Town of Littleton

Explanation for Delay in Submission of FY 2025 Audit

The Town of Littleton respectfully submits the following explanation regarding the delay in the completion and submission of its FY 2025 audit report.

The Town has made every reasonable effort to facilitate completion of the audit and has continuously cooperated with its auditors and other parties involved in the audit process. The delay is primarily attributable to issues related to auditor workload, turnover of firms and personnel involved in the audit process, and delays in the preparation and review of financial statements and supporting documentation. These circumstances are documented through audit contract amendments, correspondence, and audit timelines maintained by the Town.

Background

In July 2021, the Town's previous auditor notified the Town that he would no longer provide local government audit services, requiring the Town to secure a new audit firm. The Town subsequently entered into a contract with Winston, Williams, Creech, Evans & Company, LLP to perform the FY 2021 audit. During the audit process, the audit firm determined an independent accounting firm would be needed to prepare financial statements due to independence requirements. As a result, Anthony & Tabb CPA was engaged to prepare the financial statements necessary for completion of the audit.

Causes of Delay

1. Auditor Workload and Staffing Issues

The Town's November 2024 audit contract amendment identified "Issue with auditor staff turnover/workload" as the reason for extending the audit completion date. The amendment notes that as of November 6, 2024, the audit firm had not received information from the outside accounting firm responsible for preparing the financial statements and indicated that timing of completion would coincide with the 2024 tax season because staffing resources were limited.

The May 2026 audit contract amendment further documents that the audit firm continued working through information provided by the third-party accounting firm and experienced staffing limitations during tax season. The amendment specifically states that staff availability for audit work was restricted until completion of tax season responsibilities.

2. Delays in Preparation of Financial Statements

Throughout 2024 and 2025, the Town repeatedly followed up regarding preparation of the financial statements needed to complete the audit. Documentation shows that:

- In November 2024, the Town was informed that the trial balance was needed before financial statements could be finalized and provided to the auditor.
- In March 2025, Town officials contacted the accounting firm to obtain status updates and were informed that software issues and other ongoing projects were delaying completion of reports needed by the auditor.
- On March 31, 2025, the Town was advised that the financial statements had finally been completed, and the auditor requested additional supporting documentation and adjustments for review.
- On April 1, 2025, the accounting firm notified the Town that all documents had been uploaded and were available for auditor review.

3. Outstanding Information Requests During Audit Review

The auditor subsequently identified additional information needed to finalize the audit, including depreciation information related to a sewer repair and a clearer copy of a conversion worksheet. The Town immediately worked to obtain and provide the requested information once the requests were received. Correspondence dated March 31, 2026, documents these remaining items.

Mitigating Actions Taken by the Town

The Town has taken numerous actions to facilitate completion of the audit, including:

1. Promptly securing a replacement auditor after being notified that its prior auditor would no longer perform governmental audits.
2. Providing records, financial information, and supporting documentation requested by auditors and accounting firms throughout the audit process. Town staff participated in onsite meetings, document transfers, and electronic uploads of information.
3. Maintaining regular communication with the auditor and accounting firms to monitor progress and identify outstanding requirements. Town officials repeatedly requested status updates and sought timelines for completion.
4. Working with outside accounting professionals to assist with cleanup, closing of books, preparation of financial statements, and audit support. The Town also committed to continuing to utilize qualified outside assistance until sufficient internal expertise and resources are available.
5. Promptly responding to auditor requests for additional information and supporting documentation as those requests were identified.

Conclusion

The Town of Littleton acknowledges the importance of timely audit submission and remains committed to achieving compliance with all Local Government Commission requirements. The delay was not the result of inaction by the Town but rather arose from a combination of auditor workload constraints, delays in third-party financial statement preparation, staffing limitations during tax season, and the need for additional supporting information during final audit review. Throughout the process, the Town actively communicated with all parties involved, provided requested information, and engaged qualified outside assistance to move the audit toward completion. The Town respectfully requests the LGC consider these documented circumstances as good cause for the delay and allow additional time for final completion and submission of the audit report.

Town of Littleton

Audit Recovery and Compliance Plan

Completion of FY 2022, FY 2023, FY 2024, and FY 2025 Audits

Accountant: Beverly Stroud, CPA
Auditor: Thompson, Price, Scott, Adams & Co., P.A.

Purpose

The Town of Littleton is committed to restoring audit compliance and becoming current with all outstanding audits. The Town has engaged Beverly Stroud to provide accounting and financial statement preparation services and Thompson, Price, Scott, Adams & Co., P.A. to perform the independent audits. The Town's objective is to complete two audits per fiscal year until all outstanding audits have been submitted to the Local Government Commission (LGC).

The original FY 2022 audit contract required submission by October 31, 2022. This recovery plan establishes a structured schedule to complete FY 2022 and FY 2023 by June 30, 2027, and FY 2024 and FY 2025 by June 30, 2028.

Fiscal Year 2027 Recovery Schedule

FY 2022 Audit

July 2026 – December 2026

Month	Anticipated Activity	Responsible Party
July 2026	Complete reconciliation of all bank accounts, investments, debt schedules, and utility accounts	Beverly Stroud
August 2026	Complete general ledger review and correcting entries	Beverly Stroud
September 2026	Prepare draft financial statements and required schedules	Beverly Stroud
October 2026	Deliver audit-ready package to auditor	Beverly Stroud & Town Staff
October-November 2026	Fieldwork and audit testing	Thompson, Price, Scott, Adams

Month	Anticipated Activity	Responsible Party
December 2026	Resolve findings, finalize report, Board acceptance	All Parties

Target Submission:

December 31, 2026

FY 2023 Audit

January 2027 – June 2027

Month	Anticipated Activity	Responsible Party
January 2027	Verify opening balances and prior-year adjustments	Beverly Stroud
February 2027	Reconcile all balance sheet accounts	Beverly Stroud
March 2027	Complete grants, debt, and capital asset schedules	Beverly Stroud
April 2027	Submit completed audit package	Beverly Stroud
April-May 2027	Auditor fieldwork	Thompson, Price, Scott, Adams
June 2027	Final report issued and accepted by Board	All Parties

Target Submission:

June 30, 2027

Fiscal Year 2028 Recovery Schedule

FY 2024 Audit

July 2027 – December 2027

Month	Anticipated Activity	Responsible Party
July 2027	Close fiscal year and review FY 2024 records	Beverly Stroud
August 2027	Complete account reconciliations and journal entries	Beverly Stroud

Month	Anticipated Activity	Responsible Party
September 2027	Prepare financial statements	Beverly Stroud
October 2027	Submit audit package to auditor	Beverly Stroud
October-November 2027	Audit fieldwork and testing	Thompson, Price, Scott, Adams
December 2027	Finalize audit report and Board acceptance	All Parties

Target Submission:

December 31, 2027

FY 2025 Audit

January 2028 – June 2028

Month	Anticipated Activity	Responsible Party
January 2028	Complete year-end closing and opening balance verification	Beverly Stroud
February 2028	Prepare reconciliations and supporting schedules	Beverly Stroud
March 2028	Complete draft financial statements	Beverly Stroud
April 2028	Deliver final audit package	Beverly Stroud
April-May 2028	Auditor fieldwork and review	Thompson, Price, Scott, Adams
June 2028	Final report issued, accepted, and submitted to LGC	All Parties

Target Submission:

June 30, 2028

Oversight and Monitoring

To ensure successful completion of this plan, the Town will implement the following monitoring procedures:

Monthly

- Reconcile all bank accounts by the 15th of the following month.
- Review general ledger activity and outstanding items.
- Status report provided to the Mayor and Board of Commissioners.
- Progress connecting between Town officials, Beverly Stroud, and Thompson, Price, Scott, Adams & Co., P.A.
- Review completion percentages and adjust schedules if necessary.

Corrective Actions Implemented

The Town has taken the following steps to prevent future audit delays:

1. Retained Beverly Stroud to provide professional accounting services and prepare audit-ready financial statements.
2. Retained Thompson, Price, Scott, Adams & Co., P.A. to perform independent audits.
3. Established a written audit recovery schedule with defined milestones and completion dates.
4. Implemented monthly reconciliation and review procedures.
5. Committed resources necessary to complete two audits annually until the Town is current.

Expected Audit Submission Schedule

Fiscal Year	Target Completion	Target LGC Submission
FY 2022	December 2026	December 2026 / January 2027
FY 2023	June 2027	June 2027
FY 2024	December 2027	December 2027 / January 2028
FY 2025	June 2028	June 2028