



Smart decisions. Lasting value.™

Proposal to provide audit services

May 23, 2024

RFP 2024-026

Submitted to:

Cassie Leal, Purchasing coordinator
City of Fulshear
6611 W Cross Creek Bend Lane
Fulshear, Texas 77441

Submitted by:

Robert Belt, Partner
Crowe LLP
9 Greenway Plaza, Suite 1700
Houston, Texas 77046
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Table of contents

Transmittal letter	1
Statement of independence and license to practice	3
Qualifications and experience of firm, partners, supervisory, and staff with references of similar engagements with other government entities	4
Size of the firm	4
Size of the governmental audit staff	5
Local offices and Texas presence	5
Public sector specialization	6
National government practice	8
External quality control – peer review	10
Federal or state desk reviews	10
Your client service team	12
Similar engagements with other government entities	15
References	15
Client experience	16
Methodology and audit approach	17
Identification of anticipated potential audit problems	24
Pricing	26
Fee summary	26
Out-of-pocket expenses	26
Rates for additional professional services	26
Manner of payment	26
Exceptions to proposal requirements	28
Appendix A: Peer review report	29
Appendix B: Resumes	30
Appendix C: Required forms	40



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Transmittal letter

May 23, 2024

Cassie Leal, Purchasing Coordinator
City of Fulshear
6611 W Cross Creek Bend Lane
Fulshear, Texas 77441

Dear Cassie:

Crowe LLP (Crowe) is pleased to present our proposal entitled "Audit Services" to the City of Fulshear, Texas (City). We have reviewed the Scope of Work and we believe that our proposal will demonstrate Crowe's ability to fully meet your requirements.

The Best of Both Worlds - Belt Harris Pechacek, LLLP (BHP) has proudly audited the City for over five years, so we are pleased to announce that as of May 1, 2024, that the partners and entire staff of BHP have joined Crowe LLP. This provides the City all the benefits of a new audit approach, methodologies, and risk assessment, with a seamless transition with our audit teams access to workpapers and a deep historical understanding of the City's operations, systems, internal controls, and risk areas.

Local Texas City Expertise - Our professional service team experience helping Texas cities is extensive which provides the City auditors that fully understanding local issues and impact on operations from topics ranging from subsidence to FEMA hurricane recovery. Our team has worked with over 100 Texas cities, including:

- | | |
|------------------------|-------------------------|
| • City of Fulshear | • City of Deer Park |
| • City of Pasadena | • City of League City |
| • City of Baytown | • City of New Braunfels |
| • City of Mont Belvieu | • City of Webster |

National City Leaders – Our national team of City auditors deal with myriad of rapidly changing issues facing city governments, which provides the City the most up to date guidance from cyber security to new federal programs and legislation. We work with hundreds of cities annually including, most notably:

- | | |
|-------------------------|-------------------------|
| • City of Los Angeles | • City of Las Vegas |
| • City of Ft Lauderdale | • City of Beverly Hills |

Deep Specialization - With a team of more than 6,000 professionals, Crowe is one of the largest public accounting, consulting, and technology firms in the United States with offices around the world. Our vision is built on deep specialization and a focus on our clients, our people, and the hallmarks of our profession: integrity, objectivity, and independence. Our team comprises seasoned leaders in almost every industry segment and area of specialization from areas such as forensic IT services to ERP implementation. The benefit to the University is that we draw on the experience of leaders from across the nation on almost any topic. Our professional relationship will promote Smart Decisions and Lasting Value, which is the motto of our firm.

Delivering Lasting Value for Decades - With over eighty years' experience of helping our clients make Smart Decisions, we have a proven record of delivering comprehensive, efficient, and transparent audit services that meet and exceed the expectations of our city clients. The benefit to the City is our tailored audit approach addressing such as the risk of municipal court cash handling, investments in accordance with the Public Funds Investment Act, and reporting and disclosure requirements for TIRZ and the Texas Municipal Retirement System pension and other post-employment benefits.

Lasting Value from Lasting Relationships - We forge each relationship with the intention of delivering exceptional client service while upholding our firm's core values – care, trust, courage, and stewardship – and strong professional standards. Crowe has delivered value to our clients for decades by listening to their needs and developing a comprehensive understanding of their businesses and would appreciate the opportunity to do the same for you.

Embracing Volatility - Crowe embraces volatility on all fronts with rapidly changing technology, regulations, and best practices, both within our firm in the delivery of our services and in our city operations. Our goal is to adopt the latest technological advancements and best practices, demonstrating that our services are not only efficient and effective but also tailored to the specific needs of the City. We are committed to providing insights that are actionable, fostering improvements that can enhance the City's operational effectiveness and internal control structure. The benefit to the City is a less stressful audit process, with fewer demands on staff time, while providing a depth of auditing to provide confidence and insight to provide Lasting Value.

Authorized Representative - This proposal is being submitted by Robert Belt, partner, who is authorized to represent the firm, empowered to submit the proposal, and is authorized to negotiate and execute a contract with the City of Fulshear.

Should Crowe be selected to provide these services and to enter negotiations for a final contract, Crowe would like the opportunity to negotiate contract terms mutually agreeable to Crowe and the City and consistent with prevailing audit standards. Crowe understands that both parties reserve their respective rights to negotiate appropriate and mutually acceptable provisions prior to execution of any Agreement should Crowe be considered for final negotiations. We reviewed the terms and conditions (proposal requirements) provided in the RFP and noted our proposed exceptions following the pricing section of our response.

We appreciate the opportunity to submit this proposal and look forward to providing professional and valuable results. Should there be any questions regarding our proposal, please contact Robert at 281.824.6302 or robert.belt@crowe.com.

Sincerely,



Robert Belt
Partner

Statement of independence and license to practice

Crowe is independent of the City of Fulshear and any of its component units, its officials, and its employees.

Crowe is not aware of any conflicts of interest relative to performing the proposed audit for the City of Fulshear. Additionally, we are not aware of any relationships that would be in violation of applicable professional standards.

Crowe LLP is independent of the City as defined by generally accepted auditing standards and the U.S. General Accounting Office's Governmental Auditing Standards 1994 Revision, as amended.

Crowe has policies and procedures to provide reasonable assurance that professional personnel maintain independence, integrity, and objectivity required under professional standards. A dedicated unit within Crowe, the ethics and independence group within the firm's national office, is responsible for managing and communicating independence and ethics guidance and firm protocol.



Independence precludes relationships that might in fact or appearance impair objectivity in performing audit and other attest services. Integrity requires personnel to be honest and candid within the constraints of client confidentiality. Service and the public trust are not to be subordinated to personal gain or advantage. Objectivity is a state of mind and a quality that lends value to a firm's services. The principle of objectivity imposes the obligation to be impartial, intellectually honest, and free of conflicts of interest.

Regulators and standards setters

Maintaining credibility and strong relationships with regulators is a critical element of your success. Our work has been reviewed by regulators extensively in multiple organizations, and we consistently receive positive feedback.

Crowe recognizes that regulatory compliance and good exam performance are priorities. Our key service delivery members have frequent interaction with industry regulators – state and national - as part of clients' annual examinations and are highly qualified to facilitate regulator communication.

The benefit of Crowe's vigilance on the independence and integrity front is public confidence, more specifically the governance (Mayor and City Council), citizens and customers of the City, and other stakeholders from bonding rating companies and to holders of the City's debt instrument are confident in the audit process.

Licensed to practice in the State of Texas

Crowe LLP is a licensed public accounting firm certified by the State of Texas to practice public accounting in the State of Texas, is registered, and in good standing with the Texas State Board of Public Accountancy under license number W09250. This license is for Crowe's five offices in Texas including Houston, Austin, Dallas, Plano, and The Woodlands. Our engagement team will be led and primarily staffed by our Houston office, but the team and City will have access to our specialists from across our national footprint.

Texas State Board of Public Accountancy
505 E. Huntland Drive, Suite 380, Austin Texas 78752

CROWE LLP
OFFICE
9 GREENWAY PLAZA #1700
HOUSTON TX 77046

Office License ID: **W15506**

Firm License ID: **P05457**

Expires: **5/31/2025**

All proposed engagement team members are in good standing with the American Institute of Certified Public Accountants and/or the Texas Society of Certified Public Accountants.

Qualifications and experience of firm, partners, supervisory, and staff with references of similar engagements with other government entities

Size of the firm

Crowe LLP (Crowe) was founded in 1942 in South Bend, Indiana, and has been in business for more than **80 years**. Headquartered in Chicago, Illinois, Crowe is a global accounting, consulting, and technology firm with more than **6,600** professionals and 35+ U.S. locations across the nation, including our Texas offices in Houston, Austin, Dallas, Plano, and The Woodlands.



Crowe is recognized by many organizations as one of the country's best places to work.



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Fortune 100 Best Companies to Work for 2024*

Crowe once again is named one of the Fortune 100 Best Companies to Work For in 2024. Crowe is recognized for offering a great workplace and a positive experience for all employees – regardless of job role, race, gender, or any other demographic identifiers. Everyone at Crowe plays a role in fostering and living by a strong, values-based culture. This is Crowe's fifth appearance on the premiere best workplaces list. The award is based on an analysis of survey responses from more than half a million U.S. employees at Great Place to Work-Certified™ organizations.

Our Purpose Drives Us

Our purpose is: Shaping Your Better Tomorrow. Together. Today. It's the standard we live by and reflects what we hold important as both a firm and as individuals.

We are driven by passion, deep understanding, and integrity. We work together as a team to serve the needs of our people and our communities. We embrace and celebrate collaboration, growth, and learning.

We lead with insights, and we're committed to always do better and be better. We embrace the legacy of where we've been, and our duty to tomorrow.

**SHAPING
YOUR
BETTER
TOMORROW.
TOGETHER.
TODAY.**

Our Values & Philosophy

Our values reflect what we hold important as both a firm and as individuals. By living out our values every single day, in every single interaction, we drive the purpose of the firm forward. These values are the fabric that makes up the tapestry of our purpose, and that tapestry is the foundation for all the work we do.

Starting with our core purpose of "Shaping Your Better Tomorrow. Together. Today." our values bring together the guiding principles that all members of the firm, regardless of title or position, are expected to use in their interactions with colleagues, with clients, and in the communities and profession in which we work. It explains to our people the standards and expectations of ethical conduct that Crowe requires when doing business, wherever that might be.

CARE
TRUST
COURAGE
STEWARDSHIP



This core purpose and our core values – care, trust, courage, and stewardship – guide us in exercising professional skepticism, objectivity, and being free of conflicts of interest. They guide our people in acting with the utmost integrity and professionalism in each interaction and provide a solid foundation for the firm.

The Power of Crowe means our clients have access to the top expertise across the firm and experience a seamless collaboration between our offices, our business units, our subsidiaries, and our international network in the delivery of that expertise. For our people, it means career growth opportunities and potential for leadership development. Crowe invests in and engages the most effective resources available and goes deeper to find valuable insights and opportunities. We embrace collaboration and diversity, equity, and inclusion as a way of being and show up every day with focus and passion. At Crowe, our people work together across our functional areas to shape a better tomorrow.

Size of the governmental audit staff

We recognize that our professionals are invaluable delivering the proposed services. Our teams build long-term client relationships based upon integrity, trust, and mutual respect. Our vision is that our people come to work every day motivated to provide our clients with an exceptional experience in every interaction and to help our professionals maintain objectivity in the delivery of our services. We are proud that Crowe is recognized by many organizations as one of the country's best places to work, as it demonstrates engagement continuity throughout the relationship.

The Crowe public sector team is comprised of more than **300 professionals** serving more than **1,000 public sector entities** across the country. Because we operate within industry specializations as a national practice, we can pull expertise from many parts of the firm to best support your needs. Connecting deep industry and specialized knowledge with innovative technology, our dedicated professionals create value for our clients with integrity and objectivity.



Local offices and Texas presence

The work will be performed from the **Crowe Texas offices of Houston and Austin**. All professional staff assigned will be full-time. We have five offices in Texas and provided their addresses and telephone numbers below.

Austin

901 S. MoPac Expressway, Bldg. II
Suite 450
Austin, TX 78746
512.480.8182

Dallas

2200 Ross Ave.
Suite 4600E
Dallas, TX 75201
214.777.5200

The Woodlands

25700 Interstate 45 N.
Suite 175
The Woodlands, TX 77386
281.362.9732

Houston

9 Greenway Plaza
Suite 1700
Houston, TX 7706
713.667.9147

Plano

5810 Tennyson Parkway,
Suite 450
Plano, TX 75024
214.777.5200

As mentioned previously, in our ongoing commitment to expand our footprint in Texas and broaden our reach to governments in the state, we are pleased to announce the addition on May 1, 2024, of Belt Harris Pechacek, LLLP (BHP) to our team. BHP has developed a unique niche auditing government, with a heavy emphasis of audits of city governments, auditing over 40 cities annually. Their local experience auditing Texas cities and knowledge of local issues, combined with Crowe's experience working with the largest cities in the nation provides an unmatched professional team dedicated to auditing Texas municipalities. Crowe's national experience, combined with BHP's Texas experience, and direct knowledge of the City of Fulshear provides a **win-win combination**.

Public sector specialization

Crowe has diverse, in-depth governmental experience that delivers insight and solutions to public sector agencies. Crowe has been serving the needs of government organizations for **50 years**. We have developed a national state and local government practice that includes entities across the country allowing us to provide you with more global insights about financial reporting and operational issues local government agencies face.

Crowe continues to make the long-term investment in state and local governments, utilities, transportation, retirement systems, local education agencies, higher education, and not-for-profits. Our professionals are passionately interested in our public sector clients and are focused on providing outstanding service. We have continued investing in the industry through industry roundtables, relevant continuing professional education, and the development of innovative technology solutions specifically for governments. These include the Crowe Debt Manager, and the Crowe Anomaly Detection tool.

The firm has further demonstrated its commitment specifically to the public sector with increased professional staff dedicated to the government space and support of government industry groups and forums such as **GFOA, GASB, AICPA and more**. This approach and commitment benefit our clients, our business, and our communities.

Our commitment to deep specialization allows us to develop and retain personnel who are familiar with the government environment, work with diverse organizational and governance structures, and participate in understanding, developing, and implementing best practices with our clients.

Our Public Sector Professionals focus on maximizing performance, while recognizing that one size does not fit all. The challenges and improvement opportunities vary widely from one organization to another, and no single solution or universal approach is well-suited for every situation.

What truly differentiates us from other firms is our commitment to the public sector through our thought leadership and educational materials, association involvement, and the tools and technology we develop for efficient and effective project management.

This is our specialty. Read more here: <https://www.crowe.com/industries/public-sector/audit>



You can also learn more about our Local Government and audit services.

<https://www.crowe.com/industries/public-sector>



Public sector audits performed by deeply experienced auditors

At Crowe, we strive to help governments' better serve their constituents by providing assurance that financial statements are materially correct.

Industry knowledge and experience

A critical element building deep industry knowledge is leadership within the industry and the standard setting process.

GASB Associate Practice Fellow

Crowe has extensive experience with government accounting and financial management, as well as internal controls, system implementation, and change management. Crowe has a solid track record of implementing new GASB Standards. As it specifically relates to GASB Statements No. 83 and No. 87, Crowe has a distinct advantage over other public accounting firms by sponsoring a GASB Associate Practice Fellow. The Practice Fellow is a Crowe senior manager (Hollis Hanson-Pollock) selected by GASB to participate in a two-year fellowship at GASB's headquarters in Norwalk, Connecticut. The role of the Practice Fellow is to act as an assistant project manager focusing on specific projects. The Practice Fellow works directly with GASB Project Managers on short-term and major long-term projects, as well as focusing on implementation and emerging practice problems. The Practice Fellow is involved with making recommendations to the GASB on technical issues, developing and drafting accounting standards, and participating in discussions at meetings of the GASB and the Government Accounting Standards Advisory Board.

GASB Technical Inquiry

Further, given Crowe's active role in National Thought Leadership with standard setting bodies, such as GASB, or the AICPA State and Local Government Expert Panel and AICPA Government Audit Quality Center, Crowe has a direct line to assist in any technical consultations regarding compliance, audit, tax, or financial accounting and reporting matters. This helps mitigate any disagreements and benefits the City in getting to the right technical answer on any accounting, auditing, and tax matters. We have experience consulting directly with the GASB staff on complex matters such as GASB 51 intangible assets in relation to perpetual ownership to software, GASB 84 fiduciary activities in relation to numerous of our clients' responsibility to allocate and distribute funds held in a fiduciary capacity at their respective cities, GASB 87 Leases that resulted in the publishing of Implementation Guide questions, GASB 94 Public-Private and Public-Public Partnerships and Availability Payment.

Kevin Smith, (a Texas based partner), is a recent member of the **Governmental Accounting Standards Advisory Committee (GASAC)**, which advises the **Government Accounting Standards Board (GASB)** on issues related to projects on their agenda, possible new agenda items, project priorities, and procedural matters that may require the attention of the GASB.

Certificate of Achievement for Excellence in Financial Reporting (COA) Program

Many of our audit client's issue ACFRs and participate in the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting (COA) program. We have experience advising entities on qualifying for this award as well as volunteering as official GFOA reviewers. Our audit teams have gained valuable insights from these experiences allowing us to provide sound advice to our clients on improving the effectiveness of their financial reporting.

Single Audit Experience

The Crowe audit team has experience with several Federal and state cognizant agencies. During the audits, we have worked closely with a variety of Federal agencies including the U.S. Housing and Urban Development, U.S. Health and Human Services, U.S. Department of Transportation, U.S. Department of Treasury, and many others. Specifically, your engagement team has extensive experience auditing the Community Development Block Grants/Entitlement Grants, Highway Planning and Construction program, Equitable Sharing, and COVID related grants.

Members of our engagement team have direct experience auditing these complex federal grants at large organizations.

- \$809 million – Kentucky Housing Corporation
- \$768 million – Clark County, Nevada
- \$380 million – Dallas Area Rapid Transit
- \$250 million – Miami Dade Transit
- \$146 million – Workforce Solutions Greater Dallas
- \$67 million – Metropolitan Transportation Commission
- \$26 million – City of North Las Vegas
- \$ 5 million – City of Richardson
- \$ 3 million – City of Cedar Hill

Crowe is a proud member of the AICPA Government Audit Quality Center and shares the organization's commitment to promote quality government financial statement and grant compliance audits throughout the United States to this end members of our firm have conducted national AICPA webinars on the implementation of the Uniform Guidance. Crowe has also delivered a 5-part webinar series on the Uniform Guidance. Our goal is a smooth execution of our client's Single Audit through timely upfront education on emerging federal grant issues.

National government practice

Crowe has diverse, in-depth experience that delivers insight and a clear understanding of the challenges and solutions of public sector agencies. We serve hundreds of state and local governments nationwide and work on thousands of engagements. By tapping into our expertise, governments can increase transparency and accountability while also raising service levels for constituents.

Demonstrating our deep industry expertise in government entities, the listing on the next page illustrates a sample of government entities served by Crowe:

Government Clients**California**

- State of California (50+ agencies)
- County of Los Angeles
- County of Orange
- County of San Diego
- City of Beverly Hills*
- City of Cupertino*
- City of Los Angeles
- City of West Sacramento*
- City and County of San Francisco*
- San Diego Association of Governments*
- San Bernardino Council of Governments*

Florida

- City of Fort Lauderdale *
- City of Lakeland*
- City of Miami Beach*
- City of Tampa*
- City of Tarpon Springs*
- Pinellas County, Florida*
- Pinellas County Sheriff's Office*
- Pinellas County Clerk*
- Broward County*
- Broward County Sheriff's Office*
- Miami-Dade County Transit*
- Randolph County*

Illinois

- Chicago Public Schools
- City of Burbank*
- Village of Bolingbrook*
- City of Calumet City*
- City of Chicago
- City of Decatur*
- City of Des Plaines*
- County of Cook
- County of DuPage*
- Village of Glendale Heights*
- Illinois Governor's Office of Management and Budget
- Illinois Housing Development Authority
- Illinois State Treasurer Office*
- Illinois State Board of Education*
- County of Lake
- Village of Matteson*
- Village of Richton Park*
- Will County*

Ohio

- Montgomery County
- Franklin County

* Past or current audit client of Crowe

Nevada

- City of Las Vegas*
- City of North Las Vegas
- Clark County*
- Regional Transportation Commission of S. Nevada*
- Regional Transportation Commission of Washoe County*
- Las Vegas McCarran Airport*
- Reno-Tahoe Airport*

Indiana

- County of Bartholomew
- City of Bloomington*
- Capital Improvement Board of Managers
- Clark County*
- City of Evansville*
- City of Hammond*
- Indiana Housing & Community Development Authority
- County of Lake
- City of Indianapolis-Marion County
- Health and Hospital Corporation of Marion County
- Indianapolis Department of Metropolitan Development
- Indiana Stadium and Convention Center Authority
- Randolph County
- St. Joseph County
- Vanderburgh County*

Texas

- City of Cedar Hill*
- City of Dallas
- City of Fort Worth
- City of Frisco*
- City of Richardson*
- City of University Park*
- Dallas Area Rapid Transit*
- Dallas County Utility and Reclamation District*
- Fort Worth Transportation Authority*
- North Texas Municipal Water District*
- North Texas Tollway Authority*
- Texas Department of Transportation*
- Central Texas Turnpike Authority*
- Grand Parkway Transportation Corp.*
- Texas Mobility Fund*
- Texas Office of the Governor Texas Leverage Program and the PDSBI Program*
- Teacher Retirement Investment Company of Texas, Ltd.*
- Workforce Solutions Greater Dallas*

As previously noted, the local government audit team of Belt Harris Pechacek, LLLP joined Crowe, on May 1, 2024, further expanding Crowe's ability to provide audit services to Texas municipalities. Below is a representative listing of cities audited by Belt Harris Pechacek, LLLP to illustrate Crowe's audit teams experience level with Texas municipalities.

City of Alvin	City of Manvel
City of Angleton	City of Meadows Place
City of Bastrop	City of Mont Belvieu
City of Baytown	City of Montgomery
City of Beeville	City of Morgan's Point
City of Blanco	City of Nassau Bay
City of Brookshire	City of Navasota
City of Bunker Hill Village	City of New Braunfels
City of Clear Lake Village	City of Oak Ridge North
City of Deer Park	City of Onalaska
City of El Lago	City of Pasadena
City of Fulshear	City of Rosenberg
City of Hedwig Village	City of Schulenburg
City of Hempstead	City of Seabrook
City of Hilshire Village	City of Shoreacres
City of Hunters Creek Village	City of Silsbee
City of Jacinto City	City of Spring Valley Village
City of Jersey Village	City of Taylor Lake Village
City of Kilgore	City of Waller
City of Lake Jackson	City of Webster
City of League City	Town of Fulton
City of Livingston	

External quality control – peer review

Crowe is subject to a Peer Review of our audit practice every three years and has been since 1980. Crowe's current external Peer Review organization is Cherry Bekaert LLP. Cherry Bekaert LLP conducted our most recent Peer Review, for the year ended March 31, 2022, and our firm received the highest rating. *The review included reviews of specific public sector engagements as well as quality control aspects of our Firm's operations.* We have included a copy of our most recent Peer Review Report in **Appendix A** of our proposal.

Federal or state desk reviews

Federal or state desk reviews

We have had audits reviewed successfully by Federal Inspector General Offices as a part of desk and field reviews. No desk reviews have resulted in discipline action taken against the firm. All single audits performed are submitted for distribution to the appropriate federal agency and our single audit reports are typically accepted by those federal agencies. Upon rare occasion we have had an agency reject upon initial review, but Crowe has been able to successfully remediate any concerns leading to final acceptance by the agency in question.

The following list identifies (a) agencies for which Crowe has performed single audits of federal funds and/or (b) agencies for which we have had our working papers reviewed by the agency (or its inspector general):

- U.S. Department of Education
- U.S. Department of Transportation
- Federal Highway Administration
- Federal Transit Administration
- Railroad Administration
- National Traffic Safety Administration
- U.S. Environment Protection Agency
- U.S. Department of Agriculture
- Federal Emergency Management Agency
- U.S. Department of the Interior
- U.S. Department of Justice
- U.S. Department of Health & Human Services
- U.S. Department of Labor
- U.S. Department of Homeland Security

Below is a listing of our fifteen largest clients based on federal expenditures for the calendar year 2022 due to not all single audits being finalized for 2023.

Client Name	Federal Expenditures
Los Angeles County Metropolitan Transportation Authority	\$2.4 billion
Miami-Dade County Transit	\$1.5 billion
Kentucky Housing Corporation	\$883.9 million
Clark County, Nevada	\$830.4 million
San Francisco Bay Area Rapid Transit	\$678.5 million
Chicago Transit Authority	\$614.4 million
San Diego Unified School District	\$358.1 million
Fresno Unified School District	\$342.0 million
Orange County Transportation Authority	\$340.1 million
Metropolitan Atlanta Rapid Transit Authority	\$299.5 million
Ohio University	\$274.3 million
Utah Transit Authority	\$268.1 million
Riverbank Unified School District	\$240.1 million
Northern Indiana Commuter Transportation District	\$231.2 million
Central Unified School District	\$162.0 million

Disciplinary action

On 12/21/2018, Crowe LLP ("Crowe") and two partners consented to entry of a US Securities and Exchange Commission ("SEC") Order instituting and resolving proceedings in connection with Crowe's single-year audit of a public company's financial statements for the year ended January 3, 2014. Crowe and the partners neither admitted nor denied the SEC's findings. Crowe agreed to a censure and cease and desist order, to undertake remedial efforts, and to pay a fine. The Order can be found on the SEC Division of Enforcement website. The Order acknowledges that Crowe cooperated with the SEC and voluntarily undertook remedial efforts prior to the conclusion of the matter. The Order does not restrict Crowe's ability to perform professional services. In November 2023, the Indiana Board of Accountancy levied a \$1,000 civil penalty as a follow-on action to the SEC Order; note that Indiana is Crowe's state of formation.

Your client service team

The ultimate success of our relationship with the City involves the commitment of an accomplished team of experienced professionals.

We assign senior managers and partners to principal areas of the audit and align expertise with your organizational structure. Through frequent communication with your organization, we can develop a deep understanding of your needs and expectations – and can respond appropriately.

Ultimately, we want to effectively work together to achieve results. Our goal is open, timely communication and swift issue resolution. Routine phone calls and emails are considered part of our service and are provided at no additional cost to you.

Your proposed engagement team is well-qualified to provide the City with quality, timely, and personalized service. Daniel Hebert will be the single point of contact coordinating delivery of the audit segments and specialists and overseeing all services for consistency and cohesiveness.

Core Team	Proposed Role on Engagement	License
Robert Belt Client service partner	Mr. Belt will serve as the client service partner.	CPA
Mr. Belt's Texas City audit experience spans 35 years working with over 100 municipalities in the State during his career. He has been involved in tailored engagements ranging from racial disparity in arrest to forensic investigation and trial testimony resulting in the successful prosecution of city officials. He has been recognized by the AICPA for achievements in both Governmental Accounting and Reporting and Advanced Single Audits. He has been at the center of leading city clients through investment crises that resulting in the development of the Public Funds Investment Act, and major disasters including Hurricane Ike, Rita, and Harvey. Representative Texas City clients include New Braunfels, Pasadena, Baytown, League City, and Deer Park.		
Relevant CPE Hours: Total CPE for GAGAS 58.2		
Stephanie Harris Concurring review partner	Ms. Harris will serve as the risk assessment partner.	CPA
Ms. Harris has more than 20 years of experience providing audit services to cities working with over 60 cities during her career. Mrs. Harris has served on the Government Finance Officers Association's Special Review Committee aiding in the review of reports in conformity with the Certificate for Excellence in Financial Reporting reviewing reports from across the country. In addition, Mrs. Harris has over 20 years of preparing and reviewing up to 20 award winning Annual Comprehensive Financial Reports each year. Noteworthy Texas cities Mrs. Harris has worked with include Webster, Deer Park, Baytown, Pasadena, and League City.		
Relevant CPE Hours: Total CPE for GAGAS 54.5		
Daniel Hebert Senior Manager	Mr. Hebert will serve as the senior manager and team leader and his responsibilities will include leading and monitoring all stages of the audit, supervising all fieldwork, facilitating communications with the engagement partner, concurring review partner, firm specialists, management, and audit team.	CPA
Mr. Hebert has seven years city audit experience. Daniel has significant experience conducting audits in accordance with General Accepted Audit Standards, Generally Accepted Government Auditing Standards (Yellow book) and Uniform Standard Single Audit. City audit engagements Mr. Hebert has performed substantial work on several Texas cities, including Mont Belvieu, Converse, Killeen, Webster, Bastrop, and New Braunfels.		
Relevant CPE Hours: Total CPE for GAGAS 62.5		

Core Team	Proposed Role on Engagement	License
Catie Nugent Senior Staff	Ms. Nugent will serve as the senior staff and lead auditor for the engagement. She will execute daily tasks in alignment with project objectives. This will include development of day-to-day testing plans and supervising staff. She will provide guidance to staff and communicate issues to audit managers.	CPA
Ms. Nugent has provided professional audit services to not-for-profits and governments, in accordance with U.S. GAAP and Government Auditing Standards, for over three years. Her experience also includes financial statement audits and compilation and single audits. Relevant CPE Hours: Total CPE for GAGAS 23		

Resumes

We have provided resumes of the individuals listed above in **Appendix B**. The resumes outline education, years of experience, licenses and certifications, professional affiliations, and other relevant experience.

Staff continuity

We would like to emphasize our commitment to maintaining professional staff continuity in servicing this engagement. Many of our clients rely on having the same resources available to them because it reflects a commitment to their organization and a deeper understanding of what their organization is trying to achieve. Our staff builds a relationship based upon **integrity, trust, and mutual respect**, which is a primary reason that we maintain long-term professional relationships.

In assigning staff to engagements, we place **high importance on maintaining continuity of staff** from one year to the next. This is important from both a client service as well as an engagement efficiency perspective. As our staff gains familiarity with a client, they can complete the engagement more efficiently and are better able to identify recommendations for improvement within our client's operations.

As with any accounting firm, it does at times become necessary to replace a member of the engagement team. Crowe's public sector team is comprised of **over 300 individuals who serve nearly 1,000 public sector organizations**, allowing us to confidently replace team members with someone of comparable skills and experience should a need arise. While we strive to maintain continuity, the turnover that is inherent in today's environment provides for staff rotation and the additional benefit of a fresh approach. We have been very successful over the years in appropriately staffing our jobs and this has resulted in high client retention rates and tremendous growth for the firm. Crowe's deep bench of resources allows us to be flexible to work with any delays experienced by the City.

Continuing professional education and professional development

At Crowe, a career is a continual learning experience. Crowe University, our firm's learning portal, helps our people pursue learning experiences that create opportunities to build deep specialization and leadership skills.

Crowe University is organized on a university model, with colleges and departments providing specialized curriculum. It houses curriculum maps designed to enhance technical knowledge and professional skills in areas such as project management, people development, leadership, and interpersonal skills. Learning is fundamental at Crowe, so our personnel have access to the training they need to grow and develop, regardless of their career stage or role.

Each of our accountants is educated in his or her chosen profession and many have advanced degrees or multiple degrees in related areas. In addition, individuals meet or exceed 120 hours of continuing professional education (CPE) every three years. This continuing education helps Crowe personnel stay abreast of current technical developments. Continuous enhancement of the professional skills of our staff supports the firm's overall quality control system.

The firm's Compliance Services department maintains full-time personnel to manage licensing and related CPE requirements. Monitoring this process serves to verify that professionals have met their licensing requirements.

The learning and development of our people is focused on confirming they have the skills and knowledge from a technical perspective and building their capabilities as a professional in other nontechnical areas such as managing and leading others. Personnel attend classes and conferences on a variety of topics, including the following: generally accepted accounting principles updates from the Financial Accounting Standards Board, auditing standards updates, both from the PCAOB and the AICPA, SEC rules and regulations, governmental and single audit report reviews, updates from the Federal Accounting Standards Advisory Board and the Governmental Accounting Standards Board, financial reporting for not-for-profit and governmental organizations, and compliance auditing. In addition, firm members teach, and lead seminars sponsored by national and state professional organizations.

All audit team members assigned to the engagement will follow the *Government Auditing Standards* continuing educational requirements, which requires every two years, **at least 80 hours** of CPE that directly enhance the auditor's professional proficiency to perform audits and/or attestation engagements.

Similar engagements with other government entities

References

Quality work based on strong functional competency and deep expertise is the core element of creating value for our clients. Quality service involves prompt and efficient service delivery and effective communication with clients.

Crowe has delivered value to our clients for more than 80 years by listening to their needs and developing a comprehensive understanding of their businesses and would appreciate the opportunity to do the same for you. Listed below are five (5) of our clients that we believe have profiles like that of the City, performed in the last five years.

City of Richardson	
Contact Information	Anita Cothran, Finance Director 411 W. Arapaho Road, Richardson, Texas 75080 972.744.4144 anita.cothran@cor.gov
Scope of Work	Annual audit and single audit
Dates of Service (Year)	2015 - present
Engagement partner(s)	Kevin Smith
Total hours (level of effort)	850

As previously noted, the local government audit team of Belt Harris Pechacek, LLLP joined Crowe, LLP, on May 1, 2024. Below are client references audited by Belt Harris Pechacek, LLLP specific to the members of your engagement team that joined as part of the acquisition.

City of New Braunfels	
Contact information	Sandy Paulos 830.221.4387 spaulos@nbtexas.org
Scope of work	The scope of the engagement includes: • Audit of the Annual Comprehensive Financial Report • Single Audits
Dates	2017 - present
Engagement partner(s)	Robert Belt/Stephanie Harris
Total hours	525

City of Deer Park	
Contact information	Sara Robinson 281.478.7260 srobinson@deerparktx.org
Scope of work	The scope of the engagement includes: • Audit of the Annual Comprehensive Financial Report • Single Audits • Texas Commission on Environmental Quality (TCEQ)
Dates	2013 to present
Engagement partner(s)	Robert Belt/Stephanie Harris
Total hours	450

City of Pasadena	
Contact information	Robert Chambers 713.475.5501 rchambers@pasadenatx.org
Scope of work	The scope of the engagement includes: - Audit of the Annual Comprehensive Financial Report - Single Audits - Agreed upon procedures report
Dates	2006 to present
Engagement partner(s)	Robert Belt/Stephanie Harris
Total hours	750

City of Mont Belvieu	
Contact information	Calyn Wesson 281.576.2213 cwesson@montbelvieu.net
Scope of work	The scope of the engagement includes: - Audit of the Annual Comprehensive Financial Report - Single Audits
Dates	2012 to present
Engagement partner(s)	Robert Belt/Stephanie Harris
Total hours	325

Client experience

At Crowe, our clients are at the heart of everything we do, and we strive to demonstrate exceptional care and service through every step of the client journey.

To help us understand each client's unique needs and value expectations, we listen closely through multiple sources, including a feedback survey that enables clients to evaluate our performance. Through the survey, clients consistently rate us highly for our industry expertise and our exceptional responsiveness, among others. Our aim is to provide a truly unrivaled experience for our clients, and maintaining their confidence and trust is of utmost importance.

Client engagement survey results

Crowe uses a best-in-class experience management platform to monitor the experiences we deliver to clients. In the most recent fiscal year*:

97%	97%	96%
said that given the choice, they would do business with Crowe again. *	said they would recommend Crowe to a colleague. *	said they like doing business with Crowe. *

* Nearly 900 completed client surveys

Client experience resources

If, for any reason, a client is faced with a challenge or issue that is unresolvable with their Crowe partner, we encourage them to contact our Client Experience leader at ClientExperience@crowe.com. The Client Experience leader works with our clients and Crowe leaders to understand and resolve the issue while taking steps to avoid similar situations in the future.

Methodology and audit approach

Work plan

In this section of our response, we layout our understanding of the requested services, and our approach for providing those services and exceeding your expectations.

We will move quickly to execute the engagement letter. We will perform our formal due diligence and client acceptance procedures after you have communicated with your previous audit firm. As part of that process, we will assist you in requesting that Crowe have access to the current firm's workpapers and schedule a time to review those workpapers. The above services are included in the fee agreement we have provided.

- ***Proposed segmentation of the engagement***

Independence, objectivity, and professional skepticism are hallmarks of our profession, and we take our obligations very seriously. It underlies every aspect our audits. At Crowe, we take our responsibility to our profession seriously. We have many rigorous processes in place to help our professionals maintain independence and conduct high-quality audits in accordance with professional standards. We focus on high-risk areas that matter and avoid wasting spending time on immaterial areas.

Our Approach

We have invested heavily to create a highly flexible risk-based audit methodology. Our audit approach is comprised of four main phases that result in an audit that complies with regulatory requirements and recognizes your distinct business environment and risks.

While the audit process is managed in phases, decisions reached in an earlier phase of the audit may need to be reconsidered based on evidence obtained during a subsequent phase. Our audit is agile and will adjust as necessary to provide a high-quality audit. Throughout the audit, we will communicate with management, and work together to resolve questions or concerns.



We understand the essential role of the auditor and the importance of accurate financial reporting in establishing confidence in our capital markets. Our accomplished auditors perform critical evaluations of the audit evidence, and deliver high-quality work based on full competence and a comprehensive understanding of our clients' businesses. We perform audit work with due professional care and diligence while observing our profession's high standards.

Phase 1: Planning and Initial Risk Assessment



Working closely with management, we evaluate your organization's risk of material misstatement of the financial statements, whether due to error or fraud. This phase will significantly affect how we design our audit, which is why we invest significant time in the planning process.

Your Crowe audit engagement team, which can include IT audit specialists and tax specialists, will perform the following key audit planning steps:

- **Understand Your Business.** We will work to understand your entity, the users of your financial statements, your business risks and other matters that may present risk of material misstatement of the financial statements.
- **Conversations with Your Personnel.** We will hold conversations and interviews with selected personnel, including key members of management and those charged with governance.
- **Identify Financially Significant Systems.** We will work to understand the key financial accounting systems that you use in your financial reporting processes.
- **Assessment of Risk of Material Misstatement.** We will review the information collected and using proprietary Apps that are built into Crowe Insight Center for Audit, assess the risk of material misstatement of the company's financial statements, whether due to error or fraud. We will then use the Apps to plan our approach to mitigate the risks to an acceptable level.
- **Assessment of Materiality Levels.** We will set the appropriate levels of materiality to be used in the audit. The determination of materiality levels is influenced by our professional judgment and our perception of the needs of your financial statement users.
- **Formalization and Communication of Audit Plan.** To conclude phase one, we create a project plan, communicate with you and your team, coordinate time frames for each phase of the audit, and schedule key dates for audit deliverables.
- **Arrange for Client Assistance.** Using our proprietary technology, our Crowe Exchange system, we will set up a secure, Web-based portal to share information with your team.

Phase 2: Assessment of Controls



During this phase, we work to understand certain controls that your organization has in place to prevent or detect material misstatements.

These can comprise:

- Entity-level controls
- IT general controls
- Management review controls
- Account-specific controls
- Journal entry controls
- Financial reporting controls

Crowe IT audit specialists may assist in this phase to help understand certain IT general controls related to certain financially significant systems, by helping to understand if they are designed properly and implemented.

Phase 3: Design and Perform Audit Procedures



We will tailor our audit response to the assessed risks of material misstatement, by designing and performing an appropriate mix of audit procedures, including tests of the operating effectiveness of controls, analytical procedures, and tests of details.

We will test the operating effectiveness of any controls on which we plan to rely. Effective controls can help reduce the risk that material misstatements will not be prevented or detected and thus can reduce the extent of other audit testing to be performed.

We may incorporate data visualization tools and data analytic techniques as part of our testing procedures. These technologies allow use to analyze and test your data and transactions at a different level of granularity.

Applying the right mix of necessary procedures requires a deep understanding of your industry, business, and the risks of material misstatement. We select audit procedures that deliver high quality audit evidence with a goal of reducing risk to an appropriately low level.

Phase 4: Completion, Accumulation of Results & Reporting



Near the end of the audit, your engagement team will perform wrap-up procedures, which can include:

- Final analytical procedures
- Subsequent events
- Obtaining representations from management

We will evaluate the nature and amount of any misstatements identified during our audit. The objective of this evaluation is to determine whether the financial statements taken as a whole are free of material misstatement.

We will evaluate any control deficiencies identified during our audit and determine whether these deficiencies, individually or in combination, are significant deficiencies or material weaknesses based upon both qualitative and quantitative factors. We will communicate any deficiencies accordingly to help you consider improvements to your control environment. We will also read and test your financial statements and disclosures and evaluate whether they are presented fairly.

The audit culminates in the issuance of our report on the financial statements, which will include our opinion on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

We also generally issue two letters, the first includes required communications, such as audit approach along with corrected and uncorrected audit adjustments, and the second includes internal control findings and recommendations, if any.

- ***Level of staff (option and number of hours) to be assigned to each proposed segment of the engagement.***

Our projected budgeted project hours for audit by segmentation are as follows:

Level	Phase 1	Phase 2	Phase 3	Phase 4	Total
Partner	2	4	12	2	20
Senior Manager	4	8	24	4	40
Senior Staff	8	15	44	8	75
Staff	20	39	117	20	196
Total	34	66	197	34	331

- ***Sample size and the extent to which statistical sampling is to be used in the engagement.***

Crowe uses audit sampling when applying audit procedures to less than 100% of the items within an account balance or class of transaction for the purposes of performing a substantive procedure to validate such balance or class of transaction. Sampling is performed as a substantive test of detail, during tests of controls and as a dual-purpose test (test for controls and compliance). Typical areas where sampling techniques are used are in test of controls in disbursements, payroll, and non-payroll applications in order to satisfy government auditing standards and the Uniform Guidance.

Sample sizes of items to test that are representative of the population will be determined as early as possible to provide your staff with sufficient time to pull the requested documentation. We utilize guidelines established by the AICPA and professional auditing standards, which specify requirements for statistical and non-statistical sampling, to perform tests of internal controls and substantive tests as part of the audit of your financial statements.

- ***Extent to which EDP software will be used to test the City's financial systems during the engagement***

Testing of Information Technology and automated controls where appropriate

An experienced IT audit specialist is assigned to work with the audit team to ensure that the entire Crowe team has the appropriate resources to evaluate any systems that are clients may have – from complete vendor outsourced applications to internally developed systems. Our planned audit approach incorporates developing an understanding of your computer systems utilized to account for the fiscal transactions. Our proposed team includes professionals who are solely focused on understanding your information technology framework and ensure proper security and access controls are appropriate. Specific computer system testing would be completed.

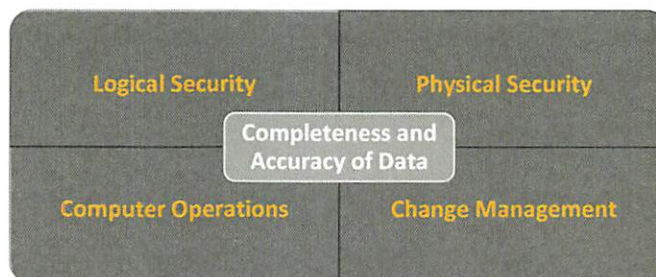
Crowe approaches IT systems controls audits at both the Entity level and Application level. Our process is to gain an understanding of our client's IT environment to determine those systems that related to the financial reporting processes. For each of these financially significant systems, we determine the appropriate audit techniques and staffing to review the technology entity and application-level controls using a risk-based approach. Our audit and advisory experience have provided us insight into the complexities of conducting business and the sophistication of IT systems needed to help Systems operate efficiently. We understand the importance of gaining a working knowledge of the business processes, internal controls, and related risks of the IT system.

A true teaming approach between our External Auditors and our diverse team of IT risk and ERP professionals has been particularly effective in providing for the appropriate level of technology proficiency in planning and performing the audit and to gain reliance on your systems. Our clients have found this approach to be beneficial in providing feedback on best practices and areas for improvement. We believe that understanding, testing, and gaining reliance on your IT controls will be a key to the engagement and also an integral piece of this approach in order to be efficient and effective in our other audit procedures.

The key phases of the IT General Controls evaluation are as follows:

Planning	Evaluate IT General Control Design	Fieldwork and Testing	Reporting
• Identify Key Stakeholders • Define audit objectives • Coordinate on audit timeline • Identify audit efficiency tools	• Review Internal Audit Reports and Results • Review related IT Policies and Procedures • Perform Interviews to identify key control activities. • Perform business process walkthroughs for Key IT General Control areas based on risk.	• Perform IT General Controls Testing (e.g., change management) • Perform IT Substantive Procedures (e.g., evaluate administrative access)	• Provide written feedback or observations to Management

Key Areas of IT General Controls that will be evaluated include:



Crowe approaches IT systems controls audits at both the Entity level and Application level. Our process is to gain an understanding of our client's IT environment to determine those systems that are related to the financial reporting processes. For each of these financially significant systems, we determine the appropriate audit techniques and staffing to review the technology entity and application-level controls using a risk-based approach.

- ***Type and extent of analytical procedures to be used in the engagement***

We use analytical procedures during the planning process to compare internal data to historical and industry ratios. This analysis determines fluctuations and relationships between financial data and the results are compared to our expectations.

We emphasize a thorough review to gain an understanding of the internal controls and procedures used for accounting and administrative requirements to plan our audit.

Analytical procedures are performed during fieldwork on all financial statement accounts. We set certain levels of expectations in the planning process. After performance of substantive procedures, those items that produce results outside of the planned expectation levels are subject to additional procedures to ensure we have a clear understanding of the variance from expectations.

Final analytical procedures are then used to assist in assessing conclusions reached and in evaluation of the overall financial statement presentation.

Our use of data analytics and the anticipated advancements in its use at Crowe have the potential to bring the following benefits to the City:

- Data driven audit procedures vs. report reliance
- Creating the potential for continuous auditing
- 100% population evaluation resulting in better targeted sampling
- Deeper insight into client business processes and operations to facilitate better discussions
- Identification of trends and anomalies and troubleshooting potential errors
- Timely communication of results

Applying the right mix of necessary procedures requires a deep understanding of your industry, business, and the risks of material misstatement. We select audit procedures that deliver high quality audit evidence with a goal of reducing risk to an appropriately low level.

- ***Approach to be taken to gain and document an understanding of the City's internal control structure***

Understanding Internal Controls

We emphasize a thorough review to gain an understanding of the internal controls and procedures used for accounting and administrative requirements to plan our audit. Upon discussions with management regarding the control's environment, we document our understanding of internal controls using the customized checklists and control risk assessment forms.

This understanding encompasses controls at both the entity level as well as the individual account level. These forms allow us to review the design and operation of the entity's internal control systems and structure, while also maximizing efficiency due to the customization of the forms for our higher education specialty. Based upon our inquiries and understanding of the control structure, we design tests of controls that will aid us in achieving the audit objectives.

Test of Controls

After we gain an understanding of internal controls and assess the potential risk, we will then select key controls to test the operating effectiveness to determine whether control procedures are appropriately designed to achieve their objectives and whether the procedure is being applied as designed.

Our testing includes inquiry, observation, and examination of evidence through sampling and performance of procedures. Control objectives we test for include existence, completeness, rights and obligations, valuation and allocation, cut-off, and accuracy and classification.

- ***Approach to be taken in determining laws and regulations that will be subject to audit test work***

Local governments are subjected to a variety of laws and regulations that may impact the nature, timing and extent of audit procedures performed over the City's financial statements.

As a result, our audit approach encompasses determining the significant laws and regulations that are both direct and material to the City's financial statements, obtaining an understanding of such laws and regulations, designing, and performing appropriate audit procedures to determine the City's compliance.

Crowe has used its experience with Federal and State regulations, including those of the U.S. Department of Housing and Urban Development, U.S. Department of Transportation, U.S. Department of Justice, Uniform Guidance, *Government Auditing Standards*, and specific statutes, to develop a comprehensive planning approach to identify laws and regulations, and provisions in contracts and grants that may affect the financial and compliance reporting requirements.

- ***Approach to be taken in drawing audit samples for purposes of tests of compliance***

Typically, in areas of low risk of non-compliance, we select samples of 25 for compliance requirements that are concluded to be direct and material to the overall federal grant. To the extent we determine that internal controls are not designed or operating effectively to ensure compliance with direct and material federal grant requirements, we will increase our sample size up to twice the original sample size.

- ***Areas/departments that will be subject to compliance and substantive sampling. Preference will be given to firms sampling from all City departments, not just federal programs***

The areas and departments of the City that are generally subject to substantive sampling change from year to year. Given the nature of some areas of the City where an audit area may touch many different departments (i.e. payroll), this would cover many if not all departments of the City. There are also various testing procedures performed where the population of data would include all transactions from the City across all departments, such as our year end search for unrecorded liabilities.

- *How the audit approach will differ, if applicable, in the second and subsequent years of the engagement regarding the planned staff level, sample sizes, test work, sampling techniques, and other aspects of the engagement.*

Approach: Our approach to first-time audit engagements is comprehensive and methodical. We begin with a thorough understanding of your organization, its operations, and its internal control environment. This includes a detailed review of your prior year's ACFR and any available Single Audit reports. We also plan to gain an understanding of the City's significant transaction cycles and perform walkthroughs of key processes.

For the Single Audit, we will identify major federal programs using a risk-based approach as prescribed by the Uniform Guidance, and we will test compliance with the requirements that have a direct and material effect on those programs.

Estimated Level of Effort: The level of effort required for a first-time audit can be higher than in subsequent years due to the need to gain an understanding of the City's operations, systems, and controls. However, our team's significant experience with municipal audits and the Incode system will enable us to work efficiently. We will provide a more detailed estimate of the level of effort once we have a better understanding of the City's specific circumstances.

Timing: We understand the importance of meeting your reporting deadlines. Our preliminary plan is to begin interim audit work September 9, 2024, with year-end fieldwork commencing January 6, 2025. We will work closely with your team to ensure that the ACFR and Single Audit are completed in accordance with your timeline.

Identification of anticipated potential audit problems

We believe that our clients and Crowe share a common goal – minimizing the entity's financial reporting risk. Due to our approach with effective communication, we do not anticipate problems in the performance of the audit.

Communication is an essential component to ensuring a timely audit. Closely related to Crowe's core values, we believe in establishing a proactive approach to communication. We hold weekly status meetings during all phases of our services and ongoing communication to discuss progress, issues, and testing observations. We discuss with your key management personnel any applicable audit findings and recommendations noted during our interim and year-end fieldwork visits and during more informal meetings or conference calls to identify and isolate specific issues. If a conflict in the presentation of financial information or any other issue should arise during the audit process, we make every attempt to resolve the issue within the engagement team and your personnel. Most issues are resolved in this manner. However, in instances where this does not occur, our process is to involve our National Office.

We also plan a formal exit meeting with management. We take a 'no-surprises' approach when dealing with these items, and your management team will be involved in the discussion and fact-finding process. Once the reports and communications have been reviewed by management and are approved in final form, we will meet with those charged with governance to review the reports and address questions.

We would also encourage communication throughout the year with respect to transactional matters, accounting, and structural and operational issues. This will enable us to address the accounting implications of major changes to the City's operations in a timely manner.

Crowe desires to have a year-round relationship in which we share insight on changing regulatory requirements and new accounting pronouncements impacting state and local governments. You will find significant partner and senior personnel interaction that facilitates this process.

On the page that follows, we've provided a summary of emerging transition points for future audit periods.

Emerging transition points

GASB 94 Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements



The implementation of GASB 94 was required for the City in 2023. Crowe will continue to assess whether there are any new PPPs or arrangements in fiscal year 2024. PPPs may meet the definition of a lease but not the definition of a service concession arrangement (SCA) and must follow GASB 87. This statement also provides accounting and financial reporting guidance for all other PPPs, whether they meet the definition of an SCA or do not meet the definition of an SCA or lease in GASB 87. Crowe will perform inquiries with management and review applicable agreements to assess GASB 94 applicability throughout the contract years.



GASB 96 Subscription-Based Information Technology (IT) Agreements (SBITA)

The implementation of GASB 96 was required for the City in 2023. Crowe will continue to assess whether there are any new SBITA in fiscal year 2024. This standard, like GASB 87 Leases, requires all subscription-based IT agreements to be capitalized. Crowe will perform inquiries with the management team to ascertain any arrangements for which this may be determined applicable and will audit recurring expenditures to assess completeness. Crowe will review related agreements for GASB 96 applicability throughout the contract years.

GASB 100 Accounting Changes and Error Corrections



Effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes.



GASB 101 Compensated Absences

GASB 101 was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

Implementation Guidance Update – 2021-1 q 5.1 & 2023-1



GASB has issued an Implementation Guidance Update – 2023 which is applicable to the City for 2023. Implementation Guides typically introduce new questions and answers, amendments to previously issued questions and answers, and other implementation guidance. Topics relevant to the City includes leases, SBITA, and GASB 100. The City should also be mindful of the Capital Assets implementation guide on the grouping of capital assets exceeding threshold in aggregate.



Revenue and Expense Recognition

GASB has initiated a project to review revenue and expense recognition because common exchange transactions in practice aren't covered in existing GASB literature. GASB 33 and 36 have areas that need to be improved for distinguishing between eligibility requirements and purpose restrictions, whether availability periods are consistent across governments and whether transactions are classified appropriately as exchange or nonexchange transactions. Deliberations are ongoing, and an Exposure Draft is expected March 2025 and final statement is scheduled June 2027.

Pricing

Our goal in setting fees is simple: to provide long-term, cost-effective pricing for our clients. We are confident that we can work together to achieve an optimized plan for audit services.

Our cost proposal contains all pricing information relative to performing the audit engagement as described in this proposal. Our total all-inclusive maximum price includes all direct and indirect costs and out of pocket expenses.

Fee summary

At Crowe, we consider regular contact with our clients to be an important component of our service delivery. Accordingly, our proposed fees include routine accounting, reporting, and other compliance assistance, and advice for phone calls and in-person meetings. Assistance with questions that are more complex, issues, or projects will be provided at a mutually agreed-upon price based on our hourly billing rates. Below is the total all-included maximum price for each year of the five (5) year contract.

Services	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Annual comprehensive financial report	\$49,000	\$51,450	\$54,023	\$56,724	\$59,560
Compliance and single audit base	\$3,900	\$4,095	\$4,300	\$4,515	\$4,740
Compliance and single audit – per major program	\$5,400	\$5,670	\$5,954	\$6,251	\$6,564

We will not surprise you with additional fees that have not been agreed to by all parties in advance. If a question results in significant research or additional work or if we are requested to perform a consulting project, such effort is billed separately and would require an agreed upon statement of work. We will provide you with an estimate of fees for such services and obtain management approval before proceeding.

Out-of-pocket expenses

Out of pocket expenses have been included as a separate line item with our total all-inclusive maximum price above. Crowe understands that reimbursement for travel, lodging and subsistence will be at the prevailing City rates for its employees.

Rates for additional professional services

Professional fees for special projects outside of the agreed-upon scope will be determined based on project factors, such as type of project, subject matter experience required, scope, and resource requirements. Prior to commencing additional services, we will obtain your approval and agreement on the scoping and pricing.

We are committed to working with you to make sure the scope of our proposal is appropriate. While we experience cost increases throughout our relationships with our clients, we make every effort to structure an engagement fee arrangement which will meet your needs while providing us with sufficient resources to perform the expected work.

Manner of payment

Progress payments will be made based on hours work completed during the engagement. Interim billing will cover a period of not less than a calendar month.

Project dependencies

- **NO ADDITIONAL CHARGE:** Routine telephone calls are considered part of the basic services.
- **NO ADDITIONAL CHARGE:** for access to our thought leadership e-communications, webinars and literature.
- **NO ADDITIONAL CHARGE:** for use of our secure information-sharing tool (Exchange) to gather and track audit requests or for additional data analytics tools that we incorporate into our audits.
- We will not surprise you with additional fees that have not been agreed to by all parties in advance. If a question results in significant research or additional work or if we are requested to perform a consulting project, such effort is billed separately. We will provide you with an estimate of fees for such services and obtain management approval before proceeding.
- Fees include professional time for work associated with fieldwork, on-site and off-site performance and documentation of procedures, preparation of written drafts and final reports, and presentation of results at finance and management committee meetings.
- Our fee estimate assumes a risk-based approach to frequency and scope based on our experience with similar organizations. If we need to assess most areas of the organization without rotating scope each year, then we likely need to re-evaluate our planned scope and related pricing.
- Crowe anticipates providing work papers for examiner/other third-party review at least annually.
- Significant changes in organizational status, operations, or processes not directly associated with asset growth could have a material impact on required engagement coverage. Balance sheet growth is expected, but material change, such as new lines of business, is not anticipated.
- No significant changes in regulatory or client expectations or actions are expected. Should significant change occur, Crowe will assess the impact on our services and fees. All fee adjustments will require approval by all parties in advance.
- Our policy is to bill for reasonable actual out-of-pocket expenses incurred. Out-of-pocket expenses are not included in the estimate and will be billed separately with a cap of 15 percent of total fees.

We ask clients to pay invoices via check, ACH, or wire transfer. Crowe invoices in equal quarterly installments. Our contract with you clarifies that, should a termination occur, you and we would determine any appropriate adjustments to actual fees paid as needed.

Exceptions to proposal requirements

Crowe has reviewed the RFP for the City of Fulshear. Should Crowe be selected to engage in negotiations for a final agreement, Crowe will request modifications or additions to the proposed terms. Areas to be negotiated include the following:

Terms and Conditions		
Pg. #	Section # / Title	Exception Description
11	24.1 Indemnification of City	To ensure proper independence while performing the audit, Crowe proposes the addition of the following: To comply with Section 1.228.020 of the AICPA Code of Professional Conduct, which prohibits an auditor from indemnifying a client for a client's direct or indirect acts, the above indemnification provision will not require Contractor to indemnify the City, for the accuracy or completeness of the financial statements.
12	24.3 Insurance Requirements	All Required Policies may contain a deductible of not more than \$25,000. Crowe will not be able to comply with this requirement. As with other large and sophisticated accounting firms, Crowe maintains professional indemnity insurance subject to the minimum retentions imposed by the commercial insurance market.
12	24.3 Insurance Requirements	Crowe will seek to amend the following: Crowe will provide 30-days prior written notice in the event of cancellation, unless a substantially similar policy is obtained.
12	24.3 Insurance Requirements	Required Policies must contain cross-liability clauses, when applicable and available This would not be applicable and available as cross liability clauses are not standard in Professional Liability insurance due to the fact that Professional Liability insurance does not allow for claims brought by one Insured against the other.
12	24.8 Indemnity for Noncompliance with Insurance Requirements	Crowe will seek to amend the following: Indemnity for Noncompliance with Insurance Requirements. Service Provider INDEMNIFIES and HOLDS HARMLESS the City from any loss the Service Provider may suffer due to the Service Provider's failure to comply with all the above insurance requirements, including the requirement for obtaining waivers of subrogation, except in instances where there is any criminal/dishonest conduct on the Insured's part , and due to any insurance coverage being invalidated because of the Service Provider's failure to comply with the terms, conditions, and warranties of any Required Policy.
Additions	Crowe Engagement Letter	Crowe will seek to incorporate its engagement letter setting forth audit services and procedures, and Crowe Engagement Terms.

Crowe understands that both parties reserve their respective rights to negotiate appropriate and mutually acceptable provisions prior to execution of any agreement should Crowe be considered for final negotiations.



Appendix A: Peer review report

We have provided our most recent peer review reports on the following pages.
Due to varying file types, these pages do not reflect on the table of contents.

Report on the Firm's System of Quality Control

To the Partners of Crowe LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Crowe LLP (the "Firm") applicable to engagements not subject to Public Company Accounting Oversight Board ("PCAOB") permanent inspection in effect for the year ended March 31, 2022. 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 on 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 and complying with a system of quality control to provide the Firm with reasonable assurance of performing and reporting in conformity with the requirements of 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 on in conformity with the requirements of applicable 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 and compliance with the Firm's system of quality control 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 Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA); and examinations of service organizations (SOC 1[®] and SOC 2[®] engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by 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 Crowe LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2022, 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*. Crowe LLP has received a peer review rating of *pass*.



Cherry Bekaert LLP
September 29, 2022



National Peer
Review Committee

October 20, 2022

Mark Baer
Crowe LLP
225 W Wacker DR Ste 2600
Chicago, IL 60606-1228

Dear Mark Baer:

It is my pleasure to notify you that on October 13, 2022, 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 September 30, 2025. 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, appearing to read "Michael Wagner", is written in a cursive style.

Michael Wagner
Chair, National PRC

+1.919.402.4502

cc: Jeffrey Sabetta, Jennifer Allen

Firm Number: 900010014904

Review Number: 592839



Appendix B: Resumes

We have provided resumes for the proposed engagement team on the following pages.



Robert Belt
CPA, CGMA – Partner

Direct 281.824.6302
robert.belt@crowe.com
www.crowe.com

Profile

Mr. Belt is a partner in Crowe's Houston office and is in Crowe's Public Sector with emphasis on cities, counties, school districts, universities, and special districts. He was previously founder and managing partner of Belt Harris Pechacek, LLLP and transitioned his team to Crowe May 1, 2024.

Professional and Industry Experience

Mr. Belt has 35 years experience providing attestation and related compliance and consulting services to state and local governments.

Professional Affiliations

- American Institute of Certified Public Accountants
- Texas Society of Certified Public Accountants
- Government Finance Officers Association | Special Review Committee - Certificate of Achievement in Excellence in Financial Reporting
- National Association of College and University Business Officers

Speaking Engagements

- Texas Association of Appraisal Districts
- NCCPAP
- GFOA
- Council of Government
- Olson and Olson
- Texas Class
- Region 6

Education & Certifications

- Bachelor of Business Administration, Accounting
 - Stephen F. Austin State University | Nacogdoches, TX
- Certified Public Accountant
- Chartered Global Management Accountant

Client Focus

Services:

- Financial statement Audits
- Single Audits
- Fraud, forensic, and other allegation investigations
- NCAA, Title IV, SACSCOC and other regulatory compliance services

Industries:

- Public Sector – with deep specialization in cities, counties, school districts, universities, and special districts.

Community Involvement:

- Five Year Board Member of the Houston Prayer Breakfast
- University of Houston Alumni Audit Committee

Publications:

- "I rotate my tires – Should I rotate my Auditors" – Texas Municipal League magazine and Maryland Municipal League magazine.

Client Listing

Cities

- City of Alvin
- City of Baytown
- City of Blanco
- City of Cedar Park
- City of Converse
- City of Deer Park
- City of Freeport
- City of Galena Park
- City of Hedwig Village
- City of Hillcrest
- City of Jacinto City
- City of Kenedy
- City of La Marque
- City of Manvell
- City of Mont Belvieu
- City of Nassau Bay
- City of New Braunfels
- City of Pasadena
- City of Robinson
- City of Seabrook
- City of Splendor
- City of Spring Valley Village
- City of Taylor Lake Village
- City of Wallis
- City of West University Place
- City of Angleton
- City of Bee Cave
- City of Brookshire
- City of Clear Lake Shores
- City of Crocket
- City of Dickinson
- City of Friendswood
- City of Giddings
- City of Hempstead
- City of Hunters Creek Village
- City of Jersey Village
- City of Killeen
- City of League City
- City of Magnolia
- City of Montgomery
- City of Navasota
- City of Onalaska
- City of Pearland
- City of Rosenberg
- City of Sealy
- City of Shore Acres
- City of South Houston
- City of Tomball
- City of Webster
- Village of Bear Creek
- City of Bastrop
- City of Bellaire
- City of Bunker Hill Village
- City of Conroe
- City of Dayton
- City of El Lago
- City of Fulshear
- City of Goodrich
- City of Hilshire Village
- City of Humble
- City of Katy
- City of La Porte
- City of Liberty Hill
- City of Meadows Place
- City of Morgan's Point
- City of Nederland
- City of Oak Ridge North
- City of Piney Point Village
- City of Prairieview
- City of Schulenburg
- City of Shenandoah
- City of Sugar Land
- City of Waller
- City of West Lake Hills

Counties

- Aransas County
- Chambers County
- Galveston County
- Hardin County
- Liberty County
- Refugio County
- Wharton County
- Burleson County
- Fort Bend County
- Grimes County
- Leon County
- Polk County
- Tyler County

Other Governmental Units

- Alabama-Coushatta Indian Housing Auth.
- Angelina and Neches River Auth.
- Capitol Area Council of Government
- Gulf Coast Waste Disposal Authority
- Green Trails MUD
- Harris County-Houston Sports Authority
- Harris County MUD 50
- IAH Public Facility Corp.
- Lone Star Groundwater District
- Montgomery County MUD No. 2
- Pflugerville Improvement District
- Polk Central Appraisal District
- Upper Kirby District
- Village Fire Department
- Alabama-Coushatta Tribe of Texas
- Baytown Area Water Auth.
- Ft. Bend County MUD 25
- Green Valley Special Utility District
- Harris County 9-1-1 Network
- Harris Co. Improvement District No. 9
- Harris Co. WCID Fondren Road
- Lakeview Police Department
- Memorial Villages Police Dept.
- Northwest Harris Co. MUD No. 19
- Pearland Industrial Dev. Corp.
- Porter SUD
- Southeast Texas Regional Advisory Council

Educational Entities

- Bastrop ISD
- Boerne ISD
- Channelview ISD
- Danbury ISD
- Edna ISD
- Galveston ISD
- Hardin ISD
- Magnolia ISD
- Navasota ISD
- Royal ISD
- Seguin ISD
- Sweet Home ISD
- Willis ISD
- Brazos ISD
- Brenham ISD
- Columbus ISD
- Dime Box ISD
- Fayetteville ISD
- Grapeland ISD
- Hitchcock ISD
- Montgomery ISD
- Needville ISD
- San Felipe Del Rio CISD
- South San Antonio ISD
- Waco ISD
- Woodville ISD
- Bremond ISD
- Center ISD
- Damon ISD
- El Campo ISD
- Franklin ISD
- Hallettsville ISD
- Madisonville CISD
- Nacogdoches ISD
- New Braunfels ISD
- Schulenburg ISD
- Snook ISD
- West Hardin ISD

Higher Education

- Alvin Community College
- Lamar State College Orange
- Lamar University
- Sam Houston State University
- Stephen F. Austin State University
- Texas Southern University
- Texas Tech University
- Texas Tech University Health Sciences Center El Paso
- University of Houston - Downtown
- University of Houston System
- University of Texas – Tyler
- Lamar Institute of Technology
- Lamar State College Port Arthur
- Midwestern State University Texas
- San Angelo State University
- Sul Ross University
- Texas State University System
- Texas Tech University Health Science
- University of Houston
- University of Houston – Victoria
- University of Texas Elementary
- University of Texas – Permian Basin



Stephanie E. Harris CPA,
CGMA – Partner

stephanie.harris@crowe.com
www.crowe.com

Profile

Mrs. Harris is a partner in Crowe's Houston office and is in the firm's public sector service.

Professional and Industry Experience

Mrs. Harris has more than 20 years' experience providing financial and single audits to local governmental agencies receiving federal awards.

Professional Affiliations

- Government Finance Officers Association
- American Institute of Certified Public Accountants
- Texas Society of CPAs
- Former reviewer for the Special Review Committee for Certificate of Achievement in Financial Reporting

Education & Certifications

- Bachelor of Business Administration, Accounting
 - University of Houston Clear Lake | Houston, TX
- Certified Public Accountant
- Chartered Global Management Accountant

Client Focus

Services:

- Financial and Single Audit
- Annual Comprehensive Financial Reports (ACFR)
- Agreed-Upon Procedures

Industries:

- Public Sector

Speaking Engagements:

- GFOAT-GASB 54
- TXCPA ISD Conference-2018 Yellowbook

Client Listing**Cities**

- City of Alvin
- City of Angleton
- City of Baytown
- City of Bellaire
- City of Brookshire
- City of Bunker Hill Village
- City of Cedar Park
- City of Clear Lake Shores
- City of Converse
- City of Dayton
- City of Dickinson
- City of El Lago
- City of Galena Park
- City of Hedwig Village
- City of Hilshire Village
- City of Hunters Creek Village
- City of Jacinto City
- City of Jersey Village
- City of Killeen
- City of Lake Jackson
- City of La Porte
- City of La Marque
- City of League City
- City of Liberty Hill
- City of Magnolia
- City of Meadows Place
- City of Mont Belvieu
- City of Morgan's Point
- City of Nassau Bay
- City of Navasota
- City of New Braunfels
- City of Onalaska
- City of Oak Ridge North
- City of Pasadena
- City of Robinson
- City of Seabrook
- City of Shoreacres
- City of Silsbee
- City of Sealy
- City of Spring Valley Village
- City of Taylor Lake Village
- City of Tomball
- City of Waller
- City of Webster
- City of West University Place
- Town of Fulton

Other Governmental Units

- Alabama- Coushatta Tribe of Texas
- Alabama- Coushatta Benefits Plan
- Baytown Area Water Authority
- Chambers County Appraisal District
- Gulf Coast Waste Disposal Authority
- Harris County Appraisal District
- Harris County Mayors' and Councils' Assoc
- Harris County MUD #50
- Harris County W.C.I.D. Fondren Rd.
- Lakeview Police Department
- Memorial Villages Police Department
- Montgomery County ESD 7
- Polk Central Appraisal District
- Silsbee EDC

Educational Entities

- Alief Montessori Community School
- Alvin Community College
- Anderson-Shiro CISD
- Brazos ISD
- Bremond ISD
- Cedars International Academy
- Center ISD
- Channelview ISD
- Damon ISD
- Danbury ISD
- Dime Box ISD
- D.R.A.W. Academy
- Enda ISD
- Educational Leadership
- Fayetteville ISD
- Franklin ISD
- Galveston ISD
- Grapeland ISD
- Hallettsville ISD
- Hitchcock ISD
- La Porte ISD
- Leggett ISD
- Lytle ISD
- Milano ISD
- Mumford ISD
- NYOS Charter School
- Odyssey Academy
- Royal ISD
- Seguin ISD
- Smithville ISD
- Snook ISD
- STEP Charter School
- Texas Southern University
- University of Houston Charter School

Other Nonprofits:

- Economic Alliance Houston Port Region
- Safety Council of Texas City
- San Jacinto Texas Historic District
- University of Texas Elementary
- University of Texas Tyler Charter School
- Woodville ISD

Counties

- Chambers County
- Hardin County
- Leon County
- Polk County
- Tyler County

Special Projects Performed:**Investigation Of Alleged Fraud – Municipal Court**

Conducted detailed review of municipal court collections, determined misappropriations had been made, and outlined methods employed.

Sales Tax

Performed detailed review of sales tax records maintained by the Texas Comptroller's Office which resulted in significant recoveries of misappropriated sales tax dollars for:

• City of Baytown • City of Galena Park	• City of Hilshire Village • City of Pasadena
--	--

Compliance Analysis with TCEQ

Performed compliance analysis on calculations made by Polk County to demonstrate compliance with the Texas Commission on Environmental Quality's (TCEQ) local government financial assurance test as outlined in Title 30 of the Texas Administrative Code Section 37.271(5) for its municipal solid waste facility for the last three years.

Golf Course Contract Compliance

Conducted review of revenues and services provided by City of Pasadena Municipal Golf Course to determine compliance with Contract for these services.

Hotel Occupancy Tax (Hot) Audits

Performed hotel occupancy tax compliance for Baytown, Texas, the fourth largest city in Harris County. In addition to traditional review procedures of tax compliance, the engagement covered the challenging times of hundreds of Hurricane Katrina evacuees who temporarily called Baytown's hotels their home. Additional exemptions were granted to the unprecedented destruction of Hurricane Katrina. Performed hotel occupancy tax audit for the City of Bay City, Texas which recalculated taxes remitted from quarterly returns within a 12-month period for 15 hotels. Identified trends and significant variations and selected a sample of hotels for more in-depth review.

Investigation Of Alleged Fraud - Economic Development Corporation

Performed detailed investigation of an Economic Development Corporation for compliance with policies and procedures related to the City as well as applicable State laws.

Investigation of Alleged Misconduct by City and Public Officials

Investigated various actions including unusual purchases and personal use of City equipment by City management and public officials for compliance with laws and regulations.

Daniel Hebert
CPA – Managing Director

daniel.hebert@crowe.com
www.crowe.com

Profile

Mr. Hebert is a managing director in Crowe's Houston office; he joined Crowe as part of the acquisition of Belt Harris Pechacek, LLLP in 2024. He has more than 10 years of experience in public accounting with a deep specialization in the local government space.

Professional and Industry Experience

Mr. Hebert has provided professional audit service to various state and local entities within the great State of Texas, including financial statement audits, single audits and program-specific audits for Cities, Counties, School District's and Universities. Before joining Crowe, Mr. Hebert spent more than 8 years with Belt Harris Pechacek, LLLP.

Publications and Speaking Engagements

- Government Finance Officers Association of Texas, Gulf Coast Chapter – May 2022, Houston Texas "GASB 87"

Professional Affiliations

- Texas CPA Society | Member
- American Institute of Certified Public Accountants | Member
- Government Finance Officers Association of Texas | Member

Education & Certifications

- Bachelor of Business Administration in Accounting-
 - Texas A&M University-Corpus Christi | Corpus Christi, TX
- Master of Science in Accountancy
 - University of Houston | Houston, TX
- Certified Public Accountant | TX

Client Focus

Services:

- Financial Audits
- Compliance Audits
- Local government consulting

Industries:

- Public Sector
- Not-for-Profit

Community Involvement:

- Mustang District Eagle Scout Board of Review District Representative
- United Way Volunteer Income Tax Assistant (VITA) preparer

Client Listing

Government – Cities:

- City of Bastrop
- City of Bunker Hill Village
- City of Clear Lake Shores
- City of Converse
- City of Dayton
- City of Dickinson
- City of El Lago
- City of Fulshear
- City of Hilshire Village
- City of Killeen
- City of Liberty Hill
- City of Meadows Place
- City of Mont Belvieu
- City of New Braunfels
- City of Seabrook
- City of South Houston
- City of Waller
- City of Webster
- City of Woodcreek

Other Governmental Entities:

- Converse EDC
- Fort Bend County ID #24
- Fort Bend County MUD #25
- Green Trails MUD
- Harris County-Houston Sports Authority
- Houston Pilot Board
- Leon County
- Liberty Hill EDC
- Memorial Villages Police Department
- Tyler County
- Williamson County ESD #4

Educational Entities:

- Alvin Community College
- Boerne ISD
- Channelview ISD
- Edna ISD
- La Porte ISD
- Lamar University
- Lytle ISD
- Magnolia ISD
- New Braunfels ISD
- Odyssey Academy Charter School
- Seguin ISD
- South San Antonio ISD
- Southwest Schools Charter
- STEP Charter School
- Texas Tech University Health Science Center-El Paso
- University of Houston

Other Non-Profit Entities:

- United States African Energy Association
- Harris County Sports Authority Foundation



Catie Nugent
Audit Senior Staff

catie.nugent@crowe.com
www.crowe.com

Profile

With over 3 years of experience, Catie works in the Crowe Public Sector Services group auditing both for-profit and non-profit engagements. She has experience working in areas unique to non-profits such as review of donor restrictions, in-kind donations, endowments, and net asset restrictions.

Professional and Industry Experience

Catie considers client service a priority on each of her engagements and prides herself on exceeding client expectations. As part of the audit process, she also works with clients to review internal controls and make recommendations for improvements to the Board and Senior Management.

Catie's specialty is not-for-profit organizations. Significant responsibilities and experience include:

- Audit work for not-for-profit organizations
- Performing Single Audits and compliance testing
- Financial statement preparation

Education & Certifications

- Master of Accountancy
 - Sam Houston State University | Huntsville, Texas
- Bachelor of Business Administration, Accounting
 - Sam Houston State University | Huntsville, Texas

Client Focus

Services:

- Financial Statement Audits
- Compliance Audits
- Reviews
- Agreed Upon Procedures

Industries:

- Not-for-Profit
- Higher Education
- Commercial
- Government

Community Involvement:

Catie is an active member and serves on the board as Treasurer of her local elementary school PTO. She also participates in serving the special needs community through music therapy and volunteers with her local education foundation.



Appendix C: Required forms

We provided our W-9 and the conflict-of-interest form on the following pages.

**Request for Taxpayer
Identification Number and Certification**

Go to www.irs.gov/FormW9 for instructions and the latest information.

Give form to the
requester. Do not
send to the IRS.

Before you begin. For guidance related to the purpose of Form W-9, see *Purpose of Form*, below.

Print or type. See Specific Instructions on page 3.	1 Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.) Crowe LLP	
	2 Business name/disregarded entity name, if different from above.	
	3a Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only one of the following seven boxes. ☐ Individual/sole proprietor ☐ C corporation ☐ S corporation ☒ Partnership ☐ Trust/estate ☐ LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) _____ Note: Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner. ☐ Other (see instructions) _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any) _____ (Applies to accounts maintained outside the United States.)
	3b If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest, check this box if you have any foreign partners, owners, or beneficiaries. See instructions. ☐	
	5 Address (number, street, and apt. or suite no.). See instructions. 320 E Jefferson Blvd 6 City, state, and ZIP code South Bend, IN 46601 7 List account number(s) here (optional)	Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. See also *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number									
				-				-	
or									
Employer identification number									
3	5			-	0	9	2	1	6 8 0

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and, generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here Signature of U.S. person 

Date **3/27/24**

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

What's New

Line 3a has been modified to clarify how a disregarded entity completes this line. An LLC that is a disregarded entity should check the appropriate box for the tax classification of its owner. Otherwise, it should check the "LLC" box and enter its appropriate tax classification.

New line 3b has been added to this form. A flow-through entity is required to complete this line to indicate that it has direct or indirect foreign partners, owners, or beneficiaries when it provides the Form W-9 to another flow-through entity in which it has an ownership interest. This change is intended to provide a flow-through entity with information regarding the status of its indirect foreign partners, owners, or beneficiaries, so that it can satisfy any applicable reporting requirements. For example, a partnership that has any indirect foreign partners may be required to complete Schedules K-2 and K-3. See the Partnership Instructions for Schedules K-2 and K-3 (Form 1065).

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS is giving you this form because they

not applicable

CONFLICT OF INTEREST QUESTIONNAIRE

FORM CIQ

For vendor doing business with local governmental entity

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

OFFICE USE ONLY

Date Received

1 Name of vendor who has a business relationship with local governmental entity.

2 ☐ Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 Name of local government officer about whom the information is being disclosed.

Name of Officer

4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

☐ Yes

☐ No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

☐ Yes

☐ No

5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

6 ☐ Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7

Signature of vendor doing business with the governmental entity

Date

CONFLICT OF INTEREST QUESTIONNAIRE

For vendor doing business with local governmental entity

A complete copy of Chapter 176 of the Local Government Code may be found at <http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm>. For easy reference, below are some of the sections cited on this form.

Local Government Code § 176.001(1-a): "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

- (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
- (B) a transaction conducted at a price and subject to terms available to the public; or
- (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

Local Government Code § 176.003(a)(2)(A) and (B):

(a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that

- (i) a contract between the local governmental entity and vendor has been executed;
- or
- (ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor.

Local Government Code § 176.006(a) and (a-1)

(a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

- (1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);
- (2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or
- (3) has a family relationship with a local government officer of that local governmental entity.

(a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

(1) the date that the vendor:

- (A) begins discussions or negotiations to enter into a contract with the local governmental entity; or
- (B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

(2) the date the vendor becomes aware:

- (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);
- (B) that the vendor has given one or more gifts described by Subsection (a); or
- (C) of a family relationship with a local government officer.