

MEMBERS OF COUNCIL

HON. KIM REYNOLDS
GOVERNOR

HON. PAUL D. PATE
SECRETARY OF STATE

HON. ROB SAND
AUDITOR OF STATE

HON. ROBY SMITH
TREASURER OF STATE

HON. MIKE NAIG
SECRETARY OF AGRICULTURE



Executive Council of Iowa

CAPITOL BUILDING
DES MOINES, IOWA 50319
PHONE: 515 281-5368
FAX: 515 281-7562

April 3, 2023

Auditor Rob Sand
Auditor of State
L O C A L

Re: Approval of outside CPA

Dear Auditor Sand:

The Executive Council, in a meeting held this date, approved your request to employ the services of FORVIS, LLP to perform the annual audits of the Office of Auditor of State, the State Executive Council, the State Appeal Board, and the Tobacco Settlement Authority for years ending June 30, 2023, 2024 and 2025. The total reimbursement shall not be for more than \$70,000, \$74,750 and \$79,750, respectively.

EXECUTIVE COUNCIL OF IOWA

Victoria Newton

Victoria Newton
Executive Secretary

cc: Dana Davis, Executive Assistant, Auditor of State



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

March 14, 2023

Victoria Newton, Executive Secretary
Executive Council of Iowa
State Capitol Building
executivecouncil@tos.iowa.gov

Dear Victoria:

I respectfully request permission of the Executive Council to employ the services of FORVIS, LLP to perform the annual audits of the Office of Auditor of State, the State Executive Council, the State Appeal Board and the Tobacco Settlement Authority for the three years ending June 30, 2023, June 30, 2024, and June 30, 2025.

The total reimbursement for the audits shall not be for more than \$70,000 for the year ending June 30, 2023, \$74,750 for the year ending June 30, 2024, and \$79,750 for the year ending June 30, 2025. A copy of the proposal to provide audit services is enclosed.

Your assistance in this matter is greatly appreciated.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand".

Rob Sand

RS/dd

Enclosure



Submitted by FORVIS, LLP

A PROPOSAL FOR

Office of Auditor of State State of Iowa

FORVIS

1401 50th Street, Suite 350 / West Des Moines, IA 50266

P 515.223.0159 / F 515.223.5429

forvis.com

Letter of Transmittal

February 23, 2023

Mr. Rob Sand
Auditor of State
Office of Auditor of State, State of Iowa
Lucas State Office Building | 321 East 12th Street
Des Moines, IA 50319

Dear Mr. Sand:

The Office of Auditor of State (Auditor of State) is no stranger to the complex challenges that come with serving the public. Constant regulatory updates and budgetary constraints are just a few of the issues the Auditor of State has to address as you work to monitor the accountability of other state agencies. Navigating this environment can be difficult without a professional services firm with an experienced team of advisors, actively involved in the industry and well-informed of the issues faced by public sector entities. With our national presence and broad range of resources to provide helpful guidance and tools you require, **FORVIS** is here to help.

We understand the Auditor of State's request for a Financial Statement Audit in Accordance with *Government Auditing Standards* for the Auditor of State, the State Executive Council, the State Appeal Board, and the Tobacco Settlement Authority, for the years ending June 30, 2023, 2024, and 2025, with the opportunity for the audit services to be extended for up to two additional years.

FORVIS, a new firm combining two established track records of focused accounting and advisory experience, can provide the Auditor of State with the industry-specific insight and knowledge you deserve. At FORVIS, we have a client-centered service approach and commitment to industry specialization. Our professionals choose the industry they work in and have a passion for it. Your proposed engagement team has experience serving public sector entities, many of which are comparable in size to the Auditor of State, so you can be confident we understand the complexities of the industry and stay apprised of industry trends to better serve the Auditor of State.

Des Moines office Partner Jessica Richter, your proposed audit partner, will serve as the contact person for this engagement. Her address is at the top of this page and her contact information is below.

We believe our proposal will help you select our firm for efficient and objective services delivered by experienced professionals. I will call you soon to answer questions you may have about this proposal, or you may reach me at 515.221.4630 or jessica.richter@forvis.com.

Respectfully Presented,



Jessica R. Richter, CPA, CITP, CISA®
Partner



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Our acceptance of this engagement is subject to completion of our normal client acceptance procedures. Upon acceptance, the actual terms of our engagement will be documented in a separate letter to be signed by you and us. The information provided in this proposal is intended for informational purposes only and may not be copied, used, or modified, in whole or in part, without FORVIS' prior written approval. All information in this proposal is as of November 1, 2022, including projected statistics for FORVIS, unless otherwise noted.

C. Profile of Firm Proposing

For the Office of Auditor of State's (Auditor of State) convenience, **FORVIS** has structured our proposal according to the requirements in your RFP. We believe our proposal will demonstrate our qualifications to serve Auditor of State.

INFORMATION CONTAINED IN FORVIS' RFP RESPONSE, WHICH IT ASSERTS AS CONFIDENTIAL, IS EITHER BUSINESS AND/OR PROPRIETARY TRADE SECRET INFORMATION NOT SUBJECT TO DISCLOSURE AS SET FORTH IN THE STATE OF IOWA OPEN RECORDS LAW. SUCH CONFIDENTIAL INFORMATION HAS INDEPENDENT ECONOMIC VALUE TO FORVIS, IS NOT REASONABLY ASCERTAINABLE BY THIRD PARTIES AND IS THE SUBJECT OF REASONABLE EFFORTS BY FORVIS TO MAINTAIN ITS SECRECY AND/OR CONFIDENTIALITY. SUCH INFORMATION IN THIS PROPOSAL SHALL BE DESIGNATED WITH AN ASTERISK (*).

1. State whether the firm is a local, national or international firm and a brief description of the size of the firm.

FORVIS ranks among the nation's top 10 public accounting firms. Created by the merger of equals of BKD, LLP and Dixon Hughes Goodman LLP (DHG), FORVIS is driven by the commitment to use our forward vision to deliver **Unmatched Client Experiences™**. FORVIS is built upon the strong legacies of BKD and DHG, which is reflected in a name comprised from partner initials that represents our specific focus on preparing our clients for what is next. With more than 5,700 dedicated professionals located in 72 markets across 28 states, the UK, and Cayman Islands, FORVIS serves clients in all 50 states and across the globe. We offer a wide range of assurance, tax, advisory, and wealth management services.

In addition, our professionals combine the insight and ideas of multiple disciplines to serve numerous industries, including:

- Commercial Products
- Construction & Real Estate
- Dealerships
- Education
- Financial Services
- Healthcare
- Insurance
- Nonprofit
- Private Client
- Private Equity
- Public Sector
- Technology & Services

2. State whether the firm is in compliance with the requirements of Chapter 542 of the Code of Iowa in order to engage in the practice of public accounting within Iowa.

3. State whether the firm is independent of the entities to be audited in accordance with Government Auditing Standards.

Compliance

FORVIS is in compliance with the requirements under Chapter 542 of the Code of Iowa in order to engage in practice of public accounting within Iowa.

Independence

To the best of our knowledge, FORVIS is independent with respect to the Auditor of State as defined by:

- The Code of Professional Conduct of the American Institute of CPAs (AICPA)
- U.S. Government Accountability Office's *Government Auditing Standards*

We are not aware of any relationship that would impair our independence.

4. Describe the local office from which the work is to be performed.

- a. Location of the office.**
- b. Current size of the office.**
- c. Number of professional staff by level, such as partner, manager, supervisor, senior and other professional staff.**
- d. Number of CPA's in the office.**
- e. Other information needed to describe the office which would perform the work.**

Location

FORVIS
1401 50th Street
Suite 350
West Des Moines, IA 50266

Office Demographics

FORVIS' Des Moines office has approximately 26 CPAs.

Staff Level	Number
Partner	10
Manager	2
Supervisor	9
Senior	12
Other	21
TOTAL	54

Local Office Information

Our Des Moines office provides audit, tax, and consulting services to clients across multiple industries, including public sector, nonprofit, financial services, construction, real estate, and manufacturing and distribution.



The BKD team is extremely responsive and available when our team has questions. They make us feel valued and like we are their only client.

Javier Fernandez
Omaha Public Power District
BKD Legacy Client

D. Qualifications

1. Describe the recent local office auditing experience in similar types of audits to which the proposal relates. If appropriate, include regional experience in auditing similar types of entities.

Commitment to Serving the Public Sector

FORVIS is the CPA and advisory firm of choice for hundreds of governmental clients and their related business operations. Nationwide, we work with a wide variety of governmental entities, including state agencies, cities, municipalities, utilities, hospitals, and American Indian tribes. This depth of experience can provide Auditor of State with a wealth of resources from a firm that develops our professionals' skill sets in these sectors.

As part of our commitment to remaining at the forefront of the public sector, leaders across our national governmental practice meet regularly to discuss important developments, legislative updates, and challenges affecting governmental entities similar to the Auditor of State.

In addition, our public sector involvement has enabled us to establish connections with numerous regulatory and auditing organizations, including:

- AICPA Governmental Audit Quality Center, as a member
- Government Finance Officers Association (GFOA)
- Governmental Accounting Standards Board (GASB)
- Office of Management and Budget (OMB)
- U.S. Government Accountability Office



We look forward to communicating best practices and forward-looking strategies to help the Auditor of State thoughtfully consider the areas important to fulfilling your fiduciary responsibilities.

Representative Clients*

FORVIS is proud to work with governmental entities, including:

- Auditor of State of Indiana
- Capital Improvement Board of Managers of Marion County
- Cherokee Nation and Cherokee Nation Entertainment
- Choctaw Nation Housing Authority
- Choctaw Nation of Oklahoma
- City of Dubuque
- City of Fort Wayne
- City of West Des Moines
- City Utilities of Springfield
- Colorado Water Resources Development & Power Authority
- Consolidated City of Indianapolis – Marion County
- Denver Urban Renewal Authority

- Fayetteville Public Library
- Health & Hospital Corporation of Marion County
- Hinds County Board of Supervisors
- HoosierFund
- Illinois Gaming Board
- Indiana Economic Development Corporation
- Indiana Education Savings Authority and Upromise Investments, Inc.
- Indiana Housing & Community Development Corporation
- Indianapolis Airport Authority
- Kansas City Board of Public Utilities, Kansas
- Minneapolis/St. Paul Metropolitan Airports Commission
- Mississippi Department of Corrections
- Missouri Department of Transportation
- Municipal Energy Agency of Mississippi
- Nebraska Lottery
- Pikes Peak Library District
- State of Indiana Hoosier Lottery
- State Universities Retirement System of Illinois
- Teachers' Retirement System of the State of Illinois

If desired, it is permissible to include your five largest clients which are not governmental clients.

FORVIS' Des Moines office is proud to serve the following clients outside the governmental area:

- University of Iowa Center for Advancement*
- Dordt University*
- American Academy of Family Physicians*
- GRM Networks*
- LifeServe Blood Center*

2. Include resumes of all key professional members who will be assigned to the audits. Resumes should be included for all members of the audit team from the audit partner through at least the on-site in-charge auditor. The resumes should include the amount of experience the individual has had in the auditing profession, a summary of similar audits on which the individual has worked, a summary of the continuing professional education the individual has had in governmental accounting and auditing during the last two years and a statement as to whether the individual is independent as defined by Government Auditing Standards.

Your Proposed Engagement Team

We take team selection seriously and have the appropriate team of advisors to meet your needs. Previous experience is a primary determinant for assigning professionals to your engagement, and we have assigned individuals who are experienced in working with similar clients to your engagement.

Our audit professionals are required to receive at least 120 hours of continuing professional education (CPE) every three years. FORVIS professionals receive training from an annual internal industry seminar, internal webinars, and other external sources.

For auditors involved with audits performed under *Government Auditing Standards*, this education includes the hours required to comply with *Government Auditing Standards Yellow Book* guidance. All individuals, including specialists involved in performing fieldwork on *Government Auditing Standards* audits, are required to obtain at least 24 hours of CPE every two years in subjects directly related to governmental auditing or the governmental environment. In addition, engagement team members responsible for planning, directing, or reporting on *Government Auditing Standards* audits who spend more than 20% of their time performing *Government Auditing Standards* audits also are required to complete a minimum of 80 hours of CPE every two years that directly enhances their professional proficiency to perform audits.

For complete lists of CPE information for each member of your proposed engagement team, please see the Appendix.



Jessica R. Richter, CPA, CITP, CISA®

Audit Partner

515.221.4630

jessica.richter@forvis.com

Jessica serves as the Des Moines office leader for the nonprofit and public sector industry group. She has more than 22 years of experience providing audit, tax and consulting services for nonprofit organizations, school districts, public universities, state agencies, municipalities, and telecommunications companies. Jessica's specialties include financial reporting and auditing, financial projections and forecasts, due diligence, loan applications, Single Audit (the Uniform Guidance), bookkeeper training, business consulting, and employee training.

She is a member of the American Institute of CPAs, Iowa Society of CPAs, and the ISACA. Jessica is a licensed CPA in Iowa.

Jessica obtained her CPA certificate in 2000 and her Certified Information Technology Professional (CITP) accreditation in 2008. In 2015, she obtained her Certified Information Systems Auditor® (CISA®) certification. She recently was appointed to the Iowa Accountancy Examining Board.

She serves on the board of Dress for Success Des Moines and the Waukee Athletic Club. Jessica also is a graduate of the protégé program that supported the development of women in the firm.

Jessica is a graduate of University of Northern Iowa, Cedar Falls, with a B.A. degree in accounting.

She is independent as defined by *Government Auditing Standards*.



Amy K. Shreck, CPA
Concurring Reviewer

402.575.5679
amy.shreck@forvis.com

Amy has more than 14 years of experience working with nonprofits, governmental entities, public power entities, and higher education institutions.

She completed a two-year term as a practice fellow with GASB at GASB headquarters, where she helped to formulate standards and assisted with technical inquiries. Amy's experience at GASB allows her to help clients better understand GASB standards and the thought process behind the standards.

Amy is a member of the American Institute of CPAs and Nebraska Society of CPAs.

She is a graduate of Leadership Omaha Class 37. She previously served on the Goodwill Industries Serving Southeast Nebraska, Inc. board of directors and the University of Nebraska–Lincoln School of Accountancy Junior Advisory Board.

Amy is a graduate with highest distinction of University of Nebraska–Lincoln with a B.S. degree in business administration and an M.P.A. degree.

She is independent as defined by *Government Auditing Standards*.



Taylor Williamson, CPA
Audit In-Charge Manager

515.223.0159
taylor.williamson@forvis.com

Taylor provides audit services to a wide variety of clients.

He is a 2015 graduate of Oklahoma State University, Stillwater, with a bachelor's degree in accounting and a 2017 graduate of University of Colorado Boulder with a master's degree in accounting. He has experience with a variety of organizations including municipalities, nonprofits and other governmental entities.

He is a member of the American Institute of CPAs and the Iowa Society of CPAs.

Taylor is independent as defined by *Government Auditing Standards*.

Additional Resource



Lindsey D. Oakley, CPA
Partner

Lindsey is a member of FORVIS' Public Sector Practice and Nonprofit Practice and provides technical support to FORVIS auditors, implements new professional standards, and performs concurring reviews on engagements. She also serves as FORVIS' firmwide government and nonprofit technical coordinator.

Her experience includes providing audit and consulting services for nonprofit organizations, governmental entities, and real estate companies.

Lindsey is a member of the American Institute of CPAs (AICPA) and Missouri Society of CPAs. She also is a member of the Executive Committee of the AICPA Governmental Audit Quality Center.

She is a 2004 *cum laude* graduate of Missouri State University, Springfield, with a B.A. degree in accounting, and a 2005 graduate with a M.Acc. degree.

3. Describe the firm's policy on notification of changes in key personnel.

In the event we are required to make a change to any key personnel assigned to your engagement, we will discuss this with you to explain the circumstances and proposed change. Your lead engagement partner, Jessica Richter, or office managing partner will be coordinating personnel changes. We generally do not remove key personnel from an audit once it has begun, but occasionally, employee turnover or other events beyond our control require such a change. If a personnel change is required, we are confident we can provide a qualified replacement to complete your audit with limited interruption.

4. Include a listing of or the number of professionals in the office who are experienced in governmental auditing.

In our Des Moines office, approximately 10 professionals spend 50% or more of their time on governmental audits.

5. Describe the availability of individuals within the firm who are heavily involved in governmental auditing and reporting and with whom the audit team may consult.

In addition to Partner Lindsey Oakley listed earlier as an additional resource, firmwide, FORVIS has approximately 930 professionals who spend 50% or more of their time on governmental audits and can be consulted as needed.

6. Briefly describe the firm's system of quality control to ensure the audit is adequately performed and provide a copy of the firm's most recent external quality control review report.

Quality Control

FORVIS works hard to maintain high standards of professional practice, including establishing a strong system of quality control that emphasizes independence and objectivity. Our risk management program is designed to address a multitude of issues ranging from client acceptance to final working paper and financial statement review. Features of our quality control system include:

- All professional personnel are required to confirm their independence with respect to the firm's assurance clients
 - The national director of independence, a partner independent of any client duties, is responsible for overseeing this process and making judgments on application of the independence rules
- Certain complex accounting and auditing matters require consultation with the national office professional standards group
- Certain consulting services provided to audit clients require approval from the national director of advisory professional standards group
- Staffing assignments for consulting engagements are monitored to promote objectivity
- We have rigid standards for acceptance of new engagements, and new engagements are evaluated for potential conflicts of interest both in fact and in appearance
- All consulting engagements require a review by a partner or manager
- Assurance engagements and most consulting engagements are reviewed by a second partner or manager who is not otherwise involved in providing services to the client
- Having a designated partner oversee our Employee Retirement Income Security Act (ERISA) employee benefit plan audit practice
- Meeting employee benefit plan-specific CPE requirements

Peer Review

FORVIS is committed to providing quality audit services to our clients, and we submit our work to external reviewers who challenge our approach and findings. The AICPA's peer review program assists us in confirming our process works and identifying potential areas for improvement that could enhance our audit quality.

Our legacy firms, BKD, LLP and Dixon Hughes Goodman LLP, regularly participated in these reviews once every three years as required by the AICPA. As the predecessor entity for peer review purposes, a copy of BKD's most recent AICPA peer review report, with the rating of "Pass"—the best rating available under current peer review standards—is contained in the Appendix.



BKD just completed the first year audit engagement with the City. The transitional year went extremely smooth. BKD's staff did an excellent job working with our staff during the transition. During the engagement, BKD provided knowledgeable support and guidance. The audit was completed on schedule, and BKD always completed their deliverables on time.

Allen Herink
City of Omaha
BKD Legacy Client

E. Scope of Services & Proposed Project Schedule

1. Briefly describe your understanding of the scope of services to be provided.

Financial Statement Audit in Accordance with *Government Auditing Standards*

Auditing standards set the technical requirements for our process, culminating with the expression of our opinion on the presentation of your financial statements. Our audit will be performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The FORVIS Audit Experience

While auditor selection should start with evaluating technical competence, it also should extend to your expectations for a service experience. Your audit experience includes how your engagement is managed, how you and your team are treated, the quality and timeliness of communication you receive, and your confidence in the results and guidance you receive. FORVIS' philosophy emphasizes independence, integrity, and quality, and we have a strong commitment to providing high quality service, through a knowledgeable engagement team.

Onboarding & Project Management

Your FORVIS audit experience starts as soon as you select us. Our priorities include building rapport with your team, developing a deeper understanding of your operations, and coordinating with you on the design and expectations of our service relationship. These efforts are part of our smooth transition approach. The proposal process has provided us with the basics of your organization but learning more will help us serve you better.

If not already completed, we will finish the details of client acceptance to confirm what we have learned and verify confidential information not already obtained, such as litigation history or other sensitive matters.

Executing the Audit

Once we have established our overall process and communication plans with you, the detailed work can begin. Key elements of that work include:

Risk Assessment

We will identify and assess risks of material misstatement in your financial statements, including those from potential fraud. Our work is supported by building a strong understanding of your business environment through documents you provide and by gathering information through interviews and tests for significant transaction cycles.

Audit Design

Based on risks identified, we will design an audit approach specific to your organization. This tailoring takes into consideration the uniqueness of your operations, the design of internal controls you have implemented, and the nature of financial statement amounts and disclosures. We consider whether matters are truly important (materiality), as well as obtain input about concerns from management to design the tests we will perform.

Gathering Evidence

Once the plan is complete, we will execute the audit through a combination of on- and off-site work performed in accordance with the agreed-upon timeline.

Reviewing the Work

Critical to our process is a review of the team's work by our engagement executive, as well as a quality review by another executive who is independent from the detailed work. The quality review is designed to improve our deliverable by providing a fresh perspective and reinforcing quality.

Sharing Our Results

We base our audit opinion on the evidence gathered and then communicate our findings. Professional standards drive the content of our opinion and the required communication about any deficiencies and other items we may identify during the audit. Beyond these requirements, we share results formally through our letters and presentations to management, as well as opportunities for improvement through conversations during the audit process.

Broad Audit Risk Considerations

Some risk considerations apply across nearly all of our audits. We pay particular attention to the following items:

Significant New Accounting Standards

Every organization must assess the applicability and effects of new accounting rules. Significant standards with upcoming or recent broad applicability include:

Significant Accounting Estimates

Nearly all financial statements have significant estimates in amounts and disclosures, even when not readily apparent. Estimates may include amounts ultimately collectible from third parties, expected losses or costs occurring at a specific amount and time, etc.

We will gather information supporting management's estimates and challenge key assumptions used to develop these amounts. We also will test estimates on available data and historical trends and document our conclusions on the reasonableness of recorded amounts.

Risk of Management Override of Controls

When considering fraud, auditing standards require evaluating the risk that management could override existing controls. We will perform interviews of selected individuals, apply an element of unpredictability in our testing, and brainstorm as a team to evaluate risks and possible actions based on our observations. We also will perform journal entry testing, review estimates for bias and significant changes, and consider the business rationale for significant unusual transactions.

Procedures & Risks Specific to the Public Sector

Audit procedures can vary, but they often include traditional observation, sampling and testing combined with more advanced deployment of technology for trend analysis, summarization of documents and assessment of large data sets.

Our work with hundreds of clients in the public sector means our advisors are very familiar with entities similar to the Auditor of State. While no two audits are the same, certain activities are common to governmental entities. Specific risk areas for the Auditor of State are likely to include:

Accounts Receivable & Deferred Inflows of Resources & Unearned Revenue

These areas often are a significant risk due to the subjective nature of the Auditor of State's estimate for the allowance for doubtful accounts and the proper recognition of revenue for funds that report using the modified accrual basis of accounting and the current financial resources measurement focus that is consistent with the Auditor of State's policy. We will test the cutoff of various revenue sources, such as appropriations, government grants and customer fees, and review the revenue journal both before and after year end. We may confirm significant accounts receivable, as well as a sample of others to test both existence and proper classification, if considered necessary. In addition, we will test deferred inflows of resources by reviewing subsequent collections and perform various analytical procedures to test both completeness and proper classification of the balances, consistent with the Auditor of State's policy of recognizing revenue on the modified accrual basis of accounting.

Long-Term Debt

This is typically a risk due to the presence of one or more significant debt covenants. We review the associated debt documents to help gain an understanding of the flow of funds prescribed for any pledged revenues. We review the covenants and obtain evidence through inquiry and other means, including the recalculation of any financial covenants, to support the conclusion that all covenants have been met and all debt service payments have been made on time. We also will confirm the annual payment activity and ending balances of certain bonds, notes, and leases payable with trustees. In the case of any refunded debt in the year being audited, we will recalculate the accounting gain or loss by reviewing trustee statements and bond documents to test for proper classification and footnote disclosures. We also will inquire about your policy on reviewing each bond and note for applicable IRS arbitrage requirements, prepare a list of bonds and notes subject to IRS arbitrage requirements and the most recent arbitrage calculation prepared for each bond and challenge the calculation performed to test for completeness and obligations of the Auditor of State.

Net Position/Fund Balances

Procedures we perform in this area include vouching (or cross-indexing to work performed in other areas) of significant increases and decreases to net position, recalculation of net investment in capital assets for enterprise funds and governmentwide activities, review of documentation supporting the establishment and classifications of new accounts and testing of various nonspendable, restricted, committed and assigned fund balance accounts based on supporting documentation of donor and grantor agreements, enabling legislation, formal actions of government, such as ordinances and resolutions and other formal policies.

Revenue Recognition

Professional standards include a rebuttable presumption that for each audit, there is a risk of material misstatement due to fraud relating to improper revenue recognition. Our approach is to gain an understanding of the revenue recognition criteria and policies and then perform a variety of inquiry, analytical and substantive audit procedures to confirm our understanding.

Pensions & Other Postemployment Benefit Obligations

Due to the subjective nature of the estimation processes associated with determining the estimated Other Postemployment Benefit (OPEB) obligations liability, we will obtain and test the specific actuarial calculations for the OPEB liability. First, we will evaluate the professional qualifications and reputation of the actuary. We will read the actuarial reports to obtain an understanding of the methods and assumptions employed and evaluate the cost method used and the significant assumptions underlying the actuarial calculations. Select testing of the underlying data used in the calculation will be performed. We will evaluate the valuation, cost, and amortization methods for consistency. The other significant underlying assumptions such as discount rates, rates of return and medical cost trends will be compared with independent external studies of assumptions by such noted organizations as Milliman Medical Index, SEI Pension Accounting Research Series and the Towers Watson annual healthcare trend survey.

GASB’s Updated Lease Standard

With GASB Statement No. 87, *Leases* (GASB 87), the way leases are handled in public sector accounting has changed. While this rule is intended to provide clarity for users of financial statements, it brings a host of considerations for both lessors and lessees. Governmental entities will be allowed to transition using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun.

2. Indicate a proposed time schedule for completing the work, assuming the contracts will be issued on the date given in the cover letter.

a. Include the approximate dates you would perform field work, office review and report preparation (considering the required timing for the Tobacco Settlement Authority.)

b. Include the latest delivery date of the final reports.

FORVIS is prepared to meet the following deadlines.

FINANCIAL STATEMENT AUDIT PHASE	JUL	AUG	SEPT	OCT	NOV	DEC
Planning & Interim Procedures, including Predecessor Auditor Procedures						
Testing Procedures (Fieldwork)						
Report issuance – Tobacco Settlement Authority						
Report issuance – All others						

F. Fees & Compensation

Provide the following information:

1. Estimated total hours.
2. Estimated out-of-pocket expenses.
3. The hourly rate by staff classification.
4. The all-inclusive maximum fee and out-of-pocket expenses, which will not be exceeded.

Proposed Fees

Our goal is to be candid, timely, answer your questions about fees upfront, and avoid fee surprises. We determine our fees by evaluating a number of variables: the complexity of the work, the project's scope, the time we will spend, and the level of professional staff needed. Included in our quoted fees are travel costs and an administrative fee of 5%. This fee covers items such as copies, postage and other delivery charges, supplies, technology-related costs, such as computer processing, software licensing, research and library databases, and similar expense items.

Our fees may increase if our duties or responsibilities change because of new rules, regulations, and accounting or auditing standards. We will consult with you should this happen.

These fees do not include any time that may be required to address a restatement of previously audited financial statements. Accordingly, any such work will be billed based on our hourly rates.

For the Years Ending June 30	2023	2024	2025
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Financial Statement Audit in Accordance with *Government Auditing Standards*

Staff Level	Hours	Hourly Rate	Total	Hours	Hourly Rate	Total	Hours	Hourly Rate	Total
Partner	56	\$446	\$25,045	56	\$476	\$26,656	56	\$506	\$28,339
Manager	109	\$239	\$26,051	109	\$256	\$27,939	109	\$274	\$29,866
Associate	139	\$136	\$18,904	139	\$145	\$20,155	139	\$155	\$21,545
Out-of-Pocket Expenses			\$0			\$0			\$0
TOTAL	304		\$70,000	304		\$74,750	304		\$79,750

We anticipate there will be first-year transition costs of approximately 15 to 20 percent of the engagement fees, which we are willing to absorb, as we deem this an important investment in learning about your agency. Those hours are not included in the above estimates.

5. The frequency and timing of the billing process.

Our pricing for this engagement and our fee structure is based upon the expectation our invoices will be paid promptly. We will issue monthly progress billings during the course of our engagement and payment of our invoices is due upon receipt. Interest will be charged on any unpaid balance after 30 days at the rate of 10% per annum.

Appendix

AICPA Peer Review Letter



National Peer
Review Committee

December 11, 2020

Theodore Dickman
BKD, LLP
910 E Saint Louis ST Ste 400
Springfield, MO 65806-2570

Dear Theodore Dickman:

It is my pleasure to notify you that on December 11, 2020, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is November 30, 2023. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink that reads 'Michael Fawley'.

Michael Fawley
Chair, National PRC
+1.919.402.4502

cc: Candace Wright, L Bennett

Firm Number: 900010002800

Review Number: 577534

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BKD Peer Review Report



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Postlethwaite & Netterville and Associates, L.L.C.

Report on the Firm's System of Quality Control

To the Partners of BKD, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of BKD, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

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.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of BKD, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020, 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*. BKD, LLP has received a peer review rating of *pass*.

Postlethwaite & Netterville

Baton Rouge, Louisiana
November 2, 2020

Continuing Professional Education

Jessica Richter

Date	CPE Course Completed	Hours	Government Related
12/14/2022	The Role of an Audit Committee/City Council Member	1	✓
12/9/2022	SAPs & Other Extent of Evidence Topics (FORVIS FTD - Assurance Session)	2	✓
12/9/2022	ASU 2021-08 Income Tax Accounting	1	
12/9/2022	Ethics: Back to Basics	1	
11/18/2022	FUSION General Session	7.5	
10/25/2022	6th Annual FORVIS Des Moines CFO Seminar	3	
10/6/2022	Implementing Leases: A Practical Approach, Challenges & Opportunities	1	
9/23/2022	GASB Update: From GASB 89 to Upcoming Projects	1.5	✓
9/23/2022	Nothing New Under the Sun: Case Studies in Behavioral Ethics	1	
9/16/2022	2022 Assurance Annual Update - Financial Reporting Focus	3	
9/9/2022	Extent of Evidence Training	8	✓
8/11/2022	2022 Telecom Accounting Seminar	6.5	
8/3/2022	TFACC 2022	4.5	
6/22/2022	Nonprofit, Education & Public Sector - Day 2 (BTC22)	4.5	
6/21/2022	Assurance General Session (BTC22)	2	
6/21/2022	Nonprofit, Education & Public Sector (BTC22)	2.5	
6/15/2022	AICPA & CIMA Not-for-Profit Industry Conference	10.5	✓
6/2/2022	Single Audit Basics 2022 (FORVIS)	3	✓
5/20/2022	Audit Integration Update (IW-2741)	2	✓
5/4/2022	Madison Nonprofit Leadership Summit (EL-2633)	6	
2/28/2022	The Great Resignation: Why Job Succession Planning Is Essential to Your Organizational Success (EW-2619)	1	

Jessica Richter

Date	CPE Course Completed	Hours	Government Related
1/27/2022	Auditing For-Profit Entities Receiving Provider Relief and Other HHS Funds (IW-2604)	1.5	✓
12/10/2021	Lessons Learned from Litigation (When other CPA Firms Get Sued) (IW-2582)	1	✓
12/10/2021	GASB Leases (IW-2583)	1.5	✓
12/3/2021	GASB Module 1: Governmental Financial Reporting Basics (Self-Study)	0.5	✓
12/2/2021	State & Local Government Client Affiliates (Self-Study)	0.5	✓
12/2/2021	2021 Single Audit Update (Self-Study)	1.5	✓
12/2/2021	Using the Work of Internal Audit: Update to BKD Policy (Self-Study)	1	✓
11/29/2021	Leases Module 1: Overview of Lessee Accounting (Self-Study))	1	
11/5/2021	Annual Partner-Managing Director Business Meeting (LC21)	2.5	
11/5/2021	General Session (LC21)	2	
11/4/2021	Audit: LeaseVision & Other Lease Tools (LC21)	1	
11/4/2021	Audit: Recognizing Fraud & Fraud Risks (LC21)	1	✓
11/4/2021	Audit: Understanding & Leveraging BKD's Audit Technology Tools (LC21)	1	✓
11/4/2021	Audit General Session (LC21)	4	✓
11/3/2021	Nonprofit Higher Education & Public Sector Industry Leader Training (LC21)	6.5	
10/26/2021	5th Annual Des Moines BKD CFO Seminar (EL-2469)	3.0	
10/22/2021	Winning at All Costs: Case Studies in Behavioral Ethics (IW-2511)	1	
10/21/2021	Journal Entry Testing (IW-2517)	1	✓
10/19/2021	keynet SharePoint Online & Teams Collaboration Training (Self-Study)	0.5	
10/7/2021	Nonprofit Board Basics, Part 3: Engaging Your Board for Mission Success (EW-2441)	1	
9/30/2021	Nonprofit Board Basics, Part 2: Great Governance (EW-2440)	1	
9/21/2021	2021 Compliance Supplement & Single Audit Update (EW-2437)	1	✓
8/17/2021	How to Streamline the Financial Reporting Process	2.	✓

Jessica Richter

Date	CPE Course Completed	Hours	Government Related
8/5/2021	2021 Telecommunications Virtual Session (IW-2368)	2	
8/4/2021	TFACC 2021	5.5	
7/21/2021	2021 Nonprofit, Higher Education, & Public Sector Virtual Industry Session (IW-2268)	4	
6/28/2021	Governmental Accounting Basics	4	✓
6/9/2021	AICPA Not-for-Profit Industry Conference 2021	10.5	✓
5/18/2021	Iowa Governmental Roundtable	7	✓
5/17/2021	Iowa Governmental Audits - Local Government Update	4	✓
5/7/2021	2021 ISCPA Leadership Conference and Annual Meeting	1	
1/27/2021	What Nonprofits Need to Know About the Latest COVID-19 Stimulus Bill (EW-2234)	1	

Amy Shreck

Date	CPE Course Completed	Hours	Government Related
12/9/2022	SAPs & Other Extent of Evidence Topics (FORVIS FTD - Assurance Session)	2	✓
12/9/2022	Ethics: Back to Basics	1	
11/18/2022	FUSION General Session	7.5	
11/9/2022	WPFN - An Overview of The Workforce Report	1	
11/4/2022	2022 Assurance Annual Update - GAAS Focus	3	✓
10/28/2022	A&A Technical Leader Update	4.5	
10/26/2022	AICPA & CIMA Governmental and Not-for-Profit Training Program	21	✓
9/21/2022	Business and Financial Conference 2022	7.5	✓
9/16/2022	2022 Assurance Annual Update - Financial Reporting Focus	3	
9/9/2022	Extent of Evidence Training	8	✓

Amy Shreck

Date	CPE Course Completed	Hours	Government Related
9/1/2022	2022 FORVIS Nebraska Public Sector Seminar	4.5	✓
8/30/2022	New Partner Bootcamp	8	
8/19/2022	Leases Module 3: Core Concepts (Self-Study)	1	
8/19/2022	Leases Module 4: Transition (Self-Study)	1	
8/15/2022	Extent of Evidence Training for PSG, PPPs, and AADs	8	
7/22/2022	Audit Methodology Kickoff (IW-2764)	2	
6/21/2022	Nonprofit, Education & Public Sector (BTC22)	2.5	
6/21/2022	Assurance General Session (BTC22)	2	
6/14/2022	2022 Single Audit Update (IW-2735)	1.5	✓
6/13/2022	Leases Module 2: Effective Dates, Scope, & Definition (Self-Study)	0.5	
5/19/2022	Audit Integration Update (IW-2741)	2	✓
5/19/2022	2022 Higher Education R3 Summit	1.5	
5/12/2022	Navigating New FASB Guidance: Your 2022 Guide	2	
4/12/2022	Implementing GASB 87: What You Need to Know (EW-2639)	1	✓
2/2/2022	Public and Media Communications	1	
1/27/2022	Auditing For-Profit Entities Receiving Provider Relief and Other HHS Funds (IW-2604)	1.5	✓
1/13/2022	26th Annual Governmental GAAP Update	4	✓
1/8/2022	2022 Annual SEC and PCAOB Update (IW-2596)	2.5	
12/10/2021	Lessons Learned from Litigation (When other CPA Firms Get Sued) (IW-2582)	1	✓
12/4/2021	keynet SharePoint Online & Teams Collaboration Training (Self-Study)	0.5	
11/19/2021	Understanding & Leveraging BKD's Audit Technology Tools (IW-2551)	1	
11/19/2021	LeaseVision & Other Lease Tools (IW-2550)	1	
11/19/2021	Recognizing Fraud & Fraud Risks (IW-2549)	1	✓

Amy Shreck

Date	CPE Course Completed	Hours	Government Related
11/5/2021	General Session (LC21)	2	
11/4/2021	Audit: Single Audit Common Questions (LC21)	1	✓
11/4/2021	Audit General Session (LC21)	4	✓
11/4/2021	Audit: GASB Update (LC21)	1	✓
11/3/2021	Nonprofit Higher Education & Public Sector Industry Leader Training (LC21)	5.5	
10/22/2021	Journal Entry Testing (IW-2517)	1	✓
10/22/2021	Winning at All Costs: Case Studies in Behavioral Ethics (IW-2511)	1	
10/19/2021	Navigating GASB Standards 101: Your 2021 Guide (EW-2438)	1	✓
9/10/2021	2021 A&A Directors Update (IL-2455)	13.5	✓
9/10/2021	Leases Module 1: Overview of Lessee Accounting (Self-Study))	1	
8/26/2021	2021 Virtual Public Sector Seminar: Tips for Leading in a Hybrid Work Environment (EW-2411)	1	✓
8/26/2021	2021 Virtual Public Sector Seminar: Economic Update (EW-2410)	1	✓
8/26/2021	2021 Virtual Public Sector Seminar: How Much Are Your Ethics Worth? (EW-2412)	2	✓
7/21/2021	2021 Nonprofit, Higher Education, & Public Sector Virtual Industry Session (IW-2268)	4	
7/16/2021	Governmental Accounting Basics 2021	2	✓
7/16/2021	2021 Single Audit Update (IW-2392)	1.5	✓
5/21/2021	Using the Work of Internal Audit: Update to BKD Policy (IW-2348)	1	✓
5/18/2021	Common Pitfalls in Grants Management (EW-2296)	1.5	
4/20/2021	Examining the American Rescue Plan Act: Impacts to the Public Sector (EW-2287)	1	✓
3/11/2021	2021 Higher Education R3 Summit: Risks. Regulations. Reputation. (VC-2233)	4	

Taylor Williamson

Date	CPE Course Completed	Hours	Government Related
12/9/2022	SAPs & Other Extent of Evidence Topics (FORVIS FTD - Assurance Session)	2.0	✓
12/9/2022	Ethics: Back to Basics	1.0	
11/18/2022	Group Audits (FORVIS FTD - Assurance Session)	2.0	✓
11/10/2022	Des Moines Nonprofit Leadership Summit	6.0	
11/4/2022	2022 Assurance Annual Update - GAAS Focus	3.0	✓
9/28/2022	Leadership Development at FORVIS	1.0	
9/28/2022	Transformational Leadership: Fireside Chat	1.0	
9/27/2022	Growth, Expansion and Unmatched Client Experiences	1.0	
9/27/2022	Nonprofit, Education & Public Sector	2.0	
9/27/2022	Assurance	2.0	
9/27/2022	People First	1.0	
9/26/2022	State of the Firm & Innovation and Change Leadership to Enhance Career Progression	2.0	
9/23/2022	GASB Update: From GASB 89 to Upcoming Projects	1.5	✓
9/23/2022	Nothing New Under the Sun: Case Studies in Behavioral Ethics	1.0	
9/16/2022	2022 Assurance Annual Update - Financial Reporting Focus	2.0	
8/31/2022	Extent of Evidence Training	8.0	✓
8/10/2022	Audit Methodology Kickoff (Self-Study)	2.0	
8/2/2022	PCAOB Remediation Training (IW-2771)	1.5	
7/27/2022	2022 Annual AICPA Employee Benefit Plan Conference Update (Self-Study)	1.0	
6/27/2022	Leases Module 7: Auditing Considerations - Lessee Accounting (Self-Study)	0.5	
6/14/2022	2022 Single Audit Update (IW-2735)	1.5	✓
5/31/2022	Leases Module 6: Special Issues (Self-Study)	0.5	
5/10/2022	2022 Single Audit In-Charge Training (IW-2716)	3.5	✓

Taylor Williamson

Date	CPE Course Completed	Hours	Government Related
5/4/2022	ESG & the Top 10 Governance Activities (EW-2725)	1.0	
4/8/2022	2022 Employee Benefit Plan Annual Update (IW-2624)	2.0	
1/27/2022	Auditing For-Profit Entities Receiving Provider Relief and Other HHS Funds (IW-2604)	1.5	✓
12/10/2021	Lessons Learned from Litigation (When other CPA Firms Get Sued) (IW-2582)	1.0	✓
12/10/2021	GASB Leases (IW-2583)	1.5	✓
12/6/2021	ESG: Why Your Organization Should Care & How to Get Started (EW-2519)	1.0	
11/19/2021	LeaseVision & Other Lease Tools (IW-2550)	1.0	
11/19/2021	2021 A&A Annual Update - General Session (IW-2548)	4.0	✓
11/19/2021	Understanding & Leveraging BKD's Audit Technology Tools (IW-2551)	1.0	
11/19/2021	Recognizing Fraud & Fraud Risks (IW-2549)	1.0	✓
10/22/2021	Journal Entry Testing (IW-2517)	1.0	✓
10/22/2021	Winning at All Costs: Case Studies in Behavioral Ethics (IW-2511)	1.0	
10/6/2021	2021 Level 5	12.0	
9/30/2021	keynet SharePoint Online & Teams Collaboration Training (Self-Study)	0.5	
9/21/2021	2021 Compliance Supplement & Single Audit Update (EW-2437)	1.0	✓
9/17/2021	Audit Innovation Tech Update (IW-2474)	1.0	✓
8/26/2021	2021 Virtual Public Sector Seminar: How Much Are Your Ethics Worth? (EW-2412)	2.0	✓
8/26/2021	2021 Virtual Public Sector Seminar: Tips for Leading in a Hybrid Work Environment (EW-2411)	1.0	✓
8/25/2021	2021 Virtual Public Sector Seminar: Economic Update (EW-2410)	1.0	✓
8/17/2021	How to Streamline the Financial Reporting Process	3.5	✓
7/28/2021	Leases Module 4: Transition (Self-Study)	1.0	
7/27/2021	Leases Module 2: Effective Dates, Scope, & Definition (Self-Study)	0.5	

Taylor Williamson

Date	CPE Course Completed	Hours	Government Related
7/27/2021	Leases Module 1: Overview of Lessee Accounting (Self-Study))	1.0	
7/27/2021	Leases Module 3: Core Concepts (Self-Study)	1.0	
7/27/2021	Independence at BKD (Self-Study)	1.0	✓
7/16/2021	2021 Single Audit Update (IW-2392)	1.5	✓
6/28/2021	Governmental Accounting Basics 2021	2.0	✓
6/4/2021	Single Audit Basics 2021	3.0	✓
5/21/2021	Using the Work of Internal Audit: Update to BKD Policy (IW-2348)	1.0	✓
5/21/2021	2021 Annual AICPA Employee Benefit Plan Conference Update (IW-2344)	1.0	
5/11/2021	2021 Single Audit In-Charge (IW-2282)	7.0	✓
4/16/2021	2021 Employee Benefit Plan Annual Update (IW-2285)	2.0	
2/25/2021	Wrapping Up Audits Tips & Best Practices	1.0	✓

About FORVIS

FORVIS

An Enhanced Professional Services Firm

What's going to happen tomorrow? You can't predict the future, but you can prepare for it. To thrive in an environment that moves faster every day, business leaders must be able to look ahead and be ready for what comes next.

That's where **FORVIS** can help. Driven by the desire to anticipate what's next in the economic landscape, our goal is to help our clients be ready when the future becomes the present. We're committed to using our exceptional vision to provide each of our clients with an **Unmatched Client Experience™** that drives business forward.

FORVIS was created by the merger of equals between BKD and DHG. We aim to carry on our respective legacies of high-touch personal service delivered with remarkable integrity, care, and innovation—all now backed by the resources of a top 10 U.S. public accounting firm.



With national coverage and international presence, we're stronger: for our clients, our people, and the market of the future.



Forward Vision Drives Our Unmatched Client Experiences

As a FORVIS client, you will benefit from a single organization with the enhanced capabilities of an expanded national platform, deepened industry experience, greater resources, and innovative advisory services. Our aim is to provide assurance, tax, and advisory services that help clients succeed today while preparing them to forge ahead into a clear future.

Our eye on the future isn't exclusively directed toward our clients. We want our people—at every level, in every office—to be motivated by engaging career paths that challenge and inspire them to grow personally and professionally. Our partners and staff are the foundation of the firm, and when they have the opportunity to flourish, the result is Unmatched Client Experiences.

We are FORVIS—driven by a commitment to anticipating what's ahead so our clients are ready to thrive when it arrives.



Tom Watson
Chief Executive Officer

8th

Largest U.S. Firm*

530+

Partners & Principals

28

States + U.K. & Cayman Islands**

10+

Industries

5,700+

Team Members

72

Markets



FORVIS is a member of Praxity™, an international alliance of independent accounting firms that offers multinational clients access to resources around the world.
* FORVIS was ranked number eight on Inside Public Accounting's 2022 annual ranking of accounting firms by revenue.
** Services outside the United States are provided through our subsidiaries and/or affiliates.

FORVIS

AGREEMENT BETWEEN
OFFICE OF AUDITOR OF STATE
AND
FORVIS, LLP

THIS AGREEMENT made and entered into this 23rd day of February, 2023, by and between the Auditor of State, hereinafter called "Auditor" and Jessica R. Richter, CPA, CITP, CISA, hereinafter called "CPA".

WHEREAS, the Auditor is required by law to annually make a complete audit of every department of the state; and

WHEREAS, the Auditor wishes to obtain the services of the CPA to perform annual audits of the **Office of Auditor of State, State Executive Council, State Appeal Board**, and the **Tobacco Settlement Authority** for the years ended June 30, 2023, 2024, and 2025; and

WHEREAS, the CPA is equipped and staffed to assist in the above audits; and

WHEREAS, this agreement is in the best interest of the public in fulfilling the requirements of Chapter 11 of the Code of Iowa.

NOW, THEREFORE, BE IT UNDERSTOOD AND AGREED:

1. That the CPA will:
 - A. Provide auditors of various classifications and for the estimated hours as detailed in this agreement.
 - B. Begin work on the audit engagement as specifically agreed upon with the Auditor.
 - C. Perform all work in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.
 - D. Provide access to the working papers to the Auditor and/or his designee for the period of five (5) years after issuance of the audit reports.

2. Conditions of Payment:

- A. It is understood that the fees for the services set forth above shall be reimbursed at the following hourly rates:

<u>Classification</u>	<u>Hourly Rate</u>
Partner	\$ <u>446</u>
Manager	\$ <u>239</u>
Senior	\$ <u>185</u>
Staff	\$ <u>136</u>

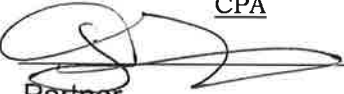
- B. The CPA shall invoice for services detailing the hours by classification for each audit report. Charges for reasonable and necessary expenses shall be shown separately. The total hours for each year are estimated at 304 hours and the out-of-pocket expenses are estimated at \$0, \$0, and \$0, respectively.
- C. Payment shall be made within 30 days of receipt of invoice.
- D. The total reimbursement for each year shall not be for more than \$70,000, \$74,750, and \$79,750, respectively, unless an amendment to this contract is completed and agreed to by the Auditor and the CPA.

3. Termination of Agreement.

- A. The contract may be terminated at any time by mutual agreement of both parties.
- B. The Auditor may terminate this contract without notice if the CPA fails to perform the covenants or agreements contained herein.
- C. The CPA shall be paid for all work satisfactorily performed to the date of termination.

4. The Auditor and the CPA shall have the option to extend this contract for up to two additional years at total reimbursement amounts mutually agreed-to by the Auditor and CPA. Any extension of this contract under this section and the total reimbursement amount for each extension shall be in writing, agreed-to by the Auditor and CPA, and be subject to approval by the State Executive Council.

IN WITNESS THEREOF, the Auditor and CPA have executed this AGREEMENT as of the date indicated below:

By:  CPA ^
Title: Partner
Date: February 23, 2023

By: _____
Title: Auditor of State
Date: _____

^This sample contract has been signed, per the RFP instructions (Section I.5.), for proposal purposes only. FORVIS acceptance of this engagement is subject to completion of our normal engagement acceptance procedures. Upon acceptance, we are required to communicate the actual scope and terms of the engagement in a separate engagement letter to be signed by the Auditor of State and FORVIS. The engagement letter and its Terms and Conditions Addendum, prepared in accordance with auditing standards, shall become part of the contract.