

TOWN OF RICHMOND, VERMONT

TECHNICAL 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 RICHMOND, VERMONT
TECHNICAL 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

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

March 14, 2022

Josh Arneson
Town of Richmond
203 Bridge Street
P.O. Box 285
Richmond, VT 05477

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

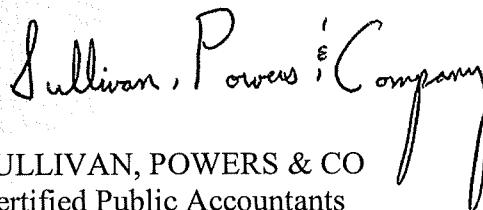
As you are aware, we have significant experience in municipal auditing engagements of all sizes. This experience provides us with a good background for the scope of services you request. We have a team of professionals who have all worked on a large number of municipal and school district accounting 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.

Our depth in governmental accounting goes beyond auditing to also include areas such as Federal compliance auditing and a wide range of topics unique to municipal clients. The principal in charge of this engagement is a member of the Vermont Government Finance Officers Association and has taught numerous courses in the field. All members of our Firm are independent of the Town under "Government Auditing Standards".

We are prepared to follow the audit scope and all other required procedures in your request for proposals. 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 continue working 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 fourteen 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 which included a review of specific government engagements was completed in September, 2018. 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 encouraged 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	3	3
Seniors	4	1
Staff	<u>3</u>	<u>0</u>
	<u>14</u>	<u>8</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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FIRM EXPERIENCE

	<u>Fiscal Years</u>
Municipalities & School Districts:	
Addison Northeast Supervisory Union	2007-2011
Alburgh School District	2017-2020
Town of Alburgh	2020
Town of Arlington	1987-2005, 2010-2013
City of Barre	2004-2014, 2017-2021
Town of Barre	2010-2021
Barton Village	1998-2014
Town of Bethel	2007-2008, 2014- 2021
Bethel/Royalton Solid Waste Management Facility	2014-2021
Town of Bolton	2017-2021
Town of Braintree	2003, 2012-2021
Town of Bristol	2011-2020
Bristol Town School District	2007-2011
Town of Brookfield	2011-2014
Brookline Town School District	2007, 2013-2014
Burke Fire District #1	2018
City of Burlington	1995-2010
Town of Cabot	2017-2021
Town of Calais	2017-2021
Caledonia County	2017, 2019
Town of Canaan	2014

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FIRM EXPERIENCE

	<u>Fiscal Years</u>
Canaan Fire District #1	2016-2018
Town of Cavendish	2008, 2010, 2019
Town of Charlotte	2014-2021
Town of Chester	2006-2010
Chittenden County Regional Planning Commission	2011-2021
Town of Clarendon	2018
Town of Colchester	2001-2021
Colchester School District	2001-2021
Cold Brook Fire District #1	1999-2008, 2011, 2013-2017
Town of Corinth	1999-2021
County of Chittenden	2019
Town of Danby	2010, 2018, 2021
Town of Dover	1994-2021
Dover Town School District	2006-2007, 2010, 2013-2019
Town of Dummerston	2013
Town of East Montpelier	2014-2021
Edward Farrar Utility District	2018-2020
Village of Essex Junction	1989-2015
Town of Georgia	2009, 2017
Town of Grafton	2009, 2011-2021
Grand Isle School District	2017-2019

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FIRM EXPERIENCE

	<u>Fiscal Years</u>
Grand Isle Supervisory Union	2017-2020
Town of Granville	2004, 2013-2019
Greensboro Fire District #1	2013
Town of Halifax	2012-2013
Town of Hardwick	1982-2021
Town of Hartford	1996-2016
Town of Highgate	2012, 2014-2021
Isle LaMotte School District	2017-2019
Jamaica Town School District	2007, 2010, 2013-2014
Town of Jamaica	2010, 2012-2021
Village of Jericho	2013
Lamoille County Planning Commission	1995-2007, 2016-2021
Leland and Gray Union High School	1994-2014
Town of Londonderry	2010, 2012, 2014-2016-2021
Lyndon Institute	1992-2008, 2010
Marble Valley Regional Transit District	1990-2021
Town of Middletown Springs	2018
Town of Milton	2012-2021
Town of Milton School District	2012-2021
Town of Moretown	2006-2008, 2012
Town of Morristown	2015-2017

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FIRM EXPERIENCE

	<u>Fiscal Years</u>
Mount Ascutney Regional Commission	2016-2021
Newbrook School District	2013-2014
Town of Newbury	1989-2020
Village of Newbury	2005, 2007, 2010, 2013-2014
Newfane School District	2005-2014
Town of Newfane	2010-2021
Town of Northfield	2014
Village of Northfield	2014
Northfield School District	1996-2012
Town of North Hero	2011-2012, 2019-2021
North Hero School District	2017-2019
Orange East Supervisory Union	2012
Town of Orange	2018-2020
Town of Peacham	2011
Town of Pittsford	1997-2000, 2002-2021
Town of Proctor	2004-2006, 2012-2021
Town of Richmond	2014-2021
Town of Roxbury	2005, 2012, 2014
City of Rutland	2017-2021

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FIRM EXPERIENCE

	<u>Fiscal Years</u>
Rutland Redevelopment Authority	2017-2021
City of St. Albans	2011-2015
Town of St. Johnsbury	2014, 2016-2021
Town of Shaftsbury	2004, 2010, 2016-2021
Town of Shelburne	2015-2019
South Alburgh Fire District No. 2	2014-2015
South Hero School District	2017-2020
Town of South Hero	2017-2021
Town of Stowe	1998-2021
Stratton School District	2008, 2011, 2013-2021
Town of Stratton	2016-2021
Town of Sutton	2018
Town of Thetford	2004-2020
Town of Tinmouth	2020
Townshend Town School District	2007, 2010, 2013-2014
Town of Townshend	2019-2021
Town of Troy	2015-2020
Toy/Jay Wastewater Treatment Facility	2020
Town of Tunbridge	2019
Town of Vernon	2014-2016
Town of Vershire	2011-2021

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FIRM EXPERIENCE

	<u>Fiscal Years</u>
Town of Waitsfield	2015-2021
Town of Walden	2015
Town of Wardsboro	2012
Wardsboro Town School District	2007, 2010, 2013-2014
Washington South Supervisory Union	1996-2012
Town of Waterbury	2017-2020
Village of Waterbury	2017-2018
Town of Waterford	2015, 2017-2020
Westminster Fire District #3	1991-2021
Town of Westminster	1979-2021
Town of West Fairlee	2003, 2009-2020
Town of West Rutland	1989-2021
Town of Whitingham	2005-2021
Town of Williston	2020-2021
Town of Wilmington	1993-2012
Wilmington Water District	1994-2020
Windham Central Supervisory Union	1998-2014
Windham Town School District	2012-2014
City of Winooski	1986-2014, 2016-2018
Town of Worcester	2013-2020

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FIRM EXPERIENCE

Town of Colchester/Colchester School District

Audit of all funds of the Town and School District in accordance with “Government Auditing Standards” and the Uniform Guidance - June 30, 2021 – Contact: Aaron Frank, Town Manager 264-5502 or George Trieb, Business and Operations Manager 264-5999

Town of Stowe

Audit of all funds of the Town in accordance with “Government Auditing Standards” – June 30, 2021 – Contact: Charles Safford, Town Manager 253-7350

City of Barre

Audit of all funds of the City in accordance with “Government Auditing Standards” – June 30, 2021 – Contact: Steve Mackenzie, City Manager 476-0241

Chittenden County Regional Planning Commission

Audit of all funds of the Planning Commission in accordance with “Government Auditing Standards” and the Uniform Guidance – June 30, 2021 – Contact: Charles Baker, Executive Director 846-4490

City of Rutland

Audit of all funds of the City in accordance with “Government Auditing Standards” and the Uniform Guidance – June 30, 2021 – Contact: Mary Markowski, City Treasurer 773-1800

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 CPA's, the Vermont GFOA, the University of Vermont Extension Service, the Vermont League of Cities and Towns and the Vermont Clerks and Treasurer's 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 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 and business 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.

Report on the Firm's System of Quality Control

December 17, 2021

To the Shareholders of Sullivan, Powers & Co. 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 Sullivan, Powers & Co. (the firm) in effect for the year ended April 30, 2021. 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* and compliance audits under the Single Audit Act.

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 Sullivan, Powers & Co. in effect for the year ended April 30, 2021, 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. has received a peer review rating of *pass*.

Vachon Clukay & Company PC

Vachon Clukay & Company PC

SULLIVAN, POWERS & CO.

SCOPE OF SERVICES

We are prepared to perform an audit of the Town of Richmond as of and for the years ended June 30, 2022, 2023 and 2024 as outlined in the request for proposals. The audits will be performed in accordance with generally accepted auditing standards and "Government Auditing Standards" and will include procedures which we consider necessary to express an opinion as to the fairness of the financial statements. The audit will also be in accordance with the Uniform Guidance (single audit), if required.

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.

We will begin interim audit procedures before year-end. During that period, internal control and our system evaluation will be documented and transactional and compliance testing will begin.

Our audit will include obtaining an understanding of the Town and its environment, including internal control, sufficient to assess the risks 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 professionals standards.

We will review any findings with you prior to issuing the report. You will have ample time to provide rebuttal to our findings. A revised report, if applicable, will be given to you. If you still disagree with our findings or wish to respond, we will incorporate your response in our report. We will also note where steps have been taken to rectify problem areas, if any, subsequent to the audit period.

We will also be available throughout the year to answer any questions that may arise.

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 Federal regulations.

Review and Evaluation of 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 necessary to express an opinion on the financial statements and evaluate the effectiveness of the system of internal control.

Perform Tests

Tests will be performed by various staff levels based on our written programs.

Review Tests

Test results and conclusions will be reviewed by the audit principal and in-charge.

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 with the Town Treasurer and Finance Director. 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 principal to ensure that our quality control procedures have been met.

Final Reports

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

The audit team will be supervised by Richard Brigham, CPA, Principal. The staff for this engagement will be assigned as needed. 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.

SULLIVAN, POWERS & CO.

AUDIT IMPLEMENTATION BUDGET

	<u>Principal</u>	<u>In-Charge</u>	<u>Staff</u>	<u>Total</u>
Planning, Including Review of Prior Reports, Minutes Contracts, and Agreements	8	8	4	20
Entrance Conference and Documentation of Internal Controls	4	4	--	8
Evaluation of Internal Control, Programming Compliance Tests and Development of Sampling Plan	2	2	--	4
Performance of Compliance/Control Testing	--	--	20	20
Evaluation of Test Results and Programming of Substantive Tests	2	2	--	4
Performance of Substantive and Analytical Procedures	24	38	56	118
Review Workpapers and Evaluation of Results and Conclusions	4	--	--	4
Preparation of Reports	--	8	20	28
Final Partner Review/Exit Conference	<u>4</u>	--	--	<u>4</u>
	<u>48</u>	<u>62</u>	<u>100</u>	<u>210</u>

SULLIVAN, POWERS & CO.

GENERAL TERMS AND CONDITIONS

We are prepared to commence work as soon as formally engaged. Fieldwork will be completed with draft reports issued by October 31 provided that the books are closed and reconciled and our to do list is completed by September 1. We will issue the final reports within one (1) week of your approval of the draft reports.

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

SULLIVAN, POWERS & CO.

COST SCHEDULE

Based on our knowledge of the accounting system and the regulations and guidelines, we have determined that the audit of the financial statements 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:

2022	\$32,000
2023	\$32,600
2024	\$33,300

A breakdown of our hours and rates for the audit of the 2022 financial statement are as follows:

Principal	48 hours at \$250.00 per hour	\$ 12,000
In-Charge	62 hours at \$150.00 per hour	9,300
Staff	100 hours at \$100.00 per hour	10,000
Clerical and Out-of-Pocket Expenses		<u>700</u>
Total		<u>\$32,000</u>

If a single audit is required, our fee will be \$6,000 for one (1) major program and \$4,000 for each additional major program.

Fees for any additional accounting services will be billed based on the time of the individuals performing the services at our standard hourly rates plus out-of-pocket expenses.

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.