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June 28, 2022

To the Members of the Board of Selectmen
Town of Barrington
333 Calef Highway
Barrington, NH 03825

Dear Members of the Board:

We have audited the financial statements of the governmental activities, the major fund, and aggregate remaining fund information of the Town of Barrington, New Hampshire for the year ended December 31, 2021, and have issued our report thereon dated June 21, 2022. Professional standards require that we communicate to you the following information related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated November 30, 2021, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Town of Barrington solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you in our engagement letter dated November 30, 2021.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our Firm, as appropriate and our Firm, have complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201 and in conjunction with the Firm's Quality Control Document, we annually review with all engagement staff potential conflicts and obtain an independence certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

PLODZIK & SANDERSON, P.A.
Certified Public Accountants

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Significant Risks Identified

We have identified the following significant risks:

- Management override of controls;
- Improper revenue recognition; and
- Impact of the COVID-19 pandemic.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Town of Barrington is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the capital asset useful lives is based on historical information and industry guidance. We evaluated the key factors and assumptions used to develop the capital asset useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible property taxes are based on historical data and information known concerning the assessment appeals. We evaluated the key factors and assumptions used to develop the uncollectible property taxes in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the uncollectible ambulance receivables is based on knowledge of past collection rates. We evaluated the key factors and assumptions used to develop the uncollectible ambulance receivables in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued landfill postclosure care costs are based on estimates provided by the Town's engineer. We evaluated the key factors and assumptions used, by the Town's engineer, to develop the accrued landfill postclosure care costs in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability, deferred outflows and inflows of resources related to pensions are based on assumptions of future events, such as employment, mortality and estimates of value of reported amounts. We evaluated the key factors and assumptions used to develop the net pension liability, deferred outflows and inflows of resources related to pensions in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other postemployment benefit liability, deferred outflows and inflows of resources are based on the assumption of future events, such as employment, mortality, and healthcare cost trend, as well as estimates of the value of reported amounts. We evaluated key factors and assumptions used to develop the other postemployment benefits liability, deferred outflows and inflows of resources related to the other postemployment benefits in determining that they are reasonable in relation to the financial statements taken as a whole.



Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Significant Unusual Transactions

There are no significant or unusual transactions identified during our audit.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the 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. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

Adjustments proposed and approved were primarily of a routine nature which management expects the independent auditors to record as part of their year-end procedures. A list of these adjustments for all funds are attached to this letter.

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 June 21, 2022.

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 the Town of Barrington'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.

Key Audit Matters

We have determined that there are no key audit matters to communicate.

Other Audit Matters, Findings, or Issues

In the normal course of our professional association with the Town of Barrington, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the Town, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Town of Barrington's auditors.



Financial Close and Reporting Policies and Procedures* (repeat comment)

We noted in our review that formally documented policies and procedures over financial close and reporting are not in place. Procedures over the Town's financial close and reporting should be documented and established in a policy. In the event of staff or management change, the procedures used by the Town to close out the fiscal year and prepare for financial statement preparation may not effectively transition. We recommend that the Town design, document, and implement a policy pertaining to the financial close and reporting process. This includes, but is not limited to, procedures dictating the treatment and determination of year-end receivable balances, payable balances, and encumbrances.

*It was noted that as of the date of the audit, the Town has a written policy, although it has not been reviewed or formally adopted by the Board of Selectmen.

IT Policies and Procedures* (repeat comment)

We noted in our review of the Town's information technology internal controls and environment that the Town has not adopted key policies and procedures related to data security and backup. The Town should develop and document procedures to ensure smooth and continued operation of the Town's programs in the event of a natural disaster, data breach, hardware or software crash, or other related issues. Key areas to focus on include identifying IT risks and developing appropriate responses, developing a disaster recovery plan, documenting a backup policy/plan, and information security (which should include information such as requirements for password length and changes, procedures for adding/removing users, etc.).

*It was noted that as of the date of the audit, the Town has created a technology committee that will be involved with planning and strategically evaluating the Town's current and future technology infrastructure needs, staying abreast with industry trends, providing guidance for data security, data backup, and data recovery, and advising on the Town's long-term strategic goals.

Trustees of Trust Funds – Principal and Income Allocation (repeat comment)

We noted in our review of the MS-9 that the principal and income portions of the trust balances are not segregated. Principal and income balances should be tracked separately on the MS-9 as permanent fund principal cannot be spent. We recommend that the Town perform a historical analysis on all trust funds to determine the proper separation of the principal and income for each fund.

Trustee Library Disbursements (repeat comment)

We noted in our review of Trustee library disbursements (non-appropriated funds) that invoices are not formally approved for payment. Invoices should be approved for payment to provide evidence that expenditures are proper, and payment is not made for unauthorized purchases. We recommend that the library improve their disbursement controls by requiring the Library Director or other authorized individual sign or initial each invoice to clearly indicate that the goods and/or services were received by the library.

Investment Policies

RSA 31:25 *Custody; Investment* and RSA 41:9 - VII *Financial Duties*, states that the Trustees of Trust Funds and Board of Selectmen shall annually review and adopt an investment policy for the investment of public funds in conformance with applicable statutes and shall advise the attorney general and treasurer, respectively, of such policies. The Trustees of Trust Funds and the Town's investment policies have not been reaffirmed since 2019. We recommend that the Trustees of Trust Funds and Board of Selectmen annually review and approve the policy as required by State Statute.

Review and Reaffirmation of Town Policies

During our review of Town policies, we noted that many of them have not been reviewed or reaffirmed in several years. Changes in governance and staffing disrupt many of the standard policies and procedures followed by employees in performing day-to-day operations. As a result, certain procedures are changed or updated based on staffing levels or personnel responsibilities. While these policies were deemed current based on best practices, policies dictating, and documenting practices and processes should be updated to reflect changes in personnel responsibilities, hierarchy, approval, or other key information when those changes occur. Regular review of key policies should be performed to ensure that policies are still meeting the desired objectives and reflect the latest changes in accounting practices and requirements. As a best practice, we recommend these policies be reviewed and reaffirmed every three to five years.



Access to Governmental Records and Meetings

During our audit we requested the meeting minutes for the Trustees of Trust Funds for calendar year 2021. The audit team was informed that the Trustees met as needed via Zoom, however, meeting minutes were not documented. RSA 91-A, *Access to Governmental Records and Meetings*, stipulates that meeting minutes for a public body (i.e., Trustees of Trust Funds), be available within 5 business days after the meeting. We recommend that the Town follow all applicable laws and regulations regarding the availability of public information.

Grants

The Town enters into various grant agreements during the year. Occasionally, the grant periods cover more than one operating year and are expenditure driven (i.e., reimbursement based). Expenditure-driven grants require revenue to be recorded after the expenditures are incurred and are equal to the expenditures. During our review of the Town's grants fund, we noted instances of immaterial deficits in individual grants. The Town's current process is to record revenue when receipts are received instead of when the expenditure occurs. Once a grant expenditure has been incurred and paid by the Town, it is eligible for reimbursement from the awarding agency and considered a grant receivable in accordance with the Governmental Accounting Standards Board (GASB). As a best practice, the receivable and corresponding revenue should be recorded on a periodic basis (i.e., monthly or quarterly). We recommend that the Town review the current grant process and establish procedures to ensure grant receivables and revenue are properly recorded and that reimbursements for eligible expenditures are requested and received timely.

Payroll and Fringe Benefits

During our review of the Town's general ledger, we noted that the Town utilizes expenditure accounts, set up by department, to record the Town's share of payroll and fringe benefit costs (FICA, insurance, and retirement). These expenditures are posted through the payroll and accounts payable process. While the Town's set up is acceptable and is used as part of the budget process, no formal reconciliations are performed on each type of payroll and fringe benefit to ensure activity is posted correctly and is compared to the applicable payroll reports and actual invoices paid. We recommend that the Town implement a reconciliation process which will (1) provide a means of identifying recurring differences in the way transactions are processed within the accounting system, and (2) will ensure that the Town's share is properly substantiated and agrees with actual amounts paid.

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. 87, *Leases*, issued in June 2017, will be effective for the Town with its fiscal year ending December 31, 2022. This Statement will improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases.

GASB Statement No. 92, *Omnibus 2020*, issued in January 2020, will be effective for the Town with its fiscal year ended December 31, 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued in March 2020, will be effective for the Town with its fiscal year ended December 31, 2023. The objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued in May 2020, will be effective for the Town with its fiscal year ended December 31, 2023. The objectives of this Statement are to provide guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users.



GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84 and Supersession of GASB Statement No. 32*, issued in June 2020, will be effective for the Town with its fiscal year ended December 31, 2022. The objectives of this Statement are to increase consistency and comparability related to reporting of fiduciary component units, mitigate costs associated with the reporting of certain defined contribution pension plans, and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans.

We applied certain limited procedures to the following, which is/are required supplementary information (RSI) that supplements the basic financial statements:

- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits,
- Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

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 information and use of the members of the Board of Selectmen and management of the Town of Barrington and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,

Plodzick & Sanderson

PLODZIK & SANDERSON
Professional Association

Attachment:

Combined Journal Entries Report



Client: 2130 - Town of Barrington
Engagement: 2021 - Town of Barrington
Period Ending: 12/31/2021
Trial Balance: 001.0000 - Government Fund Trial Balance
Workpaper: Combined Journal Entries Report
Fund Level: Fund
Index: 10, 20, 30, 40, 50, 60, 70, 80, 90

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
AUDIT ONLY: To reclassify amount owed to trust funds for Q4 transportation fees.				
01-2020-02-0000	Accounts Payable	300.2110	14,300.00	
01-1310-05-0000	Due to Due From Trustees			14,300.00
Total			<u>14,300.00</u>	<u>14,300.00</u>
Adjusting Journal Entries JE # 5				
AUDIT ONLY: Journal entry to reclassify conservation fund revenue				
40-3401-10-0000	Conservation Revenue	504.5100	115,909.00	
40-3402-10-0000	Conservation Tax Revenue			86,070.00
40-3403-10-0000	Intergovernmental Revenue			20,800.00
40-3404-10-0000	Interest Income			59.00
40-3405-10-0000	Miscellaneous Revenue			8,980.00
Total			<u>115,909.00</u>	<u>115,909.00</u>
Adjusting Journal Entries JE # 6				
To adjust beginning fund balance to actual.				
50-4310-00-0000	Highway and Streets	601.0020	3,863.00	
50-2390-01-0011	Diamond Water Liability			3,863.00
Total			<u>3,863.00</u>	<u>3,863.00</u>
Adjusting Journal Entries JE # 7				
To adjust beginning fund balance to actual due to client incorrectly closing out an escrow.				
60-4100-00-0000	General Government	602.0020	78,040.00	
60-2390-01-0112	White/Sera Liability			78,040.00
Total			<u>78,040.00</u>	<u>78,040.00</u>
Adjusting Journal Entries JE # 8				
RESTATE: To restate for old deeded property not reflected as a balance sheet item - properties were subsequently sold in 2021.				
01-1670-01-0000	Tax Deeded Property-Resale	300.1812	55,616.00	
01-2530-01-0000	Unassigned Fund Balance			55,616.00
Total			<u>55,616.00</u>	<u>55,616.00</u>
Adjusting Journal Entries JE # 9				
To reclassify current year tax deeding to correct account and adjust for interest/penalties				
01-1670-01-0000	Tax Deeded Property-Resale	300.1810	36,868.00	
01-1670-01-0000	Tax Deeded Property-Resale		15,505.00	
01-3110-02-0000	Overlay			36,868.00
01-3190-01-0000	Interest on Delinquent Taxes			15,505.00
Total			<u>52,373.00</u>	<u>52,373.00</u>
Adjusting Journal Entries JE # 10				
To adjust Donovan Bankruptcy receivable to agree with actual amount owed to the Town through court agreement as well as reduce the receivable by current year payments.				
01-1150-05-0000	Bankruptcy - Donovan Receivable	300.1322	17,994.00	
01-3501-02-0000	Sale of Tax Deeded Property		11,741.00	
01-1150-05-0000	Bankruptcy - Donovan Receivable			11,741.00
01-3501-02-0000	Sale of Tax Deeded Property			17,994.00
Total			<u>29,735.00</u>	<u>29,735.00</u>
Adjusting Journal Entries JE # 11				
To record additional receivable for equipment not received.				
20-1150-00-0000	Accounts Receivable	300.1310	45,211.00	
20-4520-90-4900	Facilities Expense			45,211.00
Total			<u>45,211.00</u>	<u>45,211.00</u>
Adjusting Journal Entries JE # 14				
AUDIT ONLY: To reclassify accounts payables to intergovernmental payables				
01-2020-02-0000	Accounts Payable	300.2110	2,518.00	
01-2020-05-0000	Intergovernmental Payables			2,518.00
Total			<u>2,518.00</u>	<u>2,518.00</u>
Adjusting Journal Entries JE # 15				
To reclassify ARPA revenue not spent as deferred inflows.				
70-3359-01-2007	ARPA Grant Revenue	505.0030	484,922.00	
70-2300-01-0000	Deferred Revenue - ARPA			484,922.00
Total			<u>484,922.00</u>	<u>484,922.00</u>
Adjusting Journal Entries JE # 16				
To adjust assigned fund balance to actual				
01-2440-01-0000	Reserve for Encumbrances	400.4400	34,819.00	

01-2530-01-0000	Unassigned Fund Balance		34,819.00	
Total		34,819.00	34,819.00	
Adjusting Journal Entries JE # 17				
		505.6100		
Journal entry to record recivable for clean water state revolving loan per warrant article 4(2020)				
70-1320-01-0000	Intergovernmental Receivables	11,391.00		
70-3359-09-9999	Clean Water Revolving Revenue		11,391.00	
Total		11,391.00	11,391.00	
Adjusting Journal Entries JE # 18				
		400.4100		
To adjust nonspendable fund balance to actual				
01-2530-01-0000	Unassigned Fund Balance	1,589,479.00		
01-2440-03-0000	Nonspendable Fund Balance		1,589,479.00	
Total		1,589,479.00	1,589,479.00	
Adjusting Journal Entries JE # 19				
		210.0030		
To adjust committed fund balance to actual				
01-2530-01-0000	Unassigned Fund Balance	737,805.00		
01-2460-00-0001	Committed Fund Balance - Surplus		737,805.00	
Total		737,805.00	737,805.00	
Adjusting Journal Entries JE # 20				
		400.0000		
RESTATE: To restated unassigned fund balance for capital reserve reimbursements associated with the construction of the new Town Hall. A prior year Interfund should have been recorded. Funds were received in 2022 from the capital reserves (see 501.0010)				
01-4903-02-4730	Town Hall - Capital Reserve	86,150.00		
01-2530-01-0000	Unassigned Fund Balance		86,150.00	
Total		86,150.00	86,150.00	
Adjusting Journal Entries JE # 29				
		300.1310		
To adjust ambulance receivable and allowance to actual - to agree with QuickMed aging report				
01-1150-01-0000	Ambulance Receivable	77,399.00		
01-1151-01-0000	Allowance for Uncollectable Receivables		22,455.00	
01-3401-06-0000	Ambulance Income		54,944.00	
Total		77,399.00	77,399.00	
Adjusting Journal Entries JE # 30				
		605.0010		
AUDIT ONLY: To reclassify school impact fees into separate fund for reporting purposes				
50-2530-01-0006	School Impact Fees Fund Balance	337,121.00		
50-3401-01-0006	School Impact Fees Revenue	85,620.00		
50-3502-01-0006	School Impact Fees Interest	379.00		
50-1010-06-0006	School Impact Fees		323,120.00	
50-4711-01-0006	School Impact Fees Expense		100,000.00	
Total		423,120.00	423,120.00	
Total Adjusting Journal Entries		3,842,650.00	3,842,650.00	
Total All Journal Entries		3,842,650.00	3,842,650.00	