

September 25, 2020

Honorable Mayor and Council
City of Shakopee
Shakopee, Minnesota

The following sets forth the engagement of our services for the certified audit of the accounts of the City of Shakopee, Minnesota (the City).

We will audit the financial statements of the City for the years ending December 31, 2020 and 2021 in accordance with auditing standards generally accepted in the United States of America. Our audit will include tests of the accounting records and other procedures we consider necessary to enable us to express an opinion that the financial statements are fairly presented, in all material respects, in conformity with the financial reporting provisions of the Minnesota Office of the State Auditor.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that a material misstatement may exist and not be detected by us. In addition, an audit is not designed to detect errors, fraud, or other illegal acts that are immaterial to the financial statements. However, we will inform you of any material errors and any fraud that comes to our attention. We will also inform you of any other illegal acts that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods of which we are not engaged as auditors.

We will perform the auditing services discussed above for the calendar years 2020 and 2021:

<u>Year</u>	<u>City Audit</u>	<u>Single Audit</u>
2020	\$ 36,800	\$ 4,000
2021	37,800	N/A

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.

- Our 2021 fee does not include additional audit services related to requirements of a single audit if one would be required. Nor does it include fees for additional time required for implementation of additional governmental accounting standards. Those fees would be discussed and agreed to prior to performing the services.
- Our fee includes the city audit, the management required communication letter, the Auditors Report on Minnesota Legal Compliance, the auditor presentation to the Council, and general consulting related to the audit.

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 continue service with the 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 and return a copy to our office. If you have any questions, please contact Andy Berg at 952-715-3003 or andrew.berg@aemcpas.com.

Sincerely,

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



Andrew K. Berg, CPA
Governmental Services Partner

RESPONSE:

This letter correctly sets forth the understanding of the City of Shakopee, Minnesota.

Signature: _____
Mayor

Date: _____

Signature _____
City Administrator

Date: _____

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.