

September 21, 2016

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, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our meeting with the Chair of the Finance Committee on July 14, 2016. 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 and *Government Auditing Standards*

As stated in our engagement letter dated May 13, 2016, 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.

As part of our audit, we considered the internal control of Town of Cape Elizabeth, Maine. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the Town of Cape Elizabeth, Maine's financial statements are free of material misstatement, we performed tests of its 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.

Significant Audit Findings

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. The Town of Cape Elizabeth, Maine changed accounting policies related to the reporting of investments by adopting Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* in 2016. No other accounting principles were adopted and the application of existing policies was not changed during 2016. 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 was management's estimate of depreciation expense, which is based on historical cost and estimated useful lives of assets. We evaluated the key factors and assumptions used to develop the historical cost information and depreciation expense 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. The attached list of *Adjusting Journal Entries* represents misstatements detected as a result of audit procedures, some of which were material, and that were corrected by management.

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 management representation letter dated September 21, 2016, which we have attached to this letter.

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 Management's Discussion and Analysis, the Schedule of Funding Progress for the Retiree Healthcare Plan, the Schedule of Changes in the Town's Net Pension Liability and Related Ratios, the Schedule of the Town's Proportionate Share of the Net Pension Liability, and the Schedule of the Town's Contributions, 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, 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 tables, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Very truly yours,



**Town of Cape Elizabeth
Adjusting Journal Entries
6/30/2016**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To adjust school lunch and PHL inventory balances to actual.			
30-91001431	M.S. FOOD PURCHASES	3,819.19	
30-91001531	H.S. FOOD PURCHASES	520.98	
30-91001533	H.S. OTHER PURCHASES	770.74	
70-3150	INVENTORY/PORT.H.LIGHT	22,952.36	
30-2920	SCHOOL LUNCH / INVENTORY		4,966.34
30-91001433	M.S. OTHER PURCHASES		144.57
70-08704010	GIFT SHOP COSTS		22,952.36
Total		<u>28,063.27</u>	<u>28,063.27</u>
Adjusting Journal Entries JE # 2			
To move tax commitment, abatements and supplements to the income statement			
1-0170	SUPPLEMENTAL TAXES	15,301.07	
1-0550	TAX COMMITMENT	8,597,121.89	
1-0899	UNDESIGNATED SURPLUS	18,587.22	
1-R0387	REAL ESTATE TAXES	100,000.00	
1-0404	ABATEMENTS		26,935.42
1-0405	ABATE		6,952.87
1-0550	TAX COMMITMENT		100,000.00
1-R0387	REAL ESTATE TAXES		8,597,121.89
Total		<u>8,731,010.18</u>	<u>8,731,010.18</u>
Adjusting Journal Entries JE # 3			
To book bring rescue receivables to actual year end balances and to reduce allowance to include only amounts over 4 months.			
75-7501	ALLOWANCE FOR DOUBTFUL ACCTS	16,000.00	
75-R0620	AMBULANCE BILLING-FEE INCOME	3,407.29	
75-7500	A/R AMBULANCE FUND		19,407.29
Total		<u>19,407.29</u>	<u>19,407.29</u>
Adjusting Journal Entries JE # 4			
To post unavailable tax revenue and deferred community service revenue.			
1-R0387	REAL ESTATE TAXES	22,000.00	
90-R0369	PREPAID SUMMER PROG.	113,238.44	
1-0300	DEFERRED REVENUE		22,000.00
90-9200	DEFERRED REVENUE		113,238.44
Total		<u>135,238.44</u>	<u>135,238.44</u>
Adjusting Journal Entries JE # 5			
To adjust due to froms and bring the funds and TB into balance.			
1-0143	G F DUE TO/FROM SCHOOL LUNCH	0.41	
1-0145	G F DUE TO/FROM TRUST	12,841.99	
20-2142	SCH CATAGOR.DUE TO/FROM G F	3,950.00	
40-4144	SEWER DUE TO/FROM G F	123.20	
42-4330	DUE TO/FROM GF-INFRASTR/TROUT BR	14.23	
45-5148	SCHOLORSHIP DUE TO/FROM GF	8.59	
46-6145	LIBRARY/ZIMPRITCH DUE TO/FM GF	13.61	
47-5701	SPURWINK TRUST DUE TO/FROM GF	308.68	
50-5150	RIVERSIDE PERP CARE TO/FM GF	119.63	
86-8630	LIBRARY PROJ-DUE TO/FROM GF	119,485.59	
90-9140	COMM SERV DUE TO/FM GF	358,277.39	
1-0140	GF DUE TO/FROM COMM. SERV.		358,277.39
1-0142	G F DUE TO/FROM SCH. CAT.		3,950.00
1-0144	G F DUE TO/FROM SEWER		123.20
1-0145	G F DUE TO/FROM TRUST		8.59
1-0145	G F DUE TO/FROM TRUST		13.61
1-0145	G F DUE TO/FROM TRUST		119.63
1-0145	G F DUE TO/FROM TRUST		308.68
1-0152	GF DUE TO/FROM INFRASTRUCTURE		14.23
1-0153	GF DUE TO/FR LIBRARY PROJECT		119,485.59
1-R0326	MISC. REVENUES		3,235.59
30-2143	SCHOOL LUNCH DUE TO/FROM GF		0.41
51-5123	RIVERSIDE C.I. DUE TO/FM GF		12,841.99
Total		<u>495,143.32</u>	<u>498,378.91</u> (3,235.59) brings TB into balance

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 6			
To reverse prior year receivables.			
1-R0529	HOMESTEAD REVENUE	98,026.00	
20-2900	FUND BALANCE-SCHOOL CATAGOR	37,274.82	
20-R2006	LOCAL ENTITLEMENT	0.03	
20-R2006	LOCAL ENTITLEMENT	279,787.74	
20-R2020	TITLE II A	16,329.64	
1-0129	ACCTS. RECEIVABLE/TOWN		98,026.00
20-2100	A/R SCHOOL CATEGORICALS		333,392.23
Total		431,418.23	431,418.23
Adjusting Journal Entries JE # 7			
To book current year receivables.			
1-0129	ACCTS. RECEIVABLE/TOWN	45,180.00	
20-2100	A/R SCHOOL CATEGORICALS	933.40	
20-2100	A/R SCHOOL CATEGORICALS	45,107.13	
1-R0529	HOMESTEAD REVENUE		45,180.00
20-R2006	LOCAL ENTITLEMENT		45,107.13
20-R2008	PRESCHOOL GRANT		933.40
Total		91,220.53	91,220.53
Adjusting Journal Entries JE # 8			
To get rid of debit balance AP.			
90-95293001	SUPPLIES	309.48	
90-9250	Accounts Payable-Comm Services		309.48
Total		309.48	309.48
Adjusting Journal Entries JE # 9			
To move TML Foundation reimbursements from the Library SRF to the Library CP Fund.			
46-R0503	LIBRARY TRUST GIFTS	565,069.71	
86-8630	LIBRARY PROJ-DUE TO/FROM GF	565,069.71	
46-6145	LIBRARY/ZIMPRITCH DUE TO/FM GF		565,069.71
86-R3000	BOND PROCEEDS-2008-		565,069.71
Total		1,130,139.42	1,130,139.42
Adjusting Journal Entries JE # 10			
To adjust the beginning fund balances for school categoricals and school bonded projects to agree with prior year financials.			
20-2142	SCH CATAGOR.DUE TO/FROM G F	36,984.00	
80-4700	FUND BALANCE/BOILER PROJ.	36,984.00	
20-2900	FUND BALANCE-SCHOOL CATAGOR		36,984.00
80-4142	BOILER PROJ. DUE TO/FROM GF		36,984.00
Total		73,968.00	73,968.00
Adjusting Journal Entries JE # 11			
To post remaining Town AR from schedule obtained from Asst. Town Manager.			
1-0129	ACCTS. RECEIVABLE/TOWN	5,117.26	
42-4330	DUE TO/FROM GF-INFRAS/TROUT BR	90.00	
65-3149	FT WILLIAMS PARK-DUE TO/FM G F	701.76	
90-9140	COMM SERV DUE TO/FM GF	700.00	
1-0140	GF DUE TO/FROM COMM. SERV.		700.00
1-0149	G F DUE TO/FM FT WILLIAMS PARK		701.76
1-0152	GF DUE TO/FROM INFRASTRUCTURE		90.00
1-R0318	EXCISE TAXES		2,586.50
1-R0324	POLICE FINES-FEES		650.00
1-R0410	BLDG PERMIT FEE		179.00
1-R0410	BLDG PERMIT FEE		210.00
42-R0417	INFRASTRUCTURE BLDG FEES		90.00
65-R0500	BINOCULAR REVENUE		701.76
90-R0346	COMMUNITY CENTER RENTALS		700.00
Total		6,609.02	6,609.02
Adjusting Journal Entries JE # 12			
To book June school lunch receivable.			
30-2910	SCHOOL LUNCH / ACCTS. REC.	6,204.22	
30-2910	SCHOOL LUNCH / ACCTS. REC.	13,415.85	
30-R3311	CAFE HS MEALS		13,415.85
30-R3313	CAFE HS STATE SUBSIDY		6,204.22
Total		19,620.07	19,620.07

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 13			
To move the Community Services Fund local allocation to fund 90.			
1-R0387	REAL ESTATE TAXES	533,790.00	
90-9140	COMM SERV DUE TO/FM GF	533,790.00	
1-0140	GF DUE TO/FROM COMM. SERV.		533,790.00
90-R0368	LOCAL APPROPRIATION		533,790.00
Total		<u>1,067,580.00</u>	<u>1,067,580.00</u>
Adjusting Journal Entries JE # 14			
To adjust FB categories to agree with PYFS and CY assigned balances.			
1-0800	CARRYFORWARD ACCOUNT	49,718.00	
1-0899	UNDESIGNATED SURLPUS	216,500.00	
1-0799	SCHOOL SURPLUS		266,218.00
Total		<u>266,218.00</u>	<u>266,218.00</u>
Adjusting Journal Entries JE # 15			
To adjust prepaid lunch to actual at 6/30/16			
30-R3311	CAFE HS MEALS	22,753.70	
30-2931	DEPOSITS		22,753.70
Total		<u>22,753.70</u>	<u>22,753.70</u>
Adjusting Journal Entries JE # 16			
To recognize revenue for forfeited flex spending account balance.			
1-0308	H.M.FLEX-SCHOOL	7,272.24	
1-R0326	MISC. REVENUES		7,272.24
Total		<u>7,272.24</u>	<u>7,272.24</u>
Adjusting Journal Entries JE # 17			
To bring the trust fund cash accounts to the correct balances.			
1-0132	PEOPLE'S UNITED CD	24,201.02	
1-0145	G F DUE TO/FROM TRUST	548.02	
45-5129	MARIAN P. JOHNSON SCHOLARSHIP	14.30	
45-5135	BETTY KING SCHOLARSHIP	0.01	
45-5148	SCHOLORSHIP DUE TO/FROM GF	25.69	
46-6001	LIBRARY ZIMPRITCH CASH	8.59	
47-5102	SPURWINK TRUST CASH	13.61	
50-5120	RIVERSIDE PERPETUAL CARE	308.68	
51-5121	RIVERSIDE CAPITAL IMPROVEMENTS	119.63	
55-5125	THOMAS JORDAN TR PEOPLE'S CD	123.20	
1-0133	PEOPLES CD-SCHOLARSHIP		24,161.03
1-R0326	MISC. REVENUES		588.01
45-5136	WENTWORTH FILES SCHOLARSHIP		40.00
46-6145	LIBRARY/ZIMPRITCH DUE TO/FM GF		8.59
47-5701	SPURWINK TRUST DUE TO/FROM GF		13.61
50-5150	RIVERSIDE PERP CARE TO/FM GF		308.68
51-5123	RIVERSIDE C.I. DUE TO/FM GF		119.63
55-5810	THOMAS JORDAN TRUST TO/FM GF		123.20
Total		<u>25,362.75</u>	<u>25,362.75</u>
Adjusting Journal Entries JE # 18			
To adjust some of the DTFs to agree with each other.			
1-0145	G F DUE TO/FROM TRUST	568,732.25	
1-0148	G F DUE TO/FROM SCH BOILER PRO	36,984.00	
1-0152	GF DUE TO/FROM INFRASTRUCTURE	100,000.00	
1-R0326	MISC. REVENUES	0.01	
1-R0326	MISC. REVENUES	0.51	
1-0138	G F DUE TO/FROM COMMUNITY CTR		0.51
1-0142	G F DUE TO/FROM SCH. CAT.		36,984.00
1-0145	G F DUE TO/FROM TRUST		0.01
1-0147	G F DUE TO/FROM PORT.H.LIGHT		3,662.54
1-0153	GF DUE TO/FR LIBRARY PROJECT		665,069.71
Total		<u>705,716.77</u>	<u>705,716.77</u>
Adjusting Journal Entries JE # 19			
To reverse prior year Community Services prepaid expenses and book current year prepaids.			
90-9220	PREPAID EXPENSES	6,729.17	
90-95253001	SUPPLIES	16,158.16	
90-9220	PREPAID EXPENSES		16,158.16
90-95253002	PREPAID SUPPLIES		6,729.17
Total		<u>22,887.33</u>	<u>22,887.33</u>

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 20			
To adjust the PWD sewer receivable to actual at year end.			
40-4170	SEWER RECEIVABLE / PWD	66,479.74	
40-R0348	PORTLAND WATER DISTRICT-BILLING		66,479.74
Total		<u>66,479.74</u>	<u>66,479.74</u>
Adjusting Journal Entries JE # 21			
To move taxes raised for the TIF fund to the appropriate fund.			
1-R0387	REAL ESTATE TAXES	11,520.00	
52-5220	TIF DUE TO/FROM GF	11,520.00	
1-0154	DUE TO/FROM TIF FUND		11,520.00
52-R0570	TIF TAXES		11,520.00
Total		<u>23,040.00</u>	<u>23,040.00</u>
Adjusting Journal Entries JE # 22			
To get school categorical and DTFs to agree with the client.			
20-2100	A/R SCHOOL CATEGORICALS	23.65	
20-2142	SCH CATAGOR.DUE TO/FROM G F		23.65
Total		<u>23.65</u>	<u>23.65</u>
Adjusting Journal Entries JE # 214			
PBC-To reverse a client entry moving expenditures into the GF as it was a prior period activity. Amounts will offset AJE #6 debit to FB for LE.			
1-0142	G F DUE TO/FROM SCH. CAT.	37,274.82	
1-0799	SCHOOL SURPLUS	37,274.82	
20-2142	SCH CATAGOR.DUE TO/FROM G F	37,274.82	
20-99510321	1649 STAFF DEV PS	495.90	
20-99510321	1649 STAFF DEV PS	1,000.00	
20-99510321	1649 STAFF DEV PS	4,587.50	
20-99510321	1649 STAFF DEV PS	8,819.12	
20-99510325	1649 STAFF DEV-SAL	3,262.59	
20-99511110	1477 SALARY-PSYCH	4,465.76	
20-99511210	1483 SALARY-SPEECH	3,639.20	
20-99511310	1473 SAL-ED TECH I	3,692.86	
20-99516100	1745 SUPPLIES	7,311.89	
1-0142	G F DUE TO/FROM SCH. CAT.		37,274.82
1-90758000	MISCELLANEOUS		37,274.82
20-2142	SCH CATAGOR.DUE TO/FROM G F		37,274.82
20-2900	FUND BALANCE-SCHOOL CATAGOR		37,274.82
Total		<u>149,099.28</u>	<u>149,099.28</u>



TOWN OF CAPE ELIZABETH

P.O. BOX 6260
320 OCEAN HOUSE ROAD
CAPE ELIZABETH, MAINE 04107-0060

MICHAEL K. McGOVERN

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

P: 207-619-6716

E-Mail: michael.mcgovern@capeelizabeth.org

Website: www.capeelizabeth.com

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, 2016, and the respective changes in financial position for the year then ended, and the related notes to 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 September 21, 2016, 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 May 13, 2016, including our responsibility for the fair presentation of the financial statements in accordance with U.S. GAAP and for the 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 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.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Town's accounts (see attachment Adjusting Journal Entries).
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Town is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) 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, 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.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

- 13) 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.
- 14) 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.
- 15) 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.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the Town's related parties and all the related party relationships and transactions of which we are aware.

Government - specific

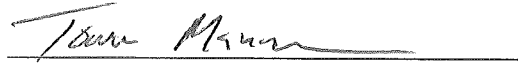
- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have a process to track the status of audit findings and recommendations.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23) The Town has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 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, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 27) 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.
- 28) As part of your audit, you assisted with the preparation of the financial statements and related notes, including the adjustments to convert the financial statements to the entity-wide statements. In addition, you also assisted with the calculations for unearned revenue-taxes and the OPEB liability. 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 related notes, including the calculations and adjustments for those financial statements.
- 29) 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.
- 30) 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.
- 31) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 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 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 are available and have determined that net position was 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) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.

- 46) With respect to supplementary information other than RSI on which an in relation to opinion is issued, (combining and individual fund financial statements):
- a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in 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 supplementary information is 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.


Signed


Title


Signed

SCHOOL SUPERINTENDENT
Title