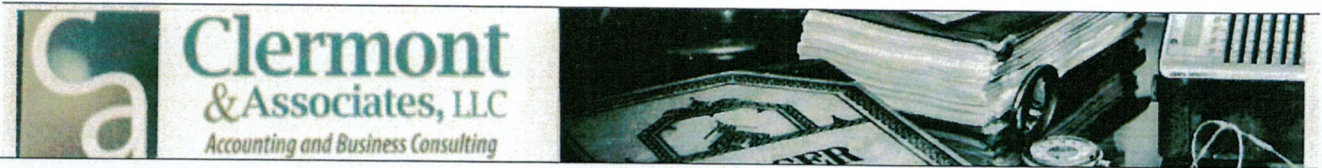




Technical Proposal



Firm Qualifications and Experience

Clermont & Associates, LLC is a firm of Certified Public Accountants who specializes in attestations engagements and business consulting of small to midsize businesses, nonprofit organizations and governmental entities. Although our Company is new, the experience of the combined members brings over 100 years of experience to each of our clients.

We are a service driven organization meaning we measure our success by the services we provide to our clients. As a firm, we maintain traditional values while bringing today's best technology to each of our engagements. We use technology as a platform for improving efficiency and security but maintain that experience and knowledge is the focus for our services. Helping our clients identify and solve problems is a large objective during any engagement.

A Team of Professionals

We strive to provide the service and attention you deserve, delivered by a professional team. To build this, we focus on recruiting, developing, and retaining the brightest minds in accounting and business consulting because we understand that a strong team provides the best service to our clients. With the experience and energy of our staff, each client receives close personal and professional attention.

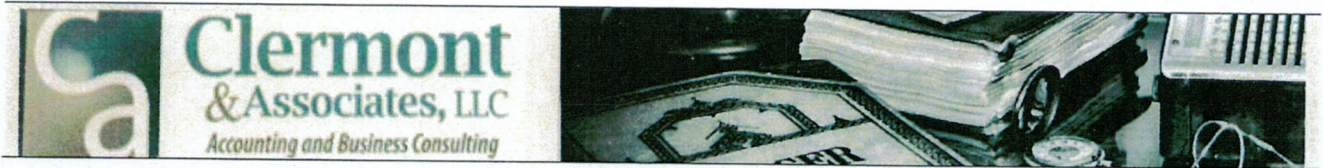
Our team members are all full-time employees hired and trained by Clermont and Associates. We limit our engagements in order to avoid subcontracting or temporary labor from national or international affiliates. This ensures that each staff member has the appropriate knowledge, experience and availability to provide the highest level of service to our clients.

A Strong Philosophy and Commitment to Our Clients

We strive to maintain the highest quality and greatest attention to our clients. It is unfortunate, with the onset of new technologies, that many auditing firms choose profits over quality by selecting to provide less of a service to many municipalities. Clermont and Associates was founded on the idea, and still maintains today, that experience and knowledge is the focus of our services. We provide this by committing close and personal attention to each of our clients.

License to Practice in the State of Connecticut

Clermont & Associates, LLC and David Cappelletti (Engagement Principal) are properly licensed to practice in the State of Connecticut. Copies of our Certificate and the engagement Partner is available on request.



Commitment to Affirmative Action and Equal Opportunity Employer

Clermont & Associates, LLC is an Affirmative Action/Equal Opportunity Employer. The firm strictly prohibits any unlawful discrimination against applicants or employment on the basis of race, color, creed, religion, sex, age, national origin, ancestry, marital status, affection, sexual orientation or disability. This policy and practice applies to all persons and we are fully committed to equal opportunity, nondiscrimination and affirmative action. In addition, we comply with the State of Connecticut's Executive Orders number 3 and 17 as they apply to Certified Public Accountant firms.

Independence

All our professional personnel are required to be familiar with and adhere to the independence, integrity and objectivity rules, regulations, interpretations and rulings of the American Institute of Certified Public Accountants (A.I.C.P.A.), Generally Accepted Auditing Standards (G.A.A.S.) and the Governmental Auditing Standards (the "Yellow Book"). Accordingly, any circumstance or action that would impair the Firm's independence on this or any other audit engagement is prohibited. In the unlikely event we were to enter into a professional relationship that would impair the firm's independence, written notice will be provided to the Town. Clermont & Associates, LLC and all of our professional staff is independent to the Town as defined by generally accepted auditing standards and the U.S. General Accounting Office's Governmental Auditing Standards.



Governmental and Nonprofit

Our professionals understand the unique environment within which municipal organizations operate and the compliance issues each face. All members of our Governmental professionals are experienced in audits in accordance with Government Auditing Standards, the provisions of the Single Audit Act and the State Single Audit Act.

In addition to audit requirements, each member has a strong understanding of local and federal regulatory environments where government and nonprofit agencies must operate. This would include the related sections of the Connecticut General Statutes, federal agency requirements and OMB cost circulars.

The partner who manages all nonprofit and municipal engagement has been offering auditing and accounting services to government and nonprofit agencies since 1994 and is currently a core industry of our practice.

What we do...

- Commit a greater number of hours per client.
- Take on fewer clients.
- Establish strong communication with the managers.
- Establish strong communication with the governing board.
- Create usable and readable financial statements.
- Provide usable and readable audit findings.
- Add comments and suggestions in addition to normal audit procedures.

Results we see...

- Long term relationships foster confidence and a comfort level for our clients.
- Clients with strong internal controls.
- Clients able to provide accurate financial reports.
- Clients able to detect and act on irregularities in a reasonable amount of time.
- A community with confidence.



The Governmental and Nonprofit professional members were responsible for the following audit engagements through other local firms. During the past three years, our municipal clients include:

Municipal	Service Provided
Town of Shelton (population 41,000)	Federal and State Single Audit Financial Audit (2008 - present)
Town of Hamden (population of 60,000)	Federal and State Single Audit Financial Audit (2017 - present)
Town of Litchfield (population of 8,400)	Federal and State Single Audit Financial Audit (2016 - present)
Town of Morris (population of 2,400)	Federal and State Single Audit Financial Audit (2017 - present)
West Shore Fire District	Financial Audit (2006 - present)
Borough of Litchfield	Financial Audit (2010 - 2015)
Borough of Bantam	Federal and State Single Audit Financial Audit (2010 - 2014)
Watertown Fire District	Financial Audit (2003 - present)
Valley Transit District	Federal and State Single Audit Financial Audit (2007 - present)
Area Cooperative Educational Services	Federal and State Single Audit Financial Audit (2019 - present)

In addition to auditing services, our professionals performed a significant amount of consulting and advisory engagements for non-attestation clients through other firms. In the past, we have:

- ✚ Assisted in the modification of the financial reports to obtain the coveted Certificate of Achievement for Excellence in Financial Reporting.
- ✚ Analysis and comparison of several utility companies to summarize differences used to consider consolidation.
- ✚ Uncovered and reported on fraud and other irregularities for certain clients, then assisted them in modifying their internal controls to prevent future occurrences.
- ✚ Performed an evaluation of, reported on, and recommended improvements to the internal control structure of municipal departments and non-profit organizations for improving fiscal management.
- ✚ Planned and helped implement a debt reduction plan, which included negotiating payments with lenders and planned future financing.
- ✚ Developed and implemented controls to monitor subrecipients of federal grants including the design of subrecipient contracts and the design of procedures for desk and field reviews.
- ✚ Customized computer software to help a municipality consolidate the financial information into a more usable form for reporting purposes.
- ✚ Performed specifically designed procedures to detect fraud and other irregularities in a municipal sporting complex.
- ✚ Analyzed and reported on the financial condition of an organization which included several deficiencies and corresponding recommendations. The engagement resulted in a plan of reorganization and a plan to reduce deficit spending.
- ✚ Consult nonprofit organizations on IRS regulations as they relate to nonprofit organizations including IRS and State filing requirements, unrelated business income tax and the effects certain activities would have on an entity's' tax exempt status.
- ✚ Develop and implement a capital expenditure budget for a utility company, which provides supporting documentation for customer billing and designated net assets.
- ✚ Standardize data and provide the information in an organized readable fashion so that a public municipal company may properly compare tax rates and usage charges as a method of funding.
- ✚ On several clients, the design and preparation of capital and operating budgets.



The following is a list of our supervising and senior accountants who may be involved with the engagement. All staff members used in the engagement are full-time professionals employed by Clermont & Associates, LLC. We do not subcontract, use temporary labor, use students working under internships or pull accountants from national affiliations. This assures that the quality of staff over the term of the engagement will be assured and is becoming a unique attribute in today's public accounting firms. All employees receive at least 25 hours of CPE credits per year in classes relating to governmental auditing.

PARTNERS

David Cappelletti, C.P.A., (Engagement Partner)

David is licensed to practice as a C.P.A. in Connecticut and has **25 years** experience in governmental, non-profit and commercial auditing. David has a **Bachelor of Science Degree in Mathematics** from the University of Massachusetts and **Bachelor of Science Degree in Accounting** from the University of New Haven.

David has significant experience in providing consulting engagements to government agencies and government contractors during his profession.

Affiliations:

- American Institute of Certified Public Accountants
- Connecticut Society of Certified Public Accountants
- Governmental Finance Officers Association of the United States
- Connecticut Government Finance Officers Association
- G.F.O.A., Special Review Committee (2004-2012)

Community involvement:

- Member of the Board of Finance, Town of Middlebury, CT (2009-2015)
- Member of the Economic and Development Committee, Town of Middlebury, CT

Other Significant Professionals assigned to the Engagement

Thomas M. Ariola Jr., C.P.A., (Supervising Staff Member)

Tom has **31 years** of experience in governmental accounting as well as financial consulting services to small corporations. Tom has a Bachelor of Science in Accounting from the University of Central Connecticut. Tom began his career at a midsize Connecticut accounting and auditing firm. After five auditing years, he moved on to be the Budgeting Director for the City of Waterbury and later the Chief Financial Officer for the City of Waterbury's Board of Education.



Janelle Skilton, (Supervising Staff Member)

Janelle has 24 years of experience in public accounting and auditing. Prior to working 24 years at a local firm, Janelle received a Bachelor of Science Degree in Accounting as Summa Cum Laude from Post University and a member of Alpha Chi. Janelle has attained much experience in governmental financial reporting as well as pension accounting and auditing.

Auditing Staff

Our firm has had no overall reductions in staff within the past several years. Those individuals assigned to the audit are anticipated to stay with the engagement. Therefore, the quality of the staff over the term of the engagement is maintained. However, specific duties of the engagement will be rotated to ensure independence and integrity at all levels of the engagement.

The firm's policy on notification of changes in key employees requires notifying in writing if an individual is leaving the firm or a formal introduction to key employees prior to beginning the audit fieldwork.

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Service Delivery Plan and Audit Approach

Scope of Services

We will provide the following services as part of our audit engagement for the fiscal years ending June 30, 2020, 2021 and 2022.

Financial Statement Audit - We will conduct an audit of the financial statements of the Town of Prospect, CT in accordance with the auditing standards generally accepted in the United States of America and in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

We will also assist the Town in the preparation of the annual financial statements. We plan on editing and printing these reports.

We will provide a report on compliance and on internal control over financial reporting based on an audit of financial statements in accordance with *Government Auditing Standards*.

We may also issue a separate management letter of findings, which are not required to be reported in accordance with *Government Auditing Standards* but are items which we believe the managers should be aware of to allow more efficient operations.

Federal Award Programs – If applicable, in accordance with OMB Circular A-133, we will perform an audit on compliance with requirements applicable to each major program, on internal control over compliance for each major program and on the Schedule of Federal Awards.

State Financial Assistance – If applicable, in accordance with State Single Audit Act, we will issue a report on compliance with requirements applicable to each major program, on internal control over compliance for each major state program and on the Schedule of Expenditures of State Financial Assistance.

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Audit Approach

A significant difference between Clermont and Associates, LLC and other auditing firms is our audit approach. The following factors allow us to be much more flexible in our approach:

- ✚ *Our risk-based approach is* not unique in that it allows us to concentrate more time on higher risk areas. However, our procedures on lower risk areas have found deficiencies that other auditing firms may have overlooked due to materiality levels and audit time constraints.
- ✚ We are a *serviced based organization*, which means we measure each engagement on the services provided rather than the hours spent. We learned in other firms that we can only be successful when our expectations meet or exceed those of the client.
- ✚ *A highly experienced engagement team* allows us to use more experienced individuals at lower levels of the engagement who are able to recognize and reassess risks.

These factors allow us to achieve the following firm objectives:

- ✚ Develop clear, readable and usable financial statements, reports and findings that are custom to the client's needs to assist in the operations of the municipalities.
- ✚ Provide service to the client at every level of the engagement.
- ✚ Helping managers identify and solve potential problems.

Description of Audit Procedures

Our audit approach is based on the assessment of risk and materiality. We concentrate on those areas which are of greatest concern and which could result in a material misstatement in the financial statements.

We also perform a set of general procedures designed to notice deficiencies which may have been missed in prior years' audits. This would include performing tests in departments which may not be tested in a routine audit but may have an indirect effect on the financial statements.

Finally, under the Statement on Auditing Standards No. 99, *Consideration of Fraud in a Financial Statement Audit*, we perform assessments and design tests to uncover fraud in financial reporting or misappropriations of assets.



Proposed Segmentation of the Engagement

The audit approach is broken down into four phases:

Planning – Identification of internal and external risks associated with the engagement, evaluation of the internal control environment, and determination of our audit approach and scope of testing. We will better our understanding of the internal control and procedures through inquiry, observations, and analytical procedures.

Prior to beginning initial fieldwork, we will meet with your staff to design a work plan and schedule to meet your expectations.

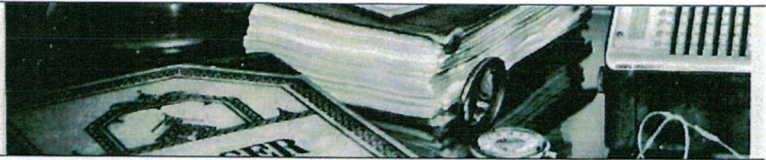
Planning work is performed in great part by the engagement principal and supervisor. In addition, we try to gain further insight through an engagement team meeting, where all levels of the team collaborate and brainstorm about the identity of risks, new pronouncements and determination of laws and regulations that will be subject to audit test work.

We plan on completing this phase by June 30th of each year.

Initial Testing – Initial test work on internal control over financial reporting and Federal and Single Audit program test work. At this point, we would begin test work performed under SAS 99 and other test work which may have an indirect effect on the financial statements.

During the initial and detailed audit phases of the engagement, we will be testing certain items on a sample basis to maximize efficiency. During these tests, we select a sample size large enough to make a conclusion based on overall risks of the individual audit area. We will not be using statistical sampling techniques nor will we use EDP software. We feel we can provide more attention, better customize our procedures and enhance our services by having individual accountants review the necessary transactions. When needed, we would like to extract data electronically from the financial software system to help us select the items to be tested.

We plan on completing this phase by July 31st of each year.



Detailed Audit Work – Audit of the Town’s financial statements and finalization of single audit test work and documentation. We also examine the accounting and operating procedures and internal controls. All deficiencies noted will be shown to the appropriate management level.

The procedures we will rely on most heavily will be the testing of transactions, on a sample basis, analytical review and third-party confirmations.

We plan on completing this phase by September 30th of each year.

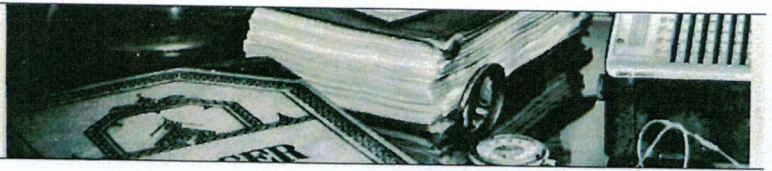
Concluding Work – Review financial statements and disclosures with the auditor’s work papers and prepare auditor’s opinions, reports and any reportable conditions. We also review the reports, findings and auditor’s adjustments with management.

We hope to complete this and have a draft available for review by November 15th of each year.

We also intend to be available to assist in certain accounting issues as they arise during the year and the financial managers will have access to three contacts at our firm, which will include a principal, a supervisor and a senior accountant to answer any question which may arise.

Subsequent annual audits will be planned based on annual risk assessments with an emphasis on auditing areas that may not have been examined in the past. Our objective is to use our knowledge learned in previous years to provide a greater service in the future.

* * * * *



References

Municipal

Contact

Town of Hamden

Rick Galarza, Acting Finance Director
(203)287-7007

Town of Litchfield

Amaechi Obi, Finance Director
(860)567-6077

City of Shelton

Paul Hiller, Finance Director
(203)945-1555