County has against Contractor.
 - ii. For deliverable-based Services, a claim against County for the sum designated for completing the deliverable multiplied by the percentage of Services completed and accepted by Department, less previous amounts paid and any claims County has against Contractor.
- c. If previous amounts paid to Contractor for Services and Goods exceed the amount due to Contractor, Contractor shall pay the excess amount to County immediately upon written demand.

19. Severability.

The parties agree that if any term or provision of this Contract is declared by a court or competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Contract did not contain the particular term or provision held to be invalid.

20. Attorney Fees.

In the event suit or action is instituted to enforce any of the terms of this Contract, each party shall be responsible for its own attorney fees costs and related expenses.

21. Governing Law.

The Contract is governed by and construed in accordance with the laws of Oregon, without regard to principles of conflicts of laws.

22. Notices.

Any notice required to be given pursuant to this Contract shall be in writing and may be given by personal delivery or by registered or certified mail, addressed to County or Contractor at the address provided in this Contract, or to either party in any other manner prescribed by law.

23. Force Majeure.

Neither County nor Contractor shall be responsible for any failure to perform or for any delay in the performance of any obligation under this Contract caused by fire, riot, acts of God, terrorism, war, or any other cause which is beyond the breaching party's reasonable control. Contractor shall, however, make all reasonable efforts to remove or eliminate the cause of Contractor's delay or breach and shall, upon the cessation of the cause, continue performing under this Contract. County may terminate this

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Contract upon written notice to Contractor after reasonably determining that the delay or breach will likely prevent successful performance of this Contract.

24. Conflict of interest.

- a. Klamath County desires to have the Contractor refrain from activities which could be interpreted as creating an organizational conflict of interest.
- b. The Contractor agrees to avoid any activities which may influence the decisions of Klamath County or which directly or indirectly affect the interest of the County where the Contractor has a personal interest in the matter which may be incompatible with the interest of Klamath County Government, and to promptly notify County regarding any change in Contractor's private interests or the Services under this Agreement which may result or appear to result in a conflict of interest.

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CONTRACTORS CERTIFICATIONS AND SIGNATURE OF AUTHORIZED REPRESENTATIVE

1. Residency Statement

Pursuant to ORS 279A.120, Oregon's Reciprocal Preference Law, public contracting agencies shall, for the purposes of determining the lowest responsible bidder/proposer and the awarding of a contract, add a percent increase on the bid of a non-resident bidder/proposer equal to the percent, if any, of the preference given to that bidder/proposer in the state in which the bidder/proposer resides.

As defined in ORS 279A.120, "Resident Bidder/proposer" means a bidder/proposer that has paid unemployment taxes or income taxes in this state in the twelve calendar months immediately preceding submission of the bid, has a business address in this state, and has stated in the bid whether the bidder/proposer is a "Resident Bidder/proposer". A "Non-resident Bidder/proposer" is a bidder/proposer who does not meet the definition of a "Resident Bidder/proposer" as stated above.

Bidder/Proposer is a "Resident Bidder/proposer" as set forth above.

2. Non-Discrimination

To the best of the undersigned's knowledge, Contractor has not discriminated against and will not discriminate against minority, women or emerging small business enterprises or against a business enterprise that is owned or controlled by or that employs a disabled veteran certified under ORS 279A.110 in obtaining any required subcontracts.

3. Compliance with Oregon Tax Laws

The undersigned is authorized to act on behalf of Contractor and that Contractor is, to the best of the undersigned's knowledge, not in violation of any Oregon Tax Laws. For purposes of this certification, "Oregon Tax Laws" means a County tax imposed by ORS 320.005 to 320.150 and 403-200 to 403.250, ORS Chapters 118 (Inheritance Tax), 314 (Income Tax), 316 (Personal Income Tax), 317 (Corporation Excise Tax), 318 (Corporation Income Tax), 320 (Amusement Device and Transient Lodging Taxes), 321 (Timber and Forestland Tax), 323 (Cigarettes and Tobacco Products Tax), and the elderly rental assistance program under ORS 310.630 to 310.706; and any local taxes administered by the Department of Revenue under ORS 305.620.

4. Authorization

The undersigned certifies under penalty of perjury both individually and on behalf of Contractor that: The undersigned is a duly authorized representative of Contractor, has been authorized by Contractor to make all representations, attestations, and certifications contained in this Contract and to execute this Contract on behalf of Contractor.

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Independent Contractor Certification Statement
[as required by OAR 125-246-0333]

Klamath County Departmental Certification

In order to comply with the provisions of ORS 670.600, an individual or business entity performing labor or services for remuneration shall be considered to perform the labor or services as an "Independent Contractor" if the following standards are met:

1. The individual or business entity providing the labor or services is free from direction and control over the means and manner of providing the labor or services, subject only to the right of the person for whom the labor or services are provided to specify the desired results;
2. The individual or business entity providing the labor or services is responsible for obtaining all assumed business registrations or professional occupational licenses required by state law or local government ordinance for the individual or business to conduct the business;
3. The individual or business entity providing labor or services furnishes the tools or equipment necessary for the performance of the contracted labor or services;
4. The individual or business entity providing labor or services has the authority to hire and fire employees to perform the labor or services;
5. Payment for the labor or services is made upon completion of the performance of specific portions of the project or is made on the basis of an annual or periodic retainer.

In hereby certify that the contracted work or intended contracted work meets these standard.

Vickie Noel

Department Head

5/19/2023

Date

(Contractor/Proposed Contractor is to complete the next page)

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To establish status as an "independent contractor" as defined in ORS 670.600, certain standards must be met by the individual or business entity performing that work.

The undersigned certifies that he/she/the business entity meets the following standards:

1. The individual or business entity providing labor or services is registered under ORS Chapter 701, "construction Contractors", if applicable and the individual or business entity provides labor or services for which such registration is required; and,
2. Federal and state income tax returns in the name of the business or business Schedule C or farm Schedule F as part of the person income tax return were filed for the previous year if the individual or business entity performed labor or services as an independent contractor in the previous year; and,
3. The individual or business entity represents to the public that the labor or services are to be provided by an independently established business. Except when individual or business entity files a Schedule F as part of the person income tax returns and the individual or business entity performs farm labor or services that are reportable on Schedule C, an individual or business entity is considered to be engaged in an independently established business when four or more of the following circumstances exist.

Contractor is to check four or more of the following:

The labor or services are primarily carried out at a location that is separate from the residence of an individual who performs the labor or services, or are primarily carried out in a specific portion of the residence, which portion is set aside as the location of the business;

Commercial advertising or business cards are customary in operating similar businesses, are for the business, or the individual or business entity has a trade association membership;

Telephone listing and service are used for the business that is separate from the personal residence listing and service used by an individual who performs the labor or service;

Labor or services are performed only pursuant to written contracts.

Labor or services are performed for two or more different persons within a period of one year; or,

The individual or business entity assumes financial responsibility for defective workmanship or for service not provided as evidenced by the ownership or performance bonds, warranties, errors and omission insurance or liability insurance relating to the labor or services to be performed.

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Contract for Professional Auditing Services between Klamath County Road Service District
and Moss Adams LLP

CONTRACTOR:

Amanda McCleary-Moore, for
Moss Adams LLP
221 Stewart Ave. Suite 301
Medford, OR 97401
Phone: (541) 857-1040

Signature: Amanda McCleary-Moore

Printed or Typed Name: Amanda McCleary-Moore

Federal I.D. # 91-0189318

Date: 5/19/2023

KLAMATH COUNTY BOARD of COMMISSIONERS:

305 Main Street
Klamath Falls, OR 97601
(541) 883-5100

Approved this ___ day of _____, 20__.

Chairman

Commissioner

Commissioner

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

Klamath County Counsel

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EXHIBIT A

Audit - Government Auditing Standards (no compliance audit)

This Exhibit A confirms our acceptance and understanding of the terms and objectives of our engagement, and limitations of the services that Moss Adams LLP ("Moss Adams," "we," "us," and "our") will provide to Klamath County Road Service District ("County," "you," and "your") acting by and through the Klamath County Finance Department.

Scope of Services

In this engagement, we will perform the following services as of and for the years ending June 30, 2023, June 30, 2024, and June 30 2025, with possibility for two additional one-year terms upon mutual agreement of the parties.

1. Audit the financial statements of the County.
2. Report on the Minimum Standards for Audits of Oregon Municipal Corporations prescribed by the Secretary of State.
3. Technical review of the County prepared Annual Comprehensive Financial Report (ACFR) for compliance with generally accepted accounting principles and requirements of the GFOA Certificate of Excellence Program, if applicable.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information ("RSI"), such as management's discussion and analysis, to supplement the basic financial statements. Such information, although not a 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. As part of our engagement, we will apply certain limited procedures to Government's RSI in accordance with auditing standards generally accepted in the United States of America. We will not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance. The following RSI will be subjected to certain limited procedures, but will not be audited:

- 1) Management's discussion and analysis
- 2) Pension schedules
- 3) Other postemployment benefit plan schedules

Timing

Amanda McCleary-Moore is responsible for supervising the engagement and authorizing the signing of the reports.

Our scheduling depends on your completion of the year-end closing and adjusting process prior to our arrival to begin the fieldwork. We may experience delays in completing our services due to your staff's unavailability or delays in your closing and adjusting process. You understand our fees are subject to adjustment if we experience these delays in completing our services.

Reporting

We will issue written reports upon completion of our audit of the County's financial statements. Our reports will be addressed to the Board of Commissioner of the County. We cannot provide assurance that an unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. Our services will be concluded upon delivery to you of our report on your financial statements.

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Objectives of the Audit

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives also include reporting on the following:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards.

The report on internal control and compliance will include a statement that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance, that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance, and, accordingly, it is not suitable for any other purpose.

The objectives of our audit are also to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Auditor's Responsibility

We will conduct our audit in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. As part of an audit conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control or to identify deficiencies in the design or operation of internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time

The supplementary information will be subject to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

If our opinion on the financial statements is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

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Procedures and Limitations

Our procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of certain receivables and certain other assets, liabilities and transaction details by correspondence with selected customers, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and supplementary information and related matters. Management's failure to provide representations to our satisfaction will preclude us from issuing our report.

An audit includes examining evidence, on a test basis, supporting the amounts and disclosures in the financial statements. Therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Material misstatements may include errors, fraudulent financial reporting, misappropriation of assets, or noncompliance with the provisions of laws, regulations, contracts, and grant agreements that are attributable to the entity or to acts by management or employees acting on behalf of the entity that may have a direct financial statement impact. Pursuant to *Government Auditing Standards*, we will not provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements and noncompliance may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards*. An audit is not designed to detect immaterial misstatements or noncompliance with the provisions of laws, regulations, contracts, and grant agreements that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors, fraudulent financial reporting, misappropriation of assets, and noncompliance with the provisions of laws, regulations, contracts and grant agreements that come to our attention, unless clearly inconsequential. We will also inform you of any other conditions or other matters involving internal control, if any, as required by *Government Auditing Standards*. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any time period for which we are not engaged as auditors.

We may assist management in the preparation of the County's financial statements and supplementary information. Regardless of any assistance we may render, all information included in the financial statements and supplementary information remains the representation of management. We may issue a preliminary draft of the financial statements and supplementary information to you for your review. Any preliminary draft financial statements and supplementary information should not be relied upon, reproduced or otherwise distributed without the written permission of Moss Adams.

Management's Responsibility

As a condition of our engagement, management acknowledges and understands that management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. We may advise management about appropriate accounting principles and their application and may assist in the preparation of your financial statements, but management remains responsible for the financial statements. Management also acknowledges and understands that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. This responsibility includes the maintenance of adequate records, the selection and application of accounting principles, and the safeguarding of assets. You are responsible for informing us about all known or suspected fraud affecting the County involving: (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the County received in communications from employees, former employees, regulators or others.

Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

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Management is responsible for establishing and maintaining internal control over compliance with the provisions of laws, regulations, contracts, and grant agreements, and for identifying and ensuring that you comply with such provisions. Management is also responsible for addressing the audit findings and recommendations, establishing and maintaining a process to track the status of such findings and recommendations, and taking timely and appropriate steps to remedy any fraud and noncompliance with the provisions of laws, regulations, contracts, and grant agreements or abuse that we may report.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management agrees that as a condition of our engagement, management will provide us with:

- access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, whether obtained from within or outside of the general and subsidiary ledgers (including all information relevant to the preparation and fair presentation of disclosures), such as records, documentation, and other matters;
- additional information that we may request from management for the purpose of the audit; and
- unrestricted access to persons within the County from whom we determine it necessary to obtain audit evidence.

Management's Responsibility to Notify Us of Affiliates

Our professional standards require that we remain independent of the County as well as any "affiliate" of the County. Professional standards define an affiliate as follows:

- a fund, component unit, fiduciary activity or entity that the County is required to include or disclose, and is included or disclosed in its basic financial statements, in accordance with generally accepted accounting principles (U.S. GAAP);
- a fund, component unit, fiduciary activity or entity that the County is required to include or disclosed in its basic financial statements in accordance with U.S. GAAP, which is material to the County but which the County has elected to exclude, and for which the County has more than minimal influence over the entity's accounting or financial reporting process;
- an investment in an investee held by the County or an affiliate of the County, where the County or affiliate controls the investee, excluding equity interests in entities whose sole purpose is to directly enhance the County's ability to provide government services;
- an investment in an investee held by the County or an affiliate of the County, where the County or affiliate has significant influence over the investee and for which the investment is material to the County's financial statements, excluding equity interests in entities whose sole purpose is to directly enhance the County's ability to provide government services

In order to fulfill our mutual responsibility to maintain auditor independence, you agree to notify Moss Adams of any known affiliate relationships, to the best of your knowledge and belief. Additionally, you agree to inform Moss Adams of any known services provided or relationships between affiliates of the County and Moss Adams or any of its employees or personnel.

Other Information Included in an Annual Report

When financial or nonfinancial information, other than financial statements and the auditor's report thereon, is included in an entity's annual report, management is responsible for that other information. Management is also responsible for providing the document(s) that comprise the annual report to us as soon as it is available.

Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the audited financial statements. If we identify that a material inconsistency or misstatement of the other information exists, we will discuss it with you; if it is not resolved U.S. GAAS requires us to take appropriate action.

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Key Audit Matters

U.S. GAAS does not require the communication of key audit matters in the audit report unless engaged to do so. You have not engaged us to report on key audit matters, and the Agreement does not contemplate Moss Adams providing any such services. You agree we are under no obligation to communicate key audit matters in the auditor's report.

If you request to engage Moss Adams to communicate key audit matters in the auditor's report, before accepting the engagement we would discuss with you the additional fees to provide any such services, and the impact to the timeline for completing the audit.

Dissemination of Financial Statements

Our report on the financial statements must be associated only with the financial statements that were the subject of our engagement. You may make copies of our report, but only if the entire financial statements (including related footnotes and supplementary information, as appropriate) are reproduced and distributed with our report. You agree not to reproduce or associate our report with any other financial statements, or portions thereof, that are not the subject of this engagement.

Offering of Securities

This Agreement does not contemplate Moss Adams providing any services in connection with the offering of securities, whether registered or exempt from registration, and Moss Adams will charge additional fees to provide any such services. You agree not to incorporate or reference our report in a private placement or other offering of your equity or debt securities without our express written permission. You further agree we are under no obligation to reissue our report or provide written permission for the use of our report at a later date in connection with an offering of securities, the issuance of debt instruments, or for any other circumstance. We will determine, at our sole discretion, whether we will reissue our report or provide written permission for the use of our report only after we have conducted any procedures we deem necessary in the circumstances. You agree to provide us with adequate time to review documents where (a) our report is requested to be reissued, (b) our report is included in the offering document or referred to therein, or (c) reference to our firm is expected to be made. If we decide to reissue our report or provide written permission to the use of our report, you agree that Moss Adams will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to reissue our report or withhold our written permission to use our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its services. While the successor auditor may request access to our engagement documentation for those periods, we are under no obligation to permit such access.

Changes in Professional or Accounting Standards

To the extent that future federal, state, or professional rule-making activities require modification of our audit approach, procedures, scope of work, etc., we will advise you of such changes and the impact on our fee estimate. If we are unable to agree on the additional fees, if any, that may be required to implement any new accounting and auditing standards that are required to be adopted and applied as part of our engagement, we may terminate this Agreement as provided herein, regardless of the stage of completion.

Representations of Management

During the course of our engagement, we may request information and explanations from management regarding, among other matters, the County's operations, internal control, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide us with a written representation letter confirming some or all of the representations made during the engagement. The procedures that we will perform in our engagement will be heavily influenced by the representations that we receive from management. Accordingly, false representations could cause us to expend unnecessary efforts or could cause a material error or fraud to go undetected by our procedures. In view of the foregoing, you agree that we will not be responsible for any misstatements in the County's financial statements and supplementary information that we fail to detect as a result of false or misleading representations, whether oral or written, that are made to us by the County's management. While we may assist management in the preparation of the representation letter, it is management's responsibility to carefully review and understand the representations made therein.

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In addition, because our failure to detect material misstatements could cause others relying upon our audit report to incur damages, the County further agrees to indemnify and hold us harmless from any liability and all costs (including legal fees) that we may incur in connection with claims based upon our failure to detect material misstatements in the County's financial statements and supplementary information resulting in whole or in part from knowingly false or misleading representations made to us by any member of the County's management.

Subpoena or Other Release of Documents

As a result of our services to you, we may be required or requested to provide information or documents to you or a third-party in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which we are not a party. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we will construe your inaction or failure as consent to comply with the request. Our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to additional compensation for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

Document Retention Policy

At the conclusion of this engagement, we will return to you all original records you supplied to us. Your Company records are the primary records for your operations and comprise the backup and support for the results of this engagement. Our records and files, including our engagement documentation whether kept on paper or electronic media, are our property and are not a substitute for your own records. Our firm policy calls for us to destroy our engagement files and all pertinent engagement documentation after a retention period of seven years (or longer, if required by law or regulation), after which time these items will no longer be available. We are under no obligation to notify you regarding the destruction of our records. We reserve the right to modify the retention period without notifying you. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

Except as set forth above, you agree that Moss Adams may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements, and representation letters, and retain only digital images thereof.

Use of Electronic Communication

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential. We employ measures in the use of electronic communications designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume you consent to our use of electronic communications to your representatives and other use of these electronic devices during the term of this Agreement as we deem appropriate.

Use of Moss Adams' Name

The County may not use any of Moss Adams' name, trademarks, service marks or logo in connection with the services contemplated by this Agreement or otherwise without the prior written permission of Moss Adams, which permission may be withheld for any or no reason and may be subject to certain conditions.

Use of Nonlicensed Personnel

Certain engagement personnel who are not licensed as certified public accountants may provide services during this engagement.

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Use of Subcontractor and Affiliate

We may retain subcontractors and/or our affiliate, Moss Adams (India) LLP, to assist us in providing our services to you. These entities may collect, use, transfer, store, or otherwise process information provided by you or on your behalf ("Client information") in the domestic and foreign jurisdictions in which they operate. All of these entities are required to protect the confidentiality of any Client information to which they have access in the course of their work. We will be responsible for their performance in accordance with the terms of this Agreement.

Hiring of Employees

Any offer of employment to members of the audit team prior to issuance of our report may impair our independence, and as a result, may result in our inability to complete the engagement and issue a report.

Mutual Waiver of COVID-19 Claims

This provision addresses issues regarding the novel coronavirus ("COVID-19"). The Parties acknowledge their respective understanding of the hazards of COVID-19, including, but not limited to, its highly contagious nature and the corresponding health risks associated with being exposed to or infected by COVID-19. Each Party agrees to waive, release, discharge, and covenants not to sue the other Party or its affiliates and its and their respective officers, directors, partners, principals, employees, agents, or subcontractors from any and all claims, damages, expense, liability, illness or losses that may occur from exposure to or infection by COVID-19 arising out of, related to, or in any way connected with the professional services provided by Moss Adams.