

TO: City Council
FROM: Troy Niemeyer, Finance Director
DATE: September 20, 2022
SUBJECT: Audit Engagement Letter

1) Recommended Action:

Staff recommend the Council authorize the Mayor to sign the attached Audit Engagement Letter (Attachment "A") between the City and the State Auditor's Office (SAO).

2) Background:

The City receives annual audits from the State Auditor's Office. These audits are required by state law. The audit covered with this engagement letter is the annual Financial Statement audit. Last year the Accountability audit was postponed at SAO's request due to staffing issues at SAO. SAO is postponing the Accountability audit again because their staffing issues persist. The City will receive a three-year Accountability audit next year to cover 2022, 2021 and 2020. Staff have informed SAO that we wish to go back to, and remain on, a one-year cycle for Accountability audits.

3) Policy Support:

Be fiscally responsible and develop sustainable financial strategies.

4) Alternatives:

- ☐ Do not authorize the Mayor to sign the agreement. However, these audits are required by state law.
-

5) Fiscal Notes:

The cost of the audit in this engagement letter is \$50,000. The estimated annual audit costs are included in the biennial budget.

6) Attachments:

A. Audit Engagement Letter