



Proven Expertise & Integrity

May 18, 2026

Selectboard
Town of Farmington
153 Farmington Falls Road
Farmington, Maine 04938

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Farmington, Maine for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 31, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Farmington, Maine are described in Note 1 of Notes to Financial Statements. All significant transactions have been recognized in the financial statements in the proper period.

As described in Note 1 of Notes to Financial Statements, the Town of Farmington, Maine changed accounting policies related to Governmental Accounting Standards Board (GASB Statement) No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", No. 96, "*Subscription-Based Information Technology Arrangements*" and No. 99, "*Omnibus 2022*" in 2023. There was no impact in the financial statements based on the cumulative effect of these accounting changes.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Farmington, Maine's financial statements were:

- Fair value of investments
- Depreciation expense which is based on the estimated useful lives of capital assets
- Pension and OPEB related assets, liabilities and revenues/expenses which are based on actuarial valuations
- Accrued compensated absences
- Deferred property tax revenues

Management's process for determining the above estimates is based on firm concepts and reasonable assumptions of both historical and future events. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are reflected in the deposits and investments, capital assets and other long-term obligations footnotes.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. A schedule of any uncorrected misstatements has been presented to management with the management representation letter. We identified and proposed adjustments of misstatements as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 18, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Town of Farmington, Maine’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Farmington, Maine’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit we considered internal controls for the purpose of determining our auditing procedures but not for the purpose of expressing an opinion on the effectiveness of the Town of Farmington, Maine’s internal control over financial reporting or compliance. We provided a separate letter reporting the results of our consideration of internal control to the management of the Town of Farmington, Maine dated May 18, 2026.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB and Notes to Required Supplementary Information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Selectboard and management of the Town of Farmington, Maine and is not intended to be and should not be, used by anyone other than these specified parties.

Very Best,

RHR Smith & Company

RHR Smith & Company, CPAs



Proven Expertise & Integrity

May 18, 2026

Selectboard
Town of Farmington
153 Farmington Falls Road
Farmington, Maine 040938

MANAGEMENT LETTER

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Farmington, Maine as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Farmington, Maine's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of the Town of Farmington, Maine's internal control over financial reporting or compliance.

During our audit we became aware of several matters referred to as "management letter comments" that offer opportunities for strengthening internal control and improving operating efficiencies of the Town of Farmington, Maine. The following page summarizes our comments and suggestions on these matters.

This report is intended solely for the information and use of the Selectboard, management and others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

These matters do not modify our opinion on the financial statements for the year ended December 31, 2023, where we expressed an unmodified opinion on our independent auditor's report dated May 18, 2026.

Bank Reconciliations (Repeat Comment):

While performing the audit for the above-mentioned fiscal year, we noted that not all monthly bank reconciliations were being reconciled to the general ledger. We recommend that all bank statements are reconciled to the general ledger and all applicable adjusting entries be posted to the appropriate period to ensure timely adjustments as necessary, and accurate information in the financial software.

While performing the audit for the above-mentioned fiscal year, we noted that the Town does not always reconcile its cash account within a month of receiving the bank statement. We recommend that the Town performs all bank reconciliations on its financial software within 30 days of month end to help ensure accurate and timely information in the financial software and that appropriate adjustments are posted in a timely manner in the period of the activity.

While performing the audit for the above-mentioned fiscal year, we noted that the Town still has old outstanding checks in their outstanding listing that were either issues related to voids or checks that should be reissued and sent to the State of Maine, Unclaimed Property Division. It is recommended that going forward stale outstanding checks are periodically review and addressed in a timely manner. The risks pertaining to the bank reconciliations would likely be reduced with additional oversight monitoring and monthly review by someone with capacity other than the reconciliation preparer.

We would like to thank Tammy, Erica and all of the staff at the Town of Farmington, Maine for their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,

A handwritten signature in cursive script that reads "RHR Smith & Company".

RHR Smith & Company, CPAs