

January 30, 2024

To the Board of Selectmen
Town of Alstead, New Hampshire

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Alstead, New Hampshire for the year ended December 31, 2022. 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 May 15, 2023. 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 Town of Alstead, New Hampshire are described in Note 1 to the financial statements. During the year ended December 31, 2022, the Town adopted and implemented GASB Statement No. 87 – *Leases*. There was no effect on beginning of the year balances as a result of adoption of the new standard (see Note 3 to the financial statements). We noted no transactions entered into by the Town of Alstead, 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 governmental activities, each major fund, and the aggregate remaining fund information's financial statements were:

Management's estimate of the allowance for uncollectible taxes receivable is based on taxpayer bankruptcies, abatements subsequently issued, historical collection levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the estimate for uncollectible taxes receivable in determining that it is reasonable in relation to the financial statements taken as a whole. Management's estimate of the allowance for other accounts receivable is based upon historical collection levels. We evaluated the key factors and assumptions used to develop the allowance for other accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Significant estimates also include actuarial assumptions used in determining pension and other postemployment benefit costs which are based on plan audited financial statements. We evaluated the assumptions used in the plan audited financial statements to determine that they are reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

As discussed in Note 2 to the financial statements, the Town has not implemented certain provisions of GASB Statement 34, *Basic Financial Statements & Management's Discussion and Analysis for State and Local Governments*, in respects to the reporting of all capital assets, including infrastructure assets. Additionally, the Town has not implemented all provisions of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The single employer plan provisions of GASB Statement 75 were required to be implemented by the Town during the year ended December 31, 2018. Accordingly, an adverse opinion has been issued on the financial statements of the governmental activities.

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

Difficulties Encountered in Performing the Audit

The audit of the Town's financial statements was delayed due to the library not having completed documentation available as of scheduled fieldwork.

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 and corrected as a result of audit procedures.

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 January 30, 2024.

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 Alstead, 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 each year prior to retention as the Town of Alstead, 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.

The Town has not implemented the capital assets provision of GASB Statement No. 34, *Basic Financial Statements & Management's Discussion and Analysis for State and Local Governments*, in respects to the reporting of all capital assets including infrastructure assets. Additionally, the Town did not adopt all provisions of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in respect to the reporting of its single employer plan. This resulted in an “Adverse” opinion on the financial statements of the Governmental Activities.

Other Matters

We applied certain limited procedures to the budgetary comparison information, the schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town pension contributions, which are required supplementary information (RSI) that supplement 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 combining nonmajor governmental fund financial statements, 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 use of the Board of Selectmen and management of the Town of Alstead, 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

Town of Alstead, New Hampshire
For the Year Ended December 31, 2022
Material Audit Adjustments

The following is a listing of the material audit adjustments made for the year ended December 31, 2022, and have been corrected by management:

General Fund:

- To restore fund balance in the capital reserve funds (combined with the general fund for reporting) and increase beginning of year investments in the amount of \$97,099.
- To recognize unrealized gains and adjust the investments in the capital reserve funds to fair value in the amount of \$113,642.
- To reduce the allowance for uncollectable taxes by \$25,403.
- To correct for misposting of accrued payroll, increasing liability and expenditures by \$24,074.
- To record a receivable for the locality equipment grant expended during 2022 but not reimbursed from the State until 2023 in the amount of \$38,672.

Permanent Funds:

- To restore fund balance in the permanent funds and increase beginning of year investments in the amount of \$91,740.
- To recognize unrealized gains and adjust the investments to fair value in the amount of \$112,936.