



STAFF REPORT

DATE: January 21, 2020

CONSENT

TO: Mayor and City Council

FROM: Kristina Handt, City Administrator

AGENDA ITEM: Audit Addendum 2

BACKGROUND:

Finance Director Iverson's last day with the city will be January 24, 2020. There are a number of tasks that need to be completed in order to be prepared for the annual audit in May. Given that position vacancy, staff is looking for some contracted help in regards to audit prep.

ISSUE BEFORE COUNCIL:

Should the Council approve addendum 2 to the audit agreement with Redpath?

PROPOSAL DETAILS/ANALYSIS:

Included in your packet is audit addendum 2 with Redpath. Although Redpath will be performing our annual audit, they are offering to have members of their staff who are not involved in the audit help with audit prep such as property taxes, special assessments and unavailable revenue. I met with Redpath staff earlier this month to discuss audit prep tasks and we identified these items as those we most likely need assistance with at this time. The intention for now is for the remainder of the items to be completed by staff.

FISCAL IMPACT:

\$8,500

OPTIONS:

- 1) Approve Audit Addendum 2
- 2) Amend and then Approve Audit Addendum 2
- 3) Do not approve Audit Addendum 2

RECOMMENDATION:

If removed from the consent agenda:

“Motion to approve audit addendum 2 with Redpath.”

ATTACHMENTS:

- Audit Addendum



January 6, 2020

City of Lake Elmo
3880 Laverne Avenue North, Suite 100
Lake Elmo, MN 55042

ENGAGEMENT LETTER ADDENDUM # 2

This letter serves as an addendum to the engagement letter dated November 27, 2018 for the year ended December 31, 2019. This addendum expands the scope of our services to include assistance with property tax, special assessments and unavailable revenue workpaper preparation.

Other Services

We will assist with preparation of the property tax, special assessment, and unavailable revenue workpapers for December 31, 2019 in conformity with U.S. Generally Accepted Accounting Principles based on information provided by you and Washington County. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the preparation of property tax, special assessments and unavailable revenue workpapers. We, in our sole professional judgement, reserve the right to refuse to perform any procedures or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the preparation of the property tax, special assessments and unavailable revenue workpapers and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the workpapers and that you have reviewed and approved the workpapers and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them. The individual assigned to oversee the nonaudit services is Kristina Handt.

We agree to assist in the preparation of the property tax, special assessments and unavailable revenue workpapers for a fee of \$8,500.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the scope and fees for the engagement. If you have any questions, please let me know. If you agree with the terms described in this letter, please sign and return via email to me.

Thank you for the opportunity to be of service.

Sincerely,

REDPATH AND COMPANY, LTD.



Peggy Moeller, CPA

PAM/bab

Response

This letter correctly sets forth the understanding of the City of Lake Elmo.

Signature _____

City Administrator

Date _____

Signature _____

Mayor

Date _____