

September 9, 2024

To the Board of Selectmen  
Town of Durham, Maine

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Durham, Maine for the year ended December 31, 2023. 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 discussion with the Board Chair on February 12, 2024. 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 February 12, 2024, 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 system of internal control of the Town of Durham, 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 financial statements are free of material misstatement, we also performed tests of the Town of Durham, 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 Durham, Maine are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the Town of Durham, 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 of assets.
- Management's estimate of unavailable tax revenue, which is based on estimated tax collections.
- Management's estimates of the net pension and OPEB liabilities and related expense, which are based on actuarial reports.

We evaluated the methods, assumptions, and data 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*

During the year, the Town experienced turnover in staff and transitioned its accounting function to a third party. The turnover and changes in procedures created delays in obtaining certain audit documentation.

#### *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. See the attached "Adjusting Journal Entries" which reports misstatements detected as a result of audit procedures and corrected by management, some of which were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

The attached "Passed Adjustments" schedule 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. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

#### *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 9, 2024.

*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’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’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 schedules related to the net pension 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 individual fund financial statements, including the detailed budgetary comparison, 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.

Restriction on Use

This information is intended solely for the information and use of the Board of Selectmen serving as audit committee and management of the Town of Durham, Maine and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Town of Durham  
Adjusting Journal Entries  
12/31/2023

Account	Description	Debit	Credit
<b>001</b>			
To record change in Rescue Receivables for year-end.			
AA-1-00-1200	Accounts Receivable	14,801.96	0.00
AA-6-14-6470	Charges for Services-Ambulance Fees	<u>0.00</u>	<u>14,801.96</u>
<b>Total</b>		<b><u>14,801.96</u></b>	<b><u>14,801.96</u></b>
<b>002</b>			
To remove invalid A/P invoice found during testing - TRIO for 2024.			
AA-7-20-7356	Administration-Software Licenses	0.00	22,990.06
AA-3-00-3000	Accounts Payable	<u>22,990.06</u>	<u>0.00</u>
<b>Total</b>		<b><u>22,990.06</u></b>	<b><u>22,990.06</u></b>
<b>003</b>			
To bring on old RE Taxes Receivables (1993-2003).			
AA-1-00-1250	RE Taxes Receivable	15,450.83	0.00
AA-6-19-6999	Other Revenue-Miscellaneous Revenue	<u>0.00</u>	<u>15,450.83</u>
<b>Total</b>		<b><u>15,450.83</u></b>	<b><u>15,450.83</u></b>
<b>004</b>			
To record retainage for FY 2023.			
HD-7-40-7720	Public Works Cap-Public Works-Infrastructure	14,072.50	0.00
HD-3-00-3000	Accounts Payable	<u>0.00</u>	<u>14,072.50</u>
<b>Total</b>		<b><u>14,072.50</u></b>	<b><u>14,072.50</u></b>
<b>005</b>			
To adjust unearned revenue to actual at year end.			
AA-4-00-4500	Unavailable Property Taxes	0.00	40,500.00
AA-6-10-6000	Property Taxes-Property Taxes	<u>40,500.00</u>	<u>0.00</u>
<b>Total</b>		<b><u>40,500.00</u></b>	<b><u>40,500.00</u></b>

Account	Description	Debit	Credit
<b>006</b>			
To reverse PY A/R and bring on CY plus A/R found in search.			
AA-6-19-6999	Other Revenue-Miscellaneous Revenue	0.00	9,690.84
AA-6-11-6105	Excise Taxes-Other Excise	0.00	2,032.34
AA-6-10-6000	Property Taxes-Property Taxes	0.00	33.37
AA-1-00-1200	Accounts Receivable	11,756.55	0.00
AA-6-13-6399	Intergovernmental-Miscellaneous	0.00	56,633.13
AA-1-00-1200	Accounts Receivable	56,633.13	0.00
AA-1-00-1200	Accounts Receivable	0.00	80,800.60
AA-6-13-6305	Intergovernmental-Homestead Exemption	80,800.60	0.00
<b>Total</b>		<b><u>149,190.28</u></b>	<b><u>149,190.28</u></b>
<b>007</b>			
To record accrued PR for year end.			
AA-7-20-7000	Administration-Department Head Wages	2,119.23	0.00
AA-7-20-7015	Administration-Full Time Staff Wages	1,480.64	0.00
AA-7-20-7020	Administration-Part Time Staff Wages	674.50	0.00
AA-7-20-7030	Administration-Elected Official Wages	860.00	0.00
AA-7-20-7050	Administration-Payroll Taxes	470.67	0.00
AA-7-21-7020	Municipal Buildings-Part Time Staff Wages	82.50	0.00
AA-7-21-7050	Municipal Buildings-Payroll Taxes	6.31	0.00
AA-7-27-7000	Planning and Code Enf-Department Head Wages	1,106.70	0.00
AA-7-27-7050	Planning and Code Enf-Payroll Taxes	415.97	0.00
AA-7-30-7000	Fire Department-Department Head Wages	1,594.00	0.00
AA-7-30-7020	Fire Department-Part Time Staff Wages	2,965.76	0.00
AA-7-30-7050	Fire Department-Payroll Taxes	391.86	0.00
AA-7-40-7000	Public Works-Department Head Wages	1,413.20	0.00
AA-7-40-7015	Public Works-Full Time Staff Wages	4,593.20	0.00
AA-7-40-7020	Public Works-Part Time Staff Wages	418.53	0.00
AA-7-40-7050	Public Works-Payroll Taxes	653.68	0.00
AA-3-00-3200	Accrued Payroll	0.00	19,246.75
<b>Total</b>		<b><u>19,246.75</u></b>	<b><u>19,246.75</u></b>

Town of Durham  
Passed Adjustments  
12/31/2023

Account	Description	Debit	Credit
<b>200</b>			
To post back to 2022 invoices for curbside trash and recycling.			
AA-7-42-7231	Solid Waste-Hauling	0.00	3,383.87
AA-7-42-7231	Solid Waste-Hauling	0.00	18,952.17
AA-5-00-5400	Unassigned Fund Balance	<u>22,336.04</u>	<u>0.00</u>
<b>Total</b>		<b><u>22,336.04</u></b>	<b><u>22,336.04</u></b>

<b>201</b>			
To record a right-to-use asset and liability, with first year amortization and interest expenses for a copier lease.			
Entity-wide capital assets	Right-to-use asset	9,953.40	0.00
Entity-wide liabilities	Lease liability	0.00	9,953.40
Entity-wide expenses	Amortization expense	281.59	0.00
Entity-wide expenses	Interest expense	234.78	0.00
Entity-wide expenses	Rental expense	0.00	1,924.32
Entity-wide capital assets	Accumulated amortization		281.59
Entity-wide liabilities		<u>1,689.54</u>	<u>0.00</u>
<b>Total</b>		<b><u>12,159.31</u></b>	<b><u>12,159.31</u></b>



# Town Of Durham

630 Hallowell Road  
Durham, Maine 04222

*Incorporated 1789*

207-353-2561  
(fax) 207-353-5367

September 9, 2024

Runyon Kersteen Ouellette  
20 Long Creek Drive  
South Portland, Maine 04106

This representation letter is provided in connection with your audit of the financial statements of the Town of Durham, Maine, which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows, for the year then ended, 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 to be 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 September 9, 2024, 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 February 12, 2024, 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) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 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) 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 (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 Board of Selectmen 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's 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 waste 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 names of the Town's related parties and all the related party relationships and transactions, including any side agreements.

**Government-specific**

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) 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.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

- 22) 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.
- 23) 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.
- 24) 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 financial statements.
- 25) 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.
- 26) As part of your audit, you assisted with preparation of the financial statements and disclosures. 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.
- 27) 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.
- 28) 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.
- 29) 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.
- 30) The financial statements include all fiduciary activities required by GASBS No. 84, as amended.
- 31) The financial statements properly classify all funds and activities, in accordance with GASBS No. 34, as amended.

- 32) 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.
- 33) 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.
- 34) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) 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.
- 37) 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.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 41) 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.
- 42) 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.

- 43) 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.
- 44) With respect to the combining and individual fund financial statements and schedules:
- a) We acknowledge our responsibility for presenting the combining and individual fund financial statements and schedules in accordance with accounting principles generally accepted in the United States of America, and we believe the combining and individual fund financial statements and schedules, including their 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 financial statements and schedules 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 financial statements and schedules 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 \_\_\_\_\_