

SCHULZ & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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December 31, 2018

Little Blue Natural Resources District
PO Box 100
Davenport, NE 68335

Dear Little Blue Natural Resources District Board,

We appreciate the opportunity to submit a bid to provide auditing services for Little Blue Natural Resources District. We understand that the audits of the Natural Resources District's financial statements, as specified in your request for proposals, are for a three or five year period starting with your fiscal year ending June 30, 2019.

Our firm has been involved in serving governmental entities since its inception. We have provided accounting, auditing and consultation services to a wide range of governmental entities.

We make a firm commitment to perform all audit work causing the least disruption of internal schedules as possible. We will perform the audit within the required time frame and file prior to deadlines.

We feel very strongly that Schulz & Associates, P.C. can provide you with the auditing services you need. Your primary contact is: Christy Haddan, CPA, Partner, Schulz & Associates.

Please call if you have any questions regarding our proposal.

Very truly yours,

Christy Haddan, CPA

Christy Haddan, CPA

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PROFILE OF SCHULZ & ASSOCIATES P.C.

Schulz & Associates, P.C. is a local firm with offices in Beatrice and Fairbury, Nebraska. Our firm has ten full-time and five part-time employees within the Beatrice and Fairbury offices. The staff is comprised of three partners, six senior accountants, and six professional staff members. There are six live permit holders within our staff. Our firm has been involved in governmental accounting and auditing since its inception. These include county audits, city and village audits, natural resource district, and school district audits. Many of these governmental units require single audits under the Federal Single Audit Act of 1996.

We assisted in the preparation of comprehensive annual financial reports for a governmental entity which received the Government Finance Officer's Association Certificate of Achievement of Excellence in Financial Reporting. Members of the firm have assisted the Nebraska Board of Public Accountancy by reviewing governmental financial reports for the Quality Enhancement Program.

One of the important factors in our firm's success has been our commitment to the highest standards of quality and professionalism. Providing quality service to our clients is a primary objective, and we have developed review procedures and communications that ensure the highest standards of performance.

Our firm has undergone a quality control review established by the American Institute of Certified Public Accountants. This is a program dedicated to ensuring that participating firms have quality control systems in place over their accounting and auditing practices. This program also includes a review of our government clients. We were pleased to receive an unqualified opinion and believe it reflects our commitment to quality work.

Schulz & Associates, P.C. is a licensed Certified Public Accounting firm as required by the Nebraska State Board of Public Accountancy. Our firm does not presently have or have not in the past had any substandard work on record with the Nebraska State Board of Public Accountancy. All CPA's in the firm are registered and licensed to practice public accounting in Nebraska and are members of the American Institute of Certified Public Accountants and Nebraska Society of Certified Public Accountants.

Schulz & Associates, P.C. does meet the independence standards of the Government Auditing Standards, December 2011 revision, published by the U.S. General Accounting Office, with respect to the County within this proposal.

QUALIFICATIONS OF SCHULZ & ASSOCIATES P.C.

All firm professionals are experienced in providing audit and related services to governmental entities. The expertise of our government services specialists makes them well-qualified to keep the Natural Resources District's staff informed of newly issued accounting pronouncements which affect the Natural Resources District and to provide guidance and support in the implementation of accounting procedures.

The professionals within our firm attend at least 40 hours of continuing professional education each year, which includes training requirements established by the Government Auditing Standards.

The following professionals all have work experience and education in governmental accounting and auditing and would be assigned to your audit upon time availability.

Kerby Cunningham, Partner
Certified Public Accountant

41 years of accounting and governmental audit experience; past member of the Nebraska Society of CPA's State and Local Governmental Accounting and Auditing Committee

Christina D. Haddan, Partner
Certified Public Accountant

14 years of accounting and governmental audit experience

Colt Feighner, Partner
Certified Public Accountant

9 years of accounting and governmental audit experience

Stacy Church
Certified Public Accountant

21 years of accounting and governmental audit experience

SCOPE OF SERVICES AND PROPOSED AUDIT SCHEDULE

Scope of the Engagement

We will perform the annual audit of the Natural Resources District's financial statements. We will begin fieldwork as soon as schedules allow but no later than August 15th and will issue the audit report around October 1st of each year. We will meet all performance specifications as outlined in the request for proposal.

Our audit will be made in accordance with the generally accepted government auditing standards, and will include such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances. The objectives of such an audit are the expression of an opinion on the fairness with which the statements present financial position and results of operations in conformity with the basis of accounting practices prescribed.

In performing our audits, we will be aware of the possibility that fraud may exist, but it should be recognized that such examinations cannot be relied upon to disclose defalcations and other similar irregularities, although their discovery may result. 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 contact the Natural Resources District Board authorized in the contractual agreement or an amendment to the agreement. We will make a review of the Natural Resources District's system of internal control and inform you of weaknesses which come to our attention and which we believe should be corrected and of our recommendations in this respect.

The audits are to be performed in accordance with generally accepted auditing standards; the standards for financial audits contained in Government Auditing Standards, issued by the US General Accounting Office (December 2011 Revision), and the AICPA Industry Audit Guide: "Audits of State and Local Governmental Units". All working papers will be retained for at least 3 years and will be available for examination by authorized representatives of the Natural Resources District.

SIMILAR ENGAGEMENTS

We urge you to contact our clients to see for yourself what kind of work we do and what kind of service our professionals provide. Following are a number of clients who are very familiar with our firm and, particularly, with the qualifications of our proposed service members.

Nemaha Natural Resources District, Tecumseh, Nebraska
Jane Kuhl, Administrative Assistant
(402) 335-3325

Thayer County, Hebron, Nebraska
County Clerk
(402) 768-6126

Gage County, Beatrice, Nebraska
County Clerk
(402) 223-1300

Johnson County, Tecumseh, Nebraska
County Clerk
(402) 335-6300

Pawnee County, Pawnee City, Nebraska
County Clerk
(402) 852-2962

PROFESSIONAL FEES AND COMPENSATION

Our fees are based on the time spent on the engagement and the billing rates of the individuals assigned. The following proposal includes a 3 or 5 year offer beginning with the fiscal year ending June 30, 2019. Based on our experience in other similar engagements, our proposed fees are as follows:

	3 Year Proposal	5 Year Proposal
Audit of the financial statements of Little Blue Natural Resources District in accordance with generally accepted governmental auditing standards for the year ending June 30, 2019.	\$7,275	\$7,275
Audit of the financial statements of Little Blue Natural Resources District in accordance with generally accepted governmental auditing standards for the year ending June 30, 2020.	\$7,275	\$7,275
Audit of the financial statements of Little Blue Natural Resources District in accordance with generally accepted governmental auditing standards for the year ending June 30, 2021.	\$7,275	\$7,275
Audit of the financial statements of Little Blue Natural Resources District in accordance with generally accepted governmental auditing standards for the year ending June 30, 2022.	N/A	\$7,275
Audit of the financial statements of Little Blue Natural Resources District in accordance with generally accepted governmental auditing standards for the year ending June 30, 2023.	N/A	\$7,275

This proposal includes all out-of-pocket expenses. The estimated fees also include up to four hours of consulting and phone calls during the year. We do not bill for responses to client questions that require no significant investment of research time or other costs.

The estimated fee is based on the assumption that the Natural Resources District will not require a Single Audit. If a Single Audit would be required or if the Natural Resources District would establish any additional funds, the additional time required to perform a Single Audit or audit the additional funds would be billed at \$1,500.