



July 28, 2015

Edward T. Perry, CPA

James A. Sojka, CPA

Sheryl A. Pratt, CPA*

To the Members of the Board of Selectmen
Town of Allenstown
16 School Street
Allenstown, NH 03275

Michael J. Campo, CPA*

Donna M. LaClair, CPA**

Ashley J. Miller, CPA

Tyler A. Paine, CPA

Kyle G. Gingras, CPA

Susan E. Gauthier, CPA

Dear Members of the Board:

We have audited the financial statements of the governmental activities, business-type activities, major fund, and aggregate remaining fund information of Town of Allenstown for the year ended December 31, 2014. 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 January 28, 2015. 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 Town of Allenstown are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by Town of Allenstown 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 of Allenstown's financial statements were:

Management's estimate of the useful lives of capital assets is based on historical information and industry guidance. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible taxes is based on historical data and information known concerning assessing appeals. We evaluated the key factors and assumptions used to develop the allowance for uncollectible taxes in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the landfill postclosure care liability is based on an estimate provided by the Town's engineer. We evaluated the key factors and assumptions used to develop the landfill postclosure care liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other postemployment benefit liability is based on assumptions about future events, such as employment, mortality, and the healthcare cost trend, as well as estimates of the value of the reported amounts. We evaluated the key factors and assumptions used to develop the other postemployment benefit liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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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. Adjustments proposed and approved were primarily of a routine nature which management expects the independent auditors to make as part of their year-end procedures. These adjustments in the general fund resulted in net increase in the change in fund balance totaling \$59,620.

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 July 23, 2015.

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

In review of our fraud risk questionnaire that was completed by the Town of Allentown Sewer Commissioners, it was indicated that the independent auditors are responsible for establishing and adopting accounting procedures and policies. This statement is not true and could potentially impair our independence as the Town's independent auditors. We may provide guidance in regard to the accounting procedures and policies, but we are not responsible for the establishment or adoption of said policies. We recommend that the Board of Commissioners formally adopt accounting policies and procedures.

Town Infrastructure

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, requires Phase 3 governments, which the Town of Allentown is, to report its major general infrastructure assets prospectively effective January 1, 2004. Presently, an inventory of these items has not been completed.

We recommend that the Town, including the Sewer Department, complete an inventory of their infrastructure so that it can be added to the capital assets.

Management Response: The Town utilizes VUEWorks which is a web based asset management program. The Town will be working with the UNH Technology Transfer Center to develop the appropriate procedures to properly value upgraded infrastructure assets. The Town will then add the upgraded assets and any new assets into the web based application. This will allow for the accurate depreciation of infrastructure assets in accordance with the provisions of GASB Statement No. 34.



Other Matters

We applied certain limited procedures to the Schedule of Funding Progress for Other Postemployment Benefit Plan and the Management Discussion and Analysis, 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 schedules, 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 Town of Allenstown and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Plodzik & Sanderson

PLODZIK & SANDERSON

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