

TOWN OF LITCHFIELD, NEW HAMPSHIRE

Management Letter

For the Year Ended December 31, 2015

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY LETTER	1
<u>PRIOR YEAR ISSUES:</u>	
1. Prepare Trustees MS-9 Report More Accurately	3
2. Write off Uncollectible Ambulance Receivables	3

Additional Offices:

Andover, MA
Greenfield, MA
Manchester, NH
Ellsworth, ME

To the Board of Selectmen
Town of Litchfield, New Hampshire

In planning and performing our audit of the financial statements of the Town of Litchfield, New Hampshire as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Litchfield's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

However, during our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning those matters.

The Town's written response to our comments and suggestions has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, the Board of Selectmen, others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Melanson Heath

June 27, 2016

PRIOR YEAR ISSUES:

1. Prepare Trustees MS-9 Report More Accurately

Prior Year Issue:

In the prior year we noted that the MS-9 was not prepared correctly resulting in mathematical inaccuracies.

Current Year Status:

During our current year testing we noted that the MS-9 was prepared correctly. This finding is considered to be resolved.

2. Write Off Uncollectible Ambulance Receivables

Prior Year Issue:

In the prior year we noted the existence of large past-due ambulance receivables.

Current Year Status:

During the current year, the Town reported an ambulance receivable balance of \$41,085, of which \$39,594 was for services rendered prior to January 1, 2015. The existence of large past-due receivables impedes cash flow and, as time passes, increases the risk that these receivables will be uncollectible. It is our understanding that during 2016 the Town has drafted an accounts receivable write-off policy to address this issue.

Town's Response:

The Board of Selectmen adopted a "Write-Off Accounts Receivable Policy" on June 27, 2016. The policy set procedures for staff and Selectmen to follow for collection and write-offs of accounts receivable, including but not limited to, ambulance bills. The Town plans to seek services from a collection agency to handle the initial collection requests. All aged accounts will be presented to the Board of Selectmen for write-off upon recommendation by the collection agency.