



AGENDA
FINANCE AND ADMINISTRATION COMMITTEE
Monday, April 25, 2016
5:30 PM
Public Safety Building

I) Roll Call

Mike Bennett, Chairman, Jerry Albrecht, Vice-Chair, Gene McCoskey, Herb Roach, Ned Drolet, Bob Kueker, Matt Smallheer)

II) Approval of Minutes from Previous Meeting March 28, 2016

Note: All recently approved committee minutes posted on official City website: <http://www.ofallon.org>

III) Items Requiring Council Action

- A. Resolution Authorizing the Director of Finance to Secure a Lease/Purchase agreement for Equipment/Vehicles for FY 2016-2017
- B. Resolution Authorizing the Mayor to enter into an Agreement with Stopp & VanHoy for Auditing Services for the FY 2015 year
- C. Resolution Authorizing the Mayor to enter into an Agreement with U.S. Department of Commerce, U.S. Census Bureau to conduct a Special Census

IV) Other Business:

- A. Fee in Lieu of Taxes calculation

V) Informational Purposes Only- No Action/Discussion Required

- A. Treasurer's Report as of 3/31/16

VI) Adjournment

NEXT MEETING: TBD

General Citizen Comments: The City of O'Fallon welcomes comments from our citizens. The Illinois Open Meetings Act provides an opportunity for citizens to speak at all committee and Board meetings. However, 5 ILCS 120/1 mandates that NO action shall be taken on matters not listed on the agenda. Please submit your name to the chairman and limit your comments so that anyone present has the opportunity to speak.

**CITY OF O'FALLON, ILLINOIS
RESOLUTION 2017-**

**A RESOLUTION AUTHORIZING THE DIRECTOR OF FINANCE TO SECURE
A LEASE/PURCHASE AGREEMENT FOR EQUIPMENT/VEHICLES FOR
FY 2016/2017**

WHEREAS, the City Council deems it necessary for the health, safety and welfare of the residents of the City of O'Fallon to provide for the lease/purchase of certain equipment as approved in the FY 2016-2017 Budget; and

WHEREAS, pursuant to the provision of Section 11-61-3 of Article II of the Illinois Municipal Code, the City of O'Fallon is authorized to purchase real and personal property for public purposes pursuant to contracts that provide for the consideration for such purchase to be paid in monthly or annual installments during a period not exceeding twenty (20) years; and

WHEREAS, it is hereby estimated and determined that funds, plus interest, in order to purchase said equipment are not presently available.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL, OF THE CITY OF O'FALLON, ST. CLAIR COUNTY, ILLINOIS AS FOLLOWS:

That the City of O'Fallon has authorized the Director of Finance to enter into a lease/purchase of said equipment/vehicles to be paid in equal installments not to exceed five (5) years.

This Resolution shall become effective immediately upon its adoption by City Council.

Passed by the City Council this 2nd day of May, 2016.

ATTEST:

(seal)

Approved by the Mayor this 2nd day
of May, 2016

Philip A. Goodwin, City Clerk

Gary Graham, Mayor

**CITY OF O'FALLON, ILLINOIS
RESOLUTION 2017-**

**A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE AN
AGREEMENT WITH STOPP & VAN HOY FOR AUDITING SERVICES FOR
THE YEAR ENDED APRIL 30, 2016 IN AN AMOUNT NOT TO EXCEED \$32,000**

WHEREAS, the City of O'Fallon, a municipal corporation, has entered into an agreement for Auditing Services for the year ended April 30, 2016 with Stopp & VanHoy and

WHEREAS, in the event additional accounting services will be required which are not covered by this contract, such services will be billed at their standard hourly rate,

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL, OF THE CITY OF O'FALLON, ST. CLAIR COUNTY, ILLINOIS AS FOLLOWS:

That the City of O'Fallon authorizes its appropriate representatives to sign the agreement with Stop & VanHoy in the amount not to exceed \$32,000.

This Resolution shall become effective immediately upon its adoption by City Council.

Passed by the City Council this 2nd day of May, 2016.

ATTEST:

(seal)

Approved by the Mayor this 2nd day
of May, 2016

Philip A. Goodwin, City Clerk

Gary Graham, Mayor

April 16, 2016

Sandy Evans
Director of Finance
City of O'Fallon
255 South Lincoln
O'Fallon, Illinois 62269

To the City Council:

We are pleased to confirm our understanding of the services we are to provide the City of O'Fallon for the year ended April 30, 2016. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the City of O'Fallon as of and for the year ended April 30, 2016. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City of O'Fallon's 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 City of O'Fallon's 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.
2. Budgetary Comparison Information.
3. IMRF Trend Information.
4. Police Pension Trend Information.

We have also been engaged to report on supplementary information other than RSI that accompanies the City of O'Fallon's financial statements. We will subject the following supplementary 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, in a separate written report accompanying our auditor's report on the financial statements or in a report combined with our auditor's report on the financial statements:

1. Schedule of expenditures of federal awards.
2. Report on compliance with Illinois Tax Increment Redevelopment Allocation Act (65 ILCS 5/11-74.4-3).
3. Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Major Capital Projects Funds.
4. Combining Balance Sheet - Nonmajor Governmental Funds.
5. Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds.
6. Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Nonmajor Special Revenue Funds.
7. Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Nonmajor Capital Projects Funds.
8. Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Nonmajor Debt Service Funds.
9. Schedule of Governmental Capital Assets by Function/Activity.
10. Schedule of Changes in Governmental Capital Assets by Function/Activity.

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information:

1. Assessed Valuations and Property Tax Rates.
2. General Governmental Funds and Component Unit Revenues by Source.
3. General Governmental Funds and Component Unit Expenditures by Function.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and

material effect on each major program 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).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. 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. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the 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 Mayor and City Council of the City of O'Fallon.

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 or the single audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

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 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 government or to acts by management or employees acting on behalf of the government. 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 or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards 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 or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of 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. We will include such matters in the reports required for a single audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

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. Certain financial institutions may use a third party vendor to respond to our confirmation request and any associated cost will be your responsibility. We will 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 you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government 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*.

As required by the Uniform Guidance or OMB Circular A-133, if applicable, 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 AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

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 of O'Fallon's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures 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*.

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 City of O'Fallon's major programs. The purpose of these procedures will be to express an opinion on the City of O'Fallon's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the City of O'Fallon in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. We will perform a compilation and issue separate financial statements for the Library (a separate engagement letter will be issued for this service). We will also assist in reconciling the Police and Fire Pension investments statements for DOI report filings. 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*.

Management Responsibilities

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) 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, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award 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) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

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. Your responsibilities include adjusting the financial statements to correct material misstatements and 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 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 government 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 government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal

statutes, regulations, and the terms and conditions of federal awards, take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings, promptly follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on August 12, 2016.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash 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 or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards 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 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.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported, on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary 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 supplementary information in accordance with GAAP; (2) you believe the supplementary 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 supplementary 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 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 engagements, performance audits, or studies. You are

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, auditors' 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 Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Stopp & VanHoy, LLC 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 the Illinois Auditor General 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 Stopp & VanHoy, LLC 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 report release date or for any additional period requested by the Illinois Auditor General. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately June 20, 2016 and to issue our reports no later than September 12, 2016. Carl "Eric" Stopp, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$32,000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. 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. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed

our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. 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.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

We appreciate the opportunity to be of service to the City of O'Fallon and believe this letter 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 in this letter, please sign the enclosed copy and return it to us. We have provided you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2014 peer review report accompanies this letter.

Respectfully,



Stopp & VanHoy, LLC

RESPONSE:

This letter correctly sets forth the understanding of the City of O'Fallon.

Management Signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

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, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide as listed above. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, 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, from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate. We will not undertake any accounting services (including but not limited to reconciliation of accounts and preparation of requested schedules) without obtaining approval through a written change order for such additional work.

Bates CPAs

A Professional Corporation
of
Accountants and Consultants

2031 Collier Corporate Parkway
St. Charles, MO 63303

Phone: (636) 947-8400
Fax: (636) 947-1191

January 27, 2015

System Review Report

To the Members of **Nichols, Stopp & Van Hoy, LLC**
and the Peer Review Committee of the Missouri Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of **Nichols, Stopp & Van Hoy, LLC** (the firm) in effect for the year ended November 30, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards.

In our opinion, the system of quality control for the accounting and auditing practice of **Nichols, Stopp & Van Hoy, LLC** in effect for the year ended November 30, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. **Nichols, Stopp & Van Hoy, LLC** has received a peer review rating of *pass*.

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**CITY OF O'FALLON, ILLINOIS
RESOLUTION 2017-**

**A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE AN
AGREEMENT WITH THE UNITED STATES DEPARTMENT OF COMMERCE,
U.S. CENSUS BUREAU IN AN AMOUNT NOT TO EXCEED \$150,572**

WHEREAS, the City of O'Fallon, a municipal corporation, has entered into an agreement with the U.S. Department of Commerce, U.S. Census Bureau to conduct a Special Census for certain areas of O'Fallon

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL, OF THE CITY OF O'FALLON, ST. CLAIR COUNTY, ILLINOIS AS FOLLOWS:

That the City of O'Fallon authorizes its appropriate representatives to sign the agreement with the U.S. Department of Commerce in the amount not to exceed \$150,572.

This Resolution shall become effective immediately upon its adoption by City Council.

Passed by the City Council this 2nd day of May, 2016.

ATTEST:

(seal)

Approved by the Mayor this 2nd day
of May, 2016

Philip A. Goodwin, City Clerk

Gary Graham, Mayor



Memorandum of Agreement
Through Which
The **City of O'Fallon, St. Clair County, Illinois**
Is Purchasing a Special Census
From the U.S. Census Bureau

Agreement No. **25107**

1) Parties and Scope

This document establishes an agreement between the **City of O'Fallon, St. Clair County, Illinois** (Governmental Unit) and the Field Division, U.S. Census Bureau (Census), through which the Governmental Unit will pay the Census Bureau to take a special census under the authority of 13 U.S.C. § 196.

2) Authority

The Census Bureau may undertake this work pursuant to 13 U.S.C. § 196, which provides that the "Secretary may conduct special censuses for the government of any State, or of any county, city, or other political subdivision within a State, for the government of the District of Columbia, and for the government of any possession or area (including political subdivisions thereof) referred to in section 191(a) of this title, on subjects covered by the censuses provided for in this title, upon payment to the Secretary of the actual or estimated cost of each such special census. The results of each such special census shall be designated 'Official Census Statistics'. These statistics may be used in the manner provided by applicable law."

3) Confidentiality

The data, including individual information collected by the enumerators on the special census questionnaires, collected under this agreement are confidential under 13 U.S.C. § 9, and the questionnaires shall be controlled by and returned directly to the authorized representative of the Census Bureau. All such special census questionnaires and all other papers relating to the special census are the property of the Census Bureau and under the law may only be made available to and examined by sworn Census Bureau officials and employees. Unlawful disclosure subjects employees to a fine of up to \$250,000 or imprisonment of up to 5 years, or both.

Should the Governmental Unit require access to Title 13 data to assist in the planning, data collection, data analysis, or production of final products, those staff members are required to obtain Census Bureau Special Sworn Status pursuant to 13 U.S.C. § 23(c). Such staff members must demonstrate that they have suitable background clearance and they must take Title 13 awareness training. Any access to Title 13 data at *the Governmental Unit's facility* is subject to prior approval by the Census Bureau's Data Stewardship Executive Policy Committee upon assurance that the facility and information technology security meet Census Bureau requirements.

4) Terms and Conditions

Acknowledging the foregoing, the parties agree as follows:

- a) The Census Bureau will achieve full cost recovery for the goods and services it is providing under this agreement:
 - i) The Census Bureau shall designate one or more experienced employees to direct the taking of the special census.
 - ii) The Census Bureau employee(s) shall oversee all aspects of the enumeration including the hiring, training, and separation of enumerators, crew leaders, and other temporary personnel employed locally to take the special census. The designated Census Bureau employee(s) shall exercise day-to-day technical supervision of these employees. All such temporary personnel shall be Federal Government employees and neither the Governmental Unit nor any representative of the Governmental Unit shall supervise, exercise control over, or in any other way interfere with such employees in the performance of their responsibilities.
 - iii) The Census Bureau shall provide to the Governmental Unit the official population and housing unit count derived from the special census at the earliest practicable date after completion of the enumeration and the processing required to produce the statistical results. This count, which shall be as of the date of the special census, will be provided in writing and signed by an appropriate Census Bureau official.
 - iv) The Census Bureau will not guarantee delivery of the final count by any specified date and shall not be held responsible for any loss or damages suffered by the Governmental Unit due to the data not being available by a specific date.

The Governmental Unit accepts that responses to a special census, unlike a decennial census, are voluntary and some respondents may choose to not answer some questions. When this happens, the Census Bureau will make every effort to collect as much information as possible. If the Census Bureau cannot obtain information directly from respondents, the Census Bureau will follow statistical procedures to assign the missing information based on information provided by people in the housing unit or from people from neighboring housing units.

The Governmental Unit also accepts that, to complete the count of the group quarters population, it may be necessary for the Census Bureau to obtain information for people residing in certain institutions (such as correctional facilities with security issues) from administrative records rather than from the respondents themselves. The Census Bureau will provide detailed statistical results to the Governmental Unit subject to limitations imposed by Title 13, United States Code, to protect the confidentiality of respondents.

The Census Bureau can only use the special census counts in the intercensal population estimates program if:

- (a) the entire area of a governmental unit is included in the special census,
- (b) the legal boundaries of the governmental unit correspond to those used in the Population Estimates program (boundaries legally in effect on January 1 of the estimates year), and
- (c) the boundaries are reported to the Census Bureau for processing by April 1 of the estimates year, and

- (d) final approved counts from the Special Census enumeration are ready by August 1 of the estimates year.

If a Governmental Unit requests a special census for only a portion of their area, they do so with the understanding that the results of this partial special census will not be included in any subsequent Census Bureau population estimates. The Governmental Unit shall accept as final the official population count and other statistical results when provided by the Census Bureau.

- b) The Governmental Unit is responsible for all costs of taking the special census including, but not limited to, appropriately furnished office quarters, total compensation of all field enumeration and supervisory personnel, compensation of Census Bureau headquarters and regional office personnel for time allocated to the special census, overhead for headquarters and regional offices, processing and tabulation of data, and all other costs attributable to taking the special census:
 - i) The Governmental Unit shall update maps of the proposed census area in accordance with instructions provided by the Census Bureau. The Governmental Unit shall provide any certification of legal boundaries within the proposed census area as required by the Census Bureau. Once the Governmental Unit boundaries have been certified by the Census Bureau, these boundaries will become the official boundaries for the special census. Any annexations after the Governmental Unit has certified its boundaries will not be included in the special census. The special census will not be scheduled until these obligations have been completed to the satisfaction of the Census Bureau.
 - ii) The Governmental Unit shall supply, free of charge, satisfactory office quarters equipped with telephone(s), office furniture, photocopier, fax machine, and other equipment and furnishings as determined necessary and proper by the Census Bureau. These quarters must meet all security and confidentiality requirements as agreed to by the Census Bureau representative.
 - iii) In taking the special census, the Governmental Unit is directly responsible for recruiting and compensating all field personnel determined necessary by the Census Bureau for taking the special census. The Governmental Unit shall recruit sufficient qualified applicants for enumerators, crew leaders, and other positions as may be needed to complete the special census. Employees shall be selected for employment and separated under standards established by the Census Bureau, and shall take an oath or affirmation, as required, to protect the confidentiality of the information they collect. The Governmental Unit shall be responsible for all administrative operations relating to the reconciliation and payment of these employees.
 - iv) Notwithstanding the Governmental Unit's responsibility for recruitment and compensation, such field personnel shall be and remain employees of the Census Bureau, subject to all applicable federal, state, and local laws, including but not limited to those pertaining to the Equal Employment Opportunity Act and the Fair Labor Standards Act applicable to these employees, and shall complete and file any and all reports required thereunder. The Census Bureau reserves the right to reject any persons recommended by the Governmental Unit if such persons fail to meet the established employment standards.

In the event that sufficient suitable applicants are not furnished by the Governmental Unit for the necessary positions and the Census Bureau must expend funds to obtain applicants to fill the remaining positions, the Governmental Unit agrees to reimburse the Census Bureau for

those additional expenses. This will increase the costs estimated in (b)(v) and (b)(vi) below. In addition, if the Governmental Unit fails to provide sufficient suitable applicants, delays in completing the special census may occur.

- v) The Governmental Unit shall pay directly enumerators, crew leaders, and others hired locally to conduct the actual enumeration, at rates of pay fixed by the Census Bureau.
 - (1) The compensation of such enumerators, crew leaders, and others shall be paid to them directly by the Governmental Unit upon approval by the designated Census Bureau employee. The Governmental Unit shall pay or withhold from the compensation paid to the enumerators, crew leaders, and others locally employed all amounts necessary for Social Security, federal, state, and local income tax, continuation of pay, or other sums required to be paid or withheld by federal, state, or local laws. The amount necessary to cover these expenses, not including worker's compensation and continuation of pay, is estimated to be **\$50,993**. The Governmental Unit agrees that these funds will be available for disbursement upon approval of the designated Census Bureau employee.
 - (2) The Government Unit shall reimburse the Census Bureau for all funds expended by the Census Bureau resulting from payments to the Department of Labor under applicable federal workers' compensation and unemployment benefits laws.
 - (3) The Governmental Unit shall reimburse the Census Bureau and/or the United States for all funds expended in the processing, investigation and defense of all administrative and/or judicial claims regarding the actions of temporary employees arising from their employment pursuant to this Memorandum of Agreement (MOA). In addition, the Governmental unit agrees to indemnify the Census Bureau and/or the United States for any settlements and/or judgments incurred by the latter as a result of the actions of temporary employees arising from their employment pursuant to this MOA.
- vi) In addition to the salary expenses to be paid directly by the Governmental Unit to all temporary employees hired locally, the Governmental Unit agrees to pay all other expenses related to the taking of the special census, including but not limited to
 - (1) administrative and technical work performed by headquarters and regional personnel;
 - (2) printing and preparation of enumeration questionnaires and related materials;
 - (3) map preparation;
 - (4) tabulation expenses;
 - (5) the cost of the designated Census Bureau employee's salary, allowances for subsistence at the standard federal rate per day, traveling expenses, other reasonable and necessary expenses, and overhead and other charges applicable to these costs; and
 - (6) other incidental expenses incurred by the Census Bureau in completing the special census. Based on an estimate of the population of **6,174** the estimated cost for these services is **\$99,579**. A payment of that amount shall be furnished to the Census Bureau before any work on the special census is performed. The advance payment will be adjusted to actual costs and billing or refund made as appropriate. This payment is for Census Bureau costs referenced in this item and excludes those directly payable by the Governmental Unit under item (b)(v) above.
- vii) In accordance with (b)(vi), if actual cost exceeds the advance payment, the additional payment to the Census Bureau is due in full, 30 days from the date of the invoice. A late charge shall be imposed on the overdue amount for each 30-day period or portion thereof during which the remittance is due. The late charge will be based on a percentage rate equal

to the current value of funds to U.S. Treasury in accordance with Treasury fiscal requirements.

- c) Notwithstanding the Governmental Unit's direct payment of compensation, all temporary enumerators, crew leaders, and others hired locally to conduct the special census are employees of the Federal Government. Therefore, regarding the negligent or wrongful acts of any temporary employees arising from their employment pursuant to this MOA, any claims and/or litigation arising from said acts will be adjudicated pursuant to the Federal Tort Claims Act, 28 U.S.C. 2671 et seq. (see section (b)(v)(3) herein regarding reimbursement and indemnification requirements).

5) Transfer of Funds

On a periodic basis, the parties will reconcile balances related to revenue and expenses for work performed under the agreement.

6) Contacts

Mr. Hector X. Merced
Chief, Special Census Branch
U.S. Census Bureau
4600 Silver Hill Road
Field Division
Special Census Branch
5H025
Washington, D.C. 20233
301-763-1429
301-763-4066 Fax
hector.x.merced@census.gov

City of O'Fallon
Attn: Ms. Sandy Evans
255 South Lincoln Ave.
O'Fallon, IL 62269
618-624-4500
618-624-4508 Fax
sevans@ofallon.org

The parties agree that if there is a change regarding the information in this section, the party making the change will notify the other party in writing of such change.

7) Duration of Agreement, Amendments, and Modifications

This agreement will become effective when signed by all parties. The agreement will terminate on **March 31, 2018**, but may be amended at any time by mutual consent of the parties. Any party may terminate this agreement by providing **30** days written notice to the other party. This agreement is subject to the availability of funds.

8) Resolution of Disagreements

Should disagreement arise on the interpretation of the provisions of this agreement, or amendments and/or revisions thereto, that cannot be resolved at the operating level, the area(s) of disagreement shall be stated in writing by each party and presented to the other party for consideration. If agreement on interpretation is not reached within thirty days, the parties shall forward the written presentation of the disagreement to respective higher officials for appropriate resolution.

9) Termination Cost

If the **City of O'Fallon** cancels the order, the Census Bureau is authorized to collect costs incurred prior to cancellation of the order plus any termination costs, up to the total payment amount provided for under this agreement.

FOR THE GOVERNMENTAL UNIT
BY:

NAME: DATE:
TITLE:
AGENCY:

FOR THE CENSUS BUREAU
BY:

Albert E. Fontenot, Jr. DATE:
Acting Chief, Field Division
Bureau of the Census

Treasurer's Report
Cash Reserve Balance of Major Funds

General Fund

Cash on Hand as of 3/31/2016	\$ 12,542,785.23
3 mos. operating reserve	\$ (3,940,916.25)
10% emergency reserve	\$ (1,254,278.52)
Obligated Transfers Budget 2016	\$ (1,893,400.00)
Obligated Transfers HSHS TIF Bonds(2016-2018)	\$ (839,942.00)
	<u>\$ 4,614,248.46</u>

Ambulance

Cash on Hand as of 3/31/2016	\$ 3,717,315.80
3 mos. operating reserve	\$ (624,338.75)
10% emergency reserve	\$ (371,731.58)
	<u>\$ 3,605,869.39</u>

Fire

Cash on Hand as of 3/31/2016	\$ 2,314,613.52
3 mos. operating reserve	\$ (480,190.00)
10% emergency reserve	\$ (231,461.35)
Obligated Transfers Budget 2016	\$ (177,295.00)
	<u>\$ 1,425,667.17</u>

Parks

Cash on Hand as of 3/31/2016	\$ 1,771,035.07
3 mos. operating reserve	\$ (955,886.25)
10% emergency reserve	\$ (177,103.51)
Obligated Transfers Budget 2016	\$ (272,235.00)
	<u>\$ 365,810.31</u>

Prop S

Cash on Hand as of 3/31/2016	\$ 3,226,698.70
3 mos. operating reserve	\$ (457,250.00)
10% emergency reserve	\$ (322,669.87)
Obligated Transfers Budget 2016	\$ (991,360.00)
	<u>\$ 1,455,418.83</u>

MFT

Cash on Hand as of 3/31/2016	\$ 3,825,684.29
3 mos. operating reserve	\$ (473,750.00)
10% emergency reserve	\$ (382,568.43)
Obligated Transfers Budget 2016	\$ (1,094,000.00)
	<u>\$ 1,875,365.86</u>

Water

Cash on Hand as of 3/31/2016	\$ 8,999,770.17
3 mos. operating reserve	\$ (2,486,265.00) *
10% emergency reserve	\$ (899,977.02)
Obligated Transfers Budget 2016	\$ (1,220,065.00)
	<u>\$ 4,393,463.15</u>

Sewer

Cash on Hand as of 3/31/2016	\$ 4,337,111.04
3 mos. operating reserve	\$ (1,425,037.50) *
10% emergency reserve	\$ (433,711.10)
Obligated Transfers Budget 2016	\$ (1,678,150.00)
	<u>\$ 800,212.44</u>

Library

Cash on Hand as of 3/31/2016	\$ 728,501.32
3 mos. operating reserve	\$ (285,767.50) *
10% emergency reserve	\$ (72,850.13)
Obligated Transfers Budget 2016	\$ -
	<u>\$ 369,883.69</u>

Hotel/Motel

Cash on Hand as of 3/31/2016	\$ 987,673.20
3 mos. operating reserve	\$ (234,057.50)
10% emergency reserve	\$ (98,767.32)
Obligated Transfers Budget 2016	\$ (195,930.00)
	<u>\$ 458,918.38</u>

Park Land Fund Subdivision

Cash on Hand as of 3/31/2016	\$ 298,086.94
3 mos. operating reserve	\$ -
10% emergency reserve	\$ (29,808.69)
	<u>\$ 268,278.25</u>

Annex Fees

Cash on Hand as of 3/31/2016	\$ 901,004.69
3 mos. operating reserve	\$ -
10% emergency reserve	\$ (90,100.47)
	<u>\$ 810,904.22</u>

Strategic Plan Fund***

Cash on Hand as of 3/31/2016	\$ 759,768.49
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***Includes proceeds from Ameren's settlement, sale of cell tower, Kyle Road property & \$200K Menards

Note: 3 mos operating reserve calculated by using FY 2016 budget

*(Some 3 mos reserve amounts adjusted to reflect "normal" expenses, not extraordinary- reduced by transfer from reserve amount)