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***TOWN OF EPSOM,  
NEW HAMPSHIRE***

MANAGEMENT LETTER

FOR THE YEAR ENDED  
DECEMBER 31, 2009

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MASON + RICH

PROFESSIONAL ASSOCIATION

Certified Public Accountants

Board of Selectmen  
Town of Epsom  
Epsom, New Hampshire

In planning and performing our audit of the financial statements of the Town of Epsom, New Hampshire for the year ended December 31, 2009 we considered the Town's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

During the course of our audit, we did become aware of a matter that was an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter addresses the status of our prior year's finding and recommendation as well as our current year's finding and recommendation. This letter does not affect our report dated November 22, 2010 on the financial statements of the Town of Epsom, New Hampshire.

We will review the status of our comment during our next audit engagement. We have already discussed this comment and suggestion with Town personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of this matter or to assist you in implementing the recommendation.

Respectfully submitted,

*Mason + Rich, P.A.*

MASON + RICH PROFESSIONAL ASSOCIATION  
Certified Public Accountants

November 22, 2010

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## **STATUS OF PRIOR YEAR'S FINDING AND RECOMMENDATION**

### **TRUST FUNDS**

***Finding*** – New Hampshire RSA 31:25 requires that “trustees shall formally adopt an investment policy for all investments made by them and their agents”. We had not noticed a written investment policy during the course of the prior year’s audit. In addition, there were no written minutes of Trustees’ meetings available. We had recommended that the Trustees adopt a written investment policy in accordance with RSA 31:25 following the “prudent investor” guidelines. Such a policy would then need to be reviewed and confirmed annually. We had also recommended that the Trustees keep written minutes of their meetings.

***Status*** – Neither item was an issue in the current year’s audit.

## **CURRENT YEAR'S FINDING AND RECOMMENDATION**

### **ESCROW ACCOUNTS**

**Finding** – We noted in our audit testing of the various escrow accounts that the Surry Road account continued to carry a deficit balance and was not included on the Treasurer's year end report.

**Recommendation** – We would recommend that the deficit balance be addressed and that all accounts in the Treasurer's custody be reported in the Town Report.

**Management's Comment** - The Treasurer has been working with TD Bank to discover the adjustments made by the Bank that resulted in a deficit balance for that account in the Bank sub-accounting. According to Town records, that account does not have a negative balance. The account is reporting in the Town Report as Albert Nye - the name used by the Planning Board and Developer changed from Surry after the escrow account was set up.