

**Additional Offices:**

Nashua, NH  
Andover, MA  
Greenfield, MA  
Ellsworth, ME

To the Board of Commissioners  
County of Carroll, New Hampshire

We have audited the financial statements of County of Carroll, New Hampshire (the County) as of and for the year ended December 31, 2018 and have issued our report thereon dated October 9, 2019. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity 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 County 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.

We have provided our findings regarding significant control deficiencies over financial reporting noted during our audit in a separate letter to you dated October 9, 2019.

## **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team and others in our Firm have complied with all relevant ethical requirements regarding independence. Safeguards that have been applied to eliminate threats to independence, or reduce them to an acceptable level, include annual certification of independence by all Firm staff, or when circumstances change during the year.

## **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 County is included in the notes to the financial statements. There has been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended December 31, 2018. 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:

- Collectability of receivables.
- Estimated lives and depreciation methods for depreciable assets.
- Net pension liability.
- Net OPEB liability.

Management's estimates of the above are based on various criteria. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive disclosures affecting the County's financial statements.

### **Identified or Suspected Fraud**

We have not identified or obtained information that indicates that fraud may have occurred.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

As an added service to the County, we assisted in compiling the government-wide financial statements, including consolidating various funds into governmental activities, converting to the accrual basis of accounting, and recording all long-term assets, long-term liabilities, and net position classifications. This consolidation and conversion process was based on information from the County's accounting records.

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached reports (Passed Adjusting Journal Entries Report) summarize uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached reports (Adjusting Journal Entries Report) summarize material misstatements that we identified as a result of our audit procedures and were brought to the attention of, and corrected by, management.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the County's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in their letter dated October 9, 2019.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, 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 County's auditors.

## **Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the County's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information (if applicable) and considered whether such information, or the manner of its presentation, was materially inconsistent with the presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the governing body and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

*Melanson Heath*

October 9, 2019

# PASSED ADJUSTING JOURNAL ENTRIES

Client: **CARROLLCTY - Carroll County, New Hampshire**  
Engagement: **2018 FS - Carroll County - 2018 audit**  
Period Ending: **12/31/2018**  
Trial Balance: **GF & NH Consolidated trial balance**  
Workpaper: **GF-030 - Passed Adjusting Journal Entries Report - CY**

Account	Description	W/P Ref	Debit	Credit
<b>Passed Adjusting Journal Entries</b>				
<b>Passed Adjusting Journal Entries JE # 1</b>				
To repost prior year passed adjusting journal entries.				
300.1100.124	A/R NURSING HOME ALLOWANCE	GF-040	52,000.00	
300.3000.009	FUND BALANCE		51,079.94	
300.3000.009	FUND BALANCE			52,000.00
300.5000.010	MEDICAID ROOM & BOARD			51,079.94
<b>Total</b>			<b>103,079.94</b>	<b>103,079.94</b>
<b>Passed Adjusting Journal Entries JE # 2</b>				
To adjust allowance for doubtful accounts.				
300.5000.093	A/R BAD DEBTS	B-010	141,000.00	
300.1100.124	A/R NURSING HOME ALLOWANCE			141,000.00
<b>Total</b>			<b>141,000.00</b>	<b>141,000.00</b>
<b>Passed Adjusting Journal Entries JE # 3</b>				
To reconcile cash.				
100.1000.744	CCSO - DRUG TASK FORCE	A-001	223.11	
100.1000.746	CCSO - FEDERAL SEIZURE		3,457.92	
100.4000.024	COUNTY MISCELLANEOUS INCOME		6,370.39	
100.4010.034	OTHER INCOME		5,725.45	
100.1000.121	BNH#851026963			5,902.54
100.1000.130	DEEDS SURCHG-BNH MM #5140			467.85
100.1000.742	CCSO - CIVIL WRIT			9,150.52
100.1000.743	CCSO - EXECUTION			255.96
<b>Total</b>			<b>15,776.87</b>	<b>15,776.87</b>
<b>Passed Adjusting Journal Entries JE # 4</b>				
To reconcile nursing home receivables with aging report.				
300.1100.120	A/R NURSING HOME PATIENTS	B-010	52,988.28	
300.5000.010	MEDICAID ROOM & BOARD			52,988.28
<b>Total</b>			<b>52,988.28</b>	<b>52,988.28</b>
<b>Total Passed Adjusting Journal Entries</b>			<b>312,845.09</b>	<b>312,845.09</b>
<b>Total All Journal Entries</b>			<b>312,845.09</b>	<b>312,845.09</b>

# ADJUSTING JOURNAL ENTRIES

Client: **CARROLLCTY - Carroll County, New Hampshire**  
Engagement: **2018 FS - Carroll County - 2018 audit**  
Period Ending: **12/31/2018**  
Trial Balance: **GF Trial balance**  
Workpaper: **GF-002 - GF Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 20</b>				
To record current year change in accrued payroll.				
		M-010		
100.2100.130	ACCRUED WAGES		37,258.76	
100.4100.007	ADMINISTRATIVE SALARIES			2,288.65
100.4110.007	SALARIES			2,307.99
100.4111.009	SALARIES			254.22
100.4120.009	SALARIES			1,268.18
100.4140.007	SALARY-DEPUTIES			6,021.10
100.4142.009	SALARY			3,504.91
100.4170.009	SALARY			207.05
100.4193.009	SALARY			693.50
100.6100.009	SALARIES			20,713.16
<b>Total</b>			<b>37,258.76</b>	<b>37,258.76</b>
<b>Adjusting Journal Entries JE # 23</b>				
Per County, to adjust accruals and prepaids.				
		GF-010		
100.2200.002	MEDICAL		552,843.01	
100.2200.007	DENTAL		74,640.15	
100.2200.017	TEAMSTERS INSURANCE		32,340.97	
100.1300.002	PREPAID MEDICAL EXPENSES			552,843.01
100.1300.003	PREPAID DENTAL EXPENSES			74,640.15
100.1300.017	PREPAID TEAMSTERS INSURANCE			32,340.97
<b>Total</b>			<b>659,824.13</b>	<b>659,824.13</b>
<b>Adjusting Journal Entries JE # 24</b>				
To adjust prepaid insurance.				
		E-010		
100.4102.093	PROPERTY & LIABILITY INS		6,809.75	
100.1300.001	PREPAID COUNTY INSURANCE			6,809.75
<b>Total</b>			<b>6,809.75</b>	<b>6,809.75</b>
<b>Total Adjusting Journal Entries</b>			<b>703,892.64</b>	<b>703,892.64</b>
<b>Total All Journal Entries</b>			<b>703,892.64</b>	<b>703,892.64</b>

# ADJUSTING JOURNAL ENTRIES

Client: **CARROLLCTY - Carroll County, New Hampshire**  
Engagement: **2018 FS - Carroll County - 2018 audit**  
Period Ending: **12/31/2018**  
Trial Balance: **NH Trial balance**  
Workpaper: **NH-002 - NH Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 6</b>				
		<b>X-110</b>		
To reverse prior year MQIP receivable and record current year MQIP receivable.				
300.1100.130	DUE FROM STATE-PRO SHARE		309,469.57	
300.5000.045	QUALITY ASMT-"BED TAX" MQUIP		328,955.05	
300.1100.130	DUE FROM STATE-PRO SHARE			328,955.05
300.5000.045	QUALITY ASMT-"BED TAX" MQUIP			309,469.57
<b>Total</b>			<b>638,424.62</b>	<b>638,424.62</b>
<b>Adjusting Journal Entries JE # 9</b>				
		<b>A-112</b>		
PER COUNTY, COUNTY DOES NOT NEED TO POST: To correct Cafe meals and interest				
300.5000.050	INTEREST INCOME		3.76	
300.5000.053	CAFE MEALS		622.09	
300.1000.340	MVC CAFE-BNH-5696			625.85
<b>Total</b>			<b>625.85</b>	<b>625.85</b>
<b>Adjusting Journal Entries JE # 10</b>				
		<b>M-010</b>		
To record current year change in accrued payroll.				
300.2100.126	ACCRUED PAYROLL MVC EXPENSE		120,195.43	
300.5100.009	SALARY-ADMINISTRATION			5,695.72
300.5130.009	SALARY			14,930.88
300.5140.007	SALARY-LNA'S			78,462.60
300.5150.009	SALARY			12,075.74
300.5191.009	SALARIES			6,556.28
300.5192.009	SALARIES			2,474.21
<b>Total</b>			<b>120,195.43</b>	<b>120,195.43</b>
<b>Adjusting Journal Entries JE # 12</b>				
		<b>E-010</b>		
To adjust prepaid insurance.				
300.5100.093	INSURANCE		6,809.75	
300.1300.006	PREPAID MVC INSURANCE			6,809.75
<b>Total</b>			<b>6,809.75</b>	<b>6,809.75</b>

# ADJUSTING JOURNAL ENTRIES

Client: **CARROLLCTY - Carroll County, New Hampshire**  
Engagement: **2018 FS - Carroll County - 2018 audit**  
Period Ending: **12/31/2018**  
Trial Balance: **GRF Trial Balance**  
Workpaper: **GRF-002 - GRF Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		GRF-072		
To record 4th Quarter Second Chance Grant revenue.				
200.1100.120	ACCOUNTS RECEIVABLE-GRANTS		22,961.21	
200.6040.020	SECOND CHANCE GRANT			22,961.21
Total			22,961.21	22,961.21
Adjusting Journal Entries JE # 3				
To record receivable for victim witness request for reimbursement for period ending 12/31/18.		GRF-051		
200.1100.120	ACCOUNTS RECEIVABLE-GRANTS		7,116.69	
200.4000.033	VICTIM WITNESS GRANT FUNDS			7,116.69
Total			7,116.69	7,116.69
Total Adjusting Journal Entries			30,077.90	30,077.90
Total All Journal Entries			30,077.90	30,077.90