

May 26, 2015

Cathy Bendel, Finance Director  
**City of Lake Elmo**  
 3800 Laverne Avenue North  
 Lake Elmo, MN 55042

Dear Cathy:

Thank you for the opportunity to propose continuing professional services for the City of Lake Elmo for the years ended December 31, 2015, 2016 and 2017.

We propose the following fee structure for the three-year term of this proposal:

Description of Services	2015	2016	2017
Audit services including presentation of the financial statements to the City Council	\$21,400	\$21,975	\$22,700
Preparation and review of the City's comprehensive annual financial report (CAFR)	\$6,300	\$6,550	\$6,750
Preparation and submission of the Minnesota State Auditor's Annual Financial Reporting Form	\$950	\$975	\$975
<b>Totals</b>	<b>\$28,650</b>	<b>\$29,500</b>	<b>\$30,425</b>

The quoted fees are all-inclusive unless unusual circumstances are encountered during our examinations. If such circumstances occur, we would discuss any additional fees with you prior to performing the services.

For your reference, the fees for the year ended December 31, 2014 were \$20,725 for the audit services, \$6,150 for the preparation and review of the City's CAFR, and \$950 for preparation and submission of the Minnesota State Auditor's Annual Financial Reporting Form.

If you would like to retain the services of our firm in accordance with the above, please sign where indicated on the next page and return this letter to us in the enclosed return envelope. We will issue an engagement letter with the above quoted prices before we begin fieldwork each year.

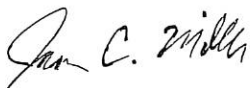
May 26, 2015  
Cathy Bendel, Finance Director  
Page 2

A second copy of this letter is provided for your records.

We hope that you have enjoyed working with us and we appreciate the opportunity to propose continuing services for the City of Lake Elmo. If you have any questions, please feel free to call.

Sincerely,

SMITH, SCHAFFER AND ASSOCIATES, LTD.



Jason C. Miller, CPA  
Principal

Response:

On behalf of the City of Lake Elmo, I am in agreement with the terms listed in this letter.

Signature: X\_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_