

CITY OF MISSION, KANSAS
FINANCE & ADMINISTRATION COMMITTEE

WEDNESDAY, OCTOBER 4, 2017

7:30 P.M.

Mission City Hall, 6090 Woodson

PUBLIC HEARINGS / PUBLIC COMMENTS

PUBLIC PRESENTATIONS / INFORMATIONAL ONLY

ACTION ITEMS

1. Gateway Development - Laura Smith (no attachments)
 - a. Ordinance Approving 4th Amended Gateway Redevelopment Project plan
 - b. Approval of Development Agreement
 - c. IRB Resolution of Intent
 - d. Ordinance Creating Gateway CID District #3

Discussion continues with the developer of the Gateway project regarding a request to provide Tax Increment Financing (TIF) incentives, create a Community Improvement District, and issue IRBs in connection with the construction of a mixed use development which includes a 168-unit apartment complex over ground floor retail, two hotels, a 58,000 sq. ft. office building, 100,000 +/- sq. ft. of retail/entertainment uses, and a multi-level parking structure on a 16 acre site bounded by Shawnee Mission Parkway, Roeland Drive, Johnson Drive and Roe.

2. Selection of Auditors - Brian Scott ([page 3](#))

Kansas statutes require an annual audit of the City's financial statements. The audit is conducted in accordance with generally accepted accounting standards by an impartial, independent public accounting firm. This summer the City issued a Request for Qualifications (RFQ) for professional auditing services. After reviewing proposals submitted and conducting interviews, staff is recommending the selection of Berberich, Trahan & Co., P.A. to perform the annual audit of the City's financial statements for the fiscal year ending December 31, 2017, and for up to three (3) subsequent fiscal years.

3. Classification & Compensation Plan Implementation Update - Laura Smith ([page 35](#))

Following Council's approval of the Classification & Compensation recommendation in August, I began working through the recommended changes for each individual employee. Based on the employee turnover which has occurred since the study was prepared in mid-June, it became

obvious very quickly that it could be financially feasible to address the market compression issue more comprehensively than originally anticipated. Additional funding in the amount of \$23,016 to accomplish the one-time market compression adjustments is now being requested not only to provide a more immediate benefit for employees, but to mitigate the need to continue to “catch-up” the City’s classification and compensation plan with the market.

DISCUSSION ITEMS

OTHER

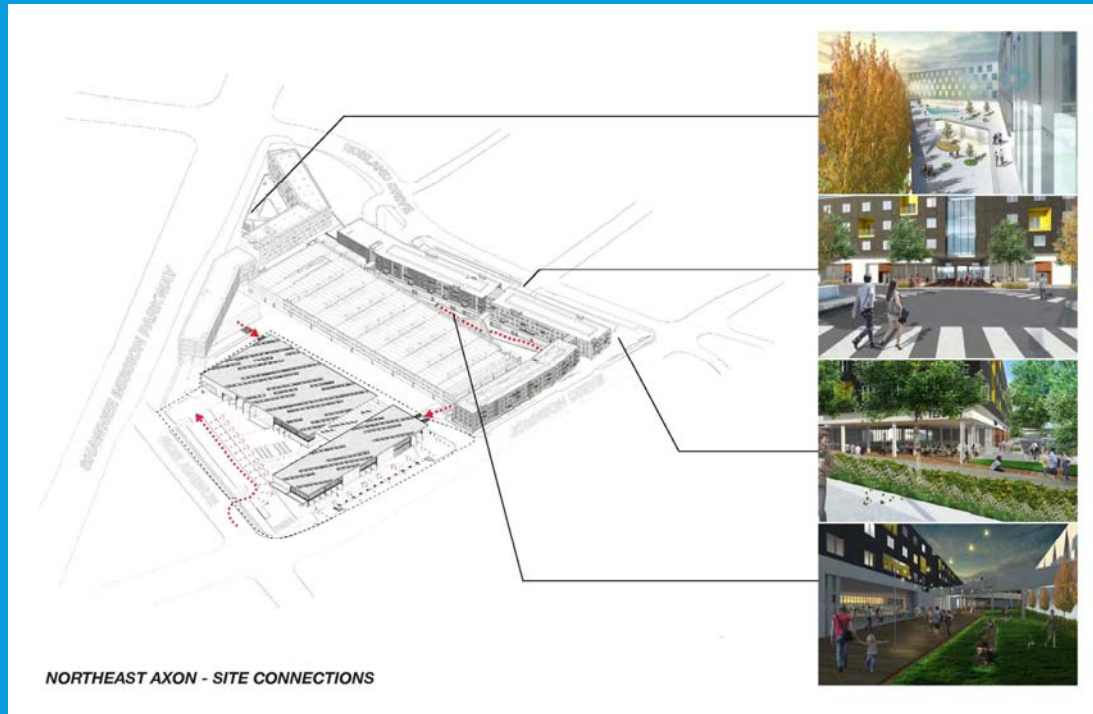
4. Department Updates - Laura Smith

Nick Schlossmacher, Chairperson
Ron Appletoft, Vice-Chairperson
Mission City Hall, 6090 Woodson
913-676-8350

GATEWAY DEVELOPMENT PROJECT

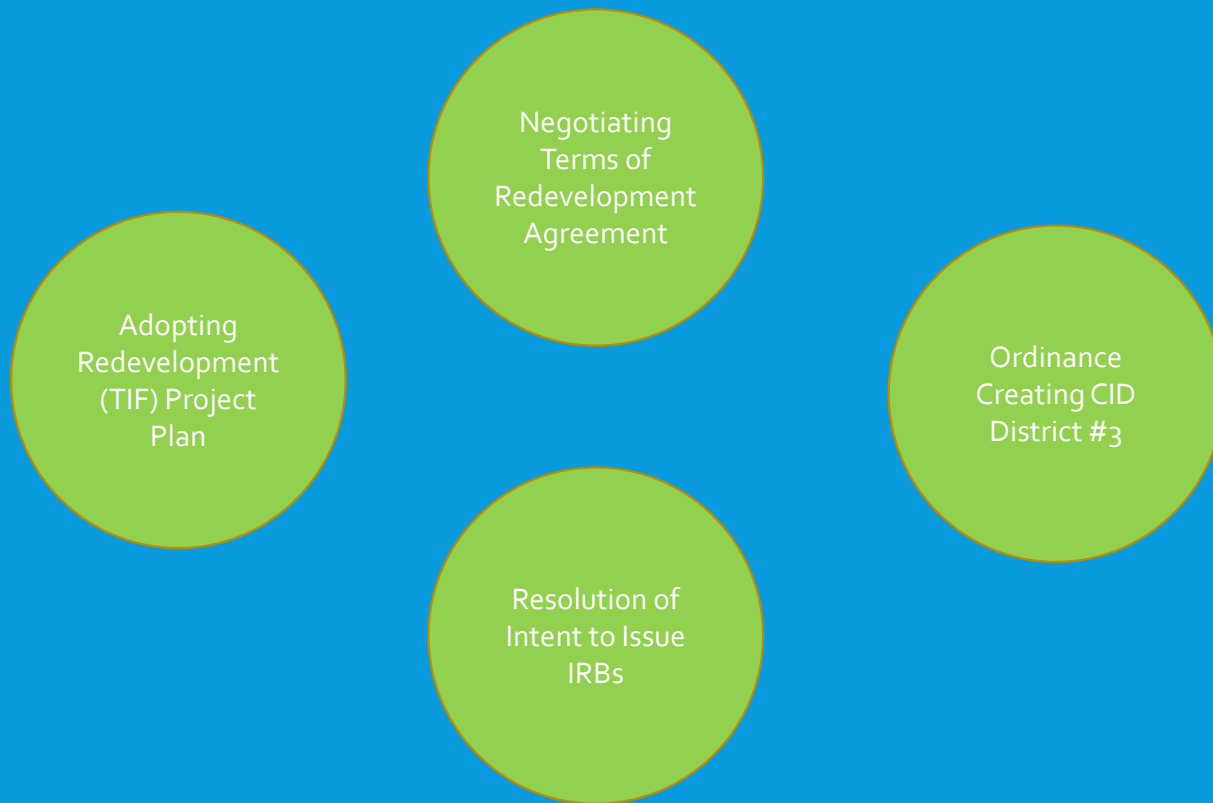
October 4, 2017

WE SHARE A COMMON GOAL



Complete the entire development according to the approved plan as quickly as possible in order that the City of Mission and the Developer both benefit.

WHAT ARE WE WORKING ON?



COMMUNITY IMPROVEMENT DISTRICT #3

- Imposes an additional 1% retail sales taxes on goods and services within the boundaries of the district beginning in 2019
- 22 year life cycle
- Tax rate in the City of Mission is 9.6%:
 - 6.5% State of Kansas
 - 1.475% Johnson County
 - 1.625% City of Mission
- New sales tax rate would be 10.6% - equal to Mission Square and Cornerstone Commons
- Upon approval, the existing CID District's #1 and #2 would be dissolved

INDUSTRIAL REVENUE BONDS

- Used to provide a sales tax exemption on the purchase of construction materials, furnishings and fixtures
- Special limited obligations which are not the responsibility of the City
- Bonds would be sold at a later date

REDEVELOPMENT (TIF) PROJECT PLAN

- Rock Creek TIF District was approved in 2006
- Planning Commission found plan to be in conformance with City's Comprehensive Plan
- Must be adopted by ordinance – requires 2/3 majority vote of the Governing Body

REDEVELOPMENT AGREEMENT

- Document which captures and controls the terms of the “deal”
- Addresses project budget, project schedule, obligations of developer and City, process for certifying and reimbursing TIF/CID eligible expenses, requirements for transfer or sale of the property, and events of defaults and remedies
- Will address the payment of all currently delinquent property taxes, special assessments, and/or fees

WHAT ARE WE FACTORING INTO THE NEGOTIATIONS?

- The project elements which are “extraordinary costs” – either caused by redevelopment challenges, or expenditures requested of the developer to align project with the City’s vision.
- Redevelopment and increased economic activity generated by project
- New revenues (development fees, dedicated sales taxes, franchise fees)
- Striking appropriate balance for legacy costs of both City and developer
- Need to have resources available to City throughout entire term of the development agreement

WHAT ARE THE BASIC DEAL POINTS?

- 100% of requested 1% CID, over maximum 22-year term beginning in 2019, pledged to a Phase 1 pay-go note, then to S.O. Bonds, and finally to tails
- 100% of Project Area's Property TIF, over maximum 20-year term starting in 2019, pledged to a Phase 1 pay-go note, then to S.O. Bonds, and to tails
- IRB sales tax exemption
- The net result of these 3 incentives is still a “gap” in developer financing, so appropriate to look to additional incentives or revenue streams
- Currently negotiating the allocation of revenues generated by the City's 1% General Sales Tax and the 9% Transient Guest Tax during 20-year TIF term

YEAR	Base Property Taxes	City Portion of County Sales Tax (Variable)	.25% Street Sales Tax (Sunsets 2022)	.375% Park Sales Tax (Sunsets 2023)	Total City Revenues
2018	\$0	\$0	\$0	\$0	\$0
2019	\$46,487	\$1,887	\$43,842	\$65,763	\$157,980
2020	\$46,487	\$7,967	\$185,071	\$277,607	\$517,133
2021 - Full STIF	\$46,487	\$10,933	\$253,954	\$380,931	\$692,305
2022 - Full PTIF	\$46,487	\$11,161	\$259,252	\$388,878	\$705,779
2023	\$46,487	\$11,394		\$396,994	\$454,876
2024	\$46,487	\$11,632			\$58,119
2025	\$46,487	\$11,874			\$58,362
2026	\$46,487	\$12,123			\$58,610
2027	\$46,487	\$12,376			\$58,863
2028	\$46,487	\$12,635			\$59,122
2029	\$46,487	\$12,899			\$59,386
2030	\$46,487	\$13,169			\$59,656
2031	\$46,487	\$13,445			\$59,932
2032	\$46,487	\$13,726			\$60,214
2033	\$46,487	\$14,014			\$60,501
2034	\$46,487	\$14,307			\$60,795
2035	\$46,487	\$14,607			\$61,095
2036	\$46,487	\$14,914			\$61,401
2037	\$46,487	\$15,227			\$61,714
2038	\$46,487	\$15,547			\$62,034
TOTALS	\$929,749	\$245,836	\$742,120	\$1,510,174	\$3,427,879

YEAR	Base Property Taxes	City Portion of County Sales Tax (Variable)	.25% Street Sales Tax (Sunsets 2022)	.375% Park Sales Tax (Sunsets 2023)	Total City Revenues
2018	\$0	\$0	\$0	\$0	\$0
2019	\$46,487	\$1,887	\$43,842	\$65,763	\$157,980
2020	\$46,487	\$7,967	\$185,071	\$277,607	\$517,133
2021 - Full STIF	\$46,487	\$10,933	\$253,954	\$380,931	\$692,305
2022 - Full PTIF	\$46,487	\$11,161	\$259,252	\$388,878	\$705,779
2023	\$46,487	\$11,394	\$264,663	\$396,994	\$719,538
2024	\$46,487	\$11,632	\$270,189	\$405,283	\$733,591
2025	\$46,487	\$11,874	\$275,832	\$413,748	\$747,941
2026	\$46,487	\$12,123	\$281,595	\$422,393	\$762,598
2027	\$46,487	\$12,376	\$287,481	\$431,221	\$777,566
2028	\$46,487	\$12,635	\$293,492	\$440,238	\$792,852
2029	\$46,487	\$12,899	\$299,631	\$449,447	\$808,465
2030	\$46,487	\$13,169	\$305,902	\$458,852	\$824,410
2031	\$46,487	\$13,445	\$312,305	\$468,458	\$840,696
2032	\$46,487	\$13,726	\$318,846	\$478,269	\$857,329
2033	\$46,487	\$14,014	\$325,526	\$488,289	\$874,317
2034	\$46,487	\$14,307	\$332,349	\$498,524	\$891,668
2035	\$46,487	\$14,607	\$339,318	\$508,977	\$909,389
2036	\$46,487	\$14,914	\$346,435	\$519,653	\$927,490
2037	\$46,487	\$15,227	\$353,706	\$530,558	\$945,978
2038	\$46,487	\$15,547	\$361,131	\$541,697	\$964,862
TOTALS	\$929,749	\$245,836	\$5,710,521	\$8,565,781	\$15,451,887

WHAT IS LEFT TO DECIDE?

- Developer requested all of 1% TIF Sales Tax for 20 year term and all of 9% Transient Guest Tax for 20 year term
- Both revenue streams have immediate value to both City and Developer
- Transient Guest Tax has some restrictions on how it can be spent and a more limited base for generation (hotel rooms only, not food & beverage)
- Sales Taxes revenues are most flexible and can be used without restriction
- Based on Council direction and discussion, City has provided Developer with an initial proposal and analysis re the allocation of these revenues

NEXT STEPS

October 18

City Council consideration of TIF and CID Ordinances, Redevelopment Agreement and Resolution of Intent to Issue IRBs

November 1

Special City Council meeting for City Council consideration of TIF and CID Ordinances, Redevelopment Agreement and Resolution of Intent to Issue IRBs (if necessary)

City of Mission	Item Number:	2.
ACTION ITEM SUMMARY	Date:	September 27, 2017
Administration	From:	Brian Scott

Action items require a vote to recommend the item to full City Council for further action.

RE: Selection of Berberich, Trahan & Co., P.A., to perform the annual audit of the City's financial statements

RECOMMENDATION: Approve the selection of Berberich, Trahan & Co., P.A. to perform the annual audit of the City's financial statements for the fiscal year ending December 31, 2017, and for up to three (3) subsequent fiscal years.

DETAILS: Kansas statutes require an annual audit of the City's financial statements. The audit is conducted in accordance with generally accepted accounting standards (GAAP) in the United States, the Governmental Accounting Standards Board (GASB), the "Kansas Municipal Audit Guide," and standards applicable to financial audits as provided for in *Government Auditing Standards* (the Yellow Book), issued by the Comptroller General of the United States.

The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as an evaluation of the overall basic financial statement presentation.

The City's annual audit is presented as a comprehensive annual financial report (CAFR), which is submitted each year to the Government Finance Officers Association of the United States and Canada (GFOA) for consideration of a Certificate of Achievement for Excellence in Financial Reporting. The City has received this award for 24 consecutive years. The CAFR is important in that it presents an accurate and reliable picture of the City's finances upon which third-parties can rely upon when considering financial matters involving the City such as the issuance of debt.

One of the fundamental principles in conducting the annual audit is that it be conducted by an impartial, independent third-party. The City has engaged the firm of Mize, Houser & Co, P.A. (formerly Lowenthal, Singleton, Webb & Wilson) for at least the past twelve years to conduct the annual audit. These engagements have been on a four-year cycle. The last time the City sought proposals was in 2013.

The City issued a Request for Qualifications (RFQ) this past summer. The RFQ was sent to six firms as well as advertised in the *Legal Record*, and four firms responded. Responses were evaluated, references checked, and each firm was interviewed by the Assistant City Administrator and Accounting Manager. A composite score was

Related Statute/City Ordinance:	N/A
Line Item Code/Description:	01-07-207-02 - Annual Audit
Available Budget:	\$25,000

City of Mission	Item Number:	2.
ACTION ITEM SUMMARY	Date:	September 27, 2017
Administration	From:	Brian Scott

Action items require a vote to recommend the item to full City Council for further action.

developed based on the firm’s experience and capabilities; quality and experience of assigned professionals; audit approach and estimated hours, understanding of the requested scope and quality of proposal, and fee. The table below shows the scores.

Firm	Total Score	Proposed Hours	Proposed Cost
Berberich, Trahan & Co., P.A.	91.50	300	\$27,000
Cochran, Head, Vick & Co., P.A.	79.75	210	\$23,010
Mize, Houser, & Co., P.A.	78.50	226	\$24,000
RSM	69.25	350	\$39,500

Berberich, Trahan & Co., P.A. (BT&Co.) offers an impressive base of experience and credentials. They have audited a number of Kansas municipalities similar in size and operations to Mission including Prairie Village, Atchison, Derby, Leavenworth, and De Soto, and Gladstone Missouri.

The cost quoted by the firm, exceeds what was initially included in the 2018 budget for the audit. However, the amount quoted by BT&Co. is a “not exceed amount,” and accounts for additional work that will be associated with an initial transition year. It is anticipated that the actual costs for the audit will be within the budgeted amount.

Staff recommends that the City enter into an agreement with Berberich, Trahan, & Co., P.A. engaging them in auditing the City’s financial statements for the fiscal year ending December 31, 2017 for an amount not to exceed \$27,000. In addition, the City would have the option to utilize them for three subsequent fiscal years.

CFAA CONSIDERATIONS/IMPACTS: N/A

Related Statute/City Ordinance:	N/A
Line Item Code/Description:	01-07-207-02 - Annual Audit
Available Budget:	\$25,000

Evaluator: Compsite _____

		Maximum Points	Bierberbach, Trahan	Cochran, Head, Vick	Mize Houser	RSM	
Firm's Experience Capabilities and References		15					
Firm's Experience	Understands our organization and sector through an appropriate level of experience in the audit of other similar organizations.	5	5	5	5	4.5	
Capabilities	Does the firm have the capability of completing the audit? Are there any deficient desk/field reviews or disciplinary actions?	5	5	5	5	4.5	
References and Independence	Did the firm provide references of three clients similar in size and requirements?	5	5	4.5	5	4.5	
Quality and Experience of Assigned Professional		20					
Staff Qualifications	Does the proposed staff have the required professional education? Are the appropriate levels of staff proposed?	10	9	8.5	8.5	8.5	
Staff Experience	Does the proposed staff have municipal audit experience?	10	8.5	7.5	7.5	8.5	
Schedule, Estimation of Hours and Audit Approach		20					
Schedule and Estimation of Hours	Do the proposed number of hours appear reasonable based on knowledge of hours required during previous audits?	10	8	7.5	9.5	7.5	
Audit Approach	Does the audit approach recommended within the proposal seem reasonable based on the proposed hours? Does the firm identify areas of risk?	10	8.5	7.5	8.5	7.5	
Communication, Understanding of Scope and Quality of Proposal		20					
Understanding of Scope	Does the proposal demonstrate that the firm has an understanding of the scope of the audit?	10	9	8.5	9	8.5	
Quality of Proposal	Does the proposals address all requirements in Section 5D, items 2-9.	10	8.5	7	8	9	
Fee Proposal		25					
Fee Proposal	Best combination of hours and overall price will receive a score of 25. Others will receive a prorated score.	25	25	18.75	12.5	6.25	
		Total	100	91.5	79.75	78.5	69.25
		Total Hours Proposed		300	210	226	350
		Total Cost Proposed		\$27,000	\$23,010	\$24,000	\$39,500



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

**PROPOSAL FOR
PROFESSIONAL AUDITING
SERVICES FOR THE
CITY OF MISSION, KANSAS**

August 1, 2017

STACEY A. HAMMOND
BERBERICH TRAHAN & CO., P.A.
3630 SW BURLINGAME ROAD
TOPEKA, KANSAS 66611
785-234-3427 800-530-5526
www.btandcocpa.com
shammond@btandcocpa.com



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

August 1, 2017

Audit Screening and Selection Committee
City of Mission
6090 Woodson Street
Mission, Kansas 66202

Dear Committee Members:

Berberich Trahan & Co., P.A. (BT&Co.) is pleased to have the opportunity to submit this proposal to provide professional auditing services to the City of Mission, Kansas (the City) for the year ended December 31, 2017, with options for three additional one-year periods. The City will be a valued client of our firm. We pledge that you will receive quality service from quality people. Our top quality cost-effective service is the best evidence of our ability to service the City's needs. The following proposal describes more fully why and how we can perform more effectively than any other firm. It describes our:

1. **Professional Reputation and Proven Experience** - As illustrated by the client list provided and years served, BT&Co. is well established in providing services to governmental clients. While many of our peers have decided to de-emphasize the governmental and nonprofit industries, we have continued to invest in them by committing substantial human, technological and training resources toward serving governmental clients. We know that governmental entities are being held to ever-higher levels of scrutiny, public accountability, and demands for efficiencies and performance, and we are committed to helping you meet those expectations.
2. **Service Record** - The references provided will indicate our impeccable service record with clients. We believe that our current involvement with other cities has demonstrated our ability to perform to your specifications both from quality and timeliness viewpoints, including the availability of client-service team individuals, which enables us to respond to day-to-day inquiries promptly. We are committed to performing the work within the time frame prescribed in the RFQ.
3. **Staffing** - We have committed to assign experienced government auditors to the engagement team. This would include Stacey Hammond, Karen Linn, and Emily Sheldon. Because of the significant amount of governmental auditing that we perform, all of our audit team members meet the GAO continuing professional education requirements. Our staffing will provide for an effective and timely audit and will result in minimum disruption to the operations of the City.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.



Audit Screening and Selection Committee

City of Mission, Kansas

August 1, 2017

Page 2

4. **Competitive Professional Fees** - We believe that the audit fee we are proposing is fair considering your state and federal reporting requirements and is commensurate with the work to be performed.
5. **Research Abilities** - We are formally associated with the world's fifth-largest accounting firm, RSM US LLP. As a member of the RSM US Alliance, we have access to the most up-to-date, industry-specific information available and some of the most sophisticated practitioners in the accounting profession. BT&Co.'s experience and expertise, combined with RSM US LLP's resources, will maximize the value of your audit.

We believe the attached proposal meets the requirements of your request for qualifications. This proposal is a firm and irrevocable offer for 60 days. If you have any questions or require additional information, please contact the undersigned.

Very truly yours,

BERBERICH TRAHAN & CO., P.A.

Stacey A. Hammond
Director

SAH:tls

CITY OF MISSION, KANSAS

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INDEPENDENCE AND LICENSE

Statement of Independence

In accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, BT&Co. affirms independence of the City. BT&Co. will maintain an independence of mental attitude in all matters related to this engagement and, further, in accordance with the professional ethics established by the American Institute of Certified Public Accountants, BT&Co. affirms that no member of the firm has had any direct or indirect business or investment relationship or other professional relationship with the City for the past five years, and that no member of the firm has any family relationships with elected officials or department heads of the City. If engaged to perform the audit, BT&Co. will give the City written notice of any professional relationships entered into during the period of this agreement which may result in a conflict of interest.

License to Practice in Kansas

Both the firm and all assigned key professional staff are properly licensed to practice in the State of Kansas.

PROFILE OF BERBERICH TRAHAN & CO., P.A.

The Firm

BT&Co. has been serving clients from our Topeka, Kansas office since 1913. Our personnel numbers 32 with 25 professional staff, including 17 certified public accountants and 12 governmental audit staff. We provide auditing, accounting, tax and management consulting services to a diverse group of clients. We are a member of the American Institute of Certified Public Accountants and participate in quality control programs. The firm is a member of the AICPA Government Audit Quality Center. It is anticipated that this audit will be staffed with Director Stacey Hammond, Manager Emily Sheldon and two staff members. In addition, Managing Director Karen Linn will be responsible for the independent quality review.

BT&Co. believes that every client, regardless of its size, is clearly entitled to expect the following:

- Frequent contact with, and ready access to, the engagement team. It goes without saying that this contact can be expected throughout the year and not just when audit activities make it necessary.
- Timely service from a competent team that fully understands the client's business and industry. Our concern for the client's operating efficiency is as great as the concern for strict compliance with governing standards and regulations.

Our client list numbers in excess of 100 audit clients and includes a broad spectrum of state and local governmental agencies. We have served cities, counties, school districts, state agencies, water districts, drainage districts, federal agencies, grant programs, and HUD projects. Our reputation for retention of clients is excellent.

Single Audit Experience

BT&Co. has extensive experience auditing government and nonprofit organizations. These audits, for many of our government and nonprofit clients, include a Single Audit in accordance with Uniform Grant Guidance. All of our audit team members are well versed in the requirements and process required to perform a Single Audit. All of our team members receive training to satisfy both the 80-hour and 24-hour rules under the Yellow Book.

Quality Control/Peer Review

All governmental audits are reviewed by the audit director and independent quality reviewer assigned to the engagement. This includes a detailed review of every work paper, and a review of the financial statements and related opinions. These reviews will be performed by Stacey Hammond, as director, and Karen Linn, as independent quality reviewer. BT&Co. quality control procedures include extensive policies and procedures relating to independence, assignment of personnel, supervision, hiring, professional development and inspection. The inspection includes intraoffice professional practice review as well as a peer review. During October 2014, BT&Co. completed a quality control review performed by external certified public accountants in accordance with the requirements of the American Institute of Certified Public Accountants. This quality review, which included governmental engagements, resulted in a "PASS" Rating, which is the highest possible rating. A copy of this report is included at the end of this document.

In addition, BT&Co. has not been subject to any desk or field reviews of our audits during the past four years, and there has been no disciplinary action taken or pending against the firm during the past four years with state regulatory bodies or professional organizations.

Membership in Professional Organizations

BT&Co. personnel are active in numerous professional organizations. The organizations in which the principals and team participate include the following:

1. American Institute of Certified Public Accountants
2. Kansas Society of Certified Public Accountants
3. Northeast Chapter of the Kansas Society of Certified Public Accountants
4. American Institute of Certified Public Accountants Government Audit Quality Center
5. Association of Government Accountants
6. Government Finance Officers Association (GFOA)

Research Abilities

Berberich Trahan & Co., P.A. has been a proud member of RSM US Alliance since 1998. RSM US Alliance is a premier affiliation of independent accounting and consulting firms in the United States, with more than 75 members in over 38 states, the Cayman Islands and Puerto Rico. This affiliation gives us access to a full range of national and international capabilities.

As a member of RSM US Alliance, Berberich Trahan & Co., P.A. has access to resources and services RSM US LLP provides its own clients. RSM US LLP is the leading provider of audit, tax and consulting services focused on the middle market, with more than 9,000 people in 86 offices nationwide. RSM US LLP is a licensed CPA firm and the U.S. member of RSM International, a global network of independent audit, tax and consulting firms with more than 38,000 people in over 120 countries.

We accepted an invitation to become a member of RSM US Alliance because it is a natural fit with our commitment to our clients and our determination to stay at the forefront of developments affecting accounting and consulting firms today. Visit rsmus.com/alliance to learn more about our membership.

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM US LLP and RSM International. RSM, the RSM logo and RSM US ALLIANCE are trademarks of RSM International Association or RSM US. The services and products provided by RSM US Alliance are proprietary to RSM US LLP.

GASB Experience and Consulting

New GASB statements are having a significant impact on the financial statements of governmental entities. BT&Co. has been instrumental in providing training to governments and the facilitation of discussions between entities to assist finance directors and CFOs in learning and implementing the changes that these statements bring. The assigned team has led numerous training sessions on GASB standards and governmental accounting over the past several years.

The entire audit team of BT&Co. has also attended training sessions to ensure that the firm is at the forefront of the implementation of these issues, thus giving our team the expertise to assist the City in the implementation of these standards.

Additional Professional Services

BT&Co. also provides a broad range of management consulting services to governmental clients including financial planning and control, operations management and control, program and performance evaluation, indirect cost studies, and general management. Our consultants understand the specific management needs of governmental administrators at all levels and are knowledgeable about many factors, such as constitutional, legislative and administrative requirements or constraints, which are important to success in governmental consulting engagements.

We are prepared to provide the City with our full range of consulting services. Prior to commencing consulting services, we will evaluate such services to ensure that their performance will not impair our independence. The related estimated fees will be approved by the administration prior to commencing the work.

TEAM QUALIFICATIONS

Personnel/Continuity

We propose assigning the following individuals to the 2017 and subsequent engagements:

Director	Stacey Hammond
Independent Quality Reviewer	Karen Linn
Manager	Emily Sheldon

In addition, the audit will be staffed with two other auditors on a full-time basis. It is our philosophy to staff the audits with the same core team members from one year to the next to provide the most efficiency to the City.

As a result of the firm's commitment to the governmental industry, our team members are trained in the concepts of governmental audits thus assuring the quality of our staff. These individuals have extensive governmental experience and have previously participated in audits of many cities. As mentioned previously, all of our audit team members have met the GAO continuing professional education requirements. Thus, our staffing will bring a combination of experience and expertise to the audit engagement, resulting in an efficient and effective audit with little disruption to the City's daily operations.

Brief Resumes of Audit Team

Engagement Director - Stacey Hammond, CPA, CGFM

Stacey is a director in our office and is a certified public accountant and a certified government financial manager who has over 20 years of experience, with extensive experience auditing governmental entities. She has assisted many clients with report presentation, statistical information and review of technical financial statements for submission to the GFOA Certificate of Achievement Program. Stacey is a graduate of Kansas State University and the University of Kansas. She is a member of the American Institute of Certified Public Accountants, the Kansas Society of Certified Public Accountants, and the Government Finance Officers Association. Stacey is licensed to practice as a certified public accountant in Kansas and has met the Yellow Book requirement of continuing education hours in each of the past three years. She has attended AICPA, GFOA and RSM continuing education conferences and seminars on accounting, auditing and reporting for governmental entities over the past three years.

Stacey is either the engagement director or manager on the following City audits:

City of Atchison, Kansas	City of Newton, Kansas
City of Gladstone, Missouri	City of Prairie Village, Kansas
City of Leavenworth, Kansas	City of Stillwater, Oklahoma

Stacey's role during the audit will be to participate in the planning of the audit and to perform the partner review of the planning documentation, audit workpapers, and financial statements.

Independent Quality Reviewer - Karen Linn, CPA

Karen is the managing director in our office and is our Government Services Coordinator. She is a certified public accountant with over 30 years of diversified experience in the public accounting field. Karen has extensive municipal and governmental experience. In addition, she has performed and managed audits of cities, counties, the State of Kansas, school districts, and universities, including single audit experience. Karen has been instrumental in assisting clients in understanding Governmental Accounting Standards Board Statements through training sessions and roundtable discussions. She has assisted many clients with report presentation, statistical information and review of technical financial statements for submission to the GFOA Certificate of Achievement Program. Karen also has experience reviewing official statements for long-term debt financing.

Karen is a graduate of Bethel College. She is a member of the American Institute of Certified Public Accountants, the Kansas Society of Certified Public Accountants and the Northeast Chapter of the Kansas Society of Certified Public Accountants. Karen is licensed to practice as a certified public accountant in Kansas and has met the Yellow Book requirement for governmental continuing education hours in each of the past three years. Karen has attended numerous AICPA, GFOA and RSM continuing education conferences and seminars on accounting and auditing for governmental entities over the past 3 years. Karen is the firm's designated Audit Director for firm-wide responsibility for the quality of the firm's governmental audit practice (Governmental Audit Quality Center requirement).

Karen is the engagement director for the following City audits:

City of Derby, Kansas
City of El Dorado, Kansas
City of Stillwater, Oklahoma

City of Auburn, Kansas
City of De Soto, Kansas

Karen's role during the audit will be to perform the independent review of the financial statements.

Manager - Emily Sheldon, CPA

Emily is a manager in our office. She is a certified public accountant with over five years of experience, with experience auditing government and nonprofit organizations. Emily is a graduate of the University of Kansas. She is a member of the AICPA, the KSCPA, and the GFOA. Emily is a graduate of the KSCPA's 20 up to 40 Leadership Program and is an active KSCPA Alumni Ambassador. She presented continuing professional education relating to Single Audits at the 2017 KSCPA Governmental Nonprofit Accounting & Auditing Conference and has attended AICPA, GFOA, and RSM US LLP continuing education conferences and seminars on accounting, auditing, and reporting for governments and nonprofit entities. Emily is licensed to practice as a certified public accountant in Kansas.

Emily is the engagement manager on the following City audits:

City of Derby, Kansas
City of Leavenworth, Kansas
City of De Soto, Kansas

City of Gladstone, Missouri
City of Prairie Village, Kansas

Emily's role during the audit will be to participate in the planning of the audit, to provide supervision over the audit fieldwork, and to perform a detailed review of the audit planning documentation, audit workpapers, and financial statements.

Please see Appendix D for schedules of continuing education courses taken for each of these team members.

SIMILAR GOVERNMENTAL ENGAGEMENTS

Major Governmental Engagements

The following five clients represent the most significant audits performed in the last five years that are similar to the City.

City of Leavenworth, Kansas:

Scope of work: Audit of the financial statements in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of the Single Audit Act, Uniform Guidance and OMB's Compliance Supplement and the Kansas Municipal Audit and Accounting Guide. The City prepares a Comprehensive Annual Financial Report that receives the Certificate of Achievement for Excellence in Financial Reporting.

Total Hours: 475
Audit Dates: 1997 to present
Principal client contact: Ruby Maline, Director of Finance, (913) 684-0350
Engagement Partner: Stacey Hammond
Engagement Manager: Emily Sheldon
Link to CAFR: www.lvks.org

City of Gladstone, Missouri:

Scope of work: Audit of the financial statements in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of the Single Audit Act, Uniform Guidance and OMB's Compliance Supplement and the Kansas Municipal Audit and Accounting Guide. The City prepares a Comprehensive Annual Financial Report that receives the Certificate of Achievement for Excellence in Financial Reporting.

Total Hours: 450
Audit Dates: 2013 to present
Principal client contact: Dominic Accurso, Interim Director of Finance, (816) 436-2200
Engagement Partner: Stacey Hammond
Engagement Manager: Emily Sheldon
Link to CAFR: www.gladstone.mo.us

City of Derby, Kansas:

Scope of work: Audit of the financial statements in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of the Single Audit Act, Uniform Guidance and OMB's Compliance Supplement and the Kansas Municipal Audit and Accounting Guide. The City prepares a Comprehensive Annual Financial Report that receives the Certificate of Achievement for Excellence in Financial Reporting.

Total Hours: 425
Audit Dates: 2007 to present
Principal client contact: Jean Epperson, Director of Finance, (316) 788-1519
Engagement Partner: Karen Linn
Engagement Manager: Emily Sheldon
Link to CAFR: www.derbyweb.com

City of Atchison, Kansas:

Scope of work: Audit of the financial statements in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of the Single Audit Act, Uniform Guidance and OMB's Compliance Supplement and the Kansas Municipal Audit and Accounting Guide. The City prepares a Comprehensive Annual Financial Report that receives the Certificate of Achievement for Excellence in Financial Reporting.

Total Hours: 325
Audit Dates: 1992 to present
Principal client contact: Becky Anderson, Director of Finance, (913) 367-5500
Engagement Partner: Stacey Hammond
Engagement Manager: Matt Deutsch
Link to CAFR: www.cityofatchison.com

City of Prairie Village, Kansas:

Scope of work: Audit of the financial statements in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. The City prepares a Comprehensive Annual Financial Report that receives the Certificate of Achievement for Excellence in Financial Reporting.

Total Hours: 300
Audit Dates: 2012 to present
Principal client contact: Lisa Santa Maria, Director of Finance, (913) 381-6464
Engagement Partner: Stacey Hammond
Engagement Manager: Emily Sheldon
Link to CAFR: www.pvkansas.com

Other Governmental Audit Experience

The following is a representative listing of our current governmental clients served. Many of these organizations are of similar size and scope as the City.

City of Atchison, Kansas (1)(2)
City of Auburn, Kansas
City of De Soto, Kansas
City of Derby, Kansas (1)(2)
City of El Dorado, Kansas (1)(2)
City of Gladstone, Missouri (1)(2)
City of Leavenworth, Kansas (1)(2)
City of Newton, Kansas (2)
City of Prairie Village, Kansas (2)
City of Stillwater, Oklahoma (1)(2)
Auburn-Washburn U.S.D. No. 437 (1)
Fort Leavenworth U.S.D. No. 207 (1)
Jefferson County North U.S.D. No. 339 (1)
Jefferson West U.S.D. No. 340 (1)
Santa Fe Trail U.S.D. No. 434 (1)
Shawnee Heights U.S.D. No. 450 (1)
Topeka Public Schools U.S.D. No. 501(1)
Highland Community College (1)
Leavenworth County, Kansas (1)
Leavenworth Housing Authority (1)
Missouri Department of Natural Resources Clean Water State Revolving Fund
Missouri Department of Natural Resources Drinking Water State Revolving Fund
Prairie Band Potawatomi Nation (1)
Sac and Fox Gaming Commission
Topeka and Shawnee County Public Library
Topeka Metropolitan Transit Authority (1)

(1) – Indicates a Single Audit requirement during at least one of our years of service to the client

(2) – Indicates submission to GFOA and receipt of Certificate of Achievement for Excellence in Financial Reporting

AUDIT APPROACH

Scope and Objectives

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and, accordingly, will include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances to express an opinion on the financial statements of the City. Our audit will also be conducted in accordance with the following:

- *Government Auditing Standards* (current applicable revision), issued by the Comptroller General of the United States.
- The AICPA industry audit guide, *Audits of State and Local Governmental Units* (current applicable revision).
- Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
- *OMB Compliance Supplement*.
- The Single Audit Act of 1984, including amendments in 1996.
- *Kansas Municipal Audit and Accounting Guide* approved by the Division of Accounts and Reports.

We anticipate the issuance of the following reports:

- An opinion as to whether each opinion unit in the basic financial statements is presented fairly in accordance with accounting principles generally accepted in the United States of America and an opinion as to whether the Schedule of Expenditures of Federal Awards is presented fairly in all material respects in relation to the financial statements taken as a whole. It is anticipated that the scope of the opinion will be similar to the prior years.
- If applicable, a report on compliance with requirements applicable to each major program and internal control over compliance in accordance with Uniform Guidance.
- A report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements in accordance with *Government Auditing Standards*.
- If applicable, a schedule of findings and questioned costs or schedule of findings and responses, including the following three components:
 - A summary of the auditors' results, including components required by Uniform Guidance
 - Findings and questioned costs for the financial statements which are required to be reported in accordance with GAGAS.
 - Findings and questioned costs for Federal awards including significant deficiencies and material weaknesses, if any, related to major programs. Any items reportable as required under Uniform Guidance would be reported here.

Audit Performance

An audit of financial statements, like any scientific inquiry, requires the auditor to assemble raw information, analyze this material and report the results. In recent years, BT&Co. has used innovative audit techniques to match the increasing sophistication of management information systems and the growing need for an effective and reliable system of internal accounting controls.

This section describes how BT&Co. will conduct the examination of the City. While audits by different firms may appear to be identical, they can be differentiated if two characteristics are considered:

- The extent to which the auditing firm attempts to obtain an understanding of the client in advance of the examination and tailor the auditing procedures to the conditions and needs of the client; and
- The additional skills and processes the auditor can bring to the engagement which will translate into an effective and efficient examination.

We believe our approach has such characteristics. Our examination will include:

- Planning,
- Systems evaluation,
- Testing, and
- Reporting.

Planning

The planning phase establishes the proper foundation for the direction of the audit. It encompasses the following tasks:

- Obtain an understanding of the operating environment in accordance with auditing standards. This will begin with the necessary understanding and documentation of the environment in which the City operates. An understanding would be obtained through interviews with personnel, review of documents and observation of systems in place at the City.
- Review information technology operations including current status and anticipated changes.
- Conduct analytical reviews. One of the most inefficient ways to conduct an audit is to spend significant time examining transactions that have little or no importance to the financial statements as a whole, or which represent minimal risk. Typically, many such areas exist in organizations the size of the City. In analytical reviews, however, the auditor studies the budgets and financial statements and looks for unusual trends and results. At this time, interrelationships of other functional areas with the accounting system are identified. Extended audit procedures can then be focused on the areas of unusual results or potential audit risk. Our staff is trained in the concepts of analytical review, and we will utilize the technique in conducting the audit of the City's systems.

- Identify major areas of audit concern and define major audit objectives. This would include determining laws and regulations that will be subject to audit test work through review of City minutes, review of financial statements and interviews with City management personnel.
- Meet with the City's personnel to discuss planning, procedures, timing, etc.
- Finalize the audit plan.

Systems Evaluation

The work accomplished in the planning phase provides the framework for a review of the systems and procedures and the determination of the extent to which they can be relied on to produce reliable financial data. As a result of this review, we will determine that a clear and concise delineation of the flow and recording of accounting transactions is documented. This review and determination is called the systems evaluation phase. It includes three tasks:

- Review internal accounting control systems.
- Identify control strengths and weaknesses.
- Develop a tailored audit program.

Testing

Once the tailored audit program is developed, we will conduct both compliance tests and substantive tests.

- **Compliance Tests** - We will test compliance with established control procedures by ascertaining that the significant strengths within each system are functioning as described. Particular attention will be placed on controls over the processing of information related to the major areas of audit concern. We will also identify and test for compliance with applicable laws (including state statutes), regulations and governmental policies, including single audit test work, if applicable. Samples will be drawn as necessary to test controls using random sample techniques to the extent the population lends itself to such a process. In the event the sample does not lend itself to random sampling, a haphazard sample will be selected from the population.
- **Substantive Tests** - These tests are designed to provide reasonable assurance as to the validity of the information produced by the accounting system that appears on the financial statements. The extent of our detailed substantive work will be governed by the results of our compliance tests of accounting internal controls. These tests will include third party confirmation of your financial institution accounts and other investments, property, sales and franchise tax revenue, grant revenue and other financial statement accounts which lend themselves to confirmation. A detailed analytical review will be performed during this phase of the audit work to identify in detail the unusual trends or relationships which may indicate a need to test further. Corroborating evidence will be obtained to support changes that have occurred.

Use of Software

BT&Co. uses Caseware Working Papers software (specifically tailored for RSM), allowing us to perform our audits in a “paperless” environment, which increases efficiency and reduces waste. Our firm also uses a secure and encrypted file sharing system to transmit documents and information via email. We will provide the City with electronic and paper audit reports. We also retain our audit workpapers and reports electronically in a document management system.

Proposed Segmentation

Planning	30 hours	Director, Manager and Staff
Systems evaluation	20 hours	Manager and Staff
Testing	145 hours	Manager and Staff
Reporting	50 hours	Director, Manager and Staff
Supervision and review	40 hours	Director and Manager
Typing/Clerical/QC	<u>15</u> hours	Administrative Team
	<u>300</u> hours	

Overall supervision of all segments will be performed by Manager Emily Sheldon during the fieldwork.

Identification of Anticipated Potential Audit Problems

Per our review of the City’s 2016 CAFR and the information provided in the Request for Qualifications for audit services, we have not identified any potential problems in performing the audit. If we do encounter a problem, we will immediately inform the proper level of management at the City and work with the City to resolve the issue in a timely manner.

Reporting

All governmental audits are reviewed by the audit director and by the independent quality reviewer assigned to the engagement. This includes a detailed review of every work paper, and a review of the financial statements and related opinions. Stacey Hammond, as director, and Karen Linn, as independent quality reviewer, will perform these reviews. At the conclusion of our audit of the financial statements, we will issue our reports in accordance with the scope of our examination previously discussed. Additionally, we will assist the City in submitting the report for the GFOA Certificate of Achievement for Excellence in Financial Reporting. We will review the audit report through the use of checklists used by the GFOA reviewers to ensure that the report is in compliance with the GFOA program.

Management Letter

We place great emphasis on preparing management letters which contain constructive, practical recommendations regarding internal control and operating improvement opportunities when significant deficiencies and/or material weaknesses, are present. The letter is reviewed initially with the appropriate City officials while the comments are in draft form.

Timing

We would begin our planning of the engagement as soon as the contract is awarded. Periodic progress meetings will be held with the Assistant City Administrator/Finance Director prior to, during and upon completion of the fieldwork. Emily Sheldon will be the person responsible for monitoring the progress through the use of time budgets, and the reporting of such to the City. Our audit team size is sufficient to complete the fieldwork in the time frame required to meet the deadlines. We are prepared to schedule the engagement to satisfy the deadline for delivery of the draft and final audit reports which includes interim audit fieldwork as is deemed necessary to meet the deadline. We also anticipate as part of the audit process a meeting with the City Council to discuss the scope of our work and findings.

Materiality

For governmental entities, our firm calculates materiality at the opinion unit level using a weighted percentage of assets and revenues of the opinion unit. In general terms and ignoring qualitative aspects, we consider all variances that are less than 3% of opinion unit materiality to be immaterial. In addition, variances that are 3 – 20% of opinion unit materiality are generally accumulated in a schedule of passed adjustments. Variances greater than 20% of opinion unit materiality are evaluated and may be considered audit adjustments or may be added to the schedule of passed adjustments depending on the amount of other identified variances.

Other

We will be responsible for communicating and interpreting significant changes in governmental reporting. This will include inquiries received from City staff during the year.

The Governmental Accounting Standards Board issues statements periodically that have a significant impact on governmental financial statements. BT&Co. assists our governmental clients with the implementation of these standards through training sessions and/or roundtable discussions or consultations as required, due to the complexity of the new standard.

Sample Reports

See the Similar Governmental Engagements section for links to Comprehensive Annual Financial Reports that show our formats for required reports.

APPENDIX A

RESPONDENT GUARANTEES

The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official: Stacey Hammond

Name (typed): Stacey A. Hammond

Title: Director

Firm: Berberich Trahan & Co., P.A.

Date: 8-1-17

APPENDIX B

RESPONDENT WARRANTIES

- A. Respondent warrants that it is willing and able to comply with State of Kansas laws with respect to foreign (non-state of Kansas) corporations.

- B. Respondent warrants that it is willing and able to provide a Certificate of Errors and Omissions Insurance providing \$1,000,000 per occurrence and as an annual aggregate professional liability coverage for willful or negligent acts or omissions of any officers, employees or agents thereof; \$1,000,000 combined single limit per occurrence comprehensive general liability; and statutory workers compensation; and \$100,000 each occurrence employer's liability. The successful respondent shall be required to maintain and carry such insurance in force for the duration of the contract with a certificate furnished prior to entering into a contract.

Prior to any material change or cancellation in the above insurance, the City of Mission, its officers, commissions, agents, and employees will be given thirty (30) days advanced written notice by certified mail to 6090 Woodson Street, Mission, Kansas 66202. In the event of an occurrence, it is further agreed that any insurance maintained by the City of Mission, Kansas, its officers, commissions, agents and employees shall apply in excess of and not contribute with insurance provided by policies named in this contract.

- C. Respondent warrants that it will not delegate, assign, transfer or subcontract its responsibilities under any resultant agreement without the prior written permission of the City.

- D. Respondent warrants that all information provided by it in connection with this proposal is true and accurate.

- E. Respondent warrants that it understands it is required to adhere to the Contract requirements set forth in this RFQ and all of the requirements of the RFQ which will be an attachment to the contract.

Signature of Official: Stacey Hammond

Name (typed): Stacey A. Hammond

Title: Director

Firm: Berberich Trahan & Co., P.A.

Date: 8-1-17

APPENDIX C

SCHEDULE OF HOURS FOR THE AUDIT OF THE 2017 FINANCIAL STATEMENTS

Hours: _____

Partners: _____ 25 _____

Managers: _____ 100 _____

Supervisory staff: _____ 80 _____

Staff: _____ 80 _____

Other (specify): Administrative _____ 15 _____

Totals: _____ 300 _____

CONTINUING PROFESSIONAL EDUCATION
STACEY HAMMOND
2013 THROUGH 2016

DATE	COURSE	SPONSOR	HOURS
1/7/2013	What You Haven't Yet Heard About the Clarity Standards	McGladrey Pullen	2
1/10/2013	A&A Leader Roundtable	McGladrey Pullen	3.5
1/10/2013	A&A Leader Roundtable	McGladrey Pullen	6.5
1/10/2013	A&A Leader Roundtable	McGladrey Pullen	1
1/25/2013	EBP Fair Value Disclosures Live Forum	AICPA	2
1/29/2013	Insights Into the American Taxpayer Relief Act of 2012	KSCPA	1
2/6/2013	An Overview of the New GASB Pension Accting. Standards	AICPA	2
3/5/2013	How Pension Accounting is About to Change	GFOA	2
4/25/2013	Audits of Employee Benefit Plans	McGladrey Pullen	2.5
4/25/2013	Audits of Employee Benefit Plans	McGladrey Pullen	0.5
4/30/2013	GAQC Annual Update	AICPA	2
6/4/2013	Gov & NFP A&A Conference	KSCPA	14
6/4/2013	Gov & NFP A&A Conference	KSCPA	2
6/12/2013	Tax Accruals for the Audit	BT&Co.	1
6/26/2013	Understanding & Imp. the GASB's New Guidance on Def Outflows/Inflows of Res.	GFOA	2
8/6/2013	New Substantive Testing Policies	McGladrey Pullen	2
9/13/2013	Women's Leadership Conference	KSCPA	3
9/25/2013	Ethics in Today's Business	KSCPA	2
9/26/2013	The New Data Collection Form & Imp. Clearinghouse System Chgs.	AICPA	2
10/15/2013	Municipal Securities Offerings	AICPA	2
10/28/2013	Leases - The Proposed New Accting. Standards on Leases	McGladrey Pullen	2
11/7/2013	Annual GAAP Update	GFOA	4
12/12/2013	Audit Year-End Alert Update	McGladrey Pullen	1
12/12/2013	Audit Year-End Alert Update	McGladrey Pullen	1
12/17/2013	Annual Year End Internal CPE	BT&Co	5
12/17/2013	Annual Year End Internal CPE	BT&Co	0
4/30/2014	Audits of Employee Benefit Plans	McGladrey Pullen	1
4/30/2014	Audits of Employee Benefit Plans	McGladrey Pullen	0.5
4/30/2014	Audits of Employee Benefit Plans	McGladrey Pullen	1.5
5/14/2014	2014 Financial Statistics Survey Presentation	McGladrey Pullen	1
6/9/2014	Governmental Nonprofit Accounting & Auditing Conference	KSCPA	14
6/10/2014	Governmental Nonprofit Accounting & Auditing Conf - Ethics	KSCPA	2
6/30/2014	It's All About Relationships . . . And Results!	KSCPA	7
8/25/2014	Implementing the New GASB Pension Standards	KPMG	3.5
9/21/2014	AICPA Government Conference	AICPA	11
9/21/2014	AICPA Government Conference	AICPA	5.5
9/25/2014	Uniform Guidance for Federal Awards	AICPA	2
11/6/2014	Annual GAAP Update	GFOA	4
12/16/2014	Audit Year-End Alert Update	McGladrey Pullen	1
12/16/2014	Audit Year-End Alert Update	McGladrey Pullen	1

1/9/2015	Audit Planning, KMAG Update, Peer Review Update	BT&Co	3
4/28/2015	GAQC Annual Update	AICPA	2
5/8/2015	Audits of Employee Benefit Plans - 2015	McGladrey Pullen	3
5/12/2015	Regulatory Update/Common Operational Defects & F/S Effects	McGladrey Pullen	1
5/12/2015	Regulatory Update/Common Operational Defects & F/S Effects	McGladrey Pullen	1
5/12/2015	ESOP Overview	AICPA	1
6/1/2015	Government Nonprofit A&A Conf.	KSCPA	15
6/1/2015	Government Nonprofit A&A Conf.	KSCPA	1
6/10/2015	2015 OMB Compliance Supplement and Single Audit	AICPA	2
6/19/2015	Single Audit Planning, SSARS 21 and Excel	BT&Co	2
6/19/2015	Single Audit Planning, SSARS 21 and Excel	BT&Co	2
7/15/2015	GASB 68 Accounting & Financial Reporting for Pensions Workshop	KPMG	2
7/28/2015	Reviewing an ESOP Valuation	AICPA	1
9/23/2015	Ethics	KSCPA	2
11/5/2015	Annual Governmental GAAP Update	GFOA	4
12/1/2015	Independence Update 2015	McGladrey Pullen	1
12/15/2015	Audit Year End Alert - 2015	McGladrey Pullen	1
12/15/2015	Audit Year End Alert - 2015	McGladrey Pullen	1
1/8/2016	Planning, Single Audit & Government Refresher	BTC	5
4/25/2016	2016 McGladrey Alliance Financial Statistics Survey	McGladrey Pullen	1
5/19/2016	Audits of Employee Benefit Plans Update - 2016	McGladrey Pullen	2
6/6/2016	Gov. NP A&A Conference	KSCPA	6
6/6/2016	Gov. NP A&A Conference	KSCPA	2
6/9/2016	OMB 2016 Supplement	AICPA	2
6/24/2016	2016 GAQC Annual Update Webcast	AICPA	2
6/28/2016	EBP - Considerations of Laws and Regulations	McGladrey Pullen	0.5
6/28/2016	EBP - Considerations of Laws and Regulations	McGladrey Pullen	1.5
7/8/2016	Accounting for Leases - Current Standards of ASC 840	McGladrey Pullen	2
8/8/2016	AICPA Governmental A&A Update Conference Online	AICPA	14
8/8/2016	AICPA Governmental A&A Update Conference Online	AICPA	1.5
8/8/2016	AICPA Governmental A&A Update Conference Online	AICPA	1

208.5

CONTINUING PROFESSIONAL EDUCATION
KAREN LINN
2013 THROUGH 2016

DATE	COURSE	SPONSOR	HOURS
1/25/2013	EBP Fair Value Disclosures Live Forum	AICPA	2
2/6/2013	An Overview of the New GASB Pension Accting. Standards	AICPA	2
4/25/2013	Audits of Employee Benefit Plans	McGladrey Pullen	2.5
4/25/2013	Audits of Employee Benefit Plans	McGladrey Pullen	0.5
4/30/2013	GAQC 2013 Required Annual Webcast Update	AICPA	2
6/5/2013	Gov & NFP A&A Conference	KSCPA	7.5
6/10/2013	Giving Performance Feedback	McGladrey Pullen	1.5
6/10/2013	Effective Goal Setting	McGladrey Pullen	1
6/11/2013	Coaching to Develop Others	McGladrey Pullen	1.5
6/13/2013	Getting More Done in Outlook	McGladrey Pullen	1
6/26/2013	Understanding & Imp. GASBs New Guid. On Def Out/Inflows in Res.	GFOA	2
7/11/2013	THRIVE - "T" Extend Your Team	McGladrey Pullen	1
8/8/2013	THRIVE - "H" Find Their Hot Buttons	McGladrey Pullen	1
8/13/2013	New Substantive Testing Policies	McGladrey Pullen	2
9/13/2013	Women's Leadership Conference	KSCPA	3
9/25/2013	Ethics in Today's Business	KSCPA	2
10/10/2013	THRIVE - "I" Get In Sync	McGladrey Pullen	1
10/21/2013	Managing Partner Roundtable	McGladrey Pullen	9.5
10/21/2013	Managing Partner Roundtable	McGladrey Pullen	3
10/28/2013	Leases - The Proposed New Accting. Standards on Leases	McGladrey Pullen	2
11/7/2013	Annual GAAP Update	GFOA	4
12/12/2013	Audit Year-End Alert Update	McGladrey Pullen	1
12/12/2013	Audit Year-End Alert Update	McGladrey Pullen	1
12/17/2013	Annual Year End Internal CPE	BT&Co	6
12/17/2013	Annual Year End Internal CPE	BT&Co	1
12/21/2013	Ethics: Evolving Risk Landscape/Impact on Audit Opinion	KSCPA	2
1/30/2014	SOAR to Strategic Excellence Corp. Body Scan Training Session	SOAR to Strategic Excellence	16
2/21/2014	EBPAQC: Designated Partner 2014 Audit Planning	AICPA	2
4/30/2014	Audits of Employee Benefit Plans	McGladrey Pullen	1
4/30/2014	Audits of Employee Benefit Plans	McGladrey Pullen	0.5
4/30/2014	Audits of Employee Benefit Plans	McGladrey Pullen	1.5
4/29/2014	2014 GAQC Update Required Webcast	AICPA	2
5/14/2014	2014 Financial Statistics Survey Presentation	McGladrey Pullen	1
6/9/2014	Government NFP Conference	KSCPA	10
6/10/2014	Government NFP Conference - Ethics	KSCPA	2
6/23/2014	McGladrey Alliance Form General Sessions	McGladrey Pullen	9

6/24/2014	McGladrey Alliance Forum Managing Partner Session	McGladrey Pullen	3.5
6/24/2014	McGladrey Partner Roundtable Central	McGladrey Pullen	8.5
6/30/2014	It's All About Relationships . . . And Results!	KSCPA	7
8/25/2014	Implementing the New GASB Pension Standards	KPMG	3.5
9/24/2014	Ethics in Accounting	KSCPA	2
11/6/2014	Annual GAAP Update	GFOA	4
12/16/2014	Audit Year-End Alert Update - 2014	McGladrey Pullen	1
12/16/2014	Audit Year-End Alert Update - 2014	McGladrey Pullen	1
12/31/2014	ActionCOACH 2014	ActionCOACH	40
1/9/2015	Audit Planning, KMAG Update, Peer Review Update	Berberich Trahan	3
1/21/2015	EBPAQC Designated Partner 2015 Audit Planning	AICPA	2
4/28/2015	GAQC Annual Update	AICPA	2
4/30/2015	Audits of Employee Benefit Plans - 2015	McGladrey Pullen	3
5/5/2015	Managing Partner Roundtable - Central	McGladrey Pullen	10
5/5/2015	Managing Partner Roundtable - Central	McGladrey Pullen	2
6/19/2015	Single Audit Planning, SSARS 21 and Excel	BT&Co	2
6/19/2015	Single Audit Planning, SSARS 21 and Excel	BT&Co	1
6/25/2015	SSARS 21 - Reviews, Compilations & Preparations	McGladrey Pullen	2
7/15/2015	Leadership with Rich Drinon	KSCPA	1
7/15/2015	GASB 68 Accounting & Financial Reporting for Pensions Workshop	KPMG	2
10/22/2015	Fall Managing Partner Roundtable - Central	McGladrey Pullen	11
10/22/2015	Fall Managing Partner Roundtable - Central	McGladrey Pullen	2
11/3/2015	Ethics for Kansas CPA's	PASS Online	2
11/5/2015	Annual Governmental GAAP Update	GFOA	4
12/1/2015	Independence Update - 2015	McGladrey Pullen	1
12/28/2015	Forensic Accounting: Fraudulent Reporting & Concealed Assets	AICPA	7
12/30/2015	GASB Stmt. No. 68 Audit and Accounting Workshop	AICPA	7.5
12/31/2015	ActionCOACH 2015	ActionCOACH	62
1/5/2016	Nonprofit-Public Sector Conference	McGladrey Pullen	1
1/5/2016	Nonprofit-Public Sector Conference	McGladrey Pullen	0.5
1/5/2016	Nonprofit-Public Sector Conference	McGladrey Pullen	5.5
1/5/2016	A&A Breakouts	McGladrey Pullen	0.5
1/5/2016	A&A Breakouts	McGladrey Pullen	7.5
1/5/2016	A&A Breakouts	McGladrey Pullen	1
1/8/2016	Planning, Single Audit and Government Refresher	Berberich Trahan	4
1/22/2016	EBPAQC Designated Partner 2016 Audit Planning	AICPA	2
1/27/2016	2015 Kansas Legislative Changes and Enactments	KSCPA	1
4/19/2016	2016 GAQC Annual Update Webcast	AICPA	2
4/25/2016	2016 McGladrey Alliance Financial Statistics Survey	McGladrey Pullen	1
5/12/2016	Spring Managing Partner Roundtable	McGladrey Pullen	10.5
5/12/2016	Spring Managing Partner Roundtable	McGladrey Pullen	1.5
6/6/2016	Governmental Nonprofit Accounting & Auditing Conference	KSCPA	6
6/6/2016	Governmental Nonprofit Accounting & Auditing Conference	KSCPA	2
6/9/2016	OMB 2016 Supplement	AICPA	2
6/16/2016	Audits of Employee Benefit Plans Update- 2016	McGladrey Pullen	2
11/3/2016	Annual Governmental GAAP Update	GFOA	4
12/8/2016	Audit Year-End Alert - 2016	McGladrey Pullen	1
12/8/2016	Audit Year-End Alert - 2016	McGladrey Pullen	1
12/15/2016	HUD Update: For-Profit Entities Subject to the HUD Cons. Audit Guide	AICPA	2

CONTINUING PROFESSIONAL EDUCATION
EMILY SHELDON
2013 THROUGH 2016

DATE	COURSE	SPONSOR	HOURS
1/4/2013	Auditing 1	Berberich Trahan & Co.	5
1/21/2013	Tax for Non-Tax Professionals	McGladrey & Pullen	3
5/10/2013	Student Financial Aid-Basic	McGladrey & Pullen	2
5/13/2013	Protecting our Stakeholders: Ethics & Fin. Stewardship	CPA Crossings, LLC	2
5/17/2013	Planning and Completion and Basic Single Audit	Berberich Trahan & Co., P.A	3
5/30/2013	Adv. Accounting & Auditing: Getting Ready for the Summer Audit Season	AICPA	1
6/12/2013	Tax Accruals for the Audit	BT&Co.	1
6/13/2013	2013 OMB Compliance Supplement & the Latest Rev. to Circ. A-133	AICPA	2
8/13/2013	New Substantive Testing Policies	McGladrey & Pullen	2
9/11/2013	McGladrey Risk Assessment	McGladrey & Pullen	3
9/30/2013	Intro to NFP A&A Issues	McGladrey & Pullen	3
10/24/2013	Fraud in the Gov. & NFP Env.: What a Steal!	AICPA	12
10/25/2013	The Characteristics of an Auditor	KSCPA	2
11/21/2013	Adv. A&A for Non-Public Entities Q4	AICPA	2
12/5/2013	18th Annual Governmental GAAP Update	GFOA	4
12/17/2013	Annual Year End Internal CPE	BT&Co	6
12/17/2013	Annual Year End Internal CPE	BT&Co	2
3/12/2014	Don't be the Last to Know: Fraud Considerations . . .	AICPA	2
4/29/2014	2014 Required GAQC Annual Webcast	AICPA	2
6/9/2014	Governmental & NFP A&A Conference	KSCPA	14
6/9/2014	Governmental & NFP A&A Conference - Ethics	KSCPA	2
6/18/2014	2014 OMB Compl. Supp. & the Latest on Rev. to Cir. A-133	AICPA	2
11/14/2014	Just the Facts Jack! - How the New SSARS is Going to Chg Practice	KSCPA	1
12/9/2014	Advanced Governmental Accounting	GFOA	16
1/6/2015	Auditing I	BT&Co	4.2
4/28/2015	GAQC 2015 Annual Update	AICPA	2
6/1/2015	Government Nonprofit A&A Conf.	KSCPA	7
6/1/2015	Government Nonprofit A&A Conf.	KSCPA	1
6/10/2015	2015 OMB Compliance Supplement and Single Audit	AICPA	2
6/19/2015	Single Audit Planning, SSARS 21 and Excel	BT&Co	2
6/19/2015	Single Audit Planning, SSARS 21 and Excel	BT&Co	2
7/23/2015	"20 Up to 40" Leadership Program - Session 1	KSCPA	12.5

9/24/2015	"20 Up to 40" Leadership Program - Session 2	KSCPA	11
10/27/2015	"20 Up to 40" Leadership Program - Session 3	KSCPA	2
11/5/2015	Annual GAAP Update	GFOA	4
11/19/2015	Ethics for Kansas CPAs	McGladrey & Pullen	2
11/23/2015	Forensic Accting: Eng, Analytical & Inv Tech, Coll & Exam of Docs	AICPA	2.5
11/23/2015	Forensic Accting: Role; Scan, Schemes & AU-C 240, Written Reps	AICPA	2
11/24/2015	Nonprofit Accounting: Exchg Trans, Contributions & Agency Trans	AICPA	1
11/24/2015	Nonprofit Accounting: Financial Reporting	AICPA	1
11/24/2015	Nonprofit Accounting: Gains & Losses, Expenses & Reclassifications	AICPA	1
11/24/2015	Nonprofit Accounting: Investments & Split-Interest Agreements	AICPA	1
11/24/2015	Nonprofit Accounting: The NP Env. & GAAP, & Performance Meas.	AICPA	1
12/10/2015	Advanced Financial Reporting	GFOA	16
12/15/2015	Audit Year End Alert - 2015	McGladrey & Pullen	1
12/15/2015	Audit Year End Alert - 2015	McGladrey & Pullen	1
1/8/2016	Planning, Single Audit & Government Refresher	Berberich Trahan & Co., P.A	7
1/14/2016	"20 Up to 40" Leadership Program - Session 4	KSCPA	0
6/6/2016	Gov. NP A&A Conference	KSCPA	6
6/6/2016	Gov. NP A&A Conference	KSCPA	2
6/7/2016	"20 Up to 40" Leadership Program - Session 5	KSCPA	2
6/17/2016	Refining Your Leadership Philosophy and Style	KSCPA	1
6/17/2016	Recognizing and Relating to Four Behavioral Styles	KSCPA	1
6/24/2016	2016 GAQC Annual Update Webcast	AICPA	2
7/13/2016	Understanding the New Leases Standard	AICPA	1
8/11/2016	Compliance Audit Update - Advanced	McGladrey & Pullen	2
10/12/2016	Accounting for Leases - Current Standards of ASC 840	McGladrey & Pullen	2
10/17/2016	AICPA Government & NP Conference videocast	AICPA	4
10/17/2016	AICPA Government & NP Conference videocast	AICPA	11
10/20/2016	Inventory Observation	McGladrey & Pullen	1
10/27/2016	GASB's Fair Value: Audit and Accounting Issues	AICPA	2
11/3/2016	Annual GAAP Update	GFOA	4
11/28/2016	Giving Performance Feedback	McGladrey & Pullen	1.5

222.7



System Review Report

October 24, 2014

To the Directors of
Berberich Trahan & Co., P.A.
and the Peer Review Committee of the Kansas Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Berberich Trahan & Co., P.A. (the "Firm") in effect for the year ended June 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 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 Berberich Trahan & Co., P.A. in effect for the year ended June 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*. Berberich Trahan & Co., P.A. has received a peer review rating of *pass*.

Brown Smith Wallace, LLC

Brown Smith Wallace, LLC

City of Mission	Item Number:	3.
ACTION ITEM SUMMARY	Date:	September 27, 2017
Administration	From:	Laura Smith

Action items require a vote to recommend the item to full City Council for further action.

RE: Update on Implementation of Classification and Compensation Study Recommendations and Request for Additional Funding

RECOMMENDATION: Approve additional funding in the amount of \$23,016 to implement the market pay compression recommendations from the 2017 Classification and Compensation Study.

DETAILS: In March 2017, the City contracted with The Austin Peters Group (APG) to conduct a classification and compensation study. During a worksession earlier this summer, the Council heard initial findings from APG, and subsequently directed staff to develop an implementation plan for the study’s recommendations. The final report and implementation strategies and recommendations was adopted by the Council at the August 16, 2017 City Council meeting.

The final report and implementation recommendations were adopted by the Council at the August 16, 2017 City Council meeting. In addition to adopting an overall compensation philosophy, approving new salary ranges, and moving employees to the new range minimums, the most significant implementation step in the process was the one-time market compression pay adjustment.

Following Council’s final approval in August, I began working through the recommended changes for each individual employee. Based on the employee turnover which has occurred since the study was prepared in mid-June, it became obvious very quickly that it could be financially feasible to address the market compression issue more comprehensively than originally anticipated.

After fully costing out an alternative scenario, and discussing with the Mayor and the Leadership Team, I am respectfully requesting additional funding in the amount of \$23,016 to accomplish the one-time market compression adjustments. Taking the opportunity now to push employees further into the salary ranges not only provides a more immediate benefit for them, but helps to alleviate the need to continue to “catch-up” the City’s classification and compensation plan with the market.

The previous estimated impact on base wages on an annual basis was \$132,456, with an estimated annual impact on additional salary related benefits (FICA, KPERs, KPF, etc.) of \$53,367, bringing the total annual implementation amount to \$185,823. With the additional changes requested/recommended, the new annual total for implementation of the classification and compensation recommendations is approximately \$187,694, which can still be accomplished in both the 2017 and 2018 budgets.

Related Statute/City Ordinance:	
Line Item Code/Description:	
Available Budget:	

City of Mission	Item Number:	3.
ACTION ITEM SUMMARY	Date:	September 27, 2017
Administration	From:	Laura Smith

Action items require a vote to recommend the item to full City Council for further action.

The recommended changes to the implementation strategy and the anticipated impacts on various department and employees are outlined in the memo included in the packet.

CFAA CONSIDERATIONS/IMPACTS: The recommended total compensation strategy considers wages and benefits which support employees of all abilities and in all life stages.

Related Statute/City Ordinance:	
Line Item Code/Description:	
Available Budget:	



MEMORANDUM

Date: September 28, 2017
To: Mayor and City Council
From: Laura Smith, City Administrator
RE: Classification and Compensation Study Implementation Update and Request for Additional Funding

In March 2017, the City contracted with The Austin Peters Group (APG) to conduct a classification and compensation study. According to the study, Mission's overall salary and compensation structure competed, on average, at the 40th percentile of the market, meaning that out of 10 employers, 4 paid less than the City and 6 paid more. Following a worksession earlier this summer, the Council directed staff to develop an implementation plan for the study's recommendations which would move the City closer to the 60th percentile of the market.

The final report and implementation recommendations were adopted by the Council at the August 16, 2017 City Council meeting. In addition to adopting an overall compensation philosophy, approving new salary ranges, and moving employees to the new range minimums, the most significant implementation step in the process was the one-time market compression pay adjustment. Following Council's final approval in August, I began working through the recommended changes for each individual employee. Based on the employee turnover which has occurred since the study was prepared in mid-June, it became obvious very quickly that it could be financially feasible to address the market compression issue more comprehensively than originally anticipated.

After fully costing out an alternative scenario, and discussing with the Mayor and the Leadership Team, I am respectfully requesting additional funding in the amount of \$23,016 to accomplish the one-time market compression adjustments. Taking the opportunity now to push employees further into the salary ranges not only provides a more immediate benefit for them, but helps to alleviate the need to continue to "catch-up" the City's classification and compensation plan with the market.

Following adoption of the new salary ranges (effective September 1st) the first implementation step was to ensure all employees were being paid at the minimum of their proposed range. As of the September 22, 2017 implementation date, fourteen (14) employees received adjustments, with an estimated annual financial impact of \$29,121 to base wages. Of that total, the range minimum adjustments were distributed among the various departments as follows:



MEMORANDUM

Department	% of Total Budget	# Employees Impacted
Police	39.03%	4 of 27
Court	0%	0 of 3
Public Works	38.37%	6 of 10
Administration	0.38%	1 of 7
Community Development	3.55%	1 of 3
Parks & Recreation	18.67%	2 of 11

The next step in the implementation process is to fund market adjustments to existing salaries. The Council may recall that, overall, the City's current salaries lagged the market. In order to address this issue, the study recommended a one-time market pay compression adjustment where appropriate. The City Administrator and Assistant City Administrator worked with the consultant to estimate strategic adjustments based on a formula that considered an employee's tenure in the position, a targeted benchmark location within the range, and performance over the last three years.

The goal at implementation is to push employees as far toward the identified market target as is financially feasible, both in the short and long-term. When the study's initial recommendations were presented, a one-time market pay compression adjustment with an estimated annual cost of \$103,543.86 to base wages was recommended and approved. For an additional \$23,016, we could provide thirty (30) employees with a full market compression adjustment, and move another fourteen (14) employees closer to their market targets than originally anticipated. There are seventeen (17) employees who will receive no adjustment as a result of the study's recommendations.

Market adjustments were capped at 10%. The average market adjustment across all departments was 7%, and there were seventeen (17) employees whose adjustments were capped at 10%. All employees will be eligible for merit increases in connection with annual performances evaluations in October/November.



MEMORANDUM

Details of how the total annual base wage impacts are distributed by department are detailed in the table below:

Department	% of Total Budget	% Employees Impacted	# Employees Impacted
Police	59%	93%	25 of 27
Court	6%	100%	3 of 3
Public Works	8%	60%	6 of 10
Administration	7%	29%	2 of 7
Community Development	8%	67%	2 of 3
Parks & Recreation	12%	45%	6 of 11

The market compression adjustments impact a total of 44 of 61 (72%) of employees currently eligible for consideration. In addition to the allocation of dollars across departments, an overwhelming majority of the market compression adjustments are going to employees in the lower pay ranges. I know that ensuring these front-line, dedicated employees were a top priority in the implementation of the study recommendations was a Council goal. Total number of employees impacted by the market compression adjustments by pay grade are highlighted below:

Pay Grade	# Employees Receiving Market Adjustment	% Employees Receiving Market Adjustment
10 - 15	21	48%
16 - 20	11	25%
21 - 26	10	23%
27+	2	5%

As a precursor to bringing forward a request for additional funding, I reviewed the year to date performance of the General Fund. Revenues are strong, trending slightly ahead of budget, and expenses are also trending in a very positive direction. It is in large part due to the diligence of



MEMORANDUM

the Department Directors and their employees that our fiscal position is so strong, and I know they would join me in recommending that we take advantage of this position in the current fiscal year to advance the goals of the classification and compensation study. Similar to the recommendations brought forward in August, the additional funding is available in the 2017 budget and sustainable in the 2018 budget and beyond.

This additional consideration continues to recognize that a City's compensation philosophy is tied to many factors, including the current and future financial position, the size of the organization, the market competition, and the level of difficulty in finding and retaining qualified talent.

Next Steps

The implementation schedule approved in August anticipated employees would receive the one-time market compression adjustments with the October 6 payroll. That timeline has been delayed for two weeks in order for this recommendation for additional funding to be considered.

Following consideration of the request for additional funding, the next step will be the preparation of individual letters for each full-time employee describing the specific impacts of the study on their compensation. The steps would be implemented on the following timeline:

- October 22nd – Implement one-time market compression adjustments
- November 17th – Annual merit increases processed for employees

I know the employees continue to be appreciative of the time and attention the City Council is dedicating to this important issue. I will look forward to answering any additional questions you might have during the October 4 Finance & Administration Committee meeting.