Proposal for **Professional Auditing Services** for the

Town of Lisbon, Maine

July 10, 2024

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MARCUM
ACCOUNTANTS ▲ ADVISORS

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MARCUM
ACCOUNTANTS ▲ ADVISORS

July 10, 2024

Ms. Samantha Bryant, Finance Director
Town of Lisbon, Maine
300 Lisbon Street
Lisbon, Maine 04250

Dear Members of the Audit Evaluation Committee:

On behalf of Marcum LLP ("Marcum") and our client service team, we are pleased to present our proposal to provide professional services to the Town of Lisbon, Maine ("Lisbon" or the "Town"). We appreciate the opportunity to participate in your proposal process and understand the importance of appointing the right firm as the Lisbon's independent public accountants.

Ranked among the top 15 firms in the nation, Marcum offers resources of 4,100 professionals, including 550 partners, in 50 offices nationally and internationally. Marcum is a member of the American Institute of Certified Public Accountants' (AICPA) Government Audit Quality Center. In addition, we are nationally recognized within the financial and underwriting community with membership in the Center for Public Company Audit Firms of the AICPA and registration with the Public Company Accounting Oversight Board.

We are confident we can provide the type of professional and responsive service that the Town of Lisbon, Maine deserves. With new accounting pronouncements being issued, as well as changes to federal and state regulations regarding compliance, and single audits, we stand ready to help the Town navigate through this information by serving as a dependable resource for these matters.

Our professionals are experienced with municipal and government operations, committed to the public sector, and ready to provide unequaled proactive service. This proposal demonstrates Marcum's ability, desire and commitment to serve you in a responsive and efficient manner.

As a part of our audit process, we will conduct the following activities:

- Issue pre-audit correspondence to the Town Council and/ or Audit Committee
- Conduct an audit in accordance with generally accepted auditing standards established by the AICPA, and the standards set forth for financial audits in *Government Auditing Standards* issued by the Comptroller General of the United States and per Maine State Law Title 30-A, Part 2, Subpart 9, Chapter 223, Subchapter 8, Section 5823 titled "Annual postaudit"
- Conduct an audit of the Town's major federal programs in accordance with the provisions of the federal Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Guidance 2 CFR Part 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the laws of the State of Maine, and the Maine Uniform Accounting and Auditing Practices for Community Agencies
- Report to the Town on the auditing process, findings and recommendations
- Provide an independent opinion on the Town's annual comprehensive financial report
- Perform an audit of the School Department accounts, in accordance with the requirements of Maine State Law Title 20-A MRSA, Section 6051, which will include examining the Financial Report of Public Schools submitted to the State Department of Education on Form EFM-45, for fairness of presentation
- Any reports required by the Maine Uniform Accounting and Auditing Practices for Community Agencies ("MAAP") and the Maine Department of Education in any given year

This proposal encompasses all requirements as set forth in the Town's RFP for Professional Auditing Services. We are committed to performing your required auditing and agreed-upon procedures services within a mutually agreed upon timeline. For fiscal year ending 2024, we expect to issue the final reports by March 31, 2025. For fiscal years ending 2025 and 2026, provided all of the documentation is provided by October 1st, we expect to issue the final audit and agreed-upon procedures reports by December 31st for each of those years.

Some of the terms and conditions in this proposal to provide auditing services may need to be tailored more appropriately and some additional terms and conditions may be necessary. Should Marcum's proposal be accepted, we will negotiate a mutually satisfactory engagement letter with the Town covering the services proposed and the parties' relationship for these services. This proposal is contingent upon successful completion of Marcum's acceptance procedures.

Marcum welcomes the opportunity to provide services to the Town of Lisbon, Maine. This proposal, for fiscal years 2024, 2025, and 2026, is a firm and irrevocable offer for 60 days following the submission period. If you have questions or would like to discuss any aspect of our proposed service plan, please do not hesitate to contact James Wilkinson at (401) 600-4709. We look forward to speaking with you in the near future.

Very truly yours,
Marcum LLP

James Wilkinson, CPA
Partner
Authorized to represent and legally bind the firm

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TOWN OF LISBON, MAINE

REQUEST FOR PROPOSAL
Municipal Auditor

PROPOSAL FORM

TO: Samantha Bryant, Finance Director
Town of Lisbon
300 Lisbon Street
Lisbon, Maine 04250

By submitting a proposal, you represent that you have (1) thoroughly examined and become familiar with the scope of services outlined in this RFP and (2) are capable of performing quality work to achieve the Town's objectives.

Name:	Marcum LLP
Address:	Engagement Team: 100 Westminster Street, Suite 500 / Providence, RI 02903 Local Office: 1 Canal Plaza, 4th Floor / Portland, ME 04101
Telephone:	401.600.4709
Website:	www.marcumllp.com
Email:	James.Wilkinson@marcumllp.com
Years in business:	70

Description of your firm including size of firm, location, number and nature of the professional staff, staff experience and training, including a brief resume for each key person listed that will be assigned to service the Town if awarded:

Marcum is a national accounting and advisory services firm dedicated to our clients achieve their goals. Since 1951, clients have chosen Marcum for our insightful guidance in helping them forge pathways to success, whatever challenges they are facing. We offer a complete spectrum of assurance, tax and advisory services, as well as an extensive portfolio of industry-focused practices with specialized experience for both privately held and publicly registered companies, governmental entities, and nonprofit organizations.

With a total staff of approximately 4,100, we are among the top 15 firms in the nation. Marcum has 50 offices, including two in the State of Maine (Portland and Ellsworth).

Our proposed engagement leadership team consists of James Wilkinson, CPA, CITP; Kyle Connors, CPA; and Benjamin Wilkinson, CPA. Please see page 15 and Appendix A for their resumes. In addition to the service team above assigned to this engagement, we have a team of seniors and staff accountants with extensive experience in serving municipal organizations. The staff assigned to this engagement have significant single audit experience and perform compliance audits on nearly 100 major programs annually.

All team members complete, at a minimum, 40 hours of continuing professional education (“CPE”) each and every year, including governmental and Yellow Book courses. In accordance with *Government Auditing Standards* (GAS) anyone who plans, directs, or reports on audits under GAS receives 80 hours of continuing professional education in a 2-year period (24 of which is specific to the governmental environment). All others receive, at a minimum, 24 hours in the same 2-year period related to the governmental environment.

Describe qualifications and experience (minimum five years previous experience) your firm has as a municipal auditor:

Marcum's public sector services is one of the Firm's specialty industry sectors and focuses on local governments like the Town and other government entities. The firm has a governmental group dedicated to keeping up with changes in GASB standards and statements who will be available to guide you through any questions you may have to ensure the Town is GASB compliant.

Our governmental assurance professionals have in-depth understanding of the complex economic and political environment in which these entities operate. Their knowledge and experience allow us to provide the highest level of professional service to our government clients. The New England offices employ more than 140 professionals who have provided services to a multitude of governmental clients. Our New England governmental client list now includes more than 400 municipal, school, utility, state agency, benefit plan, public housing authorities, county and special-purpose governmental entities.

The assurance services we provide to government entities includes single audits, pension audits, compliance audits, forensic audits, IT audits, internal audits, GASB implementation, financial statement and Annual Comprehensive Financial Report ("ACFR") preparation and assistance, performance of operational reviews and a wide range of consulting services for local governments.

List of at least three (3) references, provide names and telephone numbers of contact persons:

Town of Scarborough, ME: Norman Kildow, Finance Director, 207.730.4081

City of Portland, ME: Brendan O'Connell, Finance Director, 207.874.8642

Town of North Kingstown, RI: Debra Bridgham, Finance Director, 401.294.3331 ext 140

Listing of current litigation, outstanding judgments and liens:

From time to time in the ordinary course of performing services for clients, Marcum may be named in legal actions. None of those affect Marcum's ability to perform services for you. Marcum's counsel is available to discuss.

State firm's all-inclusive annual rate for services. To facilitate the Town's budgeting and expenditure distribution, please approximate the cost of each segment of the audit. The total three (3) year fee is the cost that will be used for evaluation purposes.

Annual Auditing Services for	FYE 2024	FYE2025	FYE2026
Town (General, Capital, and Special Reserves Funds)	$ 23,400	$ 24,200	$ 25,000
School Department	17,550	18,150	18,750
Sewer Fund	8,775	9,075	9,375
Federal Awards *	8,775	9,075	9,375
Total	**$ 58,500**	**$ 60,500**	**$ 62,500**

** Assumes two (2) major federal awards each year.*

If it should become necessary for the Town of Lisbon to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work resulting from the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the Town and the firm specifying the additional work to be performed and related compensation.

Signature

July 10, 2024
Date

EXECUTIVE SUMMARY

Who We Are?

- One of the largest public accounting firms in the Nation
- Ranked in the top 15 by Accounting Today
- More than 70 years in practice
- 4,100 professionals, including 550 partners, in 50 offices nationally and internationally
- Member of the AICPA's Government Audit Quality Center
- Nationally recognized within the financial and underwriting community with membership in the Center for Public Company Audit Firms of the AICPA and affiliation with the Government Accounting Standards Board

Service Philosophy

- Engagement team with extensive government industry experience
- Partners actively involved with client
- Responsive service, personal contact and significant ongoing partner involvement in all areas
- All decisions made locally and timely
- Broad domestic and international resources through Marcum's own offices as well as the Leading Edge Alliance, Ecovis and DFK International

Engagement Approach

- Periodic and scheduled meetings with management to discuss audit issues
- Involvement of professionals with requisite skills and experience
- Commitment to continuity of engagement team
- Deliverables completed within mutually agreed-upon timeframes

Scope of Services

- Audit of the Town's and Lisbon School Department's financial statements for the years ending June 30, 2024, 2025, and 2026
- Any reports required by the Maine Uniform Accounting and Auditing Practices for Community Agencies and the Maine Department of Education in any given year.

Engagement Team

Engagement Partner	James Wilkinson, CPA, CITP
Engagement Quality Reviewer	Kyle Connors, CPA
Senior Manager	Benjamin Wilkinson, CPA

FIRM QUALIFICATIONS

Firm Profile

More than **70-year history** of helping clients resolve their greatest business and personal financial challenges

Founding member of **LEA Global,** the largest worldwide group of independent accounting practices

Exclusive U.S. associated partner firm of **ECOVIS International,** a global accounting and advisory network

Leadership in **DFK International,** one of the world's leading international associations

Marcum LLP is a national accounting and advisory services firm dedicated to our clients achieve their goals. Since 1951, clients have chosen Marcum for our insightful guidance in helping them forge pathways to success, whatever challenges they are facing.

Marcum offers a complete spectrum of assurance, tax and advisory services, as well as an extensive portfolio of industry-focused practices with specialized experience for both privately held and publicly registered companies, governments and quasi-government agencies, as well as nonprofit and social sector organizations. The Firm also provides a full complement of technology, wealth management, and executive search and staffing.

Headquartered in New York City, Marcum has offices in major business markets across the U.S. and select international locations.

CLIENT-DRIVEN

Understanding our clients' businesses, helping them identify their needs and meet their challenges, and uncovering opportunities that propel them towards success is Marcum's mission. Our own success is based on our commitment to building meaningful, trusted relationships with our clients, creating positive service experiences, and delivering unexpected value wherever and whenever we can, while maintaining our professional independence and objectivity.

Marcum is committed to providing the most thorough, insightful, and expeditious service, according to the highest ethical standards.

COMMITMENT TO EXCELLENCE

From the way we service clients to the training and development of our professionals, Marcum is committed to excellence in every aspect of our service offerings.

Our focus on client success compels us to look beyond the numbers to see the opportunities, challenges, and solutions in every engagement. Innovation, proactivity, teamwork, and open communication are the hallmarks of our approach.

Visit **www.marcumllp.com** for a complete list of our services.

Why Marcum

Marcum delivers the industry experience and in-depth skills that you may find at other national accounting firms but with a stronger commitment to local client service provided by a team from our Providence, RI and Merrimack, NH offices and a more economical fee structure. We come equipped with decades of experience in providing audit services to government and quasi-government agencies at both the state and local levels. For these entities, we have performed risk assessments and have responded with appropriate strategies and sharing best practices.

Marcum specializes in providing quality and independent audit services with a detailed plan and communication strategy that promotes reliability in our methodology and value in our reports. We have built our reputation on providing high quality value-added accounting services with superior technical capabilities. Our clients tell us we deliver industry specific experience with unmatched quality and partner-level attention. Our reputation for delivering exceptional quality and client service is a direct result of the hands-on involvement and level of attention from our partners, directors and managers.

An important element of our approach is providing constructive services for the purpose of helping you improve internal accounting controls, operating efficiency and the effectiveness of your administrative practices. Because of our position as independent auditors, our experience with governmental entities and our knowledge of financial and accounting systems, we expect to make recommendations that are useful and important. We consider constructive services to be a logical and important by-product of our audits and, accordingly, they will be a significant part of our overall services to the Town of Lisbon.

Our recommendations are presented in reports, which will include recommendations we believe warrant attention. Additionally, we will use these reports to advise Lisbon's management of recommendations to enhance the overall effectiveness of Lisbon's operations. In addition, we will continually communicate important changes or proposed changes in accounting and regulatory matters to assist the Town's management in assessing the impact of such changes on Lisbon's operations. We will discuss our recommendations with management prior to issuing a report, and we will communicate our ideas as significant recommendations are developed, rather than waiting until the conclusion of our audits.

Firm Overview

Marcum is an accounting and consulting firm with its New England **offices in Maine (Portland and Ellsworth),** Rhode Island, New Hampshire, Massachusetts, and Connecticut. With a total staff of approximately 4,100, we are among the top 15 firms in the nation. Nationally recognized within the financial and underwriting community, we are a member of the Government Audit Quality Center, Center for Public Company Audit Firms of the American Institute of Certified Public Accountants and registered with the Public Accounting Oversight Board.

Current Organization of the Firm

Marcum is a Limited Liability Partnership that was established in 1951 in the state of New York. Jeffrey Weiner is the current Chairman and CEO. He is supported by an Executive Committee, which consists of leadership throughout the U.S. As a partnership and national CPA firm, Marcum has 550 partners. A full listing of partners is available at www.marcumllp.com.

Experienced Team

The engagement leadership team, led by **James Wilkinson, Kyle Connors, and Benjamin Wilkinson,** is based in Marcum's Providence office located at 100 Westminster Street, Providence, RI 02903.

The team will be responsible for planning, directing, conducting substantial portions of the field work and reporting on your government audit. They along with their team meet the continuing educational requirement of *Government Auditing Standards issued* by the Comptroller of the United States.

The management and staff responsible for these services are highly qualified, with in-depth experience in auditing, accounting and management advisory services. Based in Providence, our team offers local access to key resources. Based upon a review of the Town's financial statements we estimate 2 to 4 staff will be assigned to the engagement at any one time. At a minimum, one supervisory level staff will be on hand at all times. Each member of the team is a full-time employee. No subcontractors will be used during the engagement.

Licensed to Practice in Maine

We affirm that Marcum LLP is a licensed certified public accounting firm and is in good standing with all regulatory agencies. The Firm is properly licensed and certified to practice in Maine. Marcum is registered with the Maine Board of Accountancy. The Firm is a member of the AICPA and the Maine Society of Certified Public Accountants (MECPA). All professional staff, upon successful completion of the CPA exam, become members of the AICPA and their local state CPA society.

James Wilkinson, Kyle Connors and Benjamin Wilkinson are "key" team members. The key team members assigned to this engagement are licensed to practice by the State of Rhode Island. Additionally, the senior accountant in charge of fieldwork is a certified public accountant. Each individual on the engagement has maintained the required CPE in government accounting and has attended an Ethics course for CPA's. Refer to **Appendix A** for engagement team profiles, including locations of license(s).

Independence

We affirm that Marcum LLP is independent of the Town of Lisbon, Maine and the Lisbon School Department as defined by the AICPA Code of Professional Ethics, Generally Accepted Auditing Standards and the U.S. General Accounting Office's *Government Auditing Standards*. Further, no conflicts exist that would inhibit our ability to perform this audit in accordance with professional standards.

Marcum's policy is that all professional personnel be familiar with and adhere to the independence, integrity, and objectivity rules, regulations, interpretations, and rulings of the American Institute of Certified Public Accountants, the state boards of accountancy and CPA societies, *Government Auditing Standards* issued by the Comptroller General of the United States, relevant statutes, and applicable regulatory agencies. In addition, all professionals – from partner to staff auditor – are required to sign affidavits annually attesting to their independence.

Our quality control document contains detailed policies related to maintaining independence. These policies are the most stringent policies adopted by the AICPA and the various state boards of accountancy. Engagement team members are required to consider any possible situations where independence may be impaired during the acceptance or continuance process and if any arise during the performance of an engagement.

Prior Engagements with the Town of Lisbon, Maine

Neither Marcum LLP nor any of our predecessor firms have had any professional relationships that could impair independence with the Town of Lisbon or any of its agencies or component units for the past five years.

Commitment to Quality

Our philosophy of providing quality professional services ensures the delivery of the best resources when you need them most. Our approach helps to alleviate your long-term costs and provides for a smooth engagement process.

We are committed to quality and integrity. To demonstrate this commitment, we have acquired memberships in various quality oversight organizations.

Marcum audits numerous public companies and is registered with the Public Company Accounting Oversight Board (PCAOB) and is subject to its quality control standards. We belong to the Center for Public Company Audit Firms of the AICPA, the Private Companies Practice Section (PCPS) of the AICPA, and the Government Audit Quality Center of the AICPA. Member firms must have their quality control systems periodically reviewed by independent peers to evaluate:

- Quality control policies and procedures that provide the firm with reasonable assurance for complying with professional standards.
- The quality control system for accounting and auditing compliance with specified requirements and standards.
- Compliance with membership requirements.

We are dedicated to establishing a high level of quality control and we continue to subject our practice to peer review as dictated by the current regulatory environment. We have also instituted our own internal monitoring procedures to further secure Marcum's reputation as a quality-driven, results-oriented firm.

Peer Review

The AICPA's National Peer Review Committee accepted our last peer review report on January 30, 2024. Engagements selected for review included those performed under *Government Auditing Standards,* including compliance audits under the Single Audit Act; audits of employee benefit plans; audits performed under FDICIA; and examinations of service organizations (SOC 1 and 2 engagements). A copy of the report on Marcum's most recent external quality control review is included with this proposal, showing a rating of "Pass" with no deficiencies noted.

Internal Monitoring

Each year, Marcum performs an internal inspection of the audit practice as part of its monitoring as required by professional and firm standards. This includes a self-assessment, performed on the same basis as an actual independent peer review, by senior audit executives qualified as peer reviewers. Testing of policies and procedures and review of actual engagements is the same for the inspection and the peer review. This ensures that our work is always performed at the highest level.

Professional Ethics

The Firm adheres to the Code of Professional Ethics of the American Institute of Certified Public Accountants, to the codes of state boards of accountancy and state societies in which we practice, and for applicable engagements, the rules, regulations and interpretation of the Securities and Exchange Commission. All employees are expected to understand and comply with the rules stated in the Code of Professional Ethics as well as the firm's Quality Control Manual.

Educational Services

We provide regular, internal educational programs to our staff to keep them abreast of changing accounting methodologies, audit issues and industry specific regulatory matters. Many of our industry experience make presentations to our clients and various trade associations. Our team participates in a variety of educational programs through trade and professional organizations as well. All engagement management and staff meet or exceed the continuing education requirements set forth by the Maine State Board of Accountancy and *Government Auditing Standards*. Staffing will be either certified public accountants or those in the process of completing such certification.

Liability Insurance Coverage

Marcum maintains a variety of liability coverage, including, but not limited to the following:

- Professional Liability
- Commercial General Liability
- Workers' Compensation and Employers' Liability
- Automobile Liability
- Excess Liability
- Cyber Liability

In the event that Marcum is awarded the Town's contract for the provision of audit services, we will provide a certificate of such insurance issued by a corporation licensed or authorized by the Commissioner of Insurance to do business in the State of Maine if requested. Please refer to **Appendix C** for evidence of our liability policies.

Governmental Industry Experience

Marcum's public sector services is one of the Firm's specialty industry sectors and focuses on local governments like the Town and other government entities. Our firm has significant experience with municipalities. The firm has a governmental group dedicated to keeping up with changes in GASB standards and statements. This dedicated group will be available to guide you through any questions you may have to ensure the Town is GASB compliant.

Our governmental assurance professionals have in-depth understanding of the complex economic and political environment in which these entities operate. Their knowledge and experience allow us to provide the highest level of professional service to our government clients. **The New England offices employ more than 140 professionals who have provided services to a multitude of governmental clients.**

It is worth noting that Marcum is a significant provider of governmental auditing services in the New England region. Melanson P.C., a large regional CPA firm, merged into Marcum in January 2023, nearly doubling the size of our New England governmental practice. Additionally, Powers & Sullivan, LLC, a government focused CPA firm based in Massachusetts, merged into Marcum in February 2024, further strengthening our government industry practice in New England. Combined, these recent New England mergers have expanded Marcum's depth of experience and staffing to further position us as the firm of choice in independent auditor selection. **Our New England governmental client list now includes more than 400 municipal, school, utility, state agency, benefit plan, public housing authorities, county and special-purpose governmental entities.**

Our considerable experience with municipalities and government clients has put us in a position to serve you best. We have outlined certain factors that make us qualified to serve you, especially after having reviewed your request for proposals and your auditing needs.

Governmental Services

The assurance services we provide to government entities includes single audits, pension audits, compliance audits, forensic audits, IT audits, internal audits, GASB implementation, financial statement and Annual Comprehensive Financial Report ("ACFR") preparation and assistance, performance of operational reviews and a wide range of consulting services for local governments.

The following chart illustrates a variety of services we provide to governmental entities.



Familiarity with Government Auditing Standards

We are thoroughly familiar with generally accepted accounting principles for state and local governmental units and with generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants; *Government Auditing Standards* issued by the Comptroller General of the United States (2018 and 2024 update when applicable); the Single Audit Act of 1984 as amended; and U.S. Office of Management and Budget (OMB) Guidance 2 CFR part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – Subpart F – Audit Requirements, and will conduct our audit and report in accordance with those standards. Reporting on key audit matters, whether requested by management, those charged with governance, or if required by law or regulation, will be performed in accordance with guidance set forth in the 2024 revision to *Government Auditing Standards.*

Single Audits

Marcum has the necessary experience to assist you with Federal single audits. To stay on top of changing audit requirements, our firm participates in various AICPA trainings. The experiences we gain at a national level are brought to our entire team through annual single audit training and updates to our audit methodology and work programs.

Our annual training involves all aspects of a single audit, including internal controls, compliance, financial reporting, the Data Collection Form, Yellow Book and audit effectiveness. A significant portion of this training also includes discussion about single audit quality and current topics discussed in the AICPA Audit Guides and Audit Risk Alerts.

We leverage our training and experiences across the Firm to benefit our clients through improved audit methodology and work programs. Furthermore, we proactively ensure all of our affected clients understand the impact of any new regulations on their organization. With this experience, we are able to provide a robust amount of knowledge as it relates to the Lisbon and your engagement team has the necessary experience to assist you with Federal single audits.

Information from the Federal Audit Clearinghouse for 2022 shows that Marcum was the #1 provider of single audits in New England with nearly 340 single audits performed and the #4 provider when program awards expended is measured, with more than $3 billion in federal award audit coverage.

Since we perform a substantial number of single audits annually, our single audit working papers are routinely reviewed by federal and state agencies as well as peer reviewers. We have not had any findings regarding substandard work and, in fact, have had many comments about the excellent quality of our audit files. Included in our external peer reviews are many single audit files, which have not received any comments in this area for many years.

Uniform Guidance

Many of our clients receive government grants and require audits performed in accordance with the Uniform Guidance (“UG”), *Government Auditing Standards,* and other federal compliance requirements. We stay well-informed and proactively communicate any changes related to Uniform Guidance.

For many clients, we have reviewed, documented, and tested internal control systems and recommended additional financial accounting and operational system procedures to ensure compliance with federal laws and regulations. These process reviews include an assessment of risk to identify areas of potential concerns. Our practice area has also been engaged to develop, document, and maintain accounting systems that meet federal requirements. Some of our assistance includes:

- Allowable/unallowable costs and activities
- Internal controls
- Matching contributions and level of effort requirements
- Reporting requirements – financial and performance
- Equipment/Real Property purchased with federal funds
- Procurement compliance
- Subrecipient monitoring

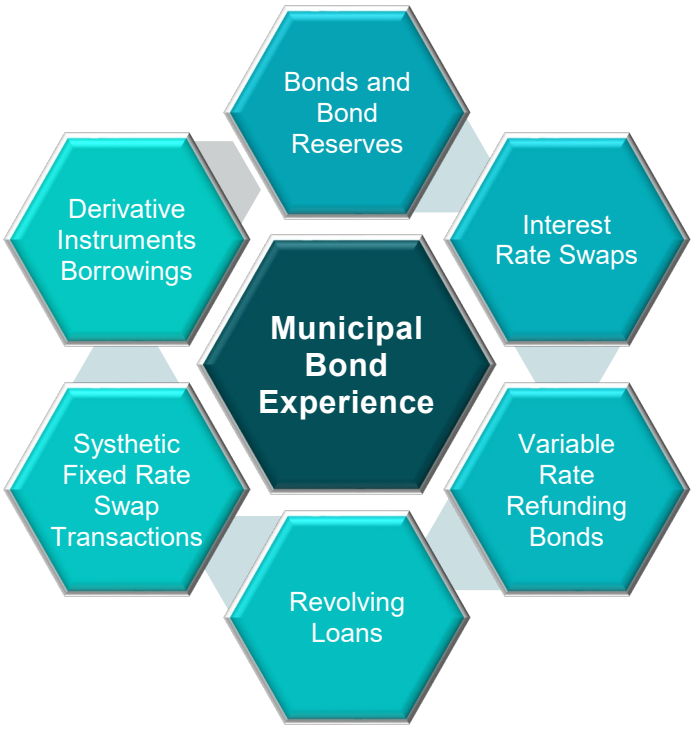
GFOA Certificate of Achievement Program

Marcum assists clients who participate in the GFOA Certificate of Achievement for Excellence in Financial Reporting Program. This program is recognized as the highest award in government financial reporting. The Certificate of Achievement has been awarded on all of the financial statements for participating clients, including first time submissions. Several members of Marcum are special reviewers for the GFOA Certificate of Achievement Program.

Municipally Owned Public Utilities

Marcum's government team maintains a deep knowledge of Governmental Accounting Standards Board (GASB) standards, *Government Auditing Standards* (Yellow Book) and Federal Energy Regulatory Commission (FERC) reporting requirements. Our extensive knowledge of municipally owned public utilities issues enables us to provide proactive audit and consulting services. We keep abreast of changes and trends involving relevant accounting matters and have experience with limited review of interim financial statements at the time of bond sales as well as limited reviews of official statements and special accounting or other technical advice in areas such as taxes, benefits, rate design, and various other utility related areas.

Municipal Bond Issuers Experience



Membership and Participation with Governmental Organizations and Centers

The partners, directors, and managers of the Firm are actively involved in recognized standard setting organizations at the national, state and local level. These organizations include the **Government Finance Officers Association** (GFOA), **Rhode Island Government Finance Officers Association,** the **Massachusetts Municipal Accountants and Auditors Association** (MMAAA), and the **New England States Government Finance Officers Association** (NESGFOA).

In addition, Marcum is a member of the **AICPA's Governmental Audit Quality Center** (GAQC) and the **AICPA Employee Benefit Plan Audit Quality Center** (EBPAQC). We have made a commitment to the sector by providing a dedicated core team that understands the sector's strategic priorities. Our involvement in these organizations demonstrates our commitment to the public sector and helps keep us on top of issues affecting government entities.

Thought Leadership

Marcum is also committed to providing professional development programs to those involved in the government sector. **For the past 29 years, Marcum has presented an annual Government Symposium, an 8-hour accounting and auditing seminar that focuses on current developments in government affairs, including accounting, legal and operational topics.** We encourage our clients and non-clients alike, to attend this technical (CPE) Symposium at no cost. Since 2021, we have hosted our Annual Government Symposium virtually. Our 2023 virtual courses can be viewed online at no cost (https://www.marcumevents.com/signature-events/marcum-government-symposium) until Fall 2024.

The Firm has also presented a **multi-day training program in Massachusetts** for many years focusing on the Commonwealth's prescribed UMAS accounting and reporting requirements. In addition, we are pleased to be offering for the first time a **Rhode Island specific one-day course** on fund accounting, reporting requirements, statutory responsibilities, and effective internal controls. Both of these programs were presented in May of this year.

Anticipated Potential Audit Problems

The Firm does not anticipate any potential audit problems. One of the many advantages of choosing Marcum as your auditor is that our team has significant knowledge and understanding of municipalities and their operations. The combination of our Firm's resources, level of partner involvement and experienced team members provides an excellent service team of professionals capable of servicing your needs. **Having a local government service team with access to national resources allows us to meet or exceed client deadlines.**

Regular communication will be ongoing with Town personnel, allowing for timely knowledge of matters as they arise. When we learn of matters the Town may not be aware of, we will be active in conveying relevant information.

We understand the audit, accounting and financial reporting requirements affecting your Town. As with other issues that may arise, we will work with Management throughout the year to achieve the appropriate resolution.

Representative Client List

Marcum audits more than 400 governmental entities in New England. Below are some examples of government engagements performed by Marcum or a predecessor firm, many of them have grants subject to audit under Uniform Guidance.

City of Amesbury, MA	Manchester-By-The-Sea, MA
City of Barnstable, MA	Town of Abington, MA
City of Braintree, MA	Town of Acton, MA
City of Burlington, VT	Town of Amherst, MA
City of Central Falls, RI	Town of Andover, MA
City of Chester, PA	Town of Arlington, MA
City of Concord, NH	Town of Ashburnham, MA
City of Cranston, RI	Town of Ashland, MA
City of Dover, NH	Town of Avon, MA
City of Everett, MA	Town of Barre, MA
City of Fitchburg, MA	Town of Bedford, NH
City of Gardner, MA	Town of Belmont, MA
City of Greenfield, MA	Town of Berkley, MA
City of Haverhill, MA	Town of Bernardston, MA
City of Holyoke, MA	Town of Beverly, MA
City of Keene, NH	Town of Billerica, MA
City of Laconia, NH	Town of Bolton, MA
City of Lawrence, MA	Town of Boxford, MA
City of Leominster, MA	Town of Brookline, MA
City of Lowell, MA	Town of Burlington, MA
City of Lynn, MA	Town of Burrillville, RI
City of Manchester, NH	Town of Carlisle, MA
City of Melrose, MA	Town of Carver, MA
City of Methuen, MA	Town of Chatham, MA
City of Nashua, NH	Town of Chilmark, MA
City of Newburyport, MA	Town of Cohasset, MA
City of Nort Attleboro, MA	Town of Concord, MA
City of Peabody, MA	Town of Cumberland, RI
City of Portland, ME	Town of Danvers, MA
City of Portsmouth, NH	Town of Dartmouth, MA
City of Quincy, MA	Town of Dedham, MA
City of Revere, MA	Town of Derry, NH
City of Rochester, NH	Town of Douglas, MA
City of Saint Albans, VT	Town of Dover, MA
City of Salem, MA	Town of Dracut, MA
City of Somerville, MA	Town of Duxbury, MA
City of Springfield, MA	Town of East Bridgewater, MA
City of Taunton, MA	Town of Eastham, MA
City of Winthrop, MA	Town of Easton, MA
City of Woburn, MA	

Town of Exeter, NH
Town of Fairhaven, MA
Town of Florida, MA
Town of Franklin, MA
Town of Georgetown, MA
Town of Groveland, MA
Town of Hadley, MA
Town of Halifax, MA
Town of Hanover, MA
Town of Hanson, MA
Town of Hardwick, MA
Town of Harvard, MA
Town of Harwich, MA
Town of Holbrook, MA
Town of Hollis, NH
Town of Hudson, MA
Town of Ipswich, MA
Town of Johnston, RI
Town of Kingston, MA
Town of Lakeville, MA
Town of Lancaster, MA
Town of Lexington, MA
Town of Litchfield, NH
Town of Londonderry, NH
Town of Longmeadow, MA
Town of Ludlow, MA
Town of Lunenburg, MA
Town of Mansfield, MA
Town of Marblehead, MA
Town of Marshfield, MA
Town of Medfield, MA
Town of Millis, MA
Town of Milton, MA
Town of Monson, MA
Town of Montague, MA
Town of Needham, MA
Town of North Andover, MA
Town of North Hampton, NH
Town of North Kingstown, RI
Town of North Providence, RI
Town of North Reading, MA
Town of North Reading, MA
Town of Norwell, MA
Town of Norwood, MA
Town of Oak Bluffs, MA
Town of Orange, MA
Town of Orleans, MA
Town of Plainfield, CT
Town of Plainville, MA
Town of Plymouth, MA
Town of Randolph, MA
Town of Raymond, NH
Town of Raynham, MA
Town of Reading, MA
Town of Rehoboth, MA
Town of Rockland, MA
Town of Rockport, MA
Town of Rowley, MA
Town of Russell, MA
Town of Rutland, MA
Town of Salem, NH
Town of Sandown, NH
Town of Saugus, MA
Town of Scarborough, ME
Town of Scituate, MA
Town of Sharon, MA
Town of Shelburne, MA
Town of Somerset, MA
Town of Southampton, MA
Town of Stafford, CT
Town of Stoughton, MA
Town of Sudbury, MA
Town of Sutton, MA
Town of Swampscott, MA
Town of Tewksbury, MA
Town of Topsfield, MA
Town of Townsend, MA
Town of Tyngsborough, MA
Town of Uxbridge, MA
Town of Wakefield, MA
Town of Wareham, MA
Town of Watertown, MA
Town of Wayland, MA
Town of Wellesley, MA
Town of Wellfleet, MA
Town of Wenham, MA
Town of West Boylston, MA
Town of West Springfield, MA
Town of Westerly, RI
Town of Westford, MA
Town of Weston, MA
Town of Westwood, MA
Town of Weymouth, MA
Town of Whitman, MA
Town of Wilbraham, MA
Town of Yarmouth, MA

Belmont Public Schools	Burlington Department of Education
Berkshire Hills Regional School District	Carver Department of Education
Bristol Warren Regional School District	Chelmsford Department of Education
Burrillville School Department	Cohasset Department of Education
Cape Cod Regional Technical School District	Duxbury Department of Education
Concord School District	Hadley Department of Education
Cranston Public Schools	Hamiton Wenham Department of Education
Cumberland School Department	Haverhill Department of Education
Douglas Public School District	Lawrence Department of Education
Farmington River Reg. School District.	Lincoln-Sudbury Department of Education
Franklin County Technical School	Lowell Department of Education
Gateway Regional School District	Lunenburg Department of Education
Hampden-Wilbraham Regional School District	Manchester Essex Department of Education
Hollis Montessori School	Marblehead Department of Education
Hoosac Valley Regional School District	Milton Department of Education
Johnson School Department	Monson Department of Education
Metropolitan Regional Career & Technical Center	Nashoba Valley Tech Department of Education
Nashoba Regional School District	North Andover Department of Education
North Providence School Department	North Middlesex RSD Department of Education
Norwood Public Schools	Peabody Department of Education
Pioneer Valley Regional School District	Pentucket Department of Education
Plainfield, CT Board of Education	Plymouth Department of Education
Putney School	Quabbin RSD Department of Education
Quaboag Regional School District	Quincy Department of Education
Randolph Public Schools	Rockport Department of Education
Southeastern Regional School District	Salem Department of Education
Southeastern Regional School Foundation	Saugus Department of Education
Stafford, CT Board of Education	Somerville Department of Education
Tri-County Reg. Voc. Tech School District	Southwick Tolland RSD Department of Education
Wachusett Regional School District	Springfield Department of Education
Watertown Public Schools	Sudbury Department of Education
Westerly School Department	Swampscott Department of Education
Westford Public Schools	Tantasqua Department of Education
Weymouth Public Schools	Taunton Department of Education
Abington Department of Education	Tewksbury Department of Education
Agawam Department of Education	Wakefield Department of Education
Andover Department of Education	Ware Department of Education
Arlington Department of Education	Wareham Department of Education
Barnstable Department of Education	Wellesley Department of Education
Beverly Department of Education	West Boyleston Department of Education
Billerica Department of Education	Westwood Department of Education
Blue Hills Department of Education	Whittier RSD Department of Education
Braintree Department of Education	Winthrop Department of Education
Brookline Department of Education	Woburn Department of Education

References

There is no stronger message about quality than one heard first-hand from our clients. Please feel free to contact these clients to discuss our services.

Town of Scarborough, Maine

Contact	Norman Kildow, CPA, Finance Director
Phone / Email	207.730.4081 / nkildow@scarboroughmaine.org
Address	259 US Route One / Scarborough, ME 04070-0360
Dates Served	June 30, 2022 to present

City of Portland, Maine

Contact	Brendan O'Connell, Finance Director
Phone / Email	207.874.8642 / boconnell@portlandmaine.gov
Address	389 Congress Street / Portland, ME 04101
Dates Served	June 30, 2021 to present

Town of North Kingstown, Rhode Island

Contact	Debra J. Bridgham, Finance Director
Phone / Email	401.294.3331, x140 / DBridgham@northkingstownri.gov
Address	100 Fairway Drive / North Kingstown, RI 02852
Dates Served	June 30, 2019 to present

Town of Cumberland, Rhode Island

Contact	Jeffrey J. Mutter, Mayor
Phone / Email	401.728.2400, x132 / jmutter@cumberlandri.org
Address	45 Broad Street / Cumberland, RI 02864
Dates Served	June 30, 2021 to present

Town of Burrillville, Rhode Island

Contact	Leslie McGovern, Finance Director
Phone / Email	401.710.9335 / lmcgovern@burrillville.org
Address	105 Harrisville Main Street / Harrisville, RI 02830
Dates Served	June 30, 2022 to present

Town of North Providence, Rhode Island

Contact	Maria Vallee, Finance Director
Phone / Email	401.232.0900 / mvallee@northprovidenceri.gov
Address	2000 Smith Street / North Providence, RI 02911
Dates Served	June 30, 2021 to present

PARTNER, MANAGER AND STAFF QUALIFICATIONS AND EXPERIENCE

The experience of the personnel assigned to the engagement is critical to providing the Town with an effective and efficient audit. Their prior experience will be invaluable to the engagement. These are the professionals who will be on the job on a day-to-day basis; they need to be experienced in auditing government entities. These professionals are familiar with the complexities of governmental accounting, auditing and financial reporting, including all GASB pronouncements, the Federal Single Audit Act, OMB Uniform Guidance, fund operations, and State Laws.

The team members assigned to this engagement are licensed to practice by the State of Rhode Island. James Wilkinson, Kyle Connors, and Benjamin Wilkinson are the "key" team members. As stipulated in the RFP, removal or replacement of key team members are subject to approval by the Town.

Provided below is a brief description of each individual's role in your audit. Our commitment to active participation in local government organizations is included in the resumes in **Appendix A.**

James Wilkinson, CPA, CITP ► Partner

James Wilkinson is a partner in the Firm's Providence, Rhode Island office. He has more than 35 years of public accounting experience providing audit, accounting services, and technology consulting to a wide array of clients and industries including state and local governments.

Mr. Wilkinson will assume full responsibility for the engagement and will maintain continuous contact with management of the Town. He will be available to members of the engagement team and management as a high-level technical resource. He also will review the financial statements, related independent auditors' reports and other documents to ensure that industry standards have been adhered to and that the financial statements are in conformity with Firm and authoritative pronouncements regarding disclosure, format, terminology, etc.

Kyle Connors, CPA ► Engagement Quality Reviewer

As quality control reviewer, Kyle Connors will be responsible for reviewing the form and content of the audit workpapers and the auditor's report as well as the review of the financial statements in accordance with Firm and professional standards.

Benjamin Wilkinson, CPA ► Senior Manager

Benjamin Wilkinson is an assurance senior manager in the Providence, Rhode Island office. He has more than six years of experience in public accounting, specializing in assurance and attest engagements. His focus is on audits of state and local governments, manufacturers, distributors and uniform guidance compliance.

As the audit senior manager, Mr. Wilkinson will be responsible for the planning and direction of the audit, developing audit programs, selecting and assigning personnel and reviewing all phases of the audit. He will also maintain contact with the Town's personnel, coordinate ongoing work and advise management on the status of the engagement. He will also report to the audit partner.

In addition to the service team above assigned to this engagement, we have a team of seniors and staff accountants with extensive experience in serving municipal organizations. Our team members are among the most talented in their field and have outstanding reputations.

A premier team of professionals will serve you. Team members possess concentrated experience serving the accounting, auditing, tax and business consulting needs of a variety of governmental organizations and were selected because their ability best matches your needs. Additionally, we pride ourselves on year-round interactions with all our clients, through direct phone conversation, in-person meetings and weekly email industry communications.

Continuity of Engagement Personnel

One way in which Marcum strives to exceed expectations is through its commitment to continuity of staff on a year-to-year basis. We recognize that the relationship that develops between our professionals and your management team over time is integral in the delivery of quality service. Since our professionals will be spending significant amounts of time and effort learning about your operations, providing continuity of engagement staff makes good business sense for everyone involved. **Therefore, the team you engage today, unless you request otherwise, is the team that will be assigned routinely to provide services to you**. Marcum has historically had staff turnover that is significantly below the industry average.

Engagement Staffing and Assignment

As is the standard for auditing in our firm, engagement management above will also be on hand at various times to perform certain fieldwork tasks. We believe this approach provides certain efficiencies in completing the work and serves as an on-site resource.

We anticipate staffing to remain consistent over the term of the engagement. However, we guarantee that for any staff changes, new staff will be comparable in experience and continuing education requirements. No changes in engagement management are anticipated or planned.

The individuals, whose resumes are included in the appendices, will serve as engagement management. In addition, we plan to support the leadership team with experienced personnel from our Providence office. Each team member is licensed as a certified public accountant in the State of Rhode Island and / or Commonwealth of Massachusetts.

Staff Experience in Single Audits

The staff assigned to this engagement have significant single audit experience and perform compliance audits on nearly 100 major programs annually.

Non-Discrimination

We affirm that Marcum complies with the non-discrimination policy of the State of Maine. Marcum. Employment is based upon capabilities and qualifications without discrimination because of race, color, creed, religion, national origin, ancestry, citizenship status, age, sex or gender (including pregnancy, childbirth and related medical conditions), gender identity or expression (including transgender status), sexual orientation, marital status, military service and veteran status, physical or mental disability, protected medical condition as defined by applicable state or local law, genetic information, or any other characteristic protected by applicable federal, state, or local laws and ordinances. This policy of equal employment opportunity applies to all policies and procedures relating to recruitment and hiring, placement, training, compensation, benefits, associate activities, access to facilities and programs, promotions, transfer, discipline, termination, general treatment during employment and all other terms and conditions of employment.

Professional Development / Continuing Professional Education

All team members complete, at a minimum, 40 hours of continuing professional education ("CPE") each and every year, including governmental and Yellow Book courses. In accordance with *Government Auditing Standards* (GAS) anyone who plans, directs, or reports on audits under GAS receives 80 hours of continuing professional education in a 2-year period (24 of which is specific to the governmental environment). All others receive, at a minimum, 24 hours in the same 2-year period related to the governmental environment.

Every year, the Firm provides a minimum of 40 hours CPE in-house to all professional staff. These seminars include sessions in accounting, auditing, financial reporting, and internal controls. In addition to the in-house training, our partners and professional staff attend various outside seminars, such as those provided by the AICPA, SEC Institute, Institute of Internal Auditors and local state CPA societies. Additionally, we sponsor and host a robust calendar of programs and updates for clients and other attendees.

The Firm has made a significant commitment to formalizing its training in both technical and essential professional skills, through Marcum U, our in-house university. We continuously update our training curriculum under the guidance of our Chief Learning Officer, in consultation with our firm leaders, to offer innovative programs that offer a learning plan for our associates.

We provide a robust calendar of programs and classes that are available to our associates. The curriculum is comprised of core requirements and elective courses and learning plans are based on an individual's area of specialty or industry. We offer certification programs and opportunities for associates to earn badges in their respective areas as specialist or expert. Marcum U trainers include both our skilled learning and organizational development professionals and technical trainers across the Firm. All trainers are certified under our in-house Train the Trainer program.

We nurture our associates in their careers with coaching programs and a Trusted Advisor Program, designed to expand client relationships. We are also developing a Path to Partner program, which will help develop leadership skills for our senior managers/directors in the continuing effort to deliver excellence in client service.

A sample of our internal governmental training courses for the past three years is as follows:

- 2022 Government Symposium Series:
  - Artificial Intelligence
  - Cybersecurity & Protecting Your Critical Assets
  - GASB 87 Retrospective
  - GASB Update
  - Key Current Topics Affecting Public Housing Authorities
  - Key Single Audit Topics
  - Legislative Update
- 2024 For Profit HUD
- 2024 Major Program Determination & SMART for Single Audits
- Compliance Audits
- Finance Automation: If Not, Why Not?
- Florida Local Government Cybersecurity Act
- GASB Update 2023
- GASB Update 2024
- 2023 Florida Government Training
- Governmental Entities: Internal Control Audit Requirements
- Government Symposium: Economic Update & Forecast
- How to Implement GASB 96 and Maintain Compliance
- Key Single Audit Topics
- Legislative Update to Governmental Contracting
- NFP - 2022 Single Audit Update
- FAC System at GSA for Single Audits - What is New?
- Not-For-Profit Accounting & Auditing Update
- NFP 2024 - Endowment, Collections, Revenue
- UMAS Training Course
- Uniform Accounting System Training Course
- Uniform Municipal Accounting (UMAS) Training Course
- What Is Your Duty? And To Whom Do You Owe It?
- Yellow book and HUD audits
- Yellowbook and Single Audits

Subcontractors / Co-Proposers

Marcum will not be utilizing any subcontractors, co-proposers or any other entity providing professional services for the services provided to Lisbon. Should that change, any subcontractors, co-proposers, or any other entity providing professional services under the engagement will be subject to, and will have met, all the same applicable requirements as Marcum.

AUDIT SERVICES AND APPROACH

Audit Approach

Superior Client Service Approach

WE AIM FOR A PARTNERSHIP THAT EXCEEDS THE AUDIT

- Enhanced internal controls and efficiencies
- Stronger financial operations
- Valuable business solutions and ideas
- Best practice benchmarks
- A resource that is always available to you

Our approach to client service is simple: provide an engagement team that has industry knowledge and will communicate with you throughout the engagement process. This communication allows us to understand your ongoing business issues and challenges and to provide timely advice regarding solutions and alternatives. Besides the day-to-day communication when the consulting work is underway, our "keep current" meetings are a way to keep the lines of communication between our clients and us open.

There are many components to delivering our services. We always start with an understanding of the client and its business. When we design our engagement plan, we will work with you to ensure that we have addressed not only the risks that we believe are significant, but also areas you may see as significant.

We have a professional commitment to be concerned with the affairs of our clients on a continuing basis and to be available to you throughout the engagement. Accordingly, our engagement plan contemplates meetings with your management to discuss current results, concerns, and developing issues. We will plan, schedule and coordinate our resources economically and efficiently. Visits will be scheduled at times that are convenient to your personnel and will enable us to meet your prescribed deadlines.

Scope of Services

Marcum will perform an audit of the financial statements of Town of Lisbon, Maine. The objective of the audit is the expression of an opinion that the financial statements are fairly presented, in all material respects, and in conformity with accounting principles generally accepted in the United States.

We will issue the following reports in accordance with Generally Accepted Auditing Standards and *Government Auditing Standards*:

- Report on the fair presentation of the financial statements as a whole in conformity with accounting principles generally accepted in the United States.
- Report on internal control over financial reporting and on compliance with laws and regulations and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Issue a management letter in accordance, if applicable.
- Issue separate financial statements for the School Department, if applicable.

Required Standards

The Firm's audit will be performed in accordance with the following requirements, as applicable:

- Statements on Auditing Standards issued by the AICPA
- *Government Auditing Standards*, issued by the Comptroller General of the United States
- Codification of Governmental Accounting and Financial Reporting Standards, as promulgated by the Governmental Accounting Standards Board
- Audit and Accounting Guide, State and Local Governments, published by the AICPA
- All other applicable provisions of rules, regulations, statutes or orders which may pertain to the engagement

Monitoring and Communication

The Firm will report the following information to the Audit Committee and Town Council, as applicable.

- The auditor's responsibility under generally accepted auditing standards and *Government Auditing Standards*
- Significant accounting policies
- Management's judgments and accounting estimates
- Significant audit adjustments; uncorrected misstatements
- Other information in documents containing audited financial statements
- Disagreements with management
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit

Our Approach to Auditing Large and Complex EDP Systems

Advances in technologies are having, and will continue to have, significant influence on business activities, and related internal control and accounting systems. The audit approach that we have developed provides the efficient and effective performance of audit procedures to our clients' financial statements and internal control systems. It provides a framework that is consistently applied to all of our audit engagements. The approach encourages flexibility and innovation, timely professional judgment, and audit team input. Our audit approach is tailored to each individual engagement, evolving to ensure it remains effective.

Key features of our approach include:

- Emphasis on obtaining a thorough, current understanding of the client's operations and control environment - including the information technologies that impact and enable operations
- Account balance, transaction cycle, and performance measurement focus that enables a risk-based identification of significant accounts, significant transactions, and high-risk business areas
- Utilization of computerized audit tools in the following areas: key item selection, recalculation of totals and transaction verification, identification of unusually large amounts or unusual classifications, statistical sampling, testing for duplicate and missing check numbers, testing for duplicate payments, testing for payroll attributes, stratification of customer, vendor, and employee data, testing for large and end-of-period journal entries

We have found that the use of computerized audit tools is critical to the audit process, and in our large and complex EDP audit environments, these tools are the only efficient method we have found to maintain satisfactory audit coverage. Depending on the availability and format of the data we typically use data extraction software to help in our planning, evaluation and testing requirements.

Our audit approach has been successfully applied to a variety of large EDP systems, including large governmental environments, large non-profit organizations, as well as commercial businesses.

Reporting

Our plan will be developed based on the requirements outlined in your request for proposals. The work plan will be segmented as follows.

Financial Audits

Our audits will be made in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits in the General Accountability Office's *Government Auditing Standards* issued by the Comptroller General of the United States, and the requirements of the RI Auditor General. The primary purpose of the audit will be to express an opinion on the financial statements and, accordingly, such an examination is subject to the inherent risk that errors or irregularities may not be detected. If conditions are discovered which lead to the belief that material errors, defalcations or other irregularities exist, or if any other circumstances are encountered that require extended services, we will promptly advise the appropriate level of Town management.

The Town's financial statement reporting follows Governmental Auditing Standards Board Statement No. 34, *Basis Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

Combining and Individual Fund Statements and Schedules necessary to demonstrate compliance with finance-related legal and contractual provisions and to present information spread throughout the statements in greater detail (e.g., taxes receivable including delinquent taxes and long-term debt). We will render an "in relation to" report on these schedules.

Management's Discussion and Analysis (MD&A) will be included in the financial reporting package as required supplementary information.

Single Audits/Uniform Guidance

Single audits will be conducted in accordance with the provisions of the federal Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Guidance 2 CFR part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – Subpart F – Audit Requirements.

Reports on Compliance and Internal Controls

In the required reports on compliance and on internal controls, we shall communicate any deficiencies found during the audit. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Management Letter

If applicable, Marcum will prepare a management letter to identify systemic deficiencies observed. The letter also may offer recommendations for changes in accounting and other procedures in order to improve operations.

MANAGEMENT LETTER ADDS VALUE BEYOND THE FINANCIAL STATEMENTS

- ▶ Internal Controls Suggestions
- ▶ Operational Suggestions
- ▶ Cost vs. Benefit Evaluations
- ▶ Identify Areas for Efficiencies
- ▶ Workable Solutions
- ▶ Collaborative Process

As each potential management letter point is identified in the audit process, the engagement team will document the condition, our recommendation, and the benefits of the recommended action. All potential comments will be reviewed with key staff members before issuance. Our policy is to prepare this report as a vehicle for suggesting improvements to enhance efficiency, management effectiveness, and the degree of internal control.

Such a communication could contain comments and recommendations arising from our observations made during our audit and might encompass areas such as cash management, tax office operations, budgeting, internal accounting controls, purchasing, and the like. During the audit we will bring to your attention, on a timely basis, matters of interest as they develop.

Findings (material weaknesses and significant deficiencies and material instances of noncompliance) are required to be reported in writing and will be included in the schedule of findings and questioned costs.

Other Reporting

In conjunction with the audit report on the Town's financial statements and the Management Letter, we will also prepare the following communications:

Irregularities and Illegal Acts

We shall make an immediate, written report of any irregularities and illegal acts or indications of illegal acts of which we become aware.

Auditor Communications

We will provide the Town with all required communications under Statements on Auditing Standards 114, including but not limited to:

- Auditor's responsibility under auditing standards generally accepted in the United States of America
- Significant accounting policies
- Management judgments and accounting estimates
- Significant audit adjustments and any uncorrected misstatements
- Other information in documents containing audited financial statements
- Disagreements with management
- Management consultation with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit

Work Plan

Our work plan is structured to achieve the objective of fulfilling the expectations of the Town's elected officials and management as well as all the requirements of federal, state and local agencies. In order to accomplish this objective, our engagement plan will be structured to:

- Ensure early identification of problems or concerns with effective communication thereof to Town management and to the elected officials.
- Ensure immediate responsiveness to expressed or perceived needs or expectations.
- Maintain the necessary flexibility to deal with changed or emerging situations or concerns.
- Ensure timely completion of all services in order to meet prescribed reporting dates.
- Utilize, where necessary, functional competence and industry specialists in order to offer constructive service recommendations to management.
- Minimize inconvenience to employees of the Town.

Our concept of comprehensive services goes far beyond the routine, once-a-year performance of such services. We have a professional commitment to be concerned with the affairs of our clients on a continuing basis and to be available to Town staff and leadership throughout the year. This approach blends both technical audit and general business experience into a constructive service concept. Accordingly, our engagement plan provides specifically for frequent meetings with Town management to discuss current results, your concerns and developing issues that could affect the Town.

Our approach to all of our engagements is to tailor our services to the specific needs and requirements of the client. Our audit services are performed in conformity with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

We will take a business approach to serving the Town and will be an effective resource to you. This approach includes meeting with the Town management, providing constructive services directed at improving productivity and operations and communicating important information to Town management on a timely basis.

We will plan, schedule and coordinate our audit resources economically and efficiently. Our visits will be scheduled at times that are most convenient to your personnel and at times when your personnel are least burdened with normal workload. We expect to work closely with Town management throughout our examination.

Our relationship will grow through:

- Regular meetings to plan and review the progress of our engagement;
- Advising Town management on accounting and regulatory matters
- Submission of reports to Town management containing our recommendations for improvements in operating efficiency, internal controls, records, and operating policies and procedures

As part of the auditing function, we will also assist the Town regarding implementation of any new pronouncements issued by the Government Accounting Standards Board (GASB).

We have developed a comprehensive and effective audit work plan to serve the Town in a complete and timely manner, using our advanced auditing techniques. Each phase of the engagement is designed to minimize disruption of your personnel as our staff becomes acquainted with your accounting and financial reporting procedures.

The audit will be conducted in four phases, as shown below. These phases are discussed in more detail on the following pages.

PHASE I	PHASE II	PHASE III	PHASE IV
Strategic Planning	Execution of the Audit Plan	Evaluation of Audit Results	Completion and Delivery
Obtain an Understanding of the Town's Operations	Perform Tests of Account Balances	Documentation Reviewed by Partners and Directors	Resolve Audit Issues
Meet with the Audit Committee	Information Technology Review	Auditor's Conclusions Documented	Prepare Auditor's Reports
Develop Audit Plan and Strategies; Risk Assessment	Perform Test of Internal Controls (as applicable)	Preliminary Discussion with Management of Audit Findings	Review the Draft Financial Statements
Prepare Audit Programs	Test Compliance with Laws, Rules, Regulations and Contracts	Review Draft Financial Statements	Exit Conference
Evaluate Internal Controls			Presentation to the Town Council
			Issuance of Independent Audit

Phase I – Strategic Planning

We will tailor our audit approach through comprehensive audit planning based on a thorough understanding of your operations. The various forms and practice aids we will use were developed in accordance with the standards set by both the AICPA and *Government Auditing Standards*. This process is comprised of the following steps:

Understanding the Town's Operations

Initially we would expect to meet with the governing body (as a whole or with their designated liaison) charged with securing our services to discuss the overall timing, scope, and deliverables of our work. Next, we will meet with the Town's management team to gain an understanding of the particulars of your operations and accounting and internal accounting control systems. We will also obtain and review the applicable sections with the Town's Charter or similar documentation that would impact on our audit. In summary:

- Meetings with governing/appointing body to define audit scope
- Discussion on matters of particular concern
- Review of Town Charter, ordinances, other documentation
- Meetings with Finance Director, Town Manager, and School financial management
- Obtain understanding of the budget process
- Provide the Town with a list of information needed, including confirmations (i.e., bank and investment accounts, contact names and phone numbers, legal counsels, minutes, etc.)
- Confirm audit timing and deliverables

Review of Internal Accounting and Administrative Controls

We will perform an extensive review and evaluation of the Town's system of internal accounting and administrative controls to determine the nature, timing and extent of audit tests necessary to express an opinion on the Town's financial statements. Our study and evaluation will begin with a review of flow charts, narratives and procedural documentation available from the Town's Finance Department. This information will serve as our basis for further inquiry and review to develop an understanding of the Town's flow of transactions through the accounting system as well as the Town's overall control environment. In summary:

- Review Town accounting policies and procedures with emphasis on controls over receipts/ revenues, expenses/disbursements, purchasing, payroll, tax collections, grant administration and financial reporting
- Interview key personnel charged with administering the above area
- Conduct a review of general and application controls used in the Town's information technology activities
- Based upon the above reviews/interviews identify significant controls used in transactional processing and reporting
- Confirm our understanding of significant processes and controls
- Determine whether processing and reporting systems used for Town and School Department are the same for regular activity and federal program activity
- Obtain and review prior audit reports, management letters, and reports from any outside program monitoring conducted

Assessing Audit Risk

In order to obtain maximum efficiency for our audit effort, we assess the risks that pertain to each fund, account balance and class of transactions. Risk assessment involves the information obtained in the above section in conjunction with the use of the aforementioned practice aid tools. In summary:

- Assess inherent risk on a Town-wide basis
- Assess control risk on a Town-wide basis
- Assess the risk of material misstatement of the financial statements
- Assess both inherent and control risk by significant transaction classes (as listed in the above paragraph) and accounts
- Assess the risk of material noncompliance regarding the administration of federal major programs

Developing Audit Procedures

Based upon assessment of the relative risk identified above, we tailor our audit procedures utilizing our assessment of audit risk to determine the potential risk of misstatement in each audit area. This approach ensures that the Town will receive the maximum value for time and effort spent by our personnel through the conduct of the audit, and your personnel through their assistance to us. In summary:

- Using the risk assessments developed above we will customize our audit programs which will provide focus to significant areas
- As an example, audit programs are prepared for the following areas:
  - General Procedures
  - Cash
  - Receivables & Revenues – Governmental Funds
  - Receivables & Revenues – Proprietary Funds
  - Accounts Payable & Expenses
  - Accrued Liabilities
  - Debt (i.e., pension liability, bonds, compensated absences, leases)
  - Payroll and Post-Employment Liabilities (i.e., Pension GASB 68 / OPEB GASB 75)
  - The assessment conclusions dictate the extent to which procedures will be performed

Risk-Based Audit Technologies

Marcum employs a risk-based approach early in the audit process. This approach considers how the overall risk identified in the general risk analysis affects specific account balances.

We consider, in part:

- Relative significance of the account to the financial statements as a whole
- Volume of transactions
- Susceptibility of the account to fraud
- Accounts that have traditionally required significant adjustments
- Account with complex calculations, judgment, and accounting issues that have a high assessed level of inherent risk

Based on these considerations, we assess the inherent risk and control risk to determine the overall audit risk. Once this assessment is completed, the audit procedures to be used are determined. By redirecting our efforts through a risk-based approach, audits are significantly enhanced, which provide greater value to our clients.

We will use several approaches to conduct the audit engagement. These approaches include traditional audit techniques and strategies, and an evaluation of the systems utilized by Town of Lisbon, Maine.

Specific Fraud Investigative Techniques

Professional Auditing Standards imposes on auditors the additional responsibility to "plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements due to fraud."

By redirecting our efforts through a risk-based approach and additional fraud inquiry techniques, audits are significantly enhanced.

Phase II – Execution of the Audit Plan

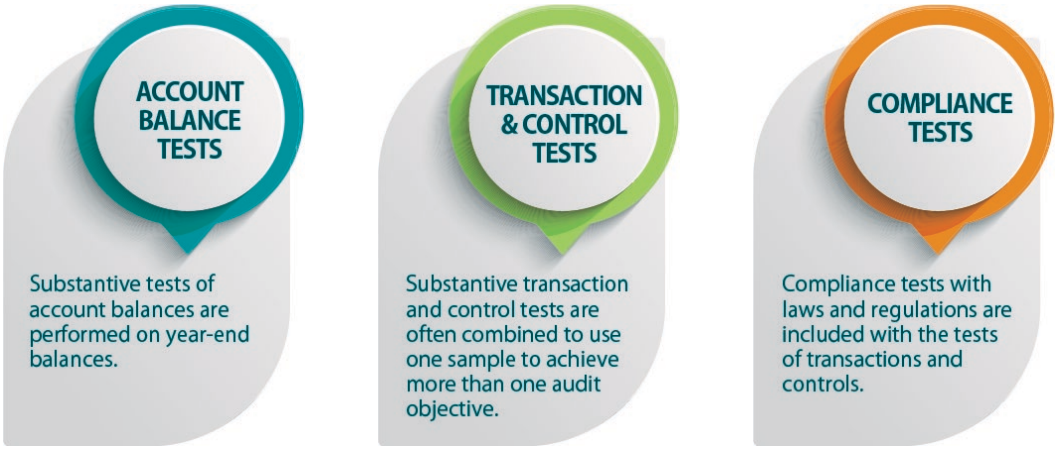
To provide for the timely completion of our audit, we would like to perform a portion of our work before year-end to identify and resolve any potential accounting issues as early as possible. During our interim examination, in addition to our review of internal controls, we will perform tests and review significant revenue and expense accounts. In summary:

- Obtain preliminary financial information for Town funds as of an available date
- Calculate a preliminary estimate of materiality, tolerable misstatement and individually significant item level by major funds and non-major funds and perform analytic procedures on significant accounts
- Obtain Town-prepared schedule of expenditures of federal awards
- Perform risk assessments on federal and state single audit programs to determine major program testing
- Design, select sample sizes, and perform dual-purpose detailed testing to satisfy requirements related to the testing of significant internal controls over both reporting and compliance (single audit). In most audits this will involve, at a minimum, tests over disbursements/expenses, payroll, cash management, and reporting. Other areas may also be tested dependent upon the Town's programs
- Perform testing within the tax collector and assessor offices covering corrections and collections
- Review any findings developed as a result of our test work with Town management

The audit team will complete a major portion of transaction testing and audit requirements during this phase. The procedures performed during this period will enable us to identify any matters that may impact the completion of our audit work or require the attention of management. Tasks to be performed in Phase II include, but are not limited to:

- Applying analytical procedures to assist in planning the nature, timing and extent of auditing procedures used to obtain evidential matter for specific account balances or transaction classes. Analytical procedures are utilized in almost every audit area tested.
- Performing substantive account balance and transaction tests. Statistical samples will be drawn from major transaction systems, including cash disbursements, cash receipts, accounts payable, and payroll. The size of the samples will be determined after the review of the internal control system.

There are three types of tests that involve audit sampling (statistical and non-statistical sampling):



The audit team will report on a weekly basis to management the status of any potential adjustments so that management may have adequate time to investigate, gather information and respond, if necessary.

Information Technology Audit Techniques

In accordance with Professional Auditing Standards, we are required to gain an understanding of the procedures, both automated and manual, by which transactions are initiated, recorded, processed and reported, from their occurrence to their inclusion in the financial statements. During the planning stage of our audit, we evaluate the effect information technology (IT) will have in performing our audit procedures. This evaluation includes obtaining an understanding (generally through observations and inquiries of IT personnel) of internal controls and identifying those controls that are automated.

When key internal controls are automated, we use our IT specialist to perform a detailed review of those automated controls. Our IT specialist will then communicate to the audit engagement team as to whether such controls are working as prescribed by management. With this information, the audit engagement team determines the extent of their audit procedures.

In client situations where there is significant accounting data processed electronically, we use a state-of-the-art software program (TeamMate Analytics) to extract and summarize computerized financial data files.

Some of the uses of this program are:

- Retrieving aged receivables information
- Extracting credit balances in accounts receivable reports
- Extracting pre-determined sample items from reports for testing
- Merging files for the purposes of extracting information that meets predetermined criteria
- Sorting information
- Footing reports
- Searching for anomalies
- Searching for related party transactions
- Searching disbursements for selected vendors

This program provides an efficient way for us to extract and test computerized accounting information, enabling us to audit through the computer, rather than around the computer.

Data Processing Controls

We will also perform a review of computer processing controls. The review examines the controls over data processing and is used to determine the level of testing necessary to rely on financial information from the systems. Our review of computer processing controls is separated into two areas – general data processing controls and application controls. General controls can be loosely defined as all of the procedures required to operate a data center, whereas the application controls relate to the specific instructions within a computer program. Assurance that general and application controls are in place and adequate is essential before we can determine the level of sampling necessary. Our review of general controls includes examining documentation, interviewing personnel and observing operations.

Use of Sampling and Analytical Reviews

We rely appropriately on testing of transactions using statistical sampling as well as substantive analytic review. Financial activity areas lending themselves to sampling include fixed asset additions and deletions; governmental and proprietary receivables and revenues, payables and search for subsequent liabilities; and accrued absences. Auditor judgment is used to determine whether sampling would be useful. The number and amount of transactions in an account help decide the use of sampling. Samples can be determined randomly, haphazardly or statistically. Statistically, sample size calculations are based upon inherent and control risks developed during audit planning coupled with significant item levels and tolerable misstatement calculations for the particular area.

Statistical sampling is particularly valuable for attribute testing for compliance under the Federal Single Audit, tests of internal controls and assumed deviation rates. Samples are designed to provide an overall assurance of 95%. For compliance (attribute) samples generally range from 25 to 60 selections.

Analytical reviews are used by our firm as a way to measure changes in terms of pre-determined deviation calculations. Commonly, our reviews are based upon tolerable misstatement and significant item calculations coupled with pre-determined allowable percentages. Large activity swings are followed up with management to identify possible mis-postings, unusual transactions, or other issues. The use of analytical reviews is an efficient way to measure performance and allow for identification of transactions.

Phase III – Evaluation of Audit Results

During this phase, we will update our interim revenue and expenditure testing and complete various balance sheet examination. In summary, we will:

- Update our initial calculations of materiality, tolerable misstatements, and significant item levels and review our previous activity in relation to these updated amounts
- Perform substantive testing or analytical reviews on significant accounts and balances
- Validate information submitted to, and received from, the actuary for Town pension funds and OPEB liability
- Review the information from confirmations received
- Follow up on any requests for client information
- Review with the Town any potential adjustments proposed by our firm
- Finish reviews of work papers in the field

Phase IV – Completion and Delivery

All of our work papers are submitted for both an in-house and an external (out of office) quality review after staff leaves the audit site. Our firm has an external quality review group of 10 individuals whose sole functions are the review of work papers and financial statements. This provides a totally independent set of eyes from firm personnel not connected with performing the engagement. The following activities will take place in the reporting phase:

- Draft reports are prepared and submitted to Town management for review
- Draft findings, comments, and recommendations are submitted to Town management for review
- If required, the Town will prepare corrective action plans to address single audit findings
- Preliminary exit meetings with Town management will be held, if the Town so desires, to discuss any questions or issues
- Final reports prepared and submitted to the Town
- Federal data collection form prepared and certified by both our firm and the Town

Annual Estimate of Hours and Segmentation

Title	Town Audit Hours	School Hours	Sewer Hours	Federal Award Hours	Total
Partner / Director	6	4	3	3	**16**
Managers / Supervisors	16	12	6	6	**40**
Seniors / Staff	120	90	45	45	**300**
Total Estimated Hours	**142**	**106**	**54**	**54**	**356**

Timetable

We are committed to meeting your deadlines and will coordinate the timing of our auditing services with you upon selection. The level of talent and availability of your staff can impact this schedule. Marcum will work with management to determine a final timeline for the audit and AUP services based on your requirements. For fiscal year ending 2024, we expect to issue the final reports by March 31, 2025. For fiscal years ending 2025 and 2026, provided all of the documentation is provided by October 1st, we expect to issue the final audit and agreed-upon procedures reports by December 31st for each of those years. The following is an example schedule.

	Year 1 (2024 YE)	Years 2 and 3
Start Date	November 1st	July 1st
List of client-provided document requests	November 1st	July 1st
Pre-conference meeting with Management	November 1st	July 1st
Preliminary audit procedures	December 1st	July 29th
Fieldwork (audit procedures)	January 1st	September 16th
Draft report	February 28th	December 1st
Presentation to Governance	March 15th	December 15th
Issuance of final report (Audit / AUP)	March 31st	December 31st

Technological Resources

Marcum Labs

Enhancing Our Service with Innovation

We seek to offer you an experience that is driven by dedicated professionals who understand the environment in which you operate, but our commitment to you doesn't end there. At Marcum, we take innovation seriously and continuously seek to improve our audit process through creative thinking and market-leading technology.

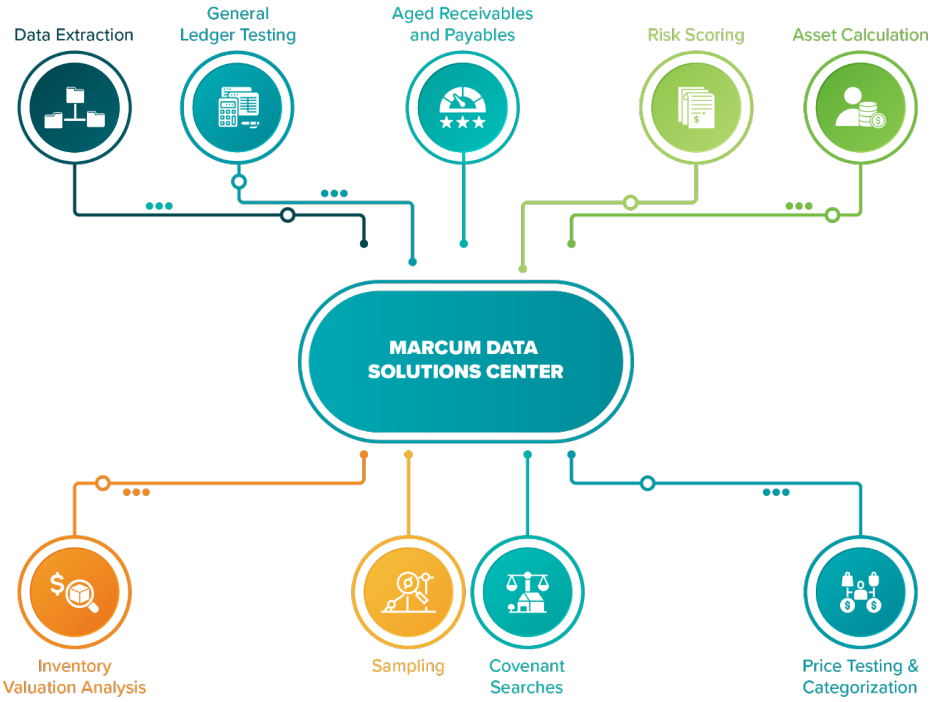
Marcum Labs is our firm's incubator dedicated to enhancing and adding value to our client service. Bringing together industry leaders, technologists, and practitioners within Marcum, this initiative improves the effectiveness and efficiency of our audit approach and enhances the value of choosing Marcum. The solutions being created through Marcum Labs have had immediate impact on our approach to handling your audit. Marcum Labs is a representation of our commitment to continuously invest in improvement, differentiating our firm with a direct benefit to our clients and our audit process.

Marcum Data Solutions Center

The Marcum Data Solutions Center ("DSC") is a grassroots solution developed by Marcum Labs to enhance our audit process through intelligent automation and advanced data analytics. Artificial intelligence has intrigued and intimidated for years. Our integration of self-directed, machine-driven solutions implemented with a human touch demonstrates how technology is able to create efficiencies and reduce risk.

Marcum assurance professionals leverage our DSC as a technology layer on top of their knowledge of your business and industry. Every application of this service is unique, as the audit team assigns work to the

DSC, which in turn offers a level of insight to enhance the audit. The result is increased scrutiny in the areas of greatest importance, without additional disruptions to your business. The integration of the Marcum DSC into your audit is seamless for your team and sets a new standard for what an audit should entail.



Intelligent Automation

As a complement to the Marcum DSC, our audit team will leverage Intelligent Automation ("IA"), a robotic process automation service developed collaboratively through Marcum Labs to increase the efficiency and depth of our engagements. Leveraging this advanced solution provides a quicker turnaround and adds significant value to the process.

The IA solution works with oversight from our professionals to offer an augmented, virtual workforce that can operate without interruption. The program streamlines the data-intensive components of our audit process and builds a knowledge base that can be leveraged from one audit to the next.

As one example, our audit teams working with clients that have cryptocurrency holdings recently leveraged this advanced platform to address the nuanced needs of our clients in this still-emerging industry. Our assurance professionals are able to address this fast-changing, ever-evolving area of risk in part because we are powering our services with creative, technology-driven solutions that adapt as the market develops and operational realities become more complex.

Secure Digital Collaboration

Marcum employs a paperless audit approach. Our audit teams utilize both proprietary and non-proprietary programs to streamline the audit process.

To ensure information is stored and shared safely, we use a secure workflow data management tool for every client relationship. The user-friendly collaborative site serves as a virtual common workspace that is keyed to our data request lists and electronic audit system. Any data we request from you can be easily uploaded to the secure site and seamlessly downloaded by our audit engagement team directly into our electronic work programs. This cloud-based tool minimizes the use of emails to transmit data, enhances

the security of your information and eliminates duplicate requests for data. Our software tools and approach to our work reduce demands on client resources and saves our clients time and money.

Computerized Audit Techniques

We will use ProSystem*fx* Engagement software, which is a paperless software package. We will coordinate, if possible, with your IT department to download from your computer system the trial balance, consolidated financial statements and any other schedules that will assist us in completing our services. We will use the latest data analysis technology software (TeamMate Analytics) to help us access and analyze your data to maximize our audit efficiency.

Tailoring the Audit Methodologies

After meeting with your accounting department and obtaining an understanding of your policies and procedures, Marcum will design procedures that will enable us to test data within your current system. We do not use prepackaged audit programs, but instead, tailor our audit programs to work within our clients' environment to get the job done in the most efficient manner.

Marcum's Capability to Audit Remotely

We have the capability to conduct many of our services remotely. The paperless process and efficient workflow we employ allowed us to adjust seamlessly to a virtual environment. Although we may not physically be in your offices, our overall process will not change.

When working remotely, we use Zoom and Microsoft Teams to have face-to-face meetings with clients and to observe processes or controls necessary for us to see. On the last day of fieldwork, whether we are in your office or auditing remotely, we hold an exit meeting with our entire team and your team to discuss any open items, potential issues, and potential management letter comments as well as confirm deadlines for the delivery of draft financial statements and the final reports.

Marcum's goal is to be flexible, to adapt to the client's changing needs and ultimately to perform our audit procedures with minimal disruption to Lisbon's personnel. To that end, during the planning phase of the engagement, we will discuss with management their preference as to where we perform our audit procedures. Marcum will then incorporate the results of that discussion into our audit plan for this engagement.

Communication with Management

Clear and timely communications are critical to delivering the highest quality services. Throughout our engagement, we will consistently communicate our findings, recommendations and other observations to management. We will provide management with status reports during the course of our engagement. Such reports are an effective method to communicate initial findings and questions and to eliminate surprises at the end of the engagement.

At the completion of the engagement, we will meet with you to review the results of our procedures, which will include required communications as defined by professional standards and our observations and recommendations for improvements.

Assistance from Town Staff

We design our audits to be as minimally disruptive to your daily operations as reasonably possible. We will coordinate with your Finance Director for many of our needs as they relate to our audit of the accounting records and we will prepare the draft financial statements and other schedules for your review and approval. We will also provide Lisbon with access to a secure portal for transferring documents that we request during the audit process, such as organizational policies, budgets, reports, etc.

For our on-site fieldwork, we will provide you with sample lists of resident files, invoices and other supporting documentation in advance of our visit. Our audits typically do not require your accounting staff to prepare any schedules that are onerous or time consuming.

PROPOSED FEES

At Marcum LLP ("Marcum"), our goal is to minimize the costs of our services while adhering to the highest level of professional standards. Our mission as a professional services firm is to maximize the value of the services we provide to our clients by maintain a high level of efficiency without compromising quality.

Total All-Inclusive Maximum Price

Marcum's proposed all-inclusive maximum price is provided below.

Annual Auditing Services for	FYE 2024	FYE2025	FYE2026
Town (General, Capital, and Special Reserves Funds)	$ 23,400	$ 24,200	$ 25,000
School Department	17,550	18,150	18,750
Sewer Fund	8,775	9,075	9,375
Federal Awards *	8,775	9,075	9,375
Total	**$ 58,500**	**$ 60,500**	**$ 62,500**

** Assumes two (2) major federal awards each year.*

Billing Assumptions

We made the following assumptions in arriving at our estimated fees:

1. Client resources that we need to perform our work will be made available to us in a timely fashion. Specifically, suitable workspace for our staff and equipment, adequate access to your computer systems, internet access for our staff to receive and send email, access to the building, etc.
2. All document requests and other information required by us will be delivered to our team members within timetables determined during the planning phase of our engagement or on a timely basis if requested during the course our audit.
3. Information that we receive to perform our work will be accurate and complete.
4. There are no unforeseen circumstances that will prohibit us from working efficiently.
5. There are no disagreements concerning possible audit adjustments that cannot be resolved satisfactorily in a timely matter.

Out-of-Pocket Expenses

The aforementioned fee is all-inclusive and includes direct out-of-pocket expenses, including but not limited to: travel, cost of report production and postage. Marcum will waive our standard administrative fee, an allocation of overhead expenses that are not billed as direct reimbursable expenses.

Rates for Additional Professional Services

We are available to provide a variety of other services to the Town. After ensuring there would be no independence impairment, these services will be discussed in advanced and agreed to in an addendum to the contract.

Manner of Payment

Our invoices for these fees will be rendered periodically as the work progresses, and are due and payable within thirty (30) days of presentation.

BENEFITS OF CHOOSING MARCUM

With Marcum you will are assured to receive:

- National firm with specialized governmental experience and resources
- Significant partner involvement resulting in personalized service and communication of value-added ideas throughout the year
- Senior engagement team members have extensive industry experience
- Dedicated client-focused engagement teams
- Recently received an exceptional peer review report that contained no comments. A copy of this report is included as Appendix B.

In summary, Marcum has the resources of a large team with relevant in-depth industry knowledge to provide the highest level of quality service that you expect and deserve as a valued client.

Value-Added Support and Resources

Our goal is to keep you informed of pronouncements or regulatory changes before they occur and to maintain communication throughout the year. We offer trainings to clients on best practices and governance responsibilities. Communication comes through e-newsletters and direct conversations with our clients. We are committed to providing you with a team that is proactive, responsive and available.

Offering educational opportunities to our clients and to our staff is an important part of our service philosophy. Our team participates in a variety of educational programs through trade and professional organizations on a regular basis. We provide regular, internal educational programs to our staff to keep them abreast of changing accounting methodologies, audit issues, tax law changes and industry specific regulatory matters. Many of our industry professionals make presentations to our clients and various trade associations.

For our clients, we deliver educational opportunities and industry updates through a variety of methods. When important industry topics or issues emerge, we communicate these matters to clients and other members of the governmental industry. Methods used to provide these industry updates and educational opportunities include:

- Meetings with management and the Audit Committee or Town Council
- Email communication for breaking news and discussions of new accounting or tax regulations
- Invitations to participate in relevant webcasts and webinars on industry topics

APPENDIX A

Engagement Team Profiles



MARCUM
ACCOUNTANTS ▲ ADVISORS

JAMES D. WILKINSON, CPA*, CITP

Partner

ASSURANCE SERVICES
401.600.4709 / james.wilkinson@marcumllp.com



James D. Wilkinson is a partner in the Firm's Providence, Rhode Island office.

He has more than 35 years of public accounting experience providing audit, accounting services, and technology consulting to a wide array of clients and industries. Additionally, he advises clients in areas ranging from business process efficiencies, mergers and acquisitions, and implementation of new accounting pronouncements.

James is passionate about leveraging technologies to solve business challenges and provides outsourced accounting services for growing, entrepreneurial businesses from start-ups to well-established operations. He strives to implement technologies to empower people and transform complex systems and business processes into efficient and productive suites of integrated applications. He enjoys the fast-paced and ever-changing technology environment and contributing to client successes.

James is an active peer review team captain under the AICPA Peer Review program, and has conducted quality control reviews for a multitude of CPA firms across the country.

PROFESSIONAL & CIVIC AFFILIATIONS

- American Institute of Certified Public Accountants (AICPA)
- Rhode Island Society of Certified Public Accountants (RISCPA)
- Massachusetts Society of Certified Public Accountants (MSCPA)
- New England Peer Review, Inc., Member of Executive Committee (1995 - 2001; 2007 - 2013)
- PHS Music Boosters, Inc., Treasurer and former President
- Associated Builders and Contractors of Rhode Island
- International Council of Shopping Centers
- Bill.com Accounting Partner Advisory Council, Founding Member

ACCREDITATIONS, DESIGNATIONS & CERTIFICATIONS

- Certified Information Technology Professional (AICPA)
- Xero Certified Advisor
- QuickBooks ProAdvisor
- Bill.com Certified Expert

PRACTICE FOCUS

- Financial Statement Audits
- Compliance Audits
- Agreed-Upon Procedures
- Internal Control Assessments
- Accounting System Implementations
- Cloud Accounting

INDUSTRY FOCUS

- State and Local Governments
- Nonprofit Organizations
- ERISA Employee Benefit Plans
- Real Estate
- Emerging Businesses/Start-Ups

EDUCATION

- Bachelor of Science,
  Business Administration
  Bryant University

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MARCUM
ACCOUNTANTS ▲ ADVISORS

KYLE J. CONNORS, CPA*

Partner

ASSURANCE
401.600.4722 / kyle.connors@marcumllp.com



Kyle Connors is an assurance partner in the Providence, Rhode Island office. He has more than 14 years of experience in public accounting, with significant experience in municipal auditing and financial reporting matters. In addition, Kyle leads assurance engagements for nonprofit organizations, utility districts, public housing authorities, schools, and redevelopment authorities.

Kyle has extensive Uniform Guidance experience, testing for compliance in the administration of federal education grants, HUD grants, and federally funded capital loan programs. He also has extensive experience performing program-specific audits for public and for-profit companies. Throughout his tenure in municipal accounting, Kyle has worked closely with the State of Rhode Island, assisting municipal entities in implementing the Annual Supplemental Transparency Portal reporting.

Kyle works within the Firm's quality control group, ensuring that newly enacted GASB and FASB standards are properly implemented. He also serves as a team member on peer review engagements, assisting with peer reviews and pre and post-issuance reviews for firms across New England.

PROFESSIONAL & CIVIC AFFILIATIONS

- American Institute of Certified Public Accountants (AICPA)
- Massachusetts Society of Certified Public Accountants (MSCPA)
- Leading Edge Alliance Young Professionals Group

PRACTICE FOCUS

- Governmental Audits
- Financial Statement Audits
- Financial Reporting
- Uniform Guidance
- Program Specific Audits
- Peer Reviews
- Agreed Upon Procedure
- Engagements Compliance Examinations

INDUSTRY FOCUS

- Government
- Municipalities
- Nonprofit
- Schools
- Utility Districts
- Fire Districts
- Redevelopment Authorities
- Low Income Housing Tax Credits

EDUCATION

- Master of Business Administration
  University of Massachusetts
- Bachelor of Science in Accounting
  University of Massachusetts

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MARCUM
ACCOUNTANTS ▲ ADVISORS

BEN WILKINSON, CPA*

Senior Manager

ASSURANCE SERVICES
401.600.4726 / benjamin.wilkinson@marcumllp.com



Benjamin Wilkinson is an assurance senior manager in the Providence, Rhode Island office. He has more than six years of experience in public accounting, specializing in assurance and attest engagements. His focus is on audits of state and local governments, manufacturers, distributors and uniform guidance compliance.

PROFESSIONAL & CIVIC AFFILIATIONS

- American Institute of Certified Public Accountants (AICPA)
- Rhode Island Society of Certified Public Accountants (RISCPA)

PRACTICE FOCUS

- Financial Statement Audits
- Uniform Guidance Compliance Audits
- Agreed-Upon Procedures
- Attest Engagements

INDUSTRY FOCUS

- Manufacturers
- Distributors
- State & Local Governments

EDUCATION

- Master of Professional Accountancy
  Bryant University
- Bachelor of Science, Business Administration, Accounting
  Bryant University

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MARCUM
ACCOUNTANTS ▲ ADVISORS

APPENDIX B

Peer Review Report



MARCUM
ACCOUNTANTS ▲ ADVISORS

BROWNEDWARDS
certified public accountants

Report on the Firm's System of Quality Control

To the Partners of
Marcum LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Marcum, LLP (the "firm"), applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended April 30, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards,* including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA; and examinations of service organizations (SOC 1 and 2 engagements).

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Marcum, LLP, applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended April 30, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies), or fail*. Marcum, LLP has received a peer review rating of *pass*.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
January 30, 2024

Your Success is Our Focus

3906 Electric Rd. • Roanoke, VA 24018 • 540-345-0936 • Fax: 540-342-6181 • www.BEcpas.com

APPENDIX C

Evidence of Insurance Liability Coverage



MARCUM
ACCOUNTANTS ▲ ADVISORS

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

Date (MM/DD/YYYY)
10/11/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Pace Professional Services, Ltd. 585 Stewart Avenue, Suite 600 Garden City, NY 11530	CONTACT NAME:		
	PHONE (A/C, No, Ext):	FAX (A/C, No):	
	EMAIL ADDRESS:		
	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A :	Swiss Re International SE / Castel / Convex/Chubb UK/ Ki	
INSURED Marcum LLP 10 Melville Park Road Melville, NY 11747	INSURER B:		
	INSURER C :		
	INSURER D :		
	INSURER E :		
	INSURER F :		

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSUARNCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (mm/dd/yyyy)	POLICY EXP (mm/dd/yyyy)	LIMITS	
	GENERAL LIABILITY ☐ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☐ OCCUR ☐ ☐ GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PROJECT ☐ LOC			N/A			EACH OCCURANCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS – COMP/OP AGG	$ $ $ $ $ $ $
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED ☐ HIRED AUTOS ☐ NON-OWNED AUTOS ☐ ☐ ☐ **UMBRELLA LIAB** ☐ OCCUR ☐ **EXCESS LIAB** ☐ CLAIM-MADE ☐ DED ☐ RETENTION $			N/A			COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident) EACH OCCURANCE AGGREGATE EACH OCCURANCE	$ $ $ $ $ $ $ $
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPERIETOR/PARTNER/ EXECUTIVE OFFICER/MEMBER EXLUDED? Y/N ☐ **(Mandatory in NH)** If yes, describe under DESCRIPTION OF OPERATIONS below	**N/A**		N/A			☐ WC STATU-TORY LIMITS ☐ OTHER E.L. EACH ACCIDENT E.L. DISEASE – EA EMPLOYEE E.L. DISEASE – POLICY LIMIT	$ $ $ $
A	Accountants Professional Liability			PSACO2300473	10/01/2023	10/01/2024	$10,000,000/$10,000,000	

DESCRIPTION OF OPERATIONS / LOCATIONS/ VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER	CANCELLATION
Marcum LLP 10 Melville Park Road Melville, NY 11747	**SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.** AUTHORIZED REPRESENTATIVE

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 1/18/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Hub International Northeast Limited 100 Sunnyside Blvd Woodbury PA 11797	**CONTACT NAME:** Carla LaMedola **PHONE (A/C, No, Ext):** 516-677-4902 **FAX (A/C, No):** 516-595-1696 **E-MAIL ADDRESS:**
INSURED MARCLLP-01 Marcum LLP 10 Melville Park Road Melville NY 11747	**INSURER(S) AFFORDING COVERAGE** — **NAIC #** **INSURER A :** National Fire Insurance Company of Hartford — 20478 **INSURER B :** Continental Casualty Company — 20443 **INSURER C :** The Continental Insurance Company — 35289 **INSURER D :** North American Capacity Insurance Company — 25038 **INSURER E :** Columbia Casualty Company — 31127 **INSURER F :**

COVERAGES **CERTIFICATE NUMBER:** 1225658448 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X **COMMERCIAL GENERAL LIABILITY** CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC OTHER:			7018085918	1/1/2023	1/1/2024	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG $	$ 1,000,000 $ 1,000,000 $ 5,000 $ 1,000,000 $ 2,000,000 $ 2,000,000 $
B	**AUTOMOBILE LIABILITY** ANY AUTO OWNED AUTOS ONLY X HIRED AUTOS ONLY SCHEDULED AUTOS X NON-OWNED AUTOS ONLY			7018085921	1/1/2023	1/1/2024	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident) $	$ 1,000,000 $ $ $ $
C	X **UMBRELLA LIAB** X OCCUR **EXCESS LIAB** CLAIMS-MADE DED X RETENTION $ 10,000			7018085952	1/1/2023	1/1/2024	EACH OCCURRENCE AGGREGATE $	$ 25,000,000 $ 25,000,000 $
C	**WORKERS COMPENSATION AND EMPLOYERS' LIABILITY** Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? N/A **(Mandatory in NH)** If yes, describe under DESCRIPTION OF OPERATIONS below			7018085952	1/1/2023	1/1/2024	PER STATUTE OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ 1,000,000 $ 1,000,000 $ 1,000,000
D E	Crime Cyber Excess Cyber			C-4LPX-225469-CYBER-2022 652456729	8/23/2022 8/23/2022	8/23/2023 8/23/2023	Limit Aggregate Excess Aggregate	5,000,000 5,000,000 5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Evidence of Insurance

CERTIFICATE HOLDER

Evidence of Coverage

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Mary Jeanne Gleason

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