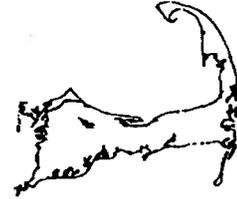




County of Barnstable
Finance Department
Superior Court House, P.O. Box 427
Barnstable, MA 02630
508-375-6915
fax 508-362-4136



Mary T. McIsaac
Director/County Treasurer

March 9, 2017

Assembly of Delegates
Ms. Suzanne McAuliffe, Speaker
3195 Main Street
Barnstable, MA 02630

Re: Auditing Services

Madam Speaker,

The Finance Department recently solicited proposals for auditing services for the County through our Procurement Officer, Ms. Elaine Davis, and received five (5) responsive proposals.

A Committee was formed to evaluate the proposals which was made up of Mr. Ronald Bergstrom, Chair of the Assembly's Standing Committee on Finance who chaired the Assembly for years and is a long-standing member of the Assembly, Mr. Eduard Senteio, Finance Director of the Town of Yarmouth, Ms. MaryAnne Gibbs, Town Accountant of the Town of Dennis, Ms. Joanne Nelson, County Accountant and myself. The committee is credited with decades of experience in municipal finance and relationships with numerous and varied accountants and auditors of municipal entities.

The Committee met and discussed their review of all the proposals. The rating summary is attached. Powers & Sullivan, LLC was selected as highly advantageous and confirmed to have the staff & commitment to meet Barnstable County's requirements. We thank all the Committee members for their time and their valuable contribution to the process.

We respectfully request that the Assembly approve the selection of the firm of Powers & Sullivan, LLC to provide auditing services to the County as provided for in the Charter, Section 5.4.

Respectfully,


Mary T. McIsaac
Finance Director/Treasurer
Barnstable County

Cc: Mr. Leo Cakounes, Chairman, Barnstable County Commissioners
Mr. Jack Yunits, Jr., County Administrator

**Barnstable County
RFP for Auditing Services
RATINGS**

Committee Member	R. Bergstrom	M. Mclsaac	J. Nelson	M. Gibbs	E.Senteio	Overall Rating
<u>Firm Name</u>						
CliftonLarsenAllen LLP	A	A	HA	A	A	A
Hague, Sahady, Co., CPA'S P.C.	HA	HA	HA	HA	HA	HA
Melanson Heath	HA	HA	HA	HA	HA	HA
Powers & Sullivan, LLC	HA	HA	HA	HA	HA	HA
Scappini & Pina, P.C.	A	A	A	A	A	A

Rating Codes:
Highly Advantageous HA
Advantageous A

TECHNICAL PROPOSAL FOR
INDEPENDENT AUDIT SERVICES
COUNTY OF BARNSTABLE

FOR THE FISCAL YEARS ENDING

JUNE 30, 2016 THROUGH 2018

SUBMITTED BY:

POWERS & SULLIVAN, LLC
CERTIFIED PUBLIC ACCOUNTANTS

100 QUANNAPOWITT PARKWAY, SUITE 101
WAKEFIELD, MASSACHUSETTS 01880

CONTACT PERSONS: JAMES E. POWERS, PARTNER CPA
RENEE DAVIS, PARTNER CPA MBA

TELEPHONE: 781-914-1700 (Ext. 223)

FAX: 781-914-1701

EMAIL: JPOWERS@POWERSANDSULLIVAN.COM

WEBSITE: POWERSANDSULLIVAN.COM

DATE: JANUARY 27, 2017

TABLE OF CONTENTS

Transmittal Letter	1
Our Municipal Practice	3
Independence	3
License to Practice	3
Firm Qualifications and Experience	4
Team Qualifications and Experience	7
Municipal Clients.....	16
Audit Scope and Approach	21
Appendix A.....	24
Certificate of Non-Collusion and Tax Compliance.....	25
Representations and Warranties	25
System Review Report	26
Our Vision Of Our Future Relationship With The County Of Barnstable.....	27



TRANSMITTAL LETTER

100 Quannapowitt Parkway

Suite 101

Wakefield, MA 01880

T. 781-914-1700

F. 781-914-1701

www.powersandsullivan.com

January 27, 2017

County of Barnstable
Barnstable, Massachusetts 02630

To the Audit Selection Committee:

We appreciate the opportunity to submit this Proposal to render independent financial audit services to the County of Barnstable (the "County") for the fiscal years ending June 30, 2016 through 2018. The objective of this Proposal is to provide the County with an overview of our firm's experience, knowledge and leadership in serving Massachusetts municipalities. We have designed this Proposal to answer any questions you may have relative to our ability to complete the engagement and to be in compliance with your Request for Proposal (RFP). We understand the work to be done and make a positive commitment to perform the work in the required time frame. We anticipate the audit to start in May/June timeframe each year with delivery of preliminary draft reports by the end of September and final reports by the end of November of each respective year. Please see the audit scope and approach section of this proposal for a detailed overview of our audit approach.

It is our belief that we are uniquely qualified to perform these services. Although there are other firms that may bid on this engagement we believe we can separate ourselves from the others for the following reasons:

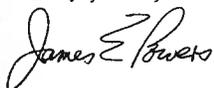
- We support the governmental audit community by taking the lead in addressing the many changing aspects of governmental auditing and financial reporting in Massachusetts. This is evidenced by the fact that our firm does not wait on the sidelines to see how things develop but takes a proactive approach. For instance:
 - We wrote the Department of Revenue's Practical Guide for Implementation of GASB Statement 34 for Massachusetts Local Governments
 - We played a major role in working with the Department of Elementary and Secondary Education to change the End of Year Financial Report's Agreed-Upon Procedures compliance supplement to conform to the Standards Established by the AICPA.
 - We worked exclusively with the Massachusetts School Building Authority (MSBA) to assist them write the audit requirements and compliance supplement. We invested over two hundred hours of partner and manager time in this project at no cost to the MSBA.
 - Three of our partners are active members of the Massachusetts Society of Certified Public Accountants Government Accounting and Auditing Committee; James Powers is the current chairperson and Reneé Davis and Frank Serreti have recently served as chairpersons of this Committee. Reneé Davis currently serves as a Board Member of the Massachusetts Society of Certified Public Accountants and James Powers' term as a Board Member starts in April 2017.
 - Richard Sullivan currently services as secretary for the Boston Chapter of the Association of Governmental Accountants.

- Our management team includes six partners, and two managers, of which, all have over ten years of experience in municipal auditing. This deep bench strength provides you with assurance that your needs will be met. We propose to have both James Powers and Reneé Davis as the co-engagement partners. We have found that assigning two partners to every municipal engagement ensures that each client benefits from the experience of each.
- We have audited and assisted 24 Massachusetts communities in preparing Comprehensive Annual Financial Reports (CAFR) for FY2016 and have submitted them to the GFOA for the Certificate of Achievement for Excellence in Financial Reporting. Every CAFR submitted prior to FY2016 has been awarded the certificate. We anticipate the same results for the FY2016 submissions.
- We currently audit several AAA rated Massachusetts clients. The Commonwealth has listed 33 Massachusetts communities that are rated AAA by at least one of the three major rating agencies.
- As you evaluate the proposal responses please pay special attention to the experience level our management team has in auditing Massachusetts' governmental entities. We believe that the depth of our experience gives us the ability to provide a fresh outlook each year while at the same time utilizing our knowledge of the County to increase efficiencies and to provide optimal service. We have included a brief biography of each partner and manager in this proposal.
- We take seriously our responsibility to remain independent as auditors. We consider our independence to be impaired when there is a technical violation but we also consider a potential public perception issue to be an impairment.
- We selectively choose which clients to bid on and evaluate our ability to meet both the needs of the new client and our existing clients. We constantly assess the time commitment requirements of the partners, managers and the rest of our team so that existing clients such as Andover, Lowell, Quincy, Wellesley, Springfield and Westwood are not adversely affected.
- For the last twenty years, over 90% of our revenues have been generated from services provided to Massachusetts governments. This is our primary business and will continue to be our focus.
- You will receive friendly, courteous and timely service. You will be respected and not taken for granted; our service may not be the cheapest on the market, but it will always be of exceptional quality and designed to help you; we will be honest and "up-front" with you at all times and expect the same from you. Our clients have found that they receive the maximum amount of benefit from our services through this open dialogue.

This proposal is a firm and irrevocable offer and will remain in effect for 90 days.

Thank you for the opportunity to bid on this engagement. I can assure you that our team will do everything in its power to provide the County with the highest level of service, energy, commitment and experience. **We want the County as a valued client.**

Very truly yours,



James E. Powers, Partner CPA

OUR MUNICIPAL PRACTICE

For 27 consecutive years Powers & Sullivan, LLC has specialized in providing audit and consulting services to Massachusetts governments. We currently service a combined client base of over 100 cities, towns, counties, districts, retirement systems and state agencies. Because we have chosen to specialize in the governmental sector, we understand governmental operations at a very detailed level and, accordingly, have developed the expertise required to properly service a municipal entity. Such experience has directly translated into an efficient audit engagement, accurate reports and a clear, concise management letter that makes practical recommendations for enhancing your operations and internal control structure. At Powers & Sullivan, LLC, we believe the role of an auditor goes beyond just an examination of the accounts. We expect our clients to rely on us for guidance related to reporting, municipal finance, systems automation and internal controls. This expanded level of service comes at no additional cost and is included as part of the audit fee.

INDEPENDENCE

In light of the recent developments in the accounting and auditing profession, the increased focus on independence is an important issue that any potential client must evaluate. As part of our quality control procedures, subject to peer review, the completion of a "Client Acceptance" form is mandatory. We have completed this form as it relates to you before we prepared this proposal.

This form is designed to determine independence as defined by auditing standards generally accepted in the United States of America and Government Auditing Standards, - Standards for Audits of Governmental Organizations, Programs, Activities, and Functions, issued by the Comptroller General of the United States.

We have evaluated any potential personal, external and organizational potential impairment as it relates to serving as your auditor and based on the results of our evaluation, we can serve as your independent auditor.

LICENSE TO PRACTICE

We are licensed to practice in the Commonwealth of Massachusetts. Our partners, managers and supervisors are Certified Public Accountants also licensed by the Commonwealth. We are members in good standing of the Massachusetts Board of Public Accountancy, American Institute of Certified Public Accountants, the Massachusetts Society of Certified Public Accountants and the Government Finance Officers Association.

FIRM QUALIFICATIONS AND EXPERIENCE

We specialize in providing audit and consulting services to governmental clients and all of our professionals are members of our governmental audit team. Our partners have over 100 years of audit experience of which a significant portion has been devoted to public sector auditing and consulting. All of our 25+ full-time professionals complete at least 10 different municipal audits each year and our continuing education program is designed to keep them current on new governmental pronouncements. We meet all requirements related to peer review and continuing education of the AICPA and the Commonwealth of Massachusetts.

Our firm's objective is to maintain a leadership position in the Massachusetts municipal market. We accomplish this by providing personal service to our current client base with experienced partners, managers and supervisors. Our management team is active in helping to guide and educate the municipal community in the ever changing governmental accounting landscape. Our clients appreciate this level of commitment and we believe they derive significant added value from our service.

This depth of experience has allowed us to complete audit engagements in a cost efficient manner that is less disruptive to our client's day-to-day operations. Our goal is to service our clients in a manner that will develop a continuing relationship.

Commitment to Service

Powers & Sullivan, LLC prides itself in being able to service our clients for both their independent audit and management consulting needs.

We continue to provide educational seminars for our clients as new issues emerge. We own audiovisual equipment including a state of the art LCD projector, portable sound system with hands-free wireless microphones, a large portable projection screen and all supporting equipment. Over the past three years we have conducted several seminars dealing with matters such as GASB 45, GASB 54, GASB 63, GASB 65, GASB 67, GASB 68, SAS 99, SAS 112, and Fraud Risk Assessment and are continually present as speakers at Accountant's, Treasurer's and Administrator's conferences held throughout the Commonwealth.

The reason we mention this is to emphasize that our commitment to you does not end with the audit. We want to be an important source of new information to you and to your fellow local governments in Massachusetts.

Selected services in addition to audits:

- Preparation of "Comprehensive Annual Financial Reports"
- Implementing automated financial reporting and accounting systems
- Development of internal control procedures
- Adoption of Enterprise Funds and related accounting and reporting changes
- Development of Systems to Account for Fixed Assets and Infrastructure
- Forensic Accounting and Audits

Commitment to Massachusetts

As previously mentioned, we are a Massachusetts based firm committed to servicing governmental clients located in Massachusetts. Consistent with that strategy, we are equally committed to supporting the Massachusetts economy at both the state and local level. Such a commitment is evident by the following conditions and policies:

- Our office is located in Wakefield, Massachusetts.
- 100% of wages paid to our staff is subject to Massachusetts income, unemployment and universal health insurance taxes.
- All computer equipment, office furniture, supplies, utilities, etc. are purchased from Massachusetts' vendors. Accordingly, the costs associated with these purchases are influenced by the overall economic conditions prevalent in the Commonwealth, including prevailing wage rates and the assessment of sales tax on in-state purchases. Exceptions to this policy occur only when sole source products are not available locally.
- We focus our recruiting efforts to students attending Massachusetts Colleges and Universities. We have developed strong relationships with both state and private colleges to provide students with full time employment, cooperative education opportunities and career counseling.
- We established the Powers & Sullivan, LLC educational foundation at UMass Lowell for the benefit of the accounting department and its students. To date the fund has provided scholarships to many accounting students and totals \$85,000.
- We have supported the Massachusetts Society of Certified Public Accountant's educational foundation by funding a platinum level Powers & Sullivan, LLC Scholarship annually.

Commitment to Excellence

Powers & Sullivan, LLC is committed to maintaining its professional excellence in providing quality services to our clients. Accordingly, we are a member of the American Institute of Certified Public Accountants. Membership requires that we pass a peer review of our quality control standards.

Our most recent Peer Review, conducted by the CPA firm of D.E. Rodrigues & Company, Inc., was completed in April, 2014. In this and all our previous peer reviews we received unqualified opinions. This means that the system of quality control for our accounting and auditing practice has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and conformed to professional standards. Please see Appendix A for a copy of the peer review report.

Since we are mainly a governmental practice, our peer reviews have always included specific reviews of several of our governmental single audits.

We have had several field reviews recently of our audits as part of the State Auditor's Single Audit Compliance procedures that resulted in no findings or deficiencies.

Our single audit work product is subject to external review by federal granting agencies. This occurs on a regular basis and we have never received any negative comment about the quality of our work.

We have had numerous field reviews recently of our audits of several Massachusetts Retirement Systems by the Public Employee Retirement Administration (PERAC) in which our audits have been approved and that resulted in no findings or deficiencies.

There has never been any final or pending disciplinary action taken against our firm or any member of our firm by regulatory bodies or professional organizations.

Our membership also requires our staff to receive a minimum of 20 hours of continuing professional education (CPE) per year and 80 hours within each two-year period. *Governmental Auditing Standards*, issued by the Comptroller General of the United States, requires staff members who perform governmental audits to complete a minimum of 24 hours of their CPE requirement in subjects directly related to the government and to government auditing. We affirm that each staff member assigned to this engagement will have met these requirements.

Other Information

We are not proposing a joint venture or consortium to complete this engagement.

We have had several field reviews recently of our audits as part of the State Auditor's Single Audit Compliance procedures that resulted in no findings or deficiencies.

There has never been any final or pending disciplinary action taken against our firm or any member of our firm by regulatory bodies or professional organizations.

We do not utilize the services of subcontractors. All team members are full-time employees of Powers & Sullivan, LLC.

Our firm, and the County's proposed audit team, is very familiar with the MUNIS General Ledger package. Many of our clients utilize this software package; the MUNIS general ledger will integrate with our audit software with no issues.

Firm policy is to maintain a consistent audit team each fiscal year, from the senior auditor through the partner. If a team member should leave the firm, we would contact the County to discuss the options for replacement.

TEAM QUALIFICATIONS AND EXPERIENCE

This section will address the criteria listed in the Evaluation Criteria section of the RFP, as well as other additional criteria designed to assist you in evaluating our capability, level of integrity, and reliability to perform the services you are looking for.

We are a regional firm that is built on serving Massachusetts municipalities for the past 30 years. Our two founding partners have an additional 10 years of auditing and accounting experience with international accounting firms. Our management team is comprised of six partners and two managers that spend over 90% of their time auditing Massachusetts municipalities and retirement systems. All are certified public accountants; three have over 30 years of experience and five have over fifteen years of experience. The deep bench strength sets us apart from our competitors and you can be comfortable knowing that your needs will be serviced throughout the year.

Our firm is comprised of approximately 25 staff. We have been fortunate to retain the majority of our key staff for several years, and we have retained the same management team for over 10 years. We have recently expanded our audit team by hiring 3 full-time recent college graduates.

Our size and experience allows us to rotate engagement partners and managers after several years of being the primary contacts for our long-standing clients. We allow our clients to decide if they prefer to keep the current audit management team or to provide for a rotation.

We are familiar with working with municipal audit committees as many of our clients have used them for several years. Some of these clients include Brookline, Wellesley, Belmont, Plymouth, Hingham and Andover.

We have structured our Proposal to respond to your criteria and to provide additional information that we believe is relevant to the County of Barnstable. Presented below are criteria we have often seen used in evaluating the strength of a Proposal; and using a rating system ranging from "Highly Advantageous" to "Not Acceptable". Listed below are our responses to these criteria. We hope you will see that we meet all of the highly advantageous criteria.

We will briefly describe our experience that can be considered highly advantageous for the County.

1. Years of Experience in Providing Similar Services – Powers & Sullivan, LLC has been providing governmental audit and consulting services since 1987. In order to meet the highly advantageous criteria a firm would need to demonstrate a long track record of providing similar services for Massachusetts communities; our firm and your audit team has over twenty years of relevant experience. Detailed information is included in the municipal client section of this Proposal.
2. Experience in Providing Financial Audit Services for Municipalities – *To be considered highly advantageous, a firm would normally be expected to audit at least 15 Massachusetts municipalities annually.* Our firm completed approximately 70 city, town and county audits for each of the past five years and over 50 for at least the past 15 years. We also complete an additional 25+ audits of other Massachusetts governmental entities each year. In the municipal client section of this Proposal, we have listed our FY2016 audit clients. In FY2012, we audited 65 municipalities of which 34 had over \$100 million in revenue, 24 were CAFR's, 13 had a AAA bond rating, 2 counties, 17 stand-alone school audits, 25 retirement systems, 51 single audits,

and over 50 End-of-Year Pupil and Financial Report engagements conducted in accordance with the Massachusetts Department of Elementary and Secondary Education Compliance Supplement. These are the services you are requesting.

3. Demonstrated Municipal Finance Experience and Understanding of Massachusetts General Laws. – *To be considered highly advantageous, the Proposer must possess extensive Municipal Finance experience and an understanding of Massachusetts General Laws.* We believe that our experience in conducting Municipal audit and consulting services in Massachusetts as well as our history of assisting government agencies such as the MSBA and DESE in developing their audit programs demonstrates our experience and understanding of Massachusetts General Laws. Additionally, since accounting standards and laws are continually changing, we ensure that we stay current by through our involvement with accounting associations such as the MSCPA and AGA, and through our extensive internal training programs.
4. Experience in Working with Municipalities. – *To be considered highly advantageous the Proposer must possess more than six (6) years of experience working with Massachusetts Municipalities.* For each of the last 30 years, over 95% of our revenues have been generated from services provided to Massachusetts governments.
5. General Impression of the Proposal. – *To be considered highly advantageous the Proposer must submit a proposal that is concise, informative and highly detailed. The proposal must reflect that the firm is able to perform in a manner acceptable to the County and the reviewer must be completely convinced about the proposer's ability to provide the contracted services as required by the County.* Our proposal has been formatted to meet the requirements included in your RFP as well as to provide additional information that we feel will allow you to make your best evaluation of our ability to meet the County's needs.
6. Accessibility and Availability of the Proposer. – *To be considered highly advantageous, the Proposer must provide information in the proposal demonstrating that they will be regularly available to the County to answer questions, provide consulting services or perform special audits as necessary.* We consider client communication to be very important. Not only do we have a strict policy of never screening calls at our office, we will provide you with our cell phone numbers and if we are unable to answer your call as it comes in, we will return your phone calls within 24 hours.
7. Additional Proposer expertise and abilities. – *To be considered highly advantageous the Proposer must provide information in the proposal which demonstrates the firm's expertise and ability to serve the County beyond the requirements of this RFP and at the highest possible level of service that can reasonably be expected. This includes awards, professional recognition, and experience in state or local government or any other information that the County may reasonably determine to be an asset in performing the services required by this RFP.* We feel that our experience in working with Massachusetts governmental entities, and in helping them in matters regarding compliance with Massachusetts Laws and Regulations, will allow us to provide you with services that will exceed the requirements of the RFP.
8. Staffing – *To be considered highly advantageous, a proposer shows a commitment to putting their best and most experienced staff and resources into this project.* Our normal staffing of this type of engagement has a management team consisting of an engagement partner and a concurring partner. For the County, we have James Powers and Reneé Davis as the co-engagement partners. This plan has our two experienced partners performing major roles in the engagement. We propose to have Kyle Warne CPA as the engagement manager. Their professional experience is described in detail later in this proposal.
9. Availability to Complete Contracted Services per the County's Schedule. – *In order to be considered highly advantageous, the Proposer must be able to complete the services within the schedule provided for by the key dates in the RFP.* We have completed audits of local governments and retirement systems for years and do not miss deadlines

because we have developed an internal system that properly trains our team members on municipal auditing. Our proposal highlights our plan to accomplish the tasks in a matter that will meet your timeline.

10. Approach to the Audit – *To be considered highly advantageous, a proposer would need to demonstrate a complete understanding of the work to be performed, have an efficient audit plan, properly supervise audit staff, and realistically budget the hours required to complete the audit.* For the past 30 years we have focused our business on serving Massachusetts municipalities and are committed to doing so in the future. We have developed an audit approach that allows us to conduct very efficient high-quality audits. Details on our audit approach are discussed below and again later in the “Audit Scope and Approach” section of this proposal.

Our firm has invested in state-of-the-art software and reference libraries to ensure compliance with all auditing standards and risk assessment standards. We use the PPC suite of products from Thomson Reuters as the foundation for our audit approach. PPC’s SMART Practice Aids – Risk Assessment is an audit tool that uses risk assessment technology to generate customized audit programs based on risk assessments. It is designed for audits of local governments and has proven to be an invaluable resource for us in planning the audit of our clients. PPC’s SMART Practice Aids – Internal Control is an audit tool that we use to formulate a top-down, risk-based approach for efficiently and effectively evaluating internal control over financial reporting. While these tools are excellent, they are only tools. The real effectiveness of these products can only be maximized if the audit team has the experience and expertise to customize the process to each client. We believe our team has those qualities.

11. Professional Quality Control Program– *In order to be considered highly advantageous, the proposer must have a quality control program that will ensure that the County’s audit is conducted in accordance with the highest professional standards.* As discussed above, we utilize the PPC suite of products from Thomson Reuters as audit tools to ensure compliance with the most recent auditing standards and risk assessment standards. In addition we have developed company-wide training and an internal audit review process to ensure the highest quality audits. The success of this system is demonstrated in our Peer Review results as well as in our success in assisting clients in receiving awards for excellence in financial reporting.
12. Last Professional Peer Evaluation– *In order to be considered highly advantageous, the proposer must receive an unqualified opinion in a professional peer review meeting the requirements of the American Institute of Certified Public Accountants.* We have attached a copy of our most recent peer review as an attachment to this proposal. As in all of our previous peer reviews, you will find that we have received an unqualified opinion, which is the best opinion that you can receive.
13. Staff Experience in Federal Single Audits– *In order to be considered highly advantageous, the proposer must demonstrate that they are experienced in completing Federal Single Audits.* The main focus of our firm has always been serving Massachusetts municipalities. As such, all of our staff are trained and experienced in conducting Federal grant audits (Single Audits) as demonstrated in the client listing section of this proposal.

14. Independence and Ethical Behavior – *In order to be considered highly advantageous, the proposer would need to confirm that the firm or any member of the firm has not been disciplined by any regulatory body; and that the firm and the principals are members in good standing with the American Institute of Certified Public Accountants (AICPA) and the Massachusetts Board of Public Accountancy.* No member of our firm has been disciplined by any regulatory body and the firm and all principals are members in good standing with both the AICPA and the Massachusetts Board of Public Accountancy.
15. References. – *To be considered highly advantageous a Proposer must provide adequate references.* We have provided seven references, as requested in the proposal, and can provide additional references if needed to complete your evaluation.

We have tried to briefly address your evaluation criteria and believe we have demonstrated our ability to provide quality service to the County. We do encourage you to contact our clients in order to satisfy yourselves that the quality of our services matches the quantity.

Key Team Members

We will briefly list the experience of our management team as it relates to governmental auditing and accounting. A complete understanding of the process, in real life, of how financial statements are prepared is the most important requirement the team members must have in order to successfully complete the engagement. Any lack of knowledge and practical experience in this area will result in an inefficient engagement that does not adequately address the real life problems encountered in financial reporting. All of our team members possess these skills because auditing and preparing governmental financial statements is the primary focus of our firm.

Key Team Members

We will briefly list the experience of our management team as it relates to governmental auditing and accounting. A complete understanding of the process, in real life, of how financial statements are prepared is the most important requirement the team members must have in order to successfully complete the engagement. Any lack of knowledge and practical experience in this area will result in an inefficient engagement that does not adequately address the real life problems encountered in financial reporting. All of our team members possess these skills because auditing and preparing governmental financial statements is the primary focus of our firm.

James E. Powers, CPA, Governmental Engagement Partner, is the partner-in-charge of the governmental audit practice which comprises over 90% of the firm's revenue. He has over 30 years of municipal audit experience which began as an accountant with the City of Boston's Auditor's Office in 1978. He was employed by Touché Ross for several years until early 1987, one of the big eight accounting firms, as an audit manager with client responsibilities that included the Commonwealth of Massachusetts and local municipalities. In April of 1987, he founded the certified public accounting firm of Powers & Company that serviced several Massachusetts municipalities. Richard Sullivan joined with Mr. Powers in 1989 to form Powers & Sullivan.

Mr. Powers' experience in providing services to local governments for the past 30 years has given him the knowledge that you will find to be an invaluable resource. He has the ability to identify problem areas and assist in developing and implementing practical solutions to these problems. He is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies.

Mr. Powers is committed to improving the auditing, accounting and financial reporting of Massachusetts cities and towns. Over the years, Mr. Powers has volunteered his time to conduct over 100 seminars for the Massachusetts Financial Community on a variety of accounting and auditing subjects. He was the primary

author of the Massachusetts Department of Revenue's publication *A Practical Guide for Implementation of GASB Statement 34 for Massachusetts Local Governments – July 1, 2001*. The DOR produced and distributed approximately 2,000 copies of this publication.

He serves on the Massachusetts Society of Certified Public Accountants Governmental Accounting and Auditing Committee; is a member of the American Institute of Certified Public Accountants; and is a member of the Government Finance Officers Association. Mr. Powers is a member of the GFOA's Special Review Committee, a nationwide pool of CAFR reviewers. In this capacity, he is responsible for determining if CAFR's submitted to the GFOA are either awarded or denied the Certificate of Achievement for Excellence in Financial Reporting.

Richard L. Sullivan, CPA, MBA, Governmental Engagement Partner, Mr. Sullivan shares the responsibility with Mr. Powers of managing the government practice along with being the partner-in-charge of the consulting, commercial and tax practices. He has over 30 years of audit, accounting and management experience which began in 1979 with a local certified public accounting firm. He was then employed by Grant Thornton, an international certified public accounting firm, as an audit manager with client responsibilities including municipalities, public utilities, not-for-profit organizations and commercial enterprises. His private sector experience includes being the Chief Financial Officer for an international manufacturer of high technology equipment and the Chief Financial Officer for a national wholesale distributor. Richard Sullivan joined with Mr. Powers in 1989 to form Powers & Sullivan.

Mr. Sullivan's experience in providing services to local governments for the last 20+ years and commercial entities for the 10 years prior has given him the unique perspective of being responsible for being both the auditor and auditee. The practical experience of running a business, performing audits, obtaining his MBA degree and working with municipalities provides you with a significant knowledge base that can provide practical solutions to problems. He is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies.

Mr. Sullivan firmly believes that in order for Powers & Sullivan to remain a leader in the Massachusetts municipal auditing market we have the responsibility to give back to that community. His commitment has led him to volunteer his time to conduct over 100 seminars for the Massachusetts Financial Community on a variety of accounting and auditing subjects. He co-authored the Massachusetts Department of Revenue's publication *A Practical Guide for Implementation of GASB Statement 34 for Massachusetts Local Governments – July 1, 2001*. The DOR produced and distributed approximately 2,000 copies of this publication.

He also participates as an instructor in the firm's governmental training sessions. He is a member of the Massachusetts Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Massachusetts Government Finance Officers Association and serves as the Secretary of the Boston Chapter of the Association of Governmental Accountants.

Reneé Davis, CPA, MBA, Governmental Engagement Partner, Ms. Davis has been with Powers & Sullivan since 1995 and was admitted as a partner in 2008. Ms. Davis has spent 100% of her accounting and auditing career involved with Massachusetts municipalities, schools, districts and other governmental entities. She obtained her license to practice as a certified public accountant and her MBA degree while at Powers & Sullivan.

Ms. Davis' experience in providing services to local governments has given her the knowledge that is a valuable resource to her clients. She has the ability to identify problem areas and assist in developing and implementing practical solutions to these problems. She is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies.

She is responsible for maintaining the firm's continuing education program. As such, she is given the responsibility to develop the firm-wide and individual plans for our staff. She develops, with Michael Nelligan, our internal governmental training sessions. She also is a very active speaker at governmental seminars for the Massachusetts Society of Certified Public Accountants along with the Massachusetts Financial Community.

Ms. Davis was the key person from our firm to assist in the development of the Massachusetts School Building Authority's (MSBA) audit guidelines.

Renee is an active member of the Massachusetts Society of Certified Public Accountant's Governmental Auditors Auditing Committee and she is a Board Member for the Massachusetts Society of Certified Public Accountants. She is a member of the Massachusetts Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Massachusetts Government Finance Officers Association and the Association of Governmental Accountants.

She will work directly with your staff and be on-site as part of the audit process. This hands-on approach allows officials the opportunity to deal with her directly on any issue or concern throughout the year.

Craig Peacock, CPA, MST, Governmental Engagement Partner, Mr. Peacock has been with the firm since 1995 and has performed over 150 comprehensive single audit and consulting engagements for Massachusetts' governments. He obtained his license to practice as a certified public accountant and his MST while at Powers & Sullivan. He was promoted to manager in 2001 and admitted as a partner in July 2010. His primary responsibility is to provide services to our governmental clients and his secondary responsibility is to work with Mr. Sullivan to manage our tax and commercial practices.

Mr. Peacock's experience in providing service to local governments has given him the knowledge that is a valuable resource to his clients. He prides himself in being very attentive to his client's needs and has demonstrated the ability to assist them throughout the year. His engagements are planned well in advance of the field work and his clients are well informed as to the expectations of both parties. He is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies.

He is responsible for conducting many of the firm's internal governmental training sessions. Craig provides guidance to our staff on all tax related matters along with providing the initial technical advice on new governmental standards. Some of his larger clients include Brookline, Lowell, Somerville, Plymouth, Abington and Belmont.

He also participates as an instructor in the firm's governmental training sessions. He is a member of the Massachusetts Society of Certified Public Accountants, the Massachusetts Government Finance Officers Association and the American Institute of Certified Public Accountants.

Michael Nelligan CPA, Governmental Engagement Partner, Mr. Nelligan has almost 30 years of audit, accounting and management experience which began in 1981. Mr. Nelligan began his career as an auditor with Grant Thornton in Boston, Massachusetts in 1981. During his 7 years with Grant Thornton, he rose to the level of Audit Manager with a client base of governments, public utilities, public universities, manufacturing, retail, hospitals, wholesale distributors and various nonprofit organizations. These entities ranged from start-ups to large publicly traded companies. In 1988, Mr. Nelligan accepted the position of CFO with an east coast wholesale distribution firm where he managed all aspects of the company's operations. After the sale of the company in 2002, Mr. Nelligan joined Powers & Sullivan and currently audits many cities and towns, municipal utilities and nonprofit organizations.

Mr. Nelligan's experience in providing audit services and working for commercial entities has given him the unique perspective of being responsible for being both the auditor and auditee. The practical experience of running a business, performing audits and working with municipalities provides you with a significant knowledge base that can provide practical solutions to problems. He is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies.

Mr. Nelligan is responsible for maintaining the firm's continuing education program. As such he is responsible to develop the firm-wide and individual plans for our staff. He develops, with Renee Davis, our internal governmental training sessions. He also is a very active speaker at governmental seminars for the Massachusetts Society of Certified Public Accountants along with the Massachusetts Financial Community.

Michael works directly with Frank Serreti and Todd Jurczyk to manage all of the engagements conducted in accordance with the Massachusetts Department of Elementary and Secondary Education's (ESE) Compliance Supplement applicable to Massachusetts School Districts End-of-Year Financial Report. The firm completes over fifty of these engagements each year. Some of his larger clients include Barnstable, Wellesley, Springfield, Billerica, Hingham and Marshfield.

Memberships include the American Institute of Certified Public Accountants, the Massachusetts Society of Certified Public Accounts, the Association of Government Accountants and the Massachusetts Government Finance Officers Association.

Frank Serreti CPA, Governmental Engagement Partner, Mr. Serreti has been with the firm for over 20 years and has performed over 150 comprehensive single audit and consulting engagements for Massachusetts' governments. He obtained his license to practice as a certified public accountant while at Powers & Sullivan and was promoted to our management team in 2001.

Mr. Serreti's experience in providing service to local governments has given him the knowledge that is a valuable resource to his clients. He prides himself in being very attentive to his client's needs and has demonstrated the ability to assist them throughout the year. His engagements are planned well in advance of the field work and his clients are well informed as to the expectations of both parties. He is knowledgeable in Statutory, UMAS and GAAP methods of accounting and is familiar with the software programs used by Massachusetts cities, towns, districts and agencies.

He is responsible for conducting many of the firm's internal governmental training sessions. Frank works directly with Michael Nelligan and Todd Jurczyk to manage all of the engagements conducted in accordance with the Massachusetts Department of Elementary and Secondary Education's (ESE) Compliance Supplement applicable to Massachusetts School Districts to the End-of-Year Financial Report. The firm completes over fifty of these engagements each year. Some of his larger clients include Andover, Beverly, North Andover, Wakefield, and Woburn.

He is a member of the Massachusetts Society of Certified Public Accountants (MSCPA), the American Institute of Certified Public Accountants, the Massachusetts Government Finance Officers Association and the Association of Governmental Accountants. Frank is a past chairman of the MSCPA Government Accounting and Auditing Committee and continues to be active with this committee.

Todd Jurczyk, CPA, Governmental Manager, Mr. Jurczyk has over 13 years of governmental auditing and accounting experience. He started his governmental experience with the Fiscal Management Office of MassHighway (MHD) in 1997. While at MHD he was a member of the Commonwealth's GASB 34 implementation team; responsible for capital asset accounting; responsible for the accounting of major

construction projects; responsible for compliance with federal grants; responsible for auditing the compliance of contracts with procurement laws; and was the liaison between MHD, the Comptroller's Office and the external auditors. He passed all parts of the certified public accountant's exam while at MHD. The experience at MHD has made Todd very knowledgeable in compliance auditing and specifically proficient at conducting Single Audits. He joined Powers & Sullivan in 2003, became a licensed CPA in 2006 and was promoted to manager in July 2009.

Todd spends 100% of his time at Powers & Sullivan working on our governmental clients. In 2008, the City of Quincy was obtained as a new client and Todd was assigned the task of managing one of our largest clients. He managed the entire single audit which also included a separate audit of Quincy College. This demonstrates his ability to manage a large and complex engagement with positive results for our firm and the client. Todd was substantially involved with the City of Springfield single audits and End-of-Year Financial Report engagement. Some of his other clients include Wellesley, Belmont, Billerica, Abington, Somerset and Oak Bluffs.

Todd is a member of our quality control team responsible for reviewing CAFR's prior to submittal to the GFOA award program. He is responsible for the audit of three clients that prepare CAFR's. He is part of our team that establishes our auditing procedures and our main in-house instructor for auditing requirements under A-133 and the Single Audit Act. He is a member of the Massachusetts Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

Kyle Warne, CPA, Governmental Manager, Mr. Warne has over 10 years of governmental auditing and accounting experience with Powers & Sullivan. He obtained his license to practice as a certified public accountant while at Powers & Sullivan and was promoted to our management team.

Kyle has spent 100% of his time at Powers & Sullivan working on our governmental clients. We have assigned him the responsibility to be part of the management team of several of our largest and complex clients. He has performed well in this management role and our clients are satisfied with his performance. He has demonstrated his ability to manage large and complex engagements with positive results. Some of his largest clients include Middlesex County Retirement System, Barnstable County Retirement Association, Lawrence, and Haverhill.

Kyle is a member of our quality control team responsible for reviewing CAFR's prior to submittal to the GFOA award program. He is part of our team that establishes our auditing procedures and an in-house instructor for general government auditing requirements. He is a member of the Massachusetts Society of Certified Public Accountants (MSCPA) and the American Institute of Certified Public Accountants (AICPA).

Other Staffing Matters

For the other staff assigned to the engagement we will assign an audit supervisor and senior who has completed at least 30 single audit engagements and assistants as needed. All of our staff are college graduates who are Certified Public Accountants or are working towards the goal of becoming Certified Public Accountants. All of our staff are full time employees of Powers & Sullivan, LLC dedicated to conducting municipal audits. We do not use consultants or subcontractors in the conduct of our audits.

In order to keep all team members up-to-date on governmental auditing the firm conducts a mandatory multiple day training session in June of each year that relates only to governmental auditing. They are also required to attend governmental seminars sponsored by professional organizations. We have a mentoring program where all members are teamed up with a member of management to assist in their professional and personal development. Finally, periodic formal review sessions are conducted throughout the year that evaluate their performance and set goals for the next period.

CLIENTS WHO HAVE RECEIVED THE CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

During fiscal year 2016, we submitted the following CAFR's to the GFOA:

Town of Andover	Town of Westwood
Town of Barnstable	Town of North Andover
Town of Braintree	Town of Burlington
Town of Duxbury	Town of Dedham
City of Everett	Town of Hingham
Town of Marblehead	City of Salem
City of Revere	Town of Wellesley
City of Springfield	Town of Cohasset
City of Somerville	Lower Pioneer Valley Educational Collaborative
Town of Scituate	Town of Mansfield
Town of Arlington	City of Beverly
Town of Burlington	Town of Manchester-By-The Sea

MUNICIPAL CLIENTS

Listed below are client references for you to contact. Further on we have also provided a schedule of other clients. We would be pleased to provide you with references for these should you want them.

SELECTED EXPERIENCE AND REFERENCES

Town of Barnstable

We have audited the Town of Barnstable for over 10 years and have recently extended our contract through FY2018. We assisted the Town complete its first CAFR in FY2004 and the Town has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for each fiscal year since. In addition we have provided various consulting services and completed the Compliance engagements for the End of Year Pupil and Financial Report. The City expends approximately \$11.1 million per year in federal grants. Ms. Davis serves as the engagement partner.

References: Mr. Mark Milne, Finance Director 508-862-4654

County of Dukes County

We were recently re-engaged by the County through FY2014. Previous to that we were engaged from FY1991 through FY2008. The County expends approximately \$1.0 million per year in federal grants. Mr. Seretti serves as the engagement partner.

Reference: Ms. Noreen Mavro Flanders, County Treasurer 508-696-38⁴35

City of Melrose

We have audited the City of Melrose and its Retirement System since FY1994 and have recently extended our contract through FY2017. We have provided various consulting services and completed the Compliance engagements for the End of Year Pupil and Financial Report. The City expends approximately \$1.8 million per year in federal grants. Mr. Sullivan serves as the engagement partner.

References: Mr. Patrick Dello Russo, CFO/City Auditor 781-979-4107
Mr. Robert J. Dolan, Mayor 781-979-4500

City of Quincy

We have been selected to audit the City and College since FY2008. In addition to the audit, we have provided various consulting services and completed the Compliance engagements for the End of Year Pupil and Financial Report. City revenues were \$438 million and the City expends approximately \$22 million per year in federal grants. Mr. Powers serves as the engagement partner and Mr. Jurczyk as the manager.

Reference: Mr. Mark Cavanaugh, Chief Financial Officer 617-376-1264

City of Springfield

We have audited the City of Springfield and its Retirement System since FY2005. In FY2005 Springfield was experiencing difficult financial times and special legislation was enacted that required the transfer of management of the City to a State Control Board. We were contacted by the Control Board who requested that we accept their offer to be the independent auditors. The City's FY2008 revenues were \$805 million and the federal grant expenditures were approximately \$70 million. We also completed the Compliance engagements for the End of Year Financial Report. Mr. Powers and Mr. Nelligan serve as the engagement management team.

Reference: Mr. Patrick Burns, Comptroller 413-787-6153

Town of Wellesley

We were selected by the Audit Committee, through a competitive bidding process, to conduct the audit of the Town, Retirement System and Electric Department since FY2004. We assisted the Town in completing its first CAFR in FY2004. The Town has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for each fiscal year since 2004. We also completed the Compliance engagements for the End of Year Financial Report. The Town has maintained their AAA bond rating for several years. Mr. Powers and Mr. Nelligan serve as the engagement management team.

References: Mr. Hans Larsen, Executive Director 781-431-1019 x2200
hlarsen@wellesleyma.gov
Ms. Sheryl Strother, Finance Director 781-431-1019 x2214
sstrother@wellesleyma.gov

Town of Wellfleet

We have audited the Town for over a decade. In addition to the audit, we have provided various consulting services throughout the years. The Town expends approximately \$1.0 million per year in federal grants. Mr. Sullivan serves as the engagement partner.

Reference: Ms. Marilyn Crary, Town Accountant 781-320-1010

The schedules that follow are intended to provide a snapshot of our client base and the scope of services provided to them.

Cities & Towns over \$100 Million in Revenue

	Audit Services	DESE Engagement	Years of Service	Total Revenues	Total Single Audit	CAFR
1 Springfield	X	X	5-10	\$ 837,000,000	\$ 119,000,000	X
2 Lowell	X	X	over 10	\$ 410,000,000	\$ 39,000,000	
3 Quincy	X	X	5-10	\$ 392,000,000	\$ 18,000,000	
4 Lawrence	X	X	5-10	\$ 335,000,000	\$ 35,000,000	
5 Brookline	X	X	over 10	\$ 286,000,000	\$ 6,000,000	
6 Somerville	X	X	over 10	\$ 267,000,000	\$ 13,000,000	X
7 Plymouth	X	X	5-10	\$ 250,000,000	\$ 8,000,000	
8 Peabody	X	X	over 10	\$ 242,000,000	\$ 8,000,000	
9 Braintree	X	X	5-10	\$ 231,000,000	\$ 3,000,000	X
10 Wellesley	X	X	5-10	\$ 226,000,000	\$ 2,000,000	X
11 Everett	X	X	1-5	\$ 223,000,000	\$ 10,000,000	X
12 Revere	X	X	1-5	\$ 214,000,000	\$ 13,000,000	X
13 Salem	X	X	5-10	\$ 210,000,000	\$ 13,000,000	X
14 Andover	X	X	over 10	\$ 198,000,000	\$ 3,000,000	X
15 Barnstable	X	X	over 10	\$ 193,000,000	\$ 9,000,000	X
16 Billerica	X	X	over 10	\$ 186,000,000	\$ 3,000,000	
17 Arlington	X	X	over 10	\$ 179,000,000	\$ 6,000,000	X
18 Beverly	X	X	over 10	\$ 165,000,000	\$ 8,000,000	X
19 Woburn	X	X	over 10	\$ 156,000,000	\$ 3,000,000	
20 Burlington	X	X	over 10	\$ 156,000,000	\$ 2,000,000	X
21 Belmont	X	X	5 - 10	\$ 152,000,000	\$ 2,000,000	
22 Hingham	X	X	5 - 10	\$ 149,000,000	\$ 2,000,000	X
23 Tewksbury	X	X	over 10	\$ 141,000,000	\$ 2,000,000	
24 Chelmsford	X	X	1-5	\$ 136,000,000	\$ 2,000,000	
25 Mansfield	X	X	1-5	\$ 133,000,000	\$ 3,000,000	X
26 Milton	X	X	over 10	\$ 126,000,000	\$ 2,000,000	
27 North Andover	X	X	1-5	\$ 124,000,000	\$ 2,000,000	X
28 Marshfield	X	X	1-5	\$ 120,000,000	\$ 3,000,000	X
29 Dedham	X	X	1-5	\$ 120,000,000	\$ 2,000,000	X
30 Marblehead	X	X	over 10	\$ 109,000,000	\$ 1,000,000	X
31 Melrose	X	X	over 10	\$ 108,000,000	\$ 3,000,000	
32 Agawam	X	X	over 10	\$ 107,000,000	\$ 3,000,000	
33 Duxbury	X	X	over 10	\$ 107,000,000	\$ 1,000,000	X
34 Saugus	X	X	1-5	\$ 103,000,000	\$ 2,000,000	
35 Ipswich	X	X	1-5	\$ 101,000,000	\$ 1,000,000	
36 Weston	X	X	1-5	\$ 101,000,000	\$ 1,000,000	

Cities & Towns under \$100 Million in Revenue

	Audit Services	ESE Engagement	Years of Service	Total Revenues	Total Single Audit	CAFR
37 Westwood	X	X	over 10	\$ 87,000,000	\$ 1,000,000	X
38 Wareham	X	X	5-10	\$ 85,000,000	\$ 4,000,000	
39 Scituate	X	X	1-5	\$ 84,000,000	\$ 1,000,000	X
40 Yarmouth	X		1-5	\$ 82,000,000	\$ 1,000,000	
41 Wakefield	X	X	over 10	\$ 75,000,000	\$ 2,000,000	
42 Somerset	X	X	5-10	\$ 66,000,000	\$ 1,000,000	
43 Medfield	X	X	1-5	\$ 62,000,000	\$ 1,000,000	
44 Winthrop	X	X	1-5	\$ 62,000,000	\$ 2,000,000	
45 Abington	X	X	over 10	\$ 54,000,000	\$ 1,000,000	
46 Cohasset	X	X	1-5	\$ 51,000,000	\$ 1,000,000	X
47 Carver	X	X	1-5	\$ 41,000,000	\$ 2,000,000	
48 Georgetown	X	X	over 10	\$ 39,000,000	\$ 1,000,000	
49 Lunenburg	X	X	1-5	\$ 37,000,000	\$ 1,000,000	
50 Rockport	X	X	over 10	\$ 34,000,000	\$ -	
51 Monson	X	X	over 10	\$ 32,000,000	\$ 2,000,000	
52 Acushnet	X		over 10	\$ 30,000,000	\$ 1,000,000	
53 Oak Bluffs	X		over 10	\$ 29,000,000	\$ 1,000,000	
54 Manchester-By-The-Sea	X		1-5	\$ 29,000,000	\$ -	X
55 Orange	X	X	5-10	\$ 25,000,000	\$ 3,000,000	
56 Rehoboth	X		5-10	\$ 24,000,000	\$ -	
57 Rowley	X		over 10	\$ 23,000,000	\$ -	
58 Boxborough	X	X	5-10	\$ 22,000,000	\$ -	
59 Groveland	X	X	over 10	\$ 21,000,000	\$ -	
60 Lancaster	X	X	1-5	\$ 21,000,000	\$ -	
61 Wellfleet	X		1-5	\$ 20,000,000	\$ -	
62 Wenham	X	X	5-10	\$ 16,000,000	\$ -	
63 Barre	X		1-5	\$ 13,000,000	\$ -	
64 Chilmark	X		over 10	\$ 10,000,000	\$ -	

Retirement Systems

	Audit Services	GASB 67/68 Services	Years of Service	Total Assets
1 Middlesex County Regional Retirement	X	X	over 10	\$ 1,094,000,000
✓ 2 Barnstable County Retirement	X	X	1-5	\$ 862,000,000
3 Essex County Regional Retirement	X	X	1-5	\$ 371,000,000
4 Hampden County Regional Retirement	X	X	1-5	\$ 303,000,000
5 Lowell	X	X	over 10	\$ 265,000,000
6 Springfield	X	X	5-10	\$ 259,000,000
7 Brookline	X	X	5-10	\$ 223,000,000
8 Somerville	X	X	over 10	\$ 201,000,000
9 Braintree	X	X	5-10	\$ 149,000,000
10 Wellesley	X	X	5-10	\$ 126,000,000
11 Revere	X	X	1-3	\$ 121,000,000
12 Plymouth	X	X	5-10	\$ 120,000,000
13 Arlington	X	X	over 10	\$ 118,000,000
14 Dukes County Retirement System	X	X	1-5	\$ 115,000,000
15 Woburn	X	X	over 10	\$ 114,000,000
16 Peabody	X	X	over 10	\$ 113,000,000
17 Salem	X	X	5-10	\$ 107,000,000
18 Dedham	X	X	1-5	\$ 105,000,000
19 Andover	X	X	5-10	\$ 97,000,000
20 Wakefield	X	X	over 10	\$ 92,000,000
21 Milton	X	X	over 10	\$ 89,000,000
22 Beverly	X	X	over 10	\$ 85,000,000
23 Hingham	X	X	1-5	\$ 82,000,000
24 Marblehead	X	X	over 10	\$ 79,000,000
25 Everett	X	X	1-5	\$ 79,000,000
26 Saugus	X	X	1-3	\$ 78,000,000
27 Belmont	X	X	1-5	\$ 72,000,000
28 Melrose	X	X	over 10	\$ 63,000,000
29 Winthrop	X	X	1-5	\$ 51,000,000
30 Greater Lawrence Sanitary District	X	X	5-10	\$ 12,000,000
31 Blue Hills	X	X	5-10	\$ 7,000,000

AUDIT SCOPE AND APPROACH

We will provide the requested financial audit services of your accounts and records for the years ending June 30, 2016 to 2018. Our audits will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform.

We will comply with all of the scope of services requirements listed in the request for proposal (RFP).

Electronic Work Product

Our audit process is paperless. Our firm prepares all audit working papers, trial balances, report preparation and work product electronically. All Team Members are assigned lap-top computers that are networked in the field and supported by laser printers and scanners. We will download your trial balance directly to our audit software and use it to compile the financial statements. We will provide you with a hard and electronic copy of relevant work papers and reporting schedules.

An Overview of the Process

- **Initial Planning and Preliminary Field Work**– This involves meeting with you at least one month prior to the beginning of preliminary field work to address areas of concern, changes in operations, personnel, systems, etc. We will complete our study and testing of internal controls.
- **Year End Field Work**– This involves analytical procedures and substantive test of the financial statements along with compliance testing of member benefits and activities. Analytical Procedures are procedures used in the evaluation of the comparison of financial information to the expectations developed by the auditor. We will audit significant assets and liability balances (i.e. cash, investments and payables) and test and verify the accuracy of the financial statements.
- **Conclusion of the Audit** - All draft reports will be reviewed with your financial management team and final reports will be issued in accordance with the time frames established in the planning process.
- **Audit Status Reports** – As the engagement progresses we will provide monthly status reports during the course of field work.

Information Required from the County

In the normal course of an audit a client will prepare documents that will be supplied to us. What your staff will find is that most of what we require will be forwarding us documents and reconciliations they have prepared in the course of performing their day-to-day duties. We prefer to receive these documents in electronic format so that scanning and copying is eliminated.

We use an Audit Manual that we tailor to each specific engagement. Within the manual is a control list that identifies information needed for the audit. In summary, what we need from you are your ledgers; support for

all balance sheet accounts; support for all financial statement adjustments; and have available support for any transactions we may select for testing.

Additional Information

The following section provides additional information on our audit process.

- a. We will complete our planning process with your staff during the spring of each year. Our year end field work will be scheduled at this time based on your preference. Report delivery dates will be established based on your need and we will commit to these dates.
- b. As noted earlier, we will assign co-engagement partners, audit manager, senior auditor and assistants, as needed.
- c. We plan on completing the documentation of internal control, planning and fraud risk assessment before the year end field work is scheduled. During year end field work we will perform substantive and additional compliance testing and report preparation.
- d. Our audit process will assess the risk of each audit area and design tests that are specific to you. Our statistical testing primarily relates to internal control verification. The sample size can range from 5 to 60 based on the control being tested.
- e. We do extensive analytical testing to support our substantive tests. We complete a multi-year analysis of all funds, assets, liabilities and fund balances. Our audit software runs reports that highlight variances over a set dollar and percentage for further analytical work.
- f. We complete a paperless engagement which allows us to input the trial balance electronically. We use these reports to complete the financial statements directly from your ledgers and complete a significant amount of testing by having all transactions readily available for testing.
- g. We will prepare and update permanent files that document key transaction processing for receipts, revenues and receivables, benefits, expenses, refunds, purchasing, journal entries, and similar items. This documentation includes all related processes and approvals that can effect a transaction. Each year during the planning stage of the audit we update our permanent files, with your assistance, for any changes. We use this understanding to plan our audit procedures.
- h. At the end of each year, we will provide your financial management team a complete analysis of all balances in the financial statements. It will be in the form of a crosswalk from your ledgers plus all financial adjusting entries to the amounts presented on your financial statements. This will be in Excel and your staff will receive a hard copy along with the electronic files.
- i. We will conduct an exit conference with management to discuss the financial statements and management letter. Based on that conference we will make any final changes to the reports.
- j. We estimate that the engagement will take approximately 100 hours of Partner time and 270 hours of Staff time each year.

Expected Roles and Responsibilities of Assigned Audit Staff

The staffing proposed for the County will have James Powers and Renee Davis as the as co-engagement Partners; Kyle Warne as Audit Manager; an Audit Senior; and an Audit Assistant. Below we will briefly explain each of our team members' roles and responsibilities.

- The both Engagement Partners are ultimately responsible for the completion of all aspects of the engagement and signing the audit opinions. They will be available to County officials to answer any questions and attend any meeting requested. One is responsible for the day-to-day management of the audit. Responsibilities will include assisting in the preparation of the financial statements, management letter and single audit report; assign tasks to the audit staff; work with the County to coordinate the information required from your staff; review in detail all workpapers prepared by our staff; work directly with County staff on the practical implementation of any management findings; and attend all requested meetings.
- The other Engagement Partner is primarily responsible to perform a secondary review of the engagement. Responsibilities include completing a detailed review of all reports and statements and must provide approval before issuance. A secondary responsibility is to become aware of all issues specific to the County. Therefore the County will have two partners available throughout the year to consult with if either Partner is not available.
- The Audit Manager is an experienced auditor who has experience completing similar type engagements. He works directly with the Engagement Partner to complete each section of the engagement; manages the audit staff; completes a detail review of the staff's work; complete a significant portion of the detailed audit procedures; prepares the draft financials statements and management letter.
- The Senior On-site Auditor and Audit Assistant's primary responsibilities are to complete the base-line audit procedures appropriate to their experience level. Their work is closely supervised by the Audit Manager.

Identification of Anticipated Potential Audit Problems

We do not anticipate any significant audit problems based on our experience with the County. Over the course of this engagement the County is required to implement several GASB pronouncements that we will assist in planning for the successful implementation. We are experienced in auditing the Massachusetts Counties. If a major problem does occur we will work with management to allocate our resources to resolve the issue. If the problem is so significant that it cannot be resolved in a timely manner we would request a meeting to discuss the issue and propose possible solutions.

APPENDIX A

AUTHORIZED SIGNATURE AND ATTESTATION

I the undersigned, an authorized representative of Powers & Sullivan, LLC, whose address is 100 Quannapowitt Parkway, Suite 101, Wakefield, MA 01880, have read and thoroughly understand the specifications, instructions and all other conditions of the RFP for Auditing services issued by the County of Barnstable, Massachusetts, for auditing services for the fiscal years ended June 30 2016, 2017, and 2018.

Acting on behalf of my accounting firm, which is listed above, I do attest that the services offered by us meet the County of Barnstable, Massachusetts' specifications in every respect without exception.

We therefore, offer and make this bid to furnish the County of Barnstable the Audit Services detailed in this proposal, at the prices indicated.

Date: January 27, 2017

Signed:



James E. Powers, CPA
Partner

CERTIFICATE OF NON-COLLUSION AND TAX COMPLIANCE

Pursuant to MGL Chapter 62C, Section 49A, the undersigned certifies under the penalties of perjury that Powers & Sullivan, LLC has complied with all laws of the Commonwealth of Massachusetts relating to taxes, reporting of employees and contractors, and withholding and remitting child support.

The undersigned certifies under the pains and penalties of perjury that this proposal has been made and submitted in good faith and without collusion or fraud with any person. As used in this certification, the word "person" shall mean a natural person, business, partnership, corporation, union, committee, club or other organization, entity or group of individuals.

Company: Powers & Sullivan, LLC

Address: 100 Quannapowitt Parkway, Suite 101, Wakefield, MA 01880



James E. Powers, CPA
Partner

Telephone Number: 781.914.1700

Federal Identification Number: 27-3857113

Date: January 27, 2017

REPRESENTATIONS AND WARRANTIES

Powers & Sullivan, LLC makes the following representations and warranties to the County of Barnstable:

- We maintain an errors and omissions insurance policy providing a prudent amount of coverage for negligent acts or omissions and such coverage is applicable to our actions under this RFP and Contract.
- We maintain workers compensation and liability insurance providing a prudent amount of coverage and such coverage will be applicable to the Proposer's actions under the RFP and Agreement.
- Should we be selected as your auditor, we agree to execute a contract containing the provisions set forth in the RFP.

By:



James E. Powers, CPA
Partner

215 Pleasant St. Fl. 4 – PO Box 3634
Fall River, Massachusetts 02722

Tel: (508)679-6079 (508)999-0020
Fax: (508)672-4938

System Review Report

To the Partners of Powers & Sullivan, LLC, CPAs and the Peer Review Committee of
The Massachusetts Society of CPAs:

We have reviewed the system of quality control for the accounting and auditing practice of Powers & Sullivan, LLC, CPAs (the firm) in effect for the year ended September 30, 2013. 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. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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.

As required by the standards, engagements selected for review, included engagements performed in accordance with Governmental Auditing Standards.

In our opinion, the system of quality control for the accounting and auditing practice of Powers & Sullivan, LLC, CPAs in effect for the year ended September 30, 2013, 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*. Powers & Sullivan, LLC, CPAs has received a peer review rating of *pass*.



April 23, 2014



“Coming together is a beginning, staying together is progress, and working together is success”

- Henry Ford

“Opportunity is missed by most people because it is dressed in overalls and looks like work”

- Thomas Edison

“The achievements of an organization are the results of the combined effort of each individual.”

- Vince Lombardi

We share the above quotes with you because it symbolizes our core beliefs that:

1. We will always conduct ourselves in a manner that works towards the long-term success of Powers & Sullivan AND the County of Barnstable,
2. We will always be willing to “don the overalls” and work for you,
3. We will continue to provide a group of experienced professionals to compliment your Team so that the combined effort will result in the achievements both of our organizations desire.