

December 17, 2021

To the Board of Selectmen
Town of Warner, New Hampshire

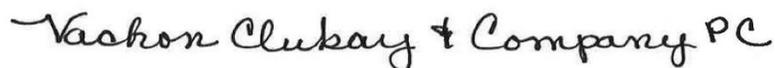
In planning and performing our audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Warner, New Hampshire for the year ended December 31, 2020, we considered the Town's internal control structure to determine audit procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. We previously reported on the Town's internal control structure in our report dated December 17, 2021. This letter does not affect that report or our report on the basic financial statements dated December 17, 2021.

We have already discussed these comments and suggestions with various Town personnel, and we will be pleased to discuss them in further detail at your convenience, to perform additional study of the matter, or to assist you in implementing the recommendation.

The purpose of this letter is to provide constructive and meaningful recommendations to you.

Sincerely,



Vachon Clukay & Company PC

BUDGET

Observation

During our audit, we noted that the Solar Array Revolving activity was excluded from the budget. It is noted that the intent of the Solar Revolving Fund is to account for the revenues received from the utility company, which is to be used to pay the principal debt payments on the associated note payable. In the current year, the General Fund's budget included no estimated revenues from the Solar Revolving Fund to offset the costs associated with the debt payment.

Implication

Excluding the estimated revenues in the General Fund budget causes an unnecessary increase in funds being raised from taxation.

Recommendation

We recommend that the Town review the budgeting and accounting related to the Solar Array Revolving account. We recommend that the Town budget for the activity appropriately, such as a transfer in to the General Fund, to offset the cost of the debt that will be funded by the Solar Revolving Fund.

TIMELY DEPOSITS

Observation

During our audit procedures performed over cash receipts, we noted untimely deposits to the bank. In two of the transactions tested, it was noted that money was received at the Town Hall and not deposited in the bank until 8 and 13 days later.

Implication

Internal controls over cash receipts are weakened. The Town is exposed to an increased risk that funds could be lost, stolen, or misplaced.

Recommendation

We recommend that the Town make weekly deposits of funds, adhering to the State law, RSA 41:29. The Treasurer shall ensure that all monies remitted be deposited at least on a weekly basis, or daily whenever funds remitted from all departments collectively total \$1,500 or more.