

December 20, 2016

To the Board of Selectmen  
Town of Warner, New Hampshire

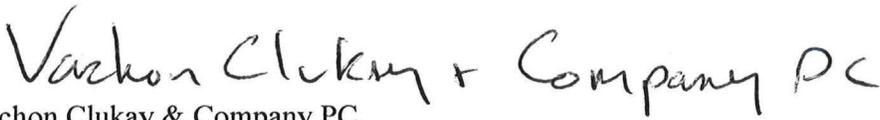
In planning and performing our audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Warner, New Hampshire for the year ended December 31, 2015, we considered the Town's internal control structure to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. We previously reported on the Town's internal control structure in our report dated December 20, 2016. This letter does not affect that report or our report on the basic financial statements dated December 20, 2016.

We have already discussed these comments and suggestions with various Town personnel, and we will be pleased to discuss them in further detail at your convenience, to perform additional study of the matter, or to assist you in implementing the recommendation.

The purpose of this letter is to provide constructive and meaningful recommendations to you.

Sincerely,

  
Vachon Clukay & Company PC

## **BARTLETT LOOP BRIDGE PROJECT**

### ***Observation***

Substantial work was completed on the Bartlett Loop bridge project during the year ending December 31, 2015. However, we were not provided with any documentation to indicate that these unanticipated funds were accepted in accordance with RSA 31:95b.

### ***Implication***

The Town may not be in compliance with State law (RSA 32:5) which requires that revenues and expenditures be budgeted and recorded on the gross basis.

### ***Recommendation***

We recommend that the Town comply with the provisions of RSA 31:95b by providing sufficient notice to residents of any public hearings held to accept and expend unanticipated grants received by the Town.

We further recommend that the Town consider proposing a warrant article at an annual meeting authorizing the Board of Selectmen to apply for and expend, without further action by the Town, unanticipated funds that become available during the fiscal year. This would enable the Board to accept unanticipated funds in amounts less than \$10,000 without holding a public hearing.

## **RECONCILIATION OF CASH RECEIPTS**

### ***Observation***

At the end of each month, the individual departments responsible for collections are not consistently providing a summary of receipts to the Treasurer in a timely manner. Accordingly, the Treasurer is unable to reconcile his cash receipt records to the individual departments in a timely manner.

### ***Implication***

The controls over cash receipts and reconciliation procedures between departments are weakened.

### ***Recommendation***

We recommend that the individual departments responsible for collections provide monthly reports to the Treasurer indicating their monthly and year-to-date collections. Once the treasurer has compared these reports to his figures, written notification should be provided to the department heads documenting whether the amounts are in agreement. In the event of returned deposits for insufficient funds, timely notification must be provided to the applicable department head in order for necessary follow-up procedures to be done.