



## **SPECIAL COUNCIL MEETING AGENDA**

**AFTON CITY COUNCIL CHAMBERS**

**3033 St. Croix Trail South**

**Monday, October 8, 2018**

**At 5:00 p.m.**

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF AGENDA – October 8, 2018 Special Council Meeting**
- 4. CITY COUNCIL BUSINESS**
  - A. Interviews of Auditing Firms for the Provision of Professional Auditing Services**
    - 1. Abdo Eick & Meyers LLP Proposal**
    - 2. Carlson SV CPAs & Advisors Proposal**
- 5. ADJOURN**

**A quorum of the City Council or Other Commissions may be present to receive information at, but not limited to, any of the following meetings: Planning Commission; the Public Works Committee; Parks Committee; Design Review and Heritage Preservation Commission; Lower St. Croix Cable Commission; LSCWMO; MSCWMO; I-94 Corridor Coalition and the 5-City Mayor's Alliance.**

City of Afton  
3033 St. Croix Trl, P.O. Box 219  
Afton, MN 55001

## Meeting Date Oct. 8, 2018

### Council Action Memo

To: Mayor Bend and Members of the City Council  
From: Ron Moorse, City Administrator  
Date: October 4, 2018  
Re: Interviews of Professional Auditing Services Firms

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#### Interview Process

In response to a Request for Proposals for Professional Auditing Services, proposals were received from Abdo, Eick and Meyers, and from CarlsonSV. The Council has received electronic copies of the proposals and the proposals have been posted on the City's website along with the meeting packet materials. The selection process includes an interview process to enable the Council to ask questions regarding the firms and their proposals. The Council will consider the formal selection of a firm at its October 16 regular meeting. Attached are a set of questions to guide the interview process. The order of the interviews is Abdo, Eick and Meyers at 5:00 p.m. and CarlsonSV at 6:00 p.m.

#### Evaluation and Selection Criteria

The following is an outline of criteria for evaluating the auditing firms and selecting a firm to provide professional auditing services. Each of the two firms has met the mandatory elements of the criteria.

##### A. Mandatory Elements

1. The audit firm is independent and licensed to practice in Minnesota
2. The firm has no conflict of interest with regard to any other work performed by the firm for the City
3. The firm adheres to the instructions in this RFP on preparing and submitting the proposal
4. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work

##### B. Technical Qualifications

1. Expertise and Experience
  - i. The firm's past experience and performance on comparable government engagements
  - ii. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation

## 2. Audit Approach

- i. Adequacy of a proposed staffing plan for various segments of the engagement
- ii. Adequacy of sampling techniques
- iii. Adequacy of analytical procedures

### C. Price

- i. The firms were asked to provide a cost for the audit for the years 2018, 2019 and 2020.
- ii. The firms were asked to provide a cost for a single audit, which is required for federal grant funding.
- iii. The firms were asked to provide a cost for advice and recommendations for meeting GAAP requirements for financial statements
- iv. The firms were asked to provide a cost for final report preparation, printing and publishing.

### D. Oral Presentations

During the evaluation process the City may, at its discretion, request any or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the City may have on a firm's proposal.

### E. Right to Reject Proposal

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Afton and the firm selected.

The City of Afton reserves the right without prejudice to reject any or all proposals.

### F. Final Selection

The City Council shall consider and authorize the appointment of an independent CPA firm judged to be in the best interests of the City for the auditing services requested. The final decision with respect to the appointment will be made by the City Council.

### **Council Action Requested:**

Motion regarding direction to staff in preparation for a selection decision at the October 16, 2018 Council meeting.

## Professional Audit Services Interview Questions

1. Please provide an overview of your firm and the values, philosophy, methods, processes, resources, etc. that enable you to make the audit process a high-value service for your clients.
2. Why do you think we should select your firm over one of the other firms that are involved in the audit proposal process? What makes your firm unique and/or better qualified than the other firms?
3. Please provide an outline of the audit process you use and its timing
  - a. What do you expect from the City?
4. What is most important for an effective and efficient audit process?
5. In regards to governmental audits, what are the big issues or difficulties you currently see happening? What about over the next three years?
6. In what manner would you communicate to the City weaknesses noted in the accounting and internal control systems?
7. When presenting an audit report to a City Council, in general, what message do you try to convey? In other words, what aspects of the audit and/or report are most important to cover?
8. How do you prevent surprises at the end of the year and in the audit report?
9. Will you provide training/procedural suggestions to help us prepare for the audit? Ex. Fixed Asset spreadsheet. Is this part of your service?
10. Do you provide advice and assistance related to the preparation of financial statements to ensure they conform to GAAP requirements? How and when would you do that?
11. Given the number of comparable city audits, does your firm have room in its schedule to perform fieldwork in late March or early April, and the presentation of the audit to Council in May or June?
12. Is the firm available for questions throughout the year, without being billed for reasonable requests? Please explain your billing policy on calls to you or your staff for consultation outside the audit timeframe.
13. Will there be any additional first-year transition costs?

14. Audit process details (if not addressed in the questions above)

- a. How many auditors do you expect to have on site and what are their titles (Partner, in-charge, staff auditors)?
  - i. How do you determine the relative amount of time necessary for the partner, supervisor and staff auditors?
  - ii. We prefer to work with the same staff from year to year, which we believe strengthens relationships and understanding between both parties. We understand accounting firms experience turnover and scheduling conflicts. Please comment on your plans for staffing Afton's audit. Do you rotate personnel? If so, how often?
- b. How long do you anticipate being on site?
- c. When would prep work start? What does it entail?
- d. Do you initiate contact with the city at various times during the year? What about the City sending minutes on a regular basis?
- e. Do you review financial information during the year? What specifically does that look like?
- f. Do you write the Management Discussion and Analysis (MD&A), provide a template for us to revise, or do we just write it using the data provided by you?

# Proposal for Auditing Services

## City of Afton

Afton, Minnesota

For the Year Ended  
December 31, 2018, 2019, 2020

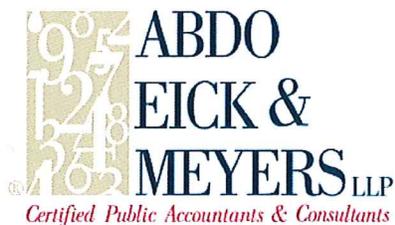
Submitted  
August 29, 2018

## ABDO, EICK & MEYERS, LLP

*Certified Public Accountants & Consultants*

Grandview Square  
5201 Eden Avenue, Suite 250  
Edina, Minnesota 55436  
952.835.9090

Contact Person  
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People  
+ Process  

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Going  
Beyond the  
Numbers

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August 29, 2018

Ron Moose, City Administrator  
City of Afton  
3033 St. Croix Trail  
P.O. Box 219  
Afton, Minnesota 55001

Dear Mr. Moose:

Thank you for the opportunity to submit this proposal to the City of Afton (the City) for audit services. I appreciate the opportunity to have discussed the proposal and learn more about the City. Based on our conversation and our experience with cities, I am confident that Abdo, Eick & Meyers, LLP (the Firm) would be a great fit, and we would develop a beneficial working relationship. The attached proposal will demonstrate to you that our firm will be a great service provider for your City.

Our success has been driven by utilizing staff that is experienced and well trained in governmental operations. The Firm recognizes that its most important product is prompt and effective service of the highest quality. The quality of our service allows us an opportunity to be an integral part of your finance team. We know that communication, expertise, education and audit approach are important factors in the City's relationship with an audit firm. We have addressed each factor as follows:

**Communication** - A component of our mission statement is a philosophy that we will assist clients in reaching their maximum potential by open communications and teamwork. This means we will do the following for you:

- Present a clear audit plan to you well before year end.
- Use of portal technology to share and collaborate documents.
- Provide an entrance / exit conference that not only addresses audit issues, but offers suggestions to make your work easier.
- Return phone calls and emails promptly.
- Respond to phone calls and routine questions without additional charge.

**Expertise and Experience of our Team** - We believe that our experience with government entities in Minnesota is greater than any other CPA firm.

- We audit over 200 units of government in the state of Minnesota.
- Our dedicated staff members devote 90 percent of their time to government services.
- In total, we spend over 64,000 hours annually serving governments similar to yours.

**Education and Resources** - The Firm is committed to providing a team environment that fosters growth and development through continuous training and learning. The following demonstrates our commitment to professional training:

- We have lead seminars for MnGFOA, MASBO, and several other trade groups that serve governments.
- We have a full-time Learning Director who mentors staff and ensures they receive customized training for governments. This position is staffed by a training professional and not an accountant designated as a trainer.
- We have assisted many cities in successfully preparing and applying for the GFOA's Certificate of Achievement for Excellence in Financial Reporting program.
- We provide client training seminars.
- The Firm continues to service and provide solutions for municipal finance through its AEM Financial Solutions division.
- The Firm also recently added AEM Workforce Solutions division in 2016 which provides payroll and human resource services to our clients.

**Audit Approach** - Our approach to an audit is heavily dependent on technology and communication.

- We have had a completely paperless audit process since 2003 for 100 percent of our clients.
- As mentioned above, we use portal technology to share documents. We are one of the first firms to implement this process just as we were one of the first firms to implement paperless auditing.

I look forward to discussing our proposal, and appreciate this opportunity to present our Firm for your consideration. This information is an irrevocable offer to perform audit services for the 90 day period from the date of this letter.

Sincerely,

Abdo, Eick & Meyers, LLP  
*Certified Public Accountants & Consultants*



Brad J. Falteysek, CPA  
Governmental Services Partner

# Welcome to ABDO, EICK & MEYERS, LLP

*“The investments into our People and Process make a difference for you, our valued client. We focus on the challenges and needs that are relevant to your business or government agency. This allows us to be thoughtful in our approach in providing you with the best solutions, and leaves you assured in the value of our deliverable.”*

Steve McDonald - Managing Partner



**People  
+ Process**<sup>®</sup>  
Going  
Beyond the  
Numbers

## People

### Hire

We focus recruiting efforts on Minnesota state colleges and universities. Innovative recruiting strategies, including a strong social media presence, allow us to attract top talent.

### Train

We've invested in a state-of-the-art, on-site training facility and a full-time Learning Director to ensure our team is prepared to exceed your expectations.

### Reward

We focus on client results and reward our team based on specific goals, not hours billed.



## Process

### Listen

Our process begins with listening. We invest time to better understand your goals and challenges.

### Engage

Active engagement with DFK International and domestic industry associations allows us to provide maximum value to your organization.

### Deliver

Combining our internal expertise and technological resources with what we've learned about you allows us to deliver a solution that exceeds your expectations.



Going Beyond the Numbers

## FIRM QUALIFICATIONS AND EXPERIENCE

Abdo, Eick & Meyers, LLP (the Firm) has a professional staff of more than 160 in its Edina and Mankato offices. The two offices serve clients of all sizes and industries, but 25 percent of our business is dedicated to serving the municipal industry. Our Firm's ability to serve you is evidenced by our significant governmental client base and the capabilities of our personnel. The following summarizes the type of governmental services we provide:

### Governmental Client Base

Our governmental client base is composed of cities, municipalities and other public entities. They are as follows:

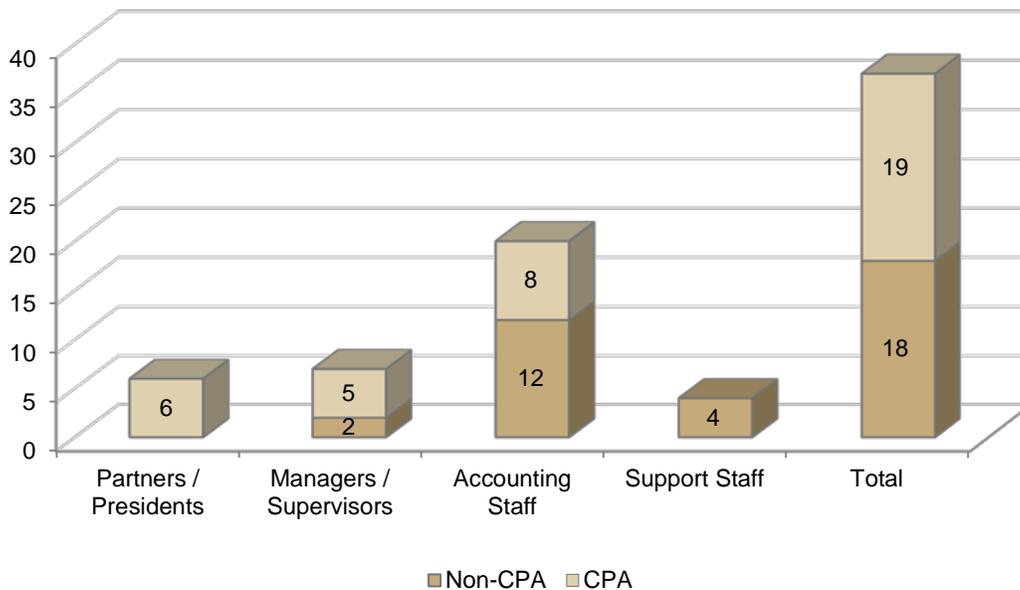
- Audit services for approximately 100 cities.
  - 19 municipal clients receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- Finance director services for approximately 18 cities.
  - 3 municipal clients receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- Audit services for approximately 65 fire relief organizations.
- Audit services for approximately 50 school districts and charter schools.
- Audit services for the State of Minnesota Public Employees Retirement Association, Office of the Legislative Auditor and the Minnesota House of Representatives.
- Audit services for EDA's and HRA's.

The audit will be performed by our Edina office, including field supervision and review.

Audit services are provided on an annual basis for a total of approximately 200 clients including cities, school districts, fire relief organizations, city owned utilities, the State of Minnesota Office of the Legislative Auditor, the Minnesota House of Representatives and stand-alone EDA's and HRA's.

### Personnel

Our firm has committed a substantial component of our staff to governmental services. The following table shows the number of our professional staff dedicated governmental services by position within the firm.



Our substantial governmental client base and commitment of staff to governmental services has provided our firm with the competence to serve you professionally and efficiently.

## LICENSED TO PRACTICE IN MINNESOTA

The Firm and its entire CPA staff hold licenses to practice in the state of Minnesota. All licenses are in good standing. The Firm and several of its owners are licensed in other states and also are in good standing. The Firm's CPA's are all members in good standing with the Minnesota Society of CPA's and the AICPA. Our professional staff and membership in professional associations indicates that the services we provide to your City will be of the highest quality.

## INDEPENDENCE

Our standards require that we be without bias with respect to your operations. The Firm is independent of the City of Afton (the City) and its component units, as defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting Offices' "Governmental Auditing Standards".

The Firm has not been engaged by the City or any of its agencies, component units or oversight units for the past five years. Because the Firm is required to follow GAO independence standards mentioned in the previous paragraph, any prior relationships would not constitute any conflicts of interest relative to performing the proposed audits. Also, the Firm shall give the City written notice of any relevant professional relationships entered into during the period of this agreement.

## SPECIFIC AUDIT APPROACH

We will audit the basic financial statements of the City for the year ended December 31 in accordance with the following standards:

- Auditing Standards Generally Accepted in the United States of America.
- *Government Auditing Standards*, issued by the Comptroller General of the United States.
- Uniform Guidance (Single Audit).

Our audit will be for the purpose of expressing an opinion on the basic financial statements, and will include such auditing procedures as considered necessary to accomplish this purpose. We will also provide an "in-relation-to" opinion on the combining and individual fund financial statements, any other supplemental information and statistical schedules. We anticipate issuing the following reports:

- Independent Auditor's Report on the basic financial statements.
- Auditor's Report on Legal Compliance pursuant to the *Minnesota Legal Compliance Audit Guide*.
- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance (*if applicable*).
- A summary of auditor's results and a Schedule of Findings and Questioned Costs, if any, required by the Uniform Guidance.

In addition, we will assist the City with preparation of the following if requested:

- All basic and fund financial statements required by GASB Statement No. 34
- Notes to the financial statements
- The following additional statements and schedules:
  - Combining and individual fund financial statements
  - Budgetary comparison schedules

## **SPECIFIC AUDIT APPROACH - CONTINUED**

In addition, we will deliver to the City with a management letter that will provide written appraisals of its accounting and related systems. This letter will identify any control deficiencies, significant control deficiencies or material weaknesses that are identified during the audit.

We will work with management before audit fieldwork and during the course of the audit to assess internal controls and review mitigating controls in place in an effort to reduce the control deficiencies, significant control deficiencies and material weaknesses that need to be reported to management in writing, assuming there are mitigating controls in place. The letter will also offer recommendations for the elimination of weaknesses that we identify. We will suggest any methods we discover to help improve efficiency and effectiveness. We will schedule an appearance with the City Council that allows an opportunity for us to present the audit and management letter.

This is an excellent time for the City to resolve any questions they have regarding our audit or management letter. As mentioned earlier, the value in hiring our Firm comes from not only the audit, but from our experience and the education we can provide. As questions or concerns arise throughout the year, we encourage the City staff to contact us and draw on our knowledge and experience.

Non-significant deficiencies discovered during the audit process will be reported in a separate letter to management and the City. Such deficiencies will be referred to in the report(s) on internal controls. This separate letter also informs the City Council of the following:

- The auditor's responsibility under auditing standards generally accepted in the United States of America.
- Significant accounting policies.
- Management judgments and accounting estimates.
- Significant audit adjustments.
- Other information in documents containing audited financial statements.
- Disagreements with management.
- Management consultation with other accountants.
- Major issues discussed with management prior to retention.
- Difficulties encountered in performing the audit.

### **Workpaper Retention**

All working papers and reports will be retained at the Firm's expense for a minimum of seven years, unless the Firm is notified in writing by the City of the need to extend the retention period. The Firm will be required to make working papers available, upon request, whether or not the Firm is engaged by the City, to the following parties or their designees:

- City of Afton.
- Minnesota Office of State Auditor.
- U.S. General Accounting Office (GAO).
- Parties designated by the federal or State governments or by the City as part of an audit quality review process.

### **Successor Auditors**

In addition, the Firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

## SPECIFIC AUDIT APPROACH - CONTINUED

### Level of Staff and Hours Assigned to Segment

Our approach to the audit of your City can be demonstrated by the level of staff assigned to each segment of the audit as well as our segmentation of the audit into the major steps to be performed.

Date/Segment	Hours				Total
	Partner / President	Manager / Supervisor	Accounting Staff	Support Staff	
December					
Preliminary fieldwork	4	8	12	1	25
March					
Fieldwork	8	15	30	3	56
April					
Report preparation/review	1	2	6	6	15
April					
Exit conference and draft discussion	-	1	-	-	1
March					
Presentation at City Council meeting	1	1	-	-	2
	<u>14</u>	<u>27</u>	<u>48</u>	<u>10</u>	<u>99</u>
Total hours					

### Fees

Our fees are determined based upon the hourly rates of the individuals to be assigned to complete the audit. Our fees are based on the City's staff assisting us whenever possible with audit schedules. We will provide a detailed audit plan and prepare a list of schedules upon proposal acceptance. We will schedule the audit for the 2018 financial statements as outlined in the RFP. The above table summarizes our proposed segmentation of the engagement.

We have not anticipated any additional hours for new audit or accounting standards. Accounting or audit standard changes may result in increased hours.

As mentioned above, the fee estimate is based on the assumption the City staff completes our detailed audit plan, which is provided prior to year-end.

# SEGMENTATION OF ENGAGEMENT

## Preliminary Fieldwork

Our goal in preliminary fieldwork is to gain a thorough understanding of your internal controls, processes and procedures. The completion of these elements allows us to minimize the fieldwork required to complete the audit. Our preliminary work focuses on planning and internal control documentation.

### Planning

We envision the following process during the planning phase:

1. Establish understanding of services to be performed.
2. Complete our client continuance procedures and address any independence issues.
3. Document our understanding of your entity and compile risks identified.
4. Document significant processes and activities.
5. Perform required fraud “brainstorming” with audit team.
6. Assess risk of material misstatement arising from errors or fraud at entity level.
7. Agree on timing and deliverables thru an entrance meeting.
8. Develop overall audit strategy.

### Internal Control Documentation

Our internal control documentation usually occurs prior to our arrival for fieldwork. Our documentation process will be as follows:

1. Gather or update documentation for significant processes defined in our preliminary fieldwork.
2. Perform a “walk-through” of these significant processes.
3. Ask “what can go wrong” questions.
4. Identify controls in place. This will include both preventative and detective controls.
5. Evaluate the design of internal controls.
6. Decide whether to test and rely on controls.

## Fieldwork

We assess risks, design procedures and obtain evidence to support financial statement amounts and disclosures during fieldwork. Our Firm utilizes a methodology designed for government units. Our process emphasizes continuous communication with your staff.

### Assess Risks and Design Procedures

As outlined in the risk based suite of audit standards (SAS 104 to 111), our Firm will use a risk-based approach to the audit. Our procedures to assess risks and design procedures are as follows:

1. Assess risk of material misstatement from errors or fraud based on internal controls combined with inherent risk of significant accounts.
2. Design procedures to test controls if considered necessary.
3. Design procedures to test details of account balances and classes of transactions based on risk.

### Perform Interim and Year-end Testing

1. Perform tests of controls if considered necessary.
2. Perform tests of details of account balances and classes of transactions.
3. Evaluate quality and sufficiency of audit evidence.
4. Evaluate misstatements.

## SEGMENTATION OF ENGAGEMENT - CONTINUED

### Preparation of Audit Report and Management Letter

After reviewing the financial statements, notes and required supplementary schedules, we will agree the data to our working papers and provide a thorough review of all information by using written Firm standards and checklists. We will also review and incorporate any statistical data. This will verify appropriate presentation and disclosure. We will also, at this time, prepare our management letter that identifies critical financial trends and recommendations for improvement, provides required communications to the City Council, and discusses changes in the environment in which government operates.

### Audit Completion

After the previous segments mentioned are complete, we will be ready to finalize the audit. During this stage we will complete the following procedures:

1. Complete subsequent events review procedures and review legal and representation letters.
2. Complete final overall analytical review procedures.
3. Communicate significant deficiencies and material weaknesses.
4. Conduct exit conference.
5. Issue an audit opinion.
6. Assemble audit documentation.

Our segmentation of the engagement provides for a logical and orderly sequence to achieve a thorough audit of the City's accounts.

### Analytical Procedures

Analytical procedures are defined in Statement on Auditing Standards No. 56, "Analytical Procedures" as evaluations of financial information made by a study of plausible relationships around both financial and non-financial data. They are required in the planning and final review stage, but our Firm encourages staff to use in substantive testing where possible. Our Firm management directs the use of analytical procedures as follows:

#### Planning

The objective for analytical procedures at this stage is to direct attention to likely misstatements. We use trend analysis to meet our objective in planning. Examples of trend analysis would be comparison to budget for funds that adopt a budget and/or comparison to prior year. We also may consider comparison among three to five years. Additional testing may result if the expectations established at the start of the trend analysis are not met.

#### Substantive Testing

The objective of analytical procedures at this stage is to support or refute financial statement account balances. We have found that analytical procedures are more efficient and can be more effective than tests of details. Depending on the make-up of the account, we will use trend analysis, ratio analysis and/or modeling.

#### Final Review

The objective is to review the reasonableness of financial statement account balances. We use trend analysis to meet our objectives. This trend analysis is completed on final audited amounts.

## SEGMENTATION OF ENGAGEMENT - CONTINUED

### Use of Technology to Conduct the Audit

The Firm has been paperless since 2003. In addition, we have purchased a trial balance and financial reporting software for producing financial statements that are directly linked to your trial balance, which we will download from your system at the start of the audit. Likewise, we expect to extract various other information from your accounting system and other various electronic spreadsheets that the City staff have prepared.

We use portal technology to share and collaborate documents. We are one of the first firms to implement this process just as we were one of the first firms to implement paperless auditing. Portal technology enables you to log into a secure server to access and upload documents. Here are the benefits of portal:

#### Security

- Files containing sensitive information no longer have to be emailed.
- You have a secure login.

#### Instant Delivery

- You no longer have to wait for deliverables to arrive via mail; as soon as the files are completed, they will be published to your portal site.
- You will be able upload any information to the portal site for immediate retrieval rather than sending via mail or email.
- You will have instant access to the portal site and download documents to your system.
- You will have access to documents all year.

### Approach to be Taken in Determining Laws and Regulations Subject to Audit Test Work

We are required to obtain an understanding of the possible financial statement effect of laws and regulations that have a direct and material effect on the determination of financial statement amounts. The determination of laws and regulations are addressed in the planning stage through reading available grant documentation, client inquiries, and a preliminary review of finance system accounts and search of the City Council minutes. We also have working knowledge of the types of laws and regulations Minnesota governments operate under. Further discussion is provided in the section Firm Qualifications and Experience. In addition, we obtain further information about federal laws and regulations through the *Catalog of Federal Domestic Assistance* (CFDA) and the U.S. Office of Management and Budget (OMB) Compliance Supplement.

### Approach to be Taken in Drawing Audit Samples for Purposes of Tests of Compliance

Since each program or grant agreement is different, we use a variety of statistical designs in our compliance testing. The size of the sample considers many program factors; size, maturity, complexity, level of oversight and prior audit findings. Ultimately, our professional judgment determines that a representative number of transactions have been selected. You can be confident in our judgment because only senior level (partner, president, manager and supervisor) staff makes decisions on planned compliance testing.

### Identification of Anticipated Potential Audit Problems

At this time, we do not anticipate any potential audit problems. If problems did arise, we carefully work with the City to resolve the matter.

## SEGMENTATION OF ENGAGEMENT - CONTINUED

### Additional Services

Our role extends beyond delivery of your audit report. We have experience in many other non-audit areas that can be useful to you, and that will help make us a solid reference source. Additional areas where we provide non-audit services are listed below: We can do the following for your City:

- Review TIF Reporting with the OSA and provided assistance implementing corrections based on our review.
- Complete debt studies to analyze outstanding bond issues and methods of repayment.
- Perform a calculation of the GASB 45 Other Postemployment Benefit (OPEB) liability under the alternative measurement method for organizations with fewer than 100 plan members.
- Provide monthly and quarterly accounting and computer services for general, municipal liquor store, and utility funds.
- Revise client monthly reporting procedures and pool various cash and investment accounts to maximize interest earnings.
- Review bond resolutions to determine the method of financing and tax levies required.
- Complete municipal utility rate study to determine rates needed to cover operating costs and provide for future expansion.
- Create long range financial plans.
- Evaluate and redesign systems to conform to grant accounting requirements.
- Conduct seminars on budget techniques and budget preparation.
- Organize a software demonstration day for clients to review various software products.
- The foregoing non-audit services make our Firm a powerful partner to you.

### Summary

The Firm can provide your City with the following:

- Extensive experience with cities and other local government agencies, auditing approximately 200 annually.
- Highly skilled staff that focuses on your needs and looks forward to providing assistance at every opportunity.
- Active partner/president/manager/supervisor participation in the audit process. We are on-site to resolve audit issues and answer questions our clients may have regarding reporting or any other issues.

In addition to the above, our Firm has assisted other cities in obtaining the Certificate of Achievement for Excellence in Financial Reporting for over 30 years. Our staff has extensive knowledge of data extraction, which provides efficiencies during the audit process. The Firm is on the cutting edge of technology to provide efficiencies and cost savings to our clients.

## **PARTNER AND STAFF QUALIFICATIONS AND EXPERIENCE**

The Firm is a member of the American Institute of Certified Public Accountants Division of Firms and has received an unmodified opinion on its Peer Review, a copy of which is attached to this proposal in Appendix B. Our Peer Review, which included governmental audits, was completed in 2017 and resulted in a pass rating.

The Firm has not had any federal or state desk reviews or field reviews of its audits in the last three years. We have had no disciplinary action taken or pending against the Firm during the past three years with state regulatory bodies or professional organizations.

The Firm is committed to a continuing professional education program, which emphasizes the areas of expertise of each member of our professional staff. The Firm is required to comply with *Government Auditing Standards* for each professional practicing in the area of governmental accounting and auditing. We are committed to follow those standards, which result in quality audit services, including continuing education for all staff of forty hours each year. As required by *Government Auditing Standards*, all governmental audit staff receives the required continuing education in the area of governmental auditing and accounting. These policies are monitored internally, reviewed annually and certified periodically by independent Peer Review.

We maintain library facilities which include current professional literature and specific information for the industries that we serve. The Firm library is also reviewed as part of the external quality review program. The Firm has in-house training programs specific to our governmental clients. We also perform auditing and accounting updates for our clients that are organized by our staff. These practices ensure the quality of our staff over the term of engagement.

Our staff participates in activities relating to government accounting and reporting issues through our membership and involvement with the following organizations:

- Minnesota Society of CPA's Governmental Accounting and Auditing Committee
- Minnesota Government Finance Officers Association
- Minnesota Municipal Clerks and Finance Officers Association
- Government Finance Officers Association (GFOA)
- Government Accounting Standards Board (GASB)
- League of Minnesota Cities
- Minnesota Association of School Business Officials (MASBO)
- Association of Minnesota Counties (AMC)
- Minnesota Association of County Officers (MACO)
- Minnesota Association of County Auditors/Treasurers/Finance Officers (MACATFO)
- Minnesota City/County Management Association (MCMA)
- Minnesota Association of Charter Schools (MACS)
- Minnesota Mayors Association (MMA)
- Minnesota National Association of Housing and Redevelopment Officials (NAHRO MN)

Through our participation in these organizations, and continuing education provided by them, the Firm continues to stay abreast of all current governmental accounting and reporting issues.

We recognize that our most important product is prompt and effective service. We believe the City should work with its CPA firm throughout the entire year. We are available at any time throughout the year to provide any assistance you may need.

Listed on the following pages are the staff members that may be assigned to your audit. As mentioned previously, our staff members have considerable governmental audit experience. This gives us a pool to draw on in addition to the group listed.

We believe Abdo, Eick & Meyers, LLP is an excellent choice as your City's auditors.



## Brad Falteysek, CPA

### Governmental Services Partner

Direct line 952.715.3004  
brad.falteysek@aemcpas.com

Mr. Falteysek joined the firm in 1998. He graduated Cum Laude from Winona State University, and worked for two years with the Minnesota Office of the Legislative Auditor's Office. He is registered and licensed to practice as a CPA in Minnesota. His work includes audit and accounting for many of the Firm's governmental clients including audits regulated under Uniform Guidance.

When not working, Brad enjoys spending time with his family and doing yard work.

#### Qualifications

- 20 years of experience auditing local governments in Minnesota
- Over 90 percent of billable time relates to governmental clients
- Experienced in municipal government Utility Rate Studies
- 2014 Minnesota Association of School Business Officials presenter on Contracting and Bidding
- Experienced in municipal government Long-term Financial Plans
- MSRB Municipal Advisor Qualified Representative (Series 50)

#### Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- Minnesota Society of Certified Public Accountants
- Minnesota Association of School Business Officials
- Minnesota Government Finance Officers Association

#### Education

- Graduated Cum Laude from Winona State University
  - Bachelor of Science in Accounting
  - Minor in Economics
- Continuing professional education as required by AICPA and Government Accountability Office



## Sam Magureanu

Samuel joined the firm in 2017 as a Senior Auditor after completing his degree from Biola University, La Mirada, CA. His previous experience includes four years of various auditing positions.

When not working, Samuel enjoys spending time with his family, traveling and playing guitar.

### Senior Accountant

Direct line 952.715.3012  
sam.magureanu@aemcpas.com

#### Qualifications

- 4 years of experience in audits for both private and public companies
- Works extensively with Microsoft Office (i.e. Excel) and has experience in other programs such as CaseWare Working Papers, IDEA and Quick Books.
- Over 90 percent of billable time relates to governmental clients

#### Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- Minnesota Society of Certified Public Accountants

#### Education

- Bachelor of Science in Accounting, Biola University, La Mirada, CA.
- Currently enrolled in a CPA review course with Becker.
- Continuing professional education as required by AICPA and Government Accountability Office.



## Kendra Perpich, CPA

Kendra joined the firm in 2017 as a Senior Accountant after completing her Accounting degree from North Dakota State University. She previously worked as an Auditor at a firm in Avon, Colorado.

When not working, Kendra enjoys spending time with friends and family, traveling, and being outdoors.

### Senior Accountant

Direct line 952.939.3216  
kendra.perpich@aemcpas.com

#### Qualifications

- Experience in governmental and non-profit audits.
- Over 90 percent of billable time relates to governmental clients

#### Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- Minnesota Society of Certified Public Accountants

#### Education

- Bachelor of Science in Accounting, North Dakota State University
  - Graduated Cum Laude
- Continuing professional education



## Tyler See

Tyler joined the firm in 2017 as an Audit Intern after completing his Accounting degree from Minnesota State University, Mankato. He was a government audit intern in the 2017 tax season.

When not working, Tyler enjoys working towards his Master's Degree in accounting and watching the Vikings. Some of his favorite pastimes include playing football, basketball and listening to classic rock.

### Accountant

Direct line: 952.939.3230  
tyler.see@aemcpas.com

#### Qualifications

- Experience in auditing local governments and charter schools
- Works extensively with Microsoft Word, Excel and accounting software's like Banyon and Quickbooks
- Over 90 percent of billable time relates to governmental clients

#### Education

- Bachelor of Science in Accounting, Minnesota State University, Mankato
  - Graduated Cum Laude
- Currently working towards a Master of Accounting, Minnesota State University, Mankato
- Continuing professional education

# Tia Johnson

Tia joined the firm in 2018 as an accountant after completing Accounting degree from the University of St. Thomas. She was a government intern for Abdo, Eick & Meyers in 2017.

When not working, Tia enjoys spending time outdoors with family and friends. Some of her favorite pastimes include watching the Packers, boating and fishing.

## Accountant

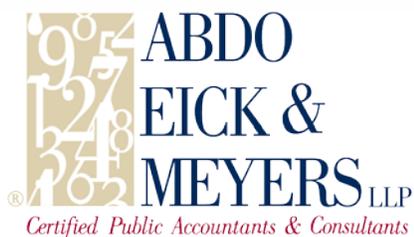
Direct line 952.939.3228  
tia.johnson@aemcpas.com

### Qualifications

- Experience in auditing local governments and charter schools
- Works extensively with Microsoft Word, Excel and accounting software's like Banyon
- Over 90 percent of billable time relates to governmental clients

### Education

- Bachelor of Science in Accounting, University of St Thomas
- Continuing professional education



People  
+ Process<sup>®</sup>  
Going  
Beyond the  
Numbers

## PARTNER AND STAFF QUALIFICATIONS AND EXPERIENCE - CONTINUED

Our pool of staff members who mainly serve governments are listed below:

### Managing Partner

Steve McDonald - 27 years of experience

### Audit Partners

Kyle Meyers - 36 years of experience  
Andrew Berg - 23 years of experience  
Tom Olinger - 23 years of experience  
Brad Falteysek - 20 years of experience

### Partner and President

Jean McGann - 26 years of experience

### Managers / Supervisor

Victoria Holthaus - 12 years of experience  
Erin Enstad - 7 years of experience  
Bonnie Schwieger - 6 years of experience  
Justin Nilson - 6 years of experience  
Layne Kockelman - 6 years of experience  
Zach Doud - 4 years of experience  
Gail Robertson - hired July 2018

### Accountants

Sam Magureanu - 5 years of experience  
Sheila Jungwirth - 4 years of experience  
Kendra Perpich - 4 years of experience  
Hannah Lynch - 3 years of experience  
Chad Hess - 3 years of experience  
Greta Pudas - 2 years of experience  
Liz Lindrud - 2 years of experience  
Kim Dauer - 2 years of experience  
Zach Valentin - 1 year of experience  
Zach Hecksel-Schauer - 1 year of experience  
Tyler See - hired January 2017  
Tia Johnson - hired January 2017  
Christine Awich - hired May 2017  
Miranda Wynkoop - hired September 2017  
Ashley Feldewerd - hired September 2017  
Cliff Crimmins - hired September 2017  
Yassine El Medkouri - hired October 2017  
Autumn Crary - hired March 2018  
Pa Thao - hired April 2018  
Jeff Hines - hired June 2018

## **SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES**

We have long-term relationships with many cities in Minnesota. Our clients listed below would be a good representation of audit clients, although any of our clients listed on the following pages could serve as a reference. All have partner, president, manager or supervisor staffing for the fieldwork process.

### **City of Chisago City**

Gail Wilson | 651-257-4162  
Audit year 2017 | 200 Hours  
Engagement partner - Brad Falteysek

### **City of Lindstrom**

Kay Mattson | 651-257-0807  
Audit year 2017 | 240 Hours  
Engagement partner - Andrew Berg

### **City of Belle Plaine**

Amy Jirik | 952-873-5553  
Audit year 2017 | 200 Hours  
Engagement partner - Brad Falteysek

### **City of Taylors Falls**

Adam Berklund | 651-465-5133  
Audit year 2017 | 90 Hours  
Engagement partner - Brad Falteysek

## SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES - CONTINUED

In addition to the valued clients listed on the previous page, we work with many governmental clients. Our client retention history has been excellent and several of the governments have been clients for more than 30 years.

### Cities

Albertville *	Landfall Village	Olivia #
Alexandria #	Lauderdale	Parkers Prairie
Amboy	LeSueur	Pine Island #
Arlington	Lexington #	Red Wing
Becker	Lindstrom #	Rockford
Belle Plaine	Long Lake	Rogers #
Blooming Prairie	Loretto	Savage*
Buffalo Lake	Louisville Township	Shakopee*
Byron	Luverne * #	Shorewood *
Cannon Falls	Madison Lake	South Bend Township
Carver	Mankato *	Spring Grove
Centerville	Maple Plain	Spring Lake Township
Chisago City	Mapleton #	Springfield
Claremont	Marshall #	St. Francis * #
Corcoran	Mayer	Stillwater Township
Credit River Township	Medford #	Taylors Falls
East Bethel	Medina	Tracy
Excelsior	Melrose	Vadnais Heights *
Fairmont * #	Minnetonka Beach	Vermillion
Gaylord	Montgomery	Victoria *
Glenwood #	Montrose	Wabasha
Granite Falls #	Morristown	Watertown
Greenfield	Mound * #	Waterville
Hamburg	Nerstrand	Waseca*
Ham Lake *	New Auburn	Wayzata #
Harmony	New Hope *	Wells #
Henderson	New Market Township	Westbrook
Hilltop	New Prague	West St. Paul*
Hutchinson * #	New Richland	White Bear Lake *
Independence	Nicollet	Wilder
Inver Grove Heights *	New Ulm	Willernie
Isanti #	Northfield * #	Windemere Township
Janesville	North Mankato *	Winnebago
Jordan	North Oaks	Woodland
La Salle	Norwood Young America	Zimmerman

\* Firm clients who submit a CAFR, and are holders of the GFOA Certificate of Achievement of Excellence in Financial Reporting

# Liquor store included

^ Includes Gambling Fund Audit

## SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES - CONTINUED

### School Districts

ISD #118, Northland Community School	EdVisions Off-Campus High School	Parents Allied with Teachers Charter School
ISD #177, Windom Area School	Green Isle Community Charter School	River Bend Education District
ISD #252, Cannon Falls	Great River Charter School	River's Edge Academy
ISD #282, St. Anthony*	Hennepin Elementary School	SAGE Academy Charter School
ISD #2144, Chisago Lakes	Kato Public Charter School	Sejong Academy
ISD #2365, GFW Public School	Lafayette Charter School	Southside Family Charter School
ISD #2895, Jackson County Central	Lake Crystal Wellcome Memorial	Southeast Service Co-op
ISD #2897 Redwood Area School	Level Up Academy	St. Cloud Math & Science Academy
ISD #345 New London - Spicer Schools	Metro ECSU	STRIDE Academy
ISD #391, Cleveland	Metropolitan Education for Future Employment	Technical Academies of Minnesota
ISD #507 Nicollet Public Schools	Minnesota New Country School	TRIO Wolf Creek Charter School
ISD #508, St. Peter	Minnesota Valley Education District	Twin Cities German Immersion Charter School
ISD #836, Butterfield-Odin Public School	Nasha Shkola Charter School	Upper Mississippi Academy
ISD #2397, Le Sueur – Henderson Public Schools	Northeast College Prep Charter School	Watershed High School
Avalon Charter School	Northern Lights Community School #146	Waterville Elysian Morristown School
Academic Arts Charter School	North Metro Flex Academy	Vermilion Country School
Arcadia Charter School	Odyssey Academy	
Cedar Riverside Charter School		

### Fire Relief

Albertville	Hopkins	Plymouth
Amboy	Inver Grove Heights	Prior Lake
Anoka/Champlin	Kasota	Randolph
Arlington	Kenyon	Red Wing
Belle Plaine	Linwood	Rockford
Blooming Prairie	Lindstrom ^	Shakopee
Cannon Falls	Long Lake	South Bend Township
Carver	Loretto	Springfield
Chisago ^	Madison Lake	St. Francis
Claremont	Mahtowa	St. Paul Park
Dayton	Mapleton	St. Peter
Delavan	Melrose	Tracy
Easton	Minnetonka	Vadnais Heights ^
Edina	Montgomery	Vernon Center ^
Elk River	Montrose	Victoria
Elysian	New Prague	Wanamingo
Excelsior	New Richland	Waseca
Fairmont ^	New Ulm	Watertown
Forest Lake	Nerstrand	Waterville
Good Thunder^	North Mankato	Wells
Hartland	Northfield ^	West Metro Fire District^
Henderson ^	Olivia	Wyoming
		Zumbro Falls

## SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES - CONTINUED

### Minnesota Electric Utilities

Alexandria	LeSueur	New Ulm
Blooming Prairie	Luverne	Olivia
Elk River	Melrose	Springfield
Fairmont	Mountain Lake	Wells
Granite Falls	New Prague	Westbrook
Janesville		

### Other Governmental Units

Albert Lea HRA	HRA of Stearns County	North Suburban Communications Commission
Benson HRA	Hutchinson HRA	Office of the Legislative Auditor
Big Stone County	Joint Powers Water Board of Albertville, Hanover & St. Michael	Prior Lake-Spring Lake Watershed District
Blooming Prairie EDA	Lake Mtka Communications Commission	Redwood Falls HRA
Blue Earth County EDA	Lake Mtka Conservation District	Region Nine Development Comm.
Brown's Creek Watershed District	Lake Washington Sanitary District	Renville County HRA/EDA
Carver County CDA	Lakes Area Police	Scott County CDA
Chisago County HRA-EDA	Lakeville Arenas	South Central MN Multi County HRA
Chisago Lakes Joint Sewage Treatment Commission	Legislative Coordinating Commission	South Central EMS
Comfort Lake - Forest Lake Watershed District	Lincoln Pipestone Rural Water	South Metro Fire Department
Dakota Communication Center	Mankato EDA	South Washington Watershed District
Excelsior Fire District	Mill Town Trail Joint Powers Board	St. Michael - Albertville Ice Arena
Faribault County HRA	Minnesota House of Representatives	Suburban Rate Authority
Gaylord EDA	Minnesota State Senate	Tri City Joint Sewer Board
Le Sueur County HRA	New Ulm EDA	West Hennepin Public Safety Dept.
HRA of Hibbing	Northwest Suburb Cable Commission	Yellow Medicine County

\* Firm clients who submit a CAFR, and are holders of the GFOA Certificate of Achievement of Excellence in Financial Reporting

# Liquor store included

^ Includes Gambling Fund Audit

## **SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES - CONTINUED**

### **What our clients say about us**

*Abdo, Eick & Meyers have been valued service providers and a fantastic resource to the City of Red Wing over the past 10 years. City leadership views Abdo, Eick & Meyers not only as our auditors but as trusted and capable financial advisors and educators. They are staffed with experienced personnel who provide consistent, timely, and excellent service.*

*They have been instrumental in improving the City's external financial reporting and assisting us in being awarded the GFOA's Certificate of Excellence in Financial Reporting. The entire team at Abdo, Eick & Meyers have been an integral part of our success at the City of Red Wing.*

**~ City of Red Wing - Marshall Hallock, Finance Director**

*All of the auditors are very knowledgeable and thorough in their work. They are pleasant individuals that are a pleasure to work with. When they question you on a particular entry or situation, they are not critical or negative but very positive and truly want to know the District's reasoning behind what occurred with a particular entry or situation. If something needs correction, they review the corrective action with you and the reasons behind those actions.*

*I feel very comfortable calling them with questions throughout the year, not just at audit time. I appreciate their willingness to offer good suggestions and resolutions to situations that occur. I feel like I have additional staff that I can consult with at any time on certain accounting situations.*

*They helped me immensely this past year with some additional assistance in the preparation of the audit since there was some staff turnover in the office in several key positions.*

*The email communication from the auditors is exceptional. They don't require hours of my time during the audit. They work with each office staff member in their particular area to get the information that they need to perform the testing for the audit. They understand that we all have our routine daily duties to perform and their requests for information are minimal.*

*They have an excellent staff that gets the draft and final audit information out to the District. Their portal makes this a seamless process.*

*I would strongly recommend the auditors of Abdo, Eick & Meyer to anyone that is seeking a strong audit team.*

**~ Chisago Lakes Area Schools, ISD #2144 - Heide Miller, Director of Business Services**

*The audit staff has significant experience in governmental audits. We receive information in advance about new reporting requirements as well as information and training to assist us in meeting the continual changes that seem to come our way. As a smaller city we feel Abdo Eick and Meyers provides us with the "expert" resources when infrequent or unusual situations arise. The audit staff is well trained and easy to talk to. The office staff is exceptionally well organized and helpful. Everyone exhibits a "can do" attitude when coordinating the completion and presentation of the yearend audit. Generally when we have a question and call in for advice we receive a response within a reasonable period of time. The City Council appreciates the time the lead auditor spends reviewing the financial statement and answering questions in "plain English."*

**~ City of Luverne - Barb Berghorst, Finance Director**

## **SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES - CONTINUED**

### **What our clients say about us - continued**

*Since mid-December 2008, when the New Hope finance manager position was vacated, the firm of Abdo, Eick & Meyers (AEM) has assisted the City Council, city manager, department heads and other staff with the financial functions of the City. AEM helped prepare information to get both the 2007 and 2008 audits completed and are in the process of preparing financial information for the 2009 audit (audits are completed by MMKR). Our representatives from AEM have provided history and details on a variety of city funds, helping to educate both the City Council and staff.*

*AEM has provided recommendations on investment decisions and completed an updated investment policy for the City. Besides preparing the routine monthly department budget reports, AEM also has prepared quarterly budget and investment reports which are provided to the City Council to keep them apprised of the City's financial position.*

*In 2009, AEM assisted with the implementation of a totally revised budget format to make the document more clear to the City Council and public, including the addition of performance measures and goals. AEM has worked closely with the finance department staff and city department heads, has studied and streamlined many of the functions in the finance area so operations are more efficient, and has assisted with the implementation of new methods to address areas noted for improvement in the annual audits.*

*Our experience working with AEM staff, Steve McDonald and Kristi Brutlag, has been very positive. They have consistently maintained a calm, professional, and positive attitude. They understand our staff and work within our existing resources. The communication and responsiveness of Steve and Kristi has been excellent. I realize that they have many other clients to deal with, but are usually very prompt on responding to requests for information. I also know that I can discuss any issues with them directly and honestly.*

*The only other comments I would offer is that the AEM staff we have worked with have helped to expand the City Council's and staff's understanding of the financial workings of the City, they have made some good recommendations on budget issues, they have helped simplify some complex issues and, as an outside consultant, have offered a fresh look at how the City operates financially.*

**~ City of New Hope - Kirk McDonald, City Manager**

*Inver Grove Heights switched to Abdo, Eick & Meyers for our auditing services in 2014 and we have been very pleased with the results for several reasons. First of all, we have found them to be well planned which made the audit process run smoothly. Secondly, the audit staff were experienced to governmental accounting and asked knowledgeable questions. Third, we were pleased with the amount of fieldwork completed on site with limited follow up required. Finally, we were happy to get new ideas for improvements to audit work papers and preparation. Abdo, Eick & Meyers has exceeded our expectations and provided value to the audit process.*

**~ City of Inver Grove Heights - Kristi Smith, Finance Director**

*Abdo not only provides the services needed to assure compliance with the required reporting requirements but also have assisted in explaining the audit to me. I can then use the audit as a teaching tool for the City Council so they can understand the financial affairs of the City. The staff at Abdo is always very courteous and helpful. They take the time to explain the accounting principles and to answer questions the City has about entries into our fund accounting. They are always very prompt with a response and offer any suggestions to questions. Whenever I have had to contact Abdo I find the staff to be very helpful in answering my questions. They help me to gain further knowledge about the accounting and finances of the City which helps me to be a better Administrator.*

**~ City of Mayer - Luayn Murphy, City Administrator**

## **SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES - CONTINUED**

### **What our clients say about us - continued**

*Abdo Eick and Meyers have been trusted with our annual audit for over 10 years. They are approachable, easy to talk with and help keep us on track to meet deadlines. During our pre-audit meetings they assist in outlining timelines to ensure we meet Board deadlines and State reporting requirements. This is done by open communication throughout the audit process so we always know what stage the report is in. Upon completion of their on-site work communication has been excellent as we discuss any open items, establish expectations for completion of those items and determine when a draft will be available for review. Abdo has done an exceptional job of establishing, meeting and exceeding expectations.*

**~ Cannon Falls Schools, ISD #252 - Josh Davisson, Business Manager**

*Abdo Eick and Meyers have been our auditor for four years now and each year they have conducted fieldwork in mid to late August. This past year, we requested to move the fieldwork date back two months. They were very accommodating and assured us their work could be completed in time to meet the deadlines. I appreciate they established, communicated, and stuck to the timelines for fieldwork, drafting the financial statements, and allowing us enough time to review. Our reports were submitted on time and presented to the board as scheduled.*

*Our board really appreciated the manner in which they presented the audit, making it understandable for the board and the public. They were precise and to the point.*

*It has been a professional pleasure working with Brad Falteysek and his team.*

**~ Northland Community School, ISD #118 - Dean Johnson, Former Business Manager**

# Appendix A

# PROPOSER GUARANTEES AND WARRANTIES

## Proposer Guarantees

1. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in the Specific Audit Approach section.

## Proposer Warranties

1. Proposer warrants that it is willing and able to comply with State of Minnesota laws with respect to foreign (non-State of Minnesota) corporations.
2. Proposer warrants that it is willing and able to obtain an "errors and omissions" insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
3. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Afton located in Afton, Minnesota.
4. Proposer warrants that all information provided in this proposal is true and accurate.

Signature of Official:  \_\_\_\_\_

Name (typed): Brad J. Falteysek, CPA

Title: Governmental Services Partner

Firm: Abdo, Eick & Meyers, LLP

Date: August 29, 2018

# Appendix B



CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

## REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

January 30, 2018

To the Partners of  
Abdo, Eick and Meyers, LLP  
and the Peer Review Committee of the Minnesota Society  
of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Abdo, Eick & Meyers, LLP (the firm) in effect for the year ended May 31, 2017. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### **Firm's Responsibility**

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### **Peer Reviewer's Responsibility**

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.

### **Required Selections and Considerations**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA and an examination of a SOC 2 service organization.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### **Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Abdo, Eick & Meyers, LLP in effect for the year ended May 31, 2017, 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*. Abdo, Eick & Meyers, LLP has received a peer review rating of *pass*.

A handwritten signature in black ink that reads "Brady Martz". The signature is written in a cursive, flowing style.

Brady Martz and Associates, P.C.

# Appendix C

# SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

City of Afton  
Afton, Minnesota  
Fees and Expenses for the Audit of the  
December 31, 2018 Financial Statements

<b>Base Bid</b>				
	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partner / President	14	\$ 350	\$ 280	\$ 3,920
Manager / Supervisor	27	200	180	4,860
Accounting Staff	48	135	122	5,856
Support Staff	10	95	95	950
Subtotal	99			15,586
Total all-inclusive maximum price for the audit (2018)				\$ 15,586 *
Total all-inclusive maximum price for the audit (2019)				\$ 16,000
Total all-inclusive maximum price for the audit (2020)				\$ 16,400
<b>Other / Optional Fees</b>				
Single Audit Fees				
2017 audit of federal expenditures <sup>(1)</sup>				\$ 7,000
2018 audit of federal expenditures (if applicable)				\$ 4,500
Alternative for advice and recommendations for meeting GAAP requirements for financial statements and related assistance				\$165 per hour
Alternative for final report preparation printing and publishing - anticipated annual (on-going ) fee				\$ 3,500

(1) - additional amount for 2017 due to not performing the financial statement audit.

*\* The fee estimate above assumes that the City completes our audit plan provided upon proposal acceptance. If the plan is not completed, additional charges may be billed at our standard hourly rates. We will review the status of the plan when fieldwork begins and communicate any anticipated additional fees at that time.*



## CITY OF AFTON

Afton, Minnesota  
 Proposal for Professional Audit Services  
 For the Years Ending  
 December 31, 2018, 2019, and 2020  
 Proposal Date: August 27, 2018

Contact: Dean Birkeland  
 deanb@carlsonsv.com  
 2450 College Way  
 Fergus Falls, MN 56537  
 218-739-3267

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TRANSMITTAL LETTER

August 27, 2018

Ron Moorse  
City Administrator  
3033 St. Croix Trail  
Afton, MN 55001

Thank you for giving us the opportunity to submit this proposal to provide independent professional auditing services for the City of Afton, Minnesota for the years ending December 31, 2018, 2019, and 2020 with an option of performing an audit for the subsequent years of 2021, 2022, and 2023.. This proposal outlines our understanding of the requirements to perform the audits, our qualifications to meet the requirements, additional services we offer, general information about our firm, references and the compensatory working arrangement between our firm and your City. This proposal is a firm and irrevocable offer for sixty days.

Because of our extensive local government experience, our Minnesota and Wisconsin office locations, our ability to recruit and retain highly qualified staff, efficient audit procedures, and industry training, we are able to provide high quality services at reasonable rates.

If you have any questions, please feel free to contact me. We look forward to working with you, your staff, and City Council.

Sincerely,

Dean A. Birkeland, CPA  
Partner  
218.739.3267  
[deanb@carlsonsv.com](mailto:deanb@carlsonsv.com)  
2450 College Way  
Fergus Falls, MN 56537



# Our Organization

## ABOUT CARLSONSV

There are certain features of CarlsonSV which make us particularly qualified to serve as the independent certified public accountants and consultants for your City.

### CarlsonSV LLP

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Locations	8

#### ➤ EXPERIENCE

The Firm is highly regarded in the governmental industry as we have been auditing governmental entities for over 40 years. Our professional staff has a wealth of knowledge, as a majority of our staff have spent their entire careers in the public accounting industry. They receive extensive training in governmental accounting and auditing and the industry as a whole.

#### ➤ EXPERTISE

Our staff strives to remain on the leading edge of research and to understand the clients' business and operations. We value the continuing professional education we receive, and view this as an opportunity to enrich our experience and expertise needed to service you properly and timely. Our clients benefit from our staffs' up-to-date auditing knowledge of the industry, our understanding of the big picture and the immediate and personal access they have to our partners, governmental information, and our extensive professional research library.

#### ➤ SPECIALIZATION

We specialize in the area of governmental audits. We have approximately 10 full-time governmental audit staff. We specialize in governmental reporting as required by GASB 34, GASB 67 and 68 pension reporting, and U.S. Office of Management and Budget Uniform Guidance: Cost Principles, Audit, and Administrative Requirements for Federal Awards, Subpart F – Audit Requirements (Uniform Guidance). These services are performed on an annual basis.

Serving over 30 governmental entities and 80 nonprofits in the Mid-West

Minnesota

Wisconsin



#### ➤ STABILITY

Since inception, the firm has experienced revenue growth each year. We reinvest a considerable amount of our earnings in training, technology, and personnel which keeps us on the leading edge and contributes to our efficiency and remarkably low employee turnover.

#### ➤ QUALITY PERSONNEL

Our growth and reputation has been instrumental in our ability to recruit and retain highly qualified individuals. Those with entrepreneurial skills find the environment at our firm stimulating and challenging and our growth provides them with career opportunities and results in minimal staff turnover.

# Our Organization Continued

## ➤ COMMUNITY PRESENCE

Our staff is also involved in various community and industry groups so that we may gain a broader view of different events that can affect each of us. Such organizations include the American Institute of Certified Public Accountants; Minnesota Society of Certified Public Accountants, Wisconsin Institute of Certified Public Accountants; Minnesota Government Finance Officers Association, League of Minnesota Cities, Minnesota Clerks Association, National Society of Accountants for Cooperatives; Cooperative Network; Wisconsin and Minnesota Rural Electric Cooperatives; Lions Club, Kiwanis, Rotary and various Community Clubs and Leadership Programs, among others. Our staff also serves on city councils, planning commissions, and chamber of commerce boards.

## ➤ STAFF QUALIFICATIONS

Our philosophy is to develop and foster personal and professional long-term business relationships. It is our intent to provide consistent service through continuity at both the staff and management levels. This ensures that each team member becomes highly knowledgeable about your Organization and develops the comprehensive overview needed to address specific problems, should they arise. The following professionals have been selected to serve your Organization:



**Dean Birkeland, CPA**  
**Audit Partner in Charge**

As engagement partner, Dean will be responsible for the overall direction of the audit engagement, including the effective and proper assignment of staff, quality of the supervision and staff work, progress review of the work and timely completion of the engagement.

Dean is a partner in the Fergus Falls, Minnesota office. He has 30 years of experience in public accounting providing audit, tax, and consulting services to a variety of clients in the governmental and nonprofit sectors. He received his Bachelor of Science degree in Accounting from Moorhead State University in 1987. He is a member of the American Institute of Certified Public Accountants, Minnesota Society of Certified Public Accountants, and National Society of Accountants for Cooperatives. He is active in professional and community based organizations. Dean is a licensed CPA in the State of Minnesota.



**Roger Schanus**  
**Senior Accountant**

A senior accountant, Roger, will oversee the engagement. Roger recently joined the CarlsonSV team as he re-entered the work force after having retired as a partner in another firm. Roger is a graduate of St. John's University where he received his Bachelor of Arts in Accounting and the University of Minnesota where he received his Master's in Business Administration in Finance and Accounting. He has worked extensively with Cities and other Governmental entities from townships to inner tier suburbs, taught classes in budgeting, fraud, and internal control to CPA's, Administrators, and Finance Directors, and is a past Chair of the Minnesota Society of CPA's Governmental Auditing and Accounting Committee. Roger is a member of the American Institute of CPA's, the Minnesota Society of CPAs, the Minnesota Government Finance Officers Association, the Association of Certified Fraud Examiners, and has been a reviewer for the National GFOA's Certificate of Achievement for Excellence in Financial Reporting program.



**Shannon Johannes**  
**Senior Auditor**

Shannon graduated from the University of Wisconsin – Superior with a Bachelor of Science Degree in Accounting. Shannon has ten years of public accounting experience with an emphasis in auditing. Her audit experience includes, among other areas, Minnesota governmental entities, not-for-profits and private business. Shannon oversees 18 Minnesota City audits in addition to numerous nonprofit audits.

# CarlsonSV Technical Qualifications

## A. MANDATORY ELEMENTS

- CarlsonSV LLP is independent of the City of Afton as required by the AICPA and *Government Auditing Standards*.
- CarlsonSV LLP and staff assigned to the City's engagements are licensed in the State of Minnesota.
- All CarlsonSV LLP's personnel have met the required continuing education requirements of the AICPA and *Government Auditing Standards*.
- CarlsonSV LLP has no conflict of interest with regard to any other work performed by the firm for City of Afton.
- CarlsonSV LLP is not involved in any litigation or disciplinary actions by the AICPA or state societies.
- See Exhibit A for a copy of our latest unqualified peer review report.

## B. PRIOR AUDIT EXPERIENCE

CarlsonSV LLP has been in business since 1985 and presently audits over 30 governmental units and 80 non-for-profit organizations

- Dean Birkeland will be the partner in-charge of your engagement along with Roger Schanus, on-site Manager. Roger will be heavily involved in your audit including the field work.
- Most of our governmental audits are subject to Government Auditing Standards (Yellow Book).
- Many of our governmental audits are subject to U.S. Office of Management and Budget Uniform Guidance: Cost Principles, Audit, and Administrative Requirements for Federal Awards, Subpart F – Audit Requirements (Uniform Guidance) on an annual basis.
- We also audit or provide other services to nonprofits, electric cooperatives, and other entities who are subject to Yellow Book and Uniform Guidance.
- We audit over 30 governmental entities which includes 18 Minnesota cities.

## C. UNDERSTANDING OF THE WORK TO BE PERFORMED

- The audits are to be conducted 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, U.S. Office of Management and Budget Uniform Guidance: Cost Principles, Audit, and Administrative Requirements for Federal Awards, Subpart F – Audit Requirements, and will include tests of accounting records, a determination of major programs in accordance with OMB Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion and to render the required reports.

# CarslonSV Technical Qualifications Continued

- Senior personnel assigned to the engagement have extensive knowledge of the following:
  - GASB 34: Basic Financial Statement – Management and Discussion Analysis – For State and Local Governments
  - GASB 68: Accounting and Financial Reporting for Pensions
  - MN Legal Compliance Audit Guide
  - Uniform Guidance (Single Audit)
- Services will be performed efficiently and on a timely basis.
- The CPA firm is knowledgeable about the industry and available to answer questions during the year.
- The firm is a member of the American Institute of Certified Public Accountants Quality Control Peer Review Program and has received a pass report on its last peer review of its system of quality controls as required by auditing standards generally accepted in the United States of America.
- The firm understands, documents, and will perform a review of your Organization's internal control system as required by auditing standards generally accepted in the United States of America.
- The CPAs and the firm are licensed in the State of Minnesota.
- **Your Organization should receive as much value as possible from the audit and its association with the CPA firm throughout the year.**

## D. DELIVERY SCHEDULE

Preliminary audit work will be performed in the Fall of the year being audited. It will consist of updating our Permanent File, reading of Council meeting minutes through that date, providing a PBC (Prepared by Client) schedule to the City, and gaining an understanding of the City's system of Internal Control and methods of processing transactions. City personnel will be asked to fill out forms relating to the system of Internal Control and Fraud Inquiries. This will all be performed remotely through your secure Client Portal. In the initial audit, we will also request to review the prior year auditors' workpapers. Through the use of the secure portal and staff from our Golden Valley office, we anticipate a minimum amount of travel costs for our auditing services.

Audit fieldwork is expected to be completed before the end of March each year. We anticipate 2 auditors onsite for 5 days each year.

Offeror is to transmit a draft copy of the auditors' report and recommendations to management of the City of Afton by the end of April each year.

The Offeror will present the City's audit report to the City Council no later than the regular May Council.

After Council and Management approval and your signing of our Representation Letter, we will provide an electronic copy of all reports.

## E. ADDITIONAL DATA

If the City is subject to an performed in accordance with federal Uniform Guidance (single audit), the annual fee for the single audit is \$2,800-\$3,500 depending on the size of the federal grants and expenditures.

# Engagement Approach

## CarlsonSV's Approach

We employ a disciplined, well-organized approach to the engagement which will be designed to emphasize an understanding of your business and integrate the talents of our audit, tax, and consulting personnel on the engagement team.

We recognize the importance of open and continued communications in the planning process in order to proceed efficiently in a timely professional manner, with minimal disruption of your Organization's personnel.

**CarlsonSV LLP has the industry experience, the breadth of services, and the desire to meet and exceed your expectations. You, as the client, are our priority. We will work harder than any other CPA firm to guarantee your satisfaction.**

The following is an overview of the audit process we will employ:

- Our audit team will consist of one in-charge audit manager and one senior auditor from our Golden Valley office who will be performing your audit field work.
- We will be in contact with your personnel prior to year-end to discuss the specifics relating to the timetable of performing various audit procedures and reporting milestones. We will also present to your personnel, in advance, a list of information and schedules we will need in connection with the audit.
- The audit team will gain a thorough understanding of your business, operations, strategic direction, city history, agreements, and contracts to develop our audit strategy and to inform you of any business or accounting issues we find.
- We will perform all the procedures required by AICPA auditing standards generally accepted in the United States of America.
- We will gain an in-depth understanding of your accounting system and internal accounting controls. Based upon this understanding, we will design a plan of selective tests to be applied to the accounting records. The nature and scope of such audit tests will be discussed in advance to ensure coordination of our activities with those of your staff, thus minimizing disruption of accounting operations.
- We will meet with management throughout the audit to discuss issues and any proposed adjustments.
- Prior to issuing our opinion on your financial statements, report on internal control, and management letter, we will furnish management and the City Council with a draft copy.

# CarlsonSV Advantage

## KEY FACTORS TO QUALITY SERVICES

Together with industry professionals, we have identified key factors that contribute to the quality audit, tax, and consulting services we provide.

### A. CITY COUNCIL OVERSIGHT AND MANAGEMENT INFORMATION:

- Audit Report and Financial Statements
- Audit Committee Report
- Useful Management Letter
- Statistical Information
- Internal Control Summary

This information provides the Council and management information to be able to carry out their oversight duties and gives management useful operating information.

### B. UNDERSTANDING THE CLIENT'S BUSINESS:

- Accounting Procedure Memos  
(Understand and document the Client's accounting system)
- Key Operating Indicators  
(Measure and review the activity of the Client)
- Measured Results  
(Compare the Client's operations and trends over prior periods)
- Analytical Reviews  
(Compute the relationships between accounts and compare with projected results)
- Review of Internal Controls  
(Understand, document and test)
- Understand the Client's Business  
(Fully understand the Client's operations)

We understand the Client's business and operations so we can approach the audit engagement with the proper knowledge to be able to perform the engagement timely, efficiently and provide the best of service.

### C. FIRM SIZE AND LOCATIONS

- Have over 85 Personnel and 8 Partners
- Large Audit Practice
- Currently audit 18 Minnesota Cities
- Eight Offices Located in Minnesota and Western Wisconsin.
- Specialize in Governmental Auditing and Consulting
- Very Low Staff Turnover

Our size, location, experienced staff, low staff turnover, audit and industry knowledge give us the advantage to provide clients the professional service they require.



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## SUMMARY

We believe in the value of relationships. We view every client relationship like a partnership, and truly believe that our success is a result of their success. We are committed to providing close, personal attention to our clients. We take pride in giving our clients the assurance that the personal assistance they receive comes from years of advanced training, technical experience, and financial expertise. Our continual investment of time and resources in professional continuing education, state-of-the-art computer technology, and extensive business relationships is indicative of our commitment to excellence.

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## System Review Report

December 31, 2015

To the Partners of Carlson Highland & Co., LLP  
and the Peer Review Committee of the Minnesota Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Carlson Highland & Co., LLP (the firm) in effect for the year ended June 30, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

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

In our opinion, the system of quality control for the accounting and auditing practice of Carlson Highland & Co., LLP in effect for the year ended June 30, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Carlson Highland & Co., LLP has received a peer review rating of *pass*.

A handwritten signature in cursive script, appearing to read 'KerberRose', positioned above the text 'KerberRose SC'.

115 E. Fifth Street Shawano, WI 54166  
P: 715-526-9400 F: 715-524-2599  
[www.kerberrose.com](http://www.kerberrose.com)

The logo for PrimeGlobal, featuring a stylized globe icon to the left of the text 'PrimeGlobal'. Below it, in smaller text, is 'An Association of Independent Accounting Firms'.

# Accounting and Auditing Practice – Engagement Quality Control

Exhibit B

1. **DETERMINE TYPE OF WORK TO BE PERFORMED – AUDIT, REVIEW, COMPILATION OR SPECIAL**
2. **ASSIGNMENT OF PERSONNEL – EXPERIENCE AND EXPERTISE NEEDED**
  - Engagement Audit Partner
  - Quality Control Partner
  - In-Charge Audit Manager
  - Staff
3. **PLANNING OF WORK**
  - Review of Changes from Prior Year
  - Determine Materiality
  - Analytical Review
  - SAS No. 99 Procedures Regarding Fraud
  - Develop Audit Program
  - Time Budget
  - Review of Planning and Approval by Engagement Partner
4. **FIELDWORK**
  - Review and Testing of Internal Control Structure
  - Analyzing and Testing Work
  - Review of Work Papers by In-Charge Audit Manager
5. **REPORTING**
  - Review of the Financial Statements and Reports
  - Review of the Reports by the Audit Manager
6. **PARTNER/PRINCIPAL REVIEW AND ISSUANCE OF REPORTS**
  - Engagement Partner/Principal Review of All Work
  - Quality Control Partner Review of Report and Selected Work
  - Issue Auditor's Report on Financial Statements
  - Report on Internal Control
  - Issue Management Letter
  - Audit Committee Report to the Council

*These controls assure our clients that they will get an audit that meets the professional standards and exceeds the client's expectations.*

Our reputation as a full-service audit and accounting, tax and consulting firm is dependent on the delivery of a full breadth of services. Here is some of what you can expect from us.

## **BUSINESS SERVICES**

- Corporation restructuring and reorganization
- Financial statement audits and other assurance services
- Interim controller services
- Internal control design and review
- Personal financial statements
- Record retention planning
- Review and compilations

## **BOARD OF DIRECTORS SERVICES**

- Audit committee services
- Governance assistance
- Performance evaluations
- Succession planning

## **TAX SERVICES**

- Asset cost segregation studies
- Gift and estate planning
- Identification and planning for unrelated business income taxes
- Like-kind exchange planning and facilitation
- Representation before IRS and state tax authorities
- Tax planning and preparation

## **ACCOUNTING AND BOOKKEEPING**

- Annual, quarterly and monthly
- Chart of account design/implementation
- Fixed asset/depreciation schedules
- General ledger and financial statement presentation
- QuickBooks and Creative Solutions

## **GROWTH MANAGEMENT**

- Accounting procedures development
- Benchmark/best practices development
- Business start-up services
- Financial forecasts and projections
- Financial measurement review
- Mergers, acquisitions and dispositions
- Strategic planning/thinking
- Succession planning

## **IT ADVISORY SERVICES**

- Assistance with software selection
- Network review

## **SPECIALIZED NEEDS**

- Accounting system efficiency reviews
- Fraud examinations
- Debt restructuring
- Disaster recover planning
- Educational seminars
- Personal financial planning

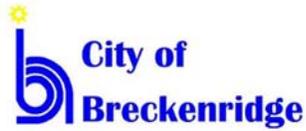
## **EMPLOYEE BENEFIT SERVICES**

- Benefit plan audits
- Benefit plan consulting

## **PAYROLL SERVICES**

- Payroll consulting
- Payroll preparation, tax reporting and record keeping

## THREE SIMILAR GOVERNMENTAL REFERENCES:



**City of Breckenridge**  
Contact: Renae Marthaler, Clerk/Treasurer  
420 Nebraska Avenue  
Breckenridge, Minnesota  
218-643-1431  
Engagement Partner: Dean Birkeland

City Of Elbow Lake

**City of Elbow Lake**  
Contact: Jeff Holsen, City Clerk  
PO Box 1079  
Elbow Lake, Minnesota  
218-685-4483  
Engagement Partner: Dean Birkeland

City of Battle Lake  
*Heart of 1001 Lakes*

**City of Battle Lake**  
Contact: Val Martin, City Clerk  
108 Main Street East  
Battle Lake, Minnesota  
218-864-0424  
Engagement Partner: Dean Birkeland

# Appendix A - Proposer Guarantees

Appendix A

## City of Afton Proposer Guarantees

Proposer certifies that it can and will provide and make available, as a minimum, all services set forth in the RFP.

Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing coverage for the willful or negligent acts or omissions of any officers, employees, or agents.

Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Afton.

Proposer warrants that all information provided in connection with this proposal is true and accurate.

Signature of Official:



Name: Dean Birkeland

Title: Partner

Firm: CarlsonSV LLP

Date: August 27, 2018

# Appendix B – Schedule of Professional Fees

Appendix B

**CITY OF AFTON, MINNESOTA  
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES  
FOR THE AUDIT OF THE DECEMBER 31, 2018 FINANCIAL STATEMENTS**

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	10	200	180	1,800
Managers	64	150	120	7,680
Supervisors	53	90	75	3,975
Staff	2	80	60	120
Other:				
Out-of-Pocket- Costs				392
<b>Subtotal</b>	<u>129</u>			<u>13,967</u>
<b>Total all-inclusive maximum price for 2018 City audit</b>				<u>13,900</u>
<b>Total all-inclusive maximum price for 2019 City audit</b>				<u>14,270</u>
<b>Total all-inclusive maximum price for 2020 City audit</b>				<u>14,630</u>
<b>Other/Optional Fees:</b>				
Single Audit Fees, if required				<u>3,500</u>
Alternative for advice and recommendations for meeting GAAP requirements for financial statements and related assistance -				<u>1,200</u>
Alternative for final report preparation, printing, and publishing - anticipated annual (on-going) fee				<u>500</u>

Note: If applicable, the audits for the years ended December 31, 2021, 2022, and 2023 would increase by 4% per year over the prior year.