

# FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



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December 1, 2014

To the Management and  
Board of Selectmen  
Town of Rockingham, Vermont  
Bellows Falls, Vermont

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rockingham, Vermont for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government 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 February 20, 2012. 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 are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Town changed accounting policies by adopting Statement of Governmental Accounting Standards Board No. 65, *Items Previously Reported as Assets and Liabilities*. This standard was intended to compliment Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net position*. The application of other 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's financial statements were:

- Management's estimate of the depreciation is based on estimated useful lives of the assets. We evaluated the key factors and assumptions used and determined that the estimate is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the allowance of uncollectible accounts. We evaluated the key factors and assumptions used and determined that the estimate used is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure of the Prior Period Adjustment in Note 22 to the financial statements for the prior year FEMA funds being unavailable.

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. The uncorrected misstatements of the financial statements were due to the current year effect of both a current year and a prior year payable that was not booked.

Management has determined, and we agree, that their effects are immaterial, both individually and in the aggregate, to the financial statements as a whole.

We proposed 3 adjustments to your financial statements which were accepted and recorded by management. Of the 3 adjustments, none were material adjustments that were a result of audit procedures.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management as 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 December 1, 2014.

#### *Other Audit Findings or Issues*

#### Capital Asset Schedule

Currently, the schedule of capital assets is maintained on an Excel spreadsheet. Information is not easily summarized in Excel and there is opportunity for inaccurate information if formulas are not correct. We recommend the Town invest in a capital asset program such as Asset Keeper to make tracking capital assets easier.

Library Petty Cash Account

During the audit we discovered the investments in the Library Fund were cashed in and not all of the funds were reinvested. A significant amount of cash was maintained in a petty cash account for which the Librarian had access to by way of a debit card. The intent of a petty cash account is to maintain a minimal amount of cash for small purchases. We recommend the Town transfer funds out of the petty cash account so the balance is within reason and there isn't debit card access to a significant amount of funds.

Other

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

*Other Matters*

We applied certain limited procedures to management's discussion and analysis (MD&A), which is 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 supplementary information, 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 the Town's Selectboard and management of the Town and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

  
FOTHERGILL SEGALE & VALLEY, CPAs  
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