ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

Audit Qualifications, Experience, and Independence

Firm Qualifications and Experience

ABDO, EICK & MEYERS, LLP (the Firm) has a professional staff of more than 150 in its Edina and Mankato offices. The two offices serve clients of all sizes and industries, but over 25 percent of our business is dedicated to serving the municipal industry. The following summarizes the type of governmental services we provide:

Governmental Client Base

Our governmental client base is composed of cities, municipalities and other public entities. They are as follows:

- Audit services for approximately 100 cities.
  - 19 municipal clients receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- Finance director services for approximately 12 cities.
  - 2 municipal clients receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- Audit services for approximately 63 fire relief organizations, with the majority single-employer defined pension plans.
- Audit services for approximately 30 school districts and charter schools.
- Audit services for the Minnesota House of Representatives and Minnesota State Senate.
- Audit services for EDA's and HRA's.

Additional Client Base

Beyond our governmental client base, additional audit services include, but are not limited to:

- Audit services for approximately 25 Employee Benefit Plans

Additional Services

We have experience in many other non-audit areas, including but not limited to:

- Perform calculations of the GASB 45 Other Postemployment Benefit (OPEB) liability under the alternative measurement method for organizations with fewer than 100 plan members.

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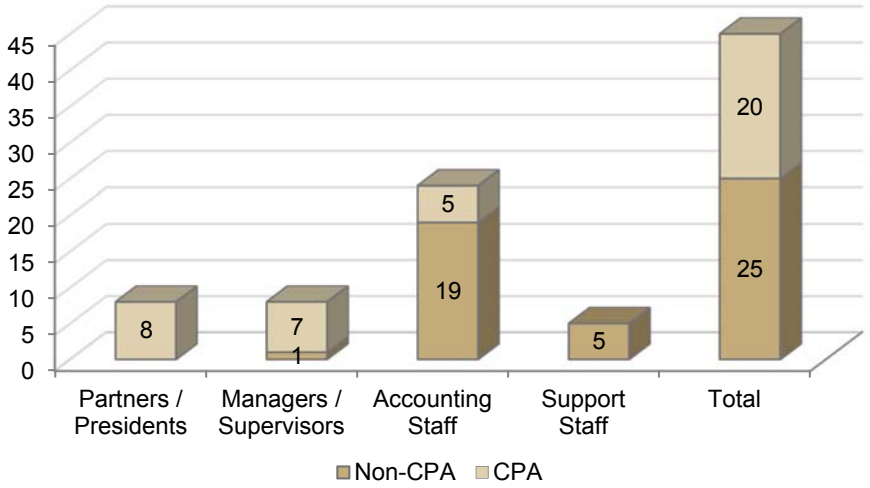
Personnel

Our firm has committed a substantial component of our staff to governmental and non-profit services. The following table shows the number of our professional staff dedicated governmental and non-profit services by position within the firm.



Our substantial governmental client base and commitment of staff to governmental services has provided our firm with the competence to serve professionally and efficiently.

Partner and Staff Qualifications and Experience

The Firm is a member of the American Institute of Certified Public Accountants Division of Firms and has received an unmodified opinion on its Peer Review, a copy of which is attached. Our Peer Review, which included governmental audits, was completed in 2014 and resulted in a pass rating.

The Firm has not had any federal or state desk reviews or field reviews of its audits in the last three years. We have had no disciplinary action taken or pending against the Firm during the past three years with state regulatory bodies or professional organizations.

The Firm is committed to a continuing professional education program, which emphasizes the areas of expertise of each member of our professional staff. The Firm is required to comply with *Government Auditing Standards* for each professional practicing in the area of governmental accounting and auditing. We are committed to follow those standards, which result in quality audit services, including continuing education for all staff of forty hours each year. As required by *Government Auditing Standards*, all governmental audit staff receives the required continuing education in the area of governmental auditing and accounting. These policies are monitored internally, reviewed annually and certified periodically by independent Peer Review.

We maintain library facilities which include current professional literature and specific information for the industries that we serve. The Firm library is also reviewed as part of the external quality review program. The Firm has in-house training programs specific to our governmental clients. We also perform auditing and accounting updates for our clients that are organized by our staff. These practices ensure the quality of our staff over the term of engagement.

Our staff participates in activities relating to government accounting and reporting issues through our membership and involvement with the following organizations:

- Minnesota Society of CPA's Governmental Accounting and Auditing Committee
- Minnesota Government Finance Officers Association
- Minnesota Association of Small Cities
- Minnesota Municipal Clerks and Finance Officers Association
- Government Finance Officers Association (GFOA)
- Government Accounting Standards Board (GASB)
- League of Minnesota Cities
- Minnesota Association of School Business Officials (MASBO)

Through our participation in these organizations, and continuing education provided by them, the Firm continues to stay abreast of all current governmental accounting and reporting issues.

People + Process. Going Beyond the Numbers

Licensed to Practice in Minnesota

The Firm and its entire CPA staff hold licenses to practice in the state of Minnesota. All licenses are in good standing. The Firm and several of its owners are licensed in other states and also are in good standing. The Firm's CPA's are all members in good standing with the Minnesota Society of CPA's and the AICPA. Our professional staff and membership in professional associations indicates that the services we provide are of the highest quality.

Independence

Our standards require that we be without bias with respect to the operations of the Minnesota Public Employee Retirement Association (PERA). The Firm is independent of PERA, as defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting Offices' "Governmental Auditing Standards".

The Firm has not been engaged by PERA or any of its agencies, component units, or oversight units for the past five years. Because the Firm is required to follow GAO independence standards mentioned in the previous paragraph, any prior relationships would not constitute any conflicts of interest relative to performing the audit.

People + Process. Going Beyond the Numbers

BRADY MARTZ

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

System Review Report

September 10, 2014

To the Partners of
Abdo, Eick & 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, 2014. 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. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Audit Standards* and audits of employee benefit plans.

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, 2014, 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*.

Brady Martz

Brady Martz and Associates, P.C.

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