

August 10, 2023

To the Board of Commissioners  
County of Carroll, New Hampshire

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Carroll, New Hampshire for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 October 5, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Carroll, New Hampshire are described in Note 1 to the financial statements. During the year ended December 31, 2021, the County adopted and implemented GASB Statement No. 84 – *Fiduciary Activities*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the financial statements and is described in Note 16 to the basic financial statements. Additionally, the County adopted and implemented GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*, during the year ended December 31, 2021. There was no effect on beginning of the year balances as a result of adoption of this standard. We noted no transactions entered into by the County of Carroll, New Hampshire 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 financial statements of the Governmental Activities were:

Management’s estimates of the useful lives of capital assets are based upon historical records of utilization, necessary improvements and replacements. We evaluated the key factors and assumptions used to develop the depreciable useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Significant estimates also include actuarial assumptions used in determining cost-sharing pension and other post-employment benefit costs and single employer other post-employment benefit costs which are based on plan audited financial statements and a plan actuarial valuation report, respectively. We evaluated the assumptions used in the plan audited financial statements and the plan actuarial valuation report to determine that they are reasonable in relation to the financial statements as a whole.

The most sensitive estimate affecting the financial statements of the General Fund and the Governmental Activities was:

Management's estimate of the allowance for uncollectible receivables is based on the likelihood of the County to collect monies owed to it. We evaluated the key factors and assumptions used to develop the allowance for uncollectible receivables in determining that it is 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. Management has corrected all such misstatements. Please see the attached schedule of material misstatements detected as a result of audit procedures that were corrected by management.

#### ***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 10, 2023.

#### ***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 County of Carroll, New Hampshire'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 prior to retention as the County of Carroll, New Hampshire's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

As described in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we noted two material weaknesses and a significant deficiency.

As described in the Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance, we noted that the County was not in compliance with the reporting requirement. We considered this finding to be a material weakness in the internal control over major federal programs.

### **Other Matters**

We applied certain limited procedures to the budgetary comparison information, schedule of changes in the County's proportionate share of the net OPEB liability, schedule of County OPEB contributions, schedule of changes in the County's total OPEB liability and related ratios, schedule of changes in the County's proportionate share of the net pension liability, and schedule of County pension contributions which are required supplementary information (RSI) that supplements the basic financial statements. 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 schedule of expenditures of federal awards, which accompanies the financial statements but is 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 use of the Board of Commissioners and management of the County of Carroll, New Hampshire and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Vachon Clukay & Company PC*

County of Carroll, New Hampshire  
Schedule of Detected and Corrected Material Misstatements  
December 31, 2021

**General Fund –**

- To remove the cash balance and corresponding payables at year end of \$1,884,834 applicable to the Registry of Deeds Custodial Fund
- To record the refunding bond issuance and the refunding bond payment of \$10,768,141

**Aggregate Remaining Fund Information –**

- To record the annual collection of tax stamps and L-chips of \$16,540,761 and remitted to the State of New Hampshire in the Registry of Deeds Custodial Fund
- To record the cash balance and corresponding payables at year end of \$1,884,834 in the Registry of Deeds Custodial Fund
- To restate the beginning net position in the Custodial Funds in the amount of \$186,263
- To record the annual collections and payments on behalf of the Nursing Home residents of \$219,397 and \$215,103, respectively in the Resident Custodial Fund
- To record the annual collections and payments on behalf of the inmates at the House of Corrections by \$139,404 and \$182,005, respectively in the Inmate Custodial Fund
- To reduce the recognized ARPA grant revenue for unexpended funds of \$4,742,847 and record as an advance from grantor