



PROPOSAL FOR PROFESSIONAL
AUDITING SERVICES



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

November 4, 2016

Honorable Mayor and City Council
City of Collinsville, Illinois

Thank you for the opportunity to present our qualifications and proposal to the City of Collinsville, Illinois (the City). We have reviewed your situation and have a good understanding of the scope of your needs.

As a Firm, we are committed to providing governmental services that will help our clients consistently maintain a high standard of recordkeeping, reporting, and operations. HB&Co. personnel have the experience and knowledge in providing various services to governmental organizations similar to the City. The following is a list demonstrating our commitment to our governmental organizations and specifically how we can meet your needs:

- ◇ The City wants its auditors to be able to efficiently provide services to help meet deadlines and provide knowledge to the City. Since our Firm maintains a concentration in governmental accounting, our audit staff understands your accounting issues.
- ◇ We are members of the GFOA, GFOA St. Louis Chapter, St. Louis Area City Clerks and Finance Officers Association, East Central Missouri City Clerks and Finance Officers Association, Missouri Municipal Attorney's Association, Missouri Society of CPAs Governmental Committee, Municipal League, and the Missouri City/County Management Association.
- ◇ HB&Co. has over 60 current references throughout the Midwest you may contact concerning our governmental services, including those with similar Federal programs, economic development activities, and funds.
- ◇ The City wants comprehensive, proactive services from its audit team. HB&Co.'s governmental service team has served many cities for a number of years. Our familiarity with these cities will be an advantage for the City by having auditors who will provide a knowledgeable perspective on a wide range of accounting practices.

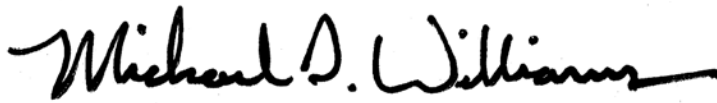
- ◇ HB&Co. has the following Certificate of Achievement (Certificate) for Excellence in Financial Reporting experience:
 - Partner that is a member on the national GFOA Special Review Committee
 - Various presentations to the local and state GFOA chapters
 - Initial Certificate applications prepared for ten municipalities
 - Audit services for twenty municipalities that obtain the Certificate
- ◇ The City wants individuals who have the additional experience and training required to audit various governmental assistance programs under *Government Auditing Standards*, issued by the Comptroller General of the United States. All key team members have completed the experience and training required under *Government Auditing Standards*, throughout the last three years. This training is required when the City receives enough federal grant money to require an audit of its federal programs.
- ◇ We are members of the Governmental Audit Quality Center which provides resources to maintain the highest level of quality governmental reporting.
- ◇ We have 70 years of experience providing governmental services.
- ◇ HB&Co. communicates and shares information to improve our clients' business. We provide regular follow-up, internet website information, newsletters, and tips to clients.
- ◇ The City wants a firm that will be able to provide the highest level of tax reporting to provide support for payroll, employee benefit programs, contributors, vendors, and customers. We have a tax department with research capabilities and tax planning experience needed to help you when necessary.
- ◇ We are members of PrimeGlobal, a worldwide association of independent accounting firms and business advisors that can provide additional national and international research capabilities and resources.
- ◇ Our Firm is a member of the AICPA and both the Center for Public Company Audit Firms Section and the Private Companies Practice Section of the AICPA. All members of these Sections must adhere to higher quality control audit and reporting standards than other CPA firms and the members are subject to regular peer review procedures established by the AICPA on which we have received the highest rating. The fact that we have voluntarily taken on these responsibilities ensures that you receive the highest quality work available.
- ◇ Our Firm is one of the top 15 largest regional accounting firms based in the St. Louis area, according to the 2016 *St. Louis Business Journal*.
- ◇ HB&Co. has an experienced specialized team of governmental consultants who will work effectively and efficiently with minimum interference with the City's business and provide the highest quality service at a reasonable fee.

Our audit services team has the ability and capacity to complete the work timely. We have a flexible schedule and will work with the City in a cooperative manner. In addition, we will remain accessible and available throughout the year for consultation purposes and to answer questions from time to time.

We appreciate the opportunity to be of service to you and believe this proposal accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

If you agree with the terms of our engagement as described, please sign below and return one copy to us.

Very truly yours,

A handwritten signature in black ink that reads "Michael D. Williams". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael D. Williams, CPA
Partner

MDW/krc

Enclosure

RESPONSE:

This proposal correctly sets forth the understanding of the **CITY OF COLLINSVILLE, ILLINOIS**. Either party may cancel this agreement or both parties may extend this agreement in subsequent years.

Signature

Date

CITY OF COLLINSVILLE, ILLINOIS PROPOSAL

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HOCHSCHILD, BLOOM & COMPANY LLP

REFERENCES

Affton Fire Protection District

Jim Fritz, Chief
9282 Gravois Road
Affton, MO 63123
314-631-1803

Services: 1997 - 2016, Current
Audit of financial statements, interim financial consulting including pension plan, and various consulting including fixed assets, purchasing procedures policies, and property tax levy computation.

City of Arnold, Missouri

Debbie Lewis, Finance Director
2101 Jeffco Blvd.
Arnold, MO 63010
636-296-6533

Services: 1997 - 2016, Current
Audit of financial statements including pension, Single Audit, and GFOA CAFR consulting and personnel consulting.

City of Bellefontaine Neighbors, Missouri

Deni Donovan, City Clerk
9641 Bellefontaine Road
Bellefontaine Neighbors, MO 63137
314-867-0076

Services: 2002 - 2016, Current
Audit of financial statements, Single Audit, and MIRMA reporting.

City of Black Jack, Missouri

Patricia Grubb, Finance Director
12500 Old Jamestown Road
Black Jack, MO 63033
314-355-0400

Services: 1998 - 2016, Current
Audit of financial statements, interim financial consulting, consulting for computer systems, employee benefits, federal programs, personnel issues, policies and procedures manual, and MIRMA reporting.

City of Breckenridge Hills, Missouri

Sheree Leamon, City Clerk
9623 St. Charles Rock Road
Breckenridge Hills, MO 63114-2637
314-427-6868

Services: 2001 - 2016, Current
Audit of financial statements and various consulting.

Brentwood Pointe Transportation Development District

Brent Beumer, Chairman
16690 Swingley Ridge Road
P.O. Box 1070
Chesterfield, MO 63006-1070
636-532-8897, ext. 41352

Services: 2001 - 2016, Current
Audit of financial statements.

City of Calverton Park, Missouri

Diane Arnold, Treasurer
52 Young Drive
Calverton, MO 63135
314-524-1212

Services: 2010 - 2016, Current
Audit of financial statements.

City of Cameron, Missouri

Barbara O'Connor, City Clerk
205 North Main
Cameron, MO 64429
816-632-2177

Services: 2014 - 2016, Current
Audit of financial statements.

City of Desloge, Missouri

Linda Moore, City Clerk
300 North Lincoln
Desloge, MO 63601
573-431-3700

Services: 2010 - 2016, Current
Audit of financial statements.

CB 5421/5975 Transportation Development District

Joe Edwards
6504 Delmar Blvd.
University City, MO 63130
314-727-4444

Services: 2009 - 2016, Current
Complete accounting and administrative services, financial reporting, and budgeting.

Duckett Creek Sanitary District

Julie O'Guinn, Director of Finance and
Administration
3550 Hwy. K
O'Fallon, MO 63368-8384
636-441-1244

Services: 2013 - 2016, Current
Audit of financial statements and GFOA CAFR consulting.

Central County Emergency 911

Tim Conroy, Executive Director
22 Weis Avenue
Ellisville, MO 63011-2141
636-207-7911

Services: 2007 - 2016, Current
Audit of financial statements.

East Central Dispatch Center

Sara J. Fox, Finance Director
1330 S. Big Bend Blvd.
Richmond Heights, MO 63117-2202
314-645-0404

Services: 2007 - 2016, Current
Audit of financial statements.

City of Cool Valley, Missouri

Deborah Jones, City Clerk
100 Signal Hill Drive
Cool Valley, MO 63121-1202
314-521-3500

Services: 1994 - 2016, Current
Audit of financial statements including TIF districts, monthly financial consulting, business license examinations, and property tax levy computations.

City of Ellisville, Missouri

Don Cary, Finance Director
1 Weis Avenue
Ellisville, MO 63011
636-227-9660

Services: 2014 - 2016, Current
Audit of financial statements and GFOA CAFR consulting.

HOCHSCHILD, BLOOM & COMPANY LLP

REFERENCES

City of Fenton, Missouri

Diane Monteleone, City Clerk
625 New Smizer Mill Road
Fenton, MO 63026
636-343-2080

Services: 2013 - 2016, Current
Monthly accounting and consulting.

Firemen's Retirement System of St. Louis

John D. Brewer, Executive Director
1601 South Broadway
St. Louis, MO 63104-3845
314-588-2288

Services: Various Years (20+), Current
Audit of financial statements, various consulting,
and oversee elections of Board members.

City of Florissant, Missouri

Randal J. McDaniel, MBA, Finance Director
955 Rue St. Francois
Florissant, MO 63031
314-921-5700

Services: 1998 - 2016, Current
Audit of financial statements including pension, Single Audit, TIF district, and component unit IDA.

City of Foristell, Missouri

Sandra Stokes, City Clerk
121 Mulberry Street
Foristell, MO 63348-1483
636-463-2123

Services: 2003 - 2016, Current
Audit of financial statements.

Franklin County, Missouri

Debbie Door, County Clerk
400 East Locust, Room 201
Union, MO 63084
636-583-6355

Services: Various Years (20+), Current
Year-end financial consulting, audit of financial statements, Single Audit, consulting work for EDP systems evaluation and various computer systems installation, and GFOA for CAFR consulting, including first-time application for certificate.

City of Frontenac, Missouri

Bob Shelton, City Administrator
10555 Clayton Road
Frontenac, MO 63131
314-994-3200

Services: 2012 - 2016, Current
Audit of financial statements and GFOA for CAFR consulting, including first-time application for certificate.

Village of Glen Carbon, Illinois

Scott Borrer, Finance Director
151 N. Main Street
Glen Carbon, IL 62034
618-288-2607

Services: 2013 - 2016, Current
Audit of financial statements and Single Audit.

City of Green Park, Missouri

Zella Pope, City Administrator/Clerk
11100 Mueller Road, Ste. 6
Green Park, MO 63123-7819
314-894-7336

Services: 1999 - 2016, Current
Audit of financial statements, Single Audit, interim consulting, and consulting for computer systems, investments, policies and procedures, and budgeting.

**Hanley/Eager Road Transportation
Development District**

Walter Lamkin, Executive Director
8300 Eager Road, #601
St. Louis, MO 63144-1419
314-727-9300

Services: 2003 - 2016, Current
Audit of financial statements.

City of Hermann, Missouri

Patricia Heaney, City Clerk
1902 Jefferson Street
Hermann, MO 65041
573-486-5400

Services: 2007 - 2016, Current
Audit of financial statements.

City of Jennings, Missouri

Cheryl Balke, City Clerk
2120 Hord Avenue
Jennings, MO 63136
314-388-1164

Services: 2001 - 2016, Current
Audit of financial statements, including TIF district,
interim consulting, and consulting for computer sys-
tems.

City of Kirksville, Missouri

Lacy King, Finance Director
201 S. Franklin
Kirksville, MO 63501
660-627-1251

Services: 2010 - 2016, Current
Audit of financial statements including Single Audit,
TIF districts, and GFOA CAFR consulting.

City of Kirkwood, Missouri

John Adams, Finance Director
139 S. Kirkwood Road
Kirkwood, MO 63122
314-822-5833

Services: 2011 - 2016, Current
Audit of financial statements, pension fund, and
GFOA CAFR consulting.

City of Lake St. Louis, Missouri

Renee M. Roettger, Director of Finance
200 Civic Center Drive
Lake St. Louis, MO 63367
636-625-7945

Services: 2012 - 2016, Current
Audit of financial statements and GFOA CAFR con-
sulting.

Lemay Fire Protection District

Chief Dan Bertelsmeier
1201 Telegraph Road
St. Louis, MO 63125
314-631-4500

Services: 2008 - 2016, Current
Audit of financial statements.

**Lift for Life Academy, Inc. (charter
school)**

Marshall Cohen, Executive Director
1731 South Broadway
St. Louis, MO 63104
314-231-2337

Services: 1996 - 2016, Current
Audit of financial statements, schedule of selected
statistics by DESE, A-133 audit, and various con-
sulting.

Loop Trolley Transportation Development District

c/o Chris Poehler
6138 Delmar Blvd., Ste. A
St. Louis, MO, MO 63112
314-727-4444

Services: 2009 - 2016, Current
Complete accounting and administrative services, financial reporting, and budgeting.

City of Maryland Heights, Missouri

David Watson, Finance Director
11911 Dorsett Road
Maryland Heights, MO 63043-2512
314-291-6550

Services: 2003 - 2016, Current
Audit of financial statements including TIF district, Single Audit, and GFOA CAFR consulting.

City of Maryville, Missouri

Denise Town, Finance Director
415 North Market Street
P.O. Box 438
Maryville, MO 64468
660-562-8009

Services: 2010 - 2016, Current
Audit of financial statements including Single Audit, TIF district, and GFOA CAFR consulting.

Mehlville Fire Protection District

Brian Bond, CFO
11020 Mueller Road
St. Louis, MO 63123-2757
314-894-0420

Services: 1994 - 2016, Current
Audit of financial statements including pension and component unit, other various consulting, preparation of accounting procedures manual, and GFOA CAFR consulting, including first-time application for certificate.

Metro West Fire Protection District

Chief Michael Krause
P.O. Box 310
Wildwood, MO 63040
636-458-2100

Services: 2004 - 2016, Current
Audit of financial statements.

Missouri Intergovernmental Risk Management Association

Jenne Auck, Finance Director
3002 Falling Leaf Court
Columbia, MO 65201
573-817-2554

Services: 2002 - 2016, Current
Audit of financial statements.

City of Normandy, Missouri

Sharon Warren, Office Manager
7700 Natural Bridge Road
Normandy, MO 63121
314-385-3300

Services: 1998 - 2016, Current
Audits/compilations of financial statements, EDP systems evaluation and computer systems installation, and various business license examinations and interim accounting consulting.

City of Northwoods, Missouri

Lillian Eunice, City Administrator
4600 Oakridge Blvd.
Northwoods, MO 63121
314-385-8000

Services: 2001 - 2016, Current
Audit of financial statements and various consulting.

City of O'Fallon, Missouri

Vicki M. Boschert, CPA, Director of Finance
100 North Main Street
O'Fallon, MO 63366
636-379-5522

Services: 2005 - 2016, Current
Audit of financial statements including Single Audit, TIF district, and GFOA CAFR consulting.

The Police Retirement System of St. Louis

Stephen G. Olish, Executive Director
2020 Market Street
St. Louis, MO 63103-2210
314-241-0800

Services: 1999 - 2016, Current
Audit of financial statements, oversee elections of Board member, interim financial consulting, and develop board policy manual.

Public Water Supply District #2 of Jefferson County, Missouri

Patty Munding, Office Manager
195 Old Sugar Creek Road
High Ridge, MO 63049
636-326-0200

Services: Various Years (20+), Current
Audit of financial statements, consulting work for EDP systems evaluation for billing and accounting computer systems installation, and monthly financial consulting.

City of Richmond Heights, Missouri

Sara J. Fox, Finance Director
1330 S. Big Bend Blvd.
Richmond Heights, MO 63117-2202
314-655-3540

Services: 2005 - 2016, Current
Audit of financial statements, TIF district, Single Audit, and GFOA CAFR consulting.

Village of Riverview, Missouri

Jamie Powell, Village Clerk
9699 Lilac Drive
Riverview, MO 63137-3224
314-868-0700

Services: 1998 - 2016, Current
Audit of financial statements, monthly consulting, special court procedures, computer program installation and training, and financial advisor.

City of Rolla, Missouri

Steffanie D. Rogers, Finance Director
901 N. Elm Street
Rolla, MO 65402-0979
573-426-6980

Services: 2014 - 2016, Current
Audit of financial statements and Single Audit.

Rolla Municipal Utilities

Dennis Roberts, Business/Finance Manager
102 West 9th Street
Rolla, MO 65402-0767
573-426-6980

Services: 2014 - 2016, Current
Audit of financial statements.

City of St. Ann, Missouri

Matt Conley, City Administrator
10405 St. Charles Rock Road
St. Ann, MO 63074
314-427-8009

Services: 2003 - 2016, Current
Audit of financial statements, TIF district, and Single Audit.

St. Charles County Ambulance District

Tod Lindbeck, Chief Financial Officer
4169 Old Mill Parkway
St. Peters, MO 63376
636-344-7631

Services: 2014 -2016, Current
Audit of financial statements and GFOA CAFR consulting.

City of St. Clair, Missouri

Travis Dierker, Assistant City Administrator
#1 Paul Parks Drive
St. Clair, MO 63077
636-629-0333

Services: 2001 - 2016, Current
Audit of financial statements and various consulting.

St. Clair Ambulance District

Julie Curtis, Controller
#3 Paul Parks Drive
St. Clair, MO 63077
636-629-2216

Services: 1999 - 2016, Current
Audit of financial statements, review of billing systems, and various consulting.

Salt Lick Road Transportation Development District

John J. Powderly, Treasurer
11850 Studt Avenue
P.O. Box 419121
St. Louis, MO 63141
314-991-8900, ext. 237

Services: 2003 - 2016, Current
Audit of financial statements.

City of Town & Country, Missouri

Betty Cotner, CPA
1011 Municipal Center Drive
Town & Country, MO 63131
314-432-6606

Services: 2009 - 2016, Current
Audit of financial statements, Single Audit, and GFOA CAFR consulting, including first-time application of certificate.

Village of Twin Oaks, Missouri

Kathy Runge, Village Administrator
1393 Big Bend, Ste. F
Twin Oaks, MO 63021
636-225-7873

Services: 2000 - 2016, Current
Audit of financial statements, Single Audit, GFOA CAFR consulting, including first-time application for certificate, and various accounting and computer consulting.

City of Union, Missouri

Heather Keith, Finance Officer
500 East Locust Street
Union, MO 63084
636-583-3600

Services: 2006 - 2016, Current
Audit of financial statements, Single Audit, and
GFOA CAFR consulting, including first-time appli-
cation of certificate.

City of Warson Woods, Missouri

Kathy Mahany, City Clerk
10015 Manchester Road
Warson Woods, MO 63122-1825
314-965-3100

Services: 1997 - 2016, Current
Audit of financial statements and monthly financial
analysis consulting.

City of Washington, Missouri

Mary Sprung, CPA, Finance Director
405 Jefferson Street
Washington, MO 63090
636-390-1041

Services: Various Years (20+), Current
Audit of financial statements, Single Audit, GFOA
CAFR consulting, including first-time application
for certificate, consulting work for EDP and ac-
counting systems evaluation, and various computer
systems installation, consulting for fixed assets gen-
eral ledger application, budgeting and employee
benefits, and accounting policies and procedures
manual. Consulting with regard to rate determina-
tion for solid waste program, issuance of Revenue
Bonds and General Obligation Bonds related to in-
dustrial development and Section 353 Redevelop-
ment Corporation.

Washington Area Ambulance District

Terry Buddemeyer, Chief
515 Washington Avenue
Washington, MO 63090
636-239-6354

Services: 2000 - 2016, Current
Audit of financial statements.

Washington Missouri Redevelopment Corp. (a corporation)

Darren Lamb, Economic Development Director
405 Jefferson Street
Washington, MO 63090
636-390-1004

Services: Various Years (20+), Current
Accounting, compilation of financial statements, and
tax returns.

City of Webster Groves, Missouri

Joan Jadali, Finance Director
4 E. Lockwood Avenue
Webster Groves, MO 63119
314-963-5323

Services: 2003 - 2016, Current
Audit of financial statements, Single Audit, and
GFOA CAFR consulting, including first-time appli-
cation for certificate.

City of Wright City, Missouri

Karen Gironde, City Treasurer
203 Veterans Memorial Parkway
Wright City, MO 63390
636-745-3101

Services: 2012 - 2016, Current
Audit of financial statements.



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

Governmental Services

An important factor when choosing a CPA firm is the firm's reputation among the clients it serves. Our Firm, partners, and professional employees have earned and continue to maintain a reputation of excellence with our clients.

Qualifications and Experience

We provide constant updates on important governmental accounting changes. Our specialized experience will save your staff time and cost yet provide a high quality audit on a more timely basis.

- Report preparation for approximately 20 governmental organizations which have received the annual GFOA Certificate of Achievement Award.
- Two HB&Co. partners are on the GFOA Special Review Committee who review CAFRs for the GFOA Certificate of Achievement.
- Governmental services partner currently serves on and was chairman of the Missouri Society of CPAs Committee on Governmental Accounting, following two of our partners past service on the same committee.
- Focus on your accounting system to maximize efficiency, effectiveness, and opportunities for improvement.
- Active membership in Governmental Audit Quality Center to maintain highest level of quality governmental reporting.
- Active membership in the Government Finance Officers Association, GFOA St. Louis Chapter, Missouri Municipal League, Missouri Municipal Attorneys Association, City Clerks Association, and Missouri City/County Management Association.
- Performance of speaking engagements on government topics.
- Governmental audit staff have exceeded the education requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States.
- Governmental services partner and director with Certified Fraud Examiner (CFE) certification.
- Two partners who have received the AICPA's Certificate of Educational Achievement in the Governmental Accounting and Auditing Program.

"Thanks to Hochschild, Bloom & Company for their able assistance and for the professional manner in which they helped prepare and complete our comprehensive annual financial report in a timely manner."

County Clerk
Franklin County, Missouri

Governmental Services Available

Hochschild, Bloom & Company LLP ensures technical competence of its staff by dedicating specialized expertise to individuals with broad experience and training which enhances the value of our services and solves problems for our clients.

“As independent auditors, Hochschild, Bloom & Company also provide an objective outside review of management’s performance in reporting operating results and financial condition.”

Treasurer
Public Water Supply District No. 2 of St. Charles County

Accounting and Auditing

- Audits/Reviews/Compilations
- Employee Benefits Audits
- Fixed Assets (Capital) Compilation Reviews
- Monthly Accounting and Payroll
- Staff Training
- Due Diligence Reporting
- GFOA Certificate of Achievement Compliance
- New GASB Implementation Guidance
- Outsourced CFO Services
- Assistance with TIFs, TDDs, and NIDs

Compliance Auditing

- Yellow Book Audits
- Individual Contract Audits
- Single Audits of Federal Programs under OMB Circular A-133
- Debt Compliance Auditing
- Business License Reviews
- MIRMA Reporting

Management Consulting

- Budgeting and Forecasting
- Internal Control Reviews
- Performance Management
- Operational Reviews
- Municipal Court Reviews
- Community Center Controls
- Financing Analysis and Review
- Cash Management - Investment Policies
- Accounting Policies and Procedures Manuals
- Cost/Pricing/Fee Studies
- Department Reviews
- Health and Pension Employee Benefit Programs
- Cash Flow Review

Tax Issues

- Payroll Processing and Reporting
- IRS and State Tax Notices
- Pension and Employee Benefit Compliance
- Independent Contractor Guidance

We are members of PrimeGlobal, a worldwide association of independent accounting firms and business advisors that can provide additional national and international research capabilities and resources.

15450 South Outer Forty Road, Suite 135
Chesterfield, Missouri 63017-2066
Telephone 636-532-9525
Fax 636-532-9055

1000 Washington Square, P.O. Box 1457
Washington, Missouri 63090-8457
Telephone 636-239-4785
Fax 636-239-5448

www.hbclp.com



Hochschild, Bloom & Company LLP

Certified Public Accountants

Consultants and Advisors

www.hbclp.com

15450 South Outer Forty Road West, Suite 135
Chesterfield, MO 63017-2066, 636-532-9525

1000 Washington Square, P.O. Box 1457
Washington, MO 63090-8457, 636-239-4785

SELECTION CRITERIA CHECKLIST - RELIABILITY FOR YOUR GOVERNMENTAL AUDIT NEEDS

SELECTION CRITERIA	Hochschild, Bloom & Company LLP	Firm No. 2	Firm No. 3
The highest qualifications and reputation	✓		
Specialized governmental services team	✓		
70 years providing governmental services	✓		
The most experience of a similar nature and current references	✓		
Personal involvement by firm partners and directors	✓		
Firm has multiple GFOA Special Review Committee members	✓		
Number of staff professionals with extensive governmental experience	✓		
Active member of Missouri Society of CPAs Governmental Committee	✓		
Meets requirements of <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States	✓		
Competent and experienced consulting team	✓		
Registered with American Institute of CPAs as peer reviewers for state and local governments and audits under <i>Government Auditing Standards</i>	✓		
Online research capabilities and international affiliation	✓		
GFOA Certificate of Achievement experience	✓		
Flexible schedules to meet your needs	✓		
Similar grant audit experience to prevent loss of funding	✓		
Regularly performs governmental speaking engagements	✓		
Unqualified “clean” opinion on peer review to assure you of the highest quality services	✓		
Tax department for consulting support for payroll, employee benefit programs, and contributions	✓		
Provides regular communication on important information	✓		
Experience providing other needed services consulting	✓		
Member of the Missouri Municipal League, City Clerks Association, Attorney’s Municipal League, and GFOA	✓		



351 Harvey Avenue, Suite A
Greensburg, PA 15601-1911
724 838 8322
www.DeluzioCPA.com

Charles A. Deluzio, CPA
Jeffrey P. Anzovino, CPA, MSA
Joseph E. Petrillo, CPA
Stacey A. Sanders, CPA, CSEP
Lisa M. Altschaffl, CPA

System Review Report

To the Partners of Hochschild, Bloom & Company LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Hochschild, Bloom & Company LLP (the firm) in effect for the year ended May 31, 2015. 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 <http://www.aicpa.org/prsummary>.

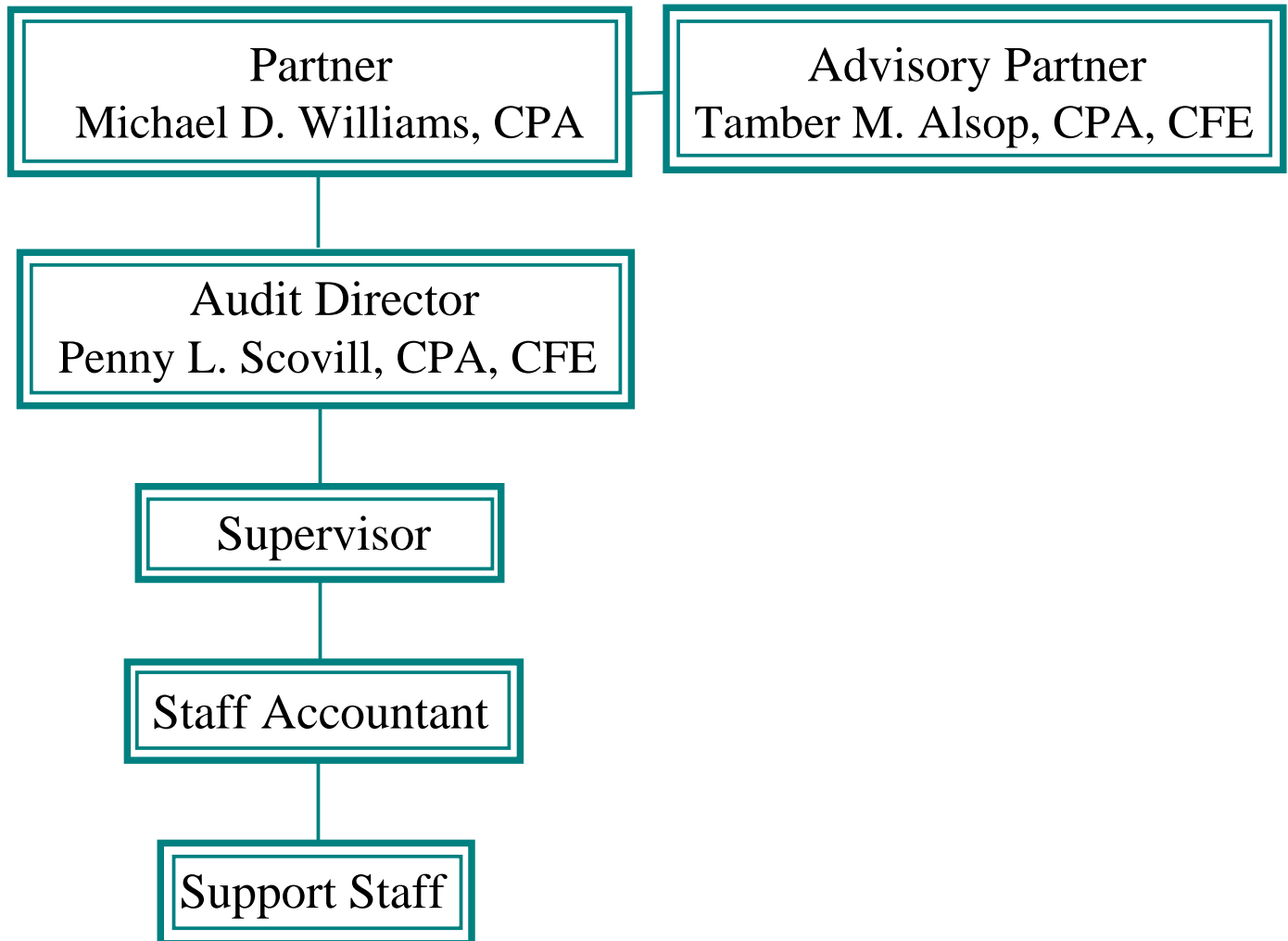
As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Hochschild, Bloom & Company LLP in effect for the year ended May 31, 2015 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*. Hochschild, Bloom & Company LLP. has received a peer review rating of *pass*.

A handwritten signature in black ink that reads 'Deluzio & Company LLP'. The signature is written in a cursive, flowing style.

Deluzio and Company, LLP
July 31, 2015

We have designed a client service team that will become familiar with the City's operations. Our service team has the qualifications and experience to provide the highest level of service in the field of governmental auditing, accounting, and consulting.



Michael D. Williams, CPA
Audit Partner

Professional Background And Responsibilities

Michael D. Williams joined Hochschild, Bloom & Company LLP in 1987 as a member of the professional accounting staff and accepted as partner in 1998. He has managed work done for various cities, districts and other political subdivisions, and nonprofit agencies, including consulting projects and work with federal program audits. He has reviewed audited financial statements for the Missouri State Board of Accountancy for issuance of consultant's reports concerning governmental reporting deficiencies. Mr. Williams also performs compilation, review, and taxation services for major clients of the Firm.

As a partner for the Firm, his primary function is to conduct all aspects of governmental accounting, auditing, and consulting services. He has detailed knowledge of the current accounting systems used by many governmental audit clients of the Firm. He is on-site for many of our governmental engagements. During each of these engagements under his direction, he reviews accounting and related operating procedures in detail in order to furnish management with reports and advice regarding internal control and compliance issues.

He has been a speaker on technical subjects at various conferences including the GFOA St. Louis Chapter, Missouri County Treasurers' Association, Association of Missouri County Auditors, City Clerks and Finance Officers of St. Louis, and AAIM. Mr. Williams has co-authored articles for publication related to governmental sector topics.

Educational Background And Certification

Mr. Williams graduated from Southeast Missouri State University in 1987 with a Bachelor of Science degree in Accounting. He received his certificate in 1989 and is licensed to practice in the State of Missouri and Illinois. CPA Certificate number 14421. In 1992, he was awarded the Certificate of Educational Achievement in the Governmental Accounting and Auditing Program of the American Institute of Certified Public Accountants (AICPA).

Continuing Education

Mr. Williams participates in various professional development courses and has consistently exceeded the requirements of the profession and of his specialties. He has also attended various in-house seminars and income tax workshops. In the last three years, he has attended conferences on detecting fraud, internal controls, grant program compliance, and employee benefits.

Professional Society Memberships

Mr. Williams was the chairman of the Governmental Accounting Committee of the Missouri Society of Certified Public Accountants for six years and was its liaison member to the Technical Standards Review Committee. He has been a member of the Government Finance Officers Association's Special Review Committee since 1992 and has reviewed audit reports for the Missouri Society of Certified Public Accountants' Technical Standards Review Committee. He is an active member of the Missouri GFOA St. Louis Chapter.

Tamber M. Alsop, CPA, CFE
Partner

Professional Background And Responsibilities

Tamber M. Alsop joined Hochschild, Bloom & Company LLP in 1994 as a staff accountant. Mrs. Alsop has 27 years public accounting experience. She was promoted to accounting and auditing director in 1999 and became partner in 2002. Prior to joining the Firm, she was an accountant at a local St. Louis public accounting firm. She has many supervisory audit responsibilities in audits of nonprofit agencies, cities, other political subdivisions, and corporations. She has experience with fraud audits, HUD audits, Federal programs and other "Yellow Book," and Single Audits. She performs compilation, review, and taxation services for major clients of the Firm. She performs audits for many governmental clients and has specialized experience in fraud investigations, federal programs, and internal control system reviews. She is a Certified Fraud Examiner (CFE). As partner for the Firm, her primary function is to direct engagements, supervise senior and staff accountants, and review the work completed to ensure accuracy, completeness, suitable presentation, and adequate disclosures. She tailors audit procedures to achieve the most effective audit, given the size and complexity of the plan and develops positive client relationships by ensuring value-added service are provided to each client.

Educational Background And Certification

Mrs. Alsop graduated from Northeast Missouri State University in 1988 with a Bachelor of Science degree in Accounting. She received her CPA certificate (CPA certificate number 15830) in 1992 and is licensed to practice public accounting in the State of Missouri. She received her CFE designation in 2001.

Continuing Education

Mrs. Alsop attends various professional development courses sponsored by the Missouri State Board of Accountancy and has received over 40 hours per year of Continuing Professional Education, including those required of governmental auditors and certified fraud examiners. She also attends various in-house seminars and income tax workshops throughout the year. In the last three years, she has attended conferences on detecting fraud, grant program compliance, and accounting for construction contractors. She has been a speaker at various courses related to fraud, internal controls, and accounting and audit topics.

Professional Memberships

Mrs. Alsop is a member of the American Institute of Certified Public Accountants, Missouri Society of Certified Public Accountants, and Association of Certified Fraud Examiners. She is an active member of the Chesterfield Rotary Club and other charitable and community activities and associations. She is also the past president of the St. Clair Rotary Club. In addition, Mrs. Alsop serves on the Government Finance Officers Association Special Review Committee, which decides if a government should be awarded a Certificate of Achievement for Excellence in Financial Reporting.

Penny L. Scovill, CPA, CFE
Audit Director

Professional Background And Responsibilities

Penny L. Scovill joined Hochschild, Bloom & Company LLP in November 2001 as a staff accountant of accounting and auditing. Mrs. Scovill was promoted to supervisor in 2005, manager in 2007, and director of accounting and auditing in 2010. Prior to that time, Mrs. Scovill was employed in private industry. Mrs. Scovill has a broad range of experience in performing audits, reviews, compilations, and corporate tax returns. Her areas of concentration include governmental and not-for-profit entities. She is a Certified Fraud Examiner (CFE). Mrs. Scovill's duties with the Firm include managing engagements, supervision and development of Firm staff, accounting research, review of client accounting policies and operations, and Firm administration and marketing.

Educational Background And Certification

Mrs. Scovill graduated from Missouri State University in 1999 with a Bachelor of Science degree in Accounting. Mrs. Scovill became a CPA in 2005 and is licensed in the State of Missouri. She received her CFE designation in 2011.

Continuing Education

Mrs. Scovill participates in professional development courses sponsored by the American Institute of Certified Public Accountants, Missouri Society of Certified Public Accountants, Franklin Covey management seminars, and in-house courses. She has consistently exceeded the requirements of the profession. Her education has included accounting, auditing, taxation, governmental, employee benefit plans, and management development.

Professional Memberships

Mrs. Scovill is a member of the Missouri Society of Certified Public Accountants, Association of Certified Fraud Examiners, and American Institute of Certified Public Accountants.

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AUDIT APPROACH AND TIMELINE

<u>Task Or Event</u>	<u>Approximate Timeline</u>
1. Pre-engagement activities Entrance conference Provide list of schedules to be prepared by the City Determine confirmation requests needed	December 2016
2. Preliminary visit Review accounting systems and related documentation Review understanding of internal control Determine walk-through procedures and complete	December 2016
3. Continuing planning procedures Perform preliminary analytical review Determine preliminary materiality Consider engagement risk Prepare a detailed final audit plan	January 2017
4. Performing the audit fieldwork Perform substantive audit procedures Review subsequent events Review for contingencies and obtain legal representation letters Fieldwork exit conference and provide final adjustments, if any Perform final analytical review Review audit documentation Prepare draft financial statements Form preliminary opinion Prepare reports: Report on audit of financial statements Reports on internal controls and compliance Required communication/management letter	March 2017
5. Final review and evaluation Final review of workpapers Evaluate audit results Final review of financial statements Form final opinion Finalize required client communications Technical, final review	April 2017
6. Provide draft financial statements	April 2017
7. Management approval of financial statements	May 2017
8. Deliver final reports and presentation to City Council	May 2017

Independence

Our Firm and all employees are independent of the City, as defined by auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our Firm has had no conflict of interest with regard to any other work performed for the City.

License to Practice

Our Firm and all assigned key professional staff are properly registered and licensed to practice in Missouri. Our Firm, managing partner, and Michael Williams are registered and licensed to practice in Illinois.

Qualifications and Experience

As noted in the transmittal letter and references list, our Firm has considerable municipal qualifications and experience. Founded in 1946, our Firm has approximately 40 personnel and 15 professionals of our staff have substantial training and experience with governmental services.

Our professional team consists of five full-time professionals all with extensive experience in providing governmental services. This team includes two partners, a director, and other staff members. In addition, the key team members (one partner and/or director) will be on site for 100% of the audit fieldwork.

Our most recent quality control review, on which we received the highest rating with no letter of comments, did specifically include governmental engagements.

We have had no desk review or field review and no disciplinary actions taken or pending.

Audit of Financial Statements

We will audit the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements. Accounting standards generally accepted in the United States of America provide for certain required supplemental information (RSI), such as management's discussion and analysis (MD&A), 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 the RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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.

We will subject the supplemental information to the auditing procedures applied in our audit of the financial statements and 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplemental information when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and will include tests of the accounting records of the City and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the City's financial statements. Our report will be addressed to the governing board. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will fully discuss the reason(s) with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with provisions of applicable laws, regulations, and the provisions of contracts or 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 report is intended solely for the information and use of management, the body or individuals charged with governance, others within the City, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the City is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures--General

An audit includes examining, on a test basis, evidence 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. 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 will plan and perform the audit to obtain reasonable assurance rather than absolute assurance about whether the financial statements are free of material misstatement whether from: 1) errors, 2) fraudulent financial reporting, 3) misappropriation of assets, or 4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of

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assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors. Our audit engagement ends upon delivery of our audit report.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of this engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures--Internal Controls

Our audit will include obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures--Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with: 1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, 2) additional information that we may request for the purpose of the audit, and 3) unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written 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 taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving: 1) management, 2) employees who have significant roles in internal control, and 3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the City complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud and compliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we may report.

You are responsible for the preparation of the supplemental information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplemental information in any document that contains and indicates that we have reported on the supplemental information. You also agree to include the audited financial statements with any presentation of the supplemental information that includes our report thereon or make the audited financial statements readily available to users of the supplemental information no later than the date the supplemental information is issued with our report thereon or make the audited financial statements readily available to users of the supplemental information no later than the date the supplemental information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that: 1) you are responsible for presentation of the supplemental information in accordance with GAAP; 2) you believe the supplemental information, including its form and content, is fairly presented in accordance with GAAP; 3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and 4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplemental information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the

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Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits attestation engagement, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Single Audit

If required by you, our audit will be conducted in accordance with the Single Audit Act Amendments of 1996; and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the governing board. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the Single Audit compliance opinions are 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 opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. This report will state that the report is not suitable for any other purpose.

Management is responsible for the schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying all federal awards received and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. As part of the audit, we will assist with preparation of your schedule of expenditures of federal awards, and related notes. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. You agree to assume all management responsibilities relating to the schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information. Additionally, as

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required by the Uniform Guidance, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review.

You are responsible for preparation of the schedule of expenditures of federal awards (including notes and non-cash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that: 1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; 2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; 3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and 4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit.

At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by auditing standards generally accepted in the United States of America.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under the Uniform Guidance.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable federal statutes, regulations and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB *Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the major programs. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The

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Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditor's reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

Audit Administration and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

Our approach includes the preparation of an audit program which is tailored from the leading national guidance based upon your individual circumstances. Our audit program conforms to the latest and most thorough guidelines regarding analytical procedures, sampling, and compliance testing. In developing the program, we may use the City's budget, organizational charts, and other financial and information system documentation. Sample sizes of 25 to 60 may be used for random or haphazard sampling during various steps of the audit. We will make inquiries of prior auditors.

The audit documentation for this engagement is the property of Hochschild, Bloom & Company LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a regulator or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Hochschild, Bloom & Company LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the date the auditor's report is issued or for any additional period requested by a regulator. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any subsequent peer review reports received during the period of the contract. Our latest peer review accompanies this letter.

The engagement partner signing this proposal is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Also, for the report format, we will assist with the GFOA Certificate of Achievement for Excellence in Financial Reporting program.

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FEE SCHEDULE

<u>For The Years Ended December 31</u>	<u>City Audit</u>	<u>Government Auditing Standards Report/ Single Audit</u>	<u>Pension Annual Statement Reporting</u>	<u>Total</u>
2016	\$30,000	\$5,000	\$1,200	\$36,200
2017	30,600	5,000	1,200	36,800
2018	31,200	5,000	1,200	37,400
2019	31,800	5,100	1,200	38,100
2020	32,400	5,100	1,200	38,700

Our fees noted above are inclusive of all out-of-pocket costs, all related meetings with the City's officials, and periodic consulting concerning routine matters. Our fees for this engagement will be based on the actual time spent at our quoted hourly rates. Should this time at our standard hourly rates be less than our total fee noted above, we will bill you accordingly. We will be available for other consultations throughout the year at our standard hourly rates, or we may be engaged through a separate contract for other projects.

If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. (We do not anticipate audit problems, but factors causing additional time include grossly inadequate schedules, excessive audit journal entries, improper internal control procedures, missing records, additional funds or accounts, and additional accounting pronouncements.) Our invoices for these fees will be rendered as work progresses and are payable on presentation upon completion of fieldwork and upon report delivery. In accordance with our Firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full.

We may continue to provide accounting and auditing services to the City for years ending beyond December 31, 2020.