



Global
PORTFOLIO
Consulting, LLC

CPA Global Portfolio Consulting C.A., LLC

Proposal for Independent Professional Auditing Services

LOWER MINNESOTA RIVER WATERSHED DISTRICT (LMRWD) Independent Auditing Services Proposal

December 3, 2021

CPA Global Portfolio Consulting C.A. LLC
Minneapolis MN CPA Accounting Firm
7626 Metro Blvd, Suite 120
Minneapolis, MN 55439
(612)-964-0938

Contact Person:
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CPA Global Portfolio Consulting C.A., LLC

December 3, 2021

Linda Loomis
Naiad Consulting, LLC
112 5th Str. E, Suite 102, Chaska, MN 55318

Dear Linda :

CPA Global Portfolio Consulting, LLC, Certified Public Accountant, is pleased to present our proposal to provide independent audit services to Lower Minnesota River Watershed District. We believe our audit approach and the credentials within our teams' resumes will demonstrate our qualifications, competence, and capacity to perform the audit services requested in the time frame required by Lower Minnesota River Watershed District.

We understand the scope of what you are requesting, as noted in the request for proposal. We understand that our Firm will be responsible for auditing your financial statements for the fiscal year ending December 31, 2021, and 2022. We commit to providing the audit in a timely manner, otherwise we will voluntarily forfeit 25% of the proposed audit fee. This proposal is a firm and irrevocable offer valid for 60 days from the date of the proposal. Charles Amevo, CPA, MBT, CPPM the Firm's Managing Partner will be the authorized representative for the Firm to sign for and obligate the Firm contractually to Lower Minnesota River Watershed District. Mr. Charles is at 7626 Metro Boulevard Suite 120, Edina, MN 55439, and can be reached by telephone at 612- 964-0938. CPA Global Portfolio Consulting C.A., LLC is in compliance with the registration and permit requirements to engage in the practice of public accounting in Minnesota. We believe that you will find our Firm to be qualified and prepared to serve Lower Minnesota River Watershed District, in the capacity of independent auditor, accounting and management advisors, and look forward to a long working relationship with you and your management team.

Very Truly Yours,

Charles Amevo, CPA, MBT, CPPM
CPA Global Portfolio Consulting, C.A., LLC

About our Firm

CPA Global Portfolio Consulting C.A., LLC is run as a professional corporation, we maintain an active CPA firm permit with jurisdiction in Minnesota and our Managing Partner maintains an active CPA certification and is a member of American Institute of Certified Public Accountants (AICPA) and Minnesota Society of Certified Public Accountants (MNCPA). He is also a Fellow of Massachusetts Society of CPAs. We provide finance consulting and auditing services to governmental entities, private companies, and non-profit organizations.

CPE Requirements Managing Partner

CPA CPE Charles Amevo:
CY = 46 / Rolling 3-Year 2019 – 2021= 122
Yellow Book CPE Charles Amevo:
CY= 25 / Rolling 2-Year 2020 – 2021=85

We are certified with the following organizations and programs



**North Central Minority Supplier
Development Council**



**Central Certification Program Small
Minority Business Enterprise**



Background Information of Firm

Lower Minnesota River Watershed District solicits the services of a qualified firm of certified public accountants to audit and express an opinion on the fair presentation of its financial statements in accordance with accounting principles generally accepted in the United States of America. The firm selected shall provide audit adjustment notations as needed and advise as to procedural changes for the betterment of the financial record-keeping of LMRWD, including implementation of GASB 84. These services shall be included in the proposal as incidental to the audit.

CPA Global Portfolio Consulting C.A., LLC (Firm) is located at 7625 Metro Boulevard Edina, Minnesota from where all staffing for the engagement are based. Our Firm is certified as Small, Minority Business Enterprise (S/MBE) by Minnesota Central CERT Certification Program with highly qualified professionals. We consider our company size and professionalism to be our greatest strategic advantage. When working with our Firm you will receive a more personal experience, with easy access to competent, qualified professionals who can help to answer questions and ease the audit process.

We also believe and strive for long term client relationships, dramatically reducing the amount of time your staff spends familiarizing our professional staff with your business procedures. You will deal with the same experienced professional staff over the engagement period, which will develop efficiencies in the audit process. Our professional audit processes are such that your assigned auditors will be performing ALL of the audit procedures from the initial planning meetings through fieldwork, to the final audit reports. As your agency works with our professionals and staff you will find that our wide and varied experiences can be applied to any issues that might arise, resulting in innovative solutions to your operational needs.

In performing our financial statement audits and Uniform Guidance Compliance audits in accordance with Government Auditing Standards, we comply with Generally Accepted Auditing Standards (GAAS) as required by Government Auditing Standards.

One of our Firm's approaches is to proactively inform our clients about the potential changes in relative accounting legislation and standards. Our Firm receives approximately a dozen monthly periodicals and newsletters from a variety of sources. This allows us to provide our clients with important and timely information, so they can immediately assess the impact on their organization and staff. In fact, we regularly offer "GASB and FASB" accounting update courses to each of our Staff so, our professional services are conducted using the newest accounting & auditing standards being implemented.

Firm Profile (continued)

Global Portfolio Consulting, leverages technology to allow us to focus on issues not insignificant mechanical tasks

We use up-to-date technology to perform and complete all audits in the most efficient manner possible. Some examples of our technology and how your organization benefits are:

- We have a standardized Microsoft Office platform, as the vast majority of our clients use "Office", and this allows us to work collaboratively and efficiently on specific work documents.
- All audits are completed using CS Engagement process. This eliminates the need for paper and reduces clients' costs, as all information can be transferred electronically to our Firm for processing.
- Our staff are equipped with 17" laptops protected with biometric access restrictions.
- Our staff back up all data to our local server daily through our secure VPN.
- All of our server information is backed up daily offsite.

The Firm carries standard professional liability insurance at \$1,000,000 per occurrence and \$2,000,000 total.

Our Firm positively affirms the following:

- Our Firm is properly licensed to practice as a Certified Public Accounting (CPA) Firm in the State of Minnesota.
- We hereby represent and warrant that our proposal is genuine and not a sham or collusive or made in the interest or on behalf of any person not herein named and that we have not, directly or indirectly, induced or solicited any other proposer to put in a sham bid. We also hereby represent that we have no interest in the Agency nor any relationship which presents a conflict of interest.
- Each of the individuals of the Firm meet the continuing education and external quality control review requirements contained in the Government Auditing Standards.
- We will carry requisite insurance coverages — professional liability, worker's compensation, business occupancy and auto insurance — throughout the course of our engagement so the Agency's risks are effectively mitigated.

Specific Audit Approach

Global Portfolio Consulting, LLC, CPAs, is run as a professional corporation and was formed May 21, 2017. We provide finance consulting and auditing set vices to governmental entities. Specifically, our target clients are special districts with annual budgets of less than \$50,000,000.

SPECIFIC AUDIT APPROACH

We anticipate this engagement to be divided into the following segments:

1. Initial preparation and planning procedures
2. Preliminary analytical procedures, report preparation, cash and other confirmations, and information gathering techniques.
3. Field work procedures
4. Post-field work activities (following up on pending items, collection of all confirmation letters, etc.)
5. Report finalization and final analytical procedures
6. Report delivery and presentation to the Board of Directors

1. Initial preparation and planning procedures:

During this phase we plan to accomplish the following:

- A. Conduct an initial meeting with appropriate representatives of LMRWD as soon as our proposal is approved in order to establish a relationship with those we would be working with. We expect this meeting would involve the LMRWD Management team and its Finance team. During this meeting we plan to deliver a "client participation schedule", detailing the items we would need provided by LMRWD for the audit. During this meeting we would also gather information as to LMRWD's bankers, attorneys, prior accountants and contacts within the district. Additionally, we would resolve any ambiguities or questions we or the Agency might have about the Firm's contracted services.
- B. After the above meeting, we would begin contacting named individuals in order to make inquiries as required *by Government Auditing Standards*.
- C. We would begin to develop audit plans for each individually significant area by examining the prior year financial statements and developing expectations for the upcoming year for each significant balance sheet and income statement account.

Specific Audit Approach (continued)

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SPECIFIC AUDIT APPROACH (continued)

2. Preliminary analytical procedures, report preparation, cash and other confirmations and information gathering techniques:

During this phase of the audit, we plan to accomplish the following:

- A. Preliminary analytical procedures — the primary focus of an audit is to develop expectations and compare actual financial results against those expectations. While performing preliminary analytical procedures, we would compare current year results against prior period results and budgetary expectations against actual results. We would also perform analytical procedures specific to LMRWD — comparing total revenues to services provided over a 5-year period to attempt to identify any trends, comparing collections and billings on a month-to-month basis over the fiscal year, etc.
- B. Report preparation — our approach differs from that of other firms — our goal is to have the financial statements prepared prior to field work. We believe that by accomplishing this that it allows us to focus on the overall financial position of the organization and to limit our testing of clearly insignificant areas.
- C. Cash and other confirmations — during this portion of the audit, we will send out confirmation letters to confirm cash with the bank, any material year-end accounts, or grants receivable, grants or donations received during the year, debt outstanding at the end of the year, or any other financial transaction that we consider material to the financial statements as a whole. The decision to confirm a financial statement item depends on the materiality of the item, the susceptibility of the item to misstatement, or the likelihood of fraud.
- D. Information gathering techniques — we would obtain the information requested to LMRWD in the client participation schedule and any other associated report that would be required.
- E. Sample sizes and usage of statistical sampling — our sampling selection process has three categories of consideration. First - what is the purpose of the test; is it for attribute testing or balance testing? Second, is the

Specific Audit Approach (continued)

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SPECIFIC AUDIT APPROACH (continued)

population or process susceptible to fraud or misstatement? Third, are the individual transactions small and numerous or large and infrequent in number?

Our testing of revenues and disbursements processes focuses on the attributes of the transactions. The purpose of these samples is to determine that the attribute being tested is being applied to the transaction as approved by LMRWD's Management and Board; not to determine if a balance is valued properly.

For example, our sample for disbursements test has two purposes — attributes testing and control testing. An example of attribute testing is looking to see if the amounts posted to the general ledger agree to the invoices and canceled checks. In addition, since disbursements have potential for fraud and defalcation, we would select additional items to test by looking for any suspect or significant transactions that may appear to be out of place in your detailed general ledger.

Therefore, for our disbursements process testing, we may randomly select 30 items based on the results of a random number generator and select another 20-30 items by scanning the detailed general ledger. This results in an overall sample of 50-60 invoices to confirm compliance with board-approved procedures.

Our sample sizes will be determined based on the objective of the test, the population to be sampled and the risk associated with that population. The sample size will also depend on the size of the population and the purpose of the test and whether or not we will be able to properly stratify populations into individually significant and individually insignificant items.

Approach to be taken to document and gain an understanding of LMRWD's internal control structure —as part of our initial planning, we will forward internal control questionnaires to LMRWD personnel to complete for the audit. Once complete, we will review the questionnaires and compare them against established LMRWD procedures (purchasing procedures, fixed asset purchases, cash and check collections, etc.). We will then proceed to audit each area of internal controls that will materially affect the audit. We would expect that we would audit controls over disbursements and purchasing, fixed asset inventory procedures, billing procedures, cash handling procedures, payroll, and budgeting.

Specific Audit Approach (continued)

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SPECIFIC AUDIT APPROACH (continued)

- A. Approach to determine laws and regulations subject to audit test work — we will examine grant agreements and other items and determine the effect on LMRWD and audit them, if considered necessary. We will pay close attention to federal grants received as they have a high risk of being audited by the pertinent federal agency.
- B. Risk assessments — we are required by generally accepted auditing standards to assess the risks of material misstatement and fraud as part of our planning. After gaining an understanding of internal controls and evaluating potential weaknesses through our preliminary analytical procedures we will assess which areas of the audit we consider to carry more risk than others. Our audit will then focus on the areas of higher risk so we can effectively mitigate the risk of material misstatement.
- C. Random tests — we would conduct a number of random tests on a year-to-year basis to determine the functionality of controls inside of LMRWD. We would conduct full walk-throughs, randomly selecting a sample of customers and tracing all their payments into the system over the course of a year. It is our audit philosophy that any potential area of weakness that we discover will be audited by a specifically designed test.

3. Field work procedures:

We anticipate conducting 4 days of fieldwork in the initial year. We anticipate conducting no less than 3-4 days of fieldwork in the following year.

4. Post-field work activities:

It is our experience that there are usually open items in audits upon wrapping up field work. This phase of the audit would be dedicated to resolving any open items and to be sure we obtained all requested confirmations from third parties. We would also obtain a signed representation letter from LMRWD (after LMRWD reviewed the financial statements and any proposed adjusting journal entries), and a signed attorney letter from LMRWD counsel that would confirm or explain any pending litigation against LMRWD and the effect on the audited financial statements.

Specific Audit Approach (continued)

Global Portfolio Consulting, LLC, CPAs, is run as a professional corporation and was formed May 21, 2017. We provide finance consulting and auditing services to governmental entities. Specifically, our target clients are special districts with annual budgets of less than \$50,000,000.

5. Report finalization and final analytical procedures:

During this phase of the audit, we would finalize the financial statements. Prior to finalizing the statements, however, we would perform final analytical procedures that would again compare current year results to prior year results and budgetary expectations to actual results. By performing these tests subsequent to the audit work, an additional level of assurance is provided to make certain financial statements are free of potential material misstatement(s).

6. Report delivery and presentation Board of Directors:

Our commitment to you is to deliver the report in person to the Board of Directors and be present at a Board meeting in order to answer questions that the Board may have. We feel that by fulfilling this commitment, better communication exists between our firm and your organization, and the Board can feel confident and comfortable with any questions or issues that may arise during the year. As we stated in our transmittal letter, we absolutely commit to providing you the final reports in a timely manner otherwise we will bill just 75% of the total proposed fee.

Through out of our audit engagement, our audit objectives would be to determine if:

- financial statements of LMRWD are fairly stated
- Schedule of Expenditures of Federal Awards (SEFA) are fairly stated in relation to the financial statements as a whole

and to understand LMRWD's internal control over compliance for federal awards or other grants and to express opinion on compliance with federal statutes, regulations, and the terms and conditions of awards and grants.

Approach (continued)

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Audit Task	Timeline
Preliminary conference <ul style="list-style-type: none"> Determine interim work to be done 	January 2022
Initial planning and audit planning <ul style="list-style-type: none"> Prepared-by-Agency list Information from bankers, attorneys Prior year's statements 	January 2022
Preliminary analysis <ul style="list-style-type: none"> Report preparation Cash and other confirmations Internal controls Information gathering <ul style="list-style-type: none"> Statistical sampling and testing Revenues and disbursements Internal controls Laws and regulations Risk assessment Functionality testing Progress conference	February 2022
Entrance conference	March 2022
Fieldwork: 3 — 4 days <ul style="list-style-type: none"> Cash deposits Internal control of disbursements Payroll Revenues Inventory control Billing and collections Unrecorded liabilities End-of-fieldwork conference	March 2022
Draft reports	April 2022
Final report Signed auditor's opinion Board of Management presentation	April 2022

The following audits would follow the same timeline, unless during the course of services a time adjustment is prudent and more effective.

Resumes

Detailed resumes are available upon request.

Proposed Engagement Team for LMRWD Audit Services

1. Charles Amevo, CPA, MBT, CPPM
CPA Global Portfolio Consulting C.A., LLC,
Certified Public Accountant Firm, Minneapolis MN

Classification: Managing Partner

Years of Experience: 15 years

Mr. Charles is the Managing Partner of the firm: CPA Global Portfolio Consulting C.A., LLC, a Minneapolis MN Certified Public Accountant (CPA Firm).

Academic Background:

Mr. Charles received his bachelor's degree with an accounting Major and Finance Minor and Master of Business Taxation from Carlson School of Management, University of Minnesota in May 2008 and September 2013 respectively. Charles maintains an active Certified Public Accountant (CPA) certification with jurisdiction in Minnesota.

Professional Certifications/Affiliations:

- Certified Public Accountant with jurisdiction in Minnesota
- Adjunct Professor of Accounting, Metro State University
- Member of Minnesota Society of Certified Public Accountants
- Member American Institute of Certified Public Accountants
- Fellow of Massachusetts Society of Certified Public Accountants
- Member of Board of Directors of Minnesota Africans United

Relevant Experience:

Mr. Charles graduated from Carlson School of Management University of Minnesota – Twin Cities with a Bachelor's degree in Accounting and Finance and a Master's Degree in Business Taxation and has worked for a regional CPA firms since graduation. Mr. Charles has 9 years of experience working the State of Minnesota and monitored governmental audit reporting, Schedule of Expenditure of Federal Awards, and Single Audit reporting for local government entities (Counties, Cities, Special districts etc.) receiving federal grants throughout Minnesota. Mr. Charles has coordinated financial statement audits of numerous counties and local governmental agencies, including other special districts in Minnesota. Mr. Charles will serve as lead auditor and engagement partner on the LMRWD audit engagement.

Continuing Professional Education:

Mr. Charles attends annual courses on the Governmental Accounting & Audit Update. He recently completed a course on implementation of the new Auditing Standards (SAS 108-114). Mr. Charles also recently completed courses on Advanced Topics in a Single Audit offered by American Institute of CPAs for a total of 9.5 Continued Professional Education credit hours; Audit Techniques 1 and Audit Techniques 2 for 11 and 12 Continued Professional Education credit hours respectively.

Resumes (continued)

Detailed resumes are available upon request.

2. Fabrice Gannon, MSA CPA Global Portfolio Consulting C.A., LLC, Certified Public Accountant Firm, Minneapolis MN

Fabrice has a Master of Science in Accounting and Bachelor degree in Corporate Finance and before joining the firm Fabrice has prior experience as Controller with responsibility for was in charge of \$4 Billion in annual revenue and Accountant/ Cost Accountant with responsibility over \$30 Million in annual revenue. Fabrice's Technical areas include the following:

- Daily DUV and daily Production efficiency & Var. (Mat + Lab)
- Weekly Financial summary report (Mat + Labor Efficiency)
- Product Setup in SAP (Routing creation, Production version, Cost estimation, Production Cost Collector, Storage Location Maintenance)
- Product setup updates
- Scrap, Crew and run rate review and update on quarterly basis and when needed
- New Product Cost estimates (Material components, Packaging and Overhead)
- Plant Trial cost tracking and posting charges to appropriate project IO#
- Intercompany account reconciliation and adjustments
- Inventory Management overseeing including tracking inventory at risk
- Cycle Count Analysis and Management
- CAPEX Review, Approval and Closing
- General Ledger & Cost Center Review
- Posting Journal Entries
- Monthly Financial reporting & reconciliation
- Quarterly Cost update of Materials and Product Codes
- Full Plant Budget preparation
- Overhead Calculation and spread by product
- Year End Audit Report
- Prepare Financial Statements (Balance sheets, Income Statements, Consolidated financials)
- Prepare monthly COGS Margin report analysis with charts showing profitability
- Monitor Inventory movements (purchases, sales, stock takes, transfers, Cycle count)
- Reconcile Inventory account from GL to warehouse inventory monthly and resolve variances
- Calculate unit cost of each inventory received (item unit cost, component costs, freight charges)
- Monitor 7,700 inventory items spread over 20 warehouses and 3 entities
- Track consigned and expense items to ensure their costs have not been added to inventory value
- Use BOM to set up new inventory items

Fabrice's computer Skills include Advanced Microsoft Excel (V-lookup, pivot tables, macro, sumifs), Access, SAP, Oracle, QuickBooks, Great Plains, Sequel Viewpoint, and SQL.

Resumes (continued)

Detailed resumes are available upon request.

3. Dr. Divine N. Arpellet, PMP CPA Global Portfolio Consulting C.A., LLC, Certified Public Accountant Firm, Minneapolis MN

Dr. Divine joined the firm with more than 15 years of experience as a Global Manager in Finance Operations, global billing and receivable lead and global finance operations analyst. Dr. Divine holds a Doctor degree of Business Administration (DBA), Certificate of Management Accounting (CMA), Certification in Project Management Professional (PMP), and Bachelor of Science in Economics.

Dr. Divine experience in following audit trails and testing various transaction cycles come from well known companies like UnitedHealCare, Thomson Reuters, Ceridian, and Target Corporation. Under the leadership of the engagement partner, Dr. Divine's previous experience include but not limited to the following:

- Strategies in Order to Cash (OTC) roadmap. Improved DSO ratio by 12 days. Portfolio: \$800M. Team size: 12
- Communication of key metrics to senior leaders
- Implementation of key controls within AR, credits, refunds, and write-offs. Participate in arbitration. Involved in SOX auditing
- Reduction of credit requests cycle time by 15 days via streamlining processes. Review/approve write-offs, and refunds
- Establishment of COVID-adapted playbook for OTC processes. Resolution root cause of billing and payment issues
- Negotiation of finance operations decisions per established contracts. Provision of bad debt report quarterly to C-Suite leaders
- Cross-functionally partner with Account Mgt, Sales, Data Analytics, Legal, Procurement, and Commercial Finance
- Change management: hiring, coaching, working sessions; team building
- Reduction of global DSO ratio to 6.5. Analyzed/reported finance ops KPIs. Portfolio: \$1.2B
- Development, implementation, and evaluation of receivables processes for foreign market acquisitions. Claims processing
- Point of escalation to 13 senior billing analysts. Established high-level SOPs for global billing and collections
- B2B with Embassies and fortune 100 companies.
- Led cross-functional resolutions with credit managers, brokers, Legal, Treasury. Acted as AP partner to global vendors
- Responsible for International wire payments. Project management for billing/credit/collection analysts
- Performed escalated calls to negotiate payments. Led cross-functional initiatives to resolve aging accounts
- Reconciled, analyzed, and reviewed general ledger accounts to support month end close process

Compensation

COMPENSATION:

The below fee quote is for all information relative to performing the audit as described in the request for proposal, and all other services listed in LMRWD's request for proposal for audit Services. The total all-inclusive maximum price contains all direct and indirect costs including all out-of-pocket expenses.

Total Maximum Fee, Lower Minnesota River Watershed District Audit Services:

- **First Year Audit (2021)** **\$35,682**
- **Second Year Audit (2022)** **\$27,548**

The above fee quote is a fixed price to be charged for all services rendered in connection with the audit for each year. Our best understanding is that the following must be performed — performing auditing standards under GASB standards, for audit of LMRWD's financial statements, pursuant to Minnesota Statutes Section 103B.227, Subd. 5. This audit is to be performed in accordance with the provisions contained in this request for proposal. We will default to what the request for proposal defines as needed services should any questions arise.

We understand that it is anticipated that the firm selected shall provide audit adjustment notations as needed and advise as to procedural changes for the betterment of the financial record-keeping of LMRWD, including implementation of GASB 84. These services shall be included in the proposal as incidental to the audit. LMRWD will not be responsible for expenses incurred in preparing and submitting the proposal.

Reports to be Issued Following the completion of the audit of the fiscal year's financial statements include the following reports:

- An Independent Management letter.
- A report consisting of the Annual Financial Statements and Supplemental Information.
- Combined and individual fund statements.
- A report on compliance with requirements applicable to each major program and on internal control over compliance based on an audit of financial statements.
- A summary schedule of prior audit findings.
- A report on compliance with applicable laws and regulations

We recognize LMRWD may wish to have the option to extend the contract by an additional two years and we accordingly implicitly agree to this two-year extension, should LMRWD so choose. Fees for audits in the following years are estimated to increase by approximately 2.5% per year, sufficient to cover a cost-of-living increase.