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April 15, 2015

To the Members of the Board of Selectmen
Town of New London
375 Main Street
New London, NH 03257

Dear Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Town of New London for the year ended June 30, 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 October 17, 2014. 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 New London 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 the year. 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 of New London's financial statements were:

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

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

Management's estimate of the accrued landfill postclosure liability is based on historical information and an estimate received from the town's engineer. We evaluated the key factors and assumptions used to develop the accrued landfill postclosure liability 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.

PLODZIK & SANDERSON

Professional Association / Accountants & Auditors

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 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 represented a net loss totaling \$170,196 (see attached journal entries).

The government-wide financial statements were prepared by the independent auditors and likewise were approved by management. This practice is consistent with previous years.

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 date April 10, 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'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.

During our testing, we identified the following reportable conditions that we do not consider to be material weaknesses or significant deficiencies:

- Two instances in which payments were not made in a timely manner. It is our recommendation that all invoices are remitted to the finance office in a timely manner to ensure all invoices are paid in a timely manner.
- In review of the allocation of property taxes collected and paid to other governments, it was noted that the Town has not yet committed or paid the amount due to the New London-Springfield Water Precinct that resulted from a corrective billing adjustment to the water precincts 2012 tax rate. We recommend that the Town obtain a legal opinion or guidance from town counsel in order to take the appropriate steps to remedy the situation.
- MS-9 as prepared by the Trustees of Trust Funds did not reflect activity that resulted from the transfer of assets from one financial institution to another that mainly occurred prior to the fiscal year end. It is our recommendation that all activity is properly captured on the MS-9. If tracking fair market value of individual trusts, it is recommended that ending fair market values per MS-9/MS-10 are reconciled to each individual investment statement.
- Selectboard investment policy was not reviewed and reaffirmed during the 2014 fiscal year. We recommend that the Selectboard reviews and reaffirms their investment policy annually in accordance with State statutes.



Town of New London

April 15, 2015

Page 3

Other Matters

With respect to the supplementary information accompanying the financial statements, 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 New London and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Plodzik & Sanderson

PLODZIK & SANDERSON
Professional Association

