



Certified Public Accountants and Business Consultants

March 4, 2011

Mr. Nathan Poore, Town Manager
Town of Falmouth
271 Falmouth Road
Falmouth, Maine 04105

Dear Mr. Poore:

Thank you for this opportunity to provide continuing professional services to the Town of Falmouth. We believe that we work well with your staff and will provide the Town with an efficient, thorough, well presented and timely audit as we have done for the six five years. We are very excited about continuing our audit relationship with you. You can be assured that Runyon Kersteen Ouellette (RKO) is the right firm to help the Town with its financial responsibilities.

Because of our desire to continue working with the Town after the expiration of the current contract, I would like to propose an extension to that contract through 2011.

If our contract were for an additional year, the fees for the Town of Falmouth audit would be as follows:

| | |
|------------|--------------|
| Town | \$14,400 |
| School | 8,100 |
| Wastewater | <u>2,900</u> |
| Total | \$25,400 |

This represents a 2% increase over the prior year fees. We understand that it is an extremely difficult budget environment for our clients and are trying to keep our increases reasonable while still trying to cover our own increasing costs. Our fees are predicated on the assumption that the Town's operations do not change significantly during the period of the engagement, that the Town's accounting records are reconciled, balanced, and otherwise in good order, and that Town personnel provide us with timely and accurate assistance, including schedules substantiating account balances and assistance in preparing confirmations and locating invoices. Routine consultations requiring minimal time expenditure would be gratis. Obviously should the scope of the audit increase or decrease significantly, we would expect to negotiate modifications to our contract accordingly. Our practice is to submit periodic billings as the work progresses.

Runyon Kersteen Ouellette is proud of its distinguished reputation in governmental auditing and consulting. RKO has provided audit services to many of Maine's municipalities, quasi-governmental organizations and non-profit organizations. These communities have retained RKO because of our expertise in the governmental sector especially as it applies to governments within the State of Maine. We believe in an efficient audit approach, which is carried out by well trained governmental audit specialists. Please note the following areas which we feel set RKO apart from our competition:


Mr. Nathan Poore, Town Manager
Town of Falmouth
Page 2

- Our commitment to assisting our clients with the implementation of new accounting pronouncements
- Our strong cohesive governmental group committed to serving the governmental sector
- National level training for our governmental staff
- Advanced technology including the latest in hardware and software capabilities, internet access, and our own Web page
- Expertise in federal and state compliance auditing and reporting
- Periodic training seminars for our governmental clients and other invited guests

Service is the attribute which we at RKO most highly regard, and if we can be of any further assistance, or if you have any questions, please contact me at 1-800-486-1784. We look forward to working with you in the future.

Very truly yours,

RUNYON KERSTEEN OUELLETTE


Greg Chabot