

**REQUEST FOR PROPOSALS  
TO PROVIDE PROFESSIONAL AUDITING SERVICES  
TO THE  
CITY OF EAST GULL LAKE**

City of East Gull Lake

County of Cass

State of Minnesota

November 12, 2024

**SUMMARY**

The City of East Gull Lake is requesting proposals from qualified certified public accounting firms to prepare and audit its financial statements for its fiscal year ending December 31, 2024 with the option of auditing its financial statements for succeeding fiscal years. These audits are to be performed in accordance with generally accepted auditing standards. Proposals are due to the City by December 12, 2024. Proposals received after the above date and time may not be considered. Please contact Laura Christensen, City Administrator at 218-828-9279 if you feel you will have issues in meeting this deadline.

Please submit the Proposal either electronically or by mail to:

[laura@eastgulllake.us](mailto:laura@eastgulllake.us)

City of East Gull Lake

Attn: Laura Christensen, City Administrator

10790 Gull Point Road

PO Box 380

East Gull Lake, MN 56401

Notwithstanding any other provisions of the Request for Proposal (RFP), the City reserves the right to reject any or all proposals, to waive any irregularity in a proposal, and to accept or reject any item or a combination of items, when to do so would be to the advantage of the City or its taxpayers. It is further within the right of the City to reject proposals that do not contain all elements and information requested in this document. The City of East Gull Lake shall not be liable for any losses incurred by any responders throughout this process.

## **GENERAL INFORMATION**

The City of East Gull Lake was incorporated in approximately 1947 and is a Minnesota Statutory city. Over 1,000 people claim residency in East Gull Lake with many more who enjoy their seasonal properties and visit any of our four resort complexes. East Gull Lake is located in central Minnesota and is one of three cities who are comparatively the largest in Cass County. A Mayor and four council members are elected for four-year terms to govern the City. The City had audited expenses and expenditures over \$1,950,000 in 2023. The City has approximately 627 sewer customers. In 2024 and 2025, the City has planned various capital improvement efforts including a wastewater consolidation project that is being funded by a \$2.9 million appropriation from the state legislature and approximately \$2.2 million of low interest borrowing through the Public Facilities Association.

## **SCOPE OF SERVICES**

### Auditing Standards to Be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of the Single Audit Act and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The audit also shall be performed in accordance with the *Minnesota Legal Compliance Audit Guide for Local Governments and Minnesota Statutes*.

### Reports To Be Issued

The auditor shall issue general purpose financial statements & independent auditor's report including:

- ✓ Combining and individual fund statements
- ✓ A report on the fair presentation of the general purpose financial statements in conformity with generally accepted accounting principles.
- ✓ A report on the internal control structure based on the auditors' understanding of the control structure and assessment of control risk.
- ✓ A report on compliance with applicable laws and regulations.
- ✓ Single purpose audit of federal awards
- ✓ Schedule of findings and questioned costs
- ✓ Reportable conditions that are also material weaknesses shall be identified as such in the report.
- ✓ Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on internal controls.
- ✓ The reports on compliance shall include all instances of noncompliance.
- ✓ The City financial reporting form for the Office of the State Auditor

## Presentation

The auditor shall inform the City Council and management of each of the following:

- The auditor's responsibility under generally accepted auditing standards
- Significant accounting policies
- Management judgments and accounting estimates
- Significant audit adjustments
- Other information in documents containing audited financial
- Statements
- Disagreements with management
- Management consultation with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit

The auditor shall provide recommendations for the improvement of the financial management and condition of the city.

The auditor shall provide four (7) copies of the complete audit and management letter.

## **DESCRIPTION OF THE ORGANIZATION**

### Contact

The auditor's principal contact with the City of East Gull Lake will be Kathy Schack, Administrative Assistant, Laura Christensen, City Administrator, or a designated representative, who will coordinate assistance to be provided by the City to the auditor.

Fund Structure - The City uses the following fund types in its financial reporting:

#### Governmental Funds

General

Roads, Trails

Public Safety

Debt Service Funds

#### Proprietary Funds

Sewer

Annual Transactions - It is estimated that during 2024 the treasurer will have performed the following transactions:

Receipts Disbursements

Journal Entries

Payroll

Checks

Utility Billing

Miscellaneous

Bills

The cash basis of accounting is used for all funds by the city. Auditors will make all necessary adjustments to report the final audit in accrual basis form. A sample of a previous audit is available on request.

### **ASSISTANCE TO BE PROVIDED**

The City Hall office staff and responsible management personnel will be available during the audit to assist the firm by providing information, documents, and explanations. The auditor's principal contacts with the City of East Gull Lake will be Kathy Schack, Administrative Assistant and Laura Christensen, City Administrator, or a designated representative. The City will provide the auditor with reasonable workspace, table, and chairs. The auditor will also be provided with access to a telephone, internet connection, copier, and fax machine. The auditor is to provide all other equipment necessary for use during the audit field work.

### **REPORTS REQUIRED**

Each report shall briefly state the type of audit: if an examination of the financial statements, state the scope of the examination and that it conforms to generally accepted auditing standards; if a compliance examination, and opinion as to specific findings should be stated.

1. Preparation of the Annual Financial Report, excluding Management's Discussion and Analysis. The auditor shall furnish one original and three bound reports of the audit report and the City Clerk's office will be responsible for additional reproduction and distribution of the report.
2. An electronic version of the Annual Financial Report shall also be furnished to the City Administrator's Office.
3. An audit report incorporating an expression of the auditor's opinion on the financial statements to be incorporated in the Annual Financial Report for the City of East Gull Lake for the year ending December 31, 2024, and annually thereafter.
4. A management letter summarizing audit findings and recommendations affecting the financial statement, internal control, accounting and accounting systems. This report should be delivered to the City Administrator (seven copies) who will distribute it as appropriate.
5. Presentation of the Annual Financial Report to the City Council.
6. Completion of the Annual Financial Reporting Form for the Office of the State Auditor.

By appropriate reporting to the City, auditors shall assure themselves that the City Council of East Gull Lake is informed in each of the areas required by Audit Standard No. 114.

## **TIME CONSIDERATION & REQUIREMENTS**

Audit information gathering can begin immediately after an auditing firm has been chosen by the city council and annually thereafter or at a time reasonable to both parties.

Reporting deadlines to the State Auditors Office and any other entities, organizations, institutions, parties, etc. that require an audit report or information compiled by the independent audit, must be available and submitted by required deadlines. The City will consider flexibility in timelines of completion and/or submission of the independent audit and it's specific information, such as requesting and receiving approval of extension from the State Auditors Office, if the auditing service cost/rate reflects this accommodation resulting in reduced expense to the City.

Prior to submission of the completed report, the audit firm's staff will review a draft of the proposed report and management letter with the City Administrator.

The appointed auditing firm will be required to discuss audit results at a City Council meeting in June or July and discuss detailed questions with individual council members upon request. Flexibility in this schedule will be considered by the City pending appropriate reflection (reduction) of audit service rates.

The City will require the audit firm to provide the services necessary to draft, type, copy, collate and assemble the Annual Financial Report. Compensation for these services should be included in the fee.

Audit workpapers generated by City staff shall remain in the custody of the City. Audit workpapers generated by the audit shall remain in the custody of the auditor. However, City staff under the control of the City Administrator, as well as any succeeding external auditors, shall be given access to the audit firm's workpapers and shall have the right to copy such workpapers for a period of five (5) years after the completion of the audit report.

The audit firm shall be allowed progress billings to the City. The billings should show what services the City is being billed for an allocated audit cost to the appropriate funds when applicable. Payment of billed amounts shall be made by the City within thirty (30) days of the receipt and approval of the invoices by the City Council.

Authorization for the audit firm to commence any audit work shall be required in the form of an engagement letter.

The audit firm shall be required to provide the personnel necessary to perform any audit work.

## **PROPOSAL EVALUATION**

Proposals will be evaluated by the City in order to ascertain which firm best meets the needs of the City. Evaluation considerations will include, but not be necessarily limited to, the following:

1. Audit firm's experience and qualifications, with particular emphasis on Minnesota local government, overall single award experience, and Airport Improvement Grants.

2. Responsiveness of the proposal in clearly stating an understanding of the nature of the work to be performed.
3. Audit firm's ability to provide a timely audit, interim services and recommendations for system improvements.
4. Size and makeup of the proposed audit team including experience and education of team members.
5. Cost will not be the primary factor in the selection of an audit firm. The City reserves the right to further negotiate on price if the firm desired for selection is higher than other proposing firms.

## **CONTENT OF PROPOSAL**

In order to achieve a uniform review of all proposals and to thus obtain the maximum degree of comparability, it is required that proposals be organized in the manner specified below.

Title Page – Clearly indicate the subject of the proposal, the name of the proposer's firm, the firm's address, the firm's telephone number, the name of the contact person from the firm, and the date of the proposal.

Table of Contents – Include a clear identification of the material by section and by page number.

Letter Transmittal – This section should be limited to two pages. Proposers may use this section to present any information that they consider essential to their proposal. Give the names of persons who are authorized to make representations for the proposer, along with their titles, addresses and telephone numbers.

Profile of Proposer – Provide a description of your firm's practice at the proposing office to include at least the following:

- List of major clients, particularly Minnesota local governments.
- Memberships in professional organizations.
- Longevity of practice.
- Partners' and principal staffs' activities in professional organizations and community associations.
- Formally defined statement of firm's goals.
- Client retention history.
- Philosophy on accounting assistance and adjustments to records of clients.

Qualifications of the Proposer – Provide the following data concerning the proposing office and proposed audit team relative to qualifications to conduct an effective and efficient audit of the City's financial statements and operations:

- Provide a description of your firm's quality control procedures.
- Describe and list prior local government auditing experience with clients similar to the City, particularly in the East Gull Lake / Northern Minnesota area.

- Describe your firm's commitment to a formal program of continuing professional education, both internally and externally, with particular emphasis on governmental accounting and financial management. Include any continuing education programs your firm offers its government clients.
- Describe supervision and review procedures within your firm.
- Provide evidence and limits of professional liability insurance.

Proposer's Service – Provide information for the proposing office regarding the firm's desire and ability to conduct the audit with a minimum of disruption, ability to complete the audit on a timely basis, and ability to provide the City with specific recommendations to improve operations, systems and procedures.

Compensation – provide the firm's all-inclusive fee the required work. In addition, provide a detailed breakdown of the fee for the various segments including primary government audit, drafting/typing/printing financial statements, preparation of OSA form, and out-of-pocket costs. The audit firm shall not be reimbursed for any travel, per diem, photocopying, telephone bills or other such expenses unless they have been specifically stated in your proposal, or unless incurred at the specific request of the City.

Contract term – Provide proposal for both an annual and multi-year contract term.

## **INQUIRIES**

Prospective service providers may submit questions by mail, e-mail, fax or telephone to:

City of East Gull Lake

Attn: Laura Christensen, City Administrator

10790 Gull Point Road

East Gull Lake, MN 56401

Phone: 218-828-9279

Fax: 218-825-8422

E-mail: [laura@eastgulllake.us](mailto:laura@eastgulllake.us)

## **OFFER EXPIRATION DATE**

Proposals in response to this RFP will be valid for thirty (30) days from the proposal due date. The City reserves the right to ask for an extension of time if needed.

## **SELECTION**

It is anticipated the selection of a firm will be considered on December 3, 2024 by the City Council.

During the evaluation process, the City Council reserves the right, where it may serve the City of East Gull Lake's best interest, to request additional information or clarifications

from vendors, or to allow corrections of errors or omissions. At the discretion of the City, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City of East Gull Lake reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

#### **AWARD NOTIFICATION**

The City will notify in writing the person or persons authorized to represent the prospective service provider of the contract award, whether or not if they were successful.

#### **OWNERSHIP OF MATERIALS**

All materials submitted in response to the RFP become the property of the City and supporting materials will not be returned. The City is not responsible for any costs incurred by the company in the preparation of the proposal.

#### **RIGHT TO REJECT PROPOSALS**

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

Notwithstanding any other provisions of the RFP, the City reserves the right to reject any oral proposals, to waive any irregularity in a proposal, and to accept or reject any item or a combination of items, when to do so would be to the advantage of the City or its taxpayers. It is further within the right of the City to reject proposals that do not contain all elements an information requested in this document.



**REQUEST FOR PROPOSALS**  
**PROFESSIONAL AUDITING SERVICES**  
**CITY OF EAST GULL LAKE**

The City of East Gull Lake is accepting proposals to provide auditing services of the City's financial statements for the year ended December 31, 2024 as outlined in the Request for Proposals document available at the East Gull Lake City Hall, 10790 Gull Point Road, East Gull Lake, MN 56401 or on the City's website ([www.eastgulllake.govoffice.com](http://www.eastgulllake.govoffice.com)). The firm will provide services in accordance with generally accepted auditing standards, government auditing standards, and FAA Audit Guide. Questions and/or submissions can be directed to Administrator Christensen at [laura@eastgulllake.us](mailto:laura@eastgulllake.us) who can also be reached by phone at 218-828-9279. Proposals are due December 12, 2024.

Laura Christensen

City Administrator

Dated: November 12, 2024