

Management, Honorable Mayor and City Council
City of Marshall
Marshall, Minnesota

We appreciate the opportunity to work with you and the staff at the City of Marshall (the City) over the past several years to conduct your annual financial audits. This has been a successful working relationship because we have spent a great deal of time understanding how your City operates, and you getting to know how we conduct our audits. As a result, we have been able to achieve a process that is mutually beneficial to both parties through good working relationships, resulting in efficiencies in the process.

We have outlined below a four year extension of our services with a reduction in fees for 2019 and minimal 2.5 percent increases for years 2020 - 2022. The reduction was due to last year being the implementation of GASB 75. This will allow us to continue a relationship that through the past years has been shaped and polished to provide both parties with outstanding results.

Our fee for these services will be as follows:

<u>Year</u>	<u>Audit</u>	<u>Single Audit if Applicable</u>	<u>DCF</u>	<u>OSA Reporting Form</u>	<u>Total With Single Audit</u>
2019	\$ 40,200	\$ 3,000	\$ 300	\$ 1,200	\$ 44,700
2020	41,200	3,100	300	1,250	45,850
2021	42,200	3,200	300	1,300	47,000
2022	43,200	3,300	300	1,350	48,150

The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2017 peer review letter accompanies this letter.

We appreciate the opportunity to be of continued service to your City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. If you have any questions, please contact me at 507-304-6802.

Very truly yours,

ABDO, EICK & MEYERS, LLP
Certified Public Accountants & Consultants



Thomas J. Olinger, CPA
Governmental Services Partner

RESPONSE:

This letter correctly sets forth the understanding of the City of Marshall.

Signature: _____

Title: _____



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. 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.