

BILL NO. 493

ORDINANCE NO. 474

INTRODUCED BY: Trustees Slama, Fortune, Graves, Whitmore and Eisenhauer

**AN ORDINANCE APPROVING AN AUDITING SERVICES
AGREEMENT BETWEEN THE VILLAGE OF TWIN OAKS AND
HOCHSCHILD, BLOOM & COMPANY LLP**

WHEREAS: In 2010, the Village of Twin Oaks entered into an auditing services agreement with Hochschild, Bloom & Company LLP (the "Original Agreement"), which agreement provided for its extension; and

WHEREAS: The Board of Trustees now desires to extend the Original Agreement under the terms of the Agreement attached hereto as Exhibit 1 and incorporated herein by reference;

**NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE
VILLAGE OF TWIN OAKS, ST. LOUIS COUNTY, MISSOURI, AS FOLLOWS:**

Section 1. The Board of Trustees hereby approves, and the Chairman is hereby authorized to execute, a contract on behalf of the Village of Twin Oaks with Hochschild, Bloom & Company LLP for auditing services in substantially the form attached hereto as Exhibit 1 and incorporated herein by reference.

Section 2. Compliance with State Immigration Statutes. As a condition for the award of this Contract, the Consultant shall, by sworn affidavit and provision of documentation, affirm its enrollment and participation in a federal work authorization program with respect to the employees working in connection with the Work. The Consultant shall also sign an affidavit affirming that it does not knowingly employ any person who is an unauthorized alien in connection with the Work. Such affidavits shall be substantially in the form provided in Exhibit 2. The Consultant shall not be required to provide these affidavits to the Village if such affidavits have been previously provided to the Village within the past year. All words in this paragraph shall have the definitions as provided in Section 285.525 R.S.Mo. Pursuant to Section 208.009 R.S.Mo., the Consultant shall provide at the time of submission of any bid affirmative proof that the Applicant for the Consultant is a citizen or a permanent resident of the United States or is lawfully present in the United States. The Applicant for the Consultant (or "Applicant") shall be the person authorized to prepare, submit and sign contract documents on behalf of the Consultant, and shall be eighteen years of age or older. Such affirmative proof shall include documentary evidence recognized by the Missouri Department of Revenue when processing an application for a driver's license, a Missouri driver's license, as well as any document issued by the federal government that confirms an alien's lawful presence in the United States.

Section 3. This ordinance having been read by title or in full two times prior to passage, shall be in full force and effect from and after its passage and after being duly signed by the Chairman of the Board of Trustees and attested by the Village Clerk.

Exhibit 1

Agreement with Hochschild, Bloom & Company LLP



Hochschild, Bloom & Company LLP

Certified Public Accountants
Consultants and Advisors

November 19, 2015

Board of Trustees
Village of Twin Oaks
1393 Big Bend Road, Ste. F
Twin Oaks, MO 63021


We would appreciate an update of the 2010 contract as allowed under its provisions. This would benefit the Village since we have previously performed professional services for you and we have the background with your systems and accounting records. Due to the Village's implementation of new funds and programs, we can help maintain the highest level of the Village's financial reporting.

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 Village. The following is a list demonstrating our commitment to our governmental organizations and specifically how we can meet your needs:

- ◇ The Village wants its auditors to be able to efficiently provide services to help meet deadlines and provide knowledge to the Village. Since our Firm maintains a concentration in governmental accounting, our audit staff understands your accounting issues. HB&Co. has over 60 current references in the St. Louis and surrounding areas you may contact concerning our governmental services, including those with similar Federal programs and funds.
- ◇ HB&Co. has the following Certificate of Achievement (Certificate) for Excellence in Financial Reporting experience:
 - Two members on the national GFOA Special Review Committee
 - Various presentations to the local and state GFOA chapters
 - Initial Certificate applications prepared for over ten governments
 - Audit services for over twenty governments that obtain the Certificate
- ◇ 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 Attorneys Association, Missouri Society of CPAs Governmental Committee, Municipal League, and Missouri City/County Management Association.

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

www.hbcbp.com

 PrimeGlobal | An Association of Independent Accountants

- ◇ The Village 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 Village by having auditors who will provide a knowledgeable perspective on a wide range of accounting practices.
- ◇ The Village 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 Village 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 over 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 Village 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. Also, our most recent peer review (copy enclosed) resulted in no "letter of comment" issued, which is only achieved by the top quality firms. 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 2015 *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 Village'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 Village 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.

Page 3

The partners and staff at our Firm sincerely want to continue the good working relationship that we have enjoyed with your Village over recent years. 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. There is a small increase in the audit fee due to new audit requirements.

If we can answer any questions or meet with you to discuss this further, please let us know.

Very truly yours,



Michael D. Williams, CPA
Partner

MDW/smm

Enclosures: Engagement Plan
Peer Review

RESPONSE:

This proposal correctly sets forth the understanding of the **VILLAGE OF TWIN OAKS, MISSOURI**. Either party may cancel this agreement or both parties may extend this agreement in subsequent years.

Signature

Date

VILLAGE OF TWIN OAKS, MISSOURI

ENGAGEMENT PLAN

Our Engagement

We will audit the financial statements of the governmental 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 other 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 referred to in the second paragraph 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 Village 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 Village'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 Village, 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 Village 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.

VILLAGE OF TWIN OAKS, MISSOURI

ENGAGEMENT PLAN

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with the preparation of your financial statements 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 are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements 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 are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

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 is reliable 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 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 government 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 Village involving: 1) management, 2) employees who have significant roles in internal control, and 3) others where the fraud or illegal acts 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 Village received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Village complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

You are responsible for the preparation of the supplemental information 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. You also agree to present the supplemental information with the audited financial statements. Your responsibilities include acknowledging to us in the written representation letter that: 1) you are

VILLAGE OF TWIN OAKS, MISSOURI

ENGAGEMENT PLAN

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 for us 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 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.

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 Village or to acts by management or employees acting on behalf of the Village. 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 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, 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.

VILLAGE OF TWIN OAKS, MISSOURI

ENGAGEMENT PLAN

Audit Procedures--Internal Controls

Our audit will include obtaining an understanding of the Village 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. 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 Village'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*.

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.

The audit documentation for this engagement is the property of Hoehschild, Bloom & Company LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to cognizant or grantor agency 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 Hoehschild, 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 the cognizant or grantor agency. If we are aware that a federal awarding agency, pass-through entity, 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.

VILLAGE OF TWIN OAKS, MISSOURI
ENGAGEMENT PLAN

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

Our Fees

Fees for the annual Village audit follows:

<u>For The Years Ended December 31</u>	<u>Annual Audit Fees</u>
2015	\$9,700
2016	9,700
2017	9,800
2018	9,800
2019	9,900

Our fees noted above are inclusive of all out-of-pocket costs, all related meetings with the Village officials, and periodic consulting concerning routine matters. Our fees for this engagement will be based on the actual time spent at our standard 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. (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 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.

We may continue to provide accounting and auditing services to the Village for fiscal periods beyond December 31, 2019.

Deluzio & Company, LLP

Certified Public Accountants & Business Advisors

Partners

351 Harvey Avenue
Suite A
Greensburg, PA 15601-1911

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

Telephone: 724-838-8322
Fax: 724-853-6500
Email: contactus@deluziocpa.com

SYSTEM REVIEW REPORT


August 8, 2012

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

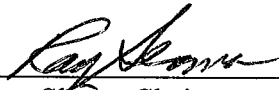
We have reviewed the system of quality control for the accounting and auditing practice of Hochschild, Bloom & Company LLP (the firm) in effect for the year ended May 31, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* 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, 2012, 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*.

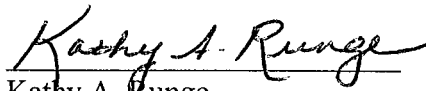

Greensburg, Pennsylvania

PASSED and APPROVED this 3rd day of February, 2016.



Ray Stama, Chairman
Board of Trustees

ATTEST:



Kathy A. Runge
Administrator Clerk

First Reading: _____

Second Reading: _____