



January 26, 2026

Jeannie Maanum  
Finance Manager  
Morris Area Schools  
201 S. Columbia Ave  
Morris, MN 56267

Dear Mrs. Maanum,

Eide Bailly values the continued opportunity to serve Morris Area Schools (District) and support your goals through audit services. Our existing relationship gives us insight into your operations and priorities, allowing us to deliver solutions that align with your vision for success.

We understand that today's environment demands more than technical expertise — it requires a trusted partner who listens, adapts, and provides meaningful value. This proposal builds on our work together and focuses on outcomes that matter most to the District, addressing current challenges while planning for the future.

## Qualifications of the Audit Team

You'll work with a dedicated team that has extensive knowledge and experience with school districts and the government industry. We understand that personal service is important to our clients, and we prioritize accessibility and collaboration throughout the engagement.

### Leadership and Key Contacts

Derek Flanagan will lead the team and serve as Audit/Engagement Partner. John Hagen will serve as Audit Senior Manager. These professionals bring strong credentials and a commitment to working closely with the District. If awarded this engagement, they will serve as your primary contacts. We have included their profiles in **Attachment A**. We'll complement the project team with additional resources as necessary to ensure timely and efficient service.

### Firmwide Expertise

Eide Bailly's Government Industry Group includes more than 300 full-time professionals who share knowledge and stay current on industry developments. This collaborative approach ensures your engagement benefits from the collective expertise of our firm. The government industry represents one of Eide Bailly's largest niche areas, with more than 1,300 government clients firmwide — including school districts, colleges and universities, cities, counties, housing authorities, and state agencies.

## School District Experience

We work with more than 600 school districts across the country. Our services include evaluating internal control structures, assessing control risk, performing tests of controls, and testing compliance with applicable laws and regulations in accordance with *Government Auditing Standards*. Through serving these clients, our professionals have gained focused expertise that allows us to provide insightful advice and practical solutions.

## Commitment to K-12 Industry

Eide Bailly prioritizes staying current with changes in the K-12 school district industry. We help clients adapt to evolving standards and implement new requirements. Our team members are actively engaged in organizations associated with K-12 entities, ensuring we understand the challenges school districts face — such as increasing accountability demands, fluctuating revenue sources, and demographic changes.

Our approach stands apart because we emphasize collaborative communication throughout the year. You can expect regular meetings to keep you informed on timelines and processes, and our partners and senior-level professionals are accessible when you need them. With Eide Bailly, you can be confident you are on the path to achieving your goals and meeting the needs of today's students while planning for tomorrow's.

## Approach to Solve Specific Problems Within the District

Our approach is designed to identify and address issues proactively while maintaining open communication throughout the audit process.

### Communication Philosophy

Communication before, during, and after the audit is a hallmark of Eide Bailly's process. We believe collaboration is key to solving problems effectively. By working closely with District management, we ensure proper communication channels exist and avoid frustrating last-minute surprises.

### Problem-Solving Framework

- **Planning Phase:** We meet with management early to understand the District's expectations, identify potential challenges, and discuss any organizational changes. This allows us to anticipate issues and develop tailored solutions.
- **During Fieldwork:** We provide regular status updates and immediately address significant issues as they arise. If potential findings are identified, we discuss them with management, giving you time to respond and implement corrective actions.
- **Exit Conference:** We review all finalized findings and any outstanding issues in detail, ensuring clarity and agreement on next steps. Our goal is to leave no unresolved surprises after fieldwork concludes.
- **Ongoing Support:** We view the engagement as a continuous relationship, not a one-time event. Throughout the year, we keep you informed of new accounting pronouncements, regulatory changes, and best practices that may impact the District.

### Customization for Your Needs

We tailor our communication style and frequency to your preferences. Our process becomes increasingly customized while still following the proven framework embraced by our staff. This proactive, collaborative approach ensures that problems are addressed promptly and effectively, minimizing disruption and supporting the District's long-term success.

# Minnesota Financial Reporting Experience

Eide Bailly has extensive experience preparing financial reports and submissions required by the State of Minnesota. Our team is well-versed in the Uniform Financial Accounting and Reporting Standards (UFARS) and ensures timely, accurate filings that meet all state requirements. We routinely assist school districts with preparing annual financial statements, state compliance reports, and supplemental schedules in accordance with Minnesota statutes and the Minnesota Legal Compliance Audit Guide.

Through our work with more than 600 school districts, we've developed proven processes to streamline reporting, reduce errors, and maintain compliance. Our professionals stay current on changes to state reporting requirements and proactively communicate updates to clients, ensuring your submissions are complete and accurate every time.

We've included a summary list of similar Minnesota clients served:

Minnesota Independent School District (ISD) Client List		
<ul style="list-style-type: none"> <li>Barnesville ISD</li> <li>Belle Plaine ISD</li> <li>Bertha-Hewitt ISD</li> <li>Browns Valley ISD</li> <li>Campbell-Tintah ISD</li> <li>Chokio-Alberta ISD</li> <li>Clearbrook-Gonvick ISD</li> <li>Clinton-Graceville-Beardsley ISD</li> <li>Detroit Lakes Public ISD</li> <li>Dilworth-Glyndon-Felton ISD</li> <li>Lake Park-Audubon ISD</li> <li>Fairmont Area ISD</li> <li>Fergus Falls ISD</li> </ul>	<ul style="list-style-type: none"> <li>Fisher Public ISD</li> <li>Goodridge ISD</li> <li>Hancock ISD</li> <li>Hawley ISD</li> <li>Jordan ISD</li> <li>Lac qui Parle Valley ISD</li> <li>Menahga ISD</li> <li>Moorhead ISD</li> <li>Morris ISD</li> <li>New York Mills ISD</li> <li>Ortonville ISD</li> <li>Parkers Prairie ISD</li> </ul>	<ul style="list-style-type: none"> <li>Pelican Rapids ISD</li> <li>Perham-Dent ISD</li> <li>Rosemount-Apple Valley-Eagan ISD</li> <li>Rothsay ISD</li> <li>Springfield ISD</li> <li>St. Clair ISD</li> <li>St. James ISD</li> <li>Ulen-Hitterdal ISD</li> <li>Wadena-Deer Creek ISD</li> <li>Walker-Hackensak-Akeley ISD</li> <li>Warroad ISD</li> <li>Wheaton Area ISD</li> </ul>

## Cost Structure

Our fees are based on the complexity of the issue and the experience level of the personnel necessary to address it. In the event you request additional services, Eide Bailly will obtain your agreement on fees before such work would begin. We propose the following fee schedule based on our understanding of the scope of work and the level of involvement of the District's staff:

### Services and Fees: Three Year Quote

Professional Services	2026	2027	2028
Annual financial statement audit	\$28,900	\$30,200	\$31,700

*\*A 5% technology fee will be added to the total fees to support and enhance the quality of work.*

### Out-of-Pocket Expenses

The professional fees listed above are inclusive of all out-of-pocket expenses, and you will not be billed for expenses such as travel time, mileage, and meals. As mentioned above, a 5% technology fee will also be applied to support and enhance the quality work we provide by investing in technology.

## Peer Review Results

Eide Bailly is a member of the American Institute of Certified Public Accountants (AICPA), which requires a third-party peer review of our audit and accounting practice every three years. Copies of our firm's two most recent peer reviews are included in [Appendix B](#) of this proposal to cover the past three years, as requested. These quality reviews included several government engagements and received a rating of 'Pass'.

## Staff Change Notifications

To help ensure a strong business relationship and to minimize disruptions, we keep staffing changes to a minimum. Compared to the national average, Eide Bailly experiences a higher retention rate, which translates to providing our clients with consistent service teams. We'll strive for continuity of staff for your engagement. With this continuity comes quality as team members' knowledge of your organization grows from year to year.

Should the need arise to change any of the key engagement personnel, we'll notify you in writing and provide the qualifications of the proposed replacement. Upon your approval, new engagement personnel will join your service team.

## References

As a top 20 CPA firm, we've built our business on relationships and believe our clients to be the best critics of our service. The clients below have similarities to the District, and we encourage you to contact them to learn about their Eide Bailly experiences.

### Hancock Public School

#### **Chelsea Lundberg**

Business Manager

320.392.5621

[chelsea.lundberg@hancockisd768.org](mailto:chelsea.lundberg@hancockisd768.org)

### Barnesville School District

#### **Jodi Samuelson**

Finance Officer

218.354.2217

[jsamuelson@barnesville.k12.mn.us](mailto:jsamuelson@barnesville.k12.mn.us)

### Moorhead Public Schools

#### **Kam Wingenbach**

Director of Business Services

218.284.3364

[kwingenbach@moorheadschools.org](mailto:kwingenbach@moorheadschools.org)

## Building a Successful Relationship

At Eide Bailly, we value the trust you've already placed in us and appreciate the opportunity to continue serving Morris Area Schools. Our relationship gives us unique insight into your operations, priorities, and goals, allowing us to deliver an audit that not only meets compliance requirements but supports your vision for the future.

Thank you for continuing to choose Eide Bailly. We look forward to building on the work we've accomplished together and supporting the District's success for years to come. **Your Vision. Our Expertise. A Strong Future.**

Sincerely,



**Derek Flanagan, CPA**

Partner

701.476.8825

[dflanagan@eidebailly.com](mailto:dflanagan@eidebailly.com)

## Attachment A: Key Leadership Team Profiles

### Derek L. Flanagan, CPA

Partner

*It's important to make the work process as smooth as possible. To that end, I create relationships with clients that give me the insight to help them achieve success.*

701.476.8825 | [dflanagan@eidebailly.com](mailto:dflanagan@eidebailly.com)

Derek's primary focus is in the government and utility industry, where he coordinates and supervises Uniform Guidance audit services to governments, tribal entities and nonprofit organizations.

Derek is easy to talk to and can get along with just about anybody, creating a work-friendly environment. He always is cognizant about clients' needs and tries to be as responsive to them as possible.

Outside of work, Derek enjoys spending time with his wife, Jenica, and their three children. Family time is important to the Flanagans; they spend as much time as possible with extended family and friends. Derek also enjoys golfing and attending any major sporting event, especially baseball.

#### Client Work

Provided audit services to local governments (schools, cities, tribes and counties), and rural electric cooperatives.

Performs forecasts for the education industry, including colleges and charter schools.

Serves as Department Head for the Fargo office's audit department.



#### Memberships

North Dakota Society of Certified Public Accountants

American Institute of Certified Public Accountants

#### Designation/Licenses

Certified Public Accountant

#### Education

Bachelor of Accountancy - University of North Dakota, Grand Forks

#### Community

Former Local Dollars for Scholars (Central Cass School) Board

# John Hagen, CPA

Senior Manager

*I enjoy the continuous challenge of fulfilling our clients' needs. I take pride in providing a service that is both valued and appreciated by the client.*

701.239.8674 | [jhagen@eidebailly.com](mailto:jhagen@eidebailly.com)



John provides audit and assurance services to clients in the governmental sector, focusing primarily on county and city governments, school districts and special purpose districts. He is also well versed in single audit compliance testing required by Uniform Guidance.

John has experience leading audit teams and takes pride in his ability to be responsive and understanding of client needs. He takes an active interest in his clients and appreciates the relationships that are built through his services throughout the entire year.

Outside of work, John enjoys spending time with family and friends, but mostly spends his time trying to keep his young son and daughter out of trouble! He is also an avid and passionate fan of all things sports, primarily cheering on Minnesota-based teams. In the summer, John makes it a priority to spend time outside on the golf course, as well as at the family lake cabin.

## Client Work

Leads and supervises teams in providing audit services to clients, specializing in the government industry. Several of the local governments he has worked with prepare an Annual Comprehensive Financial Report (ACFR) and receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting (COA).

Has experience providing financial statement auditing and compliance testing, including single audits required by Uniform Guidance.

Promotes staff development through facilitating internal trainings.

## Memberships

American Institute of Certified Public Accountants

North Dakota Society of Certified Public Accountants

## Designation/Licenses

Certified Public Accountant

## Education

Bachelor of Science, Accounting - North Dakota State University, Fargo, ND

Bachelor of Science, Finance - North Dakota State University, Fargo, ND

## Attachment B: Peer Review



### Report on the Firm's System of Quality Control

To the Partners of Eide Bailly LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Eide Bailly LLP (the "Firm") applicable to engagements not subject to Public Company Accounting Oversight Board ("PCAOB") permanent inspection in effect for the year ended April 30, 2023. 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](http://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 FDICIA; and examinations of service organizations (SOC 1<sup>®</sup> and SOC 2<sup>®</sup> 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 Eide Bailly LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2023, 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*. Eide Bailly LLP has received a peer review rating of *pass*.

*Cherry Bekaert LLP*

Atlanta, Georgia  
January 9, 2024

## Report on the Firm's System of Quality Control

January 20, 2021

To the Partners of Eide Bailly LLP and the  
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Eide Bailly LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

### Firm's Responsibility

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

### Peer Reviewer's Responsibility

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

### Required Selections and Considerations

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

As 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 Eide Bailly LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Eide Bailly LLP has received a peer review rating of *pass*.



Cherry Bekaert LLP