

October 31, 2016

To the Board of Selectmen
Town of Barrington, New Hampshire

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Barrington, New Hampshire for the year ended December 31, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted 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 May 26, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

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 Barrington, New Hampshire are described in Note 1 to the basic financial statements. As described in Note 1 to the basic financial statements, the Town adopted and implemented GASB Statement #68 – Accounting and Financial Reporting for Pensions during the year ended December 31, 2015. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the financial statements and is described in Note 15 to the basic financial statements. We noted no transactions entered into by the Town of Barrington, New Hampshire 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 governmental activities, each major fund and the aggregate remaining fund information's financial statements were:

Management's estimate of the allowance for uncollectible taxes receivable is based on taxpayer bankruptcies, abatements subsequently issued, historical collection levels, and an analysis of the collectability of individual accounts. Also, management's estimate for the allowance for uncollectible accounts receivable is based on historical collection levels and an analysis of the collectability of certain accounts. We evaluated the key factors and assumptions used to develop the allowances in determining that they are reasonable in relation to the financial statements taken as a whole. Additionally, management's estimates of the useful lives of capital assets are based upon historical records of utilization, necessary improvements and replacements. We evaluated the key factors and assumptions used to develop the depreciable useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Significant estimates also include actuarial assumptions used in determining pension costs which are based on plan audited financial statements. We evaluated the assumptions used in the plan audited financial statements to determine that they are reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

As discussed in Note 2 to the basic financial statements, the Town has not implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The provisions of GASB Statement 45 were required to be implemented by the Town during the year ended December 31, 2009.

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. However, the completion of our audit fieldwork was delayed in order to adjust pre-audit trial balances provided by the Town to year end actual balances.

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. Management has corrected all such misstatements. Please see the attached schedule of significant adjustments detected and corrected as a result of audit procedures.

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 October 31, 2016.

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 Barrington, New Hampshire'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 prior to retention as the Town of Barrington, New Hampshire'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 noted certain deficiencies in the Town of Barrington, New Hampshire's internal control that we considered to be a material weakness. See the separately issued 'Report on Internal Controls' dated October 31, 2016, for further information regarding the identified deficiencies.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, the schedule of changes in the Town's proportionate share of the net pension liability, and the schedule of Town contributions, 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 nonmajor governmental fund financial statements, 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 use of the Board of Selectmen and management of the Town of Barrington, New Hampshire and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Vachon Clukay & Company PC

Town of Barrington, New Hampshire
Significant Audit Adjustments
For the year ended December 31, 2015

The following is a listing of the significant audit adjustments made for the year ended December 31, 2015 and have been corrected by management:

General Fund:

- To record an opening entry to restore prior year audited balances with a net fund balance effect of \$307,374.
- To adjust various current year balances at year end to actual as a result of opening entry reversals with a net fund balance effect of \$119,383.
- To adjust for the change in the estimated allowance for uncollectible taxes in the amount of \$75,000.
- To adjust tax deeded property balances at year end to actual by (\$103,949).
- To adjust the interfund balance payable from the General Fund to the various expendable trust and capital reserve funds at year end in the amount of \$60,755.
- To adjust the interfund balance payable from the various expendable trust and capital reserve funds to the General Fund at year end in the amount of \$177,505.

Aggregate Remaining Funds:

Conservation Commission Fund

- To adjust the interfund payable balance due to the General Fund at year end in the amount of (\$129,010).
- To adjust for current year expenditure activity in the amount of \$44,631.
- To adjust for current year revenue activity in the amount of \$155,791.

Recreation Fund

- To reclassify the cash and interfund receivable balance due from the General Fund at year end in the amount of \$226,465.

Library Fund

- To restore prior year audited balances in the amount of (\$95,051).

Ambulance Revolving Fund

- To restore prior year audited balances in the amount of (\$37,262).