

**TOWN OF CHARLOTTE, VERMONT**

**AUDIT PROPOSAL**

Presented By: Sullivan, Powers & Company  
77 Barre Street  
P.O. Box 947  
Montpelier, Vermont 05601  
Telephone 223-2352  
Contact: Fred Duplessis, CPA

TOWN OF CHARLOTTE, VERMONT  
AUDIT PROPOSAL

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**Sullivan, Powers & Co., P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

77 Barre Street  
P.O. Box 947  
Montpelier, VT 05601  
802/223-2352  
[www.sullivanpowers.com](http://www.sullivanpowers.com)

Fred Duplessis, CPA  
Richard J. Brigham, CPA  
Chad A. Hewitt, CPA  
Wendy C. Gilwee, CPA  
[VT Lic. #92-000180](#)

February 18, 2014

Town of Charlotte  
Attn: Dean Bloch, Town Administrator  
P.O. Box 119  
Charlotte, Vermont 05445

Thank you for giving us the opportunity to submit a proposal to provide auditing services to the Town of Charlotte.

We have significant experience in municipal auditing engagements of all sizes. This experience provides us with a good background for the scope of services you request. We have a team of professionals who have all worked on a large number of municipal and school district accounting and auditing engagements. This level of experience reaches from the partner level down through to the staff level auditors. This experience will enable us to perform the services within our required time frame with a minimum of disruption to your daily operations.

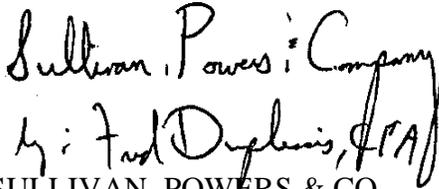
We provide a wide range of assistance to our municipal clients in areas such as systems design and implementation, personnel administration, accounting and information systems and compliance with laws and regulations. We are also available to answer questions or for consultation throughout the year. We promptly return all phone calls and do not charge for calls of a short duration. If we need to do additional research or work, we will only do so after we have discussed any fees with you.

The following pages set forth our experience, qualifications, audit approach and proposed fees for the audits.

If you have any questions please contact us. We will be happy to explain any of the information contained the proposal or to provide you with additional information or references. Please feel free to contact any of the auditees listed in the experience section of the proposal.

As contact person, I am authorized to bind the Firm. We feel we are uniquely qualified to perform the requested scope of services and hope to have the opportunity to work with you.

Respectfully submitted,

  
SULLIVAN, POWERS & CO  
Certified Public Accountants

SULLIVAN, POWERS & CO.

FIRM PROFILE

The firm of Sullivan, Powers & Co. began as a sole-proprietorship in May of 1978. The Firm has exhibited steady growth since that time. The Firm incorporated in May of 1979. Fred Duplessis was admitted as a principal on June 1, 1982, Richard Brigham on June 1, 1995, Chad Hewitt on June 1, 2002 and Wendy Gilwee on June 1, 2005. The Firm now consists of twelve accountants and three support staff who are all located in our office in Montpelier, Vermont.

Our Firm goal is to provide a wide range of services throughout the state. Wendy Gilwee is responsible for the tax department. Fred Duplessis is principal in charge of auditing and management advisory services. Richard Brigham is responsible for the design and implementation of the Firm's quality control system. Chad Hewitt is principal in-charge of our governmental practice. All principals are properly licensed certified public accountants in the State of Vermont.

We are especially proud of the positive feedback we receive from our clients. We attribute this to the quality of our services, especially the assistance we provide, the value of our management recommendations and the minimum amount of disruption to our clients' staff. All systems review and documentation and the work of all senior and staff accountants is reviewed by a principal. The final workpapers and financial statements are also reviewed by an audit principal.

Our firm is enrolled in the American Institute of Certified Public Accountant's Quality Review Program and we meet the quality review requirements. Our most recent quality review was completed in August, 2012. We received a rating of pass with no deficiencies. Our independence guidelines follow "Government Auditing Standards", the ethics rules of the AICPA and the "Rules of Conduct" adopted by the State of Vermont. We have not had any disciplinary action taken against our firm and we do not have any pending investigations. In addition, we have not had any engagements terminated by our clients for any reason.

A minimum of forty hours per year of continuing education are required of each CPA on staff. Staff members performing governmental audits are required to meet the educational requirements of the GAO. Other staff members take continuing education in various areas. All professional staff are required to work toward certification.

Sullivan, Powers & Co., Certified Public Accountants, is a small business concern, as defined by the Small Business Administration.

SULLIVAN, POWERS & CO.

STAFF PROFILE

<u>Classification</u>	<u>Total Number</u>	<u>CPA's</u>
Principals	4	4
Managers	2	2
Seniors	3	1
Staff	<u>3</u>	<u>0</u>
	<u>12</u>	<u>7</u>

Principals: Shareholder CPA's who have authority to make representations for the Firm and can sign the Firm name to audit reports, financial statements and tax returns.

Manager: In charge of engagement administration and supervision, review and scheduling of senior and staff accountants. The individual must be a certified public accountant.

Senior Accountants: Must be able to perform all accounting assignments with a minimum of supervision. Seniors act in an in-charge capacity for all field work and supervise and review the work of staff accountants.

Staff Accountants: Entry level accountants who have a minimum of a two year degree from a recognized college. They perform all levels of accounting under direct supervision.

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Audit References

	<u>Fiscal Years</u>
Municipalities & School Districts:	
Addison Northeast Supervisory Union	2007-2011
Town of Arlington	1987-2005, 2010-2013
City of Barre	1996-1998, 2004-2012
Town of Barre	2010-2013
Barton Village	1998-2013
Village of Bellows Falls	1998-2008
Town of Bethel	2002, 2007-2008
Bradford Academy and Graded School District	2012
Town of Braintree	2003, 2012-2013
Town of Brandon	2000-2005
Town of Bristol	2011-2013
Bristol Town School District	2007-2011
Brookline Town School District	2007, 2013
City of Burlington	1995-2010
Town of Chester	2006-2010
Chittenden County Metropolitan Planning Organization	2000-2011
Chittenden County Regional Planning Commission	2011-2013
Chittenden County Transportation Agency	2004-2006
Chittenden Solid Waste District	2004-2006
Town of Colchester	1987-1995, 2001-2013

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Audit References

	<u>Fiscal Years</u>
Colchester Fire District #2	1998-2008
Colchester School District	1987-1995, 2001-2013
Cold Brook Fire District #1	1999-2008, 2011
Town of Corinth	1999-2013
Town of Dover	1994-2013
Dover Town School District	2006-2007, 2010, 2013
Essex Town School District	2007
Village of Essex Junction	1989-2013
Town of Georgia	2009
Town of Glover	2009
Town of Grafton	2009, 2011-2013
Town of Granville	2004, 2012-2013
Town of Hardwick	1982-2013
Town of Hartford	1996-2013
Town of Huntington	2005
Hyde Park Fire District No.1	2007
Jamaica Town School District	2007, 2010, 2013
Town of Jamaica	2010, 2012-2013
Town of Killington	2002, 2006-2009

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Audit References

	<u>Fiscal Years</u>
Lamoille County Planning Commission	1995-2007
Leland and Gray Union High School	1994-2013
Lincoln Town School District	2007-2011
Lyndon Institute	1992-2008, 2010
Marble Valley Regional Transit District	1990-2013
Town of Milton	2012-2013
Town of Milton School District	2012-2013
Monkton Town School District	2007-2011
City of Montpelier	2004-2009
Town of Moretown	2006-2008, 2012
Mount Abraham Union High School District	2007-2011
New Haven Town School District	2007-2011
Town of Newbury	1989-2013
Village of Newbury	2005, 2007, 2010, 2013
Town of Newfane	2010-2013
Northfield School District	1996-2012
Town of North Hero	1994-2003, 2007, 2011
Town of Norwich	2001-2006
Orange East Supervisory Union	2012
Town of Pittsford	1997-2000, 2002-2013

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Audit References

	<u>Fiscal Years</u>
Town of Proctor	2004-2006, 2012-2013
Town of Randolph	1993-2005
Town of Rockingham	1998-2008
Town of Roxbury	1999, 2005, 2012
Town of Roxbury School District	2004, 2007, 2010
City of St. Albans	2011-2013
Town of Shaftsbury	2004, 2010
Town of Sharon	2001-2009
Starksboro Town School District	2007-2011
Stratton School District	2008, 2011, 2013
Town of Stowe	1998-2013
Town of Thetford	2004-2012
Townshend Town School District	2007, 2010, 2013
Wardsboro Town School District	2007, 2010, 2013
Town of Warren	1983-2009
Washington South Supervisory Union	1996-2012

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Audit References

	<u>Fiscal Years</u>
Westminster Fire District #3	1991-2013
Town of Westminster	1979-2013
Town of Weston	2005
Town of West Fairlee	2003, 2009-2013
Town of West Rutland	1989-2013
Town of Whitingham	2005-2013
Town of Wilmington	1993-2012
Town of Williston	2005-2007
Wilmington Water District	1994-2013
Windham Central Supervisory Union	1998-2013
Windham Town School District	2007, 2010, 2012-2013
Winhall Town School District	2003, 2006, 2009, 2010
City of Winooski	1986-2013

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Audit References

Town of Hartford

Audit of all funds of the Town in accordance with "Government Auditing Standards" and OMB Circular A-133 as of June 30, 2013. Contact: Hunter Rieseberg, Town Manager 295-9353

Town of Colchester/Colchester School District

Audit of all funds of the Town in accordance with "Government Auditing Standards" and OMB Circular A-133 - June 30, 2013. Contact: Aaron Frank, Chief Financial Officer 264-5502

City of St. Albans

Audit of all funds of the City in accordance with "Government Auditing Standards" and OMB Circular A-133 as of June 30, 2013. Contact: Dominic Cloud, City Manager 524-1500

City of Winooski

Audit of all funds of the City in accordance with "Government Auditing Standards" and OMB Circular A-133 as of June 30, 2013. Contact: Katherine "Deac" Decarreau, City Manager 655-6428

Town of Stowe

Audit of all funds of the Town in accordance with "Government Auditing Standards" as of June 30, 2013. Contact: Charles Safford, Town Manager 253-7350

Town of Bristol

Audit of all funds of the Town in accordance with "Government Auditing Standards" as of June 30, 2013. Contact: Bill Bryant, Town Administrator 453-2410

SULLIVAN, POWERS & CO.

STAFF RESUMES

FRED DUPLESSIS

Fred Duplessis, CPA, received a Bachelor of Science degree in accounting from Bentley College in Waltham, Massachusetts, where he graduated with highest honors in 1976. He has since attended and taught a number of continuing professional education courses related to governmental accounting, auditing and compliance with Federal regulations.

Mr. Duplessis has taught a number of courses sponsored by the Vermont Society of CPAs, the Vermont GFOA, the University of Vermont Extension Service, the Vermont League of Cities and Towns and the Vermont Clerks and Treasurers Association.

Mr. Duplessis had four years experience working for a certified public accounting firm prior to his joining this Firm in June of 1980. His experience has concentrated in the areas of municipal government, federal grants, and nonprofit corporations.

Mr. Duplessis is a certified public accountant and a member of the American Institute of Certified Public Accountants, the Vermont Society of Certified Public Accountants and the Government Finance Officers Association.

RICHARD BRIGHAM

Richard Brigham, CPA, graduated Magna Cum Laude from Champlain College in Burlington, Vermont. Mr. Brigham received an Associate of Science degree in Business Management, with a strong emphasis in accounting. He worked as inventory controller in private industry before accepting his present position at Sullivan, Powers & Company in 1985.

Mr. Brigham is a principal in charge of a large number of our audits. Mr. Brigham is responsible for the design and implementation of our firm quality control system. He has also attended a number of continuing education courses related to governmental accounting and compliance auditing.

Mr. Brigham is a certified public accountant and a member of the American Institute of Certified Public Accountants and the Vermont Society of Certified Public Accountants.

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STAFF RESUMES

CHAD HEWITT

Chad Hewitt, CPA, graduated from Castleton State College in Castleton, Vermont in 1992 where he received a Bachelor of Science Degree in Business Administration with an emphasis in Accounting. Mr. Hewitt joined the professional staff at Sullivan, Powers & Company directly out of college where he has since been involved in a number of governmental and nonprofit audits as well as personal income taxes. Mr. Hewitt has also attended continuing professional education courses relating to governmental accounting and compliance auditing.

Mr. Hewitt is a certified public accountant and a member of the American Institute of Certified Public Accountants and the Vermont Society of Certified Public Accountants.

WENDY GILWEE

Wendy Gilwee, CPA, graduated from the University of Vermont in 1990 where she received a Bachelor of Science degree in Business Administration with a concentration in marketing. After graduation she continued her education, obtaining a concentration in accounting. Ms. Gilwee worked for the State of Vermont Department of Taxes and in the legal profession prior to joining the professional staff at Sullivan, Powers & Company.

Wendy is a certified public accountant and a member of the American Institute of Certified Public Accountants and the Vermont Society of Certified Public Accountants.

**SYSTEM REVIEW REPORT**

August 30, 2012

To the Directors of  
Sullivan, Powers & Co. PC  
and the Peer Review Committee of the New England Peer Review, Inc

We have reviewed the system of quality control for the accounting and auditing practice of Sullivan, Powers & Co. PC (the firm) in effect for the year ended April 30, 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 *Government Auditing Standards*.**

In our opinion, the system of quality control for the accounting and auditing practice of Sullivan, Powers & Co. PC in effect for the year ended April 30, 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*. **Sullivan, Powers & Co. PC has received a peer review rating of *pass*.**

*Vachon Clukay & Company PC*

SULLIVAN, POWERS & CO.SCOPE OF SERVICES

We are prepared to perform an audit of the financial statements of the Town of Charlotte, Vermont as of and for the years ended June 30, 2014 through 2016. The audits will be in accordance with generally accepted auditing standards and GAO's Government Auditing Standards and will include procedures which we consider necessary to express an opinion as to the fairness of the financial statements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Also, we will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. However, because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that errors, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us. We will advise you, however, of any matters of that nature that come to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Town and its environment including internal control, sufficient to assess the risk of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards.

We are also available to provide consultation on a wide range of topics related to municipal accounting throughout the year. We also advise our clients of current developments that might be of interest to them. We do not bill for telephone calls of a short duration. If we need to do additional research, we will advise you of this before we proceed.

SULLIVAN, POWERS & CO.

AUDIT APPROACH

The following is a summary of our audit approach.

Planning/Entrance Conference

We will meet to plan the engagement. We will then meet with Town staff to plan the engagement and review our audit approach.

Survey of Grants, Programs, Contracts and Requirements

We will overview your funds and the various requirements resulting from grant agreements, contracts and State and Federal laws and regulations.

Review and Evaluation Management Information, Accounting and Internal Control Systems

We will interview staff and examine the records to determine the adequacy of your systems.

Program and Develop Tests

We will develop and program those tests we consider to express an opinion on the financial statements.

Perform Tests

Tests will be performed by various staff levels based on our written programs. The Town will be informed if exceptions are noted.

Review Tests

Test results and conclusions will be reviewed by the audit principal and senior.

Trial Balance

A working trial balance will be obtained and analyzed and audit programs will be prepared to test the various account balances.

Verification Procedures

Substantive tests, including analytical review procedures, will be performed to verify account balances.

SULLIVAN, POWERS & CO.

AUDIT APPROACH (CONTINUED)

Draft

A draft of the financial statements and management recommendations letter will be prepared. The drafts will be reviewed with you prior to our finalizing the reports. Your staff should already be aware of any findings raised during the course of fieldwork. Any adjusting journal entries we propose will also be reviewed with you for your approval.

Exit Conference

The results of our audit will be discussed at the exit conference. If the Town disagrees with any findings, additional opportunity will be given to provide support for your position. Any changes will be communicated to you prior to finalization of our report.

Review

The reports and workpapers will all be reviewed by the audit senior and principal to ensure that our quality control procedures have been met.

Final Report

The final report will be delivered to you in accordance with the contractual agreement.

The audit team will be supervised by Fred Duplessis, CPA, or Richard Brigham, CPA, Principals. The staff for this engagement will be assigned as needed. Resumes of individuals who may be assigned to the engagement are included in Exhibit C. We do not anticipate any problem areas which may adversely affect our ability to conduct the audit in accordance with the specifications.

Our approach in subsequent years would be similar to the approach described previously. We would attempt to schedule the same staff as their familiarity with your accounting system will allow them to complete the audit more efficiently in subsequent years. We will notify you prior to the audit if there is a change in any key personnel who have been assigned to this engagement.

AUDIT IMPLEMENTATION BUDGET

	<u>Principal</u>	<u>Senior</u>	<u>Staff</u>	<u>Total</u>
Planning, Including Review of Prior Reports, Minutes Contracts, and Agreements	6	8	4	18
Entrance Conference and Documentation of Internal Controls	2	4	--	6
Evaluation of Internal Control, Programming Compliance Tests and Development of Sampling Plan	2	4	--	6
Performance of Compliance/Control Testing	--	--	8	8
Evaluation of Test Results and Programming of Substantive Tests	2	4	--	6
Performance of Substantive and Analytical Procedures	--	10	44	54
Review Workpapers and Evaluation of Results and Conclusions	2	2	--	4
Preparation of Reports	--	--	8	8
Final Partner Review	<u>2</u>	<u>--</u>	<u>6</u>	<u>2</u>
	<u>16</u>	<u>32</u>	<u>64</u>	<u>112</u>

SULLIVAN, POWERS & CO.

GENERAL TERMS AND CONDITIONS

We are prepared to commence work as soon as formally engaged. Fieldwork will be completed with the final reports issued by December 1 provided that the books are closed and reconciled and our to do list is completed by September 15. We will submit a draft audit report by November 15 for review and acceptance prior to the final reports being issued.

All workpapers prepared in connection with this audit shall be retained for a period of five (5) years.

SULLIVAN, POWERS & CO.FEE SCHEDULE

Based on our knowledge of the accounting system and the regulations and guidelines, we have determined that the audit services can be performed for the following fees provided that the books are closed and reconciled and our to do list is completed prior to our commencing fieldwork:

2014	\$13,500
2015	13,800
2016	14,100

A breakdown at our hours and rates for the 2014 audit are as follows:

Principal	16 hours @ \$200.00 per hour	\$ 3,200
Senior	32 hours @ \$140.00 per hour	4,480
Staff	64 hours @ \$100.00 per hour	6,400
Clerical	12 hours @ \$ 40.00 per hour	480
Out-of-Pocket Expenses		440
Discount		<u>(1,500)</u>
Total		<u>\$13,500</u>

Our fees include all costs associated with the audits. The hours noted are estimates, however, we will provide as many hours as are needed to complete the engagement at the prices quoted provided that the books are closed and reconciled and our to do list is completed prior to our commencing fieldwork.

Fees any other accounting services we provide will be based on the time of the individuals performing these services at our standard hourly rates plus out-of-pocket expenses.

Any extended services will only be performed upon authorization from the Town. We will provide you with an estimate of the costs of any additional services before we proceed.

Our procedure is to bill monthly for work completed to date. Invoices are payable on receipt. A finance charge of one percent (1%) per month will be charged on balances over thirty (30) days.