

**TOWN OF CHARLOTTE, VERMONT**

**Proposal for Audit Services**

***Submitted by:***

***Love, Cody & Company, CPAs, P.C.  
P.O. Box 319  
Bennington, Vermont 05201***

***Telephone: (802) 442-5552***

***Contact person: Stephen C. Love, CPA***

***February 18, 2014***

**Love, Cody & Company, CPAs**

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Love, Cody & Company, CPAs

February 18, 2014

Town of Charlotte, Vermont  
Attn: Mr. Dean Bloch, Town Administrator  
P.O. Box 715  
Charlotte, Vermont 05445

Dear Mr. Bloch:

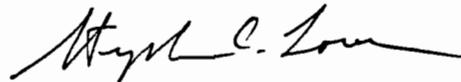
Thank you for giving us the opportunity to provide a proposal to serve as auditors for Town of Charlotte, Vermont. Love, Cody & Company, CPAs, P.C. is committed to the highest standard of client service. We are a locally based, community service oriented firm. We intend to provide the Town with efficient and technically proficient services.

We are prepared to audit the financial statements of the Town for the fiscal year ending June 30, 2014 for a fee of \$14,000. Additional fees for performing a Single Audit when applicable are detailed in the compensation section of this proposal. The audit will be performed in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, as applicable, the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Our proposed approach to serving the Town is presented in the following pages. If you should require any additional information regarding our firm or this proposal, please let us know.

Very truly yours,

Love, Cody & Company, CPAs, P.C.



Stephen C. Love, CPA

SCL/rmz

## ***Our Approach to Serving Town of Charlotte, Vermont***

We intend to provide the Town with quality service for a fair fee. In our view quality service includes technical excellence, providing practical advice and ensuring timely delivery.

We achieve quality service by maintaining a quality control system, by exceeding the profession's minimum requirements for continuing professional education and, most importantly, by keeping our clients interest foremost. As part of our commitment to quality, our firm maintains memberships in the AICPA's Governmental Audit Quality Center and the Employee Benefit Plan Audit Quality Center. Membership in the audit quality centers imposes additional quality control requirements on our firm but, more importantly; it provides valuable resources which help us to better serve our municipal and nonprofit clients.

### ***Audit Approach and Work Plan***

We believe that proper planning results in an efficient and well-managed audit engagement. Prior to commencing field work on our audit we will meet with the Town Administrator to identify any particular areas of concern that management or the Selectmen may have regarding financial or operational matters. We will tailor our audit procedures to address any such concerns and provide feedback to management. At our preliminary planning meeting we will review a list of schedules and documentation that will be needed during field work.

We will coordinate our audit procedures to the extent possible to maximize efficiency and minimize the disruption of day-to-day Town office operations. We anticipate that our field work will be conducted in two separate contiguous blocks of time. The first block of two days should occur prior to year end and will be staffed by Steve Love and a senior staff member. During this visit we will complete system documentation work and perform planning procedures. Our second on site visit should require three to four days and can be conducted in the month of September as requested in the request for proposals. Staffing will include Steve Love, a senior staff member and a staff assistant. Our audit procedures will be tailored to address audit risk factors, to ensure compliance with all relevant professional standards and to provide sufficient audit evidence to support our opinions on the Town of Charlotte's financial statements.

Our audit will be primarily substantive in nature; however we will test internal controls over expenditures in order to reduce the extent of substantive procedures required. This testing will be expanded as required in periods subject to Single Audit Act requirements. Cash, investment and any debt balances and intergovernmental revenues will be independently confirmed. Our audit approach to property tax revenues will consist primarily of analytical procedures, however we will confirm a sample of utility accounts receivable balances. We will employ computer assisted audit techniques to access financial data where practical.

At the conclusion of our audit we will ensure that the Town Administrator and Select Board have an opportunity to review the financial statements and management letter in draft form in November prior to their final release in December. In addition to addressing any internal control considerations, our management letter will include observations regarding operational and other matters. We are willing to commit to the reporting expectations listed in the request for proposals, barring any unforeseen circumstances beyond our control.

We will work closely with Town management in assessing the impact of any new GASB pronouncements to ensure efficient and cost-effective implementation. We will assist management in analyzing the applicability and implementation requirements of new pronouncements applicable to the Town's financial reporting.

### ***Financial Advisory Services***

We encourage the Town of Charlotte to consult with us as needed throughout the year as questions arise with respect to transaction processing, financial reporting considerations, compliance with federal requirements or other matters of financial significance. We provide such day-to-day consultation without charge as a matter of professional courtesy.

In the event that consultation projects more major in scope arise, we will work with the Town to arrive at an appropriate fee arrangement. Some of the service areas in which we have expertise are outlined later in this proposal for your reference.

### ***Our Firm's Qualifications and Experience***

Love, Cody & Company, CPAs, P.C., is a Bennington County based, full service public accounting firm. We are committed to providing quality service to the Town. This commitment includes our willingness to be accessible to management throughout the year. To maintain the quality of our professional services, we have adopted a system of quality control, which provides documentation and performance standards and procedures in accordance with the highest requirements of the accounting profession. All Peer Reviews of our practice, performed by independent CPA firms, have resulted in the issuance of unmodified reports, the most favorable outcome possible under the American Institute of Certified Public Accountants' Peer Review program. Because our firm performs engagements subject to OMB Circular A-133 (Single Audit Act engagements), each peer review of our practice has included the review of a government or nonprofit organization subject to OMB A-133. All members of our professional staff receive continuing professional education in excess of minimum requirements.

Stephen C. Love and Frank J. Cody have extensive experience in serving a wide range of clients. Each was associated with major international public accounting firms prior to joining Love, Cody & Company, CPAs, P.C. Steve and Frank are assisted by four professional staff including three CPAs and a CPA candidate, as well as four other personnel.

Local governments with which we currently have an audit relationship include the following:

Bennington County Regional Commission  
Town of Bennington, Vermont  
Town of Manchester, Vermont  
Town of Readsboro, Vermont  
Town of Shelburne, Vermont  
Town of Stamford, Vermont  
Town of Wilmington, Vermont  
Town of Woodford, Vermont  
Village of North Bennington, Vermont

### ***References***

We are pleased to provide the following references:

Ms. Ruth Woodard, Finance Director  
Town of Manchester, Vermont  
6039 Main Street  
Manchester Center, VT 05255  
802-362-1175

Mr. Stuart Hurd, Town Manager  
Town of Bennington, Vermont  
205 South Street  
Bennington, VT 05201  
802-442-1037

Mr. David Angelo, Town Clerk/Treasurer  
Town of Stamford, Vermont  
986 Main Road  
Stamford, VT 05352-9603  
413-652-1284

### ***Additional Services***

Love, Cody & Company, CPAs, P.C. offers a wide range of professional services to private businesses, local governments, nonprofit organizations and individuals. Among the services offered are:

- Controlling and reporting on operations:
  - Financial statements-compilations, reviews and audits
  - Internal reporting and controls
  - Accounting system implementations
  
- Business planning:
  - Business plans and budgets
  - Profitability analysis and cost studies
  
- Financing assistance:
  - Financing proposals and prospective financial statements
  - Cash flow analysis and planning
  - Capital investment analysis
  
- Managing income and other taxes:
  - Integrated tax and personal financial planning for owners of closely-held businesses
  - Preparation of income and other tax returns

### ***Compensation***

Our audit will be performed in accordance with generally accepted auditing standards and *Government Auditing Standards*. We anticipate that the financial audit will require approximately 160 hours to complete, including 120 hours of staff time (Justin Kinney, Senior Accountant and Ryan McKenna, Staff Accountant) and 40 hours of officer involvement (Steve Love). The engagement team is experienced in audits of local governments and Single Audits. Our fee for the audit will be \$14,000. In the event that a Single audit is required, our additional fees would be \$2,500 for one major program and \$1,500 for each additional major program.

Our fees for additional years would be as follows:

June 30, 2015    \$14,420

June 30, 2016    \$14,850

Additional fees in the event a Single Audit is required in these years would be as indicated above.

Upon acceptance of our proposal we will arrange to obtain an engagement letter setting forth our understanding of the terms of our engagement and the related fees.

**ENGAGEMENT TEAM RESUMES**

### **Stephen C. Love**

Stephen C. Love, a certified public accountant and shareholder of Love, Cody & Company, CPAs, P.C., has been serving clients in Southern Vermont and Albany, New York since his relocation from Philadelphia in 1987. He has primary responsibility for administration of Love, Cody & Company's audit and accounting practice and the related system of quality control.

Before joining Love, Cody & Company, CPAs, P.C., Steve was a senior manager in the audit department of KPMG's Albany office. His professional experience includes providing audit and consulting services to governments, nonprofit organizations and commercial entities. He has served nonprofit entities ranging in size from small museums to large social service organizations subject to Single Audit Act requirements. These clients have included those with similar fund structures and reporting needs as those of Southwest Vermont Regional Technical School District.

Steve has strong technical knowledge in accounting and auditing standards. He has served two three-year appointments to the Executive Committee of New England Peer Review, serving as one of the two representatives from the State of Vermont. In this capacity, he was responsible for the oversight of the peer review processes in four New England states. He has extensive experience as a peer reviewer of other CPA practices.

Steve is licensed as a certified public accountant in Vermont, New York and Massachusetts. Steve was recently appointed by the Governor of Vermont to serve a five-year term on the Vermont Board of Public Accountancy. He is an active member and past president of the Vermont Society of Certified Public Accountants and is a member of the American Institute of Certified Public Accountants. He is an active member and past president of the Bennington Area Chamber of Commerce and the Bennington Catamount Rotary Club.

### **Justin D. Kinney**

Justin Kinney is a CPA candidate and a staff accountant. Justin joined Love, Cody & Company, CPAs, P.C. in July 2008 after graduating from college.

Much of Justin's training and experience with our firm has been directed to providing audit and accounting services to local government and nonprofit clients. Justin has been a key member of the engagement team in our larger municipal and nonprofit audits including the Towns of Bennington, Manchester, Shelburne and Wilmington, and Stratton Mountain School and the Lund Family Center.

Justin graduated Massachusetts College of Liberal Arts, where he earned a Bachelor of Science in Business Administration. He is a member of the Vermont Society of Certified Public Accountants.

**PEER REVIEW REPORT**

**BAGGE, CENNAMO & PASCOE, LLP**  
Certified Public Accountants and Consultants

Carl J. Bagge, CPA  
Joseph N. Cennamo, CPA  
Kenneth P. Pascoe, CPA

66 Maple Avenue  
Windsor, CT 06095  
(860)298-9815

System Review Report

September 25, 2012

To the Shareholders of Love, Cody & Company, CPA's, P.C. and the Peer Review Committee of the New England Peer Review:

We have reviewed the system of quality control for the accounting and auditing practice of Love, Cody & Company, CPA's, P.C. (the firm) in effect for the year ended March 31, 2012. 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. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Love, Cody & Company, CPA's, P.C. in effect for the year ended March 31, 2012, 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*. Love, Cody & Company, CPA's, P.C. has received a peer review rating of *pass*.

*Bagge, Cennamo & Pascoe, LLP*