



June 8, 2021

Mayor Joe R. Zimmerman and City Council
City of Sugar Land, Texas
2700 Town Center Boulevard North
Sugar Land, Texas 77479

Dear Mr. Zimmerman:

You have requested that Weaver and Tidwell, L.L.P. ("Weaver", "our", "us", and "we") audit the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sugar Land, Texas (the "City"), as of September 30, 2021, and for the year then ended and the related notes to the financial statements, which collectively comprise the City's basic financial statements. In addition, we will audit the City's compliance over major federal award programs for the period ended September 30, 2021.

Accounting principles generally accepted in the United States of America ("U.S. GAAP"), as promulgated by the Governmental Accounting Standards Board ("GASB") require that management's discussion and analysis and budgetary comparison information, among other items, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information ("RSI") in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis
2. General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual
3. Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System
4. Schedule of Contributions – Texas Municipal Retirement System
5. Schedule of Changes in Net OPEB Liability and Related Ratios – Retiree Health Care Plan
6. Schedule of Changes in Net OPEB Liability and Related Ratios – Texas Municipal Retirement System Supplemental Death Benefits Fund

Supplementary information other than RSI will accompany the City's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and additional

procedures in accordance with U.S. GAAS. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

1. Schedule of Expenditures of Federal Awards
2. Combining and individual nonmajor fund financial statements and schedules
3. Budgetary comparison schedules for Debt Service, Capital Projects, and nonmajor special revenue funds, as applicable
4. Discretely presented component units fund based financial statements

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the basic financial statements:

1. Introductory section
2. Statistical section

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material aspects, in conformity with U.S. GAAP and to report on the fairness of the supplementary information referred to above when considered in relation to the basic financial statements as a whole. The objective also includes reporting on internal control related to the basic financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the basic financial statements in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States of America ("GAGAS"); and internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Auditor Responsibilities

We will conduct our audit in accordance with U.S. GAAS, the standards applicable to financial audits contained in GAGAS, and the provisions of the Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions

recorded in the accounts, tests of the physical existence of assets, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we may request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the basic financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and GAGAS.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the basic financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In making our risk assessments, we consider internal control relevant to the City's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we have identified during the audit.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

Ms. Sarah Roberts is the engagement partner for the audit services specified in this letter, and is responsible for supervising our services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

We may from time to time, and depending on the circumstances, use third-party service providers in performing this engagement. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service provider.

We expect to begin our audit procedures in July/August 2021, and issue our report in January 2022. We will issue a written report upon completion of our audit of the City's basic financial statements. Our report will be addressed to the governing body of the City. We cannot provide assurance that unmodified

opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If our opinions on the financial statements or compliance are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants that could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with the provisions is not an objective of our audit, and accordingly, we will not express such an opinion.

Our audit of the City's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the provisions of the Uniform Guidance; and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the City has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major federal award programs. Our procedures will consist of determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. The purpose of those procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the City's major federal award programs. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report.

In accordance with the requirements of GAGAS, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the City's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

- a. for the preparation and fair presentation of the basic financial statements in accordance with the framework described in Audit Objectives above;
- b. for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, for fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
- c. to provide us with:
 - i. access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements, and relevant to federal award programs, such as records, documentation, and other matters;
 - ii. additional information that we may request from management for the purpose of the audit; and
 - iii. unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence.
- d. for including the auditor's report, and our report on any supplementary information if described above, in any document containing the basic financial statements that indicates that such basic financial statements have been audited by the City's auditor;
- e. for identifying and ensuring that the City complies with the laws and regulations applicable to its activities;
- f. for adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole;
- g. for maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- h. for identifying all federal awards expended during the period including federal awards and funding increments received prior to December 26, 2014, and those received in accordance with the Uniform Guidance generally received after December 26, 2014;
- i. for preparing the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance;
- j. for the design, implementation, and maintenance of internal control over compliance;
- k. For identifying and ensuring that the City complies with laws, regulations, grants, and contracts applicable to its activities and its federal award programs;

- l. For following up and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
- m. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
- n. For submitting the reporting package and data collection form to the appropriate parties;
- o. For making the auditor aware of any significant vendor relationships where the vendor is responsible for program compliance;
- p. with regard to the supplementary information referred to above: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon;
- q. informing us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the basic financial statements are issued;
- r. for confirming your understanding of your responsibilities in this letter to us in your management representation letter.

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If we agree herein or otherwise to perform any non-attest services (such as tax services or any other non-attest services), you agree to assume all management responsibilities for those services; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them. These nonaudit/nonattest services do not constitute an audit under GAGAS and such services will not be conducted in accordance with GAGAS. The City has designated Alka Shah, Controller, to oversee these services. Such services include:

- i. Preparation of financial statements and related notes
- ii. Preparation of schedule of expenditures of federal awards (as applicable)
- iii. Preparation of the Data Collection Form (as applicable)

GAGAS require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a nonaudit/nonattest service.

During the course of our engagement, we will request information and explanations from management regarding the City's operations, internal controls, future plans, specific transactions and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the

issuance of our report, that management provide certain representations in a written representation letter. The City agrees that as a condition of our engagement to perform an audit that management will, to the best of its knowledge and belief, be truthful, accurate and complete in all representations made to us during the course of the audit and in the written representation letter. The procedures we perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. False or misleading representations could cause us to expend unnecessary efforts in the audit; or, worse, could cause a material error or a fraud to go undetected by our procedures.

Fees and Invoicing

We estimate that the fee for this engagement will be \$132,500. Our fee for the Uniform Guidance compliance audit will be \$7,500 for one major program and \$2,500 for each additional major program. The fee estimate is based on anticipated cooperation from all involved and the assumption that unexpected circumstances will not be encountered during the engagement. This is only an estimate and the fee for these services will be determined by the complexity of the work performed and the tasks required. If significant additional time is necessary, we will discuss the reasons with you and arrive at a new fee estimate before we incur the additional costs. It is understood that neither our fees nor the payment thereof will be contingent upon the results of this engagement.

Our engagement fees do not include consulting on the adoption of new accounting standards and any future increased duties because of any regulatory body, auditing standard or an unknown or unplanned significant transaction. We will consult with you in the event any of these take place that may affect our fees.

We will also invoice for reasonable and necessary time and out-of-pocket expenses we incur to respond to any request (such as a subpoena, summons, court order, or administrative investigative demand) pertaining to this engagement in a legal matter to which we are not a party. Our time to facilitate the response will be billed at our then-current standard hourly rates, and our expenses (including attorney's fees) will be billed at cost. If we agree to perform additional substantive services related to or arising out of the request, such matters may be the subject of a new engagement letter.

Our invoices for this engagement will be rendered each month as work progresses. Our invoices are payable in accordance with Texas Government Code § 2251.021.

Ethical Conflict Resolution

In the unlikely event that circumstances occur which we in our sole discretion believe could create a conflict with either the ethical standards of our firm or the ethical standards of our profession in continuing our engagement, we may suspend our services until a satisfactory resolution can be achieved or we may resign from the engagement. We will notify you of such conflict as soon as practicable, and will discuss with you any possible means of resolving them prior to suspending our services.

The hiring of or potential employment discussions with any of our personnel could impair our independence. Accordingly, you agree to inform the engagement partner prior to any such potential employment discussions taking place.

Audit Documentation and Confidentiality

The audit documentation we prepare pertaining to and in support of this engagement is our property and constitutes confidential information. If we are requested to make the audit documentation available to outside parties, except in the case of requests during our peer review (discussed below) or when prohibited by law or direction of law enforcement, any such requests will be discussed with you before we make the documentation available to the requesting parties.

We may be requested to make certain audit documentation (working papers) available to regulators and other government agencies, pursuant to authority given by law or regulation. You should understand that responding to many such requests is mandatory. In those cases, access to such working papers will be provided under our supervision and we may, upon their request, provide the regulator or agency with copies of all or selected working papers. The requesting party may intend or decide to distribute the copies or information contained therein to others, including other regulators or agencies. You will be billed for additional fees as a result of the aforementioned work.

Our firm, as well as other accounting firms, participates in a peer review program covering our audit and accounting practices. This program requires that once every three years, we subject our system of quality control to an examination by another accounting firm. As part of this process, the firm conducting our peer review will review a sample of our work. It is possible that the work we perform for you may be selected for such a review. If it is, our peer review firm is bound by professional standards to keep all information confidential and we are required to provide the required information.

It is expected that prior to the conclusion of the engagement, sections of the Data Collection Form will be completed by our firm. The sections that we will complete summarize our audit findings by federal grant or contract. Management is responsible to submit the reporting package (defined as including basic financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. The instructions to the Data Collection Form require that the reporting package be an unlocked, unencrypted, text searchable portable document file (PDF) or else it will be rejected by the Federal Audit Clearinghouse. We will be available to assist management in creating the PDF if needed.

We will coordinate with you the electronic submission and certification upon the reporting package completion. If applicable, we will provide copies of our report for you to include with the reporting package if there is a need to submit the package to pass-through entities.

The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of our reports or nine months after the end of the audit period.

We will retain our audit documentation for a period of at least seven years from the date of our report. You agree that following such period, we may destroy the audit documentation without notice to you.

To maintain independence, we will not act as the host of your financial or non-financial information or as your information back-up service provider. Instead, it is your responsibility to maintain a complete set of your financial and non-financial data and records. If some portion of your data and records is contained only within our files, you agree to inform us before the issuance of our report and we will provide that to you.

The parties do not intend this engagement letter to be for the benefit of any third-party. You may inform us of third-parties who will receive a copy of our audit report. Unless you inform us of such third-parties, we are not aware of who you intend to supply our audit report to and we do not anticipate other third-parties' reliance upon our professional services unless expressly stated herein.

During the course of the engagement, we may communicate via fax, email, or other electronic mechanism. Please be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Dispute Resolution Procedure including Jury Waiver

If a dispute arises out of or relates to this engagement or engagement letter, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation before resorting to litigation. In such event, the parties will attempt to agree upon a location, mediator, and mediation procedures, but absent such agreement any party may require mediation in Houston, Texas, administered by the AAA under its Commercial Mediation Procedures.

This engagement letter and all disputes between the parties shall be governed by, resolved, and construed in accordance with the laws of the State of Texas, without regard to conflict-of-law principles. Any action arising out of or relating to this engagement or engagement letter shall only be brought in, and each party agrees to submit and consent to the exclusive jurisdiction of, the federal or state courts situated in Tarrant County, Texas.

Each party hereby irrevocably waives any right it may have to trial by jury in any proceeding arising out of or relating to this engagement or this engagement letter.

Whenever possible, this engagement letter shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, or published interpretation, but if any term of this engagement letter is declared illegal, unenforceable, or unconscionable, that term shall be severed or modified and the remaining terms of the engagement letter shall remain in force. The parties agree that the court should modify any term declared to be illegal, unenforceable, or unconscionable in a manner that will retain the intended term as closely as possible.

If because of a change in status or due to any other reason, any provision in this engagement letter would be prohibited by, or would impair our independence under laws, regulations or published interpretations by governmental bodies, professional organizations or other regulatory agencies, such provision shall, to that extent, be of no further force and effect and this agreement shall consist of the remaining portions.

Miscellaneous

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of the latest external peer review report of our firm for your consideration and files.

We may at times provide you with documents marked as drafts. You understand that those documents are for your review purposes only. You should not rely upon those documents in any way.

Although the engagement partner responsible for this engagement is a licensed certified public accountant, we inform you that we have nonlicensees who may provide services pertaining to this engagement.

If you intend to make reference to our firm or include our report or any portion of it in a published document or other reproduction, and that document or other reproduction includes a version of our report or the financial statements that is assembled differently than any version we provided you or audited, you agree to provide us with printers' proofs or masters for our review and approval before reproducing. You also agree to provide us with a copy of the final reproduced material for our written approval before it is distributed. If, in our professional judgment, the circumstances require, we may withhold our approval. This requirement does not pertain to distributing our report or the financial statements when you do not modify their assembly or in situations where you disseminate the audited financial statements as a standalone document, such as on your website.

Unless we provide you with written consent in advance of such use, the audited financial statements and our report are not intended to and should not be provided or otherwise made available for use in connection with the sale of debt or other securities. If, in our professional judgment, the circumstances require, we may withhold our consent.

This engagement letter sets forth all of the agreed upon terms and conditions of our engagement with respect to the matters covered herein, and supersedes any that may have come before. This engagement letter may not be amended or modified except by further writing signed by all the parties.

We appreciate the opportunity to assist you and look forward to working with you and your team.

Sincerely,

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our engagement as described herein, including each party's respective responsibilities. By signing below, the signatory also represents that they have been authorized to execute this agreement.

City of Sugar Land, Texas

By: _____

Printed Name: _____

Title: _____

Date: _____

Government Contract (Texas) Supplement

Notwithstanding anything to the contrary in the foregoing engagement letter, the following additional clauses contained in this Government Contract (Texas) Supplement are incorporated into our engagement letter by reference, as though restated in full.

Buy Texas Affirmation. Weaver agrees to comply with Section 2155.4441 of the Texas Government Code, relating to the use of service contracts and the purchase of products and materials produced in the State of Texas.

Chapter 2260 Dispute Resolution. Notwithstanding anything to the contrary herein, disputes arising under this engagement letter that are governed by Chapter 2260 of the Texas Government Code shall be resolved in accordance with the dispute resolution process provided therein.

Child Support Obligation Affirmation. Under Section 231.006 of the Family Code, the vendor or applicant certifies that the individual or business entity named in this contract, bid, or application is not ineligible to receive the specified grant, loan, or payment and acknowledges that this contract may be terminated and payment may be withheld if this certification is inaccurate.

E-Verify Program Participation. Weaver shall utilize the U.S. Department of Homeland Security's E-Verify system during the term of this engagement letter to determine the eligibility of: (1) all persons employed by Weaver to perform duties within Texas; and (2) all persons, including subcontractors, assigned by Weaver to perform work pursuant to this engagement letter within the United States of America.

Indemnification. Nothing in this engagement letter is intended to and nothing herein shall be construed to require Weaver to indemnify or hold harmless the State or you for any claims or liabilities resulting from your negligent acts or omissions or those of your employees.

No Foreign Terrorists Organizations. In accordance with Texas Government Code Chapter 2252, Subchapter F, Weaver is not a company identified on the lists prepared and maintained under Texas Government Code §§ 806.051 (companies with business operations in Sudan), 807.051 (companies with business operations in Iran), or 2252.153 (companies known to have contracts with or provide supplies or services to a foreign terrorist organization).

Suspension and Debarment. Weaver certifies that neither it nor its principals are debarred, suspended, proposed for debarment, declared ineligible, or otherwise excluded from participation in the contract by any state or federal agency.

If Section 552.371 of the Texas Government Code is applicable:

Contracting Information Responsibilities. In accordance with Section 552.372 of the Texas Government Code, Weaver agrees to (1) preserve all contracting information related to this engagement letter as provided by the records retention requirements applicable to you for the duration of the contract, (2) promptly provide to you any contracting information related to the contract that is in our custody or possession on your request, and (3) on termination or expiration of this engagement letter, either provide at no cost to you all contracting information related to this engagement that is in our custody or possession or preserve the contracting information related to the engagement as provided by the records retention requirements applicable to you.

If Section 2054.5192 of the Texas Government Code is applicable:

Cybersecurity Training. Weaver represents and warrants that it will comply with the requirements of Section 2054.5192 of the Texas Government Code relating to cybersecurity training and required verification of completion of the training program.

If Section 2155.004 of the Texas Government Code is applicable:

Financial Participation Prohibited Affirmation. Under Section 2155.004, Government Code, the vendor certifies that the individual or business entity named in this bid or contract is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and payment withheld if this certification is inaccurate.

If Section 2155.0061 of the Texas Government Code is applicable:

No Human Trafficking. Under Section 2155.061, Government Code, the vendor certifies that the individual or business entity named in this bid or contract is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and payment withheld if this certification is inaccurate.

If Section 2262.056 of the Texas Government Code is applicable:

Assignment. Weaver shall not assign its rights under this engagement letter or delegate the performance of its duties under this engagement letter without prior written approval from you. Any attempted assignment in violation of this provision is void and without effect.

If Section 2262.154 of the Texas Government Code is applicable:

State Auditor's Right to Audit. The state auditor may conduct an audit or investigation of any entity receiving funds from the state directly under the contract or indirectly through a subcontract under the contract. The acceptance of funds directly under the contract or indirectly through a subcontract under the contract acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, an entity that is the subject of an audit or investigation by the state auditor must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.

If Section 2271.001 of the Texas Government Code is applicable:

No Boycott of Israel. Weaver certifies that Weaver does not boycott Israel and will not boycott Israel during the term of this engagement letter.

If the term of this engagement letter crosses the Legislative Biennium:

Excess Obligations Prohibited. The contract is subject to termination or cancellation, without penalty to you, either in whole or in part, subject to the availability of state funds.

If Executive Order No. 13224 is applicable:

Excluded Parties. Weaver certifies that it is not listed in the prohibited vendors list authorized by Executive Order No. 13224, "Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism", published by the United States Department of the Treasury, Office of Foreign Assets Control.



Report on Firm's System of Quality Control

October 16, 2019

To the Partners of Weaver and Tidwell, L.L.P.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA, an audit of a broker-dealer, 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.

What inspires you, inspires us. | eidebailly.com

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019, 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. Weaver and Tidwell, L.L.P. has received a peer review rating of pass.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Eide Bailly LLP