

Agenda Item: 6.

MEMORANDUM

To: Finance, Expenditure, and Legal Subcommittee
Subject: RFP for Auditing Services
Date: April 4, 2016
From: Carey Fry, District Accountant

The District's Request for Proposals for Professional Auditing Services was advertised in the Omaha World Herald on February 29, 2016 and again on March 7, 2016, following the selection schedule. Under Policy 15.2.B.3 of the Directors' Policy Manual, proposals for auditing services are obtained every five years in accordance with Policy 15.6 (Purchases by Formal Competitive Bidding), which does not require a selection committee.

The District received two bids, as summarized below.

	2016	2017	2018	2019	2020	Total
Bland and Associates*	\$45,000	\$45,000	\$47,500	\$47,500	\$47,500	\$232,500
HSMC Orizon	\$41,500	\$42,750	\$44,000	\$45,500	\$47,000	\$220,750

* Bland submitted a base bid of \$35,000 per year for 2016 and 2017 and \$37,500 per year for the remaining three years. They propose additional fees of \$5,000 for each major program. The District's last eight audits have been evenly split between one or two major programs.

It is recommended that the Subcommittee recommend to the Board that the General Manager be authorized to execute a contract for auditing services with HSMC Orizon for FY2016 through FY2020, subject to approval as to form by the District's legal counsel.



Professional Services for the
Years Ended June 30, 2016 through June 30, 2020

Prepared for:
Papio-Missouri River Natural Resources District
March 3, 2016

March 3, 2016

Papio-Missouri River Natural Resources District
8901 S. 154th St.
Omaha, Nebraska 68138

**RE: Proposal to Serve Papio-Missouri River Natural
Resources District for the Years Ended June 30,
2016 through June 30, 2020**

To Management and the Finance, Expenditure, and Legal Subcommittee:

We appreciate the opportunity to submit our proposal to provide professional services to the Papio-Missouri River Natural Resources District (the District). We understand the difficulty of differentiating the quality of the firms in the proposal process. Below are thoughts we believe differentiate our firm from our competition.

Quality Service

Bland & Associates, P.C. provides high quality and professional auditing, accounting, tax and management advisory services to clients. Through the development of our qualified and responsive group of professionals, we continue to grow but will never lose our local identity and close, personal relationships with our clients. We still live by the same values that were established when the firm was founded and will continue to maintain the same level of integrity and exceptional service for many years to come.

Local Service

Bland & Associates, P.C. is a local CPA firm with a long history, sited at 450 Regency Parkway, Suite 120 in Omaha, Nebraska. Our team consists of over 50 highly-qualified professionals who provide expert assurance, tax, forensic accounting, and management consulting services. We are a member of BKR International, a leading global association of independent accounting and business advisory firms representing the expertise of more than 135 member firms with over 300 offices in over 70 countries around the world. Through this alliance, we have access to global resources and expertise while maintaining the ability to provide the responsive, personalized service of a local firm.

We believe we can provide the District with the highest quality advisory, auditing, and accounting services. Our shareholders, directors, managers, and other assigned staff are ready for the opportunity to serve your organization and can implement a timely audit plan. Above all, we are a group that enthusiastically wants to work side-by-side with the District to get the job done.

March 3, 2016
Papio-Missouri River Natural Resources District

Professional Services

It is our understanding that the District is in the process of soliciting proposals from qualified firms of certified public accountants to provide financial and compliance auditing services in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* and the provisions of audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

The primary objective of the audit of the general purpose financial statements is to determine if they present fairly, in all material respects the financial position of the District and the results of its financial operations and cash flows in accordance with accounting principles generally accepted in the United States of America and to report to the reader of the financial statements that the District has internal accounting and other control systems to provide reasonable assurance that it is managing Federal financial assistance programs in compliance with applicable laws and regulations; and that the District has complied with laws and regulations that may have a material effect on its basic financial statements and on each major Federal assistance program.

As outlined in the proposal we will adhere to the District's deadline of October 31, 2016.

Conclusion

We would like to extend our gratitude for the opportunity to be the District's strategic CPA partner. Bland & Associates, P.C. is the right team to provide continuity to the District as you execute your strategic plan. We offer competitive fees, and are eager to proactively serve you. The attached proposal explains in greater detail how the professionals at Bland & Associates, P.C. will perform the proposed services. Our greatest desire is to inspire your trust and confidence in our firm. Should you have any questions or concerns regarding your engagement or our services, please contact me at (402) 397-8822.

Very truly yours,

BLAND & ASSOCIATES, P.C.



Jeremy C. Vokt, CPA
Shareholder

Enclosure

CONTENTS

	Page
Executive Summary	3
Professional Experience	3-6
Team Qualifications	6
Audit Approach	6-11
Timeframe	12
Fees	12-13
Client References	14
Additional Information	14
Appendix A - Resumes	
Appendix B - Peer Review	

EXECUTIVE SUMMARY

It is our understanding that the District is in the process of soliciting proposals from qualified firms of certified public accountants to provide financial and compliance auditing services in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* and the provisions of audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

The primary objective of the audit of the general purpose financial statements is to determine if they present fairly, in all material respects the financial position of the District and the results of its financial operations and cash flows in accordance with accounting principles generally accepted in the United States of America and to report to the reader of the financial statements that the District has internal accounting and other control systems to provide reasonable assurance that it is managing Federal financial assistance programs in compliance with applicable laws and regulations; and that the District has complied with laws and regulations that may have a material effect on its basic financial statements and on each major Federal assistance program.

PROFESSIONAL EXPERIENCE

Bland & Associates, P.C. a local CPA firm with offices in Omaha and Lincoln, Nebraska. The main office is located at 450 Regency Parkway, Suite 120 in Omaha, Nebraska. Even as a local firm we have a national reach with clients all over the United States. In addition, we are a member of BKR International, a leading global association of independent accounting and business advisory firms representing the expertise of more than 135 member firms with more than 300 offices in over 70 countries worldwide. One of the benefits of this organization to our employees and the District is that we have multiple managers and partners on the national Governmental and Not-For-Profit Accounting and Auditing Practice Group. The BKR Governmental/Not-for-Profit Practice Group's provides us with a forum that promotes an active exchange of ideas and improves our ability to effectively service our clients in these niche practice areas.

With nearly 40 years of experience serving governmental entities, Bland & Associates, P.C. is confident that we are the best investment for you. We offer our clients experience and knowledge at a fair price. Our staff is very professional and well trained. They are always available for questions or consultation and will be able to assist you with ever changing regulations and reporting standards. In addition, our firm has previous experience auditing the District and that familiarity will be of benefit during the audit process.

Bland & Associates, P.C. has been recognized both nationally and locally for our success. We mention this as we try to be the best partners for our clients that we can be. This encompasses how we manage our firm, how we strive to provide the best client service interactions we can, and also that we create an environment that our employees can grow within our profession. We are proud of the awards mentioned below and we believe they speak to how we can be a strategic partner for the District:

- *INSIDE Public Accounting* Best of the Best 2012: Recognizes 50 firms nationally for their performance based on 50 financial criteria.
- *INSIDE Public Accounting* Fastest Growing Firms 2012: Awards firms who continue to grow quickly within the profession.

PROFESSIONAL EXPERIENCE (Continued)

- *Omaha's B2B Magazine* Best of 2011/2012/2013/2014/2015/2016: Recognizes the top 2 CPA firms as voted on by other Omaha area business leaders.
- *Accounting Today's* Best Accounting Firms to Work for 2009/2011/2012/2013/2014/2015: Grants this distinction to the top 100 firms nationally as the best accounting firms to work for as surveyed by the firms' employees.
- Omaha Greater Chamber of Commerce Golden Spike Award 2010: Honors the firm for their economic development, expanded operations and increased job opportunities.
- Millard Business Association's Large Business of the Year 2011: Highlights the company that has contributed to Millard's identity and personality, demonstrating growth and stability.

Our firm consists of 3 shareholders, 8 directors, 5 managers, 5 supervisors, 10 seniors, 17 associates, 4 interns, 7 administrative professionals, and 1 marketing coordinator. Within our firm we have 3 departments. Of these professionals there are 17 CPAs. Our tax departments provides tax consulting, tax planning and tax preparation services to closely-held business from start-up companies to \$100M companies. In our federal contracting department we provide the government, mainly the Centers for Medicaid and Medicare Services, outsourced auditing, forensic and compliance services. Lastly, in our auditing department we provide attest services to governmental, not-for-profit, Tribal, and closely-held business primarily in the Midwest. In addition, each department also provides a wide range of consulting services as well such as assisting with strategic planning, budgeting, internal control documentation, and succession planning.

Continuing Professional Education

Our management team of professional accountants possesses significant knowledge and experience in governmental accounting and auditing. Our shareholders, Jason Tonjes, Jeremy Vokt, and Troy McKinney are heavily involved with all phases of our practice and our client base. All partners and managers in the firm are certified public accountants and are members of the American Institute of Certified Public Accountants (AICPA). All audit personnel meet professional "Yellow Book" education standards required by *Governmental Accounting Standards* and are CPAs or CPA candidates.

Through on-the-job training, all members of our professional staff have various levels of experience in performing organization-wide Single Audits and "Yellow Book" audits of state and local governments, Tribal, and not-for-profit organizations. All professional staff members obtain at least the required minimum of 80 hours of continuing professional education over two-year periods with a focus of at least 24 hours specifically in governmental accounting and auditing.

Our professional staff is our major asset. To ensure the highest level of professional performance, our firm conducts an extensive recruiting campaign to enable us to employ graduates of high academic achievement and demonstrate leadership qualities. To keep all members of the firm current with advanced techniques, the firm conducts numerous generalized and specialized training programs. Each individual professional receives over forty hours of formal continuing educational guidance on an annual basis. Further, the firm has long recognized specialized training as it relates to specific industries. Our professionals receive extensive governmental auditing and reporting training, since it is one of our major specialties.

PROFESSIONAL EXPERIENCE (Continued)

Key members of our governmental and not-for-profit practice attend national training courses sponsored by the AICPA and other organizations.

When we invite outside speakers to conduct training internally every other year, we also invite our clients, at no charge, to attend these courses. Our outside speakers are national experts providing training solely to Bland.

As previously mentioned, unlike other CPA firms, we have not found it necessary to designate only a portion of our professionals to the government services arena. Our entire staff has received training and all possess hands on experience in all aspects of services to the government sector. All have experience with "Yellow Book" audits and all have exposure to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. All are well versed in internal control reviews, compliance auditing, and governmental reporting. All are trained to utilize statistical auditing techniques and statistical inference.

Membership in Professional Organizations

AICPA: Bland & Associates, P.C., is a member firm in the American Institute of Certified Public Accountants.

NESCPA: Bland & Associates, P.C., is a member firm in the Nebraska Society of Certified Public Accountants.

AICPA Government Audit Quality Center: Bland & Associates, P.C., is also a member of the Government Audit Quality Center. It is a voluntary membership for CPA firms that perform governmental audits.

AGA: Bland & Associates, P.C., is a member firm in the Association of Governmental Accountants. The purpose of the organization is the foster learning, leadership and collaboration for professionals committed to advancing government accountability.

BKR International: A leading global association of independent accounting and advisory firms. Our managing shareholder, Jason Tonjes, is the chairman of the board. In addition, Jeremy Vokt, is part of the Government and Affordable Housing committees in BKR. The groups meet quarterly to share ideas and issues regarding governmental audit issues.

Independence, Confidentiality, and Licensing

Bland & Associates, P.C. and its auditors are free from personal and external impairments to independence, are organizationally independent, and will maintain an independent attitude and appearance in providing services to the District.

Bland & Associates, P.C. fully adheres to the standards of our profession and hereby affirms our commitment to confidentiality and agrees to keep all information related to the audit of the District in strictest confidence. Information related to the audit of the District will be restricted to the individuals directly involved in the engagement including the shareholder or manager performing the independent professional standards review on the work performed.

PROFESSIONAL EXPERIENCE (Continued)

If a need for releasing audit reports or related data arises, prior written approval of the District will be obtained. If a quality control review of the audit is performed by the AICPA or by any other professional or regulatory body, we will release the results of the review to the District.

TEAM QUALIFICATIONS

Our firm has prior knowledge and background conducting the audit of the District and, yet, we can provide a fresh perspective.

Specific key personnel assigned to your audit engagement are as follows (resumes are included as Appendix A):

- Jeremy Vokt, Shareholder and CPA, will assume the responsibility for the audit and managing your engagement. He has prior experience with the District's audit.
- Justin Frauendorfer, Director, CPA, and CFE, will be the director on your audit. Justin has worked on numerous governmental audits in the past ten years including the District's.
- Nick Eker, Manager and CPA, will be the manager on your audit. Nick is the manager of the firm's governmental audits.
- Rachel Turek, Senior and CPA, who specializes in government audits, will be the senior for the District's audit engagement. Rachel has numerous years of governmental auditing experience. She will be on-site every day during fieldwork and will complete working papers.

In addition, the professionals assigned to your audit engagement have completed all required continuing professional education (CPE) in governmental accounting and auditing with the past two years. We can furnish CPE transcripts, CPA certificate numbers, and state license info upon request.

AUDIT APPROACH

Our firm is a paperless environment and our engagement teams are equipped with current technology providing instant access to accounting and tax research, and audit methodologies. We make sure not only our employees have what they need to perform an effective and efficient job but that those tools assist with facilitating information with the client to minimize inconveniences.

We believe the quality of the engagement improves with increased field time and commitment by our engagement leaders. Our strategy for providing superior service begins with a well-planned engagement. To start, we meet with senior management to co-develop expectations.

After the expectations and planning meeting, we begin detailed fieldwork focused on analyzing the accuracy of the accounting function and its ability to properly record transactions.

Throughout this process, our professionals work with you to identify the areas of the greatest potential financial statement risk. We are value-driven and seek to maximize the return on your investment in the engagement process.

AUDIT APPROACH (Continued)

Proposed Audit Plan

Our audit plan is based upon the audit requirements in the *Government Auditing Standards*, AICPA audit and accounting guides, AICPA audit standards, and the provisions of audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

Our audit plan, as described in the subsequent paragraphs, will allow us to:

- 1) Identify and address critical areas of exposure and non-conforming activities
- 2) Increase audit efficiencies each year
- 3) Assess risk

Each phase will be appropriately planned, staffed, and monitored. To best meet the District's requirements, we will assemble a team of auditors with the specific expertise and experience required to perform financial statement audits and major program compliance testing.

Audit Initiation

The initiation phase provides a foundation for the audit lifecycle and primarily involves:

- Designating engagement management partner and an engagement team,
- Initial communication with all the parties,
- Confirmation of mutual understanding of the scope of this audit via engagement letters and other communications, and
- Execution of the engagement letter.

At the audit initiation stage, we usually designate an engagement partner and assemble a team of auditors with the specific expertise and experience to assist with any tasks required at this stage. We already have our team in place to serve the District. The same key personnel have conducted similar engagements for several years. An engagement management team, consisting of the most qualified and experienced personnel, is necessary for streamlining the process, adherence to our quality standards, and ensuring success. At a later time, this team will also have assigned roles and responsibilities related to planning and execution of the audit.

The engagement management team will open lines of communication by holding a "kick-off" meeting with all the parties involved to establish an effective communication process.

Audit Planning

To provide services efficiently and cost-effectively, careful planning is essential. It requires dedication and effort from the engagement management team, and primarily involves (among other tasks):

- Organization of audit information received and its preliminary review (Board minutes and resolutions, policies and procedures, schedules of financial assistance and lead schedules prepared by the District, etc.);
- Review and update the documentation of the District's operations, controls, and accounting system;

AUDIT APPROACH (Continued)

Audit Planning (Continued)

- Review and update of the applicable laws, regulations, and other governing documents that the District has to follow;
- Planning analytical procedures;
- Fraud risk assessment and audit risk assessment;
- Identification of potential accounting, auditing, and reporting issues;
- Controls risk assessment;
- Determination of reporting and opinion units (involves major fund determination);
- Major federal award program determination;
- Establishing planning materiality limits at the financial statement level and major federal award program level;
- Customizing audit program which is based on AICPA guidance and presenting audit plan;
- Identifying financial information subject to confirmation process and preparation of confirmations (cash, revenue, debt, etc.)
- Sampling
- Obtaining partners' approval on a) risk assessments, b) materiality, c) audit plan, d) audit budget, e) staffing;
- Determine optimal resources for successful completion of the entire audit.

A planning on-site visit is necessary to conduct effective planning. On-site planning will allow the engagement team to ensure all parties are in agreement and have a shared understanding of the scope of work, timelines, and deliverables as circumstances change from year to year.

Our audit approach places a strong emphasis on obtaining and in this case refining an understanding of how your entity functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your operations. The development of a specific audit plan will begin by gathering all necessary information to update our understanding of business objectives, strategies, risks, and performance.

Audit Fieldwork

We will divide the execution phase of the audit into several milestones, identified during the planning phase. At the beginning of our fieldwork visit we will conduct a fieldwork entrance conference to discuss our progress and our goals for the on-site visit.

During fieldwork we will conduct audit procedures developed during planning stages of the engagement. These procedures will include a combination of the following testing:

- Tests of controls-test compliance with established control procedures by ascertaining that the significant strengths within each system are functioning as described. Particular attention will be placed on controls over the processing of information related to the major areas of audit concern.

AUDIT APPROACH (Continued)

Audit Fieldwork (Continued)

- Substantive tests—designed to provide reasonable assurance as to the validity of the information produced by the accounting system, which appears on the financial statements. The extent of our detailed substantive work will be governed by the results of our tests of controls.

Compliance testing will also be performed at this time to ensure that all major federal programs are complying with requirements as set forth in the grant documents and governing regulations, including the provisions of audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. This includes reviewing the grant documents, interviewing program directors, and testing compliance with general and specified grant requirements. Such requirements will vary by type of grant.

The engagement management team will be overseeing a team of auditors and will be responsible for general coordination, technical guidance, monitoring their progress, and quality control. Daily interaction and feedback from team members will be vital to project success.

In addition, status reports will be prepared by the examination team detailing activities, accomplishments, milestones, identified issues, and problems. Status reports will follow a standard template so all reports are consistent and easy to follow. Periodic status reports will also be submitted to the District to show the progress made on each task and to ensure that all parties are satisfied with our efforts.

Audit Completion and Reporting

The completion phase includes overall review and evaluation of audit results. The completion and reporting stage will concentrate on efficient closure of the audit. Major tasks will include:

- Review for contingencies,
- Review for subsequent events,
- Confirmation that all audit objectives have been achieved,
- Quality control designed to ensure that auditing standards were followed,
- Evaluation and summary of testing results and findings,
- Evaluation and communication of all audit findings, including discussion of proposed adjusting journal entries with the District and communicating reportable conditions,
- Evaluation of overall reasonableness of the financial statements (completion analytical procedures)
- Drafting and finalizing all audit reports and letter of comments (management letter),
- Review of the draft of the financial statements and findings with the District's personnel which will serve as our exit conference,
- Obtaining a management representation letter from the District,
- Completion and submission of the Data Collection Form,
- Presentation of the audit results to the governing body, if requested.

AUDIT APPROACH (Continued)

Audit Completion and Reporting (Continued)

In addition to auditing financial statements, Bland will issue a management letter offering suggestions for improving the system of internal control, policies and procedures, etc. We will also present that letter to the Board. In concert with the District's finance department representatives, we would be prepared to answer any questions related to our work, the reports presented, and our management letter, a listing of recommendations based upon observations noted during the course of our work.

Once the deliverables are accepted by the District, we will assure that our audit documentation is properly warehoused and, if necessary, available for review.

If conditions are discovered which require extended services, the auditors will promptly advise the District. Any extended services will not be performed unless they are authorized in the contractual agreement or in an amendment to the agreement.

We understand the importance of timely presented financial statements to ensure the District is in compliance with all filing requirements. We will ensure that adequate resources are available for successful completion of the audit, and if there are any delays that are outside of our control (delays in receiving attorney letters or other reasons), we will promptly communicate those reasons to you, so that appropriate actions could be taken.

Quality Control

At Bland & Associates, P.C. an extensive review process is utilized to assure that the highest standards of quality are met. A director and a shareholder reviews all services before they are considered complete. Each of these reviews is documented in our working papers. A concurring shareholder or director will perform another review prior to issuance.

Our firm also employs a quality control system to ensure only the highest level of professional auditing, accounting, and tax services are provided. We are members of the AICPA's Government Audit Quality Center and the Private Companies Practice Section of the AICPA Division for Firms and have been since their inception. In conjunction therewith, we retain an independent firm of Certified Public Accountants to conduct a "peer review" of all aspects of our practice. This firm has "audited" the quality of our services for a number of years and has provided a "clean" opinion relative to our quality control efforts and the quality of our professional services. We are very proud of our system of quality control. We feel it is the highest compliment we can pay to our clients. As evidence, and in accordance with "Yellow Book" requirements, we have included a copy of our latest Peer Review Report in Appendix B.

AUDIT APPROACH (Continued)

Deliverables

A reporting package will be prepared for the general purpose government.

Three basic auditor reports are issued to meet these standards and requirements:

1. Auditor's report on the basic financial statements, including an in-relation-to opinion on the Schedule of Expenditures of Federal Awards (SEFA).
2. Auditor's report on internal control over financial reporting and on compliance and other matters performed as part of the financial statements audit required by GAGAS (commonly referred to as Yellow Book).
3. Auditor's report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with the U.S. Office of Management and Budget (OMB) Compliance Supplement.

The Single Audit reporting package will include in addition to the basic financial statements, required and other supplemental information, such as:

- Management's Discussion and Analysis (If District prepares)
- Budgetary Comparison Schedules (If District prepares)
- Schedule of Expenditure of Federal Awards
- Statement of Net Position – Non-Major Proprietary Funds
- Statement of Revenues, Expenses, and Changes in Net Position – Non-Major Proprietary Funds
- Schedule of Functional Revenues, Expenditures
- Schedule of Investments – General Funds
- Schedule of Investments – Proprietary Funds
- Schedule of Insurance Policies and Bonds
- Schedule of Taxes Receivable – General Fund
- Schedule of Cash Balances Held by County Treasurers
- Information Required by Section 2-3223, N.R.S.-1943
- Data Collection Form
- Management Letter of Audit Findings and Recommendations

OMB requires a Single Audit reporting package and a data collection form to be submitted to the Federal Audit Clearinghouse as part of the Single Audit process. We will facilitate timely submission of this information and provide to the District the necessary directions.

TIMEFRAME

We will meet your audit timeline for the June 30, 2016 audit as follows:

Audit Entrance Conference	May 2016 (or earlier if permitted)
Review Audit Request List	May 2016
Audit Planning and Internal Testing	May 2016
Audit Fieldwork	July-August 2016
Audit Fieldwork Exit Conference	August 2016
Proposed Draft of the Report and Management Letter	September 2016
Final Report and Management Letter	October, 2016
Professional support and recommendations to Management	Ongoing

This timeline is based upon the timely receipt of all necessary trial balances, subsidiary ledgers, and supporting documentation from the District.

FEES

Reasonable Professional Fees

Fee structure and billing philosophy is just one of the reasons clients choose to work with Bland & Associates and it sets us apart from our competition. We believe in providing clients a fee quote upfront before the work is done, not after. We do this to ensure we are on the same page and to set expectations on the front end. We make sure our clients know that when switching to us they are never “feeding the meter” when they call, when they email questions, nor when we call them. This is a break from standard practice but allows us to instill in the client that we are sincere when we say we want to provide value and want to learn more about their operations so we can provide more value.

Our District engagement team includes experienced personnel. Our fees are based on the value provided by this team and are as follows for the years ended June 30,:

Service	FY 16	FY 17	FY 18	FY 19	FY 20
Audit – Financial Statements	\$ 35,000	\$ 35,000	\$ 37,500	\$ 37,500	\$ 37,500
Audit – Major Program Audit	5,000***	5,000***	5,000***	5,000***	5,000***
TOTAL	\$ 40,000	\$ 40,000	\$ 42,500	\$ 42,500	\$ 42,500

***In addition, we estimate to audit each major program at \$5,000 per program. Based on the 2015 audit there appears to be 1 major program, therefore additional audit fee of \$5,000. This will fluctuate based on the actual number of major programs.

Included below is our billing rate structure for providing additional services beyond those in the scope of this engagement. We understand that such work would be subject to separate billing arrangements at the time requested.

FEES (Continued)

As part of our firm policy, we would provide a firm fee estimate for any additional services at the time such services are requested.

Classification	Rate
Shareholder	\$ 275
Director	225-250
Manager	200-225
Supervisor	175
Senior	150
Associate II	130
Associate I	110
Non-Professional	50-60

Additional out of scope charges will be billed separately based on our standard rates. Additional billings can be avoided if:

- All items on the prepared by client list are ready by the first day of fieldwork;
- The items provided to us from the prepared by client list are complete and accurate;
- Detailed supporting information on our selections is pulled in a timely manner;
- Employees are available to answer our questions and respond in a timely manner; and
- There are no significant misstatements/adjustments which cause a delay in our fieldwork being completed.

Our invoices for these services will be rendered as outlined in the request for proposal and are payable upon presentation. Our fee estimate and completion of our work is based upon the following criteria:

- Anticipated cooperation from District personnel
- Timely responses to our inquiries
- Timely completion and delivery of client assistance requests
- Timely communication of all significant accounting and financial reporting matters
- The assumption that unexpected circumstances will not be encountered during the engagement
- We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

Invoices for our services will be rendered each month as work progresses and are payable upon presentation. In accordance with Firm policies, work may be suspended if your account becomes 30 days or more overdue and will not resume until your account is paid in full.

CLIENT REFERENCES

Bland & Associates, P.C. has operated for nearly 40 years and serves a number of governmental entities. Over 50% of our firm audit practice is devoted to government engagements of various types and sizes. Our governmental service team also has experience performing audits of state and local governments, Tribal entities, and administering large governmental contract audits. The key personnel assigned to the District's audit also work with a few of our current state and local governments or tribal entity engagements are detailed below:

- **OMAHA DOUGLAS PUBLIC BUILDING COMMISSION**
Date: 2015 to Present
Contact: Paul Cohen, Administrator
Phone: (402) 444-5535

- **WINNEBAGO GAMING AND DEVELOPMENT COMMISSION**
Date: 2005 to Present
Contact: Brian Chamberlain, CEO
Phone: (402) 878-2069

- **SAC AND FOX NATION OF MISSOURI IN KANSAS AND NEBRASKA**
Date: 2011 to Present
Contact: Nancy Keller, Tribal Treasurer
Phone: (785) 742-0053

- **TRIBAL LAND ENTERPRISES**
Date: 2007 to Present
Contact: Ms. Lita Guerue, Executive Director
Phone: (605) 747-2371

ADDITIONAL INFORMATION

Bland & Associates, P.C. Additional Value

In addition to traditional accounting, auditing and tax services, we have the ability and experience necessary to become a full business partner to our clients, extending our management expertise and idea flow to their organizations. Clients choose to work with Bland & Associates, P.C. because we provide value added ideas and processes to improve their operations. This is accomplished through planning, evaluating critical financial and operational decisions, and providing creative solutions to organizational challenges.

Our additional services include, but are not limited to:

- Compliance training
- Benchmarking financial results
- Internal control and fraud evaluations
- Budget reviews and cost reduction programs

APPENDIX A: RESUMES

Jeremy C. Vokt, CPA

Shareholder



INDUSTRY EXPERIENCE:

- * Indian Tribal Entities
- * Tribal Casinos
- * State and Local Governments
- * Franchise Entities
- * Construction
- * Real Estate Management and Development
- * Manufacturing and Distribution
- * Technology Companies
- * Not-For-Profit Organizations
- * Housing Authorities
- * Tax Credit Partnerships
- * Employee Benefit Plan Audits

TECHNICAL EXPERIENCE:

- * Financial audits, reviews, and compilations
- * OMB Circular A-133 compliance audits
- * Taxation – corporate, partnership, individual, and multi-state
- * Strategic business planning
- * Designing accounting systems
- * Due diligence projects related to mergers and acquisitions

WORK EXPERIENCE:

2006 to Present

Shareholder – Bland & Associates, P.C. – Omaha, Nebraska

2001 to 2006

Manager – Lutz & Company, P.C. – Omaha, Nebraska

1999 to 2001

Manager – Monteith, Lacy & Sharkey, LLC – Omaha, Nebraska

1998 to 1999

Associate – Bland & Associates, P.C. – Omaha, Nebraska

EDUCATION:

BS, Accounting, University of Northern Iowa, 1998

CERTIFICATIONS:

Certified Public Accountant – Nebraska, Iowa

CONTINUING PROFESSIONAL EDUCATION:

Annual personal development and management training, including specific training regarding auditing, review, tax regulations, and compilation services
BKR Leadership Institute, 2010 Graduate

ORGANIZATIONS:

Nebraska Society of Certified Public Accountants
American Institute of Certified Public Accountants
Construction Financial Management Association – Nebraska Chapter Board Member
Methodist Hospital Foundation – Professional Advisory Council

HONORS & RECOGNITIONS:

40 Under 40 – Midlands Business Journal

Justin J. Frauendorfer, CPA, CFE

Director

INDUSTRY EXPERIENCE:

- * Indian Tribal Entities
- * Tribal Casinos
- * State and Local Governments
- * Manufacturing and Distribution
- * Not-For-Profit Organizations
- * Housing Authorities
- * Construction
- * Tax Credit Partnerships



TECHNICAL EXPERIENCE:

- * Financial audits, reviews, and compilations
- * OMB Circular A-133 compliance audits
- * OMB Circular A-123
- * Attestation examinations and agreed-upon procedures
- * Policies and procedures development
- * Cost Segregation

WORK EXPERIENCE:

2014 to Present

Director – Bland & Associates, P.C. – Omaha, Nebraska

2011 to 2014

Manager – Bland & Associates, P.C. – Omaha, Nebraska

2008 to 2010

Senior Accountant – Bland & Associates, P.C. – Omaha, Nebraska

2005 to 2007

Associate – Bland & Associates, P.C. – Omaha, Nebraska

EDUCATION:

BA, Accounting, Doane College, 2005

CERTIFICATIONS:

Certified Public Accountant - Nebraska

Certified Fraud Examiner

CONTINUING PROFESSIONAL EDUCATION:

Annual personal development and management training, including specific training regarding auditing, review, tax regulations, and compilation services

Great Plains Government Finance Officers Association (GPGFOA) Speaker, most recent in 2012

ORGANIZATIONS:

American Institute of Certified Public Accountants

Nebraska Society of Certified Public Accountants

Certified Fraud Examiners – Heartland Chapter Association

National Indian Gaming Association

jfrauendorfer@blandcpa.com

bland
& associates
REPORTING ACCOUNTANTS

Nicolas J. Eker, CPA

Manager

INDUSTRY EXPERIENCE:

- * Indian Tribal Entities
- * Tribal Casinos
- * State and Local Governments
- * Construction
- * Housing Authorities
- * Tax Credit Partnerships
- * Medicare Quality Reviews



TECHNICAL EXPERIENCE:

- * Financial audits, reviews, and compilations
- * OMB Circular A-133 compliance audits
- * Attestation examinations and performance audits
- * Internal control reviews

WORK EXPERIENCE:

2015 to Present

Manager – Bland & Associates, P.C. – Omaha, Nebraska

2014 to 2015

Supervisor – Bland & Associates, P.C. – Omaha, Nebraska

2011 to 2014

Senior Accountant – Bland & Associates, P.C. – Omaha, Nebraska

2008 to 2011

Associate – Bland & Associates, P.C. – Omaha, Nebraska

2007

Intern – Mortech, Inc. – Lincoln, Nebraska

EDUCATION:

BSBA, Business Administration, Accounting, Nebraska Wesleyan University, Lincoln, Nebraska, 2007

CERTIFICATIONS:

Certified Public Accountant – Nebraska

CONTINUING PROFESSIONAL EDUCATION:

Annual personal development and management training including specific training regarding auditing, review, and compilation services.

ORGANIZATIONS:

Nebraska Society of Certified Public Accountants
American Institute of Certified Public Accountants

neker@blandcpa.com

bland
& associates
REPORTING ACCOUNTANTS

Rachel A. Turek, CPA

Senior Accountant

INDUSTRY EXPERIENCE:

- * Indian Tribal Entities
- * Tribal Casinos
- * Not-for-Profit Organizations
- * Commercial /For Profit
- * Construction
- * State and Local Government
- * Medicare
 - o Medicare Plan Benefit Package Reviews



TECHNICAL EXPERIENCE:

- * Compilation engagements
- * Governmental auditing
- * Business projections and valuations

WORK EXPERIENCE:

2014 to Present

Senior Accountant – Bland & Associates, P.C. – Omaha, Nebraska

2014 to 2014

Associate II – Bland & Associates, P.C. – Omaha, Nebraska

2013 to 2014

Associate – Bland & Associates, P.C. – Omaha, Nebraska

EDUCATION:

Bachelor of Science in Accounting, Bellevue University, Bellevue, NE, 2011

ORGANIZATIONS:

Angels Among Us Golf Outing

rturek@blandcpa.com

bland
& associates
CPA ACCOUNTANTS

APPENDIX B: PEER REVIEW



System Review Report

To the Shareholders of
Bland & Associates, P.C.
and the Peer Review Committee of the Nevada Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Bland & Associates, P.C. (the firm) in effect for the year ended December 31, 2012. 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. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based upon our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Bland & Associates, P.C. in effect for the year ended December 31, 2012, 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*. Bland & Associates, P.C. has received a peer review rating of *pass*.


WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
June 6, 2013



**Pappo-Missouri River
Natural Resources District**

**Proposal for
Professional Audit Services**

March 21, 2016



Gene G. Garrelts, CPA, CFP
16924 Frances Street
Omaha, Nebraska 68130
(402) 330-7008
ggarrelts@hsmcorizon.com

TABLE OF CONTENTS

	Page(s)
Letter of Transmittal	1
Profile of Firm Proposing	
• Executive Summary	2
• Office Information	3
• Experience and Education	4
Qualifications	
• References and Client Listing	5
• Personnel	6 - 9
Scope of Services	10 - 13

March 21, 2016

**Board of Directors
Papio-Missouri River Natural Resources District
Omaha, Nebraska**

Thank you for the opportunity to present our qualifications and proposal to provide auditing services to the Papio-Missouri River Natural Resources District (the "District"). The decision you are making is an important element of the District's financial reporting, accountability and financial management system. We believe the following proposal will demonstrate to you that HSMC Orizon is uniquely qualified to continue serving as your independent auditors.

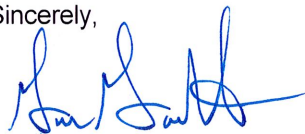
As you review this proposal and consider the information presented by us and other firms, you should keep in mind that all audits and auditors are not the same. In fact, organizations can and often do experience quite different levels of service and value while the final reports may not appear to be much different.

As you will see in the pages that follow, you can trust our firm to apply the highest ethical standards and practices to every service we provide and be fully committed to providing an exceptional level of professional service through our *Accounting and Assurance Advantage* program. This program ensures that all of our attest engagements have significant partner and manager involvement and timely delivery of reports. Because our firm's assurance department is lead by our Omaha office, you will also have partners and managers that are physically located in Omaha and our decision makers are located in Omaha.

Our engagement will be designed and performed to fulfill the services outlined in your request for proposals and will comply with all performance and reporting requirements set forth, therein.

HSMC Orizon LLC is very excited about the prospect of continuing to provide professional services to Papio-Missouri River Natural Resources District. With our professional experience and expertise with governmental and non-profit entities, in addition to our commitment to providing exceptional service, we are a uniquely qualified and excellent choice for Papio-Missouri River Natural Resources District.

Sincerely,



Gene G. Garrelts, CPA, CFP
Managing Partner

PROFILE OF FIRM PROPOSING

EXECUTIVE SUMMARY

HSMC Orizon LLC is a multi-location local public accounting and technology service firm with offices in the Omaha and Kansas City metropolitan areas. Our mission is to provide our clients with high value accounting, auditing, tax, technology and financial management services. We accomplish this through our uniquely designed delivery and quality control programs, our talented and experienced people and a commitment to exceptional service.

We believe the accounting firm you select should not only be committed to performing a high quality audit but also be aggressive in its engagement approach so that every opportunity for improving your operations and internal controls can be identified and discussed with you. Additionally, the accounting firm should be a resource for your management team, offering innovative ideas, insight and information to help better equip you to manage the District.

It is proven that entities engaged in an on-going and regular relationship with their CPA firm perform at a higher level than those who utilize their professional accounting firms as merely an ancillary service for compliance needs.

By engaging our firm, the District can be assured of the following service characteristics:

■ **A professionally planned and executed engagement, with timely delivery of reports;**

Our 5-Star Service Program ensures that you can expect timely completion of the engagement, so you can focus on the other important issues of managing the District.

■ **Direct and significant involvement of experienced managers and partners;**

Unlike many firms, HSMC Orizon LLC has a low client to partner and manager ratio, so you will have direct access to our audit partners and managers not only during the engagement period, but throughout the year.

■ **Extensive experience and knowledge of your industry; and**

The partner and manager involved in your engagement have significant experience in serving governmental and non-profit clients, so you can be confident you are receiving information and recommendations from experienced professionals.

■ **Communication with management throughout the entire year.**

You can expect ongoing access to and communication with our professionals throughout the year to ensure you receive quality service and accessibility from our team.

Given the opportunity, our firm will provide exceptional service at a fair cost that will add value to the District. It is our goal to maintain our fees at reasonable levels, now and into the future, while ensuring high quality services during all phases of the engagement and throughout our relationship with the District.

We have established a history of providing quality service and have extensive experience in working with governmental entities and are committed and dedicated to servicing these organizations.

PROFILE OF FIRM PROPOSING, continued

OFFICE INFORMATION

Location and Telecommunication Information:

Omaha

16924 Frances Street
Omaha, Nebraska 68130
Telephone - (402) 330-7008
Facsimile - (402) 330-6851
Internet - www.hsmcorizon.com

Kansas City

3550 NE Ralph Powell Road
Lee's Summit, Missouri 64064
Telephone - (816) 525-9699
Facsimile - (816) 525-2590

Size of CPA Firm:

46 total employees
27 accounting professionals (19 CPAs)
10 information technology professionals

Partners -

David Bruce
Gene Garrelts
Gary Hawkins
Rosalie Newkirk
Jodi Rinne

Principals and Managers -

Randall Hansen
Carley Hunzeker
Tim Lens
Jim Lessley

Phillip Richardson
John Roderique
Joshua Teut
Stephen Welsh

Professional Memberships:

ENTERPRISE WORLDWIDE

Member of Enterprise Worldwide, an international association of Certified Public Accounting and Financial Advisory Firms. This association of approximately thirty firms throughout the United States and about seventy firms worldwide provides technical resources, training programs and collaboration on client service and firm management strategies. This membership enhances our ability to provide the highest level of service and expertise to our clients.



Member of the Private Companies Practice Section of the American Institute of Certified Public Accountants (AICPA). Membership in this Section of the AICPA is a commitment to higher standards of education and quality control in our practice. Requirements of membership include adherence to standards of continuing education and an independent peer review of our practice. Our past seven peer reviews resulted in pass reports with no findings or recommendations attesting to our quality control procedures.



Member in the AICPA Governmental Audit Quality Center and Employee Benefit Plan Audit Quality Center. These voluntary memberships are designed to ensure member firms achieve the highest standards in performing quality audits and to promote the importance of quality audits.

PROFILE OF FIRM PROPOSING, continued

EXPERIENCE AND EDUCATION

We have established a history of providing quality service and have extensive experience in governmental accounting, auditing and consulting. We have provided accounting and audit services to governmental entities from the founding of our firm (1989) and are committed and dedicated to servicing this industry. Governmental services is the single largest industry for our firm.

We are a leader in providing audit, accounting and business advice to government entities in the Omaha and surrounding areas. As an example, our partners assisted the authors with the development of the AICPA's practice aid: Applying OCBOA in State and Local Governments Financial Statements. We have also consulted on the compilation of Comprehensive Annual Financial Reports that received an award of excellence in financial reporting from the Government Finance Officers Association. These contributions demonstrate the firm's leadership and reputation for providing advice on accounting and financial reporting matters to local governmental entities.

We are committed to performing and enhancing quality audits in our profession, including our involvement in the AICPA peer review program. In addition to currently performing over forty peer reviews (in eight different states) of other CPA firms, members of our firm are also involved in the administration of this program at both the state and national levels. The fact that so many of our peers, independent CPA firms, engage us to perform this service and assist them with enhancing their audit quality is a testimony to our leadership and reputation for providing advice on audit and financial reporting matters.

Our firm is committed to the following Core Values – *Integrity* in all things, *Service* to clients, teammates and community, and *Results* for our clients and our people. By partnering with us, you will receive more than an audit report that meets your regulatory requirements, you will experience these core values and the benefits mentioned above with every professional interaction.

We are also proud to share that we have been recognized for excellence not only in the accounting industry but also in the business community. Some recent recognitions include:

- 2011 Firm of the Year by Enterprise Worldwide, an international association of accountants and advisors
- Five time winner (2007-2011) of the Best of Omaha, Accounting Firm category (Omaha B2B Magazine)
- Kansas City's 25 Under 25 Award for 2012
- 2010 finalist for Best Places to Work (Kansas City Business Journal)
- 2008 Small Business of the Year (Lee's Summit Chamber of Commerce)

QUALIFICATIONS

REFERENCES AND CLIENT LISTING

A majority of our professional hours are spent in the auditing and accounting service area. A few of our governmental client references, with whom we have worked extensively in the past, are listed below and we encourage you to contact them.

Ms. Nancy Hypse
City of Papillion
122 E Third Street
Papillion, NE 68046
402-597-2039

Mr. Brian Hanson
Sarpy County Nebraska
1210 Golden Gate Drive
Papillion, NE 68046
402-593-2105

Mr. Ken Fossen
Millard Public Schools
5606 S 147th Street
Omaha, NE 68137
402-715-8401

Specific governmental and non-profit clients we are currently serving include (** indicates A-133 engagements*):

Governmental Entities

City of Ashland, Nebraska
City of Fremont, Nebraska*
City of Gretna, Nebraska
City of Papillion, Nebraska*
Bellevue Public Schools*
Gretna Public Schools*
Lincoln Public Schools*
Millard Public Schools*
Lancaster County Agricultural Society
Nebraska Department of Education
Papio-Missouri River Natural Resources District*
Sarpy County, Nebraska*
Village of Boys Town, Nebraska
Numerous Sanitary and Improvement Districts

Non-Profit Organizations

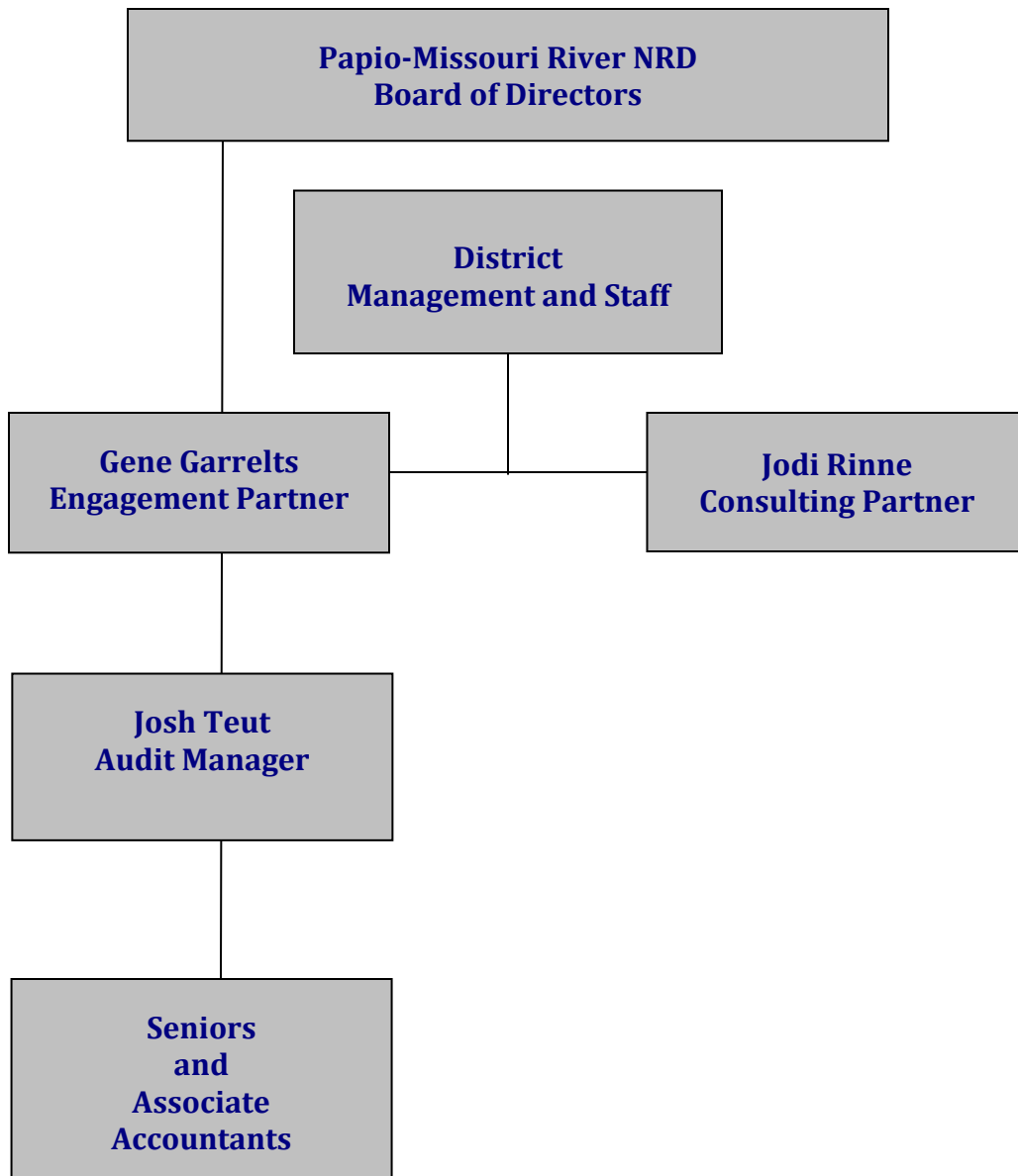
Alaska Christian College*
Autism Center of Nebraska
Bellevue Public Schools Foundation
Brownell-Talbot School
CCC Partners Foundation
Christ Community Church
Christ for the City International
Concord Mediation Center
Fellowship of Evangelical Bible Churches
Grace University, Omaha, Nebraska*
Gretna Public Schools Foundation
Journey Church
Millard Schools Education Foundation, Inc.
Nebraska Health Information Initiative*
Omaha Community Playhouse and Foundation
Papillion-La Vista Schools Foundation
St. Paul's United Methodist Church
St. Andrew's United Methodist Church
Westside Church SBC

QUALIFICATIONS, continued

PERSONNEL

We will provide a service team to work with you in a manner that will ensure that you will receive continuity of professional services from year to year. In addition, we will make sure our entire team, at all levels, quickly gets to know your people and develops effective working relationships. The benefits we provide to Papio-Missouri River Natural Resources District begin and end with our people.

We have assembled an energetic, qualified team that has extensive experience auditing governmental entities. As you review the credentials and experience of your engagement team, consider the impact they will have and the experiences they will bring to serve the District.



QUALIFICATIONS, continued

PERSONNEL

Engagement Partner



Gene Garrelts, CPA, CFP

Role and Responsibility

Gene will have overall responsibility for the services provided to the District, including involvement in developing the audit plan, directing the fieldwork, final review of the engagement work and approval for issuance of the audit reports. He is also responsible for all communications with the District administration and officials.

Background and Experience

Gene is the managing partner of HSMC Orizon LLC and brings over twenty-five years of audit experience, with both national and local accounting firms.

Professional Affiliations, Education and Licenses

- Member of American Institute of Certified Public Accountants
- Member of Nebraska Society of Certified Public Accountants, currently serving on the Board of Directors for the Foundation
- Past member and chairman, Nebraska Society of CPA's State and Local Government Accounting and Auditing Committee
- Charter member, Association of Government Accountants, Omaha Chapter
- Chairman of the Peer Review Committee that administers the AICPA peer review program for Nebraska CPAs and three other states
- Advisory Board, Enterprise Worldwide (2009—2014)
- Advisory Board, K-Life Omaha (2010—2014)
- Nebraska Fellowship of Christian Athletes Foundation, Leadership Board
- Member, International Commission of Accreditation, Association for Biblical Higher Education
- Bachelor of Science in Business Administration, Midland Lutheran College

QUALIFICATIONS, continued

PERSONNEL

Consulting and Supporting Partner



Jodi Rinne, CPA

Role and Responsibility

Jodi will be involved as needed during the engagement providing guidance and technical advice to the engagement team.

Background and Experience

Jodi is the partner in charge of our Accounting and Assurance Services with over twenty years of experience in public accounting. Before joining the firm in 2000, Jodi worked for eight years at PriceWaterhouseCoopers, LLC.

In servicing her clients through both financial statement audits as well as special projects, Jodi has developed an in-depth knowledge of the unique characteristics of the governmental industry. As Director of Accounting and Assurance Services, Jodi is either the engagement partner or concurring partner on all of our assurance engagements.

Professional Affiliations, Education and Licenses

- CREW Omaha Metro, Board of Directors, President Elect (2016) and Treasurer (2012-2015)
- Omaha Academy of Ballet, Board of Directors (2015-current)
- Member of the Nebraska Society of Certified Public Accountants, currently serving on the Continuing Professional Education Committee (2011-Current)
- AICPA National Peer Review Board Member (2010-2013)
- Grantee Board Member for Dodge County Head Start (served as the Chairman for a three-year term) (2008-2013)
- Midland University Board of Trustees (2008-2011)
- Member of the American Institute of Certified Public Accountants
- Bachelor of Science in Business Administration, Midland Lutheran College

QUALIFICATIONS, continued

PERSONNEL

Audit Manager



Josh Teut, CPA

Role and Responsibility

As audit manager, Josh will plan, coordinate and supervise our audit engagement and communicate with the District personnel throughout the engagement. He will be on-site throughout most of the engagement to ensure you receive high quality service and communication. He will work with Gene to provide seamless delivery of services and business advisory counsel to the District.

Background and Experience

Josh has fifteen years of CPA experience working with a variety of industries, including non-profits and local governments. His experience includes managing assurance services, such as compilations, reviews and audited financial statements.

Professional Affiliations, Education and Licenses

- Member of the American Institute of Certified Public Accountants
- Member of the Nebraska Society of Certified Public Accountants
- Member of the Iowa Society of Certified Public Accountants
- Bachelors degree in Accounting, Buena Vista University

Other Professionals:

We will also utilize senior associates and associates on the engagement to perform fieldwork, as needed. All of these individuals will be under the direct supervision of our partners and managers. A partner or manager will essentially be on-site during fieldwork at most times and perform many roles that larger firms delegate to senior accountants.

All of the senior associates assigned to the engagement will have experience working on other governmental audit engagements performed by our firm and have attended annual staff level audit training from a nationally recognized training program. Our senior associates generally have two to four years experience with our firm or the equivalent thereon.

All professionals assigned to your engagement will have met the continuing education requirements of the Nebraska Board of Accountancy and *Governmental Auditing Standards*.

Public accounting, like several other professions, can be very demanding and stressful and therefore turnover is inevitable. Given that, although we try to use the same professionals on the engagement each year for consistency to our clients, sometimes that is not possible. If turnover occurs or other circumstances require changes in our personnel, we will keep the District informed.

SCOPE OF SERVICES

We will complete the audit of the Papio-Missouri River Natural Resources District in accordance with the Request for Proposals.

Our service approach has been designed to provide our clients with the highest level of audit services through a quality service program that ensures all engagements are properly planned, service levels are clearly communicated with our clients, engagements are performed in an efficient and professional manner and reports are delivered timely.

We will begin by meeting with you to discuss your issues, concerns, expectations and the deliverables. Based on this meeting, we will create an audit approach that will provide the high quality service you expect, establish engagement dates and communicate responsibilities and needs for the District. The following provides an overview of the phases of our engagement and the communications that occur during each and the personnel and hours at each phase:

Planning Phase – We will obtain a thorough understanding and document the District’s control environment, accounting systems and internal controls for both the financial audit and compliance audit, to ensure a complete, thorough audit is performed. During this phase, we will meet with key personnel responsible for the financial operations and information systems. Together, we will develop an audit approach that will clearly define your expectations. We will work with the District’s staff to identify and develop the needs for our audit including working paper preparation.

Additionally, we are aware that numerous demands are placed on your personnel so during this phase we will also coordinate and schedule the timing of the audit engagement fieldwork and delivery of the report to meet your needs and expectations to minimize disruption of your ongoing operations.

We utilize an automated work paper system that allows us to prepare and maintain all of our work papers electronically. Included in this system are audit programs, questionnaires, and disclosure checklists that aid in audit efficiency. We also have a portal system and every audit client is set-up on this system which allows our clients to share information with us electronically in a safe and secure environment.

Timing: July

Performance Phase – Our financial and compliance audit procedures will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, will involve judgment about the transactions to be examined and areas to be tested. We will plan both the financial and compliance audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the District or acts by the management or employees acting on behalf of the District. Our sampling plan follows the guidelines and procedures set forth in professional standards.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The primary purpose of the audit is to express an opinion on the financial statements and that such an examination is subject to the inherent risk that errors and irregularities may not be detected. If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, we will promptly advise the District management. Finally, no extended services will be performed unless they are authorized in the contractual agreement or in an amendment to the agreement.

SCOPE OF SERVICES, continued

Regarding the compliance audit, in accordance with the auditing standards of the cognizant federal, state and municipal agencies or in accordance with other applicable standards, our firm will select the necessary procedures to test compliance and to disclose noncompliance with specified laws, regulations and contracts.

Timing: August—September

Reporting Phase – At the completion of the audit, we will present our reports to the Finance Committee and Board of Directors. The presentation will include a review of the financial statements and other financial data to highlight significant information and will include a letter of recommendations, if appropriate.

We have made the recommendation in prior engagements to expand your financial reporting and prepare a Comprehensive Annual Financial Report (CAFR) that meets the requirements of the Government Finance Officers Association (GFOA) guidelines. We would be pleased to assist you in this process that would provide the public with a more comprehensive financial report.

We place strong emphasis on timely completion of our engagements, and will work with your personnel to ensure that we meet your needs for timely delivery of our reports. We currently have two partners, three managers and eight other professionals that serve clients in our Omaha audit department. Accordingly, we have the capacity to serve you in a timely manner and will issue the various reports and financial statements in accordance with the due dates you request.

HSMC Orizon LLC is truly unique in its emphasis on providing the value you need from a professional service firm, including year-around availability and a genuine interest in supporting your continued success.

Timing: October

SCOPE OF SERVICES, continued

Following is a description of the services we will provide under our **Guaranteed Audit Service Agreement** for each of the years requested in this proposal starting with the year ending June 30, 2016:

- Conduct a financial audit of Papio-Missouri River Natural Resource District's funds in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and *Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*.
- Perform annual tests of transactions related to major federal award programs for compliance with applicable laws and regulations and the provisions of contracts and agreements, as required by the Single Audit Act Amendments of 1996 and OMB Circular A-133;
- Completion of the appropriate sections of and sign the Data Collection Form that summarizes our audit findings for filing with the Federal Audit Clearinghouse;
- Provide written communication to those charged with governance indicating deficiencies or opportunities for internal control, accounting and reporting improvements, if any;
- Out-of-pocket expenses, including cost of Audit Report copies and electronic copies; and
- Unlimited access to our professionals*

* Included in the Unlimited Access are the following services:

- Periodic meetings with your accounting personnel to discuss financial matters of Papio-Missouri River NRD, including accounting, financial reporting and tax issues;
- Unlimited phone support for Papio-Missouri River NRD's accounting personnel regarding accounting assistance, transaction analysis, financial reporting or other relevant matters.

While the fixed price entitles your accounting staff to unlimited consultation with us, if your question or issue requires additional research, analysis or assistance beyond the consultation, that work will be subject to an additional price negotiation or billed at our standard hourly rates.

Total fees for **Guaranteed Audit Service Agreement** will be as follows:

June 30, 2016	\$41,500
June 30, 2017	\$42,750
June 30, 2018	\$44,000
June 30, 2019	\$45,500
June 30, 2020	\$47,000

The above fees are subject to change if there are significant changes in accounting and auditing standards, the District creates new funds, implements a new fund structure or unusual circumstances require us to significantly modify our audit procedures due to suspected fraud or misrepresentations on operating or accounting matters.

The above fees are also based on the assumption that your personnel will prepare all cash, accounts receivable and other confirmations we request; will locate and provide any documents and invoices selected by us for testing; will prepare supporting documentation for all significant account balances and provide us with a trial balance for each fund in accordance with generally accepted accounting principles.

SCOPE OF SERVICES, continued

Additional and Unanticipated Services

If additional or unanticipated need arises (such as, but not limited to, business consulting services, a review of a lender financing agreement, inclusion of our audit report in a bond offering, consultation and assistance with financial accounting and reporting matters outside the guaranteed audit service agreement or any other exogenous service not anticipated in this agreement by the parties) HSMC Orizon will perform this additional work at a mutually agreed upon price or at our standard hourly rates. The current hourly rates for our professional personnel are as follows:

<u>Personnel Category</u>	<u>Rate</u>
Partner/Principal	\$ 190-265
Manager	\$ 150-165
Senior/Supervisor	\$ 120-145
Associate	\$ 110-120

Service and Price Guarantee

Our work is guaranteed to your complete satisfaction. If you are not completely satisfied with the services performed by HSMC Orizon LLC, we will, at your option, either refund the price or accept a portion of said price that reflects your level of satisfaction.