

ROBERGE AND COMPANY, P.C.

Certified Public Accountants

Member – American Institute of CPA's (AICPA)
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To the Board of Selectmen
Town of Henniker
Henniker, New Hampshire

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Henniker for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, 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 December 31, 2022. 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 Henniker are described in the Notes to the financial statements. We noted no transactions entered into by the governmental unit 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 Henniker's Statement of Net Position financial statements (related footnote) were:

- Actuarial Valuation of Post-Employment Benefits under GASB 75.
- Proportionate Share of NHRS Net Pension Liability.
- Proportionate Share of NHRS Net Medical Subsidy OPEB Liability.
- Allowance for uncollectible accounts.

Management's estimate of the valuation of OPEBs is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the valuation in determining that it is reasonable in relation to the financial statements taken as a whole. The estimate of the proportionate share of net pension liability of the NHRS is based on the Town's current percentage of contributions to the system. Uncollectible accounts for ambulance billings are estimated based on historical averages of amounts written off. Uncollectible accounts for taxes were estimated and based on tax collector deeds not accepted and are more than three years in arrears.

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 trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 as of the report date.

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

As part of our audit, we gain an understanding of the entity and its internal controls. Our current year update of our understanding of the client and its controls identified an area that could use strengthening to increase controls and operating efficiency. The Treasurer's function is an integral component in maintaining proper segregation of duties in the control system. Although the treasurer currently receives copies of all deposits, manifests, and bank reconciliations prepared by the finance office to review for accuracy, they do not maintain their own cash balance, ("books"). We believe the controls would be enhanced by the treasurer maintaining an independent ledger (for each bank account) that is reconciled to the centralized general ledger system. The duties of the treasurer defined in RSA 41:29, III indicate the treasurer "*shall keep in suitable books*" all amounts received into and paid from the town treasury and shall provide this information to the selectmen. These "books" would provide an independent subsidiary record and control over the amounts being reported in the towns general ledger system. It is recommended that the treasurer maintain their own set of books and that those books be reconciled "monthly" to the general ledger system.

Contributions to capital reserve funds, maintained by the Trustees of Trust Funds, had been incorrectly allocated between authorized funds. These allocations were identified and corrected and did not affect the "total" investments reported.

There has been significant turnover in management and financial personnel which affected the timeliness of the preparation of the financial statements for the year ended December 31, 2022. Turnover can be one of the most significant risks for a small municipality. The historical knowledge of employees that leave can create a significant learning curve if they do not document critical policies and procedures for their successors to follow. Our assessment of the current management indicated that they have the necessary skills, knowledge, and experience to ensure the timeliness of the financial statement preparation process going forward. The Board is responsible for monitoring the timeliness of the yearend closing process and should inquire of management if any additional resources may be required to ensure that timely and accurate financial information is available to make decisions.

Other Information in Documents Containing Audited Financial Statements

We applied certain limited procedures to the Required Supplementary Information (RSI) in the Table of Contents, which is required to 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 Other Supplementary Information, in the Table of Contents, 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.

This information is intended solely for the use of the Board of Selectmen and management of the Town of Henniker and is not intended to be and should not be used by anyone other than these specified parties.

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Franklin, New Hampshire
December 14, 2023