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October 2, 2017

To the Members of the Select Board
Town of Lyndeborough
9 Citizens Hall Road
Lyndeborough, NH 03082

Dear Members of the Board:

Donna M. LaClair, CPA**
Ashley J. Miller, CPA, MSA
Tyler A. Paine, CPA
Kyle G. Gingras, CPA
Susan E. Gauthier, CPA
Scott T. Eagen, CFE

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Town of Lyndeborough for the year ended December 31, 2016. 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 December 7, 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 Lyndeborough are described in Note 1 to the financial statements. Accounting policies were adopted and the application of existing policies was changed during 2016 for the following:

GASB Statement No. 72, *Fair Value Measurement, and Application* - The guidance contained in this Statement addresses accounting and financial reporting issues related to fair value measurements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* - This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55.

We noted no transactions entered into by the Town of Lyndeborough 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 Lyndeborough's financial statements were:

Management's estimate of the allowance for uncollectible taxes is based on information known concerning assessment 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.

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Management's estimate of the net pension liability and deferred outflows and inflows of resources related to pensions are based on assumptions of future events, such as employment, mortality, and estimates of the value of reported amounts. We evaluated the key factors and assumptions used to develop the net pension liability and deferred outflows and inflows of resources related to pensions 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.

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. Management has corrected all such misstatements. Adjustments proposed and approved by management were primarily of a routine nature which management expects the independent auditors to make as part of their year-end procedures. The adjustments for the general fund had a net income effect of \$3,324,228 as can be seen on the attached print out of the year-end journal entries.

The government-wide financial statements are not prepared by management. We prepared these financial statements which management reviews and approves. The adjustments to these financial statements totaled \$1,784,279 as can be seen on the attached printout of year-end adjusting journal entries.

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 September 27, 2017.

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

Other Matters

Implementation of New GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plan Other than Pension Plans*, issued in June 2015, will be effective for the Town beginning with its fiscal year ending December 31, 2017. This Statement improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB).

GASB Statement No. 75, *Accounting, and Financial Reporting for Postemployment Benefits Other than Pensions*, issued in June 2015, will be effective for the Town beginning with its fiscal year ending December 31, 2018. This Statement improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB). This statement replaces the requirements of Statements No. 45 and No. 57.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, issued in January 2016, will be effective for the Town with its fiscal year ended December 31, 2017. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, issued in March 2016, will be effective for the Town with its fiscal year ending December 31, 2017. This Statement aims to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, issued in March 2016, will be effective for the Town with its fiscal year ended December 31, 2017. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued in November 2016, will be effective for the Town with its fiscal year ended December 31, 2019. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

GASB Statement No. 84, *Fiduciary Activities*, issued in January 2017, will be effective for the Town with its fiscal year ended December 31, 2019. This Statement establishes criteria for identifying fiduciary activities of all state and local governments.

We applied certain limited procedures to Schedule of Town's Proportionate Share of Net Pension Liability and Schedule of Town Contributions, 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 Board of Selectman and management of the Town of Lyndeborough and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



PLODZIK & SANDERSON
Professional Association

Enclosures

