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## Memorandum

To: Honorable Mayor and City Council

From: Julie Casteen, Assistant City Manager

Re: FY20 Audit Engagement Letter

Date: April 2, 2020

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### **BACKGROUND**

Title 11, Section 17-105 of the Oklahoma State Statutes requires a full and complete annual audit of the City's financial statements to be conducted by an independent auditor. The objective of the audit is for the auditor to express an opinion on whether the City's financial statements are fairly presented and whether they conform to generally accepted accounting principles and standards.

During the audit, the auditor will examine items such as customer accounts, revenues received, cash disbursements, check reconciliations, debt reconciliations, pledged collateral, general ledger entries, and capital asset inventory.

Attached for your review is an Audit Engagement letter from Elfrink and Associates of Tulsa, Oklahoma to conduct the annual Financial and Compliance Audit for the Fiscal Year Ending June 30, 2020. Elfrink is a CPA firm specializing in governmental auditing and has extensive experience auditing municipalities and other local governments.

The fee for this service is \$19,500. Additional costs may be incurred if it is determined that a Single Audit will be needed. This will be required if we are granted federal funding of \$750,000 or more during fiscal year 2020. At this time, it is not believed that we will meet this threshold.

The cost of the audit is split between the City and the Public Works Authority.

The Audit Engagement letter is a standard letter that is required to properly engage the audit firm for the annual financial and compliance audit of the City's financial statements.

### **STAFF RECOMMENDATION:**

Staff recommends that Council accept the letter and direct the Mayor to sign on behalf of the City government and authorize the City Manager to sign the letter on behalf of Management.

### **ATTACHMENTS:**

FY20 Audit Engagement Letter