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# Vachon, Clukay & Co., PC

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*Certified Public Accountants*

45 Market Street  
Manchester, New Hampshire 03101  
(603) 622-7070  
FAX: 622-1452

May 11, 2006

John Stetser  
Town Manager  
Town of Winchester  
1 Richmond Road  
Winchester, New Hampshire 03470

Dear Mr. Stetser:

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

You have requested that we provide training to the accounting department for the Town of Winchester, New Hampshire. This training assistance is in response to matters identified in the internal control letter and management letter issued for the year ended June 30, 2005. We understand that your objectives include, but are not limited to, training in the following areas:

1. Reconciliation of cash and investment balances in the general ledger to the Treasurer's monthly bank reconciliation reports
2. Interfund accounting as it relates to the preparation of payroll for the Water Fund, Sewer Fund and Conant Library Fund
3. Updating the estimated revenues to reflect the amounts used to set the tax rate
4. Maintaining additional Town funds in the accounting software

At the end of our engagement, we will provide you with a narrative report that summarizes all of the recommendations we have made during the engagement. We will provide you with a checklist of the various transaction entries that are necessary to properly record the payroll processed by the General Fund on-behalf of other Town funds.

Our fees for these services will be at our standard governmental rate plus out-of-pocket expenses for travel. Our standard governmental rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices will be submitted as the work progresses and are payable upon presentation.

We appreciate the opportunity to continue to be of service to the Town of Winchester, New Hampshire again and believe that this letter accurately summaries the significant terms of our engagement. If you have any questions, please contact us immediately. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

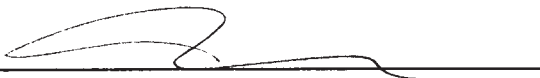
Very truly yours,

Vachon, Clukay & Co., PC

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**RESPONSE:**

This letter correctly sets forth the understanding of the Town of Winchester, New Hampshire

By:  \_\_\_\_\_

Title \_\_\_\_\_

Date: \_\_\_\_\_ 5/12/06 \_\_\_\_\_