

January 22, 2024

Mr. Tim Carroll  
Town Administrator  
Town of Chilmark, Massachusetts  
401 Middle Road  
P.O. Box 119  
Chilmark, MA 02535

You have requested that we audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Chilmark, Massachusetts (the “Town”), as of June 30, 2024 and 2025, and for the years then ended, and the related notes to the financial statements, which collectively comprise the Town of Chilmark, Massachusetts’s basic financial statements. We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services Powers & Sullivan, LLC will provide for the fiscal years ending June 30, 2024 and 2025.

If applicable, we will audit the entity’s compliance over major federal award programs for the fiscal years ended June 30, 2024 and 2025. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity’s major federal award programs.

Accounting principles generally accepted in the United States of America require that for certain required supplementary information such as management’s discussion and analysis, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management’s responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- 1) Management’s Discussion and Analysis.
- 2) General Fund Budgetary Comparison Schedule.
- 3) Retirement System Schedules.
- 4) Other Postemployment Benefit Plan Schedules.

Supplementary information other than RSI will accompany the Town of Chilmark, Massachusetts's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

### **Schedule of Expenditures of Federal Awards (if applicable)**

We will subject the schedule of expenditures of federal awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements as a whole.

### **Audit of the Financial Statements**

- We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. If the Town is required to prepare and submit a Schedule of Expenditures of Federal Awards, we will conduct our audit in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)[and, if applicable, in accordance with any state or regulatory audit requirements]. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain

other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent financial reporting, misappropriation of assets, detected abuse, or violations of laws or governmental regulations) may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America [*and, if applicable, in accordance with any state or regulatory audit requirements*]. Please note that the determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and, if applicable, the Schedule of Expenditures of Federal Awards in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the Town of Chilmark, Massachusetts's basic financial statements. Our report will be addressed to the governing body of the Town of Chilmark, Massachusetts's. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods or any losses that might be incurred during any later periods for which we are not engaged as auditors.

### **Audit of Major Program Compliance (if applicable)**

Our audit of the Town of Chilmark, Massachusetts's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the Uniform Guidance, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will

be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the entity has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major federal award programs. Our procedures will consist of determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal award programs. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

We have identified the following significant risk(s) of material misstatement as part of our audit planning, and we would be happy to discuss these with you during the course of our audit:

1. Management override of internal controls
2. Conversion from the Budgetary Basis of Accounting to the Modified Accrual Basis
3. Conversion from the Modified Accrual Basis to the Full Accrual Basis of Accounting
4. Improper revenue recognition
5. Implementation of new accounting standards
6. Compilation of the Schedule of Federal Awards
7. Reconciliation of cash and investments
8. Impairment of long lived assets
9. Impairment of goodwill/other intangibles
10. Going concern
11. Complex debt and equity transactions
12. Debt forgiveness, extinguishment and modifications
13. Fair value measurements
14. Inventory valuation/obsolescence
15. Accounts receivable and allowance
16. Other significant estimates
17. Related party transactions
18. Any other significant risks identified

## Management's Responsibilities

Our audit will be conducted on the basis that management and those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
3. For identifying, in its accounts, all federal awards received and expended during the period and the federal programs under which they were received, including federal awards and funding increments received in accordance with the Uniform Guidance;
4. For maintaining records that adequately identify the source and application of funds for federally funded activities;
5. For preparing the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance;
6. For the design, implementation, and maintenance of internal control over federal awards;
7. For establishing and maintaining effective internal control over federal awards that provides reasonable assurance that the nonfederal entity is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards;
8. For identifying and ensuring that the entity complies with federal statutes, regulations, and the terms and conditions of federal award programs and implementing systems designed to achieve compliance with applicable federal statutes, regulations, and the terms and conditions of federal award programs;
9. For disclosing accurately, currently, and completely the financial results of each federal award in accordance with the requirements of the award;
10. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
11. For taking prompt action when instances of noncompliance are identified;
12. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
13. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
14. For submitting the reporting package and data collection form to the appropriate parties;
15. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
16. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, and relevant to federal award programs, such as records, documentation, and other matters;
  - b. Additional information that we may request from management for the purpose of the audit;
  - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

17. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
18. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
19. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance;
20. For the accuracy and completeness of all information provided;
21. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
22. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the schedule of expenditures of federal awards referred to above, if applicable, you acknowledge and understand your responsibility (a) for the preparation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance, (b) to provide us with the appropriate written representations regarding the schedule of expenditures of federal awards, (c) to include our report on the schedule of expenditures of federal awards in any document that contains the schedule of expenditures of federal awards and that indicates that we have reported on such schedule, and (d) to present the schedule of expenditures of federal awards with the audited financial statements, or if the schedule will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by you of the schedule and our report thereon.

At the conclusion of our audit, we will request certain written representations from you that, among other things, will confirm management's responsibility for the preparation of the financial statements in accordance with GAAP, attesting to the completeness and truthfulness of representations and disclosures made to us during the course of our work, the completeness and availability of all minutes of the Board and committee meetings, and, to the best of your knowledge and belief, the absence of irregularities involving management or those employees who have significant roles in the Town's internal control structure. Management is also responsible for adjusting the financial statements to correct misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the audited financial statements are immaterial, both individually and in the aggregate, to the financial statements as a whole. Any assistance provided by us in preparing the financial statements, adjusting entries or disclosures does not decrease management's responsibility to assure that the result is not misleading. Further, you are responsible for designating a qualified management-level individual to be responsible and accountable for overseeing any such services. The management representation letter must be signed and returned to us before we will release our auditors' report.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. If you are missing

any documents or workpapers from our prior years' engagements (if applicable), it is your responsibility to inform us. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

### **Communication with Those Charged with Governance**

As part of our engagement, we are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process as well as other matters we believe should be communicated to those charged with governance. GAAS does not require the auditor to design procedures for the purpose of identifying other matters to communicate with those charged with governance. Such matters include, but are not limited to, (1) the initial selection of and changes in significant accounting policies and their application; (2) the process used by management in formulating particularly sensitive accounting estimates and the basis for our conclusions regarding the reasonableness of those estimates; (3) all passed audit adjustments; (4) any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the financial statements or our report; (5) our views about matters that were the subject of management's consultation with other accountants about auditing and accounting matters; (6) major issues that were discussed with management in connection with the retention of our services, including, among other matters, any discussions regarding the application of accounting principles and auditing standards; (7) serious difficulties that we encountered in dealing with management related to the performance of the audit; and (8) matters relating to our independence as the Town's auditors.

### **Auditors' Report and Reproduction**

We will issue a written report upon completion of our audit of the Town's financial statements. Our report will be addressed to those charged with governance. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s) to our auditors' report. If for any reason, we are unable to complete the audit or we are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of the engagement. If, in our professional judgment, the circumstances require us to do so, we may resign from the engagement prior to completion.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing of internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

We will also issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

If you intend to publish or otherwise reproduce the financial statements and/or make reference to our Firm, you agree that the Town's management will provide us with a draft for our review and approval before disclosure, inclusion or incorporation by reference of any of our reports or the reference to Powers & Sullivan before such document or information is published, printed or distributed. You also agree to provide us with the final reproduced material for our approval before it is distributed. In addition, to avoid unnecessary delay or misunderstanding, you agree to provide us timely notice of your intention to issue any such document.

With regard to the electronic dissemination of the Town's financial statements, including financial statements published electronically on the Town's website, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document. However, you agree that you will notify Powers & Sullivan and obtain our approval prior to including any of our reports on any electronic site.

If the Town elects to issue public debt and not have us associated with the proposed offering, we agree that our association with the proposed offering is not necessary providing that the Town agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. The Town agrees that the following disclosure will be prominently displayed in any such official statement or memorandum.

Powers & Sullivan, LLC has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Powers & Sullivan, LLC, also has not performed any procedures relating to this official statement.

### **Data Collection Form (if applicable)**

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. **It is management's responsibility to submit a reporting package including financial statements, schedule of expenditure of federal awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the federal audit clearinghouse.** The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the federal audit clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the *earlier* of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

### **Assistance By Your Personnel**

We will ask that your personnel, to the extent possible, prepare required schedules and analyses, and make selected invoices and other required documents available to our staff. This assistance



by your personnel will serve to facilitate the progress of our work and minimize our time requirements.

You agree to inform us as soon as possible, but no later than the effective date of change, of any changes to the organization structure, reorganization, and any changes to individuals in management, officers and financial reporting oversight roles. Note that in order to ensure Powers & Sullivan, LLC maintains independence with respect any new entities or individuals associated with the company, you should provide information of the upcoming change as early as possible in the process.

You acknowledge that the Town's confidential information may be transmitted to us through an information portal or delivery system established by us or on our behalf. You shall notify us in writing of your employees, representatives, or other agents to be provided access to such portal or system; upon the termination of such status, you shall immediately notify us in writing. You acknowledge that you are responsible for the actions of your current and former employees, representatives, or other agents in connection with the transmission of your information. During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you understand that communication in those mediums involves a risk of misdirected or intercepted communications.

### **Background Checks**

As a matter of our Firm policy, we may elect to perform background checks, which may require out-of-pocket expenses, on potential clients and/or on existing clients, on an as-determined basis. The terms and conditions of this engagement are expressly contingent upon the satisfactory completion of our investigatory procedures and we reserve the right to withdraw from any relationship should information which we deem to be adverse come to our attention. The results of all background checks and other investigatory procedures are submitted to, and reviewed by, our Firm's Client Acceptance Committee.

### **Independence**

Professional standards require that a firm and its members maintain independence throughout the duration of the professional relationship with a client. Powers & Sullivan, LLC will periodically reevaluate the Firm's independence as part of our customary client continuance process or more frequently, should circumstances arise that may require us to investigate whether Powers & Sullivan's independence may have been impaired. You agree to promptly advise us of any matters or changes in circumstances that could affect our independence or give rise to conflicts including: changes in senior management or conflicts that could affect our independence.

Also, in order to preserve the integrity of our relationship, no offer of employment shall be discussed with any Powers & Sullivan professionals assigned to the audit, including within the one-year period prior to the commencement of the year-end audit, and through the date of issuance of our audit report. Pursuant to professional standards, should such an offer of employment be made, or employment commences during the indicated time period, we may consider this an indication that our independence has been compromised. As such, we may be required to recall our auditors' report due to our lack of independence. In the event additional work is required to satisfy independence requirements, such work will be billed at our standard hourly rates.

If you need a permanent employee and would like assistance in locating this type of individual, we can provide personnel search assistance for a fee to help you locate and hire a qualified individual.

### **Confidentiality/Access to Working Papers**

“Confidential Information” means non-public information that a party marks as “confidential” or “proprietary” or that otherwise should be understood by a reasonable person to be confidential in nature. All terms of this engagement letter, including but not limited to fee and expense structure, are considered Confidential Information. Confidential Information does not include any information which (i) is rightfully known to a recipient prior to its disclosure; (ii) is released to any other person or entity (including governmental agencies) without restriction; (iii) is independently developed by recipient without use of or reliance on Confidential Information; or (iv) is or later becomes publicly available without violation of this engagement letter or may be lawfully obtained by recipient from a non-party. Each party will protect the confidentiality of Confidential Information that it accesses or receives, except that a party may disclose Confidential Information to the extent required by applicable law, statute, rule, regulation, judicial or administrative process or professional standards or litigation pertaining hereto. If disclosure of Confidential Information is required by law, statute, rule or regulation judicial or administrative process (including any subpoena or other similar form of process), or by professional standards, then the party required to make that disclosure shall (other than in connection with routine supervisory examinations by regulatory or authorities with jurisdiction or professional standards or reviews, and without breaching any legal or regulatory requirement) provide the other party with prior prompt written notice thereof and if practicable under the circumstances, allow the disclosing party to seek a restraining order or other appropriate relief at disclosing party’s sole cost and expense. In addition, the Town acknowledges and agrees that Powers & Sullivan may disclose Confidential Information to respond to its professional obligations. You authorize Powers & Sullivan to participate in discussions with and to disclose your information to your agents, representatives, administrators or professional advisors (including accountants, attorneys, financial and other professional advisors), their respective officers, directors or employees, and other parties as you may direct.

Notwithstanding any other provision of this agreement, Powers & Sullivan and the Powers & Sullivan Subcontractors (defined below) may use Confidential Information received hereunder to develop, enhance, modify and improve technologies, tools, methodologies, services and offerings, and/or for development or performance of data analysis or other insight generation. Information developed in connection with these purposes may be used or disclosed to you or current or prospective clients to provide them services or offerings. Powers & Sullivan and the Powers & Sullivan Subcontractors will not use or disclose Confidential Information in a way that would permit you to be identified by third parties without your consent. The foregoing consents are valid until further notice by you.

The working papers prepared in conjunction with our engagement are the property of Powers & Sullivan and constitute confidential information. These working papers will be retained by us in accordance with applicable laws and with our Firm’s policies and procedures. However, we may be required, by law or regulation, to make certain working papers available to regulatory

authorities for their review, and upon request, we may be required to provide such authorities with photocopies of selected working papers.

The Firm is required to undergo a "Peer Review" every three years. During the course of a Peer Review engagement, selected working papers and financial reports, on a sample basis, will be inspected by an outside party on a confidential basis. Consequently, the accounting and/or auditing work we performed for you may be selected. Your signing this letter represents your acknowledgement and permission to allow such access should your engagement be selected for review.

As a result of our prior or future services to you, we may be required or requested to provide information or documents to you or a third party in connection with a legal or administrative proceeding (including a grand jury investigation) to which we are not a party. If this occurs, we shall be entitled to compensation for our time and reimbursement for our reasonable out-of-pocket expenditures (including legal fees) in complying with such request or demand. This is not intended, however, to relieve us of our duty to observe the confidentiality requirements of our profession.

### **Third-Party Service Providers**

Powers & Sullivan may use or subcontract the services to its affiliates, subsidiaries, Powers & Sullivan related parties and/or third parties, including contractors, subcontractors and cloud-based service providers, in each case within or outside of the United States (each, a "Subcontractor") in connection with the provision of services and/or for internal, administrative and/or regulatory compliance purposes. You agree that Powers & Sullivan may provide confidential and other information Powers & Sullivan receives in connection with this agreement to Subcontractors for such purposes. Powers & Sullivan maintains internal policies, procedures and safeguards to protect the confidentiality of your information and Powers & Sullivan will remain responsible to you for the protection of such information and services performed by such Subcontractors as provided herein.

### **Dispute Resolution Procedure for Any and All Disputes Under This Engagement Letter and Governing Law**

As a material inducement for us to accept this engagement and/or render the services to the Town in accordance with the provisions of this engagement letter:

The Firm and the Town each hereby knowingly, voluntarily and intentionally waive any right either may have to a trial by jury with respect to any litigation based hereon, or arising out of, under or in connection with this engagement letter and/or the services provided hereunder, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of either party.

We acknowledge your right to terminate our services at any time, and you acknowledge our right to resign at any time (including instances where in our judgment, our independence has been impaired or we can no longer rely on the integrity of management), subject in either case to our right to payment for all direct and indirect charges including out-of-pocket expenses incurred

through the date of termination or resignation or thereafter as circumstances and this agreement may require, plus applicable interest, costs, fees and attorneys' fees.

### **Limitation of Liability**

You agree that our liability arising from or relating to our services shall not exceed the total amount paid by you for the services described herein. This shall be your exclusive remedy.

No action, regardless of form, arising out of the services under this agreement may be brought by you more than one year after the date the last services are provided under this agreement.

The Town hereby indemnifies Powers & Sullivan and its partners, principals, and employees, and holds them harmless from all claims, liabilities, losses and costs arising in circumstances where there has been a known misrepresentation by a member of the Town's management, regardless of whether such person was acting in the Town's interest. This indemnification will survive completion or termination of this agreement.

### **Non-Attest/Non-Audit Services**

We will not assume management responsibilities on behalf of the Town. However, we will provide advice and recommendations to assist management of the Town in performing its responsibilities.

The Town's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee any non-attest services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

We are prohibited by professional standards from preparing source documents and authorizing or approving transactions. Accordingly, management must determine and approve all transactions including appropriate account classifications. As part of our engagement, we may propose standard, adjusting or correcting journal entries to the financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements.

The services cannot be relied on to detect errors, fraud or illegal acts that may exist. However, we will inform you of any material errors, fraud or illegal acts that come to our attention, unless they are clearly inconsequential. In addition, we have no responsibility to identify and communicate significant deficiencies or material weaknesses in the Town's internal control as part of a non-attest/non-audit service engagement.

We will perform the following services that are considered non-attest services:

- Financial Statement Preparation
- Assistance with Data Collection Preparation
- Cash to accrual conversions
- Accrual to cash conversions
- Reconciliations

- Accounting services
- Advisory Services
- Valuation
- Forensic Accounting
- Information systems design, implementation, or integration
- Internal Audit
- Investment advisory or management services

### **Other Services**

We are always available to meet with you and/or other executives at various times throughout the year to discuss current business, operational, accounting and auditing matters affecting the Town. Whenever you feel such meetings are desirable please let us know; we are prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend the meetings of the Town.

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Town; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Powers & Sullivan, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the applicable cognizant or oversight agency for audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Powers & Sullivan, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the applicable cognizant or oversight agency for audit, or Pass-through Entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Our fixed fee for the audit of the Towns basic financial statements will be \$23,000 for fiscal year 2024 and \$24,000. These fees include out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.). Any fees charged for bank and similar

confirmations or responses from legal representatives are the sole responsibility of the Town. Our invoices for these fees will be rendered as work progresses and are payable on presentation.

If the Town is required to complete a Single Audit in any fiscal year our fee will be \$4,000 for one major program audited and \$2,500 for each additional major program audited.

The fees for the June 30, 2024 engagement as well as the engagement for the year ending June 30, 2025 (“Future Engagement”) is outlined above. The terms and conditions, other than fees, of the Future Engagement will be outlined in a separate engagement letter for each fiscal year which will be executed prior to commencement of the engagement.

In the event we are requested or authorized by the Town or required by government regulation, subpoena, or other legal process to produce our working papers or our personnel, the Town will, so long as we are not party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such a request.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our peer review can be viewed at [www.pas.cpa](http://www.pas.cpa).

### **Agreement**

This letter comprises the complete and exclusive statement of the agreement between the parties, superseding all proposals oral or written and all other communications between the parties. If it is determined that any provision of this letter is unenforceable, all other provisions shall remain in full force and effect. This letter comprises the complete and exclusive statement of the agreement between the parties, superseding all proposals oral or written and all other communications between the parties. The Town may not assign or transfer this Agreement, or any rights, licenses, obligations, claims or proceeds from claims arising out of or in any way relating to this Agreement, any Services provided hereunder, or any fees for Services to anyone, by operation of law or otherwise without Powers & Sullivan’s prior written consent and any assignment without consent shall be void and invalid. Powers & Sullivan may assign this Agreement, including all the rights and benefits hereunder, to any affiliate or acquirer of or successor to its business, or purchaser of all or substantially all of its assets, stock or interests or in the event of a reorganization or restructuring, and by your signature hereto, you consent to such assignment and the transfer of the Town’s files and information.

It is hereby understood and agreed that this engagement is being undertaken solely for the benefit of the Town and that no other person or entity shall be authorized to enforce the terms of this engagement. The undersigned represents and warrants that it has the requisite authority and consents to enter into and perform this Agreement and the obligations herein for and on behalf of the Town.

We appreciate the opportunity to be of service to the Town and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Powers & Sullivan, LLC".

Powers & Sullivan, LLC

RESPONSE:

If you agree with the terms of our engagement, as described in this letter, please sign this engagement letter and return it to us. This letter correctly sets forth the understanding of the Town of Chilmark, Massachusetts.

Signature: \_\_\_\_\_

Town Administrator