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January 26, 2026

To the Town Council, Town Manager and Finance Director  
Town of Windham  
8 School Road  
Windham, Maine 04062

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Windham, Maine ("the Town") for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* 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 September 16, 2025. 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 are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2025, other than the implementation of GASB Statement No. 101, *Compensated Absences*. We noted no transactions entered into by the Town 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 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 Town's governmental activities were:

*Management's estimates of depreciation expense and accumulated depreciation, which are based on management's estimates of useful lives for the underlying assets.* We evaluated the key factors and assumptions used to develop the estimates of depreciation and accumulated depreciation in determining that they are reasonable in relation to the financial statements taken as a whole.

*Management's estimates of liabilities, deferred inflows and deferred outflows relating to pension and OPEB plans, which are based on actuarial data performed by the plans' respective actuaries.* We evaluated the key factors and assumptions used to develop the estimates relating to pension and OPEB balances in determining that they are reasonable in relation to the financial statements taken as a whole.

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. We are pleased to note that no such misstatements were identified during our audit.

*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 January 26, 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'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's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and to the schedules relating to pension and OPEB balances, as identified in the table of contents, 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 combining and individual fund financial statements as identified in the table of contents 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.

Other Comments

During our audit we noted that for the six-month period from January through June, 2025 the Town had failed to adhere to its own ordinance requiring approval by the Town Council of all payroll issuances by way of review and signature and same by at least one Councilor. Upon further review we learned that this ordinance had continued to be not followed through substantially all of calendar year 2025. We discussed this matter with Town administration, noting in part that notwithstanding this particular omission, the Town's procedures for processing, reviewing and approving payroll is actually quite strong, with multiple layers of review and approval required before each pay period's payroll can be released. A review of relevant State of Maine statutes further indicates that in spite of the general statutory requirement that all municipal disbursements only be issued upon review and approval by the town's municipal officers, those same statutes expressly permit a town to exempt itself from this requirement if, among other things, such exemption is codified by way of charter or ordinance.

We understand that the Town Council or designated representatives thereof have now since reviewed all payroll warrants for 2025 and have retroactively approved their issuance. Additionally, the Town has adopted or is presently adopting an ordinance retroactively eliminating the Town's previously self-imposed requirement for such review and approval. We would encourage the Town to take steps to ensure that all such internal control policies and procedures are followed going forward, while periodically reviewing all such practices giving thought to their continued practicality, effectiveness and relevance.

Restriction on Use

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

Very truly yours,

Peter J Hall CPA LLC  
South Portland, Maine

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