

December 21, 2018

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, 2018. 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 email to council members dated May 18, 2018. 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 15, 2018, 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 the 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 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.

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 adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in 2018. No other new accounting policies were adopted and the application of existing policies was not changed during 2018. 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 estimates of depreciation expense, the net pension liability, and the other post-employment benefits liability. The depreciation expense estimate is based on historical cost and estimated useful lives of assets. The net pension and other post-employment benefit liabilities are based on actuarial valuations. We evaluated the key factors and assumptions used to develop these estimates 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 were corrected by management.

The attached schedule of passed audit adjustments summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, 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 December 21, 2018.

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, the schedule of changes in the Town's net pension liability and related ratios, schedule of Town's proportionate share of the net pension liability, schedule of Town contributions, schedule of changes in the town's total health plan OPEB liability and related ratios, schedule of Town's proportionate share of the net OPEB liability, and schedule of 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 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 tables, which accompany the financial statements but are 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 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
6/30/2018**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To bring funds back into balance and adjust for trivial difference between control accounts and revenue and expenditure detail. In addition, to adjust due to froms for prior year AJE to get DTFs in balance.			
1-0138	G F DUE TO/FROM COMMUNITY CTR	112.43	
1-0152	GF DUE TO/FROM INFRASTRUCTURE	11,522.97	
1-R0326	MISC. REVENUES	292.06	
52-5220	TIF DUE TO/FROM GF	23,331.00	
1-0154	DUE TO/FROM TIF FUND		23,331.00
1-R0326	MISC. REVENUES		112.43
50-5150	RIVERSIDE PERP CARE TO/FM GF		11,520.00
70-3143	DUE FROM GF		2.97
Total		<u>35,258.46</u>	<u>34,966.40</u>
Adjusting Journal Entries JE # 2			
To adjust the school beginning fund balance to agree with prior year FS, net of \$5,778 that should have been included in the GF last year (see RJE).			
1-0799	SCHOOL UNASSIGNED FUND BALANCE	244,998.00	
1-0899	TOWN UNASSIGNED FUND BALANCE		244,998.00
Total		<u>244,998.00</u>	<u>244,998.00</u>
Adjusting Journal Entries JE # 3			
To reverse last year's fund balance assignments and post this year's fund balance assignments for carry forwards and budgeted use of fund balance, and adjust for misc. differences.			
1-0800	CARRYFORWARD ACCOUNT	1,558,880.00	
1-0899	TOWN UNASSIGNED FUND BALANCE	627.00	
1-0899	TOWN UNASSIGNED FUND BALANCE	445,717.00	
1-R0326	MISC. REVENUES	112.99	
20-2142	SCH CATAGOR.DUE TO/FROM G F		739.99
1-0142	G F DUE TO/FROM SCH. CAT.		739.99
1-0800	CARRYFORWARD ACCOUNT		375,000.00
1-0800	CARRYFORWARD ACCOUNT		1,629,597.00
20-2900	FUND BALANCE-SCHOOL CATAGOR		739.99
Total		<u>2,006,076.98</u>	<u>2,006,076.98</u>
Adjusting Journal Entries JE # 4			
To move taxes raised for the TIF fund to that fund.			
1-01105000	TIF TRANSFER	12,121.00	
52-5220	TIF DUE TO/FROM GF	12,121.00	
1-0154	DUE TO/FROM TIF FUND		12,121.00
52-R0570	TIF TAXES		12,121.00
Total		<u>24,242.00</u>	<u>24,242.00</u>

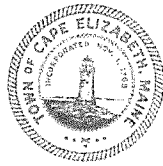
Account	Description	Debit	Credit
Adjusting Journal Entries JE # 5			
To move the current year tax commitment and abatements from the balance sheet to the income statement. Abatements are booked to fund balance but will be reclassified on the FS.			
1-0550	TAX COMMITMENT	8,607,570.23	
1-0899	TOWN UNASSIGNED FUND BALANCE	35,526.60	
1-0404	ABATEMENTS		28,328.40
1-0405	ABATE		7,198.20
1-R0387	REAL ESTATE TAXES		8,607,570.23
Total		<u>8,643,096.83</u>	<u>8,643,096.83</u>
Adjusting Journal Entries JE # 6			
To adjust school lunch AR to year end actual.			
30-2910	SCHOOL LUNCH / ACCTS. REC.	646.92	
30-R3310	CAFE MS/PC MEALS		646.92
Total		<u>646.92</u>	<u>646.92</u>
Adjusting Journal Entries JE # 7			
To bring PHL inventory balance from PY amount to CY amount.			
70-8704010	GIFT SHOP COSTS	16,832.72	
70-3150	INVENTORY/PORT.H.LIGHT		16,832.72
Total		<u>16,832.72</u>	<u>16,832.72</u>
Adjusting Journal Entries JE # 8			
To bring school lunch inventory balance from PY amount to CY amount.			
30-91001431	PC/MS FOOD PURCHASES	1,116.69	
30-91001433	PC/MS OTHER PURCHASES	325.04	
30-91001531	HS FOOD PURCHASES	1,116.69	
30-91001533	HS OTHER PURCHASES	325.04	
30-2920	SCHOOL LUNCH / INVENTORY		2,883.46
Total		<u>2,883.46</u>	<u>2,883.46</u>
Adjusting Journal Entries JE # 9			
To reverse the prior year Community Service unearned revenue.			
1-0300	DEFERRED REVENUE	175,407.13	
1-R0347	COMM.SERV.YOUTH PROG		175,407.13
Total		<u>175,407.13</u>	<u>175,407.13</u>
Adjusting Journal Entries JE # 10			
To book current year donated commodities.			
30-91001531	HS FOOD PURCHASES	28,023.45	
30-R3314	COMMODITIES REBATE		28,023.45
Total		<u>28,023.45</u>	<u>28,023.45</u>
Adjusting Journal Entries JE # 11			
To adjust the education subsidy revenue for MaineCare Seed as required by the State.			
1-90255630	OUT-OF-DISTRICT TUITION	14,030.93	
04-R1300	STATE REVENUE SUBSIDY		14,030.93
Total		<u>14,030.93</u>	<u>14,030.93</u>

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 12			
To reverse prior year Town receivables.			
1-R0318	EXCISE TAXES	3,021.46	
1-R0324	POLICE FINES-FEES	50.00	
1-R0347	COMM.SERV.YOUTH PROG	19,849.96	
1-R0364	COMM.SERV.CAPE CARE	7,549.53	
1-R0529	HOMESTEAD REVENUE		
		24,870.00	
1-R0905	FY17 PD UNDERAGE DRINKING	388.64	
1-0129	ACCTS. RECEIVABLE/TOWN		55,729.59
Total		55,729.59	55,729.59
Adjusting Journal Entries JE # 13			
To adjust the PWD sewer receivable to actual at year end.			
40-R0348	PORTLAND WATER DISTRICT	11,774.55	
40-4170	SEWER RECEIVABLE / PWD		11,774.55
Total		11,774.55	11,774.55
Adjusting Journal Entries JE # 14			
To book current year AR.			
1-0129	ACCTS. RECEIVABLE/TOWN	107,753.51	
1-R0324	POLICE FINES-FEES		250.00
1-R0332	MISC. STATE REVENUE		1,164.69
1-R0341	COMM.SERV.ADULT PROG.		88.00
1-R0364	COMM.SERV.CAPE CARE		3,424.80
1-R0364	COMM.SERV.CAPE CARE		12,638.02
1-R0513	THANKSGIVING BASKETS		750.00
1-R0529	HOMESTEAD REVENUE		89,438.00
Total		107,753.51	107,753.51
Adjusting Journal Entries JE # 15			
To adjust rescue receivable to actual.			
75-7501	ALLOWANCE FOR DOUBTFUL ACCTS	4,000.00	
75-R0620	AMBULANCE BILLING	4,973.57	
75-7500	A/R AMBULANCE FUND		8,973.57
Total		8,973.57	8,973.57
Adjusting Journal Entries JE # 16			
To adjust accounts payable for invoice found in the search.			
1-7154009	ROADWAY & DRAINAGE REPAIR	105,390.61	
1-0900	ACCOUNTS PAYABLE-TOWN		105,390.61
Total		105,390.61	105,390.61
Adjusting Journal Entries JE # 17			
To adjust the unavailable tax revenue to year end actual.			
1-0300	DEFERRED REVENUE	36,600.00	
1-R0387	REAL ESTATE TAXES		36,600.00
Total		36,600.00	36,600.00

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 18			
To book a transfer to the school lunch fund to eliminate the current year loss.			
1-90749100	FUND TRANSFER	173,465.59	
30-2143	SCHOOL LUNCH DUE TO/FROM GF	173,465.59	
1-0143	G F DUE TO/FROM SCHOOL LUNCH		173,465.59
30-R3322	CAFE REVENUES/TRANSFER-FROM GENERAL PROGRAM		173,465.59
Total		<u>346,931.18</u>	<u>346,931.18</u>
Adjusting Journal Entries JE # 19			
To book a receivable for additional salaries reclassified from the General Fund that have not yet been drawn down.			
20-2100	A/R SCHOOL CATEGORICALS	25,785.09	
20-R2006	LOCAL ENTITLEMENT		25,785.09
Total		<u>25,785.09</u>	<u>25,785.09</u>
Adjusting Journal Entries JE # 20			
To revise school department taxes to agree with the final budgeted amount.			
04-R1213	LOCAL APPROP ADD'L K-12	319,553.00	
1-R0387	REAL ESTATE TAXES		319,553.00
Total		<u>319,553.00</u>	<u>319,553.00</u>
Adjusting Journal Entries JE # 21			
To book the budgeted transfer from Thomas Jordan Fund to the GF.			
1-0145	G F DUE TO/FROM TRUST	25,000.00	
55-08755101	GENERAL ASSISTANCE	25,000.00	
1-R0366	THOMAS JORDAN TRUST		25,000.00
55-5810	THOMAS JORDAN TRUST TO/FM GF		25,000.00
Total		<u>50,000.00</u>	<u>50,000.00</u>
Adjusting Journal Entries JE # 102			
To move education subsidy posted in sewer fund revenues.			
1-0144	G F DUE TO/FROM SEWER	178,682.18	
40-R0348	PORTLAND WATER DISTRICT	178,682.18	
04-R1300	STATE REVENUE SUBSIDY		178,682.18
40-4144	SEWER DUE TO/FROM G F		178,682.18
Total		<u>357,364.36</u>	<u>357,364.36</u>
Adjusting Journal Entries JE # 108			
To book the late transfers approved by the council.			
1-0144	G F DUE TO/FROM SEWER	32,500.00	
1-0144	G F DUE TO/FROM SEWER	92,000.00	
1-0149	G F DUE TO/FM FT WILLIAMS PARK	77,000.00	
1-0152	GF DUE TO/FROM INFRASTRUCTURE	200,000.00	
40-8156010	TOWN GENERAL FUND	92,000.00	
42-7504370	TRANSFER TO GF	200,000.00	
65-08656010	GENERAL FUND CONT.	77,000.00	
70-08706010	TOWN GENERAL FUND	32,500.00	
1-R0999RKO	Transfers from Other Funds		32,500.00
1-R0999RKO	Transfers from Other Funds		77,000.00
1-R0999RKO	Transfers from Other Funds		92,000.00
1-R0999RKO	Transfers from Other Funds		200,000.00
40-4144	SEWER DUE TO/FROM G F		92,000.00
42-4330	DUE TO/FROM GF-INFRAS/TROUT BR		200,000.00
65-3149	FT WILLIAMS PARK-DUE TO/FM G F		77,000.00
70-3147	PORT.H.LIGHT-DUE TO/FROM G F		32,500.00
Total		<u>803,000.00</u>	<u>803,000.00</u>

Town of Cape Elizabeth, Maine
Passed Adjustments
6/30/2018

Account	Description	Debit	Credit
Proposed JE # 200			
To book the amount of AP reversed by the client.			
1-88003400	PROFESSIONAL SERVICES	10,204.17	
1-0702	PRIOR YEAR A/P-SCHOOL		10,204.17
Total		<u>10,204.17</u>	<u>10,204.17</u>
Proposed JE # 201			
To adjust school lunch unearned revenue to year end actual.			
30-R3311	CAFE HS MEALS	5,642.02	
30-2931	DEPOSITS		5,642.02
Total		<u>5,642.02</u>	<u>5,642.02</u>



TOWN OF CAPE ELIZABETH

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CAPE ELIZABETH, MAINE 04107-0060

MATTHEW E. STURGIS
Town Manager

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Website: www.capeelizabeth.com

December 21, 2018

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, 2018, and the respective changes in financial position 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 December 21, 2018, 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 15, 2018, 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) 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.
- 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 and the schedule of expenditures of federal awards.
- 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 taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.
- 21) We have a process to track the status of audit findings and recommendations.
- 22) 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.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 24) 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.

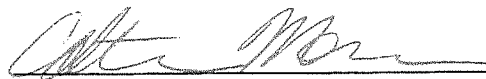
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances, that 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.
- 27) We have identified and disclosed to you all instances, that 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.
- 28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29) 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.
- 30) As part of your audit, you assisted with preparation of the financial statements and related notes 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 related notes and schedule of expenditures of federal awards.
- 31) 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.
- 32) 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.
- 33) 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.

- 34) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 35) 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.
- 36) 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.
- 37) Investments, derivative instruments, and land and other real estate held by endowments are properly valued
- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) 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.
- 40) 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.
- 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 43) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 44) 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.
- 45) 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.

- 46) 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.
- 47) With respect to the combining and individual fund statements and schedules:
- a) We acknowledge our responsibility for presenting the combining and individual fund statements in accordance with accounting principles generally accepted in the United States of America, and we believe the combining and individual fund statements, 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 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.



Signed



Signed

Town Manager

Title

Business Manager

Title