

**FRANKLIN COUNTY
COMMISSION AGENDA ITEM**

TO: BOARD OF FRANKLIN COUNTY COMMISSIONERS	Reviewed:
FROM: Lisa Johnson	Ext: 3485
DEPARTMENT: Administration	
DATE: Wednesday, January 13, 2010	No:

ITEM: Consider the approval of a recommendation to execute an engagement letter with Agler & Gaeddert, Chartered to prepare the 2008-2009 state and federal tax returns for the Employee Benefit Health Care Fund.

Background: Because Franklin County's health plan has been self funded and tax exempt, we are required by Federal law to file, on an annual basis, both state and federal income tax returns to confirm management of the account is in compliance with the law. Agler & Gaeddert has prepared the returns in the past for a fee of \$700. The IRS has since changed the federal tax form requiring more information. It is anticipated it will take more time to complete the forms; thus, the cost for preparation is expected to increase to a fee not to exceed \$900.

Recommended Action: It is recommended the commission execute the engagement letter with Agler & Gaeddert for the preparation of the 2008-2009 income tax returns for the Franklin County Employee Health Care Fund.

Attachments: Engagement Letter

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Lucille L. Hinderliter, CPA
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W. Keith Gaeddert, CPA
(Retired)

Franklin County Employee Health Care Fund

Entity Tax Service
Engagement Letter

This letter is to confirm and specify the terms of our engagement with the entity named above for the year ended December 31, 2009 (or for the tax year shown at the end of this letter) and to clarify the nature and extent of the tax services we will provide.

We will prepare 2009 federal income tax return Form 990 from information you provide. We will not verify the information you give us, although we may ask you to clarify some of the information. We will provide such accounting assistance as we determine to be necessary for preparation of the income tax returns.

As the tax matters person for this entity, it is your responsibility to maintain and provide us with all the information needed to prepare complete and accurate returns, as well as to carefully examine and approve the completed tax returns before signing and filing them. You should retain all the documents, canceled checks, and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation; nor for resulting taxes, penalties and interest.

We may provide you with a questionnaire or other document requesting specific information. Completing those forms will assist us in making sure you are well served for a reasonable fee. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that you have disclosed to us all relevant facts affecting the returns, such as bartering transactions. You further represent that income and expenses for the year are supported by records as required by law. Please ask us if you have questions about the type of records required.

You should also know that IRS audit procedures will almost always include questions on bartering transactions and on deductions that require strict documentation. In preparing your returns, we rely on your representations regarding these matters.

Our work in connection with the preparation of entity income tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist.

We are responsible only for the returns listed on this engagement letter. Our fee for these services will be based on various factors, including time involved and the complexity of the return, plus computer charges and out-of-pocket expenses. All invoices are due and payable on presentation. We may bill you on an interim basis prior to completion of this engagement. A finance charge of 1.5 percent per month will apply for accounts not paid within 30 days from the initial invoice date. This is an Annual Percentage Rate of 18 percent.

These returns are subject to examination by the taxing authorities. In the event of an audit, any proposed adjustments by the examining agent are subject to certain rights of appeal. If an examination occurs, we will represent you if you so desire; however, such additional services are not included in the fees for the preparation of the tax return(s). In addition, our fee for preparation of the 2009 income tax return(s) does not include responding to inquiries by taxing authorities.

The Internal Revenue Code and regulations impose preparation and disclosure standards with non-compliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these penalties, it may be necessary in some cases to make certain disclosures in the tax return concerning positions taken on the return that do not meet these standards. Accordingly, we will discuss tax positions that may increase the risk of exposure to penalties and



any recommended disclosures with you before completing the preparation of the return. If we conclude that we are obligated to disclose a position and you refuse to permit the disclosure, we reserve the right to withdraw from the engagement and you agree to compensate us for our services to the date of withdrawal. Our engagement with this entity will terminate upon our withdrawal.

The IRS permits you to authorize us to discuss on a limited basis, aspects of your return for one year after the return's due date, with IRS. Your consent to such a discussion is evidenced by checking a box on the return. Unless you tell us otherwise, we will check that box authorizing the IRS to discuss your return with us.

By executing this engagement letter Franklin County Employee Health Care Fund consents to Agler & Gaeddert, Chartered using the entity tax return information to send you, by any medium: firm newsletters, surveys, press releases, information concerning firm seminars and nontax-related services, and any other communication sent to some or all of the firm's clients. This consent shall be valid for as long as you engage Agler & Gaeddert, Chartered to prepare income tax returns for this entity. The disclosure will include the entire federal income tax return, and you acknowledge, by signing this engagement letter (consent form), that you have the right to consent to a disclosure of less than the entire tax return, but have decided, without coercion, that you consent to the disclosure of the entire tax return. This consent is not conditioned on our providing services to you. If you do not specify the duration of this consent, the consent is valid for one year.

We have the right to withdraw from this engagement, in our discretion, if you do not provide us with any information we request in a timely manner, refuse to cooperate with our reasonable requests or misrepresent any facts. Our withdrawal will release us from any obligation to complete the entity return and will constitute completion of our engagement. You agree to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

This engagement letter does not cover the preparation of any financial statements. Any services related to preparation of financial statements will be addressed in a separate engagement letter.

If the foregoing fairly sets forth your understanding of our tax engagement, please sign this letter in the space below and return it to our office. Note on the line below your signature any other tax returns you expect us to prepare.

We appreciate this opportunity to work with you.

Yours very truly,

Agler & Gaeddert Chartered

Agreed to and accepted by: _____ Date: _____
Signature

Title

Tax Year End (if not 12/31/2009): 11/30/2009 (Tax form year 2008)

For 2008 IRS has changed the form considerably, therefore we estimate it to take longer than it has in the past. We estimate the return to take approximately 9 hours with an average billing rate of \$97 per hour. The fee charged for this return will not exceed \$900.