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Local Government Services
88 East Broad Street, Fourth Floor
Columbus, Ohio 43215-3506
(614) 466-4717 or (800) 345-2519
contactlgs@ohioauditor.gov
www.ohioauditor.gov

June 18, 2019

Betty Strawn, Auditor
City of Celina
202 North Main Street
P.O. Box 513
Celina, Ohio 45822

Dear Ms. Strawn:

This letter is to confirm our understanding of the terms and objectives of our engagement with the City of Celina and the nature and limitations of the services we will provide.

We will provide the following services:

Using our conversion software, the Local Government Services Section of the Office of the Auditor of State (LGS) will compile, from information provided by the City, the annual financial statements for the City of Celina for the years ending December 31, 2019, December 31, 2020, and December 31, 2021, and issue an accountant's report thereon in accordance with the Statements on Standards for Accounting and Review Services (SSARS) issued by the American Institute of Certified Public Accountants (AICPA).

The objective of our engagement is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by the City. LGS will conduct the compilation engagement in accordance with the Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

LGS is not required to, and will not, verify the accuracy or completeness of the information the City provides to LGS for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or conclusion or provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify any financial statement misstatements, including those caused by fraud or error, or to identify any wrongdoing within the City or noncompliance with laws and regulations.

Our engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare the City's financial statements in accordance with SSARs: 1) the selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements; 2) the prevention and detection of fraud; 3) to ensure that the City complies with the laws and regulations applicable to its activities; 4) the accuracy and completeness of the records, documents, explanations, and other information including significant judgments, the City provides to LGS for the engagement to prepare financial statements; and 5) to provide us with documentation and other information that is relevant to the preparation and presentation of the financial statements, additional information that may be requested for the purpose of the preparation of the financial statements, and unrestricted access to persons within the City of Celina of whom we determine necessary to communicate.

As part of our engagement, LGS will issue a report that will state that we did not audit or review the financial statements and that, accordingly, we do not express an opinion, a conclusion, or provide any assurance on them.

The City agrees to include our accountant's compilation report in any document containing financial statements that indicate that we have performed a compilation engagement on such financial statements and, prior to inclusion of the report, to ask our permission to do so.

The City of Celina remains responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. It is therefore the responsibility of the City to be in a position in fact and appearance to make informed judgments while reviewing, evaluating, and approving the services provided under this engagement. It is also the City's responsibility to design, implement, and maintain internal controls, including monitoring ongoing activities.

To demonstrate that the City is fulfilling these responsibilities, the following safeguards will be observed. The City will designate a management level individual to be the primary contact accountable for overseeing this engagement and who will take responsibility for the appropriateness of the results of this engagement. If the City has determined that someone other than the individual with whom we worked last year will fulfill this role, the City must submit documentation to support the new designee's knowledge and capability to perform this function. We will meet with this individual periodically to update our progress and to allow the individual to monitor engagement performance to ensure it meets management's objectives. This individual will perform all management functions and make all management decisions related to this conversion and compilation and will accept full responsibility for such decisions. Accordingly, this individual will review and approve all proposed adjustments before they are entered into the conversion software. Finally, this individual will evaluate the adequacy of the services performed under this engagement by the Local Government Services Section of the Office of the Auditor of State.

It is understood and agreed that the performance of this engagement by LGS will not lessen the scope and extent of the audit work to be performed by the Financial Audit Group of the Office of the Auditor of State.

Management is responsible for making all financial records and related information available to LGS. The hours of service offered in this letter are based upon the following information being provided by the City:

1. Information required to confirm appropriate fund classification and major fund status;
2. Information regarding estimated revenues and appropriations for use in the preparation of budgetary statements, including original budget amounts for all funds required to be presented in the basic financial statements, and documentation to insure that financial records are in agreement with amended certificates requested and appropriations passed by the City Commissioners during the year;
3. A current, complete, and appropriately classified record of all cash receipts and disbursements made during the year, along with bank reconciliations of all City funds and bank accounts as of year-end;
4. Documentation for receivables including taxes, intergovernmental, and accounts receivable, inventory, and prepaid items as of year-end;
5. The balances for all governmental capital assets by program and type and proprietary capital assets by fund and type as of the beginning and end of the year, including appropriate information regarding accumulated depreciation, as well as current year additions (including accounts charged for related expenditures) and deletions (including any related proceeds and accumulated depreciation on the deleted asset). In addition, information is required that presents depreciation expense by fund and type for proprietary capital assets and by program and type for general capital assets for the year;
6. Information regarding accrued salaries, compensated absences (both current and long-term), accounts payable, workers' compensation, retirement, and other current and long-term liabilities as of year-end;
7. Information regarding short-term debt (notes) including a schedule of changes in short-term debt that details balances at the beginning and end of the year, increases and decreases, and the purpose for which the short-term debt was issued;
8. Information regarding long-term debt balances as of the beginning and end of the year and information regarding additions and payments that occurred during the year. Information that details issuance costs, premiums, and discounts for additions should be identified separately.
9. Copies of amortization schedules that distinguish between principal and interest for each outstanding debt issue;
10. Information to support necessary modified accrual and accrual adjustments at year end;
11. Information regarding transfers by fund including the amount and purpose for each transfer;
12. Required supplementary information; and
13. Management's Discussion and Analysis.

It is important that you provide financial records that balance and documentation that is adequate to support the necessary journal entries. If we discover inadequacies in the records or documentation you provide, we will return the information to you for correction.

All documents provided to LGS in connection with our services including financial records and reports, payroll records, employee rosters, health and medical records, tax records, etc. must be redacted of any personal information before submission. Personal information is defined as social security numbers, dates of birth, drivers' license numbers, or financial institution account numbers associated with an individual. The City shall redact all personal information from electronic records before they are transmitted to LGS. This information should be fully blacked out in all paper documents prior to sending them to LGS. If

personal information cannot be redacted from any records or documents, the City must identify these records to LGS prior to their submission.

If redacting this personal information impairs the ability of LGS to provide the contracted services, the City and the Auditor of State's Office will consider these exceptions on a case-by-case basis. Additionally, if redacting this information creates hardship on the City in terms of resources, recordkeeping, or other issues, the City and LGS may collaborate on alternative methods of providing the City's data to LGS without compromising the personal information on individuals served or employed by the City.

As part of the annual financial report, you will be required to prepare a Management's Discussion and Analysis (MD&A). LGS assistance with respect to the MD&A will be limited to reviewing the MD&A to determine that all required topics have been addressed and to ensure that the amounts presented in the MD&A match the amounts presented in the financial statements.

During the course of the compilation, from financial records and supporting documentation you provide, LGS will propose journal entries for the preparation of the basic financial statements, review records and other information to determine whether data is being gathered at the required level to permit the preparation of the financial statements, enter usable information from the prior year trial balances to the trial balances that will be used for the year being reported, and input approved journal entries into the trial balances. LGS will also discuss with you the requirements for budgetary presentations and assist in the identification of original budgetary information.

LGS assistance with respect to capital assets will be limited to explaining the information necessary for report preparation. If additional assistance in the review of policies or significant guidance related to the calculation of capital assets is required, this engagement will need to be amended.

All work papers prepared by the Office of the Auditor of State will remain the property of the Auditor of State. Accordingly, we are responsible for their care and custody. At the conclusion of the project, we will provide copies of any of the work papers you would like to have for your records. However, the work papers should not be regarded as a part of, or a substitute for, your accounting records.

If for any reason we are unable to complete the compilation of the City's financial statements, we will not issue a report on such statements as a result of this engagement.

It is estimated that 400 hours will be needed to complete this engagement for 2019, 2020, and 2021. Our fees for these services will be billed monthly to the City at a rate of \$50 per hour and the total cost is not anticipated to exceed \$20,000. If additional time or services should be necessary, we will notify the City regarding any amendment to this contract that may be required.

Upon a thirty day written notice, either party may terminate this agreement for any reason. Such notice shall be sent by U.S. mail or by personal delivery to the Auditor of State, Local Government Services Section, 88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506. In the event of such termination, the Auditor of State shall be compensated at the contractually agreed upon rate for any and all work done to the date of such notice.

If you are in agreement with the terms of this contract, please sign and certify this engagement letter in the appropriate spaces and return it to me no later than August 30, 2019. If we do not hear from you by August

Betty Strawn, Auditor
City of Celina
June 18, 2019
Page 5 of 5

30, 2019, we will assume the City does not wish to contract for the services of the Local Government Services Section of the Office of the Auditor of State. Should you have any questions concerning this letter, please do not hesitate to contact Belinda L. Miller, Chief Project Manager, at 1-800-345-2519.

Sincerely,

KEITH FABER
Auditor of State



Unice S. Smith
Chief of Local Government Services

We desire the Auditor of State's Office to perform the services described above and agree to the terms and conditions set forth in this letter.

CITY OF CELINA

Date: _____

By: _____

Ordinance No. _____

Safety/Service Director

It is hereby certified that the amount of \$ _____ required to pay this contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of the _____ Fund, free from any obligation or certification now outstanding.

Date: _____

Betty Strawn, Auditor

cc: Belinda Miller, Chief Project Manager
Donna Waldron, Chief Auditor