

City of Newton, Massachusetts

Technical Proposal for Financial Audit Services RFP #19-12

For the Years Ending June 30, 2019 – 2023



Submission Date: October 1, 2018

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MELANSONHEATH
ACCOUNTANTS • AUDITORS



City of Newton, Massachusetts

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Required Forms

Certificate of Authority
Bidder's Qualifications and References Form
Certificate of Non-Collusion
Certificate of Tax Compliance
Debarment Letter
IRS Form W-9

October 1, 2018

Chief Procurement Officer
City of Newton
Room 201
1000 Commonwealth Avenue
Newton, Massachusetts 02459

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Andover, MA 01810
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Additional Offices:

Nashua, NH
Manchester, NH
Greenfield, MA
Ellsworth, ME

Dear Chief Procurement Officer,

We are pleased to present this proposal to perform audit services for the City of Newton, Massachusetts. We are prepared to complete all work and deliver all written reports within the specified time frames included in the City's RFP #19-12 and Addendum 1 for Financial Audit Services, including required time frames. Included in the Price Proposal are the all-inclusive fixed fees for each engagement year. This proposal is valid for a period of 90 days.

We offer our 40-year working knowledge of governmental organizations to the City of Newton. As your auditors, you will have access to unparalleled professional services and responsiveness. We take pride in being on the cutting-edge of the accounting and auditing profession, and will keep you apprised of the ever-changing accounting and reporting guidelines that affect governmental organizations.

Officer Participation/Experienced Staff

A major advantage of hiring our Firm is the high level of officer and manager participation. Scott McIntire, CPA and Edward Boyd, CPA, will personally manage the engagement. In addition, we have also compiled a team of highly experienced supervisors and staff for the City of Newton engagement (see resumes beginning on page 24). Our Firm has 13 CPAs who have 10 or more years of experience auditing Massachusetts municipalities, and several more with more than 5 years of Massachusetts experience.

Municipal Audit and GASB Experience

We have been auditing Massachusetts municipalities for over 40 years and currently perform audit services to over 100 Massachusetts governments annually, many similar

in size and complexity to the City of Newton. A more complete listing of recent government audit experience is included on pages 13 - 20.

We will provide the City of Newton with a “fresh set of eyes,” with a goal of discussing best practices with you and providing you with specific examples of key policies and procedures, reconciling techniques, and related forms and spreadsheets.

We will also make ourselves available to you on a year-round basis as a resource to answer your technical accounting questions via telephone, e-mail, or on-site visit. In addition, as a Melanson Heath audit client, any City staff may attend our annual Uniform Municipal Accounting System (UMAS) training course free of charge. The class covers UMAS chart of accounts, fund structure, Massachusetts general laws, recording transactions, reconciling, and current topics such as GASB 67/68 (pension), GASB 74/75 (OPEB), and the Municipal Modernization Act.

Scott McIntire attends the American Institute of Certified Public Accountants Governmental Auditing Conference in Washington, D.C., to remain at the forefront of current GASB standards and single audit requirements. Mr. McIntire uses this training to keep our clients up-to-date on all relevant standards.

CAFR Experience

During the period from fiscal year 2015 through fiscal year 2017, we audited 6 Massachusetts municipalities that were awarded the GFOA’s Certificate of Achievement for Excellence in Financial Reporting each fiscal year. We audited an additional 7 communities from other states that were awarded the Certificate of Achievement. In addition, several members of our staff participate in the GFOA’s Special Review Committee for CAFRs. We have the resources and expertise to help the City of Newton to submit its CAFR to the GFOA prior to the annual December 31 deadline for qualification in the certificate of achievement program, if desired.

Size of Municipalities

We have audited 2 Massachusetts communities with general fund revenues in excess of \$200 million during fiscal 2015 – 2017 and longer. We also audit 10 communities that carry AAA bond ratings.

Quality Recommendations

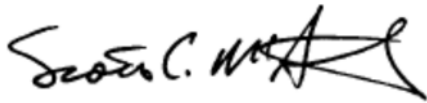
During the course of our audit, if we identify weaknesses in the City of Newton's internal controls, or areas that are not operating efficiently, we will immediately offer recommendations for improvement. All proposed audit adjustments and recommendations will be discussed and explained. We will also provide you with examples of the "best of the best" accounting and administrative policies and procedures that we have accumulated from other municipalities, in an effort to help you upgrade your controls and procedures.

We look forward to establishing a professional relationship with the City of Newton. If you have any questions regarding this proposal, please call.

Sincerely,

MELANSON HEATH

Accountants • Auditors

A handwritten signature in black ink, appearing to read "Scott C. McIntire". The signature is stylized and somewhat cursive.

Scott C. McIntire, CPA
Principal

A. Our Qualifications

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Resources

Melanson Heath is a regional CPA firm that specializes in governmental auditing and consulting, and has been rated one of the top firms in New England in 2015 and 2016 *Accounting Today* publication. We are the 13th largest non-national CPA firm in New England. In addition to audit, we also provide accounting, tax, fraud and forensic, and advisory services. We currently have 12 officers, 16 managers, and over 75 staff. Our offices are located in Andover and Greenfield, Massachusetts, Manchester and Nashua, New Hampshire, and Ellsworth, Maine. We have built our Firm over the last 40 years by providing attentive and proactive service to our clients, and by delivering those services in an effective and efficient manner. We provide a team of dedicated professionals and strategic alliances focused on client service. Our goal is to become your business partner and provide timely and helpful services to you.

Governmental Services Department

Our Governmental Services Department includes 5 officers and a staff of 60 that work exclusively on governmental audits, providing us with the capacity and depth not only to audit your organization, but also to lend our expertise as a resource. Each of the 5 governmental officers has over 20 years of auditing experience and has their own particular area of expertise including: preparation of Comprehensive Annual Financial Reports (CAFRs), risk assessment, Governmental Accounting Standards Board (GASB) pronouncements, fraud and forensics, federal financial aid auditing, and Office of Management and Budget (OMB) single audit compliance. Our expertise in these various disciplines means that we are uniquely qualified to perform the services that you need.

The Firm's continued success and growth in the governmental services area is the result of closely monitoring the following specific goals and objectives that have been implemented by our Governmental Services Department over the last 40 years:

- Provide a high level of officer participation and supervision in all audits.
- Provide for officer and staff availability to our clients throughout the year.
- Provide technical expertise unsurpassed in the industry.
- Provide highly experienced staff that thoroughly understands the uniqueness of governmental accounting and auditing.

- Develop procedures to provide quality audit services in an efficient and cost-effective manner.
- Provide quality recommendations and training to our clients to simplify and improve their accounting records and internal controls.
- Provide a timely service and minimize disruptions to clients' staff.
- Implement internal quality control steps to ensure our work product meets the highest standards of quality and accuracy.

We have stayed focused on implementing these goals over the years, which has resulted in our current leadership role in the governmental arena.

Project Management

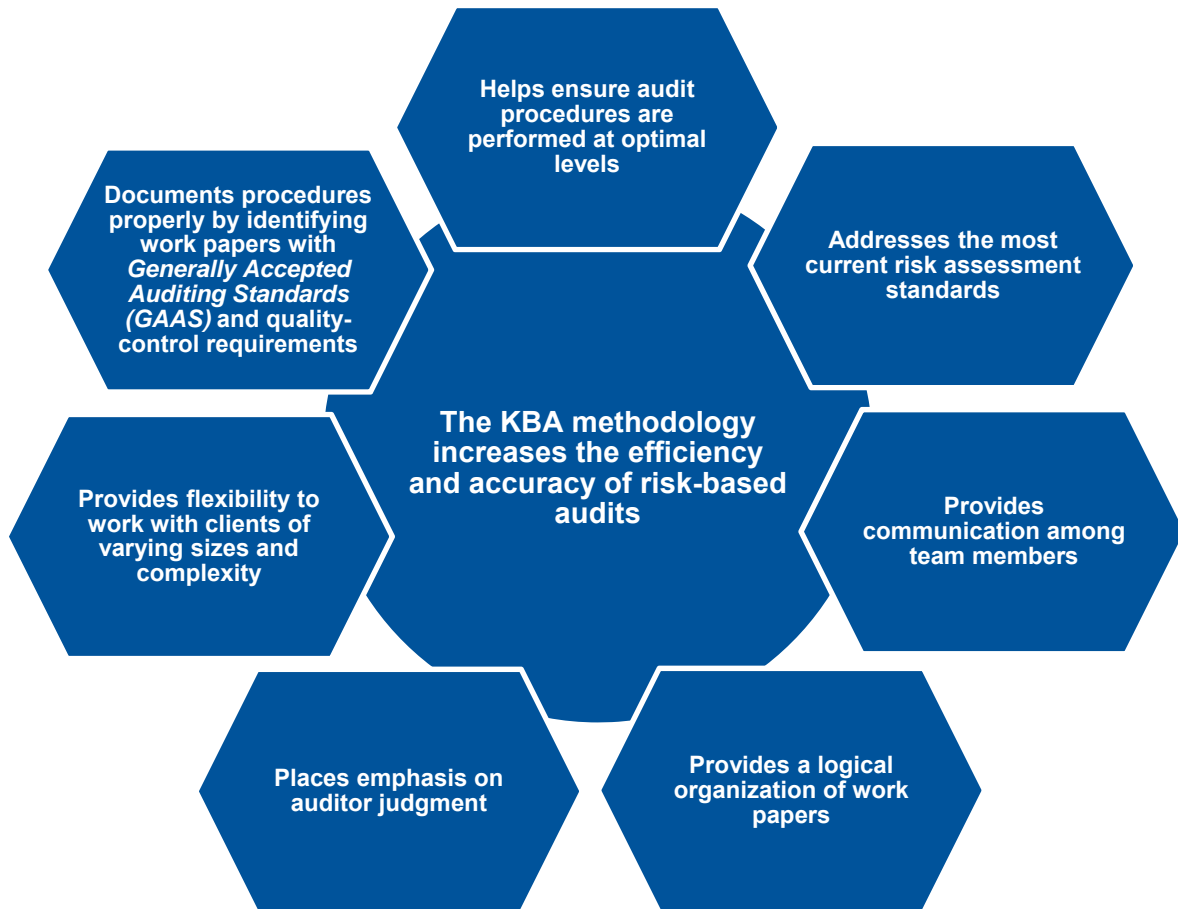
We stress proper planning in all of our engagements. Once awarded the engagement, we will immediately begin to work with you to specifically determine goals and objectives that will ensure a successful and timely audit. Together we will prioritize and develop a timeline with clear and concise milestones and deadlines. We will obtain an in-depth understanding of audit risks specific to your organization. With proper planning, issues will be identified early in the audit process which will contribute to the efficiency and timeliness of the audit.

During interim fieldwork, we will assess your entity-level controls and control activities; we will test the effectiveness of controls, and perform walk-throughs of important transactional cycles as part of the risk assessment process in accordance with the most recent auditing standards. We will pay particular attention to areas that we consider high audit risks in controls over financial reporting. We will identify issues that need clarification or additional research as early in the process as possible to facilitate the organized and timely performance of the audit and reporting processes.

Risk-Based Audit Approach

At Melanson Heath, we utilize the Knowledge Based Audit (KBA) methodology. The KBA methodology is a risk-based audit process, developed from the latest risk assessment standards. The KBA methodology was created by auditors, for auditors, and has passed AICPA Peer Review. This methodology helps our auditors plan and produce

higher-quality audits that both minimize compliance risk and maximize effectiveness and efficiency. The KBA methodology focuses on changes in risk from the prior year, to help ensure that we are neither under-auditing nor over-auditing.



Although the risk assessment standards have been published for several years, peer reviewers still find that many auditing professionals have not truly implemented a risk-based auditing approach. If these firms are also using older audit programs and methodologies that do not adequately address risk, or are using new technology to generate the audit programs similar to what they have used in the past, deficiencies are more common.

Experienced Staff

The members of our team have extensive governmental experience in financial audit, accounting, and federal compliance issues. Officers and managers in our Firm typically

have in excess of 20 years of audit, accounting, and compliance experience. Our audit staff averages over 5 years of full-time audit and consulting experience. We have very low turnover of personnel, which means that you will generally be assigned the same audit personnel each year, without having to “re-train” new auditors. The officers and senior management of your audit team will be closely involved in your audit to ensure that you get the answers you need, when you need them, and to facilitate continuity of service.

Quality Control System

We have developed a very detailed quality control system within the Firm to deliver our services at the highest level. All work is closely supervised. For more than 30 years, the Firm has undergone rigorous peer reviews that have resulted in the highest level of compliance. All of our peer reviews, including our most recent (see page 30), concluded with our receiving the best rating possible. This process furthers our efforts to provide the highest level of quality to our audits.

Management Letters

We view management letters as not only a requirement of auditing standards, but also as a mechanism to communicate ways to improve controls and efficiencies over financial systems and reporting. We encourage management to include responses to our comments in the final management letter document.

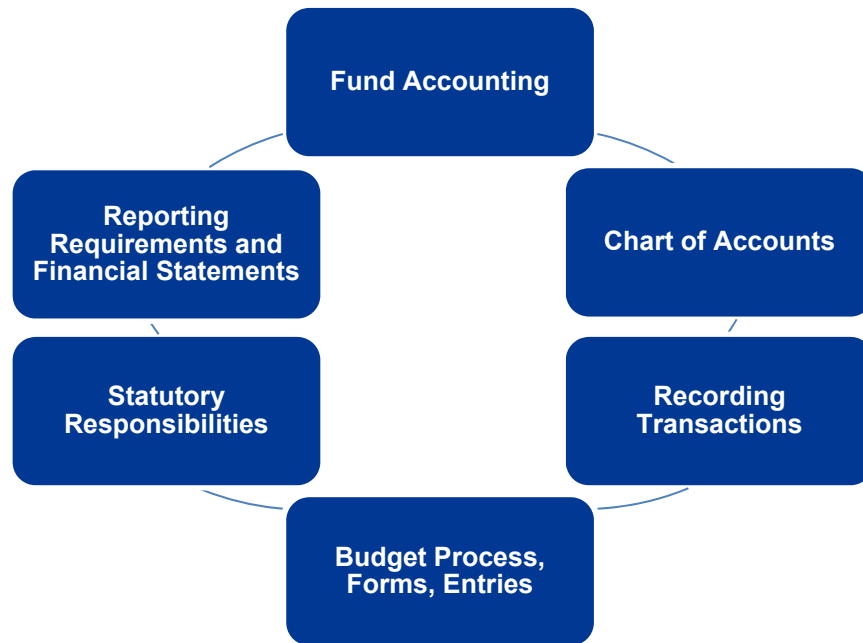
Technical Resources

Our Firm has been a leader in the accounting and auditing profession for over 40 years. We are proactive when new accounting and auditing standards are published as we implement many standards in advance of the required date. When new accounting and audit pronouncements are introduced, our Firm leads the way in working with clients by guiding them through their implementation of the sometimes-complex issues. We will email you a free monthly newsletter to advise you of current accounting pronouncements and changes to state and federal laws and regulations.

The Firm also provides governmental accounting training programs free of charge to our clients, including our three-day UMAS course. The course has been offered annually



for over 25 years and has been attended by hundreds of government employees. Topics of the course include:



CAFR Experience

Our Firm annually audits thirteen Comprehensive Annual Financial Reports (CAFR). CAFRs are financial statements that go above and beyond the minimum requirements of generally accepted accounting principles providing users with additional information to evaluate. Scott C. McIntire, CPA, Ed Boyd, CPA, and other members of our staff, are members of the GFOA's Special Review Committee and annually evaluate CAFRs from throughout the country.

Involvement in Professional Organizations

In order to keep abreast with the ever-changing accounting and auditing pronouncements, and other timely issues, we maintain an active role in the following professional organizations:

- American Institute of CPAs (AICPA)
- AICPA Government Audit Quality Center
- AICPA G400 Group (largest 500 CPA firms in USA)
- AICPA Private Companies Practice Section (PCPS)

Massachusetts Society of Certified Public Accountants (MSCPA)
Massachusetts Auditors and Accountants Association
New England Government Finance Officers Association
Massachusetts Government Finance Officers Association
Government Finance Officers Association
Association of Certified Fraud Examiners, Boston Chapter ACFE

Paperless Technology

Melanson Heath employs advanced technology to organize, store, protect, and communicate data to and from our clients. We employ accounting-specific applications that allow us to organize and track all audit data in an electronic (i.e., “paperless”) environment. All of the data we store and utilize is backed up on a specific schedule that includes additional “off-site” secure storage for disaster recovery purposes.

Our audit staff utilizes laptop computers and paperless audit engagement software to maximize engagement efficiencies. Much of the information we request from you will be transmitted to us electronically through our secure portal.

Data Security

All computers that are utilized outside our offices have encrypted hard drives to prevent unauthorized access in case of theft. Additionally, encrypted USB drives are available to all employees to allow for the secure transfer and temporary storage of data while at the client location.

All remote connectivity used by Melanson Heath employees is encrypted. Furthermore, Melanson Heath also has the ability to send e-mails that contain sensitive data in an encrypted format. Finally, Melanson Heath employs a secure web-based portal that allows for the secure transfer of data between our offices and our clients.

Consulting Services

In addition to audit, Melanson Heath also performs consulting related to overall organizational systems and human resource management for local governments. This experience includes:

- Evaluation of organizational structures and restructuring, recommended organization charts, development of job descriptions, duties, and responsibilities
- Evaluating efficiency and setting standards for achievement
- Providing recommendations on the flow and processing of documents through the organizational structure
- Seminar and lectures on professional development topics
- Internal control reviews and fraud prevention training
- Evaluation of resumes, assistance in interviewing and hiring recommendations
- Cash and receivable reconciliations

Clients Lost Over the Previous Three Years

Over the last three years, Melanson Heath has lost two governmental audit clients. Our Firm had provided services to the City of Medford and Town (now City) of Framingham for over 20 years each, and both decided that it was time for a change.

B. Our Government Audit Experience

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Our Related Experience:

The following is a list of clients for whom we have provided auditing or other professional services:

| | <u>Years Audited</u> | <u>Other Services*</u> |
|--|----------------------------|----------------------------------|
| <u>Massachusetts</u> | | |
| <u>Cities:</u> | | |
| City of Amesbury | 1999-2018 | CRS, EOY, SA, SAF, AUP |
| City of Everett | 2004-2012 | CRS, EOY, SA |
| City of Fitchburg | 1993-2018 | CRS, EOY, Forensic, SA |
| City of Gardner | 2014-2018 | AUP, EOY, SA |
| Town of Greenfield (City Government) | 1985-2017 | AUP, CRS, EOY, SA, SAF |
| City of Holyoke | 1989-2018 | AUP, CRS, EOY, Forensic, SA, SAF |
| City of Lawrence | 2000-2008 | CRS, SA |
| City of Leominster | 1993-2018 | CRS, EOY, SA, SAF |
| City of Lynn | 2005-2018 | AUP, CRS, EOY, SA |
| City of Medford | 1988-2016 | AUP, CRS, EOY, Forensic, SA |
| City of Methuen | 1989-2018 | AUP, CRS, EOY, SA, SAF |
| City of Newburyport | 2004-2018 | AUP, CRS, EOY, SA, SAF |
| City of Quincy | 2002-2007 | CRS, EOYR |
| City of Revere | 1999-2011 | CRS, EOY, SA, SAF |
| City of Springfield | 1995-2004 | CRS, EOY, SA |
| Town of Watertown (City Government) | 1993-2018 | CRS, EOY, SA, SAF |
| Town of West Springfield (City Government) | 1989-2018 | CRS, EOY, SA, AUP |
| Town of Weymouth (City Government) | 2010-2018 | EOY, SA |
| <u>Towns:</u> | | |
| Town of Acushnet | 2017-2018 | |
| Town of Amherst | 1994-1996, 1998-2018 | EOY, SA |
| Town of Ashby | 2000-2018 | |
| Town of Ashland | 2006-2018 | EOY, SA, SAF |
| Town of Athol | 1989-2018 | CRS, SA |
| Town of Becket | 2005, 2010, 2012-2017 | AUP, SA |
| Town of Belmont | 2001-2012 | EOY, SAF |
| Town of Bernardston | 2008, 2011, 2016 | AUP |
| Town of Blackstone | 2009-2016 | AUP |
| Town of Blandford | 1996-1997, 1999, 2003-2011 | |
| Town of Bolton | 2017-2018 | |
| Town of Bourne | 1994-2007 | |
| Town of Boxford | 2005-2018 | |
| Town of Boylston | 2002-2007, 2013-2017 | |
| Town of Chelmsford | 2011-2013 | EOY, SA |

| | <u>Years Audited</u> | <u>Other Services*</u> |
|-------------------------------|----------------------|-------------------------|
| Town of Cheshire | 1992-1993, 1999-2002 | |
| Town of Chester | 2003-2007 | SA |
| Town of Concord (CAFR) | 1998-2018 | CRS, EOY, SA |
| Town of Danvers (CAFR) | 1995-2018 | CRS, EOY, SA |
| Town of Dartmouth | 2012-2018 | EOY, SA |
| Town of Douglas | 2007-2018 | EOY, SA, SAF |
| Town of Dover | 1993-2018 | |
| Town of Dracut | 1987-2018 | EOY, SA |
| Town of Easton | 2000-2018 | EOY, SA |
| Town of Egremont | 2013 | AUP |
| Town of Fairhaven | 2012-2018 | CRS, AUP, EOY, SA, SAF |
| Town of Framingham | 1992-2017 | CRS, EOY, SA |
| Town of Franklin | 2005-2018 | AUP, EOY, SA, SAF |
| Town of Great Barrington | 1993-2017 | |
| Town of Hadley | 2011-2018 | EOY |
| Town of Hanover | 2010-2018 | EOY, Forensic, SA |
| Town of Hardwick | 2012-2017 | AUP |
| Town of Hinsdale | 2004-2013 | |
| Town of Holbrook | 1995-2006, 2008-2016 | EOY, SA, SAF |
| Town of Hudson | 1989-1991, 1995-2018 | EOY, SA, SAF |
| Town of Ipswich | 1991-2005 | |
| Town of Kingston | 1995-2018 | AUP |
| Town of Lee | 1989-2012 | EOY, SA |
| Town of Lexington | 1999-2018 | CRS, EOY, Forensic, SAF |
| Town of Longmeadow (CAFR) | 2017-2018 | SA |
| Town of Ludlow | 1993-1996, 1998-2018 | EOY, SA, SAF |
| Town of Lunenburg | 1985-2004 | |
| Town of Lynnfield | 1997-2018 | EOY, SA, SAF |
| Town of Manchester-by-the Sea | 2005-2008 | |
| Town of Maynard | 2006-2012 | CRS, EOY, SA |
| Town of Medfield | 2001-2008 | SA |
| Town of Medway | 1994-2018 | SA |
| Town of Millis | 2005-2018 | AUP, EOY, SA, SAF |
| Town of Middleborough | 2005 | SA |
| Town of Millbury | 2004-2009, 2016-2018 | AUP, EOY, SA |
| Town of Montague | 1986-2018 | CRS, SA |
| Town of Monterey | 2005, 2009, 2012 | |
| Town of Montgomery | 2007, 2009, 2011 | |
| Town of Needham | 1994-2018 | CRS, EOY, SA, SAF |
| Town of North Attleborough | 2008-2014 | CRS, SA |
| Town of Norwell | 2007-2018 | AUP, EOY, SA, SAF |
| Town of Norwood | 2004-2018 | CRS, EOY, SA |
| Town of Oak Bluffs | 2014 | AUP |
| Town of Randolph | 2012-2018 | SA |
| Town of Reading | 2003-2018 | CRS, EOY, SA, SAF |

| | <u>Years Audited</u> | <u>Other Services*</u> |
|--|----------------------|-----------------------------|
| Town of Royalston | 2015 | SA |
| Town of Rowe | 2012 | |
| Town of Rutland | 1998-2012, 2014-2018 | AUP |
| Town of Saugus | 2003-2011 | AUP, CRS, EOY, SA |
| Town of Sharon | 2001-2018 | EOY, SA, SAF |
| Town of Sheffield | 2001-2017 | SA |
| Town of Shelburne | 2014-2018 | SA |
| Town of Sherborn | 2002-2018 | SAF |
| Town of Southampton | 1998-2000, 2009-2018 | AUP, SA, EOY |
| Town of Southbridge | 2002-2008, 2016-2018 | AUP, CRS, EOY, SA |
| Town of Stoneham | 1997-2008 | CRS, EOY, SA, SAF |
| Town of Sutton | 2000-2005, 2009-2018 | AUP, EOY, Forensic, SA |
| Town of Swansea | 2001-2003 | |
| Town of Templeton | 2002-2012 | SA |
| Town of Townsend | 2011-2018 | |
| Town of Uxbridge | 2005-2016 | EOY, SA |
| Town of Wayland (CAFR) | 2011-2018 | EOY, SA, SAF |
| Town of Webster | 2000-2003 | |
| Town of West Boylston | 2000-2016 | EOY, SA |
| Town of West Bridgewater | 1989-2002 | |
| Town of Westford | 1988-2018 | AUP, EOY, Forensic, SA, SAF |
| Town of Weston | 2002-2013 | EOY, SA, SAF |
| Town of Whitman | 2007-2018 | Forensic |
| Town of Wilbraham | 1994-2018 | AUP, SA |
| Town of Williamsburg | 2005-2018 | |
| <u>School Districts:</u> | | |
| Adams-Cheshire Regional School District | 2008-2018 | EOY, SA |
| Amherst-Pelham Regional School District | 2016-2018 | EOY, SA, SAF |
| Ashburnham-Westminster Regional School District | 1992-2018 | EOY, SA, SAF |
| Athol-Royalston Regional School District | 1986-2018 | EOY, SA, SAF |
| Ayer-Shirley Regional School District | 2011-2018 | EOY, SA, SAF |
| Berkshire Hills Regional School District | 2016-2018 | EOY, SA, SAF |
| Cape Cod Regional Vocational Technical District | 2014-2018 | EOY, SA, SAF |
| Concord-Carlisle Regional School District | 1998-2018 | EOY, SAF |
| Dighton-Rehoboth Regional School District | 2015-2018 | EOY, SA |
| Erving Regional School District | 1995-2011 | EOY |
| Farmington River Regional School District | 2016-2018 | EOY |
| Franklin County Technical School District | 1986-2018 | EOY, SA |
| Gateway Regional School District | 2016-2018 | EOY, SA, SAF |
| Gill-Montague Regional School District | 1987-2018 | EOY, SA, SAF |
| Greater Lawrence Technical School | 1992-2018 | EOY, SA, SAF |
| Greater Lowell Regional Vocational Technical School District | 1994-2018 | EOY, SA, SAF |
| Groton-Dunstable Regional School District | 1997-2018 | EOY, Forensic, SA, SAF |

| | <u>Years Audited</u> | <u>Other Services*</u> |
|--|----------------------|------------------------|
| Hamilton-Wenham Regional School District | 1987-2010 | EOY, SA |
| Hampden-Wilbraham Regional School District | 2016-2018 | EOY, SA, SAF |
| Hawlemont Regional School District | 1999-2018 | EOY |
| Mahar Regional School District | 2015-2018 | EOY, SA |
| Minuteman Regional Vocational Technical High School | 2008-2018 | CRS, EOY, SA, SAF |
| Mohawk Trail Regional School District | 1999-2004, 2009-2018 | EOY, SA, SAF |
| Montachusett Regional School District | 1997-2018 | EOY, SA |
| Nashoba Regional School District | 2017-2018 | EOY, SA, SAF |
| New Salem-Wendell Union School District | 1994-2017 | EOY |
| North Middlesex Regional School District | 1988-1993, 2000-2010 | EOY, SA |
| Old Rochester Regional School District | 2013-2018 | EOY, SA |
| Pathfinder Regional School District | 1989-2018 | EOY, SA, SAF |
| Pioneer Valley Regional School District | 2015-2018 | EOY, SA, SAF |
| Quaboag Regional School District | 2016-2018 | EOY, SA |
| Southeastern Regional Vocational School District | 2000-2002, 2014-2018 | EOY, SA, SAF |
| Spencer-East Brookfield Regional School District | 2015-2018 | EOY, SA |
| Wachusett Regional School District | 1989-1996, 2006 | EOY, SA |
| Whittier Regional Vocational Technical School District | 2005-2011 | EOY, SA |
| <u>Electric Enterprise Divisions:</u> | | |
| Cohasset Water & Sewer | 2008-2010 | |
| Concord Municipal Light Plant | 2013-2018 | |
| Danvers Electric Division | 1995-2018 | |
| Littleton Electric & Water Department | 2005-2009 | |
| Norwood Electric Department | 2004-2018 | |
| Peabody Municipal Light Plant | 1994-2018 | |
| Reading Municipal Light Plant | 2003-2018 | Special Projects |
| South Hadley Electric Department | 2015 | |
| Templeton Municipal Light Department | 2017-2018 | |
| Wakefield Municipal Gas and Light Department | 2000-2018 | SA |
| Wakefield Municipal Cooperative Corporation | 2013-2018 | |
| <u>Other Governmental Organizations:</u> | | |
| Bondsville Fire and Water District | 1993-2018 | |
| Bourne, MA Landfill | 1999-2007 | |
| Berkshire County Retirement System | 2014-2018 | |
| CASE Collaborative | 2002-2018 | |
| Dedham-Westwood Water District | 2008-2018 | |
| Franklin-Hampshire Employment and Training Consortium | 1986-2018 | SA |
| Franklin Regional Retirement System | 2010-2011, 2013-2018 | |
| Lanesboro Village Fire & Water | 2011-2012 | |
| Lexington Housing Assistance Board | 2012-2018 | |
| Lynn Water & Sewer | 2012-2014 | |
| Martha's Vineyard Municipal Airport | 2001-2002 | |
| Merrimack Valley Nutrition Project | 2005-2014 | SA |
| Natick Water & Sewer | 2003-2005 | |

| | <u>Years Audited</u> | <u>Other Services*</u> |
|---|----------------------|---------------------------|
| Pioneer Valley Planning Commission | 1990-2018 | SA |
| Salem-Beverly Water Supply Board | 2000-2018 | |
| Southeastern Regional Planning/Economic Dev. District | 2016-2017 | SA |
| Springfield Redevelopment Authority | 1996-2018 | SA |
| Springfield Water and Sewer Commission (CAFR) | 1998-2018 | SA, AUP |
| Turners Falls Fire and Water District | 1988-1992, 1994-2018 | |
| Wayland-Sudbury Septage Treatment Facility | 2002-2009 | |
| <u>Counties:</u> | | |
| Franklin Regional Council of Governments | 1998-2018 | SA, AUP |
| Hampshire Council of Governments | 2000-2017 | |
| Plymouth County | 2006-2018 | |
| <u>New Hampshire</u> | | |
| <u>Cities:</u> | | |
| City of Claremont | 2007-2014 | SA |
| City of Concord (CAFR) | 1992-2018 | SA |
| City of Dover (CAFR) | 1990-2008 | SA |
| City of Keene | 2009-2018 | SA |
| City of Laconia | 2008-2018 | SA |
| City of Laconia Water Works | 2008-2018 | |
| City of Manchester | 2015-2018 | SA |
| City of Nashua (CAFR) | 2002-2018 | AUP, SA, Special Projects |
| City of Portsmouth (CAFR) | 1994-2018 | SA, AUP |
| City of Rochester | 2014-2018 | SA |
| City of Somersworth | 1984-2009 | AUP, Forensic, SA |
| <u>Towns:</u> | | |
| Town of Amherst | 2014-2017 | |
| Town of Ashland | 2015-2017 | |
| Town of Bedford (CAFR) | 2005-2017 | SA |
| Town of Bristol | 2007-2017 | SA |
| Town of Canterbury | 2007-2017 | |
| Town of Carroll | 2008-2017 | |
| Town of Chester | 2011-2018 | |
| Town of Danville | 2008-2017 | |
| Town of Deerfield | 2008-2017 | |
| Town of Deering | 2007-2017 | |
| Town of Derry (CAFR) | 2010-2018 | SA |
| Town of Dunbarton | 2009-2017 | |
| Town of Durham | 2012-2017 | SA |
| Town of Enfield | 2007-2009 | |
| Town of Exeter | 2007-2017 | AUP, SA |
| Town of Gilmanton | 2016-2017 | |
| Town of Goffstown | 1999-2017 | SA |
| Town of Gorham | 2017 | |

| | <u>Years Audited</u> | <u>Other Services*</u> |
|-----------------------------------|----------------------|------------------------|
| Town of Greenland | 2007-2009 | |
| Town of Greenville | 1983-2009 | |
| Town of Groton | 2016-2017 | AUP |
| Town of Hanover | 2008-2017 | SA |
| Town of Holderness | 2016-2017 | |
| Town of Hollis | 1980-2017 | |
| Town of Hopkinton | 2006-2007 | |
| Town of Jaffrey | 2012-2018 | SA |
| Town of Litchfield | 2008-2017 | |
| Town of Londonderry | 2003-2014, 2016-2018 | AUP, SA |
| Town of Madison | 2008-2009 | |
| Town of Merrimack | 2008-2013 | SA |
| Town of Milton | 2016-2017 | |
| Town of Newfields | 2007-2017 | |
| Town of New Ipswich | 2010-2015 | |
| Town of Newmarket | 2007-2012 | SA |
| Town of Northfield | 2007-2017 | |
| Town of North Hampton | 2011-2017 | |
| Town of Pelham | 2010-2017 | |
| Town of Piermont | 2008-2017 | AUP |
| Town of Plaistow | 2007-2009 | |
| Town of Raymond | 2007-2017 | Forensic, SA |
| Town of Sandown | 2007-2017 | |
| Town of Salem | 2008-2013 | SA |
| Town of Stoddard | 2014-2017 | |
| Town of Sullivan | 2008-2015 | |
| Town of Sunapee | 2007-2017 | |
| Town of Temple | 2000-2005, 2007-2018 | |
| Town of Weare | 2017 | |
| Town of Westmoreland | 2016-2017 | |
| <u>Counties/Districts:</u> | | |
| Ashland Electric Department | 2015-2017 | |
| Ashland Water & Sewer Department | 2016-2017 | |
| Berlin Water Works | 2009-2017 | SA |
| Contoocook Water District | 2007-2010 | |
| County of Belknap | 2010-2017 | SA |
| County of Carroll | 2015-2017 | SA |
| County of Coos | 2013-2017 | SA |
| County of Grafton | 2011-2017 | SA |
| County of Rockingham | 2009-2017 | SA |
| Emerald Lake Village District | 2007-2017 | SA |
| Grasmere Village District | 2008-2017 | |
| Ossipee Corner Light & Power | 2007-2017 | |
| Sullivan County | 2004-2017 | SA |
| Tilton-Northfield Fire District | 2008-2017 | |

| | <u>Years Audited</u> | <u>Other Services*</u> |
|--|----------------------|------------------------|
| Tilton-Northfield Water District | 2008-2017 | |
| <u>School Districts:</u> | | |
| Allentown School District (SAU 53) | 2016-2018 | |
| Amherst School District (SAU 39) | 2003-2009 | SA |
| Chichester School District (SAU 53) | 2016-2018 | |
| Concord School District (SAU 8) | 2006-2018 | AUP, SA |
| Deerfield School District (SAU 53) | 2016-2018 | |
| Derry Cooperative School District (SAU 10) | 2008-2018 | SA |
| Dunbarton School District (SAU 19) | 2002-2013 | |
| Epsom School District (SAU 53) | 2016-2018 | |
| Farmington School District (SAU 61) | 2008-2016 | SA |
| Franklin School Department (SAU 18) | 2008-2010 | |
| Goffstown School District (SAU 19) | 2002-2013 | SA |
| Grantham School District (SAU 75) | 2013-2017 | |
| Hill School District (SAU 18) | 2008-2010 | |
| Mascenic Regional School District (SAU 87) | 2010-2017 | SA, Special Projects |
| Merrimack School District (SAU 26) | 2009-2018 | SA |
| Middleton School District (SAU 61) | 2008-2016 | |
| Mont Vernon School District | 2005-2009 | |
| New Boston School District (SAU 19) | 2002-2013 | SA |
| Newfound Area School District | 2017 | SA |
| Northwood School District (SAU 44) | 2009-2017 | |
| Nottingham School District (SAU 44) | 2009-2017 | |
| Oyster River School District | 2007-2018 | SA |
| Pembroke School District (SAU 53) | 2016-2018 | |
| Prospect Mountain High School | 2008-2011 | |
| Sanborn Regional School District | 2009-2013 | SA |
| School Administrative Unit 18 | 2008-2010 | SA |
| School Administrative Unit 53 | 2016-2017 | SA |
| Strafford School District (SAU 44) | 2009-2017 | SA |
| Souhegan Cooperative School District | 2005-2009 | |
| Windham School District (SAU 19) | 2016-2017 | SA, Special Projects |
| <u>Other Governmental Organizations:</u> | | |
| Central New Hampshire Regional Planning Commission | 2008-2017 | SA |
| Nashua Regional Planning Commission | 2008-2017 | SA |
| Nashua Region Solid Waste Management District | 2008-2017 | |
| New Hampshire/Vermont Solid Waste Project | 2005-2007 | |
| North Country Council | 2010-2011 | SA |
| Rockingham Planning Commission | 2006-2017 | SA |
| Strafford Regional Planning Commission | 2006-2017 | SA |
| Upper Valley Lake Sunapee Planning Commission | 2009-2017 | SA |

Years Audited

Other Services*

Vermont

Cities:

| | | |
|---------------------------|-----------|---------------------------|
| City of Burlington (CAFR) | 2011-2018 | SA, Special Projects, AUP |
| St. Albans (CAFR) | 2016-2018 | SA, AUP |

School Districts:

| | | |
|----------------------------|-----------|----|
| Burlington School District | 2011-2013 | SA |
|----------------------------|-----------|----|

State of Vermont:

| | | |
|---|-----------|--|
| Census Data Testing on 50 Cities/Town/School Districts for compliance with GASB 67 | 2014-2018 | |
|---|-----------|--|

Other Governmental Organizations:

| | | |
|--------------------------------------|-----------|----|
| Vermont Housing & Conservation Board | 2017-2018 | SA |
|--------------------------------------|-----------|----|

Maine

Towns:

| | | |
|-----------------|-----------|--|
| Town of Lebanon | 2014-2018 | |
|-----------------|-----------|--|

Other Services*

CRS = contributory retirement system audit

EOY = agreed upon procedures for school department end-of-year report

SA = single audit

SAF = agreed upon procedures for school student activity funds

AUP = other agreed upon procedures

Our References

Listed below are the names of individuals from cities and towns we have audited and provided consulting services. We are proud of our reputation and invite you to discuss our qualifications with them.

**Town of Watertown, Massachusetts
Mr. Michael Driscoll, Town Manager
617-972-6465, mdriscoll@watertown-ma.gov**

**Town of Needham, Massachusetts
Mr. David Davison, Finance Director
781-455-7533, ddavison@needhamma.gov**

**City of Lynn, Massachusetts
Mr. Stephen Spencer, Comptroller
781-598-4000, sspencer@lynnma.gov**

**Town of Reading, Massachusetts
Ms. Sharon Angstrom, Town Accountant
781-942-9005, sangstrom@ci.reading.ma.us**

**City of Manchester, New Hampshire
Mr. William Sanders, Finance Officer
603-624-6460, wsanders@manchesternh.gov**

C. Your Audit Team

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| Scott C. McIntire, CPA – Engagement Principal | 23 |
| Frank R. Biron, CPA – Quality Control Principal | 24 |
| Edward Boyd, CPA – Fieldwork Principal | 25 |
| Alina Korsak, CPA – Manager | 26 |
| Sara Corduck – Supervisor | 27 |
| Zach Nowlan – Senior Staff | 28 |
| LillyAnna Kuehl – Staff | 29 |

We have compiled a team of auditors, all specialists in auditing Massachusetts municipalities. We provide ongoing continuing education and training, requiring a minimum of 40 hours per year, and focusing on governmental accounting and auditing.

Our staff training includes coverage of the latest and best practice techniques, including areas such as sampling, Uniform Guidance, and paperless work paper techniques.

Scott C. McIntire, CPA, Principal



Professional Experience

Mr. McIntire is a Principal of Melanson Heath's Governmental Services Department and has been with the Firm since 1988. He is a Certified Public Accountant.

Mr. McIntire has nearly 30 years of governmental accounting and auditing experience and manages over 40 audits annually, including several municipal and international airports. He prepares 11 Comprehensive Annual Financial Reports (CAFRs) annually and evaluates CAFRs throughout the country as a member of the Government Finance Officers Association's Special Review Committee.

Education

He received his Bachelor of Science degree in Accounting from Plymouth State College.

Professional Memberships

Mr. McIntire holds membership and participates in the American Institute of Certified Public Accountants (AICPA), the Massachusetts Society of Certified Public Accountants (MSCPA), the Massachusetts Government Finance Officers Association, Massachusetts Municipal Accountants and Auditors Association, NESGFOA Special Review Committee for CAFRs, and New Hampshire Government Finance Officers Association.

Speaking Engagements/Seminars

Annually, Mr. McIntire attends the American Institute of Certified Public Accountants Governmental Auditing Conference in Washington, D.C. to remain at the forefront of current GASB standards and single audit requirements.

He is a frequent speaker at various governmental accounting organizations, and has been active in various municipal consulting services including performance audits, involvement in accountant search committees, training, and various special project audits.

Participation in the City of Newton Audit

Mr. McIntire will be the Engagement Principal for the City of Newton audit. He will be a key contact person for the City of Newton audit.

Frank R. Biron, CPA, Principal



Professional Experience

Frank R. Biron, CPA, is the President of Melanson Heath and a Certified Public Accountant licensed in Massachusetts, New Hampshire, and Vermont.

Mr. Biron has over 35 years of governmental accounting and auditing experience. He is officer-in-charge of over 40 of the Firm's 150 government audits, and is responsible for the Firm's Governmental Services quality control. He received the AICPA Certificate of Educational Achievement in Governmental Accounting and Auditing.

Education

He received his Bachelor of Science Degree in Accounting from Southern New Hampshire University.

Professional Memberships

Mr. Biron holds membership in the American Institute of Certified Public Accountants (AICPA), the Massachusetts and New Hampshire Societies of Certified Public Accountants, and the New Hampshire, Massachusetts, and New England Government Finance Officers Association.

Speaking Engagements/Seminars

He currently instructs the Firm's annual governmental (UMAS) accounting course, as well as seminars for various government organizations, including the Municipal Auditors' and Accountants' Association, the Public Employees Administration Commission (PERAC), the New Hampshire Tax Collectors Association, the New Hampshire City and Town Clerks Association, the Massachusetts Tax Collectors Association, and the New Hampshire Government Financial Officers Association. He recently has instructed seminars on the implementation of GASB 67 and 68 for PERAC and the Massachusetts Municipal Auditors and Accountants Association, and is the only CPA providing GASB 67/68 implementation consulting assistance to PERAC.

Participation in the City of Newton Audit

Mr. Biron will serve as the Quality Control Principal. In this role, he will be responsible for reviewing all statements and reports.

Edward Boyd, CPA, Fieldwork Principal



Professional Experience

Edward Boyd is an Audit Manager in the Governmental Services Department at Melanson Heath and has been with the Firm since 2007. He is a Certified Public.

Since joining the Firm, Mr. Boyd's experience has focused on governmental financial statement audits, OMB A-133/Uniform Guidance single audits, as well as forensic audits and other special projects, including risk assessment, performance audits, and reconciliation assistance. Mr. Boyd's audit experience includes over 20 Massachusetts cities and towns, as well as audits of Comprehensive Annual Financial Reports (CAFRs) submitted to the Government Finance Officers Association. Mr. Boyd also evaluates several CAFRs throughout the country annually as a member of the Government Finance Officers Association's Special Review Committee.

Education

Mr. Boyd received a Bachelor of Science degree in Accounting from Southern New Hampshire University, graduating Cum Laude. He is a member of Delta Mu Delta, an international honor society in business (2007), as well as an alumnus of the Francis Ouimet Scholarship Fund (2007).

Professional Memberships

Mr. Boyd holds membership in the American Institute of Certified Public Accountants (AICPA), the New Hampshire Society of Certified Public Accountants (NHSCPA), the Massachusetts Society of Certified Public Accountants (MSCPA), the Massachusetts Society of Certified Public Accountants (MSCPA) Governmental Accounting and Auditing Committee, and the Connecticut Government Finance Officers Association (CTGFOA).

Speaking Engagements/Seminars

Mr. Boyd presented on recently issued/implemented Governmental Accounting Standards Board (GASB) pronouncements at the Massachusetts Auditors and Accountants' Association (MMAAA) Spring 2017 Education Program, and has previously presented on GASB 63/65 updates to various governmental employees in the Commonwealth.

Participation in the City of Newton Audit

Mr. Boyd will serve as a Fieldwork Principal in the City of Newton Audit.

Alina Korsak, CPA, Audit Manager



Professional Experience

Alina Korsak is an Audit Manager in the Governmental Services Department at Melanson Heath and has been with the Firm since 2000. Ms. Korsak is a Certified Public Accountant, licensed in Massachusetts and New Hampshire.

Ms. Korsak has over 15 years of governmental accounting and auditing experience. She is currently responsible for managing several government audit engagements annually, including financial statement audits of cities, towns, pension plans, utilities, and airports. She also evaluates several Comprehensive Annual Financial Reports throughout the country annually as a member of the Government Finance Officers Association's Special Review Committee.

Education

Ms. Korsak received a Bachelor of Science degree in Accounting at Emmanuel College in Boston in 1998, graduating Magna Cum Laude.

Community Services

Ms. Korsak served as a Board member, Treasurer, and Chair of the Finance Committee of the Adult Learning Center from 2008 to 2014 and was responsible for presenting monthly financial statements to the Board of Directors.

Professional Memberships

Ms. Korsak holds memberships in the Massachusetts Society of Certified Public Accountants (MSCPA), New Hampshire Society of Certified Public Accountants (NHSCPA), and the American Institute of Certified Public Accountants (AICPA).

Participation in the City of Newton Audit

Ms. Korsak will serve as an Audit Manager in the City of Newton audit. She will be responsible for the retirement system audit.

Specific Massachusetts Municipal Audit Experience

| | | | |
|----------|---------|---------|-----------|
| Amesbury | Methuen | Danvers | Watertown |
| Easton | Wayland | Millis | Needham |
| Sutton | | | |

Sara Corduck, Audit Supervisor



Professional Experience

Ms. Corduck is an Audit Supervisor in the Governmental Services Department of Melanson Heath and has been with the Firm since 2002. Since joining the Firm, she has worked on governmental financial statement audits, Uniform Guidance single audits, student activity fund audits, as well as forensic audits, and other special projects, including Massachusetts School Building Authority compliance audits and school operational audits. Ms. Corduck currently manages all of the Massachusetts Department of Elementary and Secondary Education Compliance Supplement for Massachusetts School District End-of-Year Pupil and Financial Report engagements for the Firm. She has also worked on special projects, including the preparation and analysis of governmental budget analysis, and assisted in various fraud investigations.

Education

Ms. Corduck received a Bachelor of Business Administration degree in Accounting from the University of Massachusetts in 2001, graduating Cum Laude.

Professional Memberships

Ms. Corduck is a member of the Massachusetts Society of Certified Public Accountants (MSCPA) and Association of Certified Fraud Examiners.

Speaking Engagements and Seminars

Ms. Corduck presented seminars on “Cash Handling” to the Massachusetts Association of School Business Officials in 2013 and “How to Perform an Internal Audit” to the Massachusetts Municipal Accountants and Auditors Association at the annual UMass Amherst Training.

Participation in the City of Newton Audit

Ms. Corduck will serve as an Audit Supervisor in the City of Newton audit.

Specific Massachusetts Municipal Audit Experience

| | | | |
|---------|-----------|---------|-------------|
| Lynn | Medford | Reading | Newburyport |
| Concord | Lexington | Dracut | |

Zach Nowlan, Senior Staff Accountant



Professional Experience

Mr. Nowlan is a Senior Staff Accountant in the Governmental Services Department at Melanson Heath and joined the Firm in January of 2015.

Since joining the Firm, Mr. Nowlan's experience has focused on governmental financial statement audits, A-133/Uniform Guidance single audits, end of year reports, contributory retirement system audits, student activity fund audits, and other special projects.

Education

Mr. Nowlan received his Bachelor of Science Degree in Accounting from Lasell College in December 2014.

Professional Memberships

Mr. Nowlan holds membership in the Massachusetts Society of Public Accountants (MSCPA) as well as the New Hampshire Society of Public Accountants (NHSCPA). Mr. Nowlan is also a MSPCA and NHSCPA Young Professionals committee member.

Participation in the City of Newton Audit

Mr. Nowlan will serve as a Senior Staff Accountant in the City of Newton audit.

Specific Massachusetts Municipal Audit Experience

| | | | |
|---------|-----------|---------|-------------|
| Lynn | Medford | Reading | Newburyport |
| Concord | Lexington | Dracut | |



Professional Experience

LillyAnna Kuehl is a Staff Auditor in the Governmental Services Department at Melanson Heath and has been with the Firm since April 2017.

Ms. Kuehl’s experience is concentrated in the areas of governmental accounting and auditing. She has participated in Comprehensive Annual Financial Reports (CAFRs) and financial statement audits of towns, cities, Uniform Guidance single audits, end-of-year reports, contributory retirement systems, student activity funds audits, agreed-upon procedure engagements, and special projects.

Education

Ms. Kuehl received a Bachelor of Science degree in Accounting at the University of Massachusetts, Dartmouth, in May 2016, graduating cum laude. She also received her Master’s in Accounting specialized in Auditing from Northeastern University in December 2016.

Participation in the City of Newton Audit

Ms. Kuehl will serve as a Staff Auditor in the City of Newton audit.

Specific Massachusetts Municipal Audit Experience

- | | | | |
|-----------|---------|-----------|---------|
| Fitchburg | Danvers | Amesbury | Millis |
| Methuen | Needham | Watertown | Wayland |
| Easton | Sutton | | |

D. Most Recent Peer Review Report

Every three years the Firm undergoes an in-depth peer review process, which includes an evaluation of our audit quality control system and review of sample governmental audit work papers and financial statements. The results of our peer reviews have always resulted in a “clean opinion” with no exceptions. This is the best result possible from a peer review.

Our most recent peer review report is presented on the following page.

Report on the Firm's System of Quality Control

July 13, 2018

To the Owners of Melanson Heath
and the Peer Review Committee of New England Peer Review Inc.

We have reviewed the system of quality control for the accounting and auditing practice of Melanson Heath (the firm) in effect for the year ended March 31, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Governmental Auditing Standards*, including compliance audit under the Single Audit Act; and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

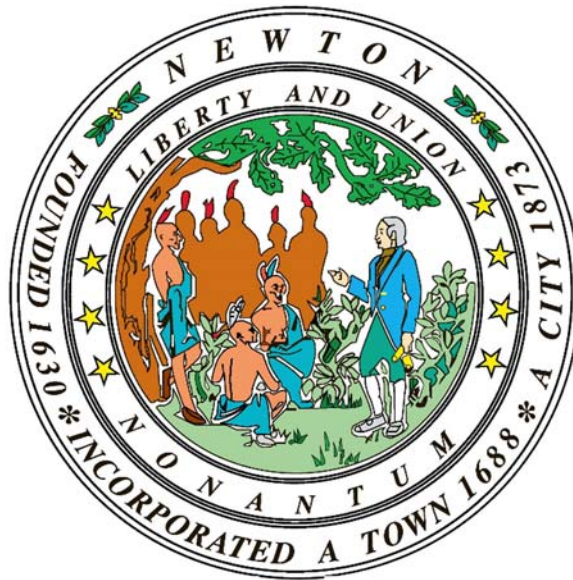
In our opinion, the system of quality control for the accounting and auditing practice of Melanson Heath in effect for the year ended March 31, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Melanson Heath has received a peer review rating of *pass*.

Telling & Hillman, P.C.

Telling & Hillman, P.C.

E. Service Plan for the City of Newton Audit

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| Our Responsibilities to You | 33 |
| Our Audit Approach | 33 |
| - Deliverables to You | 35 |
| - Timing | 36 |



Our Responsibilities to You

The objective of the audit is to obtain reasonable, but not absolute, assurance whether your financial statements as a whole are free from material misstatement, whether due to fraud or error. Reasonable assurance is a high level of assurance and requires us to plan and perform the audit so that audit risk will be limited to an appropriately low level.

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in your financial statements, and therefore, will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations.

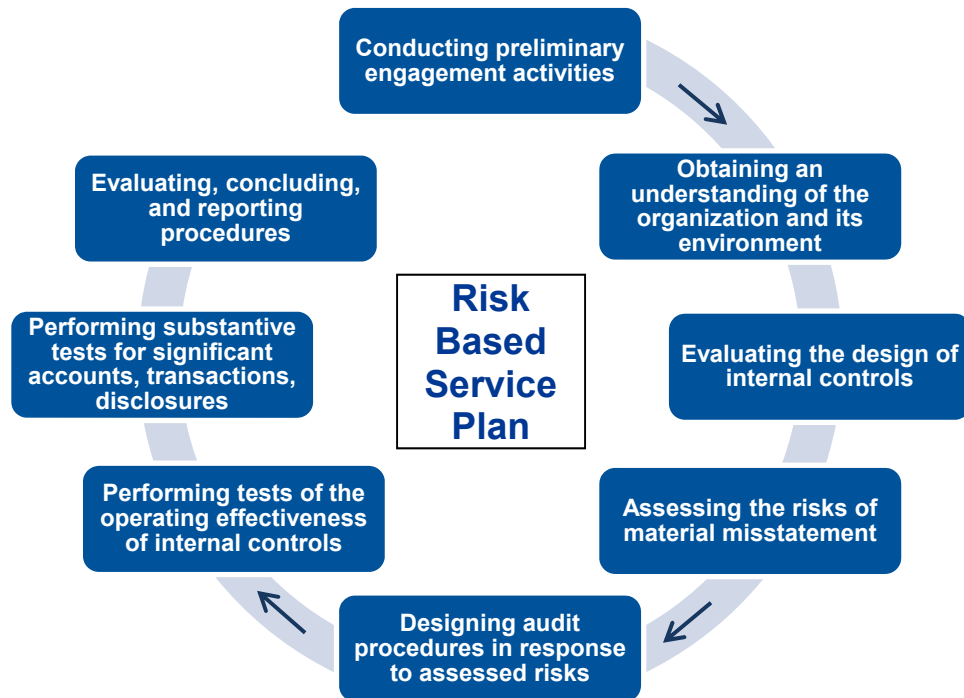
Our Audit Approach

We will utilize a risk-based audit methodology that emphasizes using knowledge of the City of Newton to make risk assessments required in connection with the financial statement audit. All audits are risk-based to some extent because an auditor does not test 100% of the transactions of an entity. The more accurately an auditor assesses an entity's risks of material misstatement, the more likely the auditor will be to direct audit

effort to those areas expected to contain risks of material misstatement, whether due to error or fraud, and the more assurance the auditor has that the procedures performed in response to the risk assessments will detect material misstatements. Therefore, the primary drivers of our audit will be:

- Obtaining an understanding of the City of Newton and its environment, including internal control, sufficient to accurately assess the risks of material misstatement and provide a basis for designing and implementing responses to the assessed risks of material misstatement.
- Obtaining sufficient appropriate audit evidence about whether material misstatements exist, through designing and performing audit procedures that are responsive to the risks of material misstatement.
- Forming an opinion on your financial statements based on conclusions drawn from the audit evidence obtained.

Our risk-based service plan for the audit of your financial statements includes the following eight steps:



The understanding obtained in each process affects the decisions made in the next. Although most steps in the methodology are performed sequentially, an audit is not a

linear process. We will reconsider decisions made in an earlier process based on evidence obtained in later stages of the audit.

In general, our knowledge and understanding of the City of Newton should flow through the above eight processes and affect the audit as follows:

- Knowledge gained from preliminary engagement activities and the determination of materiality is used to customize the audit plan for risk assessment procedures.
- Knowledge gained from risk assessment and other procedures, such as preliminary analytical procedures, is used to identify and assess the risks of material misstatement.
- Knowledge gained from risk assessment procedures and the identification of risks of material misstatement is used to customize the audit plan for further audit procedures.
- Evidence gained from further audit procedures is evaluated to determine whether audit risk has been reduced to an appropriately low level, and the appropriate auditor's report is issued.

During our audit, we may perform sampling in order to evaluate some characteristic of a balance or class of transactions, or to obtain audit evidence. The sampling performed may be either non-statistical or statistical, and may be used for tests of controls, substantive tests, and also dual-purpose tests.

Deliverables to You

We will provide the following deliverables to the City of Newton:

Financial Audit

- Independent auditors' report and Comprehensive Annual Financial Report.
- A management letter of comments and recommendations related to the financial statements, internal controls, accounting, accounting systems, legality of actions, other instances of noncompliance with regulatory requirements, and other matters coming to our attention during the financial audit.

- Governance letter documenting the results of the audit.
- Audit of the Newton Contributory Retirement System.
- GASB 68 – Au 805 report.
- An Agreed-Upon-Procedures report on the School Department’s End-of-Year Report (EOYR).
- Single audit reports.

Communications

- Annual audit planning conference with Comptroller.
- Meeting with City’s Audit Advisory Committee prior to the start of the audit.
- Periodic meetings with the Audit Advisory Committee during the course of the audit.
- Weekly status reports during the course of the audit field work.
- Formal presentation of the results of the audit and content of the management letter with the Audit Advisory Committee and City Council’s Finance Committee.

Timing

We are prepared to meet your deadlines and propose the following timeline to perform audit and related services.

| | |
|---|-------------------------|
| Planning/preliminary work | April/May 2019 |
| City audit fieldwork | September |
| City draft | November |
| Final reports | December |
| Management letter | December |
| Single audit | January |
| Presentation of the audit | Mutually agreeable time |
| Consultation and answers to technical questions, as requested | Ongoing |

F. Compensation for the City of Newton Audit

Our fees for services are predicated on matching the expertise of our various staff with the work required. Proposed fees for our services are based on our anticipated time spent at our standard hourly rates. Rates for this engagement vary, depending upon the level of expertise required.

Routine assistance throughout the year is included in our fixed fees. We will also be available throughout the year to provide additional technical and other services that will require more than a nominal amount of time, if requested, at our standard hourly rates.

Estimated hours for each major audit segment by staff classification are presented below:

| <u>Fiscal Year 2019</u> | <u>CAFR</u> | <u>End of Year Report</u> | <u>Single Audits</u> | <u>Total</u> |
|-------------------------|-------------|-------------------------------|--------------------------|--------------|
| Principals | 118 | 2 | 16 | 136 |
| Managers | 210 | 2 | 20 | 232 |
| Supervisor | 150 | 30 | 80 | 260 |
| Senior Staff/Staff | 145 | 25 | 80 | 250 |
| | <u>623</u> | <u>59</u> | <u>196</u> | <u>878</u> |

| <u>Fiscal Year 2020</u> | <u>CAFR</u> | <u>End of Year Report</u> | <u>Single Audits</u> | <u>Total</u> |
|-------------------------|-------------|-------------------------------|--------------------------|--------------|
| Principals | 118 | 2 | 16 | 136 |
| Managers | 210 | 2 | 20 | 232 |
| Supervisor | 150 | 30 | 80 | 260 |
| Senior Staff/Staff | 145 | 25 | 80 | 250 |
| | <u>623</u> | <u>59</u> | <u>196</u> | <u>878</u> |

| <u>Fiscal Year 2021</u> | <u>CAFR</u> | <u>End of Year Report</u> | <u>Single Audits</u> | <u>Total</u> |
|-------------------------|-------------|-------------------------------|--------------------------|--------------|
| Principals | 118 | 2 | 16 | 136 |
| Managers | 210 | 2 | 20 | 232 |
| Supervisor | 150 | 30 | 80 | 260 |
| Senior Staff/Staff | 145 | 25 | 80 | 250 |
| | <u>623</u> | <u>59</u> | <u>196</u> | <u>878</u> |

| <u>Fiscal Year 2022</u> | <u>CAFR</u> | <u>End of Year Report</u> | <u>Single Audits</u> | <u>Total</u> |
|-------------------------|-------------|-------------------------------|--------------------------|--------------|
| Principals | 118 | 2 | 16 | 136 |
| Managers | 210 | 2 | 20 | 232 |
| Supervisor | 150 | 30 | 80 | 260 |
| Senior Staff/Staff | 145 | 25 | 80 | 250 |
| | <u>623</u> | <u>59</u> | <u>196</u> | <u>878</u> |

| <u>Fiscal Year 2023</u> | <u>CAFR</u> | <u>End of Year Report</u> | <u>Single Audits</u> | <u>Total</u> |
|-------------------------|-------------|-------------------------------|--------------------------|--------------|
| Principals | 118 | 2 | 16 | 136 |
| Managers | 210 | 2 | 20 | 232 |
| Supervisor | 150 | 30 | 80 | 260 |
| Senior Staff/Staff | 145 | 25 | 80 | 250 |
| | <u>623</u> | <u>59</u> | <u>196</u> | <u>878</u> |

Required Forms

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| Certificate of Authority | 41 |
| Bidder's Qualifications and References Form | 42 |
| Certificate of Non-Collusion | 44 |
| Certificate of Tax Compliance | 45 |
| Debarment Letter | 46 |
| IRS Form W-9 | 47 |


CERTIFICATE OF AUTHORITY - CORPORATE

1. I hereby certify that I am the Clerk/Secretary of Melanson Heath
(insert full name of Corporation)
2. corporation, and that Scott C. McIntire
(insert the name of officer who signed the **contract and bonds.**)
3. is the duly elected Principal
(insert the title of the officer in line 2)
4. of said corporation, and that on May 23, 2018
(insert a date that is **ON OR BEFORE** the date the officer signed the **contract and bonds.**)

at a duly authorized meeting of the Board of Directors of said corporation, at which all the directors were present or waived notice, it was voted that

5. Scott C. McIntire the Principal
(insert **name** from line 2) (insert **title** from line 3)

of this corporation be and hereby is authorized to execute contracts and bonds in the name and on behalf of said corporation, and affix its Corporate Seal thereto, and such execution of any contract of obligation in this corporation's name and on its behalf, with or without the Corporate Seal, shall be valid and binding upon this corporation; and that the above vote has not been amended or rescinded and remains in full force and effect as of the date set forth below.

6. ATTEST:  *AFFIX CORPORATE SEAL HERE*
(Signature of Clerk or Secretary)*
7. Name: Sheryl Stephens Burke
(Please print or type name in line 6)*
8. Date: October 1, 2018
(insert a date that is **ON OR AFTER** the date the officer signed the **contract and bonds.**)



* The name and signature inserted in lines 6 & 7 must be that of the Clerk or Secretary of the corporation.

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: Melanson Heath
2. WHEN ORGANIZED: 1976
3. INCORPORATED? X YES NO DATE AND STATE OF INCORPORATION: NH 1976
4. IS YOUR BUSINESS A MBE? YES X NO WBE? YES X NO or MWBE? YES X NO
* 5. LIST ALL CONTRACTS CURRENTLY ON HAND, SHOWING CONTRACT AMOUNT AND ANTICIPATED DATE OF COMPLETION: We have contracts with our audit clients as outlined in our proposal. The completion dates vary.
* 6. HAVE YOU EVER FAILED TO COMPLETE A CONTRACT AWARDED TO YOU? YES X NO IF YES, WHERE AND WHY?
* 7. HAVE YOU EVER DEFAULTED ON A CONTRACT? YES X 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 Lynn, MA OWNER:




CITY/STATE: _____
DOLLAR AMOUNT: \$ _____ DATE COMPLETED: _____
PUBLICLY BID? _____ YES _____ NO
TYPE OF WORK?: _____
CONTACT PERSON: Stephen Spencer TELEPHONE #: 781)598-4000
CONTACT PERSON'S RELATION TO PROJECT?: Comptroller
(i.e., contract manager, purchasing agent, etc.)

PROJECT NAME: Town of Watertown, MA
OWNER: _____
CITY/STATE: _____
DOLLAR AMOUNT: \$ _____ DATE COMPLETED: _____
PUBLICLY BID? _____ YES _____ NO
TYPE OF WORK?: _____
CONTACT PERSON: Michael Driscott TELEPHONE #: (617) 972-6465
CONTACT PERSON'S RELATION TO PROJECT?: Finance Manager
(i.e., contract manager, purchasing agent, etc.)

PROJECT NAME: Town of Needham, MA
OWNER: _____
CITY/STATE: _____
DOLLAR AMOUNT: \$ _____ DATE COMPLETED: _____
PUBLICLY BID? _____ YES _____ NO
TYPE OF WORK?: _____
CONTACT PERSON: David Davison TELEPHONE #: (781) 455-7533
CONTACT PERSON'S RELATION TO PROJECT?: Finance Director
(i.e., contract manager, purchasing agent, etc.)

PROJECT NAME: City of Manchester, NH
OWNER: _____
CITY/STATE: _____
DOLLAR AMOUNT: \$ _____ DATE COMPLETED: _____
PUBLICLY BID? _____ YES _____ NO
TYPE OF WORK?: _____
CONTACT PERSON: William Sanders TELEPHONE #: (603) 624-6460
CONTACT PERSON'S RELATION TO PROJECT?: Finance Officer
(i.e., contract manager, purchasing agent, etc.)

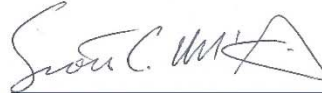
10. The undersigned certifies that the information contained herein is complete and accurate and hereby authorizes and requests any person, firm, or corporation to furnish any information requested by the City in verification of the recitals comprising this statement of Bidder's qualifications and experience.

DATE: 10-1-18 BIDDER: Melanson Heath
SIGNATURE: 
PRINTED NAME: Scott C. McIntire TITLE: Principal



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)

Melanson Heath

Name of Business



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)

02-0354851

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


Print Name: _____

Date: October 1, 2018

OR

Melanson Heath

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

By: 

**Corporate Officer (Mandatory)

Print Name: Scott C. McIntire

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.



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 Melanson Heath

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.

Scott C. McIntire (Name)

Melanson Heath (Company)

10 New England Business Center Dr., Suite 107 (Address)

Andover, MA 01810 (Address)

PHONE 978-749-0005 FAX 978-749-0006

EMAIL smcintire@melansonheath.com

Scott C. McIntire Signature

October 1, 2018 Date

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

Request for Taxpayer Identification Number and Certification

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

| | | | |
|---|---|---|--|
| Print or type See Specific Instructions on page 2. | 1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. Melanson Heath & Company, P.C. | | |
| | 2 Business name/disregarded entity name, if different from above | | |
| | 3 Check appropriate box for federal tax classification; check only one of the following seven boxes: <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner. <input type="checkbox"/> 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) _____ <i>(Applies to accounts maintained outside the U.S.)</i> | |
| | 5 Address (number, street, and apt. or suite no.) 102 Perimeter Road | Requester's name and address (optional) City of Newton 1000 Commonwealth Ave Newton Centre, MA 02459 | |
| | 6 City, state, and ZIP code Nashua, NH 03063 | | |
| | 7 List account number(s) here (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 Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

| | |
|---|--|
| Social security number | |
| [] [] [] - [] [] - [] [] [] [] | |
| or | |
| Employer identification number | |
| 0 2 - 0 3 5 4 8 5 1 | |

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 on page 3.

| | | |
|------------------|----------------------------|-----------------------|
| Sign Here | Signature of U.S. person ▶ | Date ▶ 9/27/18 |
|------------------|----------------------------|-----------------------|

General Instructions

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

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

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? on page 2.*
- By signing the filled-out form, you:
- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
 - Certify that you are not subject to backup withholding, or
 - Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
 - Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

