



March 13, 2017

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Dear Kyle:

We appreciate the time you have spent providing an overview of The Nebraska Cooperative Republican Platte Enhancement Project (N-CORPE) and sharing your strategic objectives. The following proposal reflects our understanding of your needs and illustrates the approach we will take in providing professional services for N-CORPE.

Highlights of this approach include the following:

- N-CORPE will be served by professionals based primarily in Nebraska. This proximity enables regular face-to-face communication.
- To promote efficient service for N-CORPE, your engagement team's experience reflects our firm's long-standing commitment to the Government sector.
- Your team members will coordinate all aspects of the services we perform for N-CORPE. They will actively share information, as appropriate, to streamline efforts and avoid unnecessary distractions for your personnel.

Your RSM US LLP (RSM) engagement team looks forward to building a long-term relationship with N-CORPE and delivering value for your entity now and well into the future.

Once you have had the opportunity to review this response, we would be pleased to discuss your needs in greater detail or make a presentation to your team. In the meantime, please feel free to contact us with any questions.

Sincerely,

Liz Wood  
Senior Manager  
+1 531 289 3112

# PROPOSAL TO PROVIDE AGREED UPON PROCEDURES

N-CORPE

March 13, 2017



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## PROPOSED SOLUTIONS FOR N-CORPE

### Scope of engagement

As described on the following pages, RSM has the resources and capabilities to assist N-CORPE with your needs in the areas you have identified:

- Agreed upon procedures over in kind contributions and construction costs as described in Attachment C.

### Client service relationship

Our relationship with N-CORPE will be based on certain long-standing principles, including:

- An outstanding client service experience, focused on efficient and well-coordinated services
- Commitment to completing work within the agreed-upon time frame, assuming your preparation of requested supporting documentation before we commence fieldwork and assuming no unforeseen technical issues
- Staffing of the engagement team based on industry-specific qualifications and technical experience
- Hands-on approach with management meetings and conference calls to keep you up to date on the status of our engagement
- Fees that are reasonable based on the scope of work
- Transparent approach to billing, with clear communication and an emphasis on avoiding surprises

### Milestones and timing

Based on your needs for this project, we have developed the following timeline in connection with the services. This timing can be modified to meet your needs.

Milestones	Timing
<b>Agreed upon procedures</b>	
New client acceptance procedures	March 2017
Planning meeting with management and board of directors	March 2017/April 2017
Fieldwork	April 2017
Progress meeting with management and board of directors	End of April/Early May 2017
Issuance of draft report over agreed upon procedures	May 2017
Meeting to review draft report with management and board of directors	May 2017
Issuance of final report	May 2017/June 2017

## AGREED UPON PROCEDURES SERVICES

### No surprises

In serving N-CORPE, we will communicate with you frequently throughout the agreed upon procedures engagement to address and resolve issues and changes in your organization.

## ABOUT YOUR ENGAGEMENT TEAM

### Engagement team members

The following professionals have the qualifications and experience to handle your needs for this engagement and are committed to exceeding your expectations. Please refer to Appendix A for detailed biographies.

#### Team member, engagement role

**Liz Wood****Senior Manager**

liz.wood@rsmus.com

+1 531 289 3112

*Client service coordinator and senior manager.* As your client service coordinator and senior manager, Liz will be responsible for your complete satisfaction with the services we provide. She will serve as your primary contact on day-to-day matters, keep you informed about our progress, and promptly address your questions and concerns.

**Robert Kreiser****Supervisor**

robert.kreiser@rsmus.com

+1 402 344 6113

*Audit manager.* Robert will provide periodic status reports to the audit senior manager and monitor all phases of the engagement to promote timely completion.

**Kyle Conway****Assurance Associate**

kyle.conway@rsmus.com

+1 402 344 6151

*Engagement in-charge.* Kyle will oversee the day-to-day functions of the engagement and the professional staff members assigned to the engagement. He will monitor all phases of the work to help ensure timely completion.

## Team member, engagement role

### **Kevin Smith**

Partner

kevin.smith@rsmus.com

+1 816 751 4027

*Engagement quality reviewer.* As the engagement quality review partner, Kevin will be responsible for reviewing the audit plan and other relevant planning documentation, including the audit team's assessment of and response to significant risks.

## FEES

Based on our understanding of your needs, our estimated fees are as follows.

Summary of deliverables	Estimated fee
<b>Agreed upon procedures</b>	
Agreed upon procedures as outlined in the attachment at \$100 per hour (estimated 250 to 350 hours)	\$25,000 - \$35,000

### Significant changes in your business

Significant changes in the nature and scope of the agreed upon procedures will result in professional fee increases. Significant changes may include the addition of agreed upon procedures, travel to multiple locations; unpreparedness on the part of N-CORPE; and changes in the scope of the agreed upon procedures.

### Administrative expense

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement plus directly billed expenses, including report processing, travel, meals, and fees for services from other professionals, as well as a charge of 5% percent of fees for all other expenses, including indirect administrative expenses such as technology, research and library databases, communications, photocopying, postage and clerical assistance.

### Fee assumptions

Any proposed fees are based on the following assumptions:

- Assistance will be supplied by N-CORPE personnel, including preparation of requested schedules and analyses of accounts before we commence fieldwork.

Should it be necessary to extend the scope of our services due to unpreparedness on the part of N-CORPE, or other significant changes in the nature and scope of the engagement, we will bill for these additional services based on \$100 per hour. We will contact you to discuss these items before proceeding with the out-of-scope work.

For consultations regarding more technical matters, or other incremental project work, we will bill at a discounted hourly rate of the professional with whom you consult. We will, of course, discuss any potentially billable matter with Community Action prior to moving forward with the consultation in order to agree on a mutually satisfying fee arrangement. Hourly rates are generally as follows:

Level	Rates
Partner	\$275
Manager	\$150
Senior	\$120
Staff	\$100

We encourage you to contact us with questions and we will reach out to you periodically to ensure we maintain our knowledge of your operations. Thus, we will not charge additional fees for de minimis phone calls and questions throughout the year.

Our acceptance of this engagement is subject to completion of our acceptance procedures.



## APPENDICES

### Appendix A—Engagement team biographies



#### **Elizabeth A. Wood**

Senior Manager, Assurance Services  
RSM US LLP  
Lincoln, Nebraska  
liz.wood@rsmus.com  
+1 402 525 5046

#### **Summary of experience**

Liz is a senior manager in RSM's assurance practice with more than 12 years of experience. She has managed the audits of numerous employee benefit plans, for-profit, not-for-profit and government organizations, including audits under Yellow Book, and has provided technical assistance on accounting and financial reporting issues to these organizations.

Prior to joining RSM, Liz spent eight years at a local Lincoln, Nebraska, certified public accounting firm where, in addition to her client service responsibilities, she served as the director of training. In that role, Liz was responsible for developing training curriculum, including Yellow Book, for professionals serving employee benefit plan, government and not-for-profit clients.

Liz also has experience auditing and monitoring internal controls in her prior role as the internal auditor for a Lincoln, Nebraska-based publically traded company, as well as experience in financial reporting as financial controller for the fifth-largest privately held trucking company in the United States based in Lincoln, Nebraska.

#### **Community involvement**

- American Red Cross of Central and Western Nebraska, Board (2014–Current); Vice President (2015–current)
- Fresh Start, Inc., Board treasurer (2008–2015)

#### **Professional affiliations and credentials**

- Certified public accountant
- American Institute of Certified Public Accountants
- Nebraska Society of Certified Public Accountants

#### **Education**

- Masters of Professional Accountancy degree, University of Nebraska–Lincoln
- Bachelor of Science degree in business administration, University of Nebraska–Lincoln



## **Robert Kreiser**

Supervisor, Assurance Services  
RSM US LLP  
Omaha, Nebraska  
robert.kreiser@rsmus.com  
+1 402 344 6113

### **Summary of Experience**

Robert Kreiser provides financial and compliance audit and consultation services to a variety of public sector entities. He focuses primarily on cities, school districts, tribal governments, franchisees, and manufacturing. Robert has practiced public accounting for approximately 5 years.

In his current role, Robert oversees day-to-day activities and progress of engagement team members, researches complex accounting matters and ensures timely and accurate report issuance. He builds bonds with engagement team members, in order to increase the level of teamwork and efficiency on engagements.

### **Professional Affiliations**

- Certified Public Accountant, Iowa
- American Institute of Certified Public Accountants

### **Education**

- Bachelor of Arts, Accounting, Central College



## **Kevin Smith**

Partner, Assurance Services  
RSM US LLP  
Kansas City, Missouri  
kevin.smith@rsmus.com  
+1 816 751 4027

### **Summary of experience**

Kevin is a regional team leader for RSM's public sector industry and has approximately 16 years of experience serving this industry. As a public sector specialist for the firm, he focuses on providing audit, consulting and reporting services to governmental and nonprofit entities. In his role as a public sector specialist, Kevin brings an in-depth understanding of governmental and nonprofit accounting, auditing and compliance reporting to his clients. As a condition of meeting the firm's standards for this designation, he is well-versed in the financial and compliance-related requirements of governmental entities and has extensive experience performing audits in accordance with *Government Auditing Standards* and Single Audits in accordance with The Uniform Guidance (previously OMB Circular A-133).

Kevin is involved in teaching professional education courses on a national and local level. These courses include Yellow Book seminars. He has received specific training for governmental units and future governmental accounting standard changes and has received the necessary continuing professional education to be considered Yellow Book certified. In addition, Kevin is a reviewer for the national Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting program.

### **Professional affiliations and credentials**

- Certified public accountant
- American Institute of Certified Public Accountants
- Missouri Society of Certified Public Accountants
- Government Finance Officers Association
- Kansas Government Finance Officers Association
- Colorado Government Finance Officers Association
- Government Finance Officers Association of Missouri

### **Community involvement**

- United Way Young Leaders Society
- United Way of Greater Kansas City—employee campaign manager

### **Education**

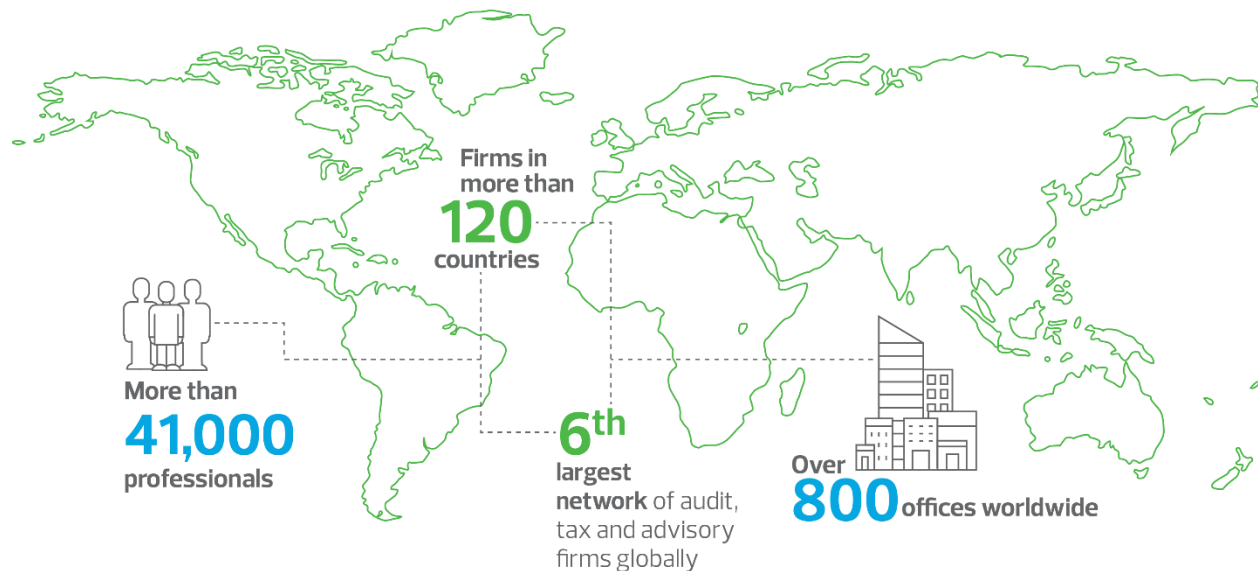
- Bachelor of Arts, accounting, St. Ambrose University

## Appendix B—About RSM

RSM US LLP is the leading provider of audit, tax and consulting services focused on the middle market, with more than 9,000 people in 90 offices nationwide. We are a licensed CPA firm and the U.S. member of RSM International, a global network of independent audit, tax and consulting firms with more than 41,000 people in over 120 countries. RSM uses its deep understanding of the needs and aspirations of clients to help them succeed.



RSM International is a **global network** of independent audit, tax and advisory firms.



## Appendix C—Agreed upon procedures

### **In-Kind Contributions:**

- Review the policy and document the procedures for recording in-kind contributions and make suggestions for improvement, if any are identified.
- Trace amounts over \$30,000 reported in the N-CORPE general ledger as in kind contributions from October 1, 2012 through June 30, 2016 to supporting documentation agreeing the dollar amount, contributor and date.
- Examine supporting documentation for evidence of approval. We will require a list of authorized approvers from N-CORPE.
- Confirm amounts over \$30,000 reported as in kind from October 1, 2012 through June 30, 2016 per N-CORPE for each Natural Resources District with each Natural Resources District.

### **Occupation Tax Revenue:**

- Review the policy and document the procedures for recording occupation tax revenue and make suggestions for improvement, if any are identified.
- Trace amounts over \$30,000 reported in the N-CORPE general ledger as occupation tax revenue from October 1, 2012 through June 30, 2016 to supporting documentation agreeing the dollar amount, payor and date.
- Confirm receipts over \$30,000 reported as occupation tax from October 1, 2012 through June 30, 2016 per N-CORPE with each payor.

### **Construction costs (South Pipeline):**

- Trace amounts over \$30,000 related to the South Pipeline reported in the N-CORPE general ledger as capitalized construction costs (from October 1, 2012 through June 30, 2016) to supporting invoices/documentation agreeing the dollar amount, vendor, date and service location. We will require a list of accounts which transactions related to the South Pipeline are reported in from N-CORPE.
- Examine invoices/supporting documentation for evidence of approval for payment. We will require a list of authorized approves from N-CORPE.
- Trace invoices/supporting documentation to evidence of payment verifying payment to approved party.
- Perform a search for unrecorded construction transactions by examining invoices dated between October 1, 2012 through June 30, 2016 and over \$30,000 for select vendors identified by management and the board of directors

### **Sale of Land, Equipment and Structures:**

- Review the bid policy and document the procedures for sales transactions over \$30,000 and make suggestions for improvement, if any are identified.
- Trace sales proceeds over \$30,000 from the sale of land, equipment and structures reported in the N-CORPE general ledger (from October 1, 2012 through June 30, 2016) to supporting sales agreements/documentation agreeing the dollar amount, purchaser, date and item purchased. We will require a list of accounts which transactions related to the South Pipeline are reported in from N-CORPE.
- Trace invoices/supporting documentation to deposit of proceeds into an N-CORPE bank account.
- Examine invoices/supporting documentation for evidence of management approval for sale. We will require a list of authorized approves from N-CORPE.

- Examine bond and loan requirements to determine what conditions, if any, N-CORPE was to comply with related to the sale of land, equipment or structures.
- Confirm compliance with any bond and loan requirements related to the sale of land, equipment or structures over \$30,000 between October 1, 2012 and June 30, 2016 with the bond and loan holders.
- Perform a search for unrecorded sales transactions over \$30,000 and occurring between October 1, 2012 and June 30, 2016 by reviewing the list of capitalized items (fixed assets) and discussing any items that have been sold and yet remain on the listing with management and the board of directors.
- Review bank statements for deposits over \$30,000 not previously tested in above procedures and determine the nature and recording in the N-CORPE general ledger of such transactions by reviewing supporting documentation.

#### **Large Transactions:**

- Review the bid policy and document the procedures for recording transactions over \$30,000 and make suggestions for improvement, if any are identified.
- Trace amounts over \$30,000 reported in the N-CORPE general ledger (not susceptible to testing in other sections of these procedures) from October 1, 2012 through June 30, 2016 to supporting documentation agreeing the dollar amount, payee and date.
- Examine supporting documentation for evidence of approval. We will require a list of authorized approvers from N-CORPE.



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