

A Proposal to Provide  
Professional Auditing Services  
and  
Agreed-upon Procedures  
to the  
Poughkeepsies' Joint Water Project Board  
Poughkeepsie, New York  
January 26, 2018

RBT CPAs, LLP  
2678 South Road, Suite 101  
Poughkeepsie, NY 12601  
845-485-5510



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS



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January 26, 2017

Poughkeepsies' Joint Water Project Board  
3431 North Road  
Poughkeepsie, New York 12601

Dear Poughkeepsies' Joint Water Project Board,

Thank you for inviting our Firm to propose annual financial statement auditing services and agreed-upon procedures to the Poughkeepsies' Joint Water Project Board (Board) for the fiscal years ending December 31, 2017, and 2018 in compliance with GAAP and GASB.

RBT CPAs, LLP, (formerly Sedore & Company, CPAs, PC, and Vanacore, DeBenedictus, DiGiovanni & Weddell, LLP,) has earned a solid reputation for providing the highest quality Audit, Tax, Accounting and Business Development services over a forty nine year history in the Hudson Valley. We are totally committed to the needs of our clients and are widely recognized for our "Clients Come First" attitude. This culture differentiates our Firm from others.

The purpose of this proposal is to confirm our understanding of the requested services, to provide references and information about our Firm, to explain our audit process, and to propose a fee for our services. Our fees do not include unforeseen events over which we have no control.

We understand the scope of services to be provided as specified in your Request for Proposals, which are due January 26, 2017.

The partners, professional staff and administration of RBT CPAs, LLP, are committed to meeting and exceeding your expectations. The enclosed proposal outlines in more detail how we plan to achieve these goals.

We will be pleased to present this proposal to you in person

Please contact us at 845-485-5510, if you have any questions or comments regarding this proposal.

Very truly yours,

**RBT CPAs, LLP**

William Cochran, CPA, CPE, MBA  
Audit Partner

Linda Hannigan, CPA  
Director of Government Audit Services

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## About Our Firm

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Founded in 1969, RBT CPAs, LLP, celebrates 49 years of providing audit, tax, accounting, employee benefit plan audits, and consulting services to privately held businesses, non-profit entities, and governmental organizations in the Hudson Valley and New York Metropolitan Area. With offices in Poughkeepsie, Newburgh, and Sullivan County, we are one of the largest public accounting firms in the Hudson Valley. Our team serves a variety of clients and our size, strength and resources allow us to provide our clients with the personal attention they deserve.

RBT's team of 112 professionals includes 12 partners and 48 Certified Public Accountants. There are 20 professionals dedicated to our government and non-profit audit unit including a compliance and quality control partner. This engagement will be performed in our Poughkeepsie office.

## Experience

A significant portion of our client base is comprised of municipal and governmental organizations or similar entities, including Towns, Villages, Cities, Public Authorities, Fire Districts, and School Districts.

## Qualifications and Resources

We tailor our accounting services to fit each client's unique needs. Our Team specializes in governmental and not-for-profit audits and will work closely with you and your team to serve the auditing and financial reporting needs of the Board. With the increased scrutiny being placed on audits, it is critical for your auditor to stay current with all the new regulations and requirements. Our Firm is committed to providing quality audits and our Team members attend focused training in the governmental and not-for-profit area. 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.



## RSM US Alliance

RBT CPAs, LLP, is proud to have been qualified by the national accounting firm of RSM US LLP, (formerly known as McGladrey 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 a full range of resources and services of RSM US, LLP, including their experience and industry expertise with municipalities and other governmental organizations, commercial businesses, 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.

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.



### **Independence Affirmation**

We have reviewed the rules of independence of the New York State Board for Public Accountancy and the independence standards promulgated by the American Institute of Certified Public Accountants and determined that our independence would not be impaired should we be selected as your auditors. We are also independent as defined by Governmental Auditing Standards issued by the US GAO.

### **Your Engagement Team**

Our audit of the Board will be conducted by a team of trained, dedicated professionals who are engaged in serving the auditing and consulting needs of authorities, agencies, and municipalities. Our specialized proficiency with government organizations, together with experience in the review of accounting systems, enables us to perform the audit in an efficient and effective manner. Accessibility to the Partners, members of the engagement team, and the resources of our Firm, has been the cornerstone of our approach to client relations. RBT's experienced governmental audit team consists of eighteen members including two partners.

William Cochran, CPA, CFE, MBA, will be your engagement partner, and Linda Hannigan, CPA, Director of Government Audit Services, will be responsible for the audit. They each have significant experience in planning, conducting and reviewing audits of financial statement and OMB A-133 audits, if appropriate, of clients like the Poughkeepsies' Joint Water Project Board. Other team member will be appointed when we are awarded this audit.

Our combined years of industry experience, as well as our adherence to continuing professional education requirements for all staff working in the field, allows us to provide exceptional service to our clients.

### **Engagement Team Continuity**

We make every effort to ensure staff continuity. To minimize turnover for the firm as a whole, we invest significant amounts of time, money and energy in developing our team members. We feel that the skills, knowledge and capabilities of our team members are absolutely central to the success of our organization. We also believe strongly in achieving the right balance between our personal and professional lives. Our Firm promotes shared values of integrity, quality, teamwork, harmony, commitment and respect in dealings both within the team and with our valued clients. As a result, we enjoy a low turnover rate as compared to the industry standard.

### **Regulatory Action and Litigation**

There are no current or prior civil or criminal investigations, pertinent litigation, regulatory or professional actions involving our Firm or any of our employees that could impact our ability to provide professional auditing, tax, or other services to the Board.

### **Peer Review**

We participate in the AICPA's peer review program for CPA firms in New York State. A copy of our most recent (August 21, 2014) peer review report is included in this proposal and it is noteworthy that we did not receive any letters of comment.

### **Affirmation**

All employees represented as Certified Public Accountants (CPA) by the Firm are currently registered to practice public accounting in New York State and are current with the continuing professional education (CPE) required to perform government audits.

### **Professional Liability Insurance**

RBT CPAs, LLP, maintains the requisite professional liability necessary for the conduct of our business. Certificates of insurance are available on request.

### **Quality Control**

In order to ensure that our final audit documentation and financial statements are of the highest quality, all files and reports are reviewed by various members of the engagement team. Each review focuses on specific areas of the audit with intentional overlap so that every part of the audit is reviewed at least twice.

### **Task I**

#### ***Audit Approach***

#### ***Technology***

RBT uses a proprietary audit platform that is provided under a license arrangement with RSM (formerly McGladrey), which is the fifth largest accounting and consulting firm in the United States. We also use sophisticated data-mining software (IDEA) during our audit process.

#### ***Communication***

Our communications with the Board will be based on the nature of the issue to be discussed. All requests for information will initially go to the appropriate designee. The Board will be notified if we have any difficulty obtaining the information. The Board will also be notified if we encounter any issues during the audit and we will meet with them to review the results of the audit.

#### ***Audit Timetable***

We understand and are sensitive to your need for timely financial statements. We will schedule a convenient time to start our fieldwork and we anticipate delivering the final product at an agreed upon time. Our timetable is dependent upon receipt of annual report and other client prepared materials. Upon appointment, we will establish a timetable with milestones to be met. We will keep you abreast of the progress of the audit at all times. We will also highlight anticipated issues and address them early. We are confident, that working together, we can ensure the timeliness of your fiscal year-end financial reporting.

***Audit Process***

The major phases of our audits are Planning and Risk Assessment, Fieldwork, Reporting and Communication. A brief description of each of these phases is as follows:

*Planning and Risk Assessment*

During the initial phase of the audit, we will document the Board's internal control processes and procedures and perform walk-throughs to ensure that they are operating as intended. Using this information, we will assess the control and inherent risks of the various accounts and functions. Based on these assessments, we will determine which areas represent a risk of material misstatement to the financial statements and concentrate our substantive testing in those areas. We will then develop an audit plan which includes tailoring audit programs and procedures specific to the Board, understanding and working with management through the assessment of internal control over financial reporting, discussing a list of client-prepared schedules, and arranging the exact time of fieldwork.

*Fieldwork*

Fieldwork is the largest part of the audit process and consists of substantive audit tests (such as detailed testing and confirmation work) and analytical procedures (such as a variance analysis). We will make every effort to provide a draft of the financial statements during or shortly after fieldwork so that management can review and make any necessary changes. At the conclusion of fieldwork, we will discuss the results of our work and our preliminary recommendations with management.

*Reporting*

After completion of fieldwork, the workpapers and financial statements will go through the quality control process as explained on the following page. When our internal review is complete, the audit team will review the results of the audit, including management comments and observations, with management.

*Communication*

Upon completion of these reviews, we will issue the audited financial statements and meet with the Board to discuss the results of the audit process, including any control deficiencies or operational suggestions noted during the audit.

These procedures will be customized to meet the specific needs of the Board. The timeframes can be adjusted to meet your needs. We have assembled an engagement team with the experience and commitment to meet your deadlines.

***Engagement Review Process***

Certain reviews are necessary to ensure that we have reasonable basis for our audit opinion and that an appropriate opinion is being expressed. The audit report is the means by which we externally communicate our audit conclusions. Four Firm members assume special responsibilities for the review; the senior accountant, manager, engagement partner, and concurring review partner. The following are the stages of review:

1. Engagement Administration Review - The senior accountant needs to be satisfied that the engagement staff has gathered evidence in compliance with the audit program and that audit documentation is in accordance with our standards. The senior accountant has the responsibility for identifying problems that would require significant modification in the audit program and bringing them to the attention of the manager and partner.
2. Fairness Review - This review is conducted by a manager who is an experienced and knowledgeable professional. The objective of the fairness review is to ascertain that, based on all the evidence gathered, we have a reasonable basis for the expression of an opinion on the financial statements taken as a whole.
3. Partner Review - The partner has full and final responsibility for the audit report and must ensure that our work product is in compliance with our basic audit policies. The engagement partner must be satisfied that we have a reasonable basis for the expression of an opinion on the financial statements taken as a whole or, if one cannot be expressed, that there is adequate documentation to justify that position.
4. Concurring Review - Before the audit report, financial statements, and any internal control letters are released, they must be reviewed by an audit partner not otherwise associated with the engagement. Applies to high-risk audits only.

These quality standards apply to all our attest work, including audits, compilations, reviews and other attestation engagements.

***New Accounting Pronouncements***

We will send you information about any new pronouncements which we feel will impact the Board. We will be available to assist with implementing any new requirements if you feel that you need outside assistance.

**Task II**

***Agreed-upon Procedures***

We will perform procedures to determine compliance with the OSC findings and recommendations, and report on that compliance on a semi-annual basis. We anticipate performing these procedures two months after the period end or after the records are closed, whichever is later.

**Office Locations in New York State**

11 Racquet Road  
Newburgh, NY 12550

2678 South Road Suite 101  
Poughkeepsie, NY 12601

51 Sullivan St  
Wurtsboro, NY 12790





**References–Partial List**

Town of Newburgh  
Gil Piquadio, Supervisor  
Ronald Clum, Accountant  
845-564-4552

Dutchess County Water and Wastewater  
Authority  
Mary Morris, Deputy Executive Director  
845-486-3639

Dutchess County Resource Recovery Agency  
Lindsay Carille, Interim Executive Director  
845-463-6030

Town of Warwick  
Michael Sweeton, Supervisor  
845-986-1120 ext.240

**Municipal Clients**

City of Kingston  
City of Middletown CDA  
City of Newburgh  
City of Poughkeepsie  
County of Sullivan IDA  
Dutchess County IDA  
Dutchess County LDC  
Dutchess County RRA  
Dutchess County WWA  
Accord Fire District  
Arlington Fire District  
Beekman Fire District  
Bloomingburg Fire District  
Cronomer Valley Fire District  
Ellenville Fire District  
Fairview Fire District  
Gardiner Fire District  
Garrison Fire District  
Good Will Fire District  
Greenville Township FD  
Highland Fire District  
Howells Fire District  
Hughsonville Fire District  
Hyde Park Fire & Water District  
LaGrange Fire District  
Mechanicstown Fire District  
Milton Fire District  
Modena Fire District  
Montrose Fire District  
Napanoch Fire District

North Castle Fire District #2  
Pawling Fire District  
Pine Island Fire District  
Plattekill No. 1 Fire District  
Silver Lake Fire District  
Sparrowbush Fire District  
Tallman Fire District  
Vails Gate Fire District  
Valley Cottage Fire District  
Walkkill Fire District  
Warwick Fire District  
West Clinton Fire District  
Wurtsboro FD  
Dutchess County Hotel Tax  
Dutchess Community College  
Eldred CSD  
Irvington Union Free School  
Liberty CSD  
Marlboro CSD  
Haverstraw-Stony Point CSD  
Pawling CSD  
Pearl River UFSD  
Pine Bush CSD  
Rhinebeck CSD  
Tuxedo UFSD  
Wappingers CSD  
Pawling Joint Sewer - O & M  
Joint Regional Sewerage Board  
Tri-Municipal Sewer - O & M  
Town of Wallkill - IDA

Town of Amenia  
Town of Callicoon  
Town of Dover  
Town of Fremont  
Town of Highlands  
Town of Marlborough  
Town of Monroe  
Town of Newburgh  
Town of Newburgh Justice Court  
Town of Pawling  
Town of Plattekill  
Town of Poughkeepsie  
Town of Wallkill  
Town of Wappinger  
Town of Warwick  
Town of Warwick Justice Court  
Town of Wawayanda, LDC  
Village of Bloomingburg  
Village of Chester  
Village of Fishkill  
Village of Harriman  
Village of Millerton  
Village of Nyack  
Village of Pawling  
Village of Pawling - Parking Fund  
Village of Rhinebeck  
Village of Wappingers Falls  
Greater Wawarsing LDC  
Ulster County District Attorney

### **A Word About Fees**

Our proposed fees are based on our experienced estimate of the time required for your engagement team professionals to complete required auditing tasks to a high standard. At RBT CPAs, LLP, we believe that our proposed fees reflect our commitment to providing high-quality services at fair rates. You will be a highly valued client and will receive the benefit of our extensive resources. *However, if after reviewing our proposal fees are a substantive issue, please contact us before making your final decision.* We look forward to working with you.

It is also important to note that if at any time it appears that our estimates will be exceeded for any reason, we will not proceed further without first notifying the Board, and discussing the issues. In the event the actual hours required to perform our work is significantly less than estimated, we will reduce the fee accordingly.

### **Why Choose Us?**

RBT CPAs, LLP has earned a solid reputation of *accessibility, responsiveness, and timeliness* while providing the highest quality Audit, Tax and Accounting services over a forty nine year history in the Hudson Valley. We are totally committed to the needs of our clients and we are widely recognized for treating all our clients with the professionalism they expect and deserve.

To maintain this reputation, we continue to employ the best professionals and staff available, provide them with advanced training, and give them the opportunity to grow personally and professionally with us, our clients and the community. As a result, we enjoy a significantly lower turnover rate than other firms. It is that continuity that drives our Clients Come First culture.

Ultimately, you benefit by being serviced and advised by highly skilled professionals who focus on the needs of the Poughkeepsies' Joint Water Project Board.

FEE SPECIFICATION SHEET

POUGHKEEPSIES' JOINT WATER PROJECT BOARD  
ANNUAL ACCOUNTING AND AUDIT  
YEAR ENDED DECEMBER 31, 2017 AND  
DECEMBER 31, 2018

Fee for the engagement for Task I as outlined above:

Year ending December 31, 2017	<u>\$8,000</u>
Year ending December 31, 2018	<u>\$8,000</u>

COMPLIANCE AUDIT WITH THE STATE COMPTROLLER REPORT OF  
EXAMINATION

Fee for the engagement as outlined above for Task II:

Year ending December 31, 2017	<u>\$6,000</u>
Year ending December 31, 2018	<u>\$6,000</u>

## Engagement Team Biographies

**William H. Cochran, CPA, CFE, MBA**  
**Audit Partner**



**RBT CPAs, LLP**  
Newburgh, New York  
wcochran@rbtcpas.com  
845.567.9000

### Summary of Experience

Bill is an Audit Partner specializing in audits of municipalities, school districts, fire districts, and non-profit organizations.

Bill's education includes a Bachelor of Science from the College of Charleston and a Master of Business Administration from The Citadel. In addition, he is a Certified Fraud Examiner.

Bill has over twenty years of experience in both the private and public sector. His experience includes working for large, medium, and small accounting firms, which has exposed him to many different aspects of the government and non-profit community. Bill's audit experience includes conducting HUD (US Department of Housing and Urban Development) and NYS CFR (Consolidated Financial Reporting) audits.

His Professional Memberships include the New York State Society of Certified Public Accountants, Association of Certified Fraud Examiners, and the NYS Government Finance Officers' Association.

Bill is an active member of the Plattekill NY, Fire Department.

## Engagement Team Biographies

**Linda M. Hannigan, CPA**  
**Director of Government Audit Services**



**RBT CPAs, LLP**  
Newburgh, New York  
lhannigan@rbtcpas.com  
845.567.9000

### Summary of Experience

Linda is a Director of the Firm and responsible for Government Audit Services. Linda specializes in financial statement and single audits of municipalities and not-for-profit organizations.

Linda has nearly thirty years of experience in auditing, tax and accounting. She has earned the AICPA Governmental/Not-for-profit Accounting & Auditing Certificate of Achievement and she is also a graduate of Leadership Dutchess.

Her Professional Memberships include the American Institute of Certified Public Accountants, New York State Society of Certified Public Accountants, the Association of Certified Fraud Examiners, and the NYS Government Finance Officers' Association where she is a frequent and popular presenter.

Linda is currently Treasurer of the Dutchess County Workforce Investment Board, Treasurer of the Bon Secours Community Hospital Foundation Board and a member of the Orange County Citizens Foundation. She is a board member and former Treasurer of the Hudson Valley Make-A-Wish Foundation as well as a former Trustee and Treasurer of the Goshen Public Library and Historical Society.

## System Review Report

To the Partners of  
Vanacore, DeBenedictus, DiGiovanni & Weddell, LLP

Peer Review Committee of  
New York Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Vanacore, DeBenedictus, DiGiovanni & Weddell, LLP (the firm) in effect for the year ended March 31, 2014. 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 a 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 on 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](http://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 Vanacore, DeBenedictus, DiGiovanni & Weddell, LLP in effect for the year ended March 31, 2014, 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*. Vanacore, DeBenedictus, DiGiovanni & Weddell, LLP has received a peer review rating of *pass*.



Camp Hill, Pennsylvania  
August 21, 2014