



TITLE PAGE

October 1, 2018

Technical Proposal to Provide Financial Auditing Services to the:

City of Newton, MA

RFP #19-12

Prepared by:

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RFP Title: Request for Proposals for Financial Audit Services –RFP# 19-12

Submission Date: October 1, 2018



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

October 1, 2018

Chief Procurement Officer
City of Newton
Room 201
1000 Commonwealth Ave
Newton, MA 02459

LETTER OF TRANSMITTAL

RE: Request for Proposals (RFP) for Annual Auditing Services – RFP Number: 19-12

Dear Evaluation Committee:

In response to the above referenced solicitation (including Addendum # 1), CliftonLarsonAllen LLP (CLA) is enclosing our proposal to provide auditing services to the City of Newton, Massachusetts (the City).

We are confident that our extensive experience serving the City and similar governmental entities, bolstered by our client-oriented philosophy and depth of resources, will continue to make CLA the top qualified candidate to fulfill the scope of your engagement. As our proposal will demonstrate, the engagement team assigned to the City's audit will continue to be comprised of professionals that possess immense knowledge of the City's operations and are dedicated to the Massachusetts local government community.

CLA also proposes to provide the City with invaluable resources to assist with the City's pending implementation of the MUNIS accounting system.

CLA looks to continue this valuable partnership with the City. As requested in the RFP, we have provided the following information:

- ❖ **Understanding of the Work to be Performed** - CLA understands the services the City is requesting, summarized as follows:
 - Conduct the annual independent financial audit of the Comprehensive Annual Financial Report and federal awards programs
 - Preparation of a management letter with recommendations for cost-beneficial improvements in the City's systems of internal control. The management letter will include, among other things, recommendations resulting from two (2) annual "site visits" chosen by the City.
 - We will be available during normal business hours throughout the contract period to provide the City with advice and guidance on financial accounting and reporting issues. We will keep the City abreast of the working requirements of all new accounting and financial pronouncements.
 - Perform agreed upon procedures (as established by the Massachusetts Department of Elementary and Secondary Education) over compliance related to the Newton Public School's End of Year Pupil and Financial Report.

- ❖ **Commitment to Perform the Work and Deliver all Reports Within the Specified Time Period** - We have the knowledge, willingness, and resources to complete the engagement described in the RFP within the requested time period.
- ❖ **All-inclusive fixed fee** - The City's RFP requests fee information for this Letter of Transmittal. However, given that other sections of the RFP indicate that fees and pricing should not be included in the Technical Proposal, CLA is not including fee information in this Letter. Please refer to our separately issued **Price Proposal**.
- ❖ **Irrevocable Offer** – Our proposals (Technical and Price) are valid for a period of 90 days.
- ❖ **Authorization** - I, Matthew S. Hunt am authorized as a principal of CLA to bind, negotiate and execute contracts on CLA's behalf.

For ease of evaluation, the structure of our proposal mirrors your RFP section II, *Information to be Supplied by Proposers*. In addition, we have provided a *Comparative Evaluation Criteria* matrix in the *Additional Information* section of our proposal to assist with the City's proposal evaluations.

I offer my personal commitment to continue providing the City the best resources and services available. If you need to contact me at any time, either before or after your selection process, please call me at 781-402-6307 or email me at matt.hunt@claconnect.com.

Sincerely,

CliftonLarsonAllen LLP

A handwritten signature in blue ink that reads "Matthew Hunt" with a stylized flourish at the end.

Matthew S. Hunt, CPA
Principal

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PROFESSIONAL EXPERIENCE

Firm Overview

CLA is a professional services firm delivering integrated public accounting, outsourcing, and wealth advisory capabilities, working together to advance our clients' success.

Our professionals are immersed in the industries they serve and have specialized knowledge of their operating and regulatory environments. With nearly 5,000 people in more than 110 U.S. locations, and a global affiliation, CLA brings a wide array of solutions to help clients in all markets, foreign and domestic.

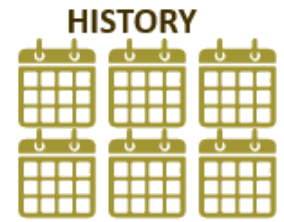
Massachusetts Municipal Auditing Experience

CLA understands and appreciates Massachusetts governmental organizations like no other firm. CLA has a team of professionals in our Lexington office that focus 100% of their efforts in the government industry. Our government services team specifically chose to work in this industry. As such, our people are passionate about what they do and eager to exceed your expectations both now and well into the future.

As a CPA firm experienced in serving state and local units of government, CLA is very aware of the financial and legal compliance requirements that governmental officials are faced with daily, specifically in the Commonwealth of Massachusetts. Members of your engagement team currently audit the City and approximately **50 other governmental organizations in Massachusetts**. They have dedicated their career to serving governmental entities in Massachusetts and the New England region.

We bring valuable experience in helping our governmental clients meet the complexities of satisfying their financial and legal obligations. **Our highly qualified professionals concentrate on the kind of accounting, auditing and management advisory services required by the City.** The principals and staff of CLA have extensive experience auditing financial statements presented in accordance with Generally Accepted Accounting Principles (GAAP) for governmental entities. Our experience results in high quality full disclosure financial statements and an effective and efficient audit. Any CPA firm can audit financial statements, but few specialize in the area of audits for government entities.

60+
years
in business



FISCALLY STRONG



\$850
million in revenue



LOCATION

More than **110**
locations
nationwide

NATIONAL



Among the nations' leading professional services firm

5,400+
employees



RESOURCES

Including: **600+** state
and local government
professionals

INDUSTRY DRIVEN



We serve
2,100+
Governmental entities



Below is a complete list of Massachusetts governments we have audited in the past five years:

Government Name	Years Audited	Single Audit	\$200M Revenues	CAFR
City of Brockton	2014-Present	X	X	
City of Chelsea	2003-Present	X		X
City of Fall River	2013-Present	X	X	
City of Newton	2004-Present	X	X	X
City of Waltham	2012-Present	X	X	X
City of Worcester	2005-Present	X	X	X
Town of Bedford	2010-Present	X		X
Town of Berlin	2003-Present			
Town of Bourne	2008-Present	X		
Town of Carlisle	2003-Present			
Town of Dennis	2004-Present	X		
Town of Eastham	2004-Present	X		
Town of Edgartown	2007-Present	X		
Town of Essex	2003-Present			
Town of Hamilton	2005-Present	X		
Town of Mashpee	2003-Present	X		
Town of Nahant	2004-Present			
Town of Natick	2008-Present	X		
Town of Norfolk	2003-Present			
Town of Provincetown	2013-Present	X		
Town of Sudbury	2003-2016	X		
Town of Swampscott	2004-Present	X		
Town of Swansea	2004-Present	X		
Town of Truro	2004-2016			
Town of Winchester	2003-Present	X		
Barnstable County	2005-2015	X		
Boston Public Health Commission	2015-Present	X		
Boston Public Library	2012-Present			
Brockton Area Transit Authority	2017-Present	X		



Government Name	Years Audited	Single Audit	\$200M Revenues	CAFR
Cambridge Housing Authority	2015-Present	X		
DCU Center	2012-Present			
Duke's County OPEB Trust	2015-Present			
Martha's Vineyard Regional High School	2003-Present	X		
Massachusetts Convention Center Authority	2008-Present			
Massachusetts General Court	2009-Present			
MassHousing Affordable Housing Trust	2017-Present			
MassHousing OPEB Trust	2011-Present			
MassHousing Single Audit	2017-Present	X		
MassHousing Retirement System	2007-Present			
MassMutual Center	2008-Present			
Massachusetts Water Resource Authority	2017-Present		X	
MWRA OPEB Trust	2017-Present			
MWRA Retirement System	2012-Present			X
Up-Island Regional School District	2003-Present			
Whitman-Hanson School District	2014-Present	X		
Worcester Redevelopment Authority	2010-Present			
Worcester Retirement System	2004-Present			X
Worcester Regional Retirement System	2014-Present			

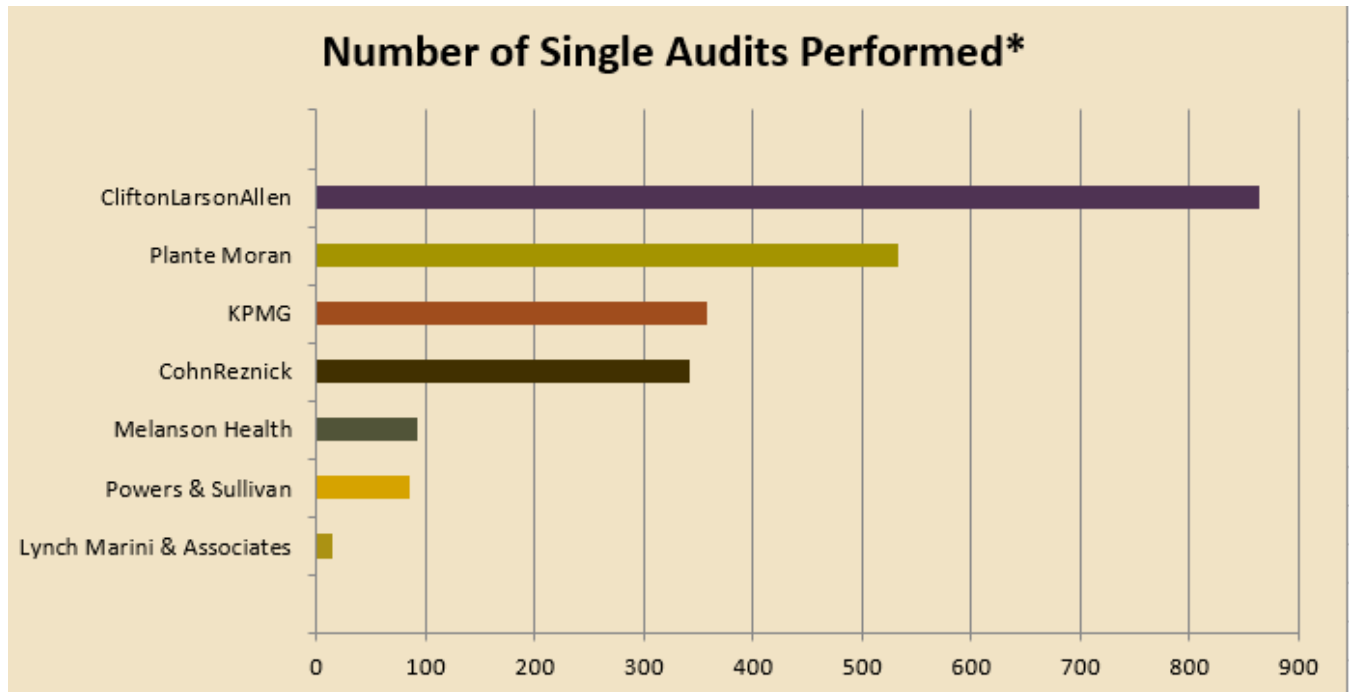


Single Audit Experience

CLA has become the national leader in providing audit, tax and many other financial services to government entities similar to the City. Our client portfolio of government and nonprofit organizations represents nearly half of the firm's total revenues. You will benefit from CLA's experience in this area. We audit approximately **\$29 billion dollars in federal funds**.

As outlined in the following table, CLA performs more single audits annually than any other firm in the nation.

In addition, CLA performs a significantly larger amount of Single Audits than some of our competitor firms in Massachusetts. See table below.



**The information for the firms above was pulled from the Federal Audit Clearinghouse for audits with fiscal year ends between January 1, 2016 – December 31, 2016.*

In the current environment of increased oversight, it is more important than ever to find qualified auditors who have significant experience with federal grants specific to the City and can enhance the quality of the City's single audit. Therefore, the single audit will be performed by a team of individuals who are managed by personnel who specialize in single audits in accordance with OMB's UG and who will offer both knowledge and quality for the City. As part of our quality control process, the single audit will be reviewed by a firm Designated Single Audit Reviewer.

The AICPA clarified auditing standard, AU-C 801 "Compliance Audits" requires risk-based concepts to be used in all compliance audits including those performed in accordance with OMB UG. Our risk-based approach incorporates this guidance.



CAFR and Certificate of Achievement Assistance

The Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting is awarded to state and local governments that go beyond the minimum requirements of generally accepted accounting principles. It is awarded to state and local governments who produce a comprehensive annual financial report that evidences the spirit of transparency and full disclosure. Members of the GFOA staff and the GFOA Special Review Committee (SRC) review reports submitted to the CAFR program.

CLA provides audit services to many entities that received the GFOA Certificate of Excellence in Financial Report. All of the procedures noted in our audit approach and our technical review of the CAFR are done to help the City prepare and publish the top product possible.

For clients that submit the CAFR to the GFOA for a Certificate, we review the GFOA comment letter for each CAFR and provide advice regarding the response to the GFOA reviewer's comments. Our procedures with respect to the CAFR include a review of the comments from GFOA on the prior year submission to determine they were adequately addressed, completion of the CAFR checklist, and review of the transmittal letter and statistical data to determine that information presented is reasonable and agrees with the information in the financial statements and management's discussion and analysis (MD&A), where applicable.

We understand the interrelationships of the many and varied components of a governmental entity's financial statements, allowing us to quickly determine errors or problems with the financial statements. Our depth of knowledge and experience also allows us to assist clients with the preparation of the CAFR.

Our involvement with clients in the GFOA Certificate program helps to determine that we are on the leading edge of reporting trends and techniques. We have been engaged by various entities to review their statements for compliance with program requirements. We have aided clients (including the City) in the early implementation of professional pronouncements and regularly provide our clients with updates on new pronouncements which will affect them and will continue to do the same for the City.

The table below identifies the professionals who are currently members of the GFOA Special Review Committee together with their length of service with the Committee:

Name	Title	Location	Years Served
Julie S. Fowler, CPA	Signing Director	Sebring, FL	10+
Rich Gonzalez, CPA	Principal	Roseville, CA	5+
Michelle Hoffman, CPA	Manager	Minneapolis, MN	4+
Christopher G. Knopik, CPA, CFE	Principal	Minneapolis, MN	5+
Jacob S. Lenell, CPA	Principal	Milwaukee, WI	10+
Remi Omisore, CPA	Principal	Baltimore, MD	6+
Jeffrey Peek, CPA	Manager	Roseville, CA	2+
Miranda Wendlandt, CPA, CFE	Principal	Alexandria, MN	3+
Elba Zuniga, CPA	Principal	Sacramento, CA	1+



Engagement Team Experience

Our highly effective team will continue to address the City’s audit needs using a collaborative and team-based approach. The team members have performed numerous engagements of this nature and will commit the resources necessary to provide top quality service throughout the engagement. Following are our proposed management team members:

Engagement Team Member	Role and Responsibility
Matthew Hunt, CPA	Engagement Principal – Matt Hunt will have overall engagement responsibility including planning the engagement, developing the audit approach, supervising staff, and maintaining client contact throughout the engagement and throughout the year. Matt is responsible for total client satisfaction through the deployment of all required resources and continuous communication with management and the engagement team.
Daniel Sullivan, CPA	MUNIS Implementation Principal – Dan Sullivan is one of the foremost leaders in MUNIS experience in Massachusetts. Dan has worked intimately with the MUNIS program for over 20 years and assisted numerous municipalities with implementation, training and consulting with MUNIS. Given the City’s pending MUNIS implementation, Dan and his consulting team will be an invaluable resource for the City over the next few years as you make this difficult and important transition to a new accounting system.
James Piotrowski, CPA, CGFM	Engagement Manager – Jim Piotrowski will act as the lead manager on the engagement. In this role, Jim will assist the engagement principal with planning the engagement and performing complex audit areas. He will perform a technical review of all work performed and all audit reports.
Hannah York, CPA	MUNIS Implementation Manager – Hannah works closely with Dan Sullivan and also has extensive experience with MUNIS. In fact, Hannah’s prior position before joining CLA was the City Auditor for the City of Lowell, which utilized the MUNIS system. Therefore, Hannah has hands-on experience with the program and she will also be an invaluable resource for the City during MUNIS implementation.
Katherine Pomeroy, CPA	Senior Associate – Katherine will be responsible for the day to day activities for this engagement, including the supervision of all staff assigned.
Brian Pye, CIA	Information Systems – Brian will document and evaluate general computer controls and IT application controls.
Quality Assurance Principal – Upon contract award, Matt Hunt will assign an additional principal who will complete an independent quality review of all work performed and of all audit reports prior to issuance. The focus of this review is to confirm adherence to industry and firm quality control guidelines.	
Additional Staff - We will assign additional staff to your engagement based on your needs and their experience providing services to state and local governments. Ideally, the staff assigned to your team will be from our Lexington office with state and local government as their industry focus at CLA.	

Detailed biographies are available in the Appendix of this proposal.



Continuing Education Program

In order to maintain and expand our assurance knowledge, we consistently provide continuing education for our professionals. Each member of our professional team, including principals, attends at least 40 hours of technical training annually.

Updated information on recent changes in technical standards and regulations, as well as the firm's professional policies and procedures, is distributed to our team members on a regular basis. Individuals are required to familiarize themselves with all current changes in standards and procedures.

CLA invests in our government practice by hiring high caliber professionals and providing additional training to develop and enhance our knowledge. With seasoned professionals, we provide valuable insight into your day-to-day operations and your accounting systems and controls.

As described below, CLA professionals are specifically trained in the industry at a level beyond our competitors.

Our professionals focus on serving a specific industry. So, the team chosen to serve you is continuously exposed to, and trained on issues impacting large governmental entities while performing their day-to-day work.

On-the-Job Training



When providing instruction in our basic CPA, consulting and advisory classes, we tailor the entire discussion, examples and exercises to apply to clients in their specific industry focus.

Tailored Training



Our on-campus recruiting aggressively seeks individuals with industry focused degrees and/or backgrounds. We focus on identifying top candidates for our government clients.

Specialized Recruiting



Effective Continuing Professional Education. Our greatest strength is the talent of our staff. Our professionals provide more efficient and effective services due to the new ideas they implement from our in-depth training and continuing professional education.

CLA's firm-wide training programs, include:

- ✓ **Learn.** Designed for new CLA associates, this five-day conference is typically attended in the first year of employment. This internally developed and presented training focuses on preparing new hires and interns to understand and perform their role in the audit process.
- ✓ **Experience.** Designed for the CLA associate with about one year of experience. This four-day conference is typically attended in the second year of employment. This training is similar to the "Learn" training outlined above, but at a deeper level.
- ✓ **Achieve.** Designed for the CLA associate with about two years of experience. This four-day conference is typically attended in the third year of employment. This internally developed and presented training focuses on leadership and performance management of audit engagements utilizing CLA audit methodology from the perspective of the experienced in-charge.
- ✓ **Propel.** Designed for the CLA associate with about three years of experience. This four-day conference is typically attended in the fourth year of employment. This training focuses on project management of audit engagements from start to finish and includes exercises and case studies.



Training and Education Resources for Our Clients

Below are just a few of the training opportunities and resources we offer our clients:



- **Training** - We offer learning opportunities in an intensive, one day session. For example, CLA holds an Annual Government Training Academy. This training academy offers learning opportunities in an intensive, one day session. Attendees gain knowledge and insight to help individuals navigate the complex accounting and financial reporting issues facing many local governments. The conference features sessions on a broad spectrum of governmental agency concerns, from GASB updates to economic forecasts, from accounting policies and procedures to a Yellow Book update. Treasurers, controllers, superintendents, and others in government finance were encouraged to attend this year's conference.
- **Roundtables** - A series of quarterly roundtable discussions for government finance and operations executives is being conducted at CLA offices across the country. These informal peer-to-peer meetings provide state and local government leaders with the opportunity to share insights and ideas on timely topics, while networking with colleagues from other jurisdictions. A recent roundtable discussed how to improve the revenue budgeting process. If you are like many state and local government leaders, you have analyzed and cut as much as you can from your expense budgets. You will have to react immediately to any revenue variances, especially negative ones, in order to maintain a balanced budget.
- **Webinars** - We provide live and recorded webinars, as well as year-round email alerts, regarding news specific to public sector or issues that may affect governmental entities.
- **Fall and Spring Government Updates** - We provide local seminars addressing issues faced by our state and local government clients, including new accounting and audit standards, as well as tax issues affecting governmental entities. In addition, our local client service center distributes GASB updates to keep our clients and friends informed about the latest pronouncements.
- **State and Local Government Perspectives** — A periodic e-newsletter providing news, tips, strategies, insights, and updates on regulatory and industry issues as well as subjects relevant to government entities.
- **Recent Industry Articles** — In addition to our direct participation with national organizations, CLA has had numerous articles published by our state and local government industry professionals. For the most current listing of the published articles, please go to CLAconnect.com.
- **National Industry Webcasts** — Web-based seminars designed to provide information on upcoming industry trends, accounting, tax, risk, and other issues in either the accounting or state and local government industry. Many of webcasts are complimentary and some provide attendees with an opportunity to obtain CPE credit.
- **Speaking Engagements and Workshops** — We share our industry knowledge and experience by presenting at national, regional, and local events, as well as hosting our own industry events in various markets. We provide quality insight and education in the areas of improving profitability, reducing risk, building business value, and planning for succession.
- **In-Person Events** — Annual economic, capital markets, and tax outlook seminars are presented by local professionals and CliftonLarsonAllen Wealth Advisors, LLC investment committee members.



Quality Control Procedures and Peer Review Report

The most recent peer review report we received a rating of *pass*, which is the most positive report a firm can receive. We are proud of this accomplishment and its strong evidence of our commitment to technical excellence and quality service. The full report is provided on the following page.

This quality control review included a review of specific government engagements performed in various regions throughout the United States.

In addition to an external peer review, we have implemented an intensive internal quality control system to provide reasonable assurance that the firm and our personnel comply with professional standards and applicable legal and regulatory requirements. Our quality control system includes the following:

- A quality control document that dictates the quality control policies of our firm. In many cases, these policies exceed the requirements of standard setters and regulatory bodies. Firm leadership promotes and demonstrates a culture of quality that is pervasive throughout the firm's operations. To monitor our adherence to our policies and procedures, and to foster quality and accuracy in our services, internal inspections are performed annually.
- Quality control standards as prescribed by the AICPA. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.
- Hiring decisions and professional development programs designed so personnel possess the competence, capabilities, and commitment to ethical principles, including independence, integrity, and objectivity, to perform our services with due professional care.
- An annual internal inspection program to monitor compliance with CLA's quality control policies. Workpapers from a representative sample of engagements are reviewed and improvements to our practices and processes are made, if necessary, based on the results of the internal inspection.
- Strict adherence to the AICPA's rules of professional conduct, which specifically require maintaining the confidentiality of client records and information. Privacy and trust are implicit in the accounting profession, and CLA strives to act in a way that will honor the public trust.
- A requirement that all single audit engagements be reviewed by a designated single audit reviewer, thereby confirming we are in compliance with the standards set forth in *OMB Uniform Guidance*.



System Review Report

To the Principals of CliftonLarsonAllen LLP
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP (the "firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2016. 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 under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and SOC 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2016, 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. CliftonLarsonAllen LLP has received a peer review rating of pass.



Cherry Bekaert LLP
November 21, 2016

References

We recognize that quality of service, relevant experience, and depth of resources will be key factors as you prepare to select a firm to serve your audit needs. We encourage you to contact our references for a first-hand account of our ability to meet contract objectives, adhere to deliverable schedules, and provide added value. We are confident that our references will attest to the competence, professionalism, and client service provided by CLA. We are pleased to provide you with the following references, who can describe their experience in greater detail:

City of Worcester	
Client Contact	Mr. Thomas Zidelis, Chief Financial Officer
Phone Number	508-799-1225
Address	455 Main Street; Worcester, Massachusetts 01608

Town of Bedford	
Client Contact	Victor Garofalo, Finance Director
Phone Number	781-275-2218 ext. 310
Address	10 Mudge Way; Bedford, MA 01730

City of Waltham	
Client Contact	Mr. Paul Centofanti, City Auditor
Phone Number	781-314-3222
Address	610 Main Street; Waltham, Massachusetts 02452

City of Chelsea	
Client Contact	Mr. Ed Dunn, City Auditor
Phone Number	617-466-4030
Address	500 Broadway; Chelsea, Massachusetts 02150



Lost Clients

As a matter of policy, CLA generally does not disclose information regarding former clients. However, in order to be responsive to the City's RFP, we disclose the following Massachusetts government audit clients who transitioned to another firm over the past 3 years:

- Barnstable County
- Town of Sudbury
- Town of Truro

From time to time, clients will leave CLA to engage another CPA firm for audit services. It is generally not our practice to publicly identify the clients we are engaged to serve, including discussing specific reasons organizations chose to leave our firm. In general terms, any clients who decided to engage a new public accounting firm have done so for the following reasons:

- Long-term clients under an impression they should change auditors as a matter of practice
- Transition at the CEO or CFO position (or other managerial positions) where a decision was made to engage a firm they had previously established relationships with at their prior positions, etc.

It is important to note none of the client transitions described above was the result of unresolved auditing or accounting matters or due to poor client service.

Staff Experience with 2 CFR Chapter II, Part 200

Please refer to client table starting on page 2 of our proposal. The table identifies which of our clients are subject to the audit requirements of 2 CFR Chapter II, Part 200, i.e., Single Audit. Please also refer to the "Key Relevant Client" section of our engagement team resumes for a list of key clients served by each of the City's proposed engagement team.



AUDIT APPROACH

Understanding of Work

CLA has a complete understanding of the services being requested by the City through our review of the RFP, in particular the section of your RFP entitled *Required Services*. CLA also has a complete understanding of the services required by the City based on our current role as the City's external audit firm.

Work Plan

Financial Statement Audit Approach

Our audit objective extends beyond the issuing of an opinion on financial statements. We believe that a good audit yields substantial information for management, and is a valuable tool in recognizing opportunities and identifying areas that can be strengthened. An effective audit performed by our team will also provide:

- An objective look at your policies and procedures
- Valuable suggestions for improvements in your financial operations and other areas
- An analysis of trends and unusual variations from year-to-year
- Protection for current and future resources through improved internal controls
- A deterrent to embezzlement and other fraudulent activities

Benefits of CLA's Risk-Based Approach

Our audit services are designed to protect the interests of the members, governance, and management by concentrating on high-risk areas. Risk identification is the first step of the audit process, providing the basis upon which the overall plan is developed. Our risk assessment process involves consideration of the following types of risk:

- Inherent risk - that an error in the accounting and reporting process may occur
- Control risk - that internal control systems designed to prevent/detect errors may fail
- Audit detection risk - the risk that audit procedures may fail to detect errors

Through careful consideration of the above risks and their interrelationships, we will develop an audit plan and related procedures that concentrate our efforts on those elements of your financial statements that involve the greatest risk. At the same time, we will avoid the unnecessary application of commonplace and traditional procedures to low-risk areas. Throughout the engagement we will communicate our observations to the City. The information we provide is intended to help you better manage your organization, and not just reside in a written report that is filed among your organization's records.

Our teams are very deadline driven and have experience meeting and exceeding deadlines from working with numerous similar clients throughout the years. Through upfront planning and coordination with our clients we are able to establish timelines that meet their needs and enable us to perform our work efficiently and effectively, thus minimizing the disruption to their business.

Commitment to Communication with Management

As you will see, we are committed to ongoing communication throughout the engagement. Continual communication starts when an engagement letter is issued, continues until the completion or closeout of an engagement and throughout the remainder of the year. We believe effective communication is critical to a successful engagement. This communication includes the exchange of ideas and advice as changes are considered or implemented by the entity or the accounting profession.

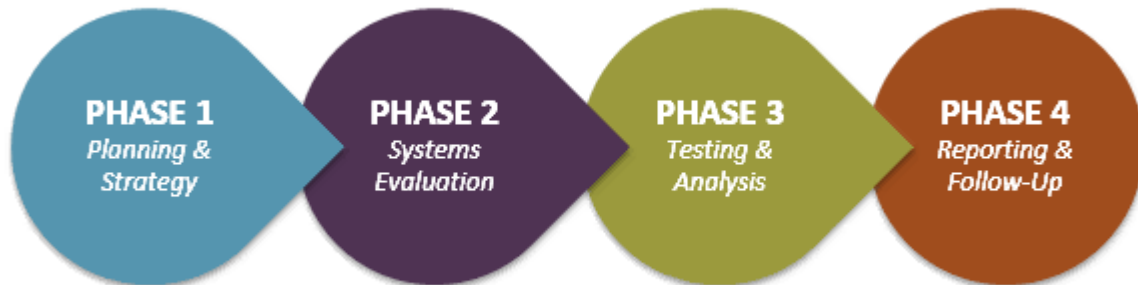


During the engagement we will hold regular status meetings with the City to enhance day-to-day operations, results, and any issues are commonly understood and addressed. The objectives of tracking and formally reporting the engagement status are to:

- Provide a consistent technique for monitoring progress against plan
- Identify any issues quickly to allow for timely corrective action
- Provide an objective rather than subjective evaluation of status
- Provide timely information on a regular basis
- Assist with obtaining buy-in of any audit recommendations on a timely basis

Our proactive measures foster communications, both written and oral, which are ongoing, relevant and routine to our engagements. Our commitment to this practice encourages open lines of communication and often prevents and/or mitigates service delivery issues. Our professionals are trained in documenting observations, recommendations, business issues, and new developments as part of their daily routine.

We will conduct our financial statement audit in four primary phases, as shown below:



Established Methodology. *Our audit is performed based on a risk-based approach. We conduct our audits under the concept of “understanding the entity.” This concept is based fundamentally on the fact that the City is unique. By understanding the City, we gain the necessary perspective for performing an effective audit. Our audit approach places particular emphasis on the planning phase to determine maximum efficiency and effectiveness.*

PHASE 1: PLANNING & STRATEGY

The main objective of the planning phase is to identify significant areas and design efficient audit procedures. We will accomplish our planning by following the methodology below:

- Conduct an entrance meeting with the City – Matthew Hunt and staff will meet with the City personnel to mutually agree on an outline of responsibilities and timeframes.

The agenda will include but not be limited to the following:

- Establish audit approach and timing schedule
- Assistance to be provided by the City personnel
- Application of generally accepted accounting principles
- Initial audit concerns
- Concerns of the City’s management
- Establishment of report parameters and timetables
- Progress reporting process
- Establish principal contacts



- Gain an understanding of the operations of the City, including any changes in its organization, management style, and internal and external factors influencing the operating environment. We will utilize reference materials such as the budget and related materials, organizational charts, manuals and programs, financial, and other management information systems
- Identify significant accounts and accounting applications, critical audit areas, significant provisions of laws and regulations, and relevant controls over operations
- Determine the likelihood of effective Information Systems (IS) - related controls
- Perform a preliminary overall risk assessment
- Confirm protocol for meeting with and requesting information from relevant staff
- Establish a timetable for the fieldwork phase of the audit
- Determine a protocol for using Interactive Data Extraction and Analysis (IDEA), our data extraction and analysis software, to facilitate timely receipt and analysis of reports from management
- Compile an initial comprehensive list of items to be prepared by the City, and establish mutually agreed upon deadlines

We will document our planning through preparation of the following:

- ✓ **Entity Profile.** This profile will help us gain an understanding of the City activities, organizational structure, services, management, key employees and regulatory requirements.
- ✓ **Preliminary Analytical Procedures.** These procedures will assist in planning the nature, timing and extent of auditing procedures that will be used to obtain evidential matter. They will focus on enhancing our understanding of the financial results, and will be used to identify any significant transactions and events that have occurred since the last audit date, as well as to identify any areas that may represent specific risks relevant to the audit.
- ✓ **General Risk Analysis.** This will contain our overall audit plan, including materiality calculations, fraud risk assessments, overall audit risk assessments, effects of our IS assessment, timing, staffing, client assistance, a listing of significant provisions of laws and regulations and other key planning considerations.
- ✓ **Account Risk Analysis.** This document will contain the audit plan for the financial statements, including risk assessment and the extent and nature of testing by assertion.
- ✓ **Prepared by Client Listing.** This document will contain a listing of schedules and reports to be prepared by the City personnel with due dates for each item.
- ✓ **Assurance Information Exchange.** CLA utilizes a secure web-based application to request and obtain documents necessary to complete client engagements. This application allows clients to view detailed information, including due dates for all of the items CLA is requesting. Additionally, clients have the ability to attach electronic files and add commentary related to the document requests directly on the application.

One of the key elements in the planning of this audit engagement will be the heavy involvement of principals and managers. We will clearly communicate any issues in a timely manner, and will be in constant contact with the City as to what we are finding and where we expect it will lead.

We will develop our audit programs during this phase. Utilizing the information we have gathered and the risks identified we will produce an audit program specifically tailored to the City. This program will detail by major section the nature and types of tests to be performed. We view our programs as living documents, subject to change as conditions warrant.



PHASE 2: SYSTEMS EVALUATION

During the systems evaluation phase, we will gain an understanding of the internal control structure of the City for financial accounting and relevant operations. Next, we will identify control objectives for each type of control that is material to the

financial statements, and then identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. Finally, we will determine the nature, timing, and extent of our control testing and perform tests of controls. This phase of the audit will include testing of certain key internal controls:

- Electronic data, including general and application controls reviews and various user controls
- Financial reporting and compliance with laws and regulations

We will test controls over certain key cycles. One audit efficiency initiative is to rely heavily on internal controls when appropriate, and to creatively look at internal control testing to make it as efficient as possible. This means not routinely performing detailed tests of transactions using large samples. We first seek to identify key controls, and then identify possible testing through alternative methods, such as observation, interviews, and re-performance. These tests serve not only to gather evidence about the existence and effectiveness of internal control for purposes of assessing control risk, but also to gather evidence about the reasonableness of an account balance.

We will also develop our internal control tests to assess the compliance with certain provisions of laws, regulations, contracts, and grants for which noncompliance could have a direct and material effect on the determination of financial statement amounts. Our use of multi-purpose tests allows us to provide a more efficient audit without sacrificing quality.

Our assessment of internal controls will determine whether the City has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

We will finalize our audit programs during this phase. We will also provide an updated Prepared by Client Listing based on our test results and our anticipated substantive testing.

During the internal control phase, we will also perform a review of general and application Information Systems (IS) controls for the applications that are significant to financial statements to conclude whether IS general controls are properly designed and operating effectively, and consider application controls as part of the internal control assessment in the financial statement audit. Our strategy for the IS review of the applications will involve reviewing all of the general control activities, including the computerized and manual processes. We will determine the scope of work by applying the concepts of materiality and risk assessment to effectively reduce examination inefficiencies. When planning this examination, we will gain an understanding of the City's operations by reviewing its current controls and control objectives as documented, and will also review prior years' audit work and the status of corrective actions.

Based on our preliminary review, we will perform an initial risk assessment of each critical element in each general control category, as well as an overall assessment of each control category. We will then proceed to assess the significant computer-related controls.



For IS-related controls that we deem to be ineffectively designed or not operating as intended, we will gather sufficient evidence to support appropriate findings and will provide recommendations to improve internal controls. For those IS controls that we deem to be effectively designed, we will perform testing to determine if they are operating as intended through a combination of procedures, including observation, inquiry, inspection, and re-performance.

PHASE 3: TESTING & ANALYSIS

The extent of our substantive testing will be based on results of our internal control tests. It has been our experience that governmental entities, like the City, often have a system of internal controls that, with appropriately designed tests and correlation to account balances, can be used to limit the extent of account balance substantiation testing.

Audit sampling will be used only in those situations where it is the most effective method of testing. Before deciding to sample, we will consider all possible approaches and audit techniques. Items where, in our judgment, acceptance of some sampling risk is not justified will be examined 100 percent. These may include unusual items or items for which potential misstatements could individually equal or exceed tolerable error.

After identifying individually significant or unusual items, we will decide on the audit approach for the remaining balance of items by considering tolerable error and audit risk. This may include (1) testing a sample of the remaining balance; (2) lowering the previously determined threshold for individually significant items to increase the percent of coverage of the account balance; or (3) applying analytical procedures to the remaining balance. When we elect to sample balances, we will use IDEA to efficiently control and select our samples.

The following are typical examples of specific audit procedures we perform during this segment of the audit:

Audit Area	Activity
Cash & Investments	We will confirm cash balances and test reconciling items (i.e., outstanding checks, deposits in transit, etc.) for certain bank accounts. We will also vouch significant investment activity to statements from financial institutions.
Fixed Assets	We will obtain an understanding of and test internal controls over procurement of capital assets as well as dispositions and financial reporting. We will also obtain a detail roll forward schedule of fixed assets and accumulated depreciation. We will selectively test additions and dispositions, review for the consistent application of depreciation methods and lives, and selectively recalculate depreciation expense, accumulated depreciation and gains/losses on dispositions.
Revenues, Receivables and Receipts	We will develop expectations for certain revenues and compare our expectations to recorded amounts to test for appropriateness. We will also trace receivable balances to detailed subsidiary ledgers.
Accounts payable & expenditures/expenses	We will review subsequent payments and unpaid invoices to determine that the cutoff of expenditures/expenses between years is correct and verify the appropriate accruals have been made. We will also gain an understanding of controls over the cash disbursement process which will include testing for proper authorization and support.
Payroll and Related Liabilities	We will analytically compare current year payroll and number of employees to prior year amounts and verify the appropriate cutoff for accrued payroll



Audit Area	Activity
Long-term Obligations	We will confirm long and short-term debt with a third party. We will also test the information provided to your pension and OPEB actuaries for appropriateness and verify that the actuarial was performed in accordance with GAAP.
Equities	We will review laws, regulations, contracts and grants to identify the existence of fund balance constraints and net position restrictions in accordance with GAAP
Required disclosures	Procedures, including necessary accounting research, must be applied to make sure all required disclosures are complete for the various financial statement amounts and corresponding activities. As part of the audit, we will determine the required disclosures are audited and included in the reports.

Our workpapers during this phase will clearly document our work as outlined in our audit programs. We will also provide the City with status reports during the course of the audit fieldwork. As in all phases of the audit, we will be in communication with the City to determine that all identified issues are resolved in a timely manner.

PHASE 4: REPORTING & FOLLOW-UP

Reports to management will include oral and/or written reports regarding:

- Independent Auditors’ Report
- Independent Auditors’ Report on Internal Control over financial reporting and on compliance and other matters based on an audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Management Letter
- Written Communication to Those Charged with Governance, which includes the following areas:
 - Our responsibility under auditing standards generally accepted in the United States of America
 - Changes in significant accounting policies or their application
 - Unusual transactions
 - Management judgments and accounting estimates
 - Significant audit adjustments
 - Other information in documents containing the audited financial statements
 - Disagreements with the City
 - The City’s consultations with other accountants
 - Major issues discussed with management prior to retention
 - Difficulties encountered in performing the audit
 - Fraud or illegal acts

Once the final reviews of working papers and financial statements are completed, which is a process that actually starts while the fieldwork is in process, our opinion, the financial statements and management letter will be issued.

The City will be provided a draft of any comments that we propose to include in the management letter, enabling you to review the comments for accuracy prior to final release. Any items that come to our attention that are not what we consider major items may be discussed verbally with management and not included in the management letter. Our management letter will include items noted during our analysis of your operations.

We will also make formal presentations of the results of the audit to those charged with governance of the City.



Single Audit Approach

In the current environment of increased oversight, it is more important than ever to find qualified auditors who have significant experience with federal grants specific to the City and can enhance the quality of the City's single audit. Therefore, the single audit will be performed by a team of individuals who specialize in single audits in accordance with *OMB's Uniform Guidance* and who will offer both knowledge and quality for the City. As part of our quality control process, the single audit will be reviewed by a firm Designated Single Audit Reviewer.

Grant compliance can be a confusing topic and many of our clients rely on their federal funding as a major revenue source. As a leader in the industry, CLA is proactive with clients about the requirements of the Single Audit and grant compliance. CLA professionals are available to provide guidance and tools tailored to the City's needs, and to assist in compliance with federal rules.

We will conduct our single audit in three primary phases, as shown below:



Tailored Single Audit Approach. *CLA understands that each contract/grant agreement is as unique as each governmental entity. Therefore, we tailor our audit procedures to match each client's risks. We work as a team, and are collaborative in our communication with management, which helps to eliminate surprises at the end of the audit.*

PHASE 1: RISK ASSESSMENT & PLANNING

The risk assessment and planning phase will encompass the overall planning stage of the single audit engagement. During this phase, we will work closely with the City's management to determine that programs and all clusters of programs are properly identified and risk-rated for determination of the major programs for testing. We will also review the forms and programs utilized in the prior year to determine the extent of any changes which are required.

We will accomplish this by following the methodology below:

- Determine the threshold to distinguish between Type A and B programs, including the effect of any loans and loan programs
- Utilizing the preliminary Schedule of Expenditure of Federal Awards, we will identify the Type A and significant Type B programs (25% of Type A threshold) in accordance with the Uniform Guidance (UG)
- Identify the programs tested and the findings reported for the past two fiscal years. Determine and document the program risk based on the past two single audits
- Prepare and distribute Type B program questionnaires to determine risk associated with Type B programs
- Determine the major programs to be tested for the current fiscal year based on the previous steps
- Based on our determination of the major programs, we will obtain the current year compliance supplement to aid in the determination of Direct and Material Compliance requirements, and customize the audit program accordingly
- Determine the preferred methods of communication during the audit



PHASE 2: MAJOR PROGRAM TESTING

We will determine the programs to be audited based on the risk assessment performed in the planning phase. We will perform the audit of the programs in accordance with UG.

To accomplish this, we will perform the following:

- Schedule an introductory meeting and notify the City's management of the major programs for the current fiscal year
- Plan and execute the testing of the expenditures reported on the Schedule of Expenditures of Federal Awards
- Perform tests of compliance and internal controls over compliance for each major program identified
- Schedule periodic progress meetings to determine that schedules are adhered to and identify issues as they arise
- Conduct entrance and exit conference meetings with each grant manager

PHASE 3: Final Assessment & Reporting

We will re-perform the steps noted in the preliminary assessment and planning stage once the final Schedule of Expenditures of Federal Awards is received to determine if additional major programs were identified.

Based on the final determination of the programs we will perform the following:

- Identify Type A and significant Type B programs which were not previously identified.
- Re-assess the risk and determine if we are required to audit additional programs.
- Perform compliance testing at the entity wide level related to procurement and cash management requirements.
- Perform testing to validate the status of prior year findings for those programs not selected for audit.
- Prepare the Schedule of Findings and Questioned Costs.
- Conduct exit conference with the City's management to review drafts of required reports:
 - Independent Auditors' Report on Internal Control over financial reporting and on compliance and other matters based on an audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
 - Independent Auditor's Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Throughout the single audit, we will maintain communication through periodic progress meetings with those designated by the City. These meetings will be on a set schedule, but as frequently as the City determines. During these meetings, we will discuss progress impediments and findings as they arise.

EOYR Agreed-Upon Procedures Approach

We will perform the procedures specified in the Massachusetts DESE's Compliance Supplement for Massachusetts School Districts to the EOYR. We will provide you with an engagement checklist that identifies the information to provide prior to our commencing fieldwork and will review our findings with you prior to the finalization of the report.



Level of Staff and Time Estimates Required for Major Components of the Engagement

Our team concept is the basis for our allocation of hours and timing of our audits. Total hours are allocated between the financial audit team, the single audit team, and the agreed upon procedures team.

Due to the current knowledge of the City and our extensive experience serving Massachusetts municipalities, we have obtained a clear understanding of the assistance and cooperation that is needed. We are confident that this same level of assistance and cooperation will be more than adequate to allow us to perform efficient, effective and thorough audit services for the term of the contract.

The following chart provides a breakdown of the estimated hours team members will spend on each segment of the engagement for each fiscal year:

Summary of Hours					
CAFR Audit	Principals	Managers	Seniors	Staff	Total
Planning	10	25	25	20	80
Internal Control & Documentation	10	30	40	60	140
Testing & Review	40	80	140	120	380
Reporting & Meetings	40	30	20	10	100
Sub-total	100	165	225	210	700
Single Audit*	Principals	Managers	Seniors	Staff	Total
Planning	5	5	10	-	20
Control & Compliance Fieldwork	-	10	25	30	65
Review, Completion & Wrap-up	10	10	5	-	25
Sub-total	15	25	40	30	110
Agreed Upon Procedures	Principals	Managers	Seniors	Staff	Total
Planning	-	1	2	2	5
Testing & Fieldwork	-	4	13	13	30
Reporting & Meetings	5	5	-	-	10
Sub-total	5	10	15	15	45
Grand-total	120	200	280	255	855

* Based on assumption of auditing two (2) major grants (consistent with recent City history)



Additional Services Provided to the City at No Cost

Due to our wealth of professional and industry resources, CLA is capable of providing a wide variety of professional services to our clients, such as assurance services, general business consulting services, valuation and forensic services and IT auditing services. In addition, we also provide many “non-traditional” services, such as accounting system and internal control design and assistance, cost segregation studies, budgeting and forecasting.

We are excited about the opportunity to continue working with the City in building a long-lasting, mutually beneficial working relationship. We can provide the following services to the City at **no additional cost**:

Telecom Cost Savings Assessment

In an effort to help our clients eliminate waste by evaluating recurring operating expenses, CLA offers cost saving services such as telecommunications assessments. CLA can provide a detailed assessment of the City’s telecommunications-related expenses and offer recommendations to reduce the costs on future bills from its carriers. In fact, we can perform a **complimentary preliminary assessment** to determine whether a deeper investigation makes sense for the City. Our professionals can dissect phone and internet bills to identify discrepancies and optimization strategies, preparing a comprehensive report outlining precisely how cost savings and refunds might be achieved.

Information Technology Specialist

CLA believes that a good audit yields substantial information for management and is a valuable tool in recognizing opportunities and identifying areas that can be strengthened. In that regard, we have assigned an experienced Information Technology (IT) resource manager to the City’s audit.

The IT manager’s role in the audit will be to perform a review of Information Systems (IS) controls to conclude whether they are properly designed and operating effectively. For IS-related controls that we deem to be ineffectively designed or not operating as intended, we will communicate our findings and will provide recommendations to improve internal controls in the City’s Management Letter.

GASB Implementation Assistance

Our significant knowledge of technical issues and GASB pronouncements will continue to be especially beneficial to the City. CLA has a proven track-record with the City in implementing difficult new pronouncements, such as GASB Statement No. 67, 68, 74 and 75 related to pension and OPEB.

CLA did not charge the City with any additional fees for the implementation of GASB pronouncements during the current contract period with the City.

CLA is committed to our continued process of educating the City on new standards and pronouncements. We are also committed to continuing our practice of not charging the City with additional fees for the implementation of new standards.



The below are recent issues and pronouncements which may have a future impact on the audits and financial statement of the City. We will proactively work with the City to address the reporting and auditing impact of each pronouncement or issue in advance of the implementation date.

GASB – Recent and Pending	
Description of Statement	Potential Impact on the City
<p>GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - This statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.</p>	<p>This statement is effective for fiscal years beginning after June 15, 2017 and will have an impact on the City similar to that of GASB 68, requiring recording of the amount of the net unfunded actuarially computed OPEB liability.</p>
<p>GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73 - The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, <i>Financial Reporting for Pension Plans</i>, and No. 68, <i>Accounting and Financial Reporting for Pensions</i>. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.</p>	<p>The Requirements of this statement are effective for reporting periods beginning after June 15, 2017. There should be minimal impact on the City’s financial statements or disclosures, therein.</p>
<p>GASB Statement No. 83, Certain Asset Retirement Obligations – The objective of this statement is to provide guidance in recording and disclosing liabilities related to retirement obligations for certain tangible capital assets which have been permanently removed from service.</p>	<p>The Requirements of this statement are effective for reporting periods beginning after June 15, 2018. This statement will impact disclosures in the City’s financial statements to the extent of the occurrence of these types of capital asset retirement obligations.</p>
<p>GASB Statement No. 84, Fiduciary Activities – The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. It provides criteria for identifying fiduciary activities, identifies four types of fiduciary funds and provides reporting guidance. The four fiduciary fund types are pension (and other employee benefit) trusts, investment trust funds, private-purpose trust funds and custodial funds.</p>	<p>The Requirements of this statement are effective for reporting periods beginning after December 15, 2018. Implementation of this statement will require a change in terminology from agency funds to custodial funds.</p>
<p>GASB Statement No. 85, Omnibus– The objective of this statement is to provide guidance on certain practice issues which have arisen in the past year. Specifically, it addresses certain issues related to investment classification, component unit issues, classification of real estate held by insurance entities, and certain OPEB issues.</p>	<p>The Requirements of this statement are effective for reporting periods beginning after June 15, 2017. Based on our preliminary review of this Statement, we do not believe it will impact your financial statements and related disclosures.</p>



GASB – Recent and Pending

GASB Statement No. 86, Certain Debt Extinguishment Issues – The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The Requirements of this statement are effective for reporting periods beginning after June 15, 2017. **Based on our preliminary review of this Statement, we do not believe it will impact your financial statements and related disclosures.**

GASB Statement No. 87, Leases – The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The Requirements of this statement are effective for reporting periods beginning after December 15, 2019. Based on our preliminary review of this Statement, the standard would require the City to record a liability and an intangible right-to-use lease asset for all non-current (greater than 12 months) leases. There would be little or no change in existing capital leases. The impact of recording the new liabilities on the City's legal debt margins and coverage calculations would require review and discussion with the City legal, accounting and financial advisors.

GASB Statement 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements - The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

The Requirements of this statement are effective for reporting periods beginning after June 15, 2018. Based on our preliminary review of this Statement, the standard would add disclosures to the City's footnotes.



GASB – Recent and Pending

GASB Statement No. 89, Accounting For Interest Cost Incurred before the End of a Construction Period – The primary objective of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The Requirements of this statement are effective for reporting periods beginning after December 15, 2019. **Based on our preliminary review of this Statement, we do not believe it will materially impact your financial statements and related disclosures.**

As of the date of this proposal, the GASB is in the midst of due process on the following projects that may affect the financial reports of the City in the future:

Future Pronouncements and Projects

Description of Statement	Potential Impact on the City
<p>Revenue and Expense Recognition - The objective of this project is to develop a comprehensive application model for the recognition of revenues and expenses that arise from nonexchange, exchange, and exchange-like transactions, including guidance for exchange transactions that has not been specifically addressed in the current literature.</p>	<p>Currently in the invitation to comment stage.</p>
<p>Conceptual Framework – Recognition and Measurement Approaches – This project may affect financial statements in the future. The concepts being discussed include when to recognize transactions and on what basis to measure them (historical cost, fair value, etc.) It is speculated this these two phases of an eventual concepts statement will lead to an updated financial reporting model.</p>	<p>Currently in the preliminary views redeliberation stage.</p>
<p>Financial Reporting Model - The objective of the project is to make improvements to the financial reporting model including GASB Nos. 34, 35, 37, 41, 46 and Interpretation No. 6. The improvements would be to enhance the effectiveness of the model in providing information essential for decision-making, enhance the ability to assess a government’s accounting and address certain application issues.</p>	<p>Currently in the invitation to comment redeliberation stage.</p>



Future Pronouncements and Projects

Conduit Debt – Reexamination of Interpretation 2 – The objective of this project is to address certain issues related to accounting and financial reporting for conduit debt obligations. The project will consider improvements to the existing guidance in Interpretation No. 2, *Disclosure of Conduit Debt Obligations*, related to: (1) diversity in current reporting that adversely affects comparability between governments, (2) whether conduit debt obligations are liabilities as defined in the GASB’s conceptual framework and, therefore, should be reported in government-issuers’ financial statements, and (3) the usefulness of required notes to government-issuers’ financial statements decision-making and assessing accountability.

Currently in the initial deliberations stage.

Equity Interest Ownership Issues - This project will address certain issues related to the reporting of majority equity ownership in legally separate entities. The project will consider improvements to the existing guidance in Statement No. 14, *The Financial Reporting Entity*, on the presentation of ownership interest in a legally separate entity. The project also will consider improvements to the recognition and measurement guidance for wholly-owned legally separate entities that are presented as component units.

Currently in the exposure draft comment period

Public-Private Partnerships, including Reexamination of Statement 60 – The objective of this project is to address accounting and financial reporting for public-private partnerships (P3s). The project will consider (1) potential amendments to Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, and potential amended or new implementation guidance to better address accounting and financial reporting for service concession arrangements (SCAs) within its scope, and (2) potential additional accounting and financial reporting guidance for other types of public-private partnerships not within the scope of Statement 60 or subject to the provisions of Statement No. 87, Leases.

Currently in the initial deliberations stage.

Information Technology Arrangements, including Cloud Computing– The objective of this project is to address accounting and financial reporting for cloud computing arrangements (CCAs). The project will consider (1) potential accounting and financial reporting guidance for CCAs that are not addressed in current guidance and (2) potential amendments to Statement No. 51, Accounting and Financial Reporting for Intangible Assets, and related questions and answers in the Comprehensive Implementation Guide.

Currently in the initial deliberations stage.



COMPENSATION

Time by Staff and Engagement Segment

Please see the below chart for the estimated hours, by staff level, for each component of the engagement, by year:

Summary of Hours					
CAFR Audit	Principals	Managers	Seniors	Staff	Total
Planning	10	25	25	20	80
Internal Control & Documentation	10	30	40	60	140
Testing & Review	40	80	140	120	380
Reporting & Meetings	40	30	20	10	100
Sub-total	100	165	225	210	700
Single Audit*	Principals	Managers	Seniors	Staff	Total
Planning	5	5	10	-	20
Control & Compliance Fieldwork	-	10	25	30	65
Review, Completion & Wrap-up	10	10	5	-	25
Sub-total	15	25	40	30	110
Agreed Upon Procedures	Principals	Managers	Seniors	Staff	Total
Planning	-	1	2	2	5
Testing & Fieldwork	-	4	13	13	30
Reporting & Meetings	5	5	-	-	10
Sub-total	5	10	15	15	45
Grand-total	120	200	280	255	855

* Based on assumption of auditing two (2) major grants (consistent with recent City history)



ADDITIONAL INFORMATION

Comparative Evaluation Criteria

The following table summarizes the *Comparative Evaluation Criteria* in the City’s RFP and why CLA is Highly Advantageous for each criteria in the RFP:

Highly Advantageous Criteria	CLA’s Response
<p>More than 3 CPA’s who have 10 years of similar experience</p>	<p>CLA meets this criteria.</p> <p>In fact, the City’s own proposed engagement team includes 3 CPA’s with over 10 years of experience, a CGFM (Certified Government Finance Manager) with 7 years of experience and a CIA (Certified Internal Auditor) with 18 years of experience.</p> <p><i>Please refer to the “Engagement Team Experience” and “Appendix” (i.e., Resumes) sections of our proposal.</i></p>
<p>Completed 15 or more Massachusetts municipal audits each year for FY15 – FY17</p>	<p>CLA meets this criteria.</p> <p><i>Please refer to the “Massachusetts Municipal Auditing Experience” section of our proposal and the table of CLA’s Massachusetts audit clients over the last 5 years.</i></p>
<p>Audit at least 5 Massachusetts municipalities with greater than \$200 million in General Fund revenues for FY15 – FY17</p>	<p>CLA meets this criteria.</p> <p><i>Please refer to the “Massachusetts Municipal Auditing Experience” section of our proposal and the table of CLA’s Massachusetts audit clients over the last 5 years.</i></p>
<p>Audit at least 5 Massachusetts municipalities with a CAFR</p>	<p>CLA meets this criteria.</p> <p><i>Please refer to the “Massachusetts Municipal Auditing Experience” section of our proposal and the table of CLA’s Massachusetts audit clients over the last 5 years.</i></p>
<p>10+ years of experience with auditing Massachusetts municipalities and committed to client education, including GASB pronouncements</p>	<p>CLA meets this criteria.</p> <p><i>Please refer to the following sections of our proposal:</i></p> <ul style="list-style-type: none"> • <i>Firm Overview</i> • <i>Massachusetts Municipal Audit Experience</i> • <i>Engagement Team Experience</i> • <i>Continuing Education Program</i> • <i>Training and Education Resources for Our Clients</i> • <i>Additional Services Provided to the City at No Cost (GASB Implementation Assistance)</i>



No Auditor Transition Issues

As your current auditor of choice, CLA will continue to seamlessly provide you with audit (and other) services. By hiring CLA, the City will ease themselves of the burden of transitioning to a new audit firm.

This is of particular importance to the City as you embark on the difficult and important transition to the MUNIS accounting system.



We tailor the audit just for you — We begin the audit with a thorough planning and preparation phase and culminate with the timely delivery of our reports. We will work with you immediately to coordinate and schedule the engagement to minimize any potential disruptions to your business. We would envision that we immediately begin our planning process upon receipt of a signed engagement letter. We will then work with you to finalize dates that accommodate your schedules. While our audit programs provide typical approaches for given audit areas, CLA tailors and designs a client-specific, risk-based audit approach. We don't follow a "cookie cutter" approach.

We explain exactly what we're doing and what we've found in plain, everyday language. We translate our findings into ideas on how you can address them. We believe our services are a contributing factor to better business and administrative practices. We gain a better understanding of your organization by working closely with your staff. This involvement enables us to offer you recommendations or suggestions for improvement in your systems and procedures that are more comprehensive, better understood, and more frequently implemented.

When performing an audit, we are sensitive and understanding of the fact that we report to those charged with governance. We maintain objectivity and independence in order to be able to issue our audit opinions. We will act within our philosophy of total client service and fulfill our responsibilities with the utmost professionalism.

Year-long support — We encourage your staff to take advantage of our accessibility throughout the year for questions that may arise. Our people, working with you and your staff, can provide proactive advice on new accounting or GAAP pronouncements and their potential impact; help with immediate problems including answers to brief routine questions; and share insights and best practices to assist you in planning for your future success.



MUNIS Experience

We have significant experience with the MUNIS software system. Our familiarity with this program will create audit efficiencies that will directly benefit you once the City has converted to MUNIS.

Dan Sullivan of CLA has worked extensively with MUNIS for over 20 years. He and his staff regularly attend Tyler Technologies’ conferences and are members of several MUNIS User Groups. Dan and his consulting team have assisted numerous local governments with MUNIS implementation. Our services include the following:

- MUNIS chart of accounts (preparation and/or review)
- MUNIS training
- MUNIS general ledger implementation
- MUNIS payroll implementation
- MUNIS tax modules implementation
- MUNIS cash management implementation
- MUNIS fixed assets implementation
- MUNIS security implementation and review

Our expertise with MUNIS sets us apart from our competitors. We can provide your financial staff with valuable technical assistance in the use of MUNIS, enhancing your everyday working lives. The following table identifies a sampling of MUNIS services we have provided for local governments in Massachusetts over the past 15 years:

Local Government	Type of Service
City of Beverly	Training/Consulting
City of Chelsea	Implementation/Training/Consulting
City of Leominster (Schools)	Training/Consulting
City of Melrose	Implementation/Training/Consulting
City of Quincy	Implementation/Training/Consulting
City of Salem	Implementation/Training/Consulting
City of Somerville	Implementation/Training/Consulting
City of Woburn	Implementation/Training/Consulting
Town of Acton	Implementation/Training/Consulting
Town of Dedham	Training/Consulting
Town of Dennis	Training/Consulting
Town of Edgartown	Implementation/Training/Consulting
Town of Georgetown	Training/Consulting
Town of Lexington	Training/Consulting
Town of Lynnfield	Implementation/Training/Consulting
Town of Norfolk	Training/Consulting
Town of North Reading	Implementation/Training/Consulting
Town of Stoneham	Implementation/Training/Consulting
Town of Stoughton	Implementation/Training/Consulting
Town of Swampscott	Training/Consulting
Town of Watertown	Implementation/Training/Consulting
Town of Wayland	Training/Consulting
Town of Wilmington	Implementation/Training/Consulting



Data Analytics

In addition to standard auditing methodology, a distinguishing aspect of CLA's audit services incorporates the power of data analytics to multiply the value of the analyses and the results we produce for clients. CLA's data methodology is a six-phase, systematic approach to examining an organization's known risks and identifying unknown risks. Successful data analysis is a dynamic process that continuously evolves throughout the duration of an engagement and requires collaboration of the engagement team.

Data analytics are utilized throughout our audit process, our *Risk Assessment, Data Analytics and Review* ("RADAR") is a specific application of general ledger data analytics that has been implemented on all audit engagements. RADAR is an innovative approach created and used only by CLA that aims to improve and replace traditional preliminary analytics that were being performed.

The phases in our data analytics process are as follows:

1. Planning

In the planning stage of the engagement, the use of data analysis is considered and discussed to determine that analytics are directed and focused on accomplishing objectives within the risk assessment. Areas of focus, such as journal entries, cash disbursements, inventory, and accounts receivable are common.

2. Expectations

We consider the risks facing our client and design analytics to address these risks. Through preliminary discussions with management and governance, we develop and document expectations of financial transactions and results for the year. These expectations will assist in identifying anomalies and significant audit areas in order to appropriately assess risk.

3. Data Acquisition

Sufficient planning, a strong initial risk assessment, and an adequate understanding of your systems will serve as the foundation necessary to prepare our draft data request list. We will initially request information in written format and conduct follow-up conversations helping CLA practitioners our staff share a mutual understanding of the type of data requested and the format required. If there are going to be any challenges/obstacles related to obtaining data, or obtaining data in the preferred format, they will generally be discovered at this point.

4. Technical Data Analysis

Technical analysis of the data *requires* the skillful blend of knowledge and technical capability. Meaningful technical analysis provides the engagement team with a better understanding of the organization. The additional clarity assists the engagement team to better assess what is "normal" and, in turn, be better suited to spot anomalies, red-flags and other indications of risk. Analytics generally fall into five categories, each looking into the data set in a different way and deployed with a different purpose.



5. Interpret Results and Subsequent Risk Assessment

Trends and anomalies will be identified through the performance of the above referenced analytics. Comments regarding the interpretation of those trends and anomalies will be captured. When trends are identified they are reconciled against expectations. For anomalies identified, the approach to further audit procedures will be considered

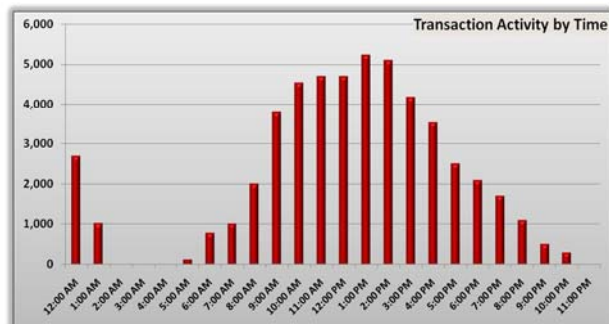
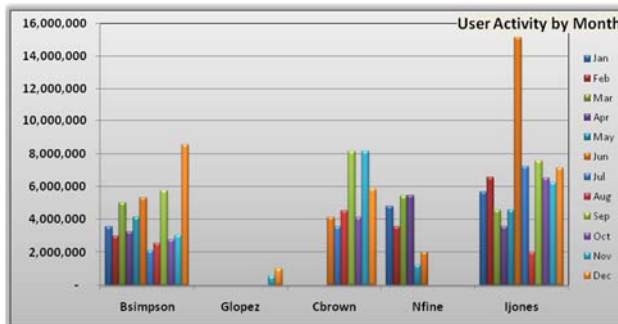
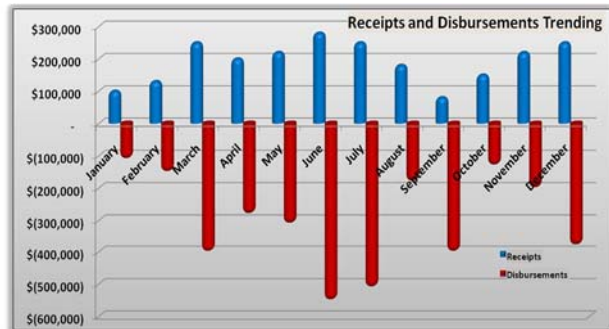
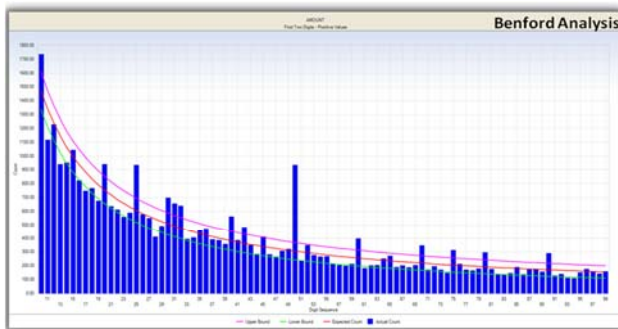


6. Response and Document

The last process is to capture responses and determine that our procedures are properly documented. Abstracts, charts or summaries of both trends and anomalies are retained in the audit documentation to support our identification of risks. Our analysis can be tailored and customized to help analyze an array of information, including client specific and proprietary data. Key benefits of data analytics include:

- Built-in audit functionality including powerful, audit specific commands and a self-documenting audit trail
- 100 percent data coverage, which means that certain audit procedures can be performed on entire populations, and not just samples
- Unparalleled data access allows us to access and analyze data from virtually any computing environment
- Eliminates the need to extrapolate information from errors (a common effort when manually auditing data) and allows for more precise conclusions

The graphics below illustrate typical data analytics scenarios.



Data Analytics. At the end of a series of pre-determined analytics (often retrieved from multiple proprietary accounting systems) that are customized to the project at hand, we identify anomalies and potential errors in transactions. In every case, we review what appears to be inappropriate activity, including supporting documentation evidencing the transactions.



Use of Computer Assisted Audit Techniques

One of CLA's advantages is access to advanced audit tools and technology. Throughout the audit we may employ the use of Computer Assisted Audit Techniques (CAATs) to increase efficiency and effectiveness. The key CAATs that we will use include:

- **Interactive Data Extraction and Analysis (IDEA)** – IDEA is a statistical data analysis tool that has the ability to import data from virtually any data source or file type, with no limitations on the size of the data files that can be examined. IDEA utilizes powerful, built-in tools designed for the performance of audits and fraud investigations, providing the ability to:
 - Statistically sample, summarize, stratify and/or perform an aging of large data sets
 - Compare, join, append or otherwise manipulate multiple, related populations of data
 - Identify gaps or duplicates in record sequences
 - Extract subsets of data using a variety of criteria or filters
 - Build reports and graphs to summarize testing results



- **FX Engagement** – FX Engagement is our “paperless” audit product. This product allows us to file and save all of our audit workpapers in an electronic storage capacity; allowing our firm to save time and resources associated with maintaining and storing paper files. FX Engagement also boasts a trial balance software program, which is utilized to produce financial statements, lead schedules, and allows us to perform trend analysis utilizing our clients’ trial balances.
- **A Program Generator (APG)** – In order to provide a uniform approach to all engagements, the firm requires the use of APG, a software program custom-written for CLA. This software package allows the tailoring of procedures, based on the requirements of your engagement. We have developed a customized CLA audit program, which effectively makes our audit processes paperless and will enhance our present electronic practices.



In an audit engagement, the primary use of APG is to take a standard audit program and modify, add, and delete procedures to create a program that has been specifically tailored to meet the needs of your engagement. Once tailored, the document can be completed electronically. Specific reports in addition to the basic program are generated to accommodate planning and review of your engagement. APG is an example of a technology tool that is designed to promote audit efficiencies. This software produces an industry-specific base program that is intended to encourage more thoughtful and specific tailoring. For an engagement to be effective in dealing with the risk of errors and efficient in avoiding riskless work, the engagement team will create a plan – the program – that contains the steps necessary to accomplish the goals of your engagement. Using APG is viewed as a thinking process, not just a documentation process.

- **Client Portal** – In addition to secure file transfer, clients can take advantage of a secure document portal to easily share documents and store files. This tool provides anytime, anywhere access to uploaded tax returns, financial statements and more from anywhere you have an Internet connection. Clients and CLA professionals can share and store confidential files in a secure environment. The portal has capacity for both long-term and transient file storage and provides access to all your documents in one place.
- **LeapFILE and Secure File Transfer Protocol** – CLA is committed to keeping client and member data secure. We utilize LeapFILE, a secure file transfer protocol (SFTP) software program, to receive and send encrypted files. LeapFILE allows us to transfer files to and receive files from our clients in a secure manner and keeps files with sensitive data out of our email boxes and hard drives.



Single Audit Resource Center (SARC) Award

CLA received the Single Audit Resource Center (SARC) Award for Excellence in Knowledge, Value, and Overall Client Satisfaction. SARC's award recognizes audit firms that provide an outstanding service to their clients based on feedback received from an independent survey in June 2018.



The survey queried 10,762 nonprofit and government entities about the knowledge of their auditors, the value of their service, and overall satisfaction with their 2017 fiscal year-end audit. The SARC award demonstrates CLA's dedication to serving the government and nonprofit industry and maintaining the most stringent regulatory requirements in those sectors.

Participation in Quality Improvement Programs

We work with governmental entities across the country, and our exposure to the circumstances and issues that surround your industry will allow us to serve you with unparalleled knowledge and insight. We understand the specific needs and challenges of the public sector and have been serving clients similar to the City for decades.

We are actively involved in and/or are members of the following professional organizations:

- ✓ American Institute of Certified Public Accountants (AICPA)
- ✓ AICPA's Government Audit Quality Center (GAQC)
- ✓ AICPA's State and Local Government Expert Panel
- ✓ Government Finance Officers Association (GFOA)
- ✓ Special Review Committee for the GFOA's Certificate of Achievement for Excellence in Financial Reporting (Certificate) Program
- ✓ AICPA Single Audit Quality Task Force
- ✓ Association of Government Accountants



Our participation/membership in the aforementioned professional organizations, combined with various other technical services we subscribe to, allows use to be at the forefront of change in the government environment. We take seriously our responsibility for staying current with new accounting pronouncements, auditing standards, other professional standards and laws and regulations.



REQUIRED FORMS

We have provided the following required forms on the pages that follow:

- ✓ Bidder's Qualifications and References Form
- ✓ Certificate of Non-Collusion
- ✓ Certification of Tax Compliance
- ✓ Certificate of Foreign Corporation
- ✓ Debarment Letter
- ✓ IRS Form W-9



Bidder's Qualifications and References Form

PART VI REQUIRED FORMS FROM CITY OF NEWTON TO BE INCLUDED WITH TECHNICAL PROPOSAL

CITY OF NEWTON

BIDDER'S QUALIFICATIONS AND REFERENCES FORM

All questions must be answered, and the data given must be clear and comprehensive. Please type or print legibly. If necessary, add additional sheet for starred items. This information will be utilized by the City for purposes of determining bidder responsiveness and responsibility with regard to the requirements and specifications of the Contract.

1. FIRM NAME: CliftonLarsonAllen LLP
January 2, 2012 - CLA is the result of the union of
2. WHEN ORGANIZED: Clifton Gunderson (1960) and LarsonAllen (1953).
3. INCORPORATED? YES NO DATE AND STATE OF INCORPORATION: _____
4. IS YOUR BUSINESS A MBE? YES NO WBE? YES NO or MWBE? YES NO
- * 5. LIST ALL CONTRACTS CURRENTLY ON HAND, SHOWING CONTRACT AMOUNT AND ANTICIPATED DATE OF COMPLETION:
CLA has more than 2.100 current governmental auditing contracts. We have provided a sampling of local Massachusetts clients whom we presently audit, showing the contract amount and the anticipated date for completion (see below in this form). If the City requires additional information, please contact Matt Hunt at 781-402-6307.

- * 6. HAVE YOU EVER FAILED TO COMPLETE A CONTRACT AWARDED TO YOU?
 YES NO
IF YES, WHERE AND WHY?

- * 7. HAVE YOU EVER DEFAULTED ON A CONTRACT? YES NO
IF YES, PROVIDE DETAILS.

- * 8. LIST YOUR VEHICLES/EQUIPMENT AVAILABLE FOR THIS CONTRACT:
N/A

- * 9. IN THE SPACES FOLLOWING, PROVIDE INFORMATION REGARDING CONTRACTS COMPLETED BY YOUR FIRM SIMILAR IN NATURE TO THE PROJECT BEING BID. A MINIMUM OF FOUR (4) CONTRACTS SHALL BE LISTED. PUBLICLY BID CONTRACTS ARE PREFERRED, BUT NOT MANDATORY.

PROJECT NAME: City of Worcester - FY 17 Audit
OWNER: City of Worcester




CITY/STATE: Worcester, MA
DOLLAR AMOUNT: \$ 131,750 DATE COMPLETED: March 2018
PUBLICLY BID? YES NO
TYPE OF WORK?: CAFR Audit; Single Audit
CONTACT PERSON: Mr. Thomas Zidelis TELEPHONE #: 508) 799-1225
CONTACT PERSON'S RELATION TO PROJECT?: Chief Financial Officer
(i.e., contract manager, purchasing agent, etc.)

PROJECT NAME: Town of Bedford - FY 17 Audit
OWNER: Town of Bedford
CITY/STATE: Bedford, MA
DOLLAR AMOUNT: \$ 51,000 DATE COMPLETED: January 2018
PUBLICLY BID? YES NO
TYPE OF WORK?: Financial Statement Audit; Single Audit
CONTACT PERSON: Victor Garofalo TELEPHONE #: (781) 275-2218 ext 310
CONTACT PERSON'S RELATION TO PROJECT?: Finance Director
(i.e., contract manager, purchasing agent, etc.)

PROJECT NAME: City of Waltham - FY 17 Audit
OWNER: City of Waltham
CITY/STATE: Waltham, MA
DOLLAR AMOUNT: \$ 62,450 DATE COMPLETED: January 2018
PUBLICLY BID? YES NO
TYPE OF WORK?: CAFR audit; Single Audit
CONTACT PERSON: Mr. Paul Centofanti TELEPHONE #: (781) 314-3222
CONTACT PERSON'S RELATION TO PROJECT?: City Auditor
(i.e., contract manager, purchasing agent, etc.)

PROJECT NAME: City of Chelsea - FY 17 Audit
OWNER: City of Chelsea
CITY/STATE: Chelsea, MA
DOLLAR AMOUNT: \$ 75,000 DATE COMPLETED: March 2018
PUBLICLY BID? YES NO
TYPE OF WORK?: CAFR audit; Single Audit
CONTACT PERSON: Mr. Ed Dunn TELEPHONE #: (617) 466-4030
CONTACT PERSON'S RELATION TO PROJECT?: City Auditor
(i.e., contract manager, purchasing agent, etc.)

10. The undersigned certifies that the information contained herein is complete and accurate and hereby authorizes and requests any person, firm, or corporation to furnish any information requested by the City in verification of the recitals comprising this statement of Bidder's qualifications and experience.

DATE: October 1, 2018 BIDDER: CliftonLarsonAllen LLP
SIGNATURE: 
PRINTED NAME: Matthew S. Hunt, CPA TITLE: Principal



Certificate of Non-Collusion

CERTIFICATE OF NON-COLLUSION

Pursuant to the requirements of M.G.L. c.30B, §10, the undersigned certifies under penalties of perjury that this bid or proposal has been made and submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word "person" shall mean any natural person, business, partnership, corporation, union, committee club, or other organization, entity, or group or individuals.


(Signature of individual) Matthew S. Hunt, CPA, Principal

CliftonLarsonAllen LLP
Name of Business



Certification of Tax Compliance

CERTIFICATION OF TAX COMPLIANCE

Pursuant to M.G.L. c.62C, §49A and requirements of the City, the undersigned acting on behalf of the Contractor certifies under the penalties of perjury that the Contractor is in compliance with all laws of the Commonwealth relating to taxes including payment of all local taxes, fees, assessments, betterments and any other local or municipal charges (unless the Contractor has a pending abatement application or has entered into a payment agreement with the entity to which such charges were owed), reporting of employees and contractors, and withholding and remitting child support.*

**Signature of Individual (Mandatory)

41-0746749

*** Contractor's Social Security Number
(Voluntary) or Federal Identification Number

Print Name: _____

Date: October 1, 2018

OR

CliftonLarsonAllen LLP
Company Name
(Corporation, Partnership, LLC, etc.)

By: Matthew S. Hunt

**Corporate Officer (Mandatory)

Print Name: Matthew S. Hunt, CPA, Principal

Date: October 1, 2018

* The provision in this Certification relating to child support applies only when the Contractor is an individual.

** Approval of a contract or other agreement will not be granted until the City receives a signed copy of this Certification.

*** Your social security number may be furnished to the Massachusetts Department of Revenue to determine whether you have met tax filing or tax payment obligations. Providers who fail to correct their non-filing or delinquency will not have a contract or other agreement issued, renewed, or extended.



Certificate of Foreign Corporation

CERTIFICATE OF FOREIGN CORPORATION

The undersigned hereby certifies that it has been duly established, organized, or chartered as a corporation under the laws of:

The Commonwealth of Massachusetts
(Jurisdiction)

The undersigned further certifies that it has complied with the requirements of M.G.L. c. 30, §39L (if applicable) and with the requirements of M.G.L. c. 156D, §15.03 relative to the registration and operation of foreign corporations within the Commonwealth of Massachusetts.

Matthew S. Hunt, CPA, Principal
Name of person signing proposal


Signature of person signing proposal

CliftonLarsonAllen LLP
Name of Business (Please Print or Type)

Affix Corporate Seal here

N/A



Debarment Letter

City of Newton



Mayor
Ruthanne Fuller

Purchasing Department
Nicholas Read *Chief Procurement Officer*
1000 Commonwealth Avenue
Newton Centre, MA 02459-1449
purchasing@newtonma.gov

Telephone
(617) 796-1220
Fax:
(617) 796-1227
TDD/TTY
(617) 796-1089

Date October 1, 2018

Vendor CliftonLarsonAllen LLP

Re: Debarment Letter for Request For Proposals #19-12

As a potential vendor on the above contract, the City requires that you provide a debarment/suspension certification indicating that you are in compliance with the below Federal Executive Order. Certification can be done by completing and signing this form.

Debarment:

Federal Executive Order (E.O.) 12549 "Debarment and Suspension" requires that all contractors receiving individual awards, using federal funds, and all sub-recipients certify that the organization and its principals are not debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency from doing business with the Federal Government.

I hereby certify under pains and penalties of perjury that neither I nor any principal(s) of the Company identified below is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.

Matthew S. Hunt, CPA, Principal _____ (Name)
CliftonLarsonAllen LLP _____ (Company)
131 Hartwell Avenue, Suite 300 _____ (Address)
Lexington, MA 02421 _____ (Address)
PHONE 781-402-6300 FAX 781-402-6350 _____
EMAIL matt.hunt@CLAconnect.com _____

 _____ Signature

October 1, 2018 _____ Date

If you have questions, please contact Nicholas Read, Chief Procurement Officer at (617) 796-1220.



Form **W-9**
(Rev. November 2017)
Department of the Treasury
Internal Revenue Service

**Request for Taxpayer
Identification Number and Certification**

Give Form to the
requester. Do not
send to the IRS.

Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type.
See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.
CliftonLarsonAllen LLP

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only **one** of the following seven boxes.

Individual/sole proprietor or single-member LLC C Corporation S Corporation Partnership Trust/estate

Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is **not** disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

Other (see instructions) ▶ _____

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):
Exempt payee code (if any) _____
Exemption from FATCA reporting code (if any) _____
(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.
220 S 6th St, Ste 300

6 City, state, and ZIP code
Minneapolis MN 55402

7 List account number(s) here (optional)

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

				-					
--	--	--	--	---	--	--	--	--	--

or

Employer identification number

4	1	-	0	7	4	6	7	4	9
---	---	---	---	---	---	---	---	---	---

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here Signature of U.S. person ▶ *Maithu Vose* Date ▶ *1-2-2018*

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.



Authority to Sign

DECLARATION

State of Massachusetts)
County of Middlesex)

I, JOHN A. SHUTKIN, declare as follows:

That I am the General Counsel of CliftonLarsonAllen LLP ("CLA"). In my role as General Counsel, I have overall responsibility for legal compliance for CLA.

That CLA is a duly formed limited liability partnership under the laws of the State of Minnesota and has been since January 2, 2012. According to the Minnesota Professional Firm Act, any partner or principal of a partnership is permitted to sign on behalf of and legally bind the partnership. As such, any partner or principal of CLA is authorized to sign on behalf of and legally bind CLA.

That Matthew S. Hunt is a Principal of CLA. By virtue of Mr. Hunt being a Principal of CLA, he has signing authority on behalf of and can legally bind CLA by signing contractual documents on its behalf, including, without limitation, the subject contract.


JOHN A. SHUTKIN

September 27, 2018



APPENDIX A: ENGAGEMENT TEAM RESUMES



Matthew S. Hunt, CPA

CliftonLarsonAllen LLP

Engagement Principal



Profile

Matthew has 20 years of experience in public accounting dedicated to providing governmental financial reporting, auditing and consulting services to Massachusetts governments. He has performed, managed and/or reviewed hundreds of Single Audits and Yellow Book Audits for Massachusetts governments.

Matthew is responsible for developing, implementing and maintaining firm standards for conducting and reporting on governmental audits. He is also responsible for staying abreast of new professional pronouncements and providing the communication and appropriate training to firm and client personnel.

Matthew is actively involved in the both the accounting and auditing industry as a whole, as well as the state and local government industry. He has served on the Board of Directors of the Massachusetts Society of CPA's (MSCPA). He also has served as a member of the volunteer Special Review Committee for the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program. Matthew has also conducted speaking engagements for groups such as the MSCPA and the Massachusetts Municipal Accountants and Auditors Association.

Technical Experience

- Governmental GAAP
- U.S. Generally Accepted Auditing Standards and Government Auditing Standards
- Uniform Guidance
- Financial Reporting

Education/Professional Involvement

- Bachelor of Science in accounting from University of Massachusetts, Lowell (Valedictorian, 1998)
- Certified Public Accountant
- American Institute of Certified Public Accountants, Member
- Massachusetts Society of CPAs Governmental Accounting and Auditing Committee, Member
- Massachusetts Municipal Association, Member

Key Relevant Clients*

- City of Chelsea/Chelsea Retirement System
- **City of Newton/Newton Retirement System**
- City of Worcester/Worcester Retirement System
- Town of Bedford
- Town of Berlin
- Town of Carlisle
- Town of Dennis
- Town of Eastham
- Town of Mashpee
- Town of Norfolk
- Town of North Attleboro
- Town of Provincetown
- Town of Sudbury
- Town of Swansea
- Town of Truro
- Town of Winchester/Winchester Retirement
- Barnstable County
- Boston Public Library
- Buzzards Bay Water District
- Whitman-Hanson Regional School District

* Please refer to client table starting on page 2 for pertinent information about these clients



Daniel (Dan) Sullivan, CPA

CliftonLarsonAllen LLP

MUNIS Implementation Principal



Profile

Dan has 32 years of experience in public accounting, with the past 24 years dedicated to providing governmental financial reporting, auditing and consulting services to local governments. During this time, he has performed, managed, and/or reviewed hundreds of Single Audits and Yellow Book Audits for Massachusetts governments. His experience includes performing single audits, implementing requirements of GASB 34, CAFR technical reviews, implementing accounting information systems, evaluating systems of internal control, performance auditing, and providing education through training.

Daniel has served many roles for local governments over the past 24 years including Treasurer/Collector, Auditor, Accountant, Finance Director, and School Business Manager. He has been responsible for performing financial department reviews, fraud risk assessment, financial analysis, development of budgets, management and optimization of staff, and general overview of all accounting and finance procedures. Daniel has extensive experience in developing chart of accounts, completing End of Year Report for school departments and completing balance sheets and Schedule A reports for the DOR.

Education/Professional Involvement

- Bachelor of Science, Accounting, University of Lowell
- American Institute of Certified Public Accountants
- Massachusetts Society of Certified Public Accountants
- Government Finance Officers Association
- Massachusetts Government Finance Officers Association
- Massachusetts Municipal Association

Key Relevant Clients*

- Massachusetts Bay Transportation Authority
- Town of Acton
- Town of Arlington
- Town of North Reading
- Town of Provincetown
- Town of Stoughton
- Town of Watertown
- City of Beverly
- City of Chelsea
- City of Melrose
- City of Malden

* Please refer to client table starting on page 2 for pertinent information about these clients



Jim Piotrowski, CPA, CGFM

CliftonLarsonAllen LLP

Audit Manager



Profile

Jim has seven years of experience specializing in providing auditing and accounting services to governmental entities throughout the Commonwealth of Massachusetts. During this time, he has performed over 75 audits and assurance engagements throughout the Commonwealth. He performs her duties with an astute knowledge of the governmental accounting and auditing standards, as well as the standards required by the federal single audit.

Technical Experience

- Governmental GAAP
- U.S. Generally Accepted Auditing Standards (GAAS)
- *Government Auditing Standards*
- Uniform Guidance
- Financial Reporting

Education/Professional Involvement

- Bachelors of Business Administration in accounting from University of Massachusetts – Amherst
- Certified Public Accountant (Massachusetts and Vermont)
- Certified Government Financial Manager
- American Institute of Certified Public Accountants
- Association of Government Accountants
- Massachusetts Association of Certified Public Accountants

Key Relevant Clients*

- **City of Newton**
- City of Chelsea
- City of Waltham
- City of Worcester
- Town of Bedford
- Town of Berlin
- Town of Dennis
- Town of Eastham
- Town of Edgartown
- Town of Essex
- Town of Hamilton
- Town of Nahant
- Town of Norfolk
- Town of Sudbury
- Town of Swansea
- Town of Winchester

* Please refer to client table starting on page 2 for pertinent information about these clients



Hannah York, CPA

CliftonLarsonAllen LLP

MUNIS Implementation Manager

Profile

Hannah has 16 years' experience in the accounting and finance industry and for the past 8 years she has specialized in governmental accounting and finance. Hannah is dedicated to providing outsourcing and consulting services, such as auditor, internal auditor, accountant, finance director and treasurer/collector services; interim school business manager services, implementation of accounting information systems; and other special projects. She has experience in multiple accounting software platforms, including MUNIS, SoftRight, Infinite Visions, SAP, and NewWorld. Her experience specifically includes: chart of accounts design and conversion, general ledger accounting, monthly and annual closing, city and school reporting, as well as many other functions. Prior to joining CLA, Hannah was the City Auditor for the City of Lowell.



Education/Professional Involvement

- Masters of Accountancy, Texas State University
- Bachelor of Science, Finance, Cedarville University
- American Institute of Certified Public Accountants
- Massachusetts Society of Certified Public Accountants, State and Local Government Committee Chair
- Massachusetts Municipal Auditor's and Accountant's Association

Key Relevant Clients (Consulting and Outsourcing)*

- Town of Dedham
- Town of Ludlow
- Town of Lynnfield
- Town of Georgetown
- Town of Watertown
- Public Schools of Northborough/Southborough
- City of Chelsea
- City of Gardner
- City of Leominster School District
- City of Beverly
- City of Woburn
- Melrose Public Schools

* Please refer to client table starting on page 2 for pertinent information about these clients

Katherine Pomeroy, CPA

CliftonLarsonAllen LLP

Senior Associate
Lexington, Massachusetts

Profile

Katherine has over five years of experience specializing in providing auditing and accounting services to governmental entities throughout the Commonwealth of Massachusetts. During this time, she has performed over 40 audits and assurance engagements throughout the Commonwealth. She performs her duties with an astute knowledge of the governmental accounting and auditing standards, as well as the standards required by the federal single audit.

Technical Experience

- Governmental GAAP
- U.S. Generally Accepted Auditing Standards (GAAS)
- *Government Auditing Standards*
- Uniform Guidance
- Financial Reporting

Education/Professional Involvement

- Masters of Science in Accounting from Northeastern University
- Bachelors of Science in Business Administration from Northeastern University
- Certified Public Accountant
- American Institute of Certified Public Accountants
- Massachusetts Society of Certified Public Accountants

Key Relevant Clients*

- City of Brockton
- City of Chelsea
- City of Fall River
- **City of Newton**
- City of Waltham
- City of Worcester

* Please refer to client table starting on page 2 for pertinent information about these clients

Brian G. Pye, CIA

Information Systems Principal

Profile

Brian is a principal in CliftonLarsonAllen LLP Specialized Advisory Services practice. Brian has more than 18 years of professional experience in providing internal audit (business process and IT) and risk management consultative services in a wide range of industries. More than 10 of these years were spent in the Enterprise Risk Services Group at Deloitte. His experience includes managing internal control and internal audit consulting services, enterprise-wide risk assessments, process design, and documentation engagements.



Technical Experience

Brian has significant experience in effectively coordinating and directing complex projects confirming completion with strict regard for client specifications, time and budgetary constraints, and the development of numerous risk services offerings including:

- Performance audits
- Internal audit including information technology, financial, and operational audits as published by COSO.
- Developed procedures for the evaluation of information technology controls in support of a financial audit and service organization reporting.
- Operational, financial, information technology and compliance assessments.
- Enterprise-wide risk assessments.
- Application of the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing (Standards).
- Current state assessments, including inefficiency and process improvement identification.
- Future state design and process reengineering and implementation.
- Business requirements identification and ERP vendor selection processes.
- SSAE16 (formally known as SAS70) assurance engagements.
- Sarbanes Oxley (SOX) compliance engagements.
- IT general control reviews.
- Application of Control Objectives for Information and Related Technology (COBIT) guidelines as published by the Information Systems Audit and Control Association (ISACA).
- Facilitation of workshops.
- Speaks at various conferences and professional organizations across the country educating professionals on the topics of internal audit and risk management.

Education/Professional Involvement

- Bachelor of science, accounting and business administration, University of St. Thomas in St. Paul, Minnesota
- American Institute of Certified Public Accountants (AICPA)
- Information Systems Audit and Control Association (ISACA)
- Institute of Internal Auditors (IIA)

Key Relevant Clients*

- **City of Newton**

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