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August 5, 2021

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, each major fund, and aggregate remaining fund information of the Town of Barrington for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted 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 8, 2021. 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 of Barrington are described in Note 1 to the financial statements. We noted no transactions entered into by the Town of Barrington 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 of Barrington's financial statements were:

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 accrued landfill postclosure care costs is based on estimates provided by the Town engineer. We evaluated the key factors and assumptions used, by the Town's engineers, 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

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Certified Public Accountants

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 the 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.

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. 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 August 3, 2021.

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.

Other Audit Findings or Issues

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

Adjusting Journal Entries

We noted in our review of adjusting journal entries that entries are not formally reviewed and approved by the Town Administrator (or other authorized knowledgeable personnel). All adjusting journal entries should be reviewed and approved by someone other than the individual preparing and entering the journal entries. We recommend that the Town Administrator (or other authorized knowledgeable personnel) formally review and approve any adjusting journal entries (via initial or signature).



Financial Close and Reporting Policies and Procedures

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 Policies and Procedures

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.).

Trustees of Trust Funds – Principal and Income Allocation

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.

Library Disbursements

We noted in our review of library disbursements that there was an instance where gift cards were purchased that lacked proper documentation as to why they were needed and to whom the gift cards were given to. In addition, we noted that invoices are not formally approved for payment. As a best practice, gift card purchases should not be allowed. If a need arises, documentation should include the purpose as to why the gift card was purchased and to whom the gift card was given to. 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. In addition, we recommend that the library establish procedures regarding gift cards to ensure that proper documentation is obtained and retained.

Payroll Liabilities

We noted in our review that the general ledger contains a number of payroll withholding account balances that were determined to be in excess or deficiency of the amount required. These balances appear to be the result of current year mis postings (recording debits to certain accounts and recording the offsetting credits in other accounts), as well as erroneous balances carried forward because the payroll withholding accounts have not been regularly reconciled. We recommend that the Town determine accurate withholding balances and adjust the general ledger to reflect the correct balances. All withholding accounts should be reconciled monthly to the applicable governmental regulations (FICA, Medicare, etc.).

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. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, issued June 2018, will be effective for the Town with its fiscal year ending December 31, 2021. This Statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 91, *Conduit Debt Obligations*, issued June 2019, will be effective for the Town with its fiscal year ending December 31, 2022. This Statement provides for a single method of reporting conduit debt obligations and clarifies the existing definition of a conduit debt obligation and improves note disclosures.

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. 93, *Replacement of Interbank Offered Rates*, issued in March 2020, will be effective for the Town with its fiscal year ended December 31, 2021. The objectives of this Statement are address accounting and financial reporting implications that results from the replacement of an IBOR.

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 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,



PLODZIK & SANDERSON
Professional Association

Attachment:

Governance Letter Attachment



Client: **2130 - Town of Barrington**
Engagement: **2020 - Town of Barrington**
Period Ending: **12/31/2020**
Trial Balance: **001.0000 - Government Fund Trial Balance**
Workpaper: **910.0031 - Governance Letter Attachment**
Fund Level: **Fund**
Index: **10, 20, 30, 40, 50, 60, 70, 80**

| Account | Description | W/P Ref | Debit | Credit |
|--|---|---------|-------------------|-------------------|
| Adjusting Journal Entries | | | | |
| Adjusting Journal Entries JE # 1 | | | | |
| To adjust Welfare Lien to listing of names: | | | | |
| 01-1151-02-0000 | Allowance for Uncollectible Welfare Liens | | 47,945.00 | |
| 01-1150-02-0000 | Welfare Liens Receivable | | | 47,945.00 |
| Total | | | <u>47,945.00</u> | <u>47,945.00</u> |
| Adjusting Journal Entries JE # 2 | | | | |
| To adjust allowance for uncollectible taxes: | | | | |
| 01-1080-05-0000 | Allowance for Uncollectible Taxes | | 20,000.00 | |
| 01-3110-02-0000 | Overlay | | | 20,000.00 |
| Total | | | <u>20,000.00</u> | <u>20,000.00</u> |
| Adjusting Journal Entries JE # 3 | | | | |
| To restate 1/1/2019 Tax Deeded Property & Other Receivable: | | | | |
| 01-1150-05-0000 | Bankruptcy - Donovan Receivable | | 20,817.00 | |
| 01-1670-01-0000 | Tax Deeded Property-Resale | | 63,171.00 | |
| 01-2530-01-0000 | Unassigned Fund Balance | | | 83,988.00 |
| Total | | | <u>83,988.00</u> | <u>83,988.00</u> |
| Adjusting Journal Entries JE # 4 | | | | |
| To record CY Tax Deeded Properties per Tax Collector MS-61 | | | | |
| 01-1670-01-0000 | Tax Deeded Property-Resale | | 215,349.00 | |
| 01-3110-02-0000 | Overlay | | | 215,349.00 |
| Total | | | <u>215,349.00</u> | <u>215,349.00</u> |
| Adjusting Journal Entries JE # 5 | | | | |
| To record sale of tax deeded properties: | | | | |
| 01-3501-02-0000 | Sale of Tax Deeded Property | | 77,472.00 | |
| 01-1670-01-0000 | Tax Deeded Property-Resale | | | 77,472.00 |
| Total | | | <u>77,472.00</u> | <u>77,472.00</u> |
| Adjusting Journal Entries JE # 9 | | | | |
| To reclass the Q4 transportation fee payment to the Trustees - to reconcile interfunds | | | | |
| 01-2020-02-0000 | Accounts Payable | | 14,527.00 | |
| 01-2080-01-0000 | Payable to Transportation Fee C/R | | | 14,527.00 |
| Total | | | <u>14,527.00</u> | <u>14,527.00</u> |
| Adjusting Journal Entries JE # 10 | | | | |
| To reconcile Conservation beginning fund balance | | | | |
| 40-3401-10-0000 | Conservation Revenue | | 2.00 | |
| 40-2530-01-0000 | Conservation Fund Balance | | | 2.00 |
| Total | | | <u>2.00</u> | <u>2.00</u> |
| Adjusting Journal Entries JE # 12 | | | | |
| To reclass conservation invoice to an expenditure account | | | | |
| 40-4611-01-0000 | Conservation Expense | | 10,750.00 | |
| 40-2390-01-0102 | Conservation Liability | | | 10,750.00 |
| Total | | | <u>10,750.00</u> | <u>10,750.00</u> |
| Adjusting Journal Entries JE # 13 | | | | |
| To reclassify expenditure to appropriate account | | | | |
| 01-4220-01-4754 | Fire/EMS Equipment | | 9,620.00 | |
| 01-4915-01-4754 | Communication Upgrade CR Acct # 272 | | | 9,620.00 |
| Total | | | <u>9,620.00</u> | <u>9,620.00</u> |
| Adjusting Journal Entries JE # 14 | | | | |
| To adjust nonspendable fund balance to actual | | | | |
| 01-2440-03-0000 | Nonspendable Fund Balance | | 142,958.00 | |
| 01-2530-01-0000 | Unassigned Fund Balance | | | 142,958.00 |
| Total | | | <u>142,958.00</u> | <u>142,958.00</u> |
| Adjusting Journal Entries JE # 15 | | | | |
| To reclassify Bond (Escrows) Fund activity to the income statement for GASB 84 | | | | |
| 50-2390-01-0003 | Gadd Reclamation Liability | | 87.00 | |
| 50-2390-01-0004 | KWS Culvert Liability | | 2.00 | |
| 50-2390-01-0006 | School Impact Liability | | 64,215.00 | |
| 50-2390-01-0006 | School Impact Liability | | 1,707.00 | |
| 50-2390-01-0009 | M. Peabody Liability | | 7.00 | |
| 50-2390-01-0011 | Diamant Water | | 15.00 | |
| 50-4100-00-0000 | General Government | | 200,000.00 | |
| 50-4310-00-0000 | Highway and Streets | | 2,654.00 | |

| | | | |
|-----------------|-------------------------|-------------------|-------------------|
| 50-2390-01-0001 | Tamposi Liability | | 2,654.00 |
| 50-2390-01-0006 | School Impact Liability | | 200,000.00 |
| 50-3502-00-0000 | Interest Income | | 87.00 |
| 50-3502-00-0000 | Interest Income | | 2.00 |
| 50-3502-00-0000 | Interest Income | | 1,707.00 |
| 50-3502-00-0000 | Interest Income | | 7.00 |
| 50-3502-00-0000 | Interest Income | | 15.00 |
| 50-3503-00-0000 | New Funds | | 64,215.00 |
| Total | | 268,687.00 | 268,687.00 |

Adjusting Journal Entries JE # 16

512.0010

To reclassify Sureties Fund activity to the income statement for GASSB 84

| | | | |
|-----------------|--|-------------------|-------------------|
| 60-2390-01-0101 | Fair Share Liability | 27.00 | |
| 60-2390-01-0104 | Mallego Liability | 2.00 | |
| 60-2390-01-0112 | White/Sera Liability | 1,194.00 | |
| 60-2390-01-0113 | Miller Driveway Liability | 8.00 | |
| 60-2390-01-0123 | BarHomes, Inc. Surety Liability | 4,000.00 | |
| 60-2390-01-0123 | BarHomes, Inc. Surety Liability | 8.00 | |
| 60-2390-01-0124 | Turbocam Drainage Surety Liability Account | 215,940.00 | |
| 60-2390-01-0124 | Turbocam Drainage Surety Liability Account | 267.00 | |
| 60-2390-01-0125 | R.J. Tessier Surety Liability | 2,000.00 | |
| 60-2390-01-0125 | R.J. Tessier Surety Liability | 3.00 | |
| 60-2390-01-0126 | BarHomes, Inc. Surety 2 Liability | 4,000.00 | |
| 60-2390-01-0126 | BarHomes, Inc. Surety 2 Liability | 4.00 | |
| 60-4100-00-0000 | General Government | 180.00 | |
| 60-4310-00-0000 | Highway and Streets | 211,940.00 | |
| 60-4310-00-0000 | Highway and Streets | 4,008.00 | |
| 60-4310-00-0000 | Highway and Streets | 2,003.00 | |
| 60-4310-00-0000 | Highway and Streets | 4,004.00 | |
| 60-4500-00-0000 | Culture and Recreation | 32.00 | |
| 60-2390-01-0103 | Town Seal Liability | | 180.00 |
| 60-2390-01-0108 | Playground Liability | | 32.00 |
| 60-2390-01-0123 | BarHomes, Inc. Surety Liability | | 4,008.00 |
| 60-2390-01-0124 | Turbocam Drainage Surety Liability Account | | 211,940.00 |
| 60-2390-01-0125 | R.J. Tessier Surety Liability | | 2,003.00 |
| 60-2390-01-0126 | BarHomes, Inc. Surety 2 Liability | | 4,004.00 |
| 60-3502-00-0000 | Interest Income | | 27.00 |
| 60-3502-00-0000 | Interest Income | | 2.00 |
| 60-3502-00-0000 | Interest Income | | 1,194.00 |
| 60-3502-00-0000 | Interest Income | | 8.00 |
| 60-3502-00-0000 | Interest Income | | 267.00 |
| 60-3502-00-0000 | Interest Income | | 8.00 |
| 60-3502-00-0000 | Interest Income | | 3.00 |
| 60-3502-00-0000 | Interest Income | | 4.00 |
| 60-3503-00-0000 | New Funds | | 215,940.00 |
| 60-3503-00-0000 | New Funds | | 4,000.00 |
| 60-3503-00-0000 | New Funds | | 2,000.00 |
| 60-3503-00-0000 | New Funds | | 4,000.00 |
| Total | | 449,620.00 | 449,620.00 |

Adjusting Journal Entries JE # 17

300.1310

To adjust Ambulance receivable to agree with QuickMed report

| | | | |
|-----------------|----------------------|-----------------|-----------------|
| 01-3401-06-0000 | Ambulance Income | 9,523.00 | |
| 01-1150-01-0000 | Ambulance Receivable | | 9,523.00 |
| Total | | 9,523.00 | 9,523.00 |

Adjusting Journal Entries JE # 18

400.4400

To adjust assigned fund balance to actual

| | | | |
|-----------------|--------------------------|-------------------|-------------------|
| 01-2490-01-0000 | Assigned Fund Balance | 202,597.00 | |
| 01-2440-01-0000 | Reserve for Encumbrances | | 12,091.00 |
| 01-2530-01-0000 | Unassigned Fund Balance | | 190,506.00 |
| Total | | 202,597.00 | 202,597.00 |

Adjusting Journal Entries JE # 19

400.4200

To adjust committed fund balance to actual

| | | | |
|-----------------|----------------------------------|-------------------|-------------------|
| 01-2530-01-0000 | Unassigned Fund Balance | 899,353.00 | |
| 01-2460-00-0000 | Committed Fund Balance | | 360,853.00 |
| 01-2460-00-0001 | Committed Fund Balance - Surplus | | 538,500.00 |
| Total | | 899,353.00 | 899,353.00 |

Adjusting Journal Entries JE # 20

400.0000

To close deferred revenue for budgetary purposes

| | | | |
|-----------------|-------------------------|-------------------|-------------------|
| 01-2220-01-0000 | Deferred Revenue | 642,486.00 | |
| 01-2530-01-0000 | Unassigned Fund Balance | | 642,486.00 |
| Total | | 642,486.00 | 642,486.00 |

Total Adjusting Journal Entries

Total All Journal Entries

| | |
|---------------------|---------------------|
| 3,094,877.00 | 3,094,877.00 |
| 3,094,877.00 | 3,094,877.00 |