



BLUE STAR

ACCOUNTING AND ADVISING

July 25, 2025

Town of Chebeague Island
Viktoria Wood, Town Administrator
192 North Road
Chebeague Island, ME 04017

This letter is to confirm the services you have asked Blue Star Accounting and Advising to provide to the Town of Chebeague Island. Please read it carefully, as it outlines the nature, scope, and limitations of the services to be provided.

In general, our municipal consulting services may include the following:

- Assistance with developing annual budgets,
- Assistance with developing and maintaining a capital improvement plan,
- Analyzing and making recommendations to improve business management processes and internal controls,
- Preparing periodic budget-to-actual reports along with analysis and comments,
- Performing bank reconciliations,
- Analyzing journal entries and posting necessary adjustments to keep the accounting records in compliance with governmental accounting standards,
- Preparing annual financial statements and note disclosures to be submitted to the Town's auditor,
- Assistance in collecting and providing supporting documentation, analysis, and responses to the Town's auditor,
- Training the Town's finance staff in general accounting principles, governmental and fund accounting, using accounting software, and developing and preparing decision-useful internal financial reports, and
- Phone, email, and in-person consultations.

The details of any particular service or project (e.g., timing, deliverables, method of delivery, due dates, etc.) will be coordinated and agreed to between Blue Star Accounting and Advising and the Select Board, or the Town staff as directed by the Select Board, when the service or project is requested. Other consulting services or projects not listed above may be requested by the Town and performed under this engagement letter. Blue Star Accounting and Advising reserves the right to refuse to perform any requested service. If a requested service does not fall within the scope of a consulting service (defined in the Our Responsibilities section), a separate engagement will be entered into for that service.

Our Responsibilities

Please note that consulting services differ fundamentally from and should not be confused with attest services. In an attest service, an independent practitioner expresses an opinion or conclusion about the reliability of written assertions that are the responsibility of another party, the asserter. By contrast, in a consulting service, the practitioner employs technical skills, education, observations, experiences, and knowledge of the consulting process to develop findings, conclusions, and recommendations that are presented to and for the sole use and benefit of the client. The nature and scope of the work is determined solely by an agreement between the practitioner and the client.

Therefore, we will conduct our engagement in accordance with the Statements on Standards for Consulting Services (SSCS) promulgated by the Management Consulting Services Executive Committee of the AICPA and comply with the AICPA's Code of Professional Conduct.

The general standards of our profession apply to all services and include:

- *Professional competence.* We undertake only those services that we can reasonably expect to complete with professional competence.
- *Due professional care.* We exercise due professional care in the performance of our services.
- *Planning and supervision.* We adequately plan and supervise the performance of our services.
- *Sufficient relevant data.* We obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to our services.

The following additional standards apply to consulting services due to the distinctive nature of the services to be performed:

- *Client interest.* We serve the client's interest by seeking to accomplish the objectives established with our clients while maintaining integrity and objectivity.
- *Understanding with the client.* We establish a written or oral understanding about the responsibilities of the parties and the nature, scope, and limitations of the services to be performed, and modify the understanding if circumstances require significant change during the engagement.
- *Communication with the client.* We inform the client of (a) conflicts of interest that may occur pursuant to integrity and objectivity standards, (b) significant reservations concerning the scope or benefits of the engagement, and (c) significant engagement findings or events.

In performing this engagement, we will be relying on the accuracy and reliability of information provided by the Town's personnel. The procedures we will perform will be heavily influenced by the representations, documents, and other information received from Town personnel. Accordingly, false representations, altered or incomplete documentation, and erroneous or omitted information (intentional or not) could cause inaccurate findings and, therefore, inappropriate recommendations may be developed, and critical recommendations may go unidentified. Given these inherent limitations, this engagement cannot be relied on to identify or disclose any fraudulent activity, wrongdoing within the entity, or noncompliance with laws and regulations. However, should we discover, identify, or suspect any fraudulent activity, wrongdoing, or noncompliance, this information shall be brought to the attention of the Town promptly.

Your Responsibilities

You are responsible for providing us with access to all information of which you are aware that is relevant to providing the agreed upon services, such as records, documentation, and other matters, as well as additional information we may request for this engagement. You may restrict our access to information as you deem necessary, but you acknowledge that doing so could have a material effect on the conclusions, findings, and recommendations we provide to you. By signing this agreement, you understand and accept responsibility for the accuracy and completeness of the information provided to us by Town personnel.

You are also responsible for all management decisions, maintaining a system of internal control to detect and prevent errors and fraud, ensuring the Town meets all statutory, regulatory, and contractual requirements, reviewing and assessing the quality of our work, and determining whether to implement any recommendations we may provide to you.

Other Matters

Fees and Billings

Our fees for work will be \$150/hour charged in quarter-hour increments plus out-of-pocket expenses. Should we be required to travel to provide services, travel time will be billed at \$50/hour plus mileage at the standard federal mileage rate plus any related tolls, fares, and parking fees.

Payment for services is due when billed. Billings become delinquent if not paid within 30 days of the invoice date. If billings are delinquent, we may stop all work until your account is brought current or withdraw from this engagement.

The Town acknowledges and agrees that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered, we shall not be liable for any damages that occur as a result of our ceasing to render services.

Electronic Communications

In connection with this engagement, we may communicate with you or others via email or other electronic transmission. We will take reasonable measures to secure your confidential information in our electronic transmissions. However, as these forms of communication can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that electronic transmissions from us will be properly delivered to and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of electronic transmissions, or for the unauthorized use or failed delivery of information transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of electronic transmissions, including any consequential, incidental, direct, indirect, or special damages, or disclosure or communication of confidential or proprietary information.

Third Party Service Providers

We may, from time to time, and depending on the circumstances and nature of the services we are providing, share your confidential information with third-party service providers. We will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In the event that we are unable to secure appropriate confidentiality terms with a third-party service provider, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Although we will use our best efforts to make the sharing of your information with such third parties secure from unauthorized access, no completely secure system for electronic data transfer exists. As such, by your signature below, you understand that we make no warranty, expressed or implied, on the security of electronic data transfers.

Record Retention

It is our policy to keep records of client engagements for at least three (3) years after the termination of services. We will only keep electronic copies of your records, so any original records will be returned to you. It is your responsibility to retain and protect your records (which include any work product we provide to you as well as any records that we return) for possible future use, including potential examination by any government or regulatory agencies. Blue Star Accounting and Advising does not accept responsibility for hosting client information; therefore, you have the sole responsibility for ensuring you retain and maintain in your possession all your financial and non-financial information, data, and records. By your signature below, you acknowledge and agree that upon the expiration of the three-year period, we shall be free to destroy all records related to this engagement.

Dispute Resolution

If any dispute, except for a dispute over fees, arises between Blue Star Accounting and Advising and the Town of Chebeague Island, both parties agree to first try in good faith to settle the dispute through mediation before resorting to litigation. If the parties cannot agree on a mediator, each party will select their own mediator and the selected mediators will be engaged to select a mediator to mediate the dispute. The costs of any mediation proceeding shall be shared equally by all parties.

Both parties agree that any dispute over fees will be submitted for resolution by arbitration. If both parties cannot agree on an arbitrator, the same process as mediator selection above shall be used. Under all circumstances the arbitrator must follow the laws of the State of Maine. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution. The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

Limitation of Liability

Except in cases of fraud, embezzlement, or gross negligence on the part of Blue Star Accounting and Advisors, its officers, or employees, the Town of Chebeague Island agrees, to the fullest extent permitted by law, to limit our liability to you for any and all claims, losses, costs, and damages of any nature whatsoever, so that our total aggregate liability to you shall not exceed our total fee for services rendered under this agreement.

The Town also releases and indemnifies Blue Star Accounting and Advising, its officers, and employees from any and all claims, liabilities, costs and expenses attributable to any misrepresentations, omissions, or restricted access to relevant information by Town personnel.

The Town agrees that, to the extent permitted by law, there is a one-year limitation period to bring a claim against Blue Star Accounting and Advising for any act arising out of services rendered pursuant to this agreement by you or on your behalf. The one-year period will begin upon the date of the termination of this engagement.

Termination

The parties agree that this engagement may be terminated by either party at any time and for any reason by providing written notice to the other party. The Town indemnifies and holds harmless Blue Star Accounting and Advising, its officers, and employees for any damages or costs incurred by the Town attributable to the termination of services.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

BLUE STAR
ACCOUNTING & ADVISING

Blue Star Accounting and Advising
Lewiston, Maine

The Town of Chebeague Island agrees to the terms of this engagement letter.

Viktoria G. Wood, Town Administrator

Date

Carol, White, Select Board Chair

Date