

January 28, 2022

Town Council
Town of Cape Elizabeth, Maine

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cape Elizabeth, Maine for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our meeting with a council member on June 15, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards*, and the Uniform Guidance

As stated in our engagement letter dated June 1, 2021, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Town of Cape Elizabeth, Maine's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town of Cape Elizabeth, Maine's compliance with certain provisions of laws, regulations, contracts and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined on a test basis, evidence about the Town of Cape Elizabeth, Maine's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the Town of Cape Elizabeth, Maine's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Town of Cape Elizabeth, Maine's compliance with those requirements.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Cape Elizabeth, Maine are described in the notes to the financial statements. As described in the notes to the financial statements, the Town of Cape Elizabeth, Maine changed accounting policies related to fiduciary activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*, in 2021. No other new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Town of Cape Elizabeth, Maine during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were management's estimate of depreciation expense (which is based on estimated useful lives), allowance for uncollectible accounts (based on historical collection rates), other postemployment benefit liabilities (based upon actuarial studies and other calculations), and net pension liability (based on actuarial studies). We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, some of which were material to the financial statements. See attached adjusting journal entries.

The attached report entitled "Passed Adjustments" lists an uncorrected misstatement of the financial statements. Management has determined that its effects are immaterial to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter dated January 28, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town of Cape Elizabeth, Maine's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Cape Elizabeth, Maine's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, and the schedules related to the net pension liabilities and OPEB liabilities, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the statistical section, which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Town Council and management of the Town of Cape Elizabeth, Maine and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, reading "Rungan Kursten Ouellette". The signature is written in a cursive, flowing style.

**Town of Cape Elizabeth
Passed Adjustments
June 30, 2021**

Account	Description	Debit	Credit
200			
To accrue the employer portion of MEPERS contributions for June paid in July.			
01-0352	MSRS WITH/EMP/TOWN	-	5,660.00
01-0352	MSRS WITH/EMP/TOWN	-	11,499.00
01-01701021	MAINE PERS	5,660.00	-
01-02101001	FULL TIME PAYROLL	11,499.00	-
01-0283	ACCRUED PAYROLL/TCH RETIREMENT	-	50,170.28
04-87002310	RETIREMENT-TEACHERS	50,170.28	-
Total		<u>67,329.28</u>	<u>67,329.28</u>

Town of Cape Elizabeth
Adjusting Journal Entries
6/30/2021

Account	Description	Debit	Credit
001			
To close the remaining balances in the sewer control accounts to fund balance.			
40-4500	APPROP CONTROL - SEWER	-	546.00
40-4600	REV CONTROL - SEWER	-	1,000.00
40-4899	FUND BALANCE - SEWER FUND	1,546.00	-
Total		<u>1,546.00</u>	<u>1,546.00</u>
002			
To get school lunch fund balance to agree with the prior year (PY AJE #20).			
30-2940	FUND BALANCE - SCHOOL LUNCH	-	5,321.05
30-91001531	HS FOOD PURCHASES	3,639.16	-
30-91001431	PC/MS FOOD PURCHASES	2,187.35	-
30-91001433	PC/MS OTHER PURCHASES	423.05	-
30-91001533	HS OTHER PURCHASES	-	928.51
Total		<u>6,249.56</u>	<u>6,249.56</u>
004			
To reverse PY grant funded PR accrual.			
20-2280	ACCRUED PAYROLL - GRANTS	24,722.84	-
20-99461020	604 SAL-ED TECH	-	8,790.12
20-99461030	594 SAL-SOC WORK	-	10,139.24
20-99461022	604 RET-ED TECH	-	992.41
20-99461032	594 RET-SOC WORK	-	1,144.73
20-99461021	604 BEN-ED TECH	-	2,436.76
20-99461031	594 BEN-SOCI WORK	-	1,219.58
Total		<u>24,722.84</u>	<u>24,722.84</u>
005			
To accrue grant-funded PR liability, and to record it as revenue and a receivable.			
20-99471020	SALARY-ED TECH	4,930.96	-
20-99471021	BENEFITS ED TECHS	67.99	-
20-99471022	RETIRMENT ED TECH	489.82	-
20-2280	ACCRUED PAYROLL - GRANTS	-	5,488.77
20-2100	ACCTS REC - FUND 20 - SCHL CAT	5,488.77	-
20-R2006	LOCAL ENTITLEMENT	-	5,488.77
Total		<u>10,977.54</u>	<u>10,977.54</u>

**Town of Cape Elizabeth
Adjusting Journal Entries
6/30/2021**

Account	Description	Debit	Credit
006			
To bring school lunch inventory to actual at 6.30.21.			
30-2920	SCHOOL LUNCH / INVENTORY	6,571.34	-
30-91001431	PC/MS FOOD PURCHASES	-	3,289.08
30-91001433	PC/MS OTHER PURCHASES	-	673.35
30-91001531	HS FOOD PURCHASES	-	1,930.42
30-91001533	HS OTHER PURCHASES	-	678.49
Total		<u>6,571.34</u>	<u>6,571.34</u>
007			
To remove from school lunch AR a prior year amount, remove a donation, and adjust student balances.			
30-2910	ACCTS REC - FUND 30 SCHL NUTRI	-	16,259.87
30-R3315	CAFE MS/PC STATE SUBSIDY	6,259.87	-
30-R3318	CAFE - BACKPACK DONATIONS	10,000.00	-
30-2910	ACCTS REC - FUND 30 SCHL NUTRI	-	5,647.48
30-R3310	CAFE MS/PC MEALS	5,647.48	-
Total		<u>21,907.35</u>	<u>21,907.35</u>
008			
To book a subsidy for donated commodities.			
30-91001431	PC/MS FOOD PURCHASES	22,892.32	-
30-R3314	COMMODITIES REBATE	-	22,892.32
Total		<u>22,892.32</u>	<u>22,892.32</u>
009			
To remove debt and lease payments from prepaid, and properly expense them in FY21.			
04-90734430	COMPUTER LEASES	45,216.88	-
01-0286	PREPAID EXPS - SCHOOL	-	45,216.88
04-90038310	BOND-PRINCIPAL	54,660.06	-
40-4185	SEWER - PREPAID EXPENSES	-	54,660.06
01-0144	DUE TO/FR FUND 40 SEWER	-	54,660.06
40-4144	DUE TO/FROM GF FUND 40	54,660.06	-
Total		<u>154,537.00</u>	<u>154,537.00</u>
010			
To bring Town accrued PR to actual as of 6.30.21.			
01-0282	ACCRUED PAYROLL/TOWN	17,990.79	-
01-01701023	ICMA 401A RETIREMENT	-	1,897.45
01-01701021	MAINE PERS	-	15,970.01
01-01701030	GROUP LIFE INSURANCE	-	123.33
Total		<u>17,990.79</u>	<u>17,990.79</u>
011			
To bring student account balances to actual at FYE.			
30-2931	DEPOSITS	-	14,573.16
30-R3310	CAFE MS/PC MEALS	14,573.16	-
Total		<u>14,573.16</u>	<u>14,573.16</u>
012			
To remove old balances for amounts that were not received.			
01-0130	ACCOUNTS RECEIVABLE/SCHOOL	-	13,742.77
04-90056000	MAINTENANCE SUPPLIES	13,742.77	-
01-0130	ACCOUNTS RECEIVABLE/SCHOOL	-	907.44
04-R1307	EXPENSE REIMBURSEMENT	907.44	-
01-0130	ACCOUNTS RECEIVABLE/SCHOOL	-	2,217.00
04-90706500	TECH SUPPLIES & SOFTWARE	2,217.00	-
Total		<u>16,867.21</u>	<u>16,867.21</u>

Town of Cape Elizabeth
Adjusting Journal Entries
6/30/2021

Account	Description	Debit	Credit
013			
To adjust deferred tax revenue.			
01-0300	DEFERRED REVENUE	78,600.00	-
01-R0387	TAX COMMITMENT RE/PP	-	78,600.00
Total		<u>78,600.00</u>	<u>78,600.00</u>
014			
To remove from AP the portion related to FY 2022.			
21-98723400	Professional Services	-	22,212.94
21-4142	DUE TO/FROM GF FUND 21	22,212.94	-
01-0902	ACCOUNTS PAYABLE SCHOOL	43,154.00	-
01-0148	DUE TO/FR FUND 21 SCHOOL CIP	-	22,212.94
04-90054300	REPAIRS & MAINTENANCE	-	20,941.06
Total		<u>65,366.94</u>	<u>65,366.94</u>
015			
To add to payables amounts that were paid in FY 2022 to Dayton Sand and Gravel.			
01-20004009	ROADWAY & DRAINAGE IMPROVE	63,421.56	-
01-0900	ACCOUNTS PAYABLE-TOWN	-	63,421.56
Total		<u>63,421.56</u>	<u>63,421.56</u>
016			
To adjust restricted fund balance to agree with school department ending FB.			
01-9850	RESTRICTED FUND BAL - SCHOOL	91,303.17	-
01-9975	UNASSIGNED FUND BAL - TOWN	-	91,303.17
01-9850	RESTRICTED FUND BAL - SCHOOL	7,000.00	-
01-9975	UNASSIGNED FUND BAL - TOWN	-	7,000.00
Total		<u>98,303.17</u>	<u>98,303.17</u>
017			
To adjust carry forward accounts to amounts approved.			
01-9900	CARRY FWD - OPERATING BUDGET	158,715.00	-
01-9975	UNASSIGNED FUND BAL - TOWN	-	158,715.00
51-5800	ASSIGNED FUND BALANCE - RIVERSIDE PC	-	115.00
51-5807	FUND BALANCE - RIVERSIDE CIP	115.00	-
65-3900	FUND BALANCE - FORT WILLIAMS P	158,600.00	-
65-3899	ASSIGNED FUND BAL - FORT WILLIAMS	-	158,600.00
Total		<u>317,430.00</u>	<u>317,430.00</u>



TOWN OF CAPE ELIZABETH

Finance Office
320 Ocean House Road
Cape Elizabeth, Maine 04107-2419

Phone 207-767-2273 – ext. 259
John.Quartararo@capeelizabeth.org

January 28, 2022

Runyon Kersteen Ouellette
20 Long Creek Drive
South Portland, ME 04016

This representation letter is provided in connection with your audit of the financial statements of the Town of Cape Elizabeth, Maine, which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2021 and the respective changes in financial position and the disclosures (collectively the financial statements), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 28, 2022, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 1, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and responses.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 9) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Town is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Town from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Town Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- 15) We have no knowledge of any fraud or suspected fraud that affects the Town and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Town financial statements communicated by employees, former employees, regulators, or others.
- 17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the names of the Town's related parties and all the related party relationships and transactions, including any side agreements.

Government specific

- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 22) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 23) The Town has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 25) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the determination of financial statements.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

- 27) As part of your audit, you assisted with preparation of the financial statements and disclosures and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures and schedule of expenditures of federal awards.
- 28) The Town has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Town has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements include all fiduciary activities required by GASBS No. 84.
- 32) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 33) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 34) Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 35) Investments are properly valued.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 40) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

- 42) We have appropriately disclosed the Town's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 45) With respect to the combining and individual fund financial statements:
- a) We acknowledge our responsibility for presenting the combining and individual fund financial statements in accordance with accounting principles generally accepted in the United States of America, and we believe the combining and individual fund financial statements, including its form and content, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual fund statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the combining and individual fund statements are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 46) With respect to federal award programs:
- a) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit and have included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement* (including its Addendum), relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) (and OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, if applicable).

- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the period covered by the auditor's report.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have charged costs to federal awards in accordance with applicable cost principles.
- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- x) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.



Signed Matthew E Sturgis

Town Manager/Treasurer

Title



Signed John Quartararo

Finance Director

Title



Signed Marcia Weeks

School Business Manager

Title