



September 15, 2022

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To the Members of the Board of Selectmen
Town of Allenstown
16 School Street
Allenstown, NH 03275

Dear Members of the Board:

We have audited the financial statements of the governmental activities, business-type activities, each major governmental and proprietary fund, and aggregate remaining fund information of the Town of Allenstown for the year ended December 31, 2021 and have issued our report thereon dated August 31, 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 22, 2021, our responsibility, as described by professional standards, is to form and express an opinion 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 Allenstown 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 22, 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;
- 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 Allentown 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 estimates of the capital asset useful lives are 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 they are reasonable in relation to the financial statements taken as a whole.

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

Management's estimate of the allowance for uncollectible septic hauler receivables is based on knowledge of past collection rates. We evaluated the key factors and assumptions used to develop the allowance for uncollectible septic hauler 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 liability is based on estimates provided by the Town's contracted engineer. We evaluated the key factors and assumptions used by the Town's contracted engineer to develop the accrued landfill postclosure care costs liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense 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 net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimates of the other postemployment benefit (OPEB) liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense 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 OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense 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.

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 the general fund is 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 31, 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 Allenstown'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.

Modification of the Auditor's Report

We have made the following modifications to our auditor's report. An adverse opinion will be issued on the governmental activities, business-type activities, and proprietary fund. The circumstances that have led to this modification are as follows:

The Town has not recorded all of its infrastructure capital assets and related accumulated depreciation in the governmental activities, business-type activities, and proprietary fund, and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets, be capitalized and



depreciated, which would increase the assets, net position, and expenses of the governmental activities, business-type activities, and proprietary fund. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities, business-type activities, and proprietary fund is not reasonably determinable.

Other Audit Matters, Findings, or Issues

In the normal course of our professional association with the Town of Allenstown, 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 Allenstown's auditors.

Review and Reaffirmation of Key Financial and Accounting Policies (repeat comment)

In reviewing the Town's key financial and accounting policies, we observed that several of the policies have not been reviewed or reaffirmed in a number of years. As a best practice, it is recommended these policies be reviewed and reaffirmed every three to five years. This ensures that policies remain current with both the Town's practices as well as changing financial and accounting standards. Additionally, this practice ensures that new Board members are familiar with the Town's policies due to changes at annual elections.

Library Disbursements (repeat comment)

We noted during review of the library fund that debit card purchases are not formally approved. All purchases should have formal approval by the Library Board of Trustees. We recommend Library Board of Trustees consider the use of a credit card, which offers additional fraud protection. We also recommend that all purchases made by either a debit card or credit card be approved prior to purchase, that follow a debit card and/or credit card policy that provides a clear procedure for use of the card.

Investment Policy (repeat comment)

During our review of Town policies and procedures, we noted that the investment policy had not been updated or reaffirmed since 2019. Per NH RSA 41:9, *Financial Duties*, "The selectmen shall annually review and adopt an investment policy for the investment of public funds in conformance with applicable statutes and shall advise the treasurer of such policies." We recommend that the Board of Selectmen review and approve the investment policy on an annual basis to ensure it reflects the current legal regulatory or economic environment.

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 Allentown and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,



PLODZIK & SANDERSON
Professional Association

Attachment:

Gov Letter Adjusting Journal Entries



Client: **2001 - Town of Allenstown**
 Engagement: **2021 - Town of Allenstown**
 Period Ending: **12/31/2021**
 Trial Balance: **001.0000 - Government Fund Trial Balance**
 Workpaper: **910.0031 - Gov Letter Adjusting Journal Entries**
 Fund Level: **Fund**
 Index: **01**

Account	Description	Debit	Credit
Fund: 01 General Fund			
Adjusting Journal Entries JE # 5			
Rounding adjustment to tie out beginning fund balance (audit only)			
01-2530.10-000	Unassigned Fund Balance	2.00	
01-3509.21-000	Over and Short Account		2.00
Total		2.00	2.00
Adjusting Journal Entries JE # 6			
To adjust nonspendable fund balance to actual.			
01-2520.30-000	Reserve Tax Deeded Property	1,173.00	
01-2530.10-000	Unassigned Fund Balance		1,173.00
Total		1,173.00	1,173.00
Adjusting Journal Entries JE # 7			
To adjust Elderly & Disabled Tax liens to actual.			
01-1081.10-000	Welfare Liens Receivable	29,620.00	
01-1081.20-000	Reserve for Welfare Liens		29,620.00
Total		29,620.00	29,620.00
Adjusting Journal Entries JE # 8			
To adjust tax receivables and prepaid property taxes to actual.			
01-1080.20-000	A/R Current Use Tax	3,000.00	
01-2270.50-000	Prepaid Property Taxes	138,228.00	
01-3110.40-000	OVERLAY	29,330.00	
01-1080.10-000	A/R Current Year Taxes		162,071.00
01-1080.11-000	A/R prior tax not liened		939.00
01-1080.30-000	A/R Timber Tax		390.00
01-1110.10-000	A/R Tax Liens Current Year		6,677.00
01-1150.12-000	A/R Uncollected Sewer Rents		481.00
Total		170,558.00	170,558.00
Adjusting Journal Entries JE # 9			
To adjust allowance for uncollectible taxes to actual.			
01-1080.90-000	Allowance for Uncol. Taxes	30,000.00	
01-3110.40-000	OVERLAY		30,000.00
Total		30,000.00	30,000.00
Adjusting Journal Entries JE # 11			

To defer Local Fiscal Recovery Fund grant, which has not had any eligible expenditures incurred to recognize the revenue.

01-3359.10-000	Other State Grants & Reimb.	232,777.00	
01-2290.10.000	Deferred Inflows - Grants Received in Advance of Expenditures		232,777.00
Total		232,777.00	232,777.00

Adjusting Journal Entries JE # 12

Journal entry to reclassify payables balances that incorrectly hit cash.

01-1010.10-000	Cash-Operating	11,447.00	
01-2020.00-000	Accounts Payable		11,447.00
Total		11,447.00	11,447.00

Adjusting Journal Entries JE # 16

To record JE's posted after the TB date (JE's #2023-2028)

01-1010.40-000	Cash-Planning Board Escrows	920.00	
01-1010.40-000	Cash-Planning Board Escrows	813.00	
01-1010.40-000	Cash-Planning Board Escrows	1,240.00	
01-1010.40-000	Cash-Planning Board Escrows	9,500.00	
01-1010.40-000	Cash-Planning Board Escrows	192.00	
01-1010.40-000	Cash-Planning Board Escrows	500.00	
01-2020.80-000	Due to Escrows		920.00
01-2020.80-000	Due to Escrows		813.00
01-2020.80-000	Due to Escrows		1,240.00
01-2020.80-000	Due to Escrows		9,500.00
01-2020.80-000	Due to Escrows		192.00
01-2020.80-000	Due to Escrows		500.00
Total		13,165.00	13,165.00

Adjusting Journal Entries JE # 17

To post client JE after TB date (client JE #2029)

01-4153.20-320	LEGAL Services	3,134.00	
01-2020.80-000	Due to Escrows		3,134.00
Total		3,134.00	3,134.00

Adjusting Journal Entries JE # 27

To adjust escrow balances to actual.

01-2530.10-000	Unassigned Fund Balance	50,622.00	
01-3501.10-000	Sale of Town Owned Property	7,281.00	
01-2020.80-000	Due to Escrows		57,903.00
Total		57,903.00	57,903.00

Fund: 01	Adjusting Journal Entries	549,779.00	549,779.00
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Fund: 01	Total All Journal Entries	549,779.00	549,779.00
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All Funds	All Journal Entries	549,779.00	549,779.00
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