

Independent Accountant's Report

To Management
Thomson Reuters (Tax and Accounting) Inc.

We have examined:

- The content related to the relevant standards and interpretive guidance in Thomson Reuters' quality management materials titled *PPC's Guide to Audits of Local Governments*, February 2025, 40th Edition, available in print and online at Checkpoint.RIAG.com (the "quality management materials" or QMM)
- The accompanying description prepared by Thomson Reuters titled, "Description, as of April 30, 2025, of Thomson Reuters' *PPC's Guide to Audits of Local Governments*, February 2025, 40th Edition" (the "description")

Management of Thomson Reuters (Tax and Accounting) Inc. is responsible for the QMM Content being in accordance with the QMM Content Criteria included in Attachment A and for the Description being in accordance with the QMM Description Criteria included in Attachment A (collectively, the "QMM Criteria"). Our responsibility is to express an opinion on the QMM and the Description based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the QMM Content and the Description are in accordance with the QMM Criteria in all material respects. An examination involves performing procedures to obtain evidence about the QMM Content and the Description. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the QMM Content and the Description, whether due to fraud or error. In making an assessment of the risks of material misstatement, we considered and obtained an understanding of internal control relevant to the subject matter in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, no such opinion is expressed. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, in all material respects:

- The QMM Content is in accordance with the QMM Content Criteria specified in Attachment A.
- The Description is presented in accordance with the QMM Description Criteria specified in Attachment A.

This report is intended solely for the information and use of management of Thomson Reuters (Tax and Accounting) Inc., users and potential users of the QMM Content, and users' peer reviewers and regulators.

This report is not intended to be, and should not be, used by anyone other than these specified parties.

Plante & Moran, PLLC

August 21, 2025

Attachment A: QMM Content Criteria and QMM Description Criteria

QMM Content Criteria

The quality management materials (QMM) are in accordance with the following criteria:

CC1: The content of the quality management materials (QMM) identified in the description (QMM content) accurately reflects the standards and interpretive guidance relevant to the QMM that are addressed by the QMM and address them in the manner described in the description, including the following:

- a. QMM content reproduced in whole or in part from standards and interpretive guidance does the following:
 - i. Appropriately references the relevant standards and interpretive guidance to enable user firms to locate the content
 - ii. Agrees with the relevant standards and interpretive guidance
- b. QMM content derived from the standards and interpretive guidance explains, elaborates, interprets, or paraphrases the relevant standards and interpretive guidance in a manner that does not change the meaning and intent of the standards and interpretive guidance.
- c. QMM content that illustrates the application of the relevant standards and interpretive guidance is not in conflict with the standards and interpretive guidance.

CC2: QMM content

- a. Identifies assumptions or judgments made in developing QMM content related to the relevant standards and interpretive guidance, if any.
- b. Identifies QMM content that is based on widely recognized or generally accepted practice rather than on the relevant standards and interpretive guidance.
- c. Identifies QMM content that represents the QMM provider's opinion or interpretation of the relevant standards and interpretive guidance.
- d. Uses the same terminology and definitions used in the relevant standards and interpretive guidance.

CC3: QMM content does not omit relevant principles, topics, requirements, considerations, procedures, or other aspects of the relevant standards and interpretive guidance, other than those identified in the description of the QMM in accordance with DC9 or DC10.

CC4: If the description indicates that a purpose of the QMM content is to provide a means to document compliance with the standards and interpretive guidance addressed by the QMM, the QMM content enables user firms to do so.

QMM Description Criteria

The description of the content of quality management materials (the "description") contains the following information:

DC1: An identification of the quality management materials (QMM) addressed by the description, including the following:

- a. The title of the QMM, including the version name, number, or date
- b. The format of the QMM and, if the QMM are in the format of application software, the delivery method

**Attachment A: QMM Content Criteria and Description Criteria
(Continued)**

DC2: An identification of any elements of the QMM content that are provided by another QMM provider

DC3: An identification of any elements (parts) of the QMM content that are not addressed by the description. If applicable, identify how the elements relate to the entirety of the QMM.

DC4: The date of the description

DC5: A statement that “[*Identification of the QMM addressed by the description*] are quality management materials (QMM). The AICPA defines QMM as materials (for example, manuals or tools), including industry- or subject matter-specific materials, intended to enable the operation of a firm’s system of quality management and promote consistency in performing quality engagements. QMM may be made available through technology, for example, through automated tools and techniques, and IT applications. QMM address standards and interpretive guidance related to accounting; audit, attestation, review, compilation, or preparation engagements, or other services that CPA firms may provide; or ethics, independence, quality control, quality management, peer review, or practice monitoring related to those services. QMM would be considered an intellectual resource as described in QM section 10, *A Firm’s System of Quality Management*.”

DC6: An identification of the characteristics of the QMM, including the following:

- a. The type of QMM and purpose of the type of QMM
- b. The topics addressed by the QMM
- c. If the QMM are intended to be used for a specific type of engagement or specific aspects of an engagement, an identification of the characteristics of that engagement, including the following:
 - i. The relevant characteristics of the type of client for which the QMM are intended to be used, including the following:
 - Area of practice
 - Industry
 - Form or type of organization
 - Operational characteristics
 - ii. The characteristics of the type of engagement for which the QMM are intended to be used, including the following:
 - Area of service
 - Level of service
 - Unique characteristics of the engagement

DC7: An identification of QMM, other than the QMM identified for DC1, necessary to accomplish the purpose of the QMM as noted in DC6a.

DC8: An identification of the standards and interpretive guidance relevant to the QMM that the QMM address, including the following:

- a. The standard-setting body that issued the standards and interpretive guidance
- b. Either:
 - i. The date through which the QMM address issued and effective standards and interpretive guidance (date approach), or
 - ii. The number and title of the most recently issued and effective standards and interpretive guidance addressed by the QMM (title approach)

**Attachment A: QMM Content Criteria and Description Criteria
(Continued)**

DC9: An identification of standards and interpretive guidance relevant to the QMM that were issued and effective up to the date (if using the date approach referred to in DC8bi) or the number and title (if using the title approach referred to in DC8bii) but:

- a. Not addressed by the QMM
- b. Not fully addressed by the QMM, including why the relevant standards and guidance were not fully addressed, and how they were addressed by the QMM

DC10: A description of how the QMM address standards and interpretive guidance relevant to the QMM that were issued but *not effective* up to the date (if using the date approach referred to in DC8bi) or the number and title (if using the title approach referred to in DC8bii), including the following:

- a. The title and effective date of the standards and interpretive guidance
- b. Whether the standards and interpretive guidance are addressed by the QMM and, if so, how they are addressed
- c. Whether the standards and interpretive guidance allow for early implementation or adoption

DC11: A description of the QMM provider's policy for updating the QMM content, including the nature and anticipated timing of updates

DC12: A statement that user firms are responsible for the following:

- a. Determining whether the QMM are suitable for the user firm's purposes
- b. Understanding that the QMM are not intended to be a substitute for the standards and interpretive guidance, an evaluation thereof, or professional judgment
- c. Using QMM that reflect the most current (up-to-date) relevant standards and interpretive guidance that are applicable in the circumstances and accessing and using relevant standards and interpretive guidance that are applicable in the circumstances that are not addressed or not fully addressed by the QMM
- d. Properly implementing the QMM and using professional judgment in the application of the QMM based on the facts and circumstances (for example, of each engagement)
- e. Providing the appropriate training for the use of the QMM and performing the appropriate supervision and review procedures regarding the use of the QMM, based on the skill, training, knowledge, and experience of individual users within the user firm
- f. Identifying that there may be certain facts, circumstances, risk factors, or specific issues that exist for a particular client, engagement, or user firm that may not be addressed by the QMM; in that case, understanding that the QMM will require tailoring and augmentation to address such facts, circumstances, risk factors, or specific issues
- g. Monitoring the activities of standard-setting bodies for changes that would affect the user firm, including amendments of standards and interpretive guidance and deferrals of effective dates
- h. Complying with relevant professional standards and interpretive guidance
- i. Understanding that the effectiveness of the QMM is dependent on the user firm fulfilling the preceding responsibilities and the effectiveness of its actions

Description, as of April 30, 2025, of Thomson Reuters' PPC's Guide to Audits of Local Governments, February 2025, 40th Edition

PPC's Guide to Audits of Local Governments, February 2025, 40th Edition (the "Guide"), is available in print and online at Checkpoint.RIAG.com. The Guide consists of chapter text and multiple practice aids, including illustrative auditor's reports, audit programs, checklists, and confirmation and correspondence letters. These practice aids are included in this description and are available as uneditable PDFs on Checkpoint.RIAG.com as part of the Guide.

PPC's Workflow Tools are not included in this description. The Workflow Tools, which are designed to enhance productivity, efficiency, and quality when used in combination with the Guide, include PPC's Practice Aids, Thomson Reuters Guided Assurance (formerly Checkpoint Engage), and PPC's SMART Practice Aids.

- PPC's Practice Aids: Audits of Local Governments (version 2/25) are editable Microsoft Word and Excel versions of all practice aids in the Guide and may be used alone or through Thomson Reuters Guided Assurance or SMART Practice Aids.
- Thomson Reuters Guided Assurance is a fully integrated online audit solution that provides enhanced technological functionality of the content and engagement methodology in the Guide, while SMART Practice Aids is a desktop application that provides similar functionality.

Definition of QMM

PPC's Guide to Audits of Local Governments are quality management materials (QMM). The AICPA defines QMM as materials (for example, manuals or tools), including industry- or subject matter-specific materials, intended to enable the operation of a firm's system of quality management and promote consistency in performing quality engagements. QMM may be made available through technology, for example, through automated tools and techniques, and IT applications.

QMM address standards and interpretive guidance related to accounting; audit, attestation, review, compilation, or preparation engagements or other services that CPA firms may provide; or ethics, independence, quality control, quality management, peer review, or practice monitoring related to those services. QMM would be considered an intellectual resource as described in QM section 10, *A Firm's System of Quality Management*.

Other QMM Providers

The elements of the QMM provided and within this description are delivered by Thomson Reuters (Tax and Accounting) Inc. (Thomson Reuters) and no other QMM provider.

Characteristics of the QMM

The Guide provides the following:

- A full set of guidance and practice aids to perform an audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) of local governments covered by the AICPA Audit and Accounting Guide, *State and Local Governments*.
- Guidance and practice aids to perform an audit under the additional standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (commonly referred to as a Yellow Book audit).
- Limited guidance and practice aids to perform the compliance portion of a single audit (the additional procedures required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*). The Guide is not intended to be used for program-specific audits.

The practice aids provide a means to document compliance with relevant standards and interpretive guidance and include illustrative auditor's reports; engagement, management representation, confirmation, and other illustrative letters; checklists; and audit programs.

The Guide addresses engagement-level quality management requirements but does not address firm-level quality management system requirements. Consequently, the Guide is intended to be used in conjunction with *PPC's Guide to Quality Management*.

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For single audits, the Guide does not include certain practice aids with guidance based on the Office of Management and Budget (OMB) Compliance Supplement. Thus, the Guide is intended to be used in conjunction with PPC's *Government Documents Library* (the "Library") and the applicable OMB Compliance Supplement. The Library provides the most recent government documents, as well as PPC's compliance audit programs and other practice aids, which reflect the most recent edition of the OMB Compliance Supplement. The Library is intended to be used in conjunction with the Guide by auditors performing single audits and is updated as necessary to keep the documents current.

Relevant Standards and Interpretive Guidance Addressed by the Guide

Auditing Standards and Interpretive Guidance

The Guide addresses relevant auditing standards and interpretive guidance issued and effective by the Auditing Standards Board (ASB) of the AICPA through February 2025.

Although the following standards are not fully effective at the time of publication, the user applying the guidance in the Guide must evaluate each standard's applicability and effective date based on the period covered in each specific engagement. The following auditing standards were issued through February 2025, and are fully incorporated into the Guide, with dual guidance provided:

- SAS No. 146, *Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*, is effective for engagements conducted in accordance with U.S. GAAS for periods beginning on or after December 15, 2025. SAS No. 146 does not prohibit early implementation.
- SAS No. 149, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors and Audits of Referred-to Auditors)*, is effective for audits of group financial statements for periods ending on or after December 15, 2026. SAS No. 149 does not prohibit early implementation.

The Guide also addresses the AICPA Audit and Accounting Guide, *State and Local Governments*, as of March 1, 2024, and the AICPA Audit and Accounting Guide, *Risk Assessment in a Financial Statement Audit*, as of January 1, 2023.

The Guide addresses the following standards, regulations, and interpretive guidance related to Yellow Book and single audits issued through February 2025:

- *Government Auditing Standards, 2018 Revision Technical Update April 2021*
- Single Audit Act Amendments of 1996
- OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), October 2023 revision [2 CFR part 200 of the Electronic Code of Federal Regulations (eCFR)]
- 2024 OMB Compliance Supplement
- AICPA Audit Guide, *Government Auditing Standards and Single Audits*, as of April 1, 2024

Although the following standards and regulations are not fully effective at the time of publication, the user applying the guidance in the Guide must evaluate each standard's applicability and effective date based on the period covered in each specific engagement. The following auditing standards related to Yellow Book audits and regulations related to single audits were issued through February 2025, and are fully incorporated into the Guide, with dual guidance provided:

- *Government Auditing Standards: 2024 Revision (2024 Yellow Book)* is effective for financial audits, attestation engagements, and reviews of financial statements for periods beginning on or after December 15, 2025, and for performance audits beginning on or after December 15, 2025. A system of quality management that complies with *Government Auditing Standards* is required to be designed and implemented by December 15, 2025. An audit organization should complete its evaluation of the system of quality management by December 15, 2026. Early implementation of the 2024 Yellow Book is permitted.

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- *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), April 2024 revision [2 CFR part 200 of the Electronic Code of Federal Regulations (eCFR)]. In April 2024, the OMB issued revisions to the Uniform Guidance. The government-wide effective date of the revisions was October 1, 2024; however, federal agencies could have elected to implement the revisions as early as June 21, 2024. All Subpart F—Audit Requirements revisions are effective for auditee fiscal years beginning on or after October 1, 2024.

Other AICPA Professional Standards

The Guide incorporates professional standards from the AICPA, beyond the auditing standards, that are relevant to this Guide. These include standards relating to ethics from the AICPA *Code of Professional Conduct* in the context of their application to the Guide.

Accounting Standards

The primary focus of the Guide is on engagement standards rather than accounting standards; however, it does provide relevant industry accounting guidance. In addition, accounting standards with disclosure requirements are included in the Disclosure Checklists (ALG-CX-13 series).

The Guide addresses relevant accounting standards issued and effective by the Governmental Accounting Standards Board (GASB) through February 2025 and up to GASB Statement No. 104, *Disclosure of Certain Capital Assets*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

Although the following may not be fully effective at the time of publication, the user applying the guidance in the Guide must evaluate each standard's applicability and effective date based on the period covered in each specific engagement. The following relevant accounting standards were issued through February 2025, and dual guidance is provided:

- GASB Statement No. 101, *Compensated Absences*, is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Early implementation is encouraged.
- GASB Statement No. 102, *Certain Risk Disclosures*, is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Early implementation is encouraged.
- GASB Statement No. 103, *Financial Reporting Model Improvements*, is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Early implementation is encouraged.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Early implementation is encouraged.

Policy for Updating the QMM Content

Thomson Reuters updates *PPC's Guide to Audits of Local Governments* annually and generally releases a new edition each spring to reflect changes in standards and interpretive guidance, content enhancements, and the corrections of minor errors not previously updated. The Guide referenced herein was completed in February 2025, and no changes have been made to this specific edition of the Guide since then.

User Firm Responsibilities

User firms are responsible for the following:

- a. Determining whether the QMM are suitable for the user firm's purposes
- b. Understanding that the QMM are not intended to be a substitute for the standards and interpretive guidance, an evaluation thereof, or professional judgment
- c. Using QMM that reflect the most current (up-to-date) relevant standards and interpretive guidance that are applicable in the circumstances and accessing and using relevant standards and interpretive guidance that are applicable in the circumstances that are not addressed or not fully addressed by the QMM

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- d. Properly implementing the QMM and using professional judgment in the application of the QMM based on the facts and circumstances (for example, of each engagement)
- e. Providing the appropriate training for the use of the QMM and performing the appropriate supervision and review procedures regarding the use of the QMM based on the skill, training, knowledge, and experience of individual users within the user firm
- f. Identifying that there may be certain facts, circumstances, risk factors, or specific issues that exist for a particular client, engagement, or user firm that may not be addressed by the QMM; in that case, understanding that the QMM will require tailoring and augmentation to address such facts, circumstances, risk factors, or specific issues
- g. Monitoring the activities of standard-setting bodies for changes that would affect the user firm, including amendments of standards and interpretive guidance and deferrals of effective dates
- h. Complying with relevant professional standards and interpretive guidance
- i. Understanding that the effectiveness of the QMM is dependent on the user firm fulfilling the preceding responsibilities and the effectiveness of its actions