



Honorable Select Board  
Town of Stoneham, Massachusetts

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Stoneham, Massachusetts as of and for the year ended June 30, 2023, and have issued our report thereon dated April 24, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our Statement of Work dated August 3, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings or issues**

#### ***Qualitative aspects of accounting practices***

##### **Accounting policies**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Stoneham, Massachusetts are described in Note 1 to the financial statements.

As described in Note 1, the entity changed accounting policies related to subscription-based information technology arrangements (SBITA) by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 96, SBITA's, in fiscal year 2023. The implementation of this standard did not impact the financial statements.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### **Accounting estimates**

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 estimate(s) affecting the financial statements were:

- Management's estimate of the Net Pension Liability is based on certified actuarial valuation, which contains multiple assumptions regarding mortality, retirement, etc. We evaluated the key factors and assumptions used to develop the Net Pension Liability in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the Net OPEB Liability is based on a certified actuarial valuation, which contains multiple assumptions regarding mortality, retirement, etc. We evaluated the key factors and assumptions used to develop the Net OPEB Liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of depreciation expense is based on the estimated useful lives of capital assets, which are based on history and industry standards. We evaluated the methods used in determining the useful lives in determining they are reasonable in relation to the financial statements taken as a whole.

#### **Financial statement disclosures**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

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.

#### ***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

#### ***Corrected misstatements***

The attached schedule summarizes all adjustments that were required to convert the trial balance to a financial statement presented in accordance with accounting principles generally accepted in the United States of America. Management has accepted responsibility for such adjustments in its April 24, 2024 management representation letter.

#### ***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

#### ***Management representations***

We have requested certain representations from management that are included in the management representation letter dated April 24, 2024.

***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 entity’s financial statements or a determination of the type of auditors’ 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.

***Significant issues discussed with management prior to engagement***

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

***Other audit findings or issues***

We have provided a separate communication to you dated April 24, 2024, communicating internal control related matters identified during the audit.

***Audits of group financial statements***

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

***Limitations on the group audit***

There were no restrictions on our access to information of components or other limitations on the group audit.

***Required supplementary information***

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

***Supplementary information in relation to the financial statements as a whole***

With respect to the schedule of expenditures of federal awards (SEFA) included in the GAO & Uniform Guidance report, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated April 24, 2024.

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This communication is intended solely for the information and use of the Honorable Select Board and management of the Town of Stoneham, Massachusetts and is not intended to be, and should not be, used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
April 24, 2024

**SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT**  
 Town of Stoneham  
 General Fund  
 Year Ended June 30, 2023

**UNCORRECTED MISSTATEMENTS OF AMOUNTS**

**Effect of misstatements on:**

Description	Assets	Liabilities	Fund Balance / Net Assets	Net Expense/Revenue and Change in Net Assets / Fund Balance
Uncollectible Accounts for Motor Vehicle Taxes	\$ 82,507		\$ 82,507	\$ 82,507
Uncollectible Accounts for Personal Property Taxes	58,406		58,406	58,406
Net current year misstatements (Iron Curtain Method)	140,913	-	140,913	140,913
Net prior year misstatements	-	-		-
Combined current and prior year misstatements (Rollover Method)	\$ 140,913	\$ -	\$ 140,913	\$ 140,913
Financial statement totals	<u>27,224,531</u>	<u>9,255,190</u>	<u>17,969,341</u>	<u>2,835,231</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	1%		1%	5%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	1%		1%	5%