City of Columbus

2021 Audit

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REDPATH AND COMPANY

Reports Issued by Auditor

- Opinion on the Financial Statements
- Report on Internal Controls
- Minnesota Legal Compliance Report
- Communication with Those Charged with Governance

Opinion on Financial Statements – Audit Process

- Audit Fieldwork – auditor performs tests to verify:
  - Occurrence: recorded transactions occurred and pertain to the City
  - Completeness: all transactions that should have been recorded were recorded
  - Accuracy, Cutoff, Classification: amounts are accurately recorded in the correct year and in the correct accounts
- Data mining techniques
  - Journal entries
  - Disbursement register
- Unqualified (aka “clean”) opinion

Report on Internal Controls

- What did we do?
  - We gained an understanding of internal controls in place and their effectiveness in order to design our audit procedures.
- How did we do it?
  - Obtain narratives of controls on each major class of transaction and account balance.
  - Perform walkthroughs and other tests to determine adherence to controls in place and effectiveness.
- What is the result?
  - Two items noted:
    - Prior Period Adjustment and Financial statement corrections
    - Lack of segregation of duties

Report on Legal Compliance

- What did we do?
  - Followed the audit guide published by the Office of the State Auditor. The guide consists of seven sections:
    - Depositories of public funds and investments
    - Conflicts of interest
    - Public Indebtedness
    - Contracting bid laws
    - Claims and disbursements
    - Tax increment
    - Miscellaneous provisions
- How did we do it?
  - Select sample of transactions to test for compliance with statutory provisions.
- What is the result?
  - No legal compliance findings.

Communication With Those Charged With Governance

- No new accounting policies adopted or changed during 2021
- Accounting estimates in the financial statements
  - Land Held for Resale ($2,452,403)
- No difficulties in dealing with management
- No disagreements with management
- Matters not included in other reports:
  - A significant portion of special assessment receivable balances are deferred for Green Acres or Senior Citizens
  - Delays in collection will require another funding source for debt service
  - Change in auditor