

October 6, 2000

TO: Jim
FROM: Coleen
RE: Audit Proposals

We received two responses to our request for audit proposals for the Calendar Year Ended December 31, 2000. Both firms have teams that could satisfactorily perform the work, although since Ketel Thorstenson, LLP has conducted our audit for the past several years, that team would be more familiar with our financial system.

Casey Peterson & Associates, Ltd. Quoted \$34,000 for the audit, with an additional \$6,000 to conduct a 15-month audit of the Museum. They propose additional years at \$35,500 for 2001 and \$37,500 for 2002.

Ketel Thorstenson, LLP quoted \$25,000 with an additional \$6,000 to conduct a 15-month audit of the Museum. Ketel Thorstenson would negotiate a separate fee for audit work in connection with implementation of GASB 34. They estimate the cost to be \$5,000 to \$10,000 depending upon the time involved. This would be a one-time fee for each implementation phase and would not be included in ongoing fees. They propose additional years at \$26,500 for 2001, \$28,000 for 2002 and \$29,500 for 2003. If future audits include the Museum as a fund rather than a separate entity, the costs of that audit would decrease from \$6,000 to \$500.

Based both upon the cost and the qualifications and experience with the City of staff members involved in the audit, I would recommend that we select Ketel Thorstenson, LLP to conduct the 2000 audit with an option to extend the contract for an additional three years at the fees quoted above.