

Responses to questions - #1

July 27, 2023

Q1: Why is the city making the change of auditors? Any particular reason? Any conflict with prior auditor, etc.?

A1: The auditor informed us at the conclusion of the last financial statement audit—around May or June of this year—that they are resigning as the city’s auditor. One of their partners—who was assigned to Lowell—recently died. The other partners are advanced in age. They’ve apparently found it difficult to recruit new accountants to the firm, so their plans are eventually to close the business. For those reasons, they couldn’t continue working with us.

Q2: The annual report from prior year includes a statistical section. We tend to see that when an entity is issuing a full ACFR (C=Comprehensive), which includes a fair bit more work than a standard report. I don't believe it is the City's intention to issue an ACFR, however, is the plan to continue to include the statistical section and if so, will the city provide that information?

A2: Currently, the City's contract accountant produces the yearend financial report including all statistical information, note disclosures, basic financial statements and supplemental information. The city recognizes that statistical information is not required unless producing a full Comprehensive Annual Financial Report (CAFR. However, the City finds the statistical information useful to staff, the governing body and other users of the annual financial report. Should the financial services contract accountant change in the future, the statistical information could be dropped from the report if staff is unable to produce this information.

Q3: Any significant changes in staff, funds, or other that would make the 22-23 report or audit process materially different than 21-22?

A3: (1) Hired our first ever Library Director. (2) Construction of a new combined City Hall/library. This was an approximately \$700,000 project. (3) Possible legal issues: (a) Litigation to recover costs and other damages from a water main rupture that occurred in November 2022. The water main rupture damaged a 300-foot section of road and resulted in emergency repair expenses. (b) Litigation to recover the city’s costs for environmental remediation associated with underground storage tanks. The city recently sold a property that it acquired in 2019. When the city purchased the property, it was unknown to us that underground storage tanks were on the property. Prior to selling the property, DEQ and the buyer required us to decommission the tanks.

Q4: Separately, the City's website offers the 22-23 budget, but not yet the 23-24 budget. Can the final 23-24 document be shared at this time? This gives us additional insights into the situation at the City as we consider a response.

A4: Everything should be updated now on the city website.