

PROPOSAL PREPARED ESPECIALLY FOR:



# Mid-Hudson Library System

Professional Independent Audit Services  
for 2021 Financial Statements

August 13, 2021

Submitted by:  
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LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS





LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

August 13, 2021

Saran Camara, Finance Manager & Personnel Officer  
Mid-Hudson Library System  
103 Market Street  
Poughkeepsie, NY 12601

Dear Ms. Camara:

RBT CPAs, LLP ("RBT CPAs") is pleased to submit our proposal to the Mid-Hudson Library System ("MHLS") to provide professional auditing services. We are confident that our team of dedicated professionals, our extensive experience working with local government, and our significant level of partner involvement will meet or exceed your highest expectations. We have an in-depth understanding of the work to be performed, as detailed in the request for proposal.

As we continue to combat the COVID-19 pandemic, many Dutchess County residents have relied on local public libraries to achieve digital and educational equity, turning to library resources for career advancement and expanded economic opportunities. As Assemblywoman Didi Barrett (D, Hudson) recently announced after securing \$85,000 to be divvied up among 16 libraries within her District, local libraries truly stepped up during this great time of need. Libraries offered digital services and online classes for people to access in the privacy of their own homes. Countywide, many even parked outside libraries because they didn't have enough broadband service at home to complete work or schooling. Simply put, libraries help people feel connected even when they were apart and MHLS helps libraries provide services.

Pandemic or not, we believe neighborhood mainstays – safe, reliable public spaces to gather in – are crucial to a rich quality of life. This is the vital role that the Mid-Hudson Library System and its members have played for community members for over half a century. Since 1959, the MHLS has supported spaces where connections can grow, and people can safely explore the variety of critical programs your team offers. At RBT we understand the immeasurable value of unifying and supporting our neighbors. Our loyal employee base is built on ties to the communities we serve, and seeing our clients succeed brings us an incredible sense of satisfaction and pride. Our goal is to help our clients build stronger, more vibrant communities – we know the MHLS is doing just that.

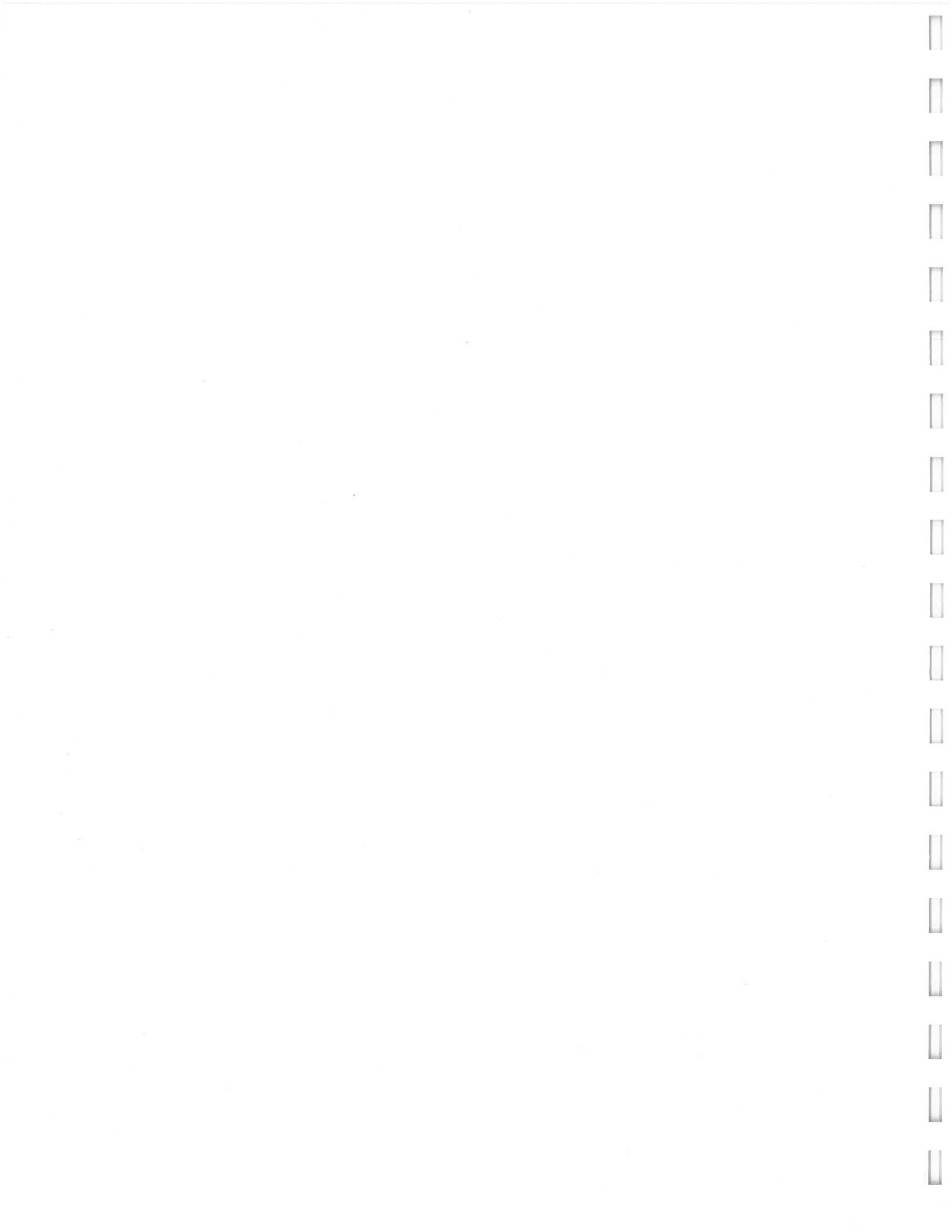
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Our team admires the innovative and progressive stance your library system thrives on. By pooling knowledge about what works and what doesn't throughout 70 regional libraries, individual libraries can learn from each other to provide the highest quality library service to community members. The diverse services and programs the MHLS offers ensure that local communities are full of informed individuals who always feel welcome. We understand that during such challenging times, budgets are stretched thin and MHLS services are under immense pressure. Our Firm is fully qualified and prepared to commit significant resources and provide the highest level of professional service to ensure that all time requirements are met for your devoted staff. We know if you move forward with our talented team, we will show the same care, attention to detail, and dedication to you that you show to your visitors.

Shannon M. Mannese, CPA, CFE is authorized to represent RBT CPAs, LLP and may be corresponded with at the phone number and email address below.

Very truly yours,

*Shannon M Mannese, CPA, CFE*

Shannon M. Mannese, CPA, CFE  
Partner  
845-597-9000  
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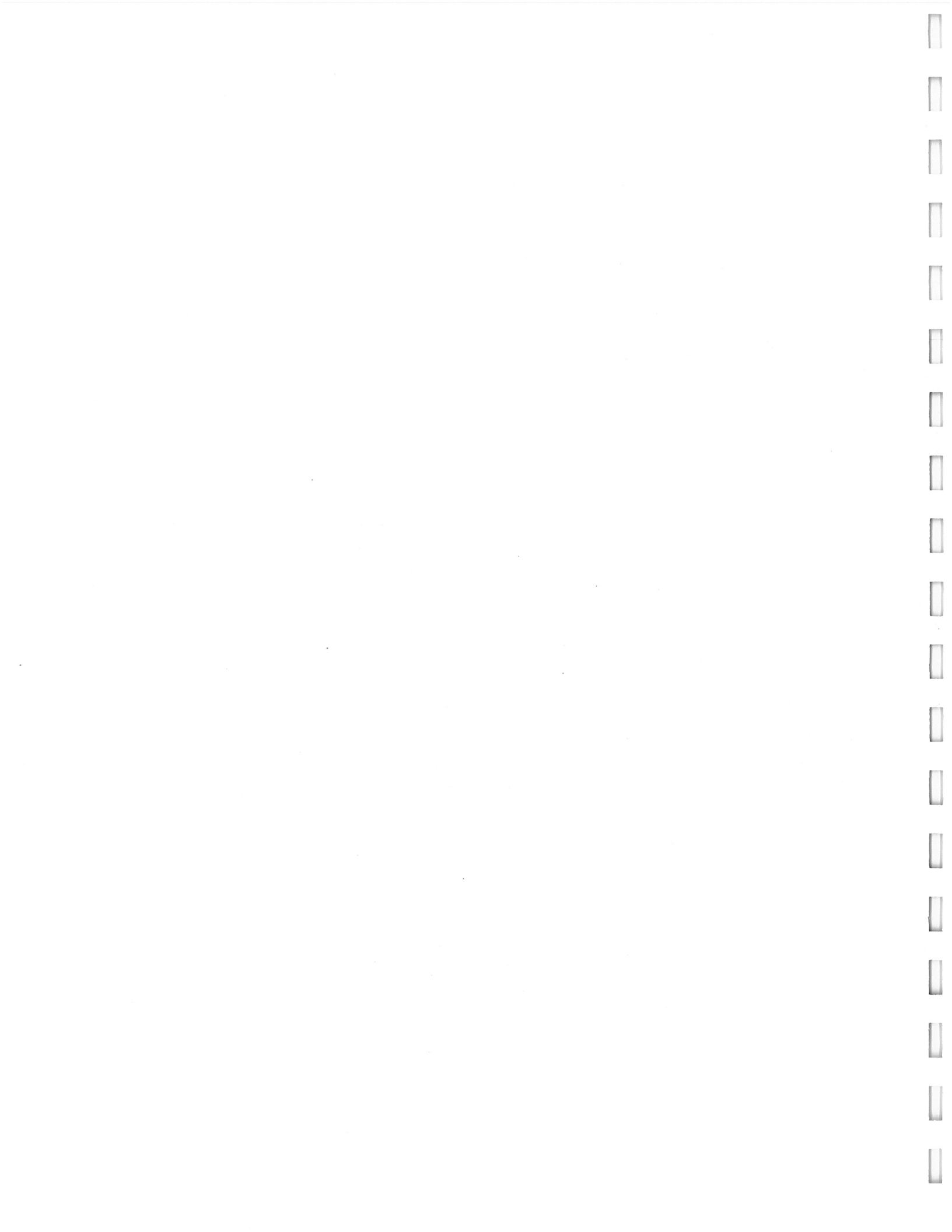




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## Section 1: Firm Overview

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### About Our Firm

At RBT CPAs, we believe listening, combined with expertise, creates understanding. This approach is evident in the diversity and depth of services offered to our clients, and in our commitment to meeting their unique challenges and goals. As a Certified Public Accounting firm, we celebrate more than 50 years of experience providing accounting, auditing, tax, and advisory services to our clients.

With roots stretching back to 1969, RBT has grown significantly from its early beginnings thanks to our collective dedication and unwavering team values. Ranked among the top 300 largest US CPA Firms out of 42,000 US firms, **RBT CPAs is the 5<sup>th</sup> Fastest Growing Firm ranked by Inside Public Accounting.** Our team of over 100 professionals includes 12 partners and more than 50 Certified Public Accountants. There are 15 professionals dedicated to our audit department, including a compliance and quality control partner. Our entire team remains actively involved through a distinctly hands-on approach to leading and managing clients. What does this mean? Our process is not one-size-fits-all. Because the variety of our client base is so diverse, we understand that each client requires unique, personalized service from our team.

As a mid-sized public accounting firm in the New York Metro Area, we serve governmental entities, not-for-profit organizations, commercial privately held entities, and the individuals that lead them, primarily located in the Hudson Valley and New York Metropolitan Area. We have a strong regional presence, with four offices located in Orange, Dutchess, and Sullivan Counties as well as New York City. However, it's not just the physical convenience of our office spaces, but the omnipresence of our team members engrained within their communities, that truly sets us apart. Each member of our Firm is connected to the communities we serve, and we each recognize our personal and professional commitment to enhance the vibrancy and development of the places we call home. We are uniquely positioned to serve organizations with rich local history as well as innovative rising startups. We are capable of servicing clients on a national scale and maintain a proven record of achievement in providing high quality service and building lasting client relationships. Our highly qualified team allows us to provide our clients with the personal attention they deserve to help them succeed and grow.



### RSM US Alliance

RBT CPAs, LLP, is proud to have been qualified by the national accounting firm of RSM US LLP, to be their RSM US Alliance member firm in the Hudson Valley. RSM US LLP is the leading provider of audit, tax, and consulting services focused on the middle market, with more than 8,000 professionals in 80 offices nationwide. As a member of RSM US Alliance we have access to the full range of resources and services of RSM US LLP, including their experience and industry expertise with commercial organizations, governments, school districts, and non-profit organizations. We became a member of RSM US Alliance because it is a natural fit with our commitment to our clients and our determination to stay at the forefront of developments affecting accounting and consulting firms today. We maintain our name and autonomy as a locally responsive public accounting firm as well as our independent management and client relationships.

An independently owned member  
**RSM US Alliance**



RSM US Alliance is a premier affiliation of independent accounting and consulting firms. RSM US Alliance provides its members with access to resources of RSM US LLP (formerly known as McGladrey LLP). RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit [rsmus.com/about](http://rsmus.com/about) us for more information regarding RSM US LLP and RSM International. McGladrey®, the McGladrey Alliance logo and the McGladrey Alliance signatures are proprietary to RSM US LLP, while RSM™ is used under license by RSM US LLP.



## Section 2: Firm Qualifications

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### RBT CPAs' Governmental Audit Team

We tailor our auditing services to fit each client's unique needs. Our team specializes in audits of governmental entities and will work closely with you and your team to serve the auditing and financial reporting needs of the Mid-Hudson Library System. With the increased scrutiny being placed on audits, it is critical for your auditor to stay current with new regulations and requirements. Our Firm is committed to providing quality audits and our team members attend focused training in these areas. RBT is also an active member of the AICPA Governmental Audit Quality Center. RBT audit team members attend various AICPA Accounting, Auditing, and Regulatory Update Conferences, as well as other specific training. The Audit Quality Center also provides us with regulatory updates and best practice recommendations. These standards are the benchmark of our commitment to quality performance and client service. Finally, all members of our audit team maintain current knowledge of all current and new accounting principles issued by GASB.

### Government Industry Specific Experience

RBT CPAs specializes in providing accounting, tax, and consulting advice for government managers and executives through our Government Division. The Newburgh, NY office is the "home office" to approximately 80 team members, including 12 Partners, 7 Directors, and 21 Managers. Within this area of expertise, our clients include governments and agencies at the local level. In addition, we serve a number of entities that receive federal, state, and local contracts and grants, or that participate in cooperative agreements. The specific entities we serve include libraries, fire districts, counties, cities, school districts, towns, villages, justice courts, hospitals, educational institutions, and public authorities.

Because of the Firm's long-standing association with many of its clients, and its commitment to continuing professional education, clients are served by a professional team that is deeply experienced in the industry-specific accounting needs of its clients. RBT CPAs has more than 50 years of experience serving governmental entities. The individuals assigned to this engagement have many years of experience in providing varied financial and management advisory services. In addition, these team members are supported by a group of professionals selected for their ability to provide exceptional consulting and advisory services to the Mid-Hudson Library System in this important engagement. We believe that our operational acumen and experience working with governmental entities provide us with an unparalleled ability to render services to the Mid-Hudson Library System.



We are currently the independent auditor for approximately 50 governmental entities. We also serve as consultants for numerous municipalities, such as counties, towns, villages, and cities. It should be emphasized that we are experts in **New York State Office of the State Comptroller standards and requirements**. It is essential that the Mid-Hudson Library System's independent auditor understand its accounting needs. We believe that our many years of service to the aforementioned list of clients demonstrates our capacity to understand and fulfill your requirements.

### **Single Audit (Uniform Guidance) Experience**

While a significant amount of our work is devoted to audits of financial statements, we also have specialized skills in compliance audits performed pursuant to the Single Audit Act ("the Act"). Since its enactment in 1984, RBT CPAs has provided leadership and guidance to our clients in satisfying the requirements of the Act. We stay current on changes to these requirements through attendance at seminars sponsored by the American Institute of Certified Public Accountants and the New York State Government Finance Officers Association.



## Section 3: Firm Services

### Bookkeeping Services

- Financial Statement Preparation
- General Ledger Management
- Cash Flow Management
- Accounts Payable
- Accounts Receivable
- Payroll Preparation and Reporting
- Transaction Processing
- Virtual CFO Services
- Controllership
- Sales Tax

### Accounting Services

- Reviewed and Compiled Financial Statements
- Budgets and Projections
- Assistance with Banking, Finance, and Bonding
- Business Planning
- Accounting and Bookkeeping services
- Forensic Accounting

### Auditing Services

- Financial Statement Audits
- Employee Benefit Plan Audits
- Internal Auditing
- Due Diligence
- Uniform Guidance Audits

### Tax Services

- Corporate, Partnership, Fiduciary, Estate, Non-Profit, and Individual Services
- Federal, State, and Local Tax Compliance
- Individual and Business Tax Planning
- Estate and Gift Tax Planning
- Multi-State Tax Consulting Services
- Sales Tax Review & Audit Representation
- Tax Controversy Representation
- Research and Development (R&D) Studies
- Cost Segregation Studies
- ESOP Consulting and Implementation
- International Tax
- Mergers and Acquisitions
- NYS Excelsior Jobs Program Tax Credits
- NYS Brownfield Tax Credit Program

### Consulting Services

- Business Valuations
- Business Process Outsourcing
- Human Resource Consulting
- IPO Readiness
- Mergers & Acquisitions Valuations
- Sage Intacct (Cloud Accounting)
- IT Audits
- Business Intelligence
- Sales Side Due Diligence
- Management Consulting
- Wealth Management
- Budget Reviews



## Section 4: Firm Affirmations

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### Licensed to Practice in NYS

RBT CPAs is licensed by the New York State Education Department, and regulated by the Office of the Professions, as a Certified Public Accountancy Limited Liability Partnership holding Partnership ID#: 076306 (current through 10/31/21). We also affirm that each professional represented as a Certified Public Accountant (CPA) is licensed by the New York State Education Department, and regulated by the Office of the Professions, to practice as a Certified Public Accountant in New York State and meets the continuing professional education requirement of 40 contact hours per year as defined by the New York State Board for Public Accountancy. We affirm that those that will be assigned to this engagement have met the continuing education (CPE) requirements necessary to satisfy the United States General Accountability Office (GAO) standards.

### Independence

We affirm that RBT CPAs is independent with respect to the Mid-Hudson Library System as that term is defined in generally accepted auditing standards and by the U.S. General Accountability Office's Government Auditing Standards.

### Peer Review

RBT CPAs underwent an AICPA Quality Control Review for the year ended March 31, 2017 covering audits, reviews, and compilations conducted by all our offices, which specifically include audits of government entities/agencies. A copy of the report issued as a result of this quality control review dated November 15, 2017, is included in Exhibit A. The Firm has not received any federal or state desk reviews during the past three (3) years. In addition, the Firm has not received any disciplinary action taken or pending against the Firm during the past three (3) years with state regulatory bodies or professional organizations.

### Non-Discrimination and Affirmative Action

If successful in obtaining a Contract, RBT CPAs shall (i) comply with the provisions of the Request for Proposal relating to Non-Discrimination and Affirmative Action and (ii) require its Contracting Parties and/or employees to comply with any and all federal, state, and local law, policy, orders, rules, and regulations which prohibit unlawful discrimination in employment or hiring because of the race, creed, color, national origin, sex, sexual orientation, age, disability, or marital status of any individual.

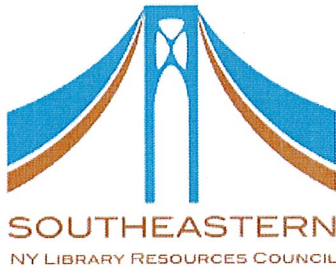


## Section 5: References

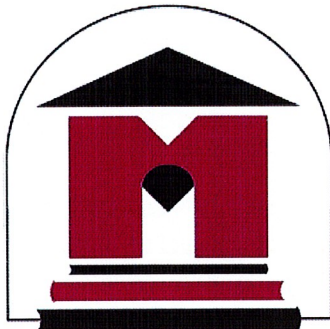
### List of References



**Blodgett Memorial Library**  
**Joanna Aquafredda**  
Office Manager  
[bmlaquafredda@gmail.com](mailto:bmlaquafredda@gmail.com)  
(845) 896-9215  
Engagement Start Date: September 15, 2020  
Engagement Completion Date: November 17, 2020  
Responsible Partner:  
Shannon M. Mannese, CPA, CFE  
845-567-9000, ext. 619



**Southeastern NY Library Resources Council**  
**Tessa Killian**  
Executive Director  
[killianc@senylrc.com](mailto:killianc@senylrc.com)  
(845) 883-9065  
Engagement Start Date: September 22, 2020  
Engagement Completion Date: November 19, 2020  
Responsible Partner:  
Tonia A. Crown, CPA.CITP  
845-567-9000, ext. 610



**Mahopac Public Library**  
**Michele J. Capozzella**  
Director  
[mcapozzella@mahopaclibrary.org](mailto:mcapozzella@mahopaclibrary.org)  
(845) 628-2009  
Engagement Start Date: August 21, 2020  
Engagement Completion Date: October 26, 2020  
Responsible Partner:  
Jennifer R. George, CPA  
845-567-9000, ext. 613



## Section 6: Proposed Engagement Team

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### Qualifications and Experience

The advantage of a regional firm such as ours is that we are not structured in layers and our clients have direct access to our partners. We have organized our Firm in this manner so that we may be personally involved and knowledgeable of each client's activities.

### Hands on Partner Involvement

**The partners at RBT CPAs focus on delivery of client service and take a hands-on approach to all client engagements.** We know that our clients can be served best by applying the experience of the senior members of the Firm. With this approach, engagements are planned to address important and critical issues. Partners are directly involved with the delivery of services and not simply part of the "selling" team. As partners, we have dedicated our professional careers to serving our clients and helping them achieve their goals.

### Continuity of Staff

The Firm has built strong relationships with its clients by being proactive, thorough, and efficient. Partners take a hands-on role in the day-to-day management of engagements, ensuring a high degree of client service and cost effectiveness. The Firm's seasoned professional staff members apply a team approach to all engagements to provide its clients with the highest quality and most timely services available. The continuity of staffing and attention to client engagements makes the Firm stand out among its competitors.

### Proposed Audit Team

The Mid-Hudson Library System's engagement team would be adequately staffed with New York State licensed CPAs. In addition to being assigned to the audit of the Mid-Hudson Library System, all of the following individuals are available to the Mid-Hudson Library System for consultation throughout the year. We recognize the importance of continuity of staff assigned to audits to ensure a seamless year-to-year transition and to utilize staff with a deep understanding of clients' issues and operations.

The biographies of your proposed engagement team follow:





**Shannon M. Mannese, CPA, CFE**

[smannese@rbtcpas.com](mailto:smannese@rbtcpas.com)

**Government Audit Partner**

845.567.9000 Ext. 619



Shannon Mannese, CPA, CFE, graduated from Marist College in Poughkeepsie, New York with a Bachelor of Science in Accounting. Shannon is a Partner in the Government Auditing Department of RBT CPAs, LLP and is the lead Partner on many engagements. Shannon's experience with the Firm includes a variety of responsibilities ranging from commercial auditing and accounting, to pre-audit review, engagement planning, and internal control testing. She is also responsible for managing audit teams, internal auditing, employee benefit plan audits, and cost testing, as well as inventory observations, efficiency, and management review. Shannon's industry experience includes government entities, nonprofit organizations, and manufacturing. Shannon regularly attends courses on utilizing IDEA data mining software, including seminars on Fighting Fraud with Data-Mining Techniques, and has implemented its use on numerous engagements. Shannon is our Firm's data mining expert and is widely recognized as a knowledgeable resource.

#### **Professional Affiliations**

- New York State Society of Certified Public Accountants (NYSSCPA) – Member
  - Government Accounting and Auditing Committee – Member
  - Mid-Hudson Chapter – Board of Directors Member
- American Institute of Certified Public Accountants (AICPA) – Member
- Association of Certified Fraud Examiners – Member
- NYS Government Finance Officers' Association – Member
- Patterns for Progress – Board Member

#### **Education**

- Marist College, Bachelor of Science in Accounting

#### **Licenses/Certification**

- Certified Public Accountant, New York
- Certified Fraud Examiner



**Linda M. Hannigan, CPA**

[lhannigan@rbtcpas.com](mailto:lhannigan@rbtcpas.com)

**Audit Director**

845.567.9000 Ext. 616



Linda is a Director of the Firm and responsible for Government Audit Services. She specializes in financial statements and single audits of municipalities and not-for-profit organizations. Linda has 30 years of experience in governmental accounting, auditing, and tax. Linda was also an Internal Auditor for Orange County earlier in her career. Linda has earned the AICPA Governmental/Not-for-profit Accounting & Auditing Certificate of Achievement and is also a graduate of Leadership Dutchess.

#### **Professional/Industry/Community Affiliations**

- American Institute of Certified Public Accountants (AICPA) – Member
- New York State Society of Certified Public Accountants (NYSSCPA) – Member
- NYS Government Finance Officers' Association (NYGFOA) – Member & Presenter
- Dutchess County Workforce Investment Board – Treasurer
- Bon Secours Community Hospital Foundation Board – President
- Bardavon 1812 Opera House – Board Member
- Hudson Valley Make-A-Wish Foundation – Former Board Member & Treasurer
- Goshen Public Library & Historical Society – Former Treasurer Trustee

#### **Practice Emphasis**

- Financial statements and audits of municipalities & not-for-profit organizations
- Single audits
- Accounting and consulting services for municipalities and not-for-profit organizations

#### **Education**

- St. Thomas Aquinas College, Bachelor of Science in Accounting

#### **Licenses/Certifications**

- Certified Public Accountant, New York



**Jennifer R. George, CPA**

[jgeorge@rbtcpas.com](mailto:jgeorge@rbtcpas.com)

**Compliance and Quality Control Partner**

845.567.9000 Ext. 613



Jennifer R. George is the Firm's Compliance and Quality Control Partner. Jennifer received her Master of Accounting and Bachelor of Business Administration from the University of North Carolina at Chapel Hill. Jennifer is a Certified Public Accountant licensed to practice in New York and New Jersey. Jennifer joined the Firm in March 1998. Prior to joining the Firm, she was an Auditor with Ernst & Young, LLP, in Raleigh, North Carolina. Jennifer was formerly in charge of the Firm's government audit team. Jennifer now heads the Firm's compliance and quality control review team and provides accounting research and implementation assistance to the Firm. Jennifer has extensive experience managing and conducting external audits and budget analyses at municipalities, internal audits at school districts, and auditing fire districts. Jennifer serves as an adjunct professor at Marist College in Poughkeepsie, NY, and previously taught at Mount Saint Mary College in Newburgh, NY.

#### **Professional and Community Service**

- New York State Society of Certified Public Accountants (NYSSCPA) – Member
  - Member and former Chair of Quality Control & Peer Review Committee
  - Member and Former Vice-President of the Board
  - Mid-Hudson Chapter – Member and Former President
- American Institute of Certified Public Accountants (AICPA) – Member and Former Councilmember
- Ulster Leadership Development Institute – Graduate

#### **Education**

- University of North Carolina at Chapel Hill – Master of Accounting and Bachelor of Business Administration

#### **Licenses/Certifications**

- Certified Public Accountant, New York
- Certified Public Accountant, New Jersey



**Donna L. Crowley, CPA**

[dcrowley@rbtcpas.com](mailto:dcrowley@rbtcpas.com)

**Audit Manager**

845.567.9000 Ext. 615



Donna Crowley is an Audit Manager in the Accounting and Auditing Department of RBT CPAs, LLP. Donna received her Bachelor of Science in Accounting from the State University of New York at Binghamton. Donna manages the Governmental Services unit within the audit department and her skills include: pre-audit review, engagement planning, internal control testing, financial statement QC review, supervising audit teams, internal auditing, and reviewing workpapers of School Districts, Fire Districts, and Municipalities. Prior to joining the Firm in September 2005, Donna's experience included six years of accounting experience in corporate accounting and over 12 years of experience in public accounting. Donna regularly attends meetings of the Orange County Association of Towns, Villages, and Cities, as well as seminars and conferences focusing on topics related to Uniform Guidance on Federal Awards, Yellow Book, and School District Internal Audits. Donna has also attended the AICPA's National Governmental and Not-for-Profit Training Programs along with the Public-School Conference, and the Government Accounting and Auditing Conference, both presented by the Foundation for Accounting Education.

#### **Professional Affiliations**

- American Institute of Certified Public Accountants (AICPA) – Member
- New York State Society of Certified Public Accountants (NYSSCPA) – Member
- Walkkill Central School District – Board Member and Audit Committee Chair
- NYS Association of School Business Officials (NYSASBO) – Member
- NYS Government Finance Officers' Association (NYGFOA) – Member

#### **Education**

- State University of New York at Binghamton, Bachelor of Science in Accounting

#### **Licenses/Certifications**

- Certified Public Accountant, New York



## Section 7: Audit Approach

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### Audit Purpose

Our audit will be made in accordance with generally accepted auditing standards and government auditing standards as prescribed by the U.S. General Accountability Office. The audit of the financial statements will be designed to express unmodified opinions on the basic financial statements. If applicable, we will also determine the Mid-Hudson Library System's compliance with Federal Program requirements pursuant to the Uniform Guidance.

### Phase I – Audit Planning

The planning phase will lay the foundation for the direction that the audit will take. It will encompass the following steps:

- Reviewing the Operating Environment  
Our first step will be to review our understanding of the Mid-Hudson Library System in order to be certain we are aware of its needs, desires, activities, and plans. This will be accomplished through meetings and discussions with management. Also, an "Audit Planning Letter" will be reviewed with management prior to the audit commencement date.
- Assessing Risk  
The first step in developing our audit approach is assessing the risk of a material misstatement of the financial statements.

The risk of material misstatement is the product of two risk components:

- Inherent Risk – risks inherent in the Mid-Hudson Library System without regard to controls, and
- Control Risk – the risk that internal controls fail to detect and correct the error

Inherent and control risk are specific to the audited entity. Once the risk of material misstatement is determined, we design our procedures to address the following:

- Audit Risk – the risk that the auditor's tests fail to detect the error

The risk-assessment auditing standards that we follow on all audit engagements include substantial procedural and documentation requirements. Our objective is to provide reasonable assurance that the financial statements are free of *material*



*misstatements*. We will need to explicitly assess and document the risk of material misstatement both 1) from the perspective of the financial statements as a whole and 2) from the perspective of each of the assertions applicable to various financial statement items.

Once risk has been assessed, the auditor then determines the nature and timing of audit procedures required to limit that risk to an acceptable level. To minimize the level of audit effort, we will concentrate our audit effort on those areas where the risk of material misstatement is greatest. In low risk areas, we will utilize limited audit procedures which may include extensive analytical techniques to support our opinion on the financial statements.

- Define Major Audit Objectives

We will define the audit objectives, concentrating on the identified areas of audit concern. Examples of audit objectives are:

- Proper recording of revenues;
- Expenditures and liabilities are recorded and charged to the proper account

- System Review - Review of Internal Controls and Procedures

We will identify and document the applicable internal controls and systems. We then "walk" selected transactions through the system to confirm that it is functioning as described. At this point, we document the system through the use of flow charts and narrative descriptions. Our next step is to make a tentative evaluation of the effectiveness of the system of internal control to determine the degree of reliance which may be placed upon the system. The final phase is to test the system for the purpose of confirming, modifying or rejecting our initial evaluation. Our samples are selected both judgmentally and statistically and encompass all major operations and funds. Our experience in the municipal field enables us to focus on specific areas so that we can perform a cost-effective audit. This will enable us to determine the appropriate amount of testing required. We will then design and tailor our audit procedures for the audit of the Mid-Hudson Library System.

- Develop a Tailored Audit Program

Based upon our understanding of the internal controls and the accounting systems, we will tailor our audit programs for the Mid-Hudson Library System. Specific procedures will be designed both from a compliance and substantive test point of view.



## Phase II - Field Work

The field work phase will lay the foundation for the basis of our opinion on the financial statements. Our approach will encompass the following steps:

- Critical Audit Areas  
Critical audit areas may relate to either financial statement items or financial statement disclosures. Factors that are used in determining critical audit areas include:
  - areas that involve a high degree of judgment;
  - areas requiring specialized skills; and
  - complex accounting applications
- Significant Audit Areas  
Significant audit areas typically include those characterized by a large number of transactions, large dollar balance, or risk of material misstatement. RBT CPAs may consider tax revenue, retirement expenditures, capital projects, payroll, and Federal and State aid/expenditures as significant audit areas.

## Phase III - Communication/Reporting

At the completion of the audit, we will review the financial statements, while in draft form, with the management of the Mid-Hudson Library System. As noted above, the financial statements are for the Mid-Hudson Library System and, while we render our opinions with respect to those statements, management must make the final decisions. Of course, we must be satisfied with the classification of amounts and the fairness of the overall presentation.

During this phase the financial statements will be thoroughly reviewed by the engagement partner, manager, and in-charge accountants. In addition, the quality review partner, Jennifer George, will offer her recommendations to achieve the high standards of reporting that the Mid-Hudson Library System deserves.

The management letter is a document that evolves from the audit process. It includes comments and suggestions for improvements in the systems of internal control. It also identifies areas of non-compliance that were identified as a result of the tests performed as well as significant transactions that would be of interest to management and the Board of Trustees. Since the management letter is a written communication to management and the Board of Trustees, we generally expand its contents to include new issues in the governmental finance environment which would be of interest to these parties. We review the contents of the letter with management only



to ensure that there are no misstatements of facts or observations. Upon completion of the review, the management letter is submitted to the Mid-Hudson Library System.

#### Phase IV - Communication/Meetings

Upon completion of the audit, we will render the following reports:

- a) A report on the fairness of presentation of the financial statements in conformity with generally accepted accounting principles.
- b) A report on the internal controls of the Mid-Hudson Library System.
- c) A report on the Mid-Hudson Library System's compliance with laws and regulations.
- d) A letter on control deficiencies, if any, or any other matters the auditor deems beneficial to present to the Mid-Hudson Library System.

It has been our experience that, in order for the Board of Trustees and Mid-Hudson Library System management to comprehend all the relevant financial data included in the report and to understand the significant management comments, the auditors should meet directly with these groups. For this reason, we will present the audit report and management letter to the Board of Trustees and Mid-Hudson Library System management.

In summary, we will attend the following meetings:

1. Entrance Conference with the Director
2. Pre-Audit Conference with the Mid-Hudson Library System's management/audit committee, as requested
3. Informal Exit Conference with the Director
4. Presentation of the final reports to the Board of Trustees

We will notify the Mid-Hudson Library System in the event that situations or concerns should arise during the audit. Specifically, expect to discuss matters as follows:

- o Auditor's responsibilities under GAGAS
- o Significant accounting policies





- o Management judgments and accounting estimates
- o Significant audit adjustments
- o Disagreements with management
- o Consultations with other accountants
- o Major issues discussed with management prior to retention
- o Difficulties encountered in performing the audit
- o A written list and explanation of all adjustments made to the financial reports and
- o Management letter, including recommendations for improvement

We will retain all material relevant to each audit for a minimum of seven years in compliance with our Firm policy.

#### **Software Use In Our Audit**

Our Firm has made significant investments in software and information technologies. All of our audit staff have state of the art laptop computers and work collaboratively using a paperless audit software application, CaseWare, which warehouses all of our audit work papers and includes numerous sophisticated software applications. CaseWare enables our auditors to share documents and applications and perform audit tests more efficiently and effectively. We use IDEA (sophisticated computer assisted audit technique software applications) to extract/analyze electronic data downloaded from our client's systems. These applications are also used to plan and evaluate audit sampling. In addition, all of our audit staff have access to web-based research tools (i.e., Thomson Reuters Checkpoint) to research unique accounting and audit related issues that may arise during the course of an audit.

#### **Timing and Completion**

The audit schedule will be performed within the following guidelines. All specific dates will be scheduled on days agreeable to the Library Director and Board of Trustees as mutually determined and completed by April 30<sup>th</sup>, as requested.

This timeline is, of course, predicated on the books and records being maintained in audit-ready condition.

Our proposed fee anticipates assistance by personnel in the finance department during the course of the audit to minimize our time. This assistance would include preparation of various schedules and analysis. The specific information would be determined in advance of our needs to minimize the disruption to their work requirements.



## Section 8: Fee Proposal

We estimate our fees for the services requested to be as follows:

Professional Service	2021	2022	2023	2024	2025
Auditing Services for the Mid-Hudson Library System	\$15,000	\$15,250	\$15,500	\$15,750	\$16,000
Preparation of New York State Annual Financial Report (if applicable)	\$1,025	\$1,050	\$1,075	\$1,100	\$1,125

We believe in "earning our way" and will continuously look for ways to increase the efficiency of our services each year, thereby keeping our fees at a fair level year after year.

If our estimate does not meet your expectation, please provide us an opportunity to review our fees and determine if our understanding is not correct. We would never want fees to preclude us from an opportunity to work with the Mid-Hudson Library System and its talented staff.

Our fee estimate is based on receiving final trial balances by an agreed upon date. Records and schedules should be in audit ready condition. For example, providing supporting schedules which agree to amounts reported on your trial balances. We also anticipate full support from your staff during your audit, in preparing schedules and analyses, gathering necessary documentation and data, and responding to inquiries in a timely manner.

Our fees contemplate routine consultation regarding accounting, tax, and other business matters. The Mid-Hudson Library System should not be concerned about receiving a separate bill for each phone call. In fact, we strongly encourage regular communication and the opportunity to resolve issues as they first appear. In general, we believe the key to fees for services is clear communication of what you will receive, when you will receive it, and how much it will cost. Whether it is through the financial and operational focus of our audit, our year-round service philosophy, or a special consulting assignment, you can always be assured we are committed to quality service that provides demonstrable value.



From time to time, however, you may request that we perform services that are above and beyond the scope of the audit process, which may require the use of specialized staff and consultants. Such special services would be billed separately. We will, of course, discuss the objectives of all such projects and provide you with an estimate of the related fees before beginning any work. Further, we will provide updated estimates of time and fees should the scope of the project change before its completion.

Our standard rates by level of staff are as follows:	2021
Partner	\$345
Manager	\$310
Supervisor	\$280
Senior Accountant	\$235
In-Charge Accountant	\$180
Associate Accountant	\$150



## Exhibit A: Peer Review Report

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**B&R** Boyer & Ritter LLC  
Certified Public Accountants and Consultants

211 House Ave., Camp Hill, PA 17011  
P.O. Box 8300, Camp Hill, PA 17001-8300  
Tel: 717.761.7210 | Fax: 717.761.7134  
www.cpabr.com

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

To the Partners of  
RBT CPAs, LLP

Peer Review Committee of the  
New York Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of RBT CPAs, LLP (the firm) in effect for the year ended March 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

#### Firm's Responsibility

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

#### Peer Reviewer's Responsibility

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

#### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.



**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of RBT CPAs, LLP in effect for the year ended March 31, 2017, 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*. RBT CPAs, LLP has received a peer review rating of *pass*.

A handwritten signature in black ink, reading "Boyer &amp; Ritter". The signature is written in a cursive, flowing style.

Camp Hill, Pennsylvania  
November 15, 2017



**Exhibit B: Table of Contents for Reports Issued to  
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**BLODGETT MEMORIAL LIBRARY DISTRICT OF FISHKILL**

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**SOUTHEASTERN NY LIBRARY RESOURCES COUNCIL**

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