

116 State Road #8  
Post Office Box 791  
Sagamore Beach, MA 02562

November 1, 2016

Mr. James M. Kreidler, Jr.  
Town Administrator  
Town of Townsend  
272 Main Street  
Townsend, MA 01469

Dear Mr. Kriedler,

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for the Town of Townsend.

We will apply the agreed-upon procedures which the Town of Townsend (hereinafter referred to as "Town") has listed below.

**Background:**

In 2014 the Water Department was required to submit proof of compliance with the Town's Surplus Property policy (approval of the Board of Selectmen to declare surplus with funds turned over to the treasury) relating to scrap metal and other scrap materials generated from water department operations. Specifically, proof of compliance with the requirement that all scrap material be declared surplus by the Board of Selectmen and proof of receipt of revenue from the disposition of scrap. At the time the Water Commissioners and Superintendent indicated that a prior practice had been to cash in scrap and hold the cash in the department safe as "petty cash", and that more recently, they had made arrangements with their meter vendor, Stiles Inc., to take the materials for a credit on the department's invoice.

In March of 2016, the Treasurer Collector researched the water department for any evidence of cash turnovers related to scrap and found none going back several years.

In March of 2016, the Town Accountant reviewed all Stiles invoices and found no credits for scrap since the one identified in 2014.

The Board of Selectmen has not been asked to declare anything surplus for several years.

**Scope and Deliverable:**

- Research the amount of money appropriated for the purchase of metal materials (meter bottoms, tops and/or readers, pipe and fittings) since 2014.
- Research the number/ amount of metal materials purchased since 2014.
- Research the number of metal materials replaced by the department since 2014.
- Research and reconcile metal materials bought, replaced and currently on site as scrap.
- If unable to reconcile, research what happened to the materials and/or the resultant revenue.

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Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Town of Townsend. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purpose for which this report has been requested or for any other purpose.

In order for us to complete this engagement, and to do so efficiently, we require unrestricted access to all documents, reports and personnel necessary to complete the agreed-upon procedures. Any failure to provide such cooperation, and to do so in a timely basis, will impede our services, and may require us to suspend our services or withdraw from the engagement.

Based on our understanding, you agree to perform the following functions in connection with the engagement to perform the non-attest services:

- a. The Town agrees to make all management decisions and perform all management functions;
- b. The Town has designated an individual who possesses suitable skill, knowledge, or experience to oversee the services;
- c. The Town agrees to evaluate the adequacy and results of the services performed;
- d. The Town agrees to accept responsibility for the results of the services; and
- e. The Town has established and maintained internal controls, including monitoring ongoing activities.

Because the agreed-upon procedures listed above do not constitute an examination, we will not express an opinion on the sufficiency of the current internal controls over financial reporting. In addition, we have no obligation to perform any procedures beyond those listed in the aforementioned schedule.

We will submit a report listing the procedures performed and our findings. This report is intended solely for the use of the Town and should not be used by anyone other than these specified parties.

Our fees for this engagement are not contingent on the results of our services. Rather, our fee for this engagement will be \$ \$7,500.00. In the event that we encounter unusual circumstances that would require us to expand the scope of the engagement, and/or if we anticipate our fees exceeding the aforementioned amount, we will adjust our estimate, and obtain your prior approval before continuing with the engagement.



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If this letter accurately summarizes the terms of our agreement, please sign and return to me. Thank you for your consideration. I look forward to working with you.

Very truly yours,

Eric A. Kinshurf, CPA

**ACCEPTED AND AGREED:**

Town of Townsend

\_\_\_\_\_  
By: James M. Kreidler, Jr.  
Its: Town Administrator

\_\_\_\_\_  
Date