

TECHNICAL PROPOSAL FOR
EXTERNAL AUDITING SERVICES
For the Fiscal Year Ending June 30, 2023
With an Option to Renew for the Years Ending
June 30, 2024, 2025, 2026 and 2027

PRESENTED TO
YONKERS CITY SCHOOL DISTRICT

October 28, 2022

Presented To:

Debra Censi
Purchasing Department

Submitted By:

Nicholas DeSantis, Partner;
ndesantis@pkfod.com
Jeffrey Shaver, Partner;
jshaver@pkfod.com

PKF O'Connor Davies, LLP
500 Mamaroneck Avenue
Harrison, New York 10528

(914) 421-5600



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October 28, 2022

Debra Censi, Purchasing Department
Yonkers City School District
One Larkin Center, 3rd Floor
Yonkers, New York 10701

Dear Ms. Censi:

PKF O'Connor Davies is pleased to present this proposal for providing external auditing services to the Yonkers City School District ("School District") for the fiscal year ending June 30, 2023; with an option to renew for the years ending June 30, 2024, 2025, 2026 and 2027. We have an understanding of the work to be performed based on our review of the request for proposal and our prior experience with the School District. We are confident that our seasoned professionals, experience in the government sector (particularly School District finance) and significant level of partner involvement would continue to exceed your highest expectations. The contents of this proposal represent a firm and irrevocable offer to provide the requested services and is valid for a period of one hundred twenty (120) days from the date of this letter.

Our extensive credentials and experience providing accounting, auditing and management advisory services to government entities for more than 60 years equips our specialists to help navigate the various regulatory requirements and fiscal pressures facing the School District today. Combining deep industry knowledge, cross-functional insight and expertise, our specialists are ideally qualified to assist with all aspects of the School District's financial and management operations.

We will assign professional staff members that not only possess extensive experience in the government sector and School Districts in particular, but are considered experts in their field. The members of the Firm that will be assigned to the engagement will be led by Nicholas DeSantis and Jeffrey Shaver, Partners from the PKF O'Connor Davies Public Sector Division. Nick and Jeff will be assisted by a Supervisor, Colleen Harris, and several staff members that specialize in auditing School Districts.

Our team has gained years of relevant experience through the provision of professional services to large public sector clients, inclusive of school districts, towns, counties, cities, villages and state authorities. Our specialists in governmental accounting and management advisory services will be instrumental in assisting the School District in addressing the challenges that lie ahead and reaching your strategic goals. **Members of the proposed engagement team have a significant amount of experience with school districts, including the School Districts of: Mount Vernon, Lakeland, Somers, Brewster and Katonah-Lewisboro.**

We look forward to continuing an excellent working relationship with the School District, which is based on professionalism and trust. We commit to you and confirm that we will provide our services on a timely basis. **Due to our geographic proximity to the School District, we will be available for meetings and will always return phone calls and emails in a timely fashion.** Excellent client service is a critical component of how we differentiate ourselves with other accounting firms. If you have any questions regarding our proposal or any other matter of concern, please do not hesitate to contact us directly at (914) 421-5600 or ndesantis@pkfod.com or jshaver@pkfod.com.

Very truly yours,



Nicholas DeSantis
Partner



Jeffrey C. Shaver
Partner

500 Mamaroneck Avenue, Suite 301 | Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | www.pkfod.com

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OUR UNDERSTANDING OF YOUR NEEDS

Based on the information provided to us, it is our understanding that you require the following services for the fiscal year ending June 30, 2023, with an option to renew for the years ending June 30, 2024, 2025, 2026 and 2027.

- Audit of your School District's financial statements in accordance with U.S. GAAP, including a reporting package, specifically we will issue the following:
- Independent Auditors' Report on Basic Financial Statements Accompanied by Required Supplementary Information - A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
- Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
- Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance, if applicable.
- Independent Auditors' Report on Extraclassroom Activity Funds, statement of cash receipts, cash disbursements and cash balances.

As part of our responsibility to perform these services, our engagement team is available to you throughout the year for consultation on these and any other issues that may arise.

We look forward to the opportunity to work with you on this important engagement.

QUALIFICATIONS

Organization and Size of Firm

PKF O'Connor Davies is a full service Certified Public Accounting and consulting firm that has a long history of serving clients both domestically and internationally and providing specialized professional services of the highest quality. With roots tracing back to 1891, our firm is comprised of more than 1,400 professionals, including over 200 partners and 19 offices located throughout New York, New Jersey, Connecticut, Maryland, Rhode Island, Massachusetts and Florida.

While many public accounting firms venture into the arena, only a few possess a thorough knowledge of its complexities and only one has a concentration of technical resources which is unmatched in the Tri-State and D.C. Metropolitan regions. We are acknowledged as a premier firm in the Tri-State and D.C. Metropolitan regions in accounting, auditing and advisory services. This distinction has been garnered from many years of service to the public/private sector. This technical knowledge of accounting is not restricted to the partners, but pervades all levels of the Firm. The dissemination of this knowledge enhances the efficiency and effectiveness of the audit process.

Our partners and professionals are experienced in a full range of services including financial audits, agreed upon procedures, establishment of internal controls, tax compliance and planning, consolidated fiscal reports, internal control reviews, organizational and operational studies, merger and acquisition strategies, due diligence, investment performance evaluations, inventory cost accounting, profit enhancement studies, fraud and forensic accounting, pension plan compliance, portfolio best practices consulting, arrangement of financing, business valuations, business plan development, and information technology audits.

We have built strong relationships with our 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.

With its tradition, experience, and an eye toward the future, PKF O'Connor Davies is ready to help its clients meet today's ever-changing economic conditions and manage the growing complexities of the regulatory environment.

Global, National and Local Presence

PKF O'Connor Davies' renowned client service is available on a worldwide scale, thanks to our leadership role in the PKF International Network of accountants and business advisors – ensuring you access to expertise wherever you take your operations and wherever you envision your growth. Whether you need entry into overseas markets, assistance deciphering foreign tax code or an international business valuation, your engagement team serves as liaison to more than 400 member firms located in 150 countries.

Throughout the U.S. tristate and mid-Atlantic regions, over 135 partners and 1,400 professionals serve clients at 19 strategically located business offices. Unlike many larger firms, PKF O'Connor Davies possesses the resources and agility to deliver comprehensive, global service and focused, personal attention.

The following is a listing of total employees and their respective levels.

Staff Level	# of Employees
Partner, Principal and Director	270
Senior Manager and Manager	350
Supervisor	200
Associate and Senior Associate	400
Bookkeepers, Paraprofessionals, Other	50
Administrative Professionals	100
Internal Operations	40

PKF O'Connor Davies currently has 650 CPA's.

Our Harrison, NY Office

The Harrison, NY office is headquarters to the PKF O'Connor Davies' Public Sector Division. The office consists of approximately 220 professionals including 50 partners and principals, of which 8 are Public Sector Practice Leads. The Public Sector leaders and subject matter experts located in our Harrison office deliver the highest level of public sector services and work closely with subject matter experts across the firm to deliver the same through teams led and staffed locally. Our clients in New York benefit by having ready access to talented professionals with local knowledge and diverse experience that are backed by the full depth and resources of one of the leading audit, accounting and advisory firms in the country.

License to Practice in New York State

PKF O'Connor Davies is a firm of certified public accountants licensed to practice in the State of New York. All key personnel assigned to the engagement are licensed to practice in New York State and have satisfied all continuing professional education ("CPE") requirements as required by the State Department of Education, the American Institute of Certified Public Accountants and the Comptroller General of the United States. In order to perform an audit of federal funds, known as the "Single Audit", 24 hours of CPE every two years must be in subjects related to governmental auditing. All supervisory staff assigned to public sector audits meet this requirement.

Experience Compiling Annual Comprehensive Financial Reports ("ACFR")

PKF O'Connor Davies' engagement team members have significant experience in the preparation of Annual Comprehensive Financial Reports ("ACFR"). In addition, two Partners of the Firm, are certified GFOA reviewers and in this role they analyze financial statements submitted by municipalities throughout the country that apply for a GFOA Certificate of Achievement. This enables our team to keep abreast of local trends, identify issues and challenges and provide solutions to minimize potential risks and maximize opportunities.

Our services include guidance and assistance with the transmittal letter and statistical section, preparation of responses to comments and a dual in-house comparison of the entire document with the extensive program questionnaire provided to program review committee members. Our guidance and assistance has resulted in the awarding of a certificate for first year submission and has significantly reduced comments on subsequent submissions. PKF O'Connor Davies firmly believes in the value of the programs and encourages participation by all governments.

The governments listed below obtained Certificates of Achievement from the GFOA as clients of our Firm.

PKF O'Connor Davies Clients: Recipients of Certificate of Achievement	
Orange County	Town of Cortlandt
Putnam County	Town of Eastchester
Rockland County	Town of Greenburgh
Sullivan County	Town of New Castle
Westchester County	Town of North Castle
City of Mount Vernon	Town of Orangetown
City of New Rochelle	Village of Dobbs Ferry
City of Peekskill	Village of Mount Kisco
City of White Plains	Village of Ossining
City of Yonkers	Harrison Union Free School District*
Town of Carmel	City School District of New Rochelle*
Town of North Hempstead	

*PKF O'Connor Davies has assisted the listed school districts in obtaining the international ASBO Certificate of Excellence.

PEER REVIEWS

Annual Inspection

Our Quality Control Department randomly selects one representative client assignment from each partner's client list and examines all the documentation, workpapers and reports associated with it. The detailed written findings are discussed with the respective partner. Our last office inspection was conducted in 2021. No material weaknesses were uncovered.

Triennial Peer Review

As a member of the AICPA Center for Audit Quality, the Firm has undergone triennial AICPA Quality Control Reviews covering audits, reviews and compilations conducted by all our offices for many years. It has passed all such reviews with unqualified reports. Our most recent review was conducted in June 2020 for the period ended December 31, 2019. The Firm's peer review report is available on the AICPA website (www.aicpa.org) and is attached to this proposal as **Appendix B**.

Triennial PCAOB Inspection

The Firm is a registered public accounting firm with the Public Company Accounting Oversight Board ("PCAOB") which requires that our SEC practice be reviewed triennially. Our most recent inspection was conducted in October 2016. Reports from the PCAOB on their inspections can be found on the PCAOB website (www.pcaobus.org).

Independence/Conflict of Interest

A conflict of interest is not taken lightly at our Firm. Conflict checks are performed immediately when presented with an opportunity to provide services. A firm-wide conflict check is sent out to all employees via email before any engagement can commence. As a result, we can confidently report that we are currently independent with respect to the School District, and would remain so as long as we serve as your auditors.

There has been no disciplinary action taken or pending against PKF O'Connor Davies during the past three (3) years.

Federal or State Desk Review or Field Reviews

PKF O'Connor Davies has been audited by the US Department of Housing and Urban Development relative to our HUD audits. PKF O'Connor Davies performed successfully during this review and there has been no disciplinary action taken or pending against us during the past three (3) years.

ENGAGEMENT DETAILS

Services for the Public Sector

For those who choose a life in public service, the rewards are many. The challenges, however, include changing budgetary priorities, restrictive regulations and time-consuming demands for transparency. Not only do these challenges divert attention from everyday operations, they require the development of specific solutions, customized procedures and processes — which is why so many government officials and managers seek the help of experts like ours.

PKF O'Connor Davies is recognized as one of the tri-state area's premier providers of accounting, auditing and advisory services for public sector organizations. Offering a bridge between accounting practices and financial management, we assist our clients in resolving complex regulatory issues, fulfilling critical reporting requirements and more. We deliver extensive resources to public sector organizations of every size while simultaneously offering the concentrated personal attention that many larger firms cannot.

The Singular Focus Only Specialists Can Deliver

Proactive, thorough and efficient— these are the qualities that equip our public sector services professionals to forge productive, long-lasting relationships with clients. Our specialists deliver attentive, responsive service to government officials and managers on a continuous basis. They are led by partners who are actively involved in the engagement on a daily basis. As a result, our clients rely on us for exceptional and cost-effective service.

Each of our specialists participates in extensive, ongoing municipal finance training in order to stay abreast of the latest issues and trends. Many are involved in various national and local professional organizations as well as numerous government and accounting organizations, including:

- ASBO - Association of School Business Officials: National, New York and New Jersey Chapters
- GFOA - Government Finance Officers Association: National, New York and Connecticut Chapters
- AICPA - American Institute of Certified Public Accountants
- NYSSCPA - New York State Society of Certified Public Accountants
- CTCPA - Connecticut State Society of Certified Public Accountants
- NJCPA – New Jersey Society of Certified Public Accountants

Trusted by a Diverse Constituency

Our client base extends throughout the tri-state area and includes:

- | | | |
|--------------------|----------------------|-------------------------------|
| ▪ School Districts | ▪ Public Authorities | ▪ Justice Courts |
| ▪ Towns | ▪ Counties | ▪ Fire Districts |
| ▪ Villages | ▪ State Agencies | ▪ Hospitals and Nursing Homes |
| ▪ Cities | ▪ Boroughs | ▪ Educational Institutions |

Our Audit Approach

Our commitment to open communication is evident from the beginning of our engagement with you. We will meet with you to confirm our understanding of audit risk, your issues of concern, expectations, and timing. Based on these meetings, we create an engagement plan that reflects our dedication to providing the high quality services you expect and deserve.

Our flexible, risk-based approach requires attention from the most experienced members of the engagement team. Partners on the engagement team are actively involved in all phases of the audit to ensure that we target audit risk areas, audit objectives and conduct the audit in the most efficient manner possible.

Audit Phases

We conduct our audit using a phased approach, which includes planning/risk assessment procedures, fieldwork, reporting, and communication. The following describes each phase:



Phase I – Planning/Risk Assessment

Understanding Your Needs

Our first step is to confirm our understanding of your needs, issues of concern, and deadlines. We accomplish this through meetings and discussions with senior management and by communicating with those charged with governance (“TCWG”), typically either the audit committee or Board of Education, as applicable.

Assessing Risk

A thorough risk assessment is essential to ensuring that the audit is both effective and efficient. Our risk assessment process evaluates the likelihood of a material misstatement of the financial statements whether due to error or fraud. This risk assessment process involves obtaining an understanding of your organization, including but not limited to, its structure, operations, industry, economic conditions, regulatory environment, and reporting framework. We obtain this understanding by, among other procedures, inquiry of personnel and management, review of historical data, and reading various documents.

Review of Internal Controls

During the risk assessment process, we gain an understanding of the internal controls that affect your financial reporting to both determine where misstatements may occur and to assist in designing our audit procedures. This understanding is obtained by a combination of inquiry, observation, re-performance, and walkthroughs. Although not required, if deemed efficient, we may conduct further testing of controls to increase our reliance on those controls and reduce the amount of substantive testing. It is important to note, that while risk assessment occurs early in the audit engagement, the process continues throughout the engagement as new risks are identified that may require a change to our planned audit approach.

Information Technology Environment

We will review your information technology environment to determine its effect on financial reporting and how it effects the risk of material misstatement. This review is scaled to the sophistication and complexities of the information system. Where necessary, we will deploy specialists to evaluate your information system.

Review Financial and Other Data

We will perform analytical procedures during our risk assessment. These procedures may include trend analysis, ratio analysis, reasonableness, and regression analysis. These procedures are designed to detect anomalies in financial data and identify potential misstatements. We use computer aided audit techniques (“CAATs”) to evaluate large sets of data. Frequently, we benchmark certain ratios against industry benchmarks.

Identify Critical Audit Areas

Critical audit areas typically relate to either financial statement amounts or financial statement disclosures. To discern whether there are any areas that require focused attention, we leverage our experience, judgment and sophisticated audit applications.

Once risk has been assessed, we determine the nature and timing of audit procedures required to reduce such risk to an acceptable level. To streamline the audit effort, we concentrate a majority of our substantive testing procedures on those areas with the greatest risk of material misstatement. Conversely, we test areas with less risk to a lesser extent.

Phase II – Substantive Testing

Develop a Customized Audit Program

Based upon our review of the current year's risk assessment, we tailor our audit programs to achieve optimal audit efficiency by focusing our substantive testing on areas with the highest risk of a material misstatement.

Substantive Testing

Substantive testing covers a wide variety of audit procedures all aimed at reducing the risk that the financial statements contain a material misstatement that is not detected by our audit procedures. These procedures can include observation, vouching, tracing, recalculating, evaluation of estimates, independent confirmations, reading contracts and agreements, and more.

PKF O'Connor Davies will perform substantive tests with respect to the following areas:

- Cash and Investments
- Receivables Inclusive of Grants, Inter-governmental and Other Receivables
- Accounts Payable and Accrued Expenditures/Expenses
- Bonds/Notes Payable/Early Retirement Incentive Liabilities
- Self-Insurance Claims Liability/IBNR (if applicable)
- Accrued Salaries and Compensated Absences
- Unearned Revenues
- OPEB Liability
- Net Pension Liability
- Leases pursuant to GASB Statement No. 87
- Net Position/Fund Balance
- Revenues and Expenditures/Expenses
- Other Procedures
 - Review minutes
 - Review subsequent events

Improve Efficiency with Technology

We use a paperless audit methodology to increase efficiency in workpaper preparation, review and distribution. We also use various software to work remotely and efficiently. CAATs automate many audit functions, such as those that simplify data sorting and summarization, population stratification and sampling, duplicate and sequence gap analyses. CAATs equip us to perform data sampling more quickly. CAATs also allow us to test large populations' data or to test 100% of a population.

Phase III – Reporting

Reporting on Financial Statements

At the completion of the audit, we review the financial statements in draft form with your organization's management. The financial statements are the responsibility of your organization and management must make the final decisions concerning amounts and disclosures. Nevertheless, we must be satisfied with the classification of amounts, the fairness of the overall presentation and the thoroughness of disclosures. To this end, the engagement partners and audit manager review the financial statements and provide recommendations for changes to disclosures and/or presentation. A final review is then performed by an experienced, independent Quality Control Review Member.

Improving Controls – Substantive Reports for Management

To help promote the efficient operation of your organization, we will communicate our thoughts about where improvements can be made. Our management letter comments are designed to focus attention on the most significant and relevant findings in areas such as essential improvements to internal accounting controls, revenue enhancement or cost reduction opportunities and ineffective or inefficient operating controls and policies. At the conclusion of the audit, we meet with management and TCWG to discuss these comments as well as financial statements, results of the audit and any other issues identified during the audit. We are committed to keeping you informed of developments that relate to your School District as they unfold.

You have our commitment that we will:

- Deliver forward-thinking ideas
- Offer solutions for enhancing internal controls
- Serve as your resource for information, insight, recommendations and industry best practices

Phase IV – Continuous Communication

Once we complete the initial audit, we continue our ongoing dialogue with you through the beginning of the next audit. This phase is one of ongoing communication during which we exchange ideas and advice. In addition to a continuous, year-round dialogue between your management and our team, we recommend periodic meetings with management and TCWG. We also help you stay informed of changes within the public sector, the accounting profession and by regulatory authorities through publications we distribute via e-mail as issues arise.

Uniform Guidance Approach

The School District will be required by the Single Audit Act and Uniform Guidance to have an audit of its compliance with your Federal program guidelines if the School District expends \$750,000 or more in Federal aid. Prior to commencement of this phase of the engagement, it would be necessary for the School District to identify (Prepare a Schedule of Expenditures of Federal Awards "SEFA") all Federal financial assistance programs and the amounts received. Subsequent to this identification, we must identify those programs which must be audited ("Major Programs").

Once this information has been delineated, meetings are scheduled with the School District personnel responsible for administering these programs. We review the systems established to operate the programs and obtain documentation to determine compliance. The Office of Management and Budget has issued a compliance supplement which represents a compilation of requirements for each of the major grant programs. We utilize this document for addressing the required tests. At the conclusion of our tests, we will review our findings with management and request their responses to our findings, which must be included in the required audit reports.

Our compliance testing utilizes an “integrated audit approach”. We will obtain an understanding of how the School District controls are applied. In administering Federal Awards, for each major program, we will obtain an understanding of the School District’s system to monitor compliance (“compliance requirements”) in the following areas:

- Activities allowed or unallowed
- Allowable costs/cost principals
- Cash management
- Eligibility
- Equipment and real property management
- Matching, level of effort or earmarking
- Period of availability of Federal funds
- Procurement, suspension and debarment
- Program income
- Reporting
- Subrecipient monitoring
- Special tests and provisions

Audit Quality Control and Issue Resolution

To fulfil the responsibility set by the AICPA’s Quality Control Standards, we have established and maintain a system of quality control for our accounting and auditing practice. Our system is designed to ensure that all differences in viewpoint are given full consideration, including disputes between our client and our engagement team as well as any among engagement team members. In such cases, we leverage the knowledge, experience and competence of those within our firm to resolve disagreements. Our firm’s culture, structure and chain of command ensure strict adherence to this process, the result of which is exemplary client service.

Sampling Methodology

Sample sizes, statistical sampling and approach to drawing audit samples for purposes of tests of compliance

Our audit methodology includes procedures to ensure that we comply with the requirements of SAS 39 “*Audit Sampling*” and SAS No. 107 “*Audit Risk and Materiality in Conducting an Audit*”. In addition, since our audit will be conducted pursuant to Government Auditing Standards, our methodology also includes procedures to ensure compliance with audits under Uniform Grant Guidance and the President’s Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency’s (PCIE) “*Report on National Single Audit Sampling Project*”. Audit sampling is the application of an audit procedure to less than 100 percent of the items within an account balance or class of transactions for the purpose of evaluating some characteristic of the balance or class. Prior to evaluating the extent of audit sampling to employ in an audit, we perform an extensive risk assessment over the account balance or class of transactions to determine if audit sampling is an effective or efficient means to test a significant account balance or class of transactions (refer to Phase I for information regarding our risk assessment process).

Generally, the following three conditions must be met to constitute audit sampling:

- Less than 100% of the population must be examined
- The sample results must be projected as population characteristics
- The projected sample results must either be:
 - Compared to an existing client-determined account balance to determine whether to accept or reject the client’s balance or
 - Be used to assess control risk

Sampling Related to Substantive Tests of Balances and Account Transactions

Our audit methodology to determine if audit sampling is necessary follows:

1. Identify individually significant items to be examined.
2. Determine whether the audit evidence gathered in step 1 is sufficient, in which case sampling might not be necessary (generally, audit sampling would not be necessary if individually significant items equals or exceeds two-thirds of the entire population).
3. If the extent of audit evidence gathered in step 1 is not sufficient combined with other audit evidence gathered during our audit, we would apply audit sampling.

Once a decision is made that audit sampling is necessary, our audit methodology provides for a choice between statistical or nonstatistical sampling. Both approaches are acceptable under GAAS and GAGAS. Statistical sampling is the use of mathematical measurement techniques to calculate formal statistical results and is based on probability concepts. Our audit methodology includes many types of sampling techniques, commonly referred to as “Probability-proportionate to size sampling” which includes Dollar Unit Sampling, Monetary Unit Sampling, Cumulative Monetary Amount Sampling and Combined Attribute-Variables Sampling. We use a combination of electronic templates and software applications to determine sample size and assist in forming conclusions about the sample results.

Our audit methodology provides for the use of the following five broad steps in applying audit sampling to both substantive tests and to test of controls:

1. Plan the sample to make sure that the audit tests are performing in a manner to ensure the desired sampling risk ensures a high confidence level that sampling error risk is kept low (i.e., generally 5% sampling risk is considered acceptable).
2. Determine the sample size which is dependent upon among other things, the amount of errors that we expect in the population and the application of "Assurance Factors" which are dependent upon the assessed level of inherent risk, control risk and the risk that other substantive audit procedures will fail to detect a material misstatement.
3. Select the sample. This step involves deciding how best to select the sample from the population such that each item in the population has a chance of selection.
4. Perform the tests.
5. Evaluate the sample results. This step primarily involves drawing conclusions about the likely effect on the total population based on the audit tests of the sample.

Mathematically, the formula to determine sample size for a substantive test of balances is as follows:

$$\text{Sample Size} = \frac{\text{Population Value} - \text{Individually Significant Items}}{\text{Tolerable Misstatement}} \times \text{Assurance Factor}$$

Once we determine our sample size and complete our tests, our audit methodology includes steps to ensure that we determine the potential misstatement in the population. Mathematically, this formula is as follows:

$$\frac{\text{Population Value} - \text{Individually Significant Items}}{\text{Sample Dollars}} \times \text{Amount of Misstatement in the Sample} = \text{Projected Misstatement}$$

SAS 107 and our audit methodology requires us to consider the possibility of undetected errors when the projected misstatement is material in relation to the account balance or transaction class. The higher the projected misstatement in relationship to our determination of materiality would result in us performing any combination of the following procedures:

1. Expand our tests.
2. Ask management to perform additional review over this area (for example, if significant errors were found over accounts payable cut-off, we might ask management to expand their review cut-off).
3. Test managements additional procedures performed in 2 above.
4. All of the above.

With respect to tests of controls, our audit methodology generally provides for sample sizes to be determined according to planned assessed level of control risk.

Remote Auditing Technology

The COVID-19 pandemic has presented new challenges to both auditors and clients in the performance of audits on a remote basis. During this unprecedented time, PKF O'Connor Davies continues to provide outstanding service to our clients. In fact, our robust information systems technology has equipped our engagement teams to conduct audit engagements remotely and effectively. To this end, our ability to conduct remote audits is dependent upon each client's ability to transfer data and information electronically.

Technology supporting our remote work capabilities includes the following:

- **Virtual Private Network (VPN):** Engagement teams use VPN software to connect to our servers (hosted and cloud-based) as seamlessly as if they were working in the office, although none of the firm's software requires engagement team members to be in the office to access its full capabilities.
- **Client Portals:** Enable clients to upload business related documents safely and securely to share with the engagement team.
- **Microsoft Teams™ and/or Zoom™ Conferencing:** These software applications enable our engagement teams and clients to collaborate, meet "face-to-face" and proactively address any issues as they arise.
- **Digital Workpapers:** We operate in a paperless workpaper environment that allows engagement team members to generate workpapers and store data to support the audit engagement. Partners and managers can view and review the engagement as it progresses; based on their review, they can generate action items for team members to complete so that each engagement progresses smoothly.
- **Research Capabilities:** Each engagement team has access to cloud-based research tools that enable it to explore accounting and auditing-related issues as they arise.
- **Hardware:** In addition to laptops, engagement team members have portable printers, scanners and dual monitors that enable them to work remotely and efficiently.
- **Telephone and E-mail:** Of course, these forms of communication continue to be available to speed communication, interaction and collaboration.

Engagement Segmentation-Anticipated Hours

Segments	Partner	Manager	Senior	Staff	Hours
Audit Planning					
▪ Pre-audit management communications	4	8	4	-	16
▪ Risk assessment procedures and development of detailed audit procedures	4	8	4	-	16
Audit Planning Totals:	8	16	8	-	32
Preliminary Audit Procedures					
▪ Preliminary analytical review	2	2	8	-	12
▪ Review, evaluation and testing of internal controls inclusive of comprehensive review	8	16	24	28	76
▪ Communications of findings with management	2	2	2	2	8
Preliminary Audit Procedures Totals:	12	20	34	30	96
Year - End Audit Procedures					
▪ Substantive testing	80	90	240	140	550
▪ Final analytical review	4	4	10	-	18
Year - End Audit Procedures Totals:	84	94	250	140	568
Report Preparation					
▪ Report preparation and review	48	40	60	-	148
▪ Quality control	20	-	-	-	20
Report Preparation Totals:	68	40	60	-	168
Communication					
▪ Management letter	4	4	4	-	12
▪ Meetings with management	6	4	4	-	14
▪ Finance committee and Board meetings	6	4	-	-	10
Report Preparation Totals:	16	12	8	-	36
Entire Engagement					
TOTAL HOURS:	188	182	360	170	900

*90% of the above noted service hours are performed “on-site” each period. Does not include the time for various matters that arise during the year, such as tax research inquiries, various accounting matters, responses to e-mails and phone calls. These items are included at “no additional fee”.

IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

Based upon our knowledge of the prior audits of the District’s financial statements, we do not anticipate any audit areas of concern. Should we identify any issues or concerns, we will address them with the Board.

PKF O’Connor Davies will make an immediate written report of all irregularities and potential illegal acts of which they become aware.

PROPOSED TIME FRAME

Activities	Dates
<p>Detailed Audit Planning</p> <ul style="list-style-type: none"> ▪ Meet with prior auditor ▪ Discuss audit scope and special areas of review with the Audit Committee and management ▪ Entrance conference with management ▪ Discuss timing of deliverables 	<p>April / May 2023</p>
<p>Preliminary Field Work</p> <ul style="list-style-type: none"> ▪ Prepare assessment of general control environment ▪ Prepare documentation and testing of monitoring/application controls for revenue, cash receipts, purchasing/payable and payroll cycles ▪ Select accounts and attorneys for confirmation ▪ Preliminary analytics ▪ Progress conference with management ▪ Detailed audit plan 	<p>May/June 2023</p>
<p>Fieldwork/Year-End Audit Procedures</p> <ul style="list-style-type: none"> ▪ Test selected asset and liability accounts ▪ Test fund balance classifications ▪ Test revenues and expenditures/expenses ▪ Perform Single Audit in accordance with Uniform Guidance, if applicable ▪ Review financial statements and note disclosures ▪ Progress conference with management 	<p>October 2023</p>
<p>Draft Reports/Completion</p> <ul style="list-style-type: none"> ▪ Review draft audit reports with management and audit committee ▪ Review draft audit report of the Extraclassroom Activity Fund ▪ Review management letter with the audit committee 	<p>October 2023</p>
<p>Deliver Final Reports and Management Letter</p> <ul style="list-style-type: none"> ▪ Auditors' Reports delivered ▪ Single Audit under Uniform Guidance delivered, if applicable ▪ Board presentation of the audit 	<p>November 2023</p>

CLIENT LISTING

We are proud to have enjoyed a substantial record of service to organizations in your industry, a representative sampling of which is presented here.

School Districts			
Bayonne, NJ		Mahopac	
Bethlehem, NJ		Mamaroneck	
Blind Brook-Rye		Manchester Township, NJ	
Blythedale		Middlesex County Vocational and	
Brewster		Technical, NJ	
Briarcliff Manor		Morris, NJ	
Carle Place		Mount Pleasant Cottage	
Chappaqua		Mount Vernon	
Cranford, NJ		Mountainside, NJ	
Dobbs Ferry		North Salem	
Edgemont		Northern Highlands Regional High School, NJ	
Edgewater, NJ		Northport-East Northport	
Englewood, NJ		Ossining	
Edison, NJ		Pelham	
Floral Park/Bellerose		Piscataway Township, NJ	
Fort Lee, NJ		Pleasantville	
Garrison		Princeton, NJ	
Glen Cove		Port Chester-Rye	
Great Neck		Putnam Valley	
Greenburgh Graham		Regional School District No. 8, CT	
Greenburgh		Regional School District No. 9, CT	
Greenburgh #11		Somers	
Greenburgh North Castle		South Orange Maplewood Board of	
Harrison		Education, NJ	
Hasbrouck Heights, NJ		Southern BOCES	
Hastings-on-Hudson		Tarrytown	
Hawthorne Cedar Knolls		Trenton, NJ	
Hendrick Hudson		Tuckahoe	
Holmdel, NJ		Valhalla	
Lakeland		Woodbridge, NJ	
Little Flower		Yonkers	
Towns			
Babylon	Franklin, NJ	Morristown, NJ	Redding, CT
Bedford	Greenburgh	Mount Pleasant	Riverhead
Berlin, CT	Harrison	New Canaan, CT*	Rye
Bethel, CT	Huntington	North Bergen, NJ	Shelter Island
Brookhaven, CT	Hempstead	North Brunswick, NJ	Somers
Carmel	Hyde Park	North Haven, CT	South Orange Village, NJ
Chester, CT	Islip	North Hempstead	Southhold
Clinton, CT	Kent	Orangetown	Stonington, CT
Colchester, CT	LaGrange	Ossining	Stony Point
Cromwell, CT	Lewisboro	Oyster Bay	Tewksbury, NJ
Eastchester	Monroe	Parsippany-Troy Hills, NJ	Thomaston, CT
East Hampton, CT	Monroe, CT	Pelham	Trumbull, CT
East Haven, CT	Monroe, NJ	Philipstown	Verona, NJ
Easton, CT	New Castle	Piscataway, NJ	Walkkill
Edison, NJ	New Fairfield, CT	Princeton, NJ	West Orange, NJ
Fairfield, CT	Montclair, NJ	Pound Ridge	Yorktown
Farmington, CT	Morris, NJ	Putnam Valley	

Fire Districts and Departments		
Albertson Hook & Ladder, Engine & Hose Co. Arlington Fire District Bedford Hills Fire District Bordentown Fire District, NJ Brewster-Southeast Joint Fire District Carle Place hook, Ladder & Hose East Farmingdale Fire Department Franklin Township Fire District #1, NJ Franklin Township Fire District #2, NJ Franklin Township Fire District #3, NJ Franklin Township Fire District #4, NJ Greenville Fire District Hawthorne Fire District Lido and Point Lookout Fire District	Mahopac Fire Department Massapequa Fire District Middle Hope Fire District Piscataway Township Fire District #1, NJ Piscataway Township Fire District #2, NJ Pleasantville Fire District Roosevelt Fire District Somers Fire District South Farmingdale Fire District Thornwood Fire District Valhalla Fire District Verplanck Fire District Washingtonville Fire District	
Districts		
Albertson Water District Chappaqua Central School District Public Library Dunellen Free Public Library, NJ First Taxing District, City of Norwalk, CT Hamilton Free Public Library, NJ Rowayton (Sixth Taxing District in the City of Norwalk), CT Harrison Volunteer Ambulance Corps, Inc. Glenwood Water District Manhasset Park District Massapequa Public Library Northern Westchester Joint Water Works North Bergen Free Public Library, NJ North Brunswick Free Public Library, NJ	Grinnell Public Library District Oyster Bay Sewer District Piscataway Free Public Library, NJ Pound Ridge Public Library District South Farmingdale Water District South Huntington Water District Town of Mount Pleasant Public Library Water Authority of Great Neck North Weaver Street Tax District, CT Westchester County Refuse Disposal District Westchester Joint Water Works West Hempstead Water District Woodbridge Township Free Public Library, NJ Rosendale Public Library	
Boroughs	Cities	
Borough of Dunellen Borough of Englewood Cliffs Borough of Glen Ridge Borough of Lake Como Borough of Milltown Borough of Naugatuck, CT Borough of North Plainfield Borough of Pennington Borough of Roseland Borough of Sayreville Borough of Seaside Heights Borough of Somerville Borough of Stonington, CT	Ashbury Park, NJ Danbury, CT East Orange, NJ Glen Cove Hoboken, NJ Jersey City, NJ Johnstown Mount Vernon Newark, NJ	Newburgh New London, CT New Rochelle Orange, NJ Peekskill Perth Amboy, NJ White Plains Yonkers
Counties		Commissions
Middlesex, NJ Orange Putnam	Somerset, NJ Sullivan Westchester	Larchmont-Mamaroneck Joint Garbage Commission Rye Town Park Commission Tri-Municipal Sewer Commission

Authorities			
Babylon Industrial Development Agency Babylon L.D. Corporation II Bergen County Improvement Authority, NJ Brookhaven Industrial Development Agency Brookhaven Local Development Corporation City of Mount Vernon Urban Renewal Agency City of New Rochelle BID City of New Rochelle Corporation for Local Development City of New Rochelle Industrial Development Agency City of Peekskill BID City of Peekskill Local Development Corporation City of Peekskill FDC City of Peekskill Industrial Development Agency City of Yonkers Industrial Development Agency Commack Volunteer Ambulance Corps. Dunellen Parking Authority, NJ Franklin Township Sewerage Authority, NJ Huntington Community Development Agency Huntington Community First Aid Ambulance Squad Huntington Cultural Affairs Institute, Inc. Huntington Human Services Institute, Inc. Huntington Youth Bureau Islip Industrial Development Agency		Islip Economic Development Corporation Islip Foreign Trade Zone Authority Jersey City Municipal Utilities Authority, NJ Lakewood Student Transportation Authority, NJ Middlesex County Improvement Authority, NJ Nassau County Industrial Development Agency Nassau County Local Economic Assistance Corp Nassau County Tobacco Settlement Corporation Nassau County Sewer and Storm Water Authority Putnam Tobacco Asset Securitization Corporation Yonkers Community Development Agency Yonkers Economic Development Corporation Yonkers Parking Authority Suffolk County Economic Development Corporation Suffolk County Industrial Development Agency Suffolk County Landbank Corporation Suffolk Tobacco Asset Securitization Corporation Sullivan Tobacco Asset Securitization Corporation Town of Mount Pleasant Industrial Development Agency Two Rivers Water Reclamation Authority, NJ Water Authority of Great Neck North Westchester County Industrial Development Agency Westchester County Local Development Corporation Westchester Tobacco Asset Securitization Corporation	
Villages			
Ardsley Briarcliff Manor Bronxville Buchanan Croton-on-Hudson Elmsford Garden City	Irvington Larchmont Mamaroneck New Paltz Ossining Patchogue	Pelham Pelham Manor Pleasantville Pomona Rye Brook Scarsdale	Sleepy Hollow Southampton Spring Valley Tuckahoe Valley Stream Washingtonville
Colleges and Universities		New Jersey Departments & Agencies	
Bergen County Community College, NJ Brookdale Community College, NJ Kean University, NJ Montclair State University, NJ Ramapo College, NJ Rowan University, NJ Union County College, NJ Westchester County Community College		New Jersey Department of Agriculture New Jersey Department of Community Affairs New Jersey Economic Development Authority New Jersey Health Care Facilities Financing Authority New Jersey Educational Facilities Authority New Jersey Redevelopment Authority	
Other			
Catskill Regional Off-Track Betting Corporation Central Jersey Joint Insurance Fund, NJ Consulate General of Ireland New York Mount Vernon Board of Water Supply Nassau Regional Off-Track Betting Corporation		Philipstown Depot Theatre Development Corp, Pump Court Tax Chambers Suffolk Regional Off-Track Betting Corporation Yonkers Police Department Westchester County Airport	

REFERENCES

To gain a first-hand understanding of the caliber of service and attention from which our clients benefit, we invite you to speak directly with them. Below you'll find contact information for individuals who have enthusiastically offered to describe their experiences with our Firm.

School District Clients				
Name	Scope of Engagement	Period	Partner Assigned	Hours
Hendrick Hudson Central School District 61 Trolley Road Montrose, New York 10548 Mr. Enrique Catalan Assistant Superintendent for Business (914) 257-5132	Audit	25+ Years	J. Shaver/ A. Kassay	325
Tarrytown Union Free School District 200 North Broadway Tarrytown, New York 10591 Mr. Brian Fried Assistant Superintendent for Business (914) 631-9401	Audit	2 Years	M. Szot/ R. Daniele	350
North Salem Central School District 230 June Road North Salem, New York 10560 Mr. Eric Stark Superintendent for Business (914) 669-5414	Audit	20+ Years	R. Daniele/ S. Oling	300
Roslyn Union Free School District Harbour Hill Road, P.O. Box 367 Roslyn, New York 11576 Ms. Susan Warren Assistant Superintendent for Business (516) 801-5030	Audit	1 Year	R. Daniele/ C. Kopf	325
Pelham Union Free School District 575 Colonia Avenue Pelham, New York 10803 Ms. Jackie Vigil Treasurer (914) 738-9140	Audit	30+ Years	C. Kopf/ R. Daniele	325

YOUR ENGAGEMENT TEAM



Nicholas DeSantis
Partner
ndesantis@pkfod.com
914.421.5637



Jeffrey C. Shaver
Partner
jshaver@pkfod.com
914.421.5639



Coleen Harris
Supervisor
charris@pkfod.com
845.670.7113

Appendix A includes descriptions of the expertise and experience of those PKF O'Connor Davies Partners who will lead your engagement and of the members of their team, all of whom will be available to you for consultation throughout the year.

FIRM OVERVIEW

We exist to serve clients at a higher level.

130+ years

DELIVERING
EXEMPLARY SERVICE
through trusted, enduring client
relationships since 1891.

1,400

TOP-TIER
SPECIALISTS
in Audit, Tax
and Advisory

150

PARTNERS
Actively leading
client engagements

400+ locations

REGIONAL PRESENCE. GLOBAL REACH.
PKF O'Connor Davies is the lead North American
representative in PKF International, a global network
of legally independent accounting and advisory firms
located in more than 400 locations in 150 countries
around the world.

#26

RANKING
on *Accounting Today's*
Top 100 list

We go beyond passive value protection to active value creation.

Our clients benefit from deeper knowledge, keener insight, a potent commitment to responsiveness and integrity along with greater agility and cost efficiency than many of our larger counterparts can offer.

WHAT SETS US APART

With roots tracing back to 1891, PKF O'Connor Davies has a proven record of achievement delivering high-quality service and building lasting client relationships. In fact, our clients regularly acknowledge the value we bring: higher levels of expertise, commitment, service and integrity – frequently at a lower cost than our larger counterparts.

- **Comprehensive Services**

Our expertise is profound, diverse and deep and our clients are the beneficiaries of an outstanding breadth of support from assurance, accounting, audit and tax services to the full complement of family office business advisory and services.

- **Agility and Responsiveness**

Count on access to resources that match those of larger firms in scope – delivered with the agility only a firm of our size can provide.

- **Consistent Service, Talented Professionals**

A top priority has been, and will remain, to attract, develop, reward and retain superior talent. In fact, our firm surpasses industry standards for staffing continuity. High caliber teams delivering consistent attention to detail make PKF O'Connor Davies stand out among our peer firms.

- **Direct Partner Involvement, Dedicated Engagement Teams**

Our Partners are involved in the day-to-day management of all engagements, ensuring a high degree of client service and cost effectiveness. Leading potent, cross-functional teams, they are integral to helping your organization remain competitive, technologically advanced and secure, ready to pursue ongoing growth and success.

- **Regional Presence, Global Reach**

Throughout the U.S. tristate and mid-Atlantic regions, over 135 partners and 1,400 professionals serve clients at 19 strategically located business offices. Your engagement team also serves as liaison to more than 400 member firms located in 150 countries thanks to our leadership role in the PKF International Network of accountants and business advisors – ensuring you access to expertise wherever you take your operations and wherever you envision your growth.

We encourage you to visit our website pkfod.com for information on industry specializations, conferences and events, thought leadership and additional advantages we can bring your organization.

Please visit our website (pkfod.com) for information on industry specializations, conferences and events, Thought Leadership and additional advantages we can bring your School District.

APPENDICES

Appendix A: Engagement Team Biographies



Nicholas DeSantis, CPA

Partner

Nicholas DeSantis is a Partner of the Firm. He has 35 years of experience and specializes in handling many aspects of governmental finances and operations, from budgeting to strategic planning. During his career, Nick has held a number of high-level governmental positions with the City of Yonkers; past roles include City Manager, Budget Director and Commissioner of Finance. He also previously served as Fiscal Manager for the County of Rockland.

Nick has earned much recognition as an expert in the field of government finance. He possesses a deep understanding of both the administrative and legislative process of government and is skilled at reviewing annual budgets and developing multi-year financial plans.

An active citizen in local and neighboring communities, Nick participates in the budget reviews of the Counties of Orange, Rockland, Dutchess, Westchester and the City of Yonkers. Nick earned a Master of Business Administration degree in Accounting from Pace University, a Master of Public Administration degree from John Jay College and a Bachelor's degree in Political Science from Lehman College.



Jeffrey C. Shaver, CPA

Partner

Jeffrey Shaver is a Partner at the Firm with more than 14 years of experience providing auditing and consulting services to a wide variety of municipal entities, including counties, cities, towns, villages, school districts and fire districts. As a Partner in the Firm's Public Sector practice, Jeff focuses his energy on providing outstanding client service and proactive solutions to problems that government organizations face.

Jeff is a frequent lecturer at the New York State Government Finance Officers Association as well as a presenter of continuing education courses to members of the Firm's staff. He is a member of the Firm's Accounting and Auditing and Human Resources Committees.

Jeff is a graduate of Binghamton University and is a member of various industry organizations.

Appendix A: Engagement Team Biographies



Coleen Harris

Supervisor

Coleen is a Supervisor who has been with PKF O'Connor Davies for eight years, supervising many audit engagements. She specializes in municipal entities which include counties, cities, towns, villages, fire districts, public libraries, community college and school districts. This knowledge and Coleen's commitment to client service has been recognized by her clients.

A graduate from Pace University with a Bachelor of Business Administration in Accounting, Coleen is a member of the Firm's Pal Program and is an intern advisor.

Appendix B: Peer Review Report



REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

June 16, 2020

To the Partners of PKF O'Connor Davies, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of PKF O'Connor Davies, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended December 31, 2019. 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. 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.

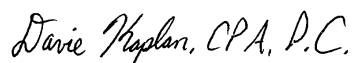
Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits of broker-dealers, and examinations of service organizations SOC 1 and SOC 2 engagements.

As 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 PKF O'Connor Davies, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended December 31, 2019, 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*. PKF O'Connor Davies, LLP has received a peer review rating of *pass*.



DAVIE KAPLAN, CPA, P.C.

Davie Kaplan, CPA, P.C.
1000 First Federal Plaza • Rochester, New York 14614
Tel: 585-454-4161 • Fax: 585-454-2573 • www.daviekaplan.com

