

**REPORT ON INTERNAL CONTROL BASED ON
AN AUDIT OF BASIC FINANCIAL STATEMENTS**

To the Board of Selectmen
Town of Barrington, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Barrington, New Hampshire (the "Town") 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's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 consider the following deficiencies in the Town's internal control to be a material weakness:

GENERAL LEDGER REPORTING

Observation

During our audit of the Town's 2015 annual financial records, we were required to make 20 audit adjustments to the General Fund in order for the information to be reported in conformity with accounting principles generally accepted in the United States of America. This included an entry to restore prior year audited fund balance in the amount of (\$307,374) and numerous additional entries which resulted in a net decrease in fund balance of (\$44,328). In addition, we were required to make audit adjustments to other Town funds to remove old activity and restore audited beginning balances.

Implication

Controls over the financial activities of the Town are weakened as the accounting system is not being properly utilized to record the financial activity of the Town. In addition, financial decisions may be made on incomplete or incorrect financial data.

Also, additional time was necessary to reconstruct the Town's records in order to adjust them to be reported in accordance with generally accepted accounting principles.

Recommendation

It is essential that the Town's financial and administrative office personnel review the quantity and nature of the audit adjustments proposed by the auditors for the purpose of eliminating the need for such audit adjustments in the future. We also recommend that the various balance sheet accounts be reconciled to underlying supporting records on a monthly basis to detect any errors or omissions in a timelier manner.

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


Manchester, New Hampshire
October 31, 2016