



**PROFESSIONAL AUDITING SERVICES PROPOSAL
TECHNICAL PROPOSAL**

September 11, 2020

**TOWN OF WEST SENECA, NEW YORK
PROFESSIONAL AUDITING SERVICES PROPOSAL
TABLE OF CONTENTS**

TAB

TRANSMITTAL LETTER	1
---------------------------	----------

FIRM QUALIFICATIONS AND EXPERIENCE	2
Firm Overview	
Firm Description	
Firm Qualifications	
Independence	
License to Practice in New York	

PARTNER, MANAGER, AND SUPERVISORY STAFF QUALIFICATIONS AND EXPERIENCE	3
------------------------------------------------------------------------------	----------

SUMMARY OF SERVICES	4
SPECIFIC AUDIT APPROACH	

SIMILAR ENGAGEMENTS WITH OTHER MUNICIPALITIES	5
------------------------------------------------------	----------

APPENDICES	6
Appendix A - Partner, Principal, and Manager Resumes	
Appendix B - Peer Review Report	
Appendix C - Select Government Clients	
Appendix D – Executive Summary	

September 11, 2020

Megan K. Wnek, CPA
Director of Finance
Town of West Seneca
1250 Union Road
West Seneca, NY 14224

Dear Ms. Wnek and Members of the Town Council:

Lumsden McCormick is pleased to present this proposal to serve as the independent certified public accountants for the Town of West Seneca, New York (the Town) for the years ending December 31, 2020 through 2022 with the option to renew for two additional years through 2024. Our knowledge and collective experience working with municipalities as well as other governmental agencies and nonprofit organizations throughout New York State makes us uniquely qualified to deliver the services you require. As you review the proposals you have received, you may ask what differentiates one firm from another. Our Executive Summary included in Appendix D offers the reasons why we believe you should select our Firm.

We are fully aware of the scope requirements outlined in your request for proposal and are committed to meeting all deadlines between commencement of the audit and delivery of final reports each year. We are proud of our core values and are dedicated to consistently delivering timely and quality services.

Our total all-inclusive proposed fee represents our firm and irrevocable offer to provide the services described herein. The fee is based upon the assumption that there will be no unanticipated material changes in conditions and circumstances that will affect the scope and performance of our audit.

Working with Lumsden McCormick adds strength to the efforts of your management. Through our diversified experiences, we can provide the indispensable objectivity of an outsider to interpret financial information, identify issues that may impede progress of your financial goals, and recommend solutions.

Thank you for the opportunity to present this proposal. We welcome the opportunity to meet with you and detail how our service approach can be of benefit to the Town.

Sincerely,

LUMSDEN & McCORMICK, LLP



Sara M. Dayton, CPA
Government Services, Partner

Enc.

FIRM QUALIFICATIONS AND EXPERIENCE

Firm Overview

Founded

1952

Ownership | Total Staff | Gov't Group

16 Partners | 105 | 25 with 55+ CPAs

Peer Review Report – Most Recent

2018 – Passed (highest distinction available)

Professional Affiliations

American Institute of Certified Public Accountants (AICPA)

Center for Public Company Audit Firms

Governmental Audit Quality Center (GAQC)

Employee Benefit Plan Audit Quality Center

Personal Financial Specialist

Certified in Financial Forensics

Accredited in Business Valuations

Public Company Accounting Oversight Board (PCAOB)

New York State Society of Certified Public Accountants (NYSSCPA)

Not-For-Profit Organizations Committee

Health Care Committee

Government Accounting and Auditing Committee

Public Schools Accounting Committee

Technology Assurance Committee

BDO Alliance USA

National Tax Core Leaders Group

Nonprofit and other Industry Groups

Association of Certified Fraud Examiners (CFE)

Association of Government Accountants (AGA)

Government Finance Officers' Association (GFOA)

Institute of Internal Auditors (IIA)

New York State Association of School Business Officials/ WNY Association of School Business Officials

Industries

Municipalities, Governmental Agencies and Authorities, Nonprofit Organizations, Universities, Colleges, Charter Schools, Private Schools, School Districts, Associations, Arts/Cultural, Religious Organizations, Foundations, Human Service Agencies, Health Care Organizations, Hospitals, Labor Unions, Pension/Welfare Plans

Services Experience

Financial audits, operations audits, internal audits, IT audits and consulting, accounting services, grant accounting, cyber security analysis, financial reporting, nonprofit taxation and unrelated business income taxes, HUD projects, consolidated fiscal reports, budgetary reporting, NYS sales tax compliance, agreed-upon procedures, municipal studies, compensation surveys, internal control systems, fraud policy manual

Information Systems

Accounting Systems Implementation and Training



FIRM QUALIFICATIONS AND EXPERIENCE

Firm Description

Lumsden McCormick is a New York State partnership founded in 1952 and located in Buffalo, New York. With over one hundred employees, we are one of the largest locally owned certified public accounting firms in Western New York.

Lumsden McCormick serves exempt organizations (cities, counties, towns, villages, public authorities, fire districts, school districts, and nonprofit organizations), privately held businesses, and individuals. The size of our clients varies from those with a few employees and modest revenues to large, multi-million-dollar entities. The foundation of our Firm has always been the personal, confidential, and high-quality services we render to our clients.

Because of the specialized interests and needs of our clients, our Firm has a proactive approach to service. Our partners and managers work with our clients as advisors to supplement their management team. Your goals are similar to our goals; your success is a measure of our success.

Since a substantial portion of our practice consists of governmental organizations, we have professionals who devote the majority of their time to serving this important market segment and staying informed of current developments. All professionals on our government services team are qualified to perform audits in conformity with *Government Auditing Standards* and the standards embodied by the Uniform Guidance.

Lumsden McCormick professionals understand the constraints as well as the opportunities in today's competitive business environment. In addition to providing recurring annual services, we offer specialized services designed to assist in important business decisions, which include:

- Accounting standards implementation
- Budgets and forecasts
- Employee and executive compensation
- Internal control systems
- Internal audit outsourcing
- Cash management consulting
- Cost control and cost accounting
- Comprehensive Annual Financial Reports (CAFRs)
- Management information systems
- Strategic planning
- Accounting policies and procedures
- Banking relationships and financing arrangements
- Single Audit/Uniform Guidance
- Development of indirect costs to establish indirect cost rates
- Consolidated Fiscal Reports (CFRs)
- Medicare/Medicaid cost reports
- Reimbursement & regulatory issues
- Financing assistance
- Audits of employee benefit plan
- Annual Update Documents (AUDs)

Lumsden McCormick is registered with the AICPA Governmental Audit Quality Center, the Public Company Accounting Oversight Board, and is a member of the Center for Public Company Audit Firms of the AICPA. Membership requires us to maintain strict adherence to professional quality control standards and submit to a peer review of our control policies and procedures to demonstrate that adherence. We "passed" our 2015 peer review (most recent), receiving the highest designation available from the AICPA's National Peer Review Committee. A copy of this report appears in Appendix B.

Our practice philosophy embraces not only a comprehensive range of accounting and business advisory services, but also a commitment to providing them in the most professional manner possible. At every stage of an engagement, Lumsden McCormick is committed to personal service. Close personal contact with those we serve is the best way to add value to our service, and the only way to ensure that a service is matched with an organization's needs and delivered in a way that meets those needs.

FIRM QUALIFICATIONS AND EXPERIENCE

Firm Description

We are an independent member of the BDO Alliance USA, a nationwide association of independently owned local and regional accounting, consulting, and service firms. The BDO Alliance USA presents an opportunity for firms to expand services to clients by accessing the resources of BDO USA, LLP and other Alliance members. The BDO Alliance USA is a subsidiary of BDO USA, LLP, a Delaware limited liability partnership. Membership in these and other organizations provides a foundation for us to maintain the highest level of quality and a multitude of resources that we offer our clients.

Rating Agencies and Official Statements

Our experience assisting governmental entities in their communication with rating agencies is well established. Our in-depth knowledge of governmental finances and its particular financial statements allows us to answer and present official statements for external purposes in a concise and meaningful manner.

State and National Organization Affiliations

Our professional staff has extensive experience working with many state and national organization affiliates. Our involvement at committee levels, as seminar speakers, and in networking with key advisory personnel at various levels of government enhances our expertise. Our professional staff is currently active in the following organizations:

- American Institute of Certified Public Accountants (AICPA)
- Association of Government Accountants
- Institute of Internal Auditors
- New York State Society of Certified Public Accountants (NYSSCPA)
 - NYSSCPA Public Schools Accounting Committee
 - NYSSCPA Governmental Accounting and Auditing Committee
- New York State Association of School Business Officials
- Government Finance Officers' Association (GFOA)
- Western New York Association of School Business Officials
- Association of Certified Fraud Examiners – five professionals in our Firm are CFEs

Publications and Communication

Our communication is continuous and regular. We keep you informed of current developments that may affect your operations. In addition, our Firm regularly conducts seminars and hosts a variety of other events; you will receive Firm announcements, invitations, and eNewsletters. We have held an annual Exempt Organizations Conference for 25 years; the topics from the previous five years can be found on our website at https://lumsdencpa.com/images/uploads/general/Lumsden_McCormick_Exempt_Organizations_Conference.pdf.

John P. Schiavone and Sara M. Dayton taught the two-day GFOA GFI Foundations Governmental Accounting and Financial Reporting workshop classes in November 2014. Sara again presented this seminar in 2015 and 2019 with Seth D. Hennard. Sara also created an initiative to re-write certain course materials. Sara and John have also presented during WNY ASBO school district seminars and presented on GASB Statements 68, 71, and 75 at the NYS GFOA Annual Conference in April 2016 as well as presenting a GASB update at the Lumsden McCormick Exempt Organizations Conference in November 2016 and 2019. Sara and Seth presented a summary of audits performed by the Comptroller's office, frequent findings, and an analysis of the Fiscal Stress Monitoring System at our 2017 Exempt Organizations Conference. Seth presented Reserve Planning across New York State for the New York State Association of School Business Officials Financial Management, Auditing, and Accounting workshops in April 2018. Seth and Mary Young presented a portion of a training workshop for new school board members in both June 2018 and 2019.

FIRM QUALIFICATIONS AND EXPERIENCE

Firm Qualifications

Firm Independence

Lumsden McCormick maintains strict adherence to professional quality control standards. This includes annual written representation by all professional staff members of any relationships that would prevent us from rendering an opinion on an entity's financial statements. We are independent as defined by auditing standards generally accepted in the United States of America and the U.S. Government Accountability Office's *Government Auditing Standards* (Yellow Book 2018 Revision).

License to Practice in New York State

All of our qualified professionals are licensed by the New York State Department of Education as Certified Public Accountants and are members of the American Institute of Certified Public Accountants and the New York State Society of Certified Public Accountants. Each professional staff member must have a college undergraduate degree with a concentration in accounting and meet the qualifications necessary to sit for the Uniform Certified Public Accountancy Exam. Many have earned graduate degrees and specialized certificates.

Continuing Professional Education

All partners and professionals are required to complete at least 40 hours of continuing professional education each year and most far exceed this minimum. All partners and staff performing governmental audits receive a minimum of 24 hours of continuing professional education within a two-year period specific to governments to meet the more stringent requirements of *Government Auditing Standards*. Qualified in-house technicians and professional instructors provide training courses in topics of general appeal to all CPAs and specialized programs geared to the needs of our clients or an individual's area of specialization. A large portion of educational hours is accumulated at out-of-town seminars and conferences.

Desk and Field Reviews

Our work has been subject to normal and routine Federal and State desk reviews conducted by the Single Audit Clearinghouse and the New York State Department of Education over the past three years. There have been no findings or recommendations. None of our work has been subjected to field reviews by state regulatory bodies or professional organizations, and the Firm has not been subjected to any disciplinary action. The U.S. Department of Transportation (DOT) conducted a Quality Control Review (QCR) for an audit engagement subject to OMB Circular A-133 requirements. The QCR was a standard field review and DOT issued a clean report with no findings or recommendations.

Commitment to Affirmative Action

It is the policy of Lumsden McCormick that there shall be no discrimination in employment decisions and in the workplace based upon race, creed, color, national origin, citizenship, sex, age, handicap, marital status or sexual orientation. This policy applies to recruitment, advertising, hiring, compensation, benefits, overtime, job classification, training and development, assignments, promotions, and all other terms related to employment at Lumsden McCormick.

Conflicts of Interest

To the best of our knowledge, no member of our Government Services Team or our Firm staff is in conflict with or has a relationship with the Town of West Seneca.

PARTNER, MANAGER, AND SUPERVISORY STAFF QUALIFICATIONS AND EXPERIENCE

We understand that communication and continuity of staff are important to our clients. Your service team will always be available to provide proactive and responsive service whenever needed.

It is important to work with a team of professional advisors who understand government operations and the rules and regulations mandated by New York State, as well as the depth to deliver the needed services. Governmental services are a full-time business in our Firm. We maintain a dedicated staff of professionals that possess the in-depth knowledge to work with you and guide you through the audit and financial reporting requirements. One of our service goals is to have several professionals on our staff familiar with your operations. This ensures that you always have access to someone who knows you and can provide responsive service. Our government audit staff consists of approximately 25% of our professionals. The mixture of staff assigned is based on experience and the needs of each engagement. You will not be a training ground for new staff. All associates have the proper daily supervision.

In addition to the people named within this proposal, we have over sixty other professionals on staff. Each of them has experienced unique business situations, and many of them possess specialty technical or industry skills. This is an important consideration when hiring professional advisors. It is not unusual that a client will use the services of someone in our Firm who is not a regular member of our service team, but has the skills and knowledge needed to assist with a specific technical or operating issue.

You can find the resumes of your engagement team in Appendix A. We are available to meet your needs on a full-time basis throughout the year as the need for consultation arises. We do all that is possible to ensure continuity of highly dedicated and trained staff.

Your engagement team will include:

Partners: Sara M. Dayton, CPA
John P. Schiavone, CPA

Principal: Seth D. Hennard, CPA, CGFM, CHFP

Manager: Mary F. Young, CPA, CIA

Each individual's resume is included in Appendix A.

Other government services team members:

Partner: Donna M. Gonser, CPA
Jill M. Johnson, CPA, CFE, CITP, FHFMA

Principals: Cathleen M. Karpik, CPA
Jonathan L. Roller, CPA

Numerous other accountants also service this important practice area and all staff resumes are available on our website: www.LumsdenCPA.com/people.

SUMMARY OF SERVICES

Scope

We will audit the basic financial statements and supplementary information in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

Reporting Requirements

We will prepare the following reports:

- A report on the basic financial statements in accordance with accounting principles generally accepted in the United States of America
 - The financial statements will include Management's Discussion and Analysis, Notes to the Financial Statements, and Supplementary Information, and we will review and assist the Town as needed in preparing this information
- A report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*
- A report on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance (if required)

We will also perform annual audits of the Town Justice Court and Town Clerk in accordance with New York State requirements.

Management Letter and Report to Those Charged with Governance

At the conclusion of our audit, we will present the Town Council with a management letter describing any matters noted relative to internal control or other items we believe should be brought to the attention of management including significant deficiencies or material weaknesses. Our management letters contain constructive comments to enhance effectiveness and efficiencies. We will also present a separate communication to those charged with governance informing of key issues as required by our professional standards.

Annual Update Document

Our staff uses the latest in software tools that allows us to present reports to you at the conclusion of the audit in a format that is easy to understand and is helpful in reconciling to your Annual Update Document (AUD). We will assist with the preparation of the AUD as needed.

Communication

Reports will be reviewed with Administration to ensure accuracy and agreement of any findings or recommendations. Reports and results of the audit will be presented to the Town Council to discuss financial activity and pertinent information.

Other Assistance

Consulting time is included in our fee estimate for non-routine matters that arise throughout the year.

SPECIFIC AUDIT APPROACH

Our audit plan will embrace the philosophy of auditing and understanding the business of municipal finance and accounting. This approach places great emphasis on looking beyond the accounting entries to the underlying operations and substance which give rise to those entries. We believe that for our audits to be truly effective, they must be specifically designed to examine the unique characteristics and risks of the Town in relation to the governmental environment, needs of financial statements users, and your goals.

Our plan requires that we gain a thorough understanding of your operational and administrative environment. It is essential that we recognize internal and external factors that impact the Town. It is this understanding and recognition that allows us to assess risk and evaluate your internal control. With this background, we are prepared to conduct an effective and efficient audit.

Providing our services timely and professionally requires careful planning of the critical phases of our work and adherence to a pre-established time plan. Our services will be performed both before and after the end of your year. At all phases, service will be managed and directed by the partner of your engagement team. We will plan fieldwork in order to provide all final reports to you by a mutually agreed upon date.

Our summary plan and methodology for the performance of the audit for the years ending December 31, 2020 through December 31, 2022, follows:

Planning Considerations

In planning our audit, consideration will be given to certain matters in addition to those ordinarily connected with an audit of financial statements in accordance with auditing standards generally accepted in the United States of America. Matters that we will consider in planning all components of the audit will include the following:

- Preliminary assessment of audit risk
- Identifying, obtaining information, and assessment of the risks of material misstatement due to fraud
- Preliminary analytical procedures using ratios, account comparisons, and budgetary comparisons
- Materiality
- Compliance requirements

We will provide your accounting personnel with examples of workpapers and analyses that are needed as part of our audit. This internal preparation is normal in an audit environment and is likely already a part of your year end closing procedures. Much of the documentation we request should be prepared and kept up to date routinely throughout the year.

With the onset of COVID-19, many of our audit processes now occur remotely. Because our workpapers were already electronic, this transition has occurred relatively easily. If work is requested to be performed remotely, we would still schedule specific weeks for audit work and would set up daily teleconferences, either through Microsoft Teams or Zoom. We use a cloud-based system to manage client requests, and this system allows both you and us to see what items have been requested, received, or are outstanding at any given time during the audit. If any contracts or other documents are too time-consuming or bulky for you to scan, we would coordinate either pickup at your office or a specific time and place for us to work safely and in accordance with your guidelines.

SPECIFIC AUDIT APPROACH

Consideration of Internal Control

We will obtain an understanding of internal control sufficient to assess control risk. This includes obtaining knowledge about internal control relevant to compliance with laws and regulations that have a direct and material effect on the determination of financial statement amounts. We will use this knowledge to:

- Identify types of potential misstatements
- Consider factors that affect the risk of material misstatements
- Design our audit tests
- Document our understanding of internal control by use of written narratives and flow charts

In understanding internal control, our procedures will include, but not be limited to:

- Documenting the control environment, including key staff members
- Obtaining permanent file data such as the Town's bargaining unit agreements, leases, bonds, and other debt financing agreements
- Reviewing, documenting, and annually updating our understanding of the system and control procedures through inquiry, narratives, flow charts, and other means
- Assisting management with the identification of applicable laws and regulations to assess them for completeness
- Testing effectiveness of internal control for financial audit purposes

Compliance Auditing

In addition to the requirements of auditing standards generally accepted in the United States of America, we will assist management in determining whether the Town has complied with laws and regulations that may have a direct and material effect on its financial statement amounts. We will also determine whether the audit must be conducted in accordance with the Uniform Guidance in any given year, based on Federal funding levels.

Exit Conference and Draft Reports

Upon completion of all required reports, we will conduct an exit conference with the Town Supervisor and Town Accountant to summarize the results of our fieldwork, review significant findings, and present the reports issued as a result of our audit.

Identification of Anticipated Potential Audit Problems

We do not anticipate any significant matters at this time. Our philosophy is to address reporting, accounting, or auditing concerns in a timely manner. We believe clients do not like surprises; likewise, we like to maintain open lines of communication to deal with matters as quickly as they arise.

SPECIFIC AUDIT APPROACH

Audit Timeline

The following timeline is based on anticipated year end closing procedures. We can accommodate different times to meet the needs of the Town. Fieldwork would be performed by a senior auditor and one or two staff auditors with oversight by supervisory personnel. Supervisory staff (partner, principal, manager) will have on-site presence to ensure adequate guidance to all audit staff and are very involved in the planning process.

Audit Planning

January – March (60 hours)

- Audit brainstorming including fraud related risks
- Meeting with the Director of Finance to review audit scope and plan
- Complete audit planning documentation/audit programs/client assistance letter
- Review of the Town's budget
- Overall preliminary analytical review of account balances
- Initial development of risk assessment

Preliminary Testing

April – May (75 hours)

- Determine sample sizes based on population and risk analysis
- Select samples for testing major transaction cycles – payroll, cash receipts, cash disbursements
- Perform personnel interviews and walkthroughs, and review of Town policies and procedures to understand the Town's systems of internal controls
- Perform specific testing over higher risk areas as necessary, examples may include:
 - Test personnel expense reports
 - Review purchases made on Town credit cards, if applicable
 - Review cancelled checks from main disbursement account and agree to supporting documentation
 - Review controls over cash receipts
 - Fuel inventory risks, if applicable

Year End Fieldwork

April - May (225 hours)

- Audit major balance sheet accounts by fund and on the government-wide basis using auditor-determined materiality levels
- Cash
- Accounts receivable
- Accounts payable/search for unrecorded liabilities
- Debt agreements and schedules of principal and interest payments
- Capital expenditure testing
- Pension and other postemployment benefits
- Reconcile property taxes, sales tax, and other tax items
- Reconcile State aid
- Departmental income (water and sewer revenue charges)
- Payroll and employee benefits analytical procedures
- Analytical review of revenues and expenditures between prior year amounts and related accounts, statistics, and other relevant information
- Report drafting and review with Director of Finance
- Exit conference
- Attend Town Board meeting (if requested)
- Issue reports

SIMILAR ENGAGEMENTS WITH OTHER MUNICIPALITIES

All services provided by Lumsden McCormick will be served by the office located in downtown Buffalo in the Cyclorama Building at 369 Franklin Street.

Town of Clarence, New York

Scope of Work: Audit, Justice Reports, AUD assistance, special departmental studies

Date of Work: December 31, 2019 (ongoing)

Engagement Hours: 300

Engagement Partner: Sara M. Dayton

Client Contact: Peter DiCostanzo, Town Councilman (716) 907-1762

Town of Holland, New York

Scope of Work: Compilation of Annual Update Document

Date of Work: December 31, 2019 (ongoing)

Engagement Hours: 50

Engagement Partner: Sara M. Dayton

Client Contact: Jill Zientek, Bookkeeper (716) 537-9443 ext. 5

Town of Lockport, New York

Scope of Work: Audit, Justice Reports and consulting

Date of Work: December 31, 2019 (ongoing)

Engagement Hours: 250

Engagement Partner: John P. Schiavone

Client Contact: Marc Smith, Town Supervisor (716) 439-9520

Town of Pendleton, New York

Scope of Work: Consulting, AUD assistance

Date of Work: December 31, 2019 (ongoing)

Engagement Hours: 100

Engagement Partner: Sara M. Dayton

Client Contact: Joel Maerten, Town Supervisor (716) 625-8833

Village of Orchard Park, New York

Scope of Work: Compilation of Annual Update Document

Date of Work: May 31, 2020 (ongoing)

Engagement Hours: 40

Engagement Partner: Sara M. Dayton

Client Contact: Mary Beth Jensen, Clerk-Treasurer (716) 662-9327

APPENDIX A
PARTNER, PRINCIPAL, AND MANAGER RESUMES



Sara has extensive experience serving governmental entities in the areas of internal and external auditing, single audits, taxation, information returns, and financial reporting, and will serve as the primary partner on your engagement. As the leader of our governmental services group, Sara is responsible for reviewing all governmental financial statements and assists with the management and delivery of services by facilitating risk assessment and client expectations for our larger governmental clients. Sara has over twenty years' experience working with counties, cities, towns, villages, school districts, fire districts, and public authorities. Her expertise include pension and other postemployment benefits reporting requirements and she maintains and exceeds the continuing professional education requirements of *Government Auditing Standards*.

Education

State University of New York at Geneseo, Bachelor of Science, Accounting
 Harvard Business School Executive Education, 2016, *Governing for Nonprofit Excellence*

	Govt	Other	Total
2019	67.0	24.0	91.0
2018	47.5	7.0	54.5
2017	42.0	35.5	77.5

Professional

American Institute of Certified Public Accountants
 New York State Society of Certified Public Accountants
 · Public Schools Accounting Committee
 Government Finance Officers' Association, Advisory Committee, WNY Chapter
 New York State Association of Counties
 Western New York Association of School Business Officials
 Institute of Internal Auditors
 Buffalo Business First, 40 Under 40 Honoree, 2015
 Buffalo Business First, 40 Under 40 Judge, 2018 – current
 Passed Series 7 and 66 securities exam – Financial Advisor*

Community

Erie County SPCA, Board Member, Past Board President
 Cradle Beach Camp, Inc., Board Member

Representative Clients Served

City of Lockport
 Town of Clarence
 Village of Orchard Park

**Sara Dayton is a financial advisor/registered representative offering securities through Avantax Investment ServicesSM, Member FINRA, SIPC and investment advisory services through Avantax Advisory ServicesSM.*

APPENDIX A
PARTNER, PRINCIPAL, AND MANAGER RESUMES



John serves as the Firm’s managing partner and remains dedicated to active client service. He works closely with Sara Dayton in our Governmental Services Niche to ensure that delivery of our services is efficient and meets client expectations. John has extensive knowledge and has led our firm’s team in assisting governments with the adoption of various GASB financial reporting standards. John has 35 years of experience serving governmental entities and nonprofit organizations, including charitable organizations and private foundations. John’s responsibilities include supervision of various services in the areas of external and internal auditing, consulting, tax compliance, cost reporting, and *Government Auditing Standards* applications and reporting in accordance with the Uniform Guidance.

Education

Duquesne University, Bachelor of Science, Accounting

	Govt	Other	Total
2019	19.0	47.2	66.2
2018	20.0	47.0	67.0
2017	32.5	36.5	69.0

Professional

- American Institute of Certified Public Accountants
- New York State Society of Certified Public Accountants
 - Government Accounting and Auditing Committee
- Association of School Business Officials, WNY Chapter
- Government Finance Officers’ Association
- National Association of College and University Business Officers, Local Chapter
- BDO Alliance USA, Managing Partner Roundtable Group
 - Alliance Partners Advisory Council (APAC)

Community

- Erie Community College Foundation, Board Member
- Amherst Chamber of Commerce, Member
- Erie County Audit Committee, past Chairman
- Niagara USA Regional Chamber, past Treasurer
- Eastern Niagara Chamber of Commerce, past Chairman
- Niagara USA Chamber, past Treasurer
- Lockport Town and Country Club, past Treasurer

Representative Clients Served

- Clinton County
- Town of Cambria
- Town of Lockport

APPENDIX A
PARTNER, PRINCIPAL, AND MANAGER RESUMES



Seth is a seasoned accounting professional with fifteen years' experience in services to exempt organizations including municipal governments, school districts, various governmental entities, and nonprofit organizations. He has extensive knowledge in auditing and reporting in accordance with *Government Auditing Standards*, maintaining and exceeding all continuing professional education requirements. Seth possesses the CGFM and CHFP professional certifications from the Association of Government Accountants and Healthcare Financial Management Association, recognizing the unique skills and special knowledge required of today's government and healthcare financial managers. Seth is a member of the American Institute of Certified Public Accountants, New York State Society of Certified Public Accountants, and the Association of Government Accountants.

Education

State University of New York at Buffalo, Master of Science, Accounting

State University of New York at Buffalo, Bachelor of Science, Business Administration

	Govt	Other	Total
2019	77.0	26.0	103.0
2018	35.0	19.0	54.0
2017	44.5	3.0	47.5

Professional

American Institute of Certified Public Accountants

New York State Society of Certified Public Accountants

- Government Auditing and Accounting Committee

Association of Government Accountants

Government Finance Officers' Association

- Special Review Committee for the Certificate of Achievement for Excellence in Financial Reporting Program

Healthcare Financial Management Association

- Certified Healthcare Financial Professional
- WNY Chapter, President-Elect, Treasurer

Representative Clients Served

Alden Central School District

Clinton County

Iroquois Central School District

**APPENDIX A
PARTNER, PRINCIPAL, AND MANAGER RESUMES**



Mary has experience working with governmental entities including counties, cities, towns, villages, school districts, industrial development agencies, and fire districts in the areas of auditing, Single Audits, taxation, information returns, and financial reporting. She currently conducts the audit fieldwork for our larger school districts and maintains the continuing professional education requirements of *Government Auditing Standards*. Mary is also experienced with and provides services to many of our nonprofit clients. In 2015, Mary earned the Certified Internal Auditors designation, which is accredited through the Institute of Internal Auditors.

Education

State University of New York at Buffalo, Bachelor of Science, Business Administration

State University of New York at Buffalo, Bachelor of Arts, Political Science

	Govt	Other	Total
2019	29.5	13.0	42.5
2018	23.5	45.5	69.0
2017	29.5	27.0	56.5

Professional

- American Institute of Certified Public Accountants
- New York State Society of Certified Public Accountants
 - NYSSCPA Public Schools Committee
- Association of School Business Officials
- Government Finance Officers' Association, Western Region
- New York State Association of Counties
- Institute of Internal Auditors

Community

- Working For Downtown, Board Member, past President
- Theatre District Association of WNY, Secretary
- Graycliff Conservancy, Inc., former Board Member

Representative Clients Served

- Town of Clarence
- Town of Lockport
- Town of Pendleton

APPENDIX B
PEER REVIEW REPORT



Jones, Nale & Mattingly PLC

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the Partners of
Lumsden & McCormick, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Lumsden & McCormick, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2018. 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, an audit of a broker-dealer, and examinations of service organizations (SOC 1 and SOC 2 engagements).

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 Lumsden & McCormick, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2018, 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*. Lumsden & McCormick, LLP has received a peer review rating of *pass*.

Jones, Nale & Mattingly

Louisville, Kentucky
February 20, 2019

Certified Public Accountants and Advisors

642 South Fourth Street, Suite 300 Louisville, Kentucky 40202 tel: 502.583.0248 fax: 502.589.1680 www.jnmcpa.com

APPENDIX C
SELECT GOVERNMENT CLIENTS

Lumsden McCormick has a long history of serving governmental entities. The size of our clients varies from those with a few employees and modest revenues to those with revenues in the hundreds of millions and thousands of employees.

Municipalities

City of Lockport, New York
County of Clinton, New York
Town of Cambria, New York
Town of Clarence, New York
Town of Holland, New York
Town of Lockport, New York
Town of North Collins, New York
Town of Pendleton, New York
Town of Somerset, New York
Village of Depew, New York
Village of East Aurora, New York
Village of LeRoy, New York
Village of Orchard Park, New York

Public Authorities

Buffalo and Erie County Workforce Development Consortium
Buffalo and Fort Erie Public Bridge Authority
Buffalo Erie Niagara Land Improvement Corporation
Buffalo Fiscal Stability Authority
Capital District Transportation Authority
Erie Tobacco Asset Securitization Corporation
Erie County Water Authority
Greater Lockport Development Corporation
New York State Energy Research and Development Authority
(consulting)
Niagara Area Development Corporation
Niagara County Brownfield Development Corporation
Niagara County Industrial Development Agency
Niagara County Development Corporation
Niagara Economic Development Fund
Niagara Frontier Transportation Authority
Niagara Power Coalition

Fire Districts and Companies

Bowmansville Volunteer Fire Association
Clarence Center Volunteer Fire Company
Clarence Center Volunteer Firefighters Benevolent Association, Inc.
Cleveland-Hill Fire District
East Seneca Fire Company
Eggertsville Fire District
Holland Fire District
Main-Transit Fire Department Inc.
Newstead Fire Company
Pembroke Fire District
Snyder Fire District
Town of Niagara Active Hose
West Seneca Fire District #4

School Districts and BOCES: Internal Audit

Albion Central School District
Amherst Central School District
Fredonia Central School District
Holland Central School District
Iroquois Central School District
Lackawanna City School District
Livonia Central School District
Medina Central School District
Monroe 2 – Orleans BOCES
North Tonawanda City School District
Orchard Park Central School District
Starpoint Central School District
Tonawanda City School District
West Seneca Central School District

School Districts and BOCES: External Audit

Akron Central School District
Alden Central School District
Barker Central School District
Buffalo Board of Education (Buffalo Public Schools)
Byron-Bergen Central School District
Cheektowaga Central School District
Cheektowaga-Maryvale Union Free School District
Clarence Central School District
Corning City School District
Erie 1 BOCES
Erie 2 Chautauqua – Cattaraugus BOCES
Grand Island Central School District
Hamburg Central School District
Kenmore- Tonawanda Union Free School District
Lewiston-Porter Central School District
Lockport City School District
Mount Morris Central School District
Newfane Central School District
North Collins Central School District
Pavilion Central School District
Royalton Hartland Central School District
Salamanca City Central School District
Sweet Home Central School District
Wilson Central School District
Wyoming Central School District
Yorkshire-Pioneer Central School District

School Districts: Consulting Services

Cheektowaga-Sloan Union Free School District
Niagara Falls City School District
Niagara Wheatfield Central School District

APPENDIX D EXECUTIVE SUMMARY

While our proposal contains detailed information about our Firm and our capabilities, this summary highlights some important information for your consideration.

Understanding of the Services to be Performed

We understand our responsibility will be to audit the basic financial statements and supplementary information, including the schedule of expenditures of federal awards (if necessary), in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), if necessary. We will also audit and provide a report regarding internal controls over financial reporting and compliance as required by *Government Auditing Standards*, if necessary.

Experience in the Governmental Arena

Our clients include over 100 governmental entities, including numerous counties, towns, and villages. Specializing in audits of governmental entities is a fulltime service area of our Firm with over 25 people dedicated to this sector. Appendix C includes a summary of the governmental clients we have the privilege to serve and provides the professional qualifications of the specific engagement leaders who will serve you.

Knowledge of Governmental Accounting

Certified public accountants who work on government audits are required to obtain at least 24 hours of government-specific continuing education within each two-year period. We strive to match this education with the specific needs of the individual as well as the specialty areas applicable to our clients. We also ensure that our professional staff receive education hours at seminars both inside and outside the firm, and most far exceed the minimum requirements.

Full-Service Firm

As a full-service accounting and advisory firm with dedicated industry specialists, we provide the same level of expertise as firms which limit their practice to the governmental area, while also offering a wide array of additional resources that may be required by exempt organizations. Our experience with exempt organizations has given us the opportunity to develop specialized services designed for their needs.

In addition to traditional auditing and accounting services, we have the expertise to offer solutions related to exempt and payroll taxation, financial reporting, budgeting, forecasting, strategic planning, computer technology and software, fraud detection and prevention, internal control and efficiency audits, and many other operational concerns. Additionally, as we have demonstrated to our clients, the size of our staff affords us the ability to provide continuity on engagements as well as deliver timely, quality services. We routinely assist our government clients with questions on payroll and other informational tax forms.

Our unique qualifications include:

- **Professionals already familiar with auditing and accounting requirements for municipalities.** An audit team with industry experience and historical knowledge increases audit efficiencies and facilitates quality service. We consistently provide staff continuity, balanced with “fresh eyes” achieved through periodic rotation of field personnel. Given our size and experience, we have several partners with specific governmental expertise, allowing for seamless partner rotation, if required.

APPENDIX D EXECUTIVE SUMMARY

- **A professional dedicated audit team** that concentrates primarily in the government sector and possesses specific knowledge of operations which minimizes the transition to a new accounting firm and disruption to your daily routine. This audit team has expertise related to the implementation of recent accounting pronouncements, GASB 75, which changed the reporting requirements for other postemployment benefits, GASB 84, which changes the presentation and composition of fiduciary funds, and GASB 87, which will impact accounting for leases as both a lessee and a lessor.
- **Proactive service approach.** Our philosophy encourages regular communication throughout the year to discuss issues and address complex areas as they occur, which reduces year end audit adjustments. Our engagement partners are very involved in the audit process and available whenever needed.
- **Professional development.** We recognize it is often difficult to “keep up” with financial accounting, reporting, and continuing professional education requirements. Therefore, Lumsden McCormick sponsors an annual Exempt Organizations seminar each fall; last year’s event took place on November 22, 2019. The conference addresses pertinent topics relative to governmental organizations, often featuring nationally recognized speakers in the industry. We also offer continuing professional education courses to clients directly through our Firm along with local and national experts.
- **Industry knowledge and participation.** To stay current with governmental industry trends and issues, our Firm is a qualified member of the AICPA Governmental Audit Quality Center (GAQC) and Benefit Plans Audit Quality Center. Additionally, members of our governmental services niche are active participants in several extracurricular organizations, including the New York State Government Finance Officers’ Association, New York State Society of CPA’s Government Accounting and Auditing Committee, and New York State Association of Counties.
- **Global resources** provided through our membership in BDO Alliance USA. The Alliance is a nationwide association of independently owned local and regional accounting, consulting, and service firms operated by BDO, an international accounting network that provides advisory services in 144 countries.