

, 2021

To the Members of the Board of Commissioners
Waterville Estates Village District
562 Winterbrook Road
Campton, NH 03223

Dear Members of the Board:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the Waterville Estates Village District for the year ended December 31, 2019. 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 January 6, 2019. 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 Waterville Estates Village District are described in Note 1 to the financial statements. We noted no transactions entered into by the Waterville Estates Village District 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 Waterville Estates Village District's financial statements were:

Management's estimate of the capital asset useful lives is based on historical information and industry guidance. We evaluated the key factors and assumptions used to develop the capital asset useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible property taxes are based on historical data and information known concerning the assessment appeals. We evaluated the key factors and assumptions used to develop the uncollectible property taxes in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability, deferred outflows and inflows of resources related to pensions are based on assumptions of future events, such as employment, mortality and estimates of value of reported amounts. We evaluated the key factors and assumptions used to develop the net pension liability, deferred outflows and inflows of resources related to pensions in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other postemployment benefit liability, deferred outflows and inflows of resources are based on the assumption of future events, such as employment, mortality, and the healthcare cost trend, as well as estimates of the value of

reported amounts. We evaluated key factors and assumptions used to develop the other postemployment benefits liability, deferred outflows and inflows of resources related to the other postemployment benefits in determining that they are 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 our audit, however, due to pandemic restrictions imposed, there were delays in 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. Adjustments proposed and approved were primarily of a routine nature which management expects the independent auditors to record as part of their year-end procedures. A list of these adjustments for the general, recreation, and water funds are attached to this letter.

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 _____, 2021.

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 Waterville Estates Village District'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 Waterville Estates Village District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Revenue Budget

In review of the District's general ledger, it was noted that the revenue budget is not input into QuickBooks. We recommend that preliminary budget data is entered into QuickBooks and then adjusted to reconcile to the State's Form MS-434R (general fund amounts only) upon finalization of the tax rate setting. It is then recommended that budget to actual reports are generated from QuickBooks to be reviewed by the Board of Commissioners on a monthly basis.

Stale Dated Reconciling Items

While testing the cash balances of the District, we identified stale dated checks included on the bank reconciliations. Typically, checks remaining outstanding for periods greater than 90 days should be cancelled/redistributed (if necessary) and/or sent to the State as abandoned property, following communication attempts with the payee. We recommend that the District develops a procedure or policy to standardize how stale dated items are addressed.

Personnel Files

In our performance of payroll audit procedures, we identified that although changes to rates of pay are approved annually by the Board, pay authorization forms or other formal agreements are not being completed and maintained in the employee's personnel records. We recommend that the District develops a pay authorization form to be completed upon hiring or upon any changes to pay rates. This form would then be signed by the employee and maintained in the employee's personnel file.

Exposed Deposits

In review of the District's year end deposits and related insurance or collateral securing those funds, it was identified that \$107,488 of the year end deposits were exposed to loss. In the event of financial institution failure, it is recommended that the District insure or collateralize all deposits, at all times during the year, to protect against any potential losses.

Other Matters

Implementation of New GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements.

GASB Statement No. 87, *Leases*, issued in June 2017, will be effective for the District with its fiscal year ending December 31, 2020. This Statement will improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, issued June 2018, will be effective for the District with its fiscal year ending December 31, 2020. This Statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 91, *Conduit Debt Obligations*, issued June 2019, will be effective for the District with its fiscal year ending December 31, 2021. This Statement provides for a single method of reporting conduit debt obligations and clarifies the existing definition of a conduit debt obligation and improves note disclosures.

GASB Statement No. 92, *Omnibus 2020*, issued in January 2020, will be effective for the District with its fiscal year ended December 31, 2021. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

We applied certain limited procedures to the following, which are required supplementary information (RSI) that supplements the basic financial statements:

- Schedule of the District's Proportionate Share of Net Pension Liability,
- Schedule of District Contributions – Pensions
- Schedule of the District's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of District Contributions – Other Postemployment Benefits
- Schedule of Changes in the District's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

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 individual fund schedules, 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 information and use of the members of the Board of Commissioners and management of the Waterville Estates Village District and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,

PLODZIK & SANDERSON
Professional Association

Attachment:
Audit Entries for Governance Letter

Client: **3184 - Waterville Estates Village District**
Engagement: **2019 - Waterville Estates Village District 19**
Period Ending: **12/31/2019**
Trial Balance: **001.0000 - Government Fund Trial Balance**
Workpaper: **400.0001 - General Fund Adjustments**
Fund Level: **Fund**
Index: **01**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
Opening fund balance adjustment per 400.4500.				
01-1310	AR 2000 Campton Taxes		715,650.00	
01-1320	AR 2000 Thornton Taxes		76,743.00	
01-1320.00	AR Thornton Taxes		51,064.00	
01-1510	AR Other		110,913.00	
01-1800.2	Due From Rec Fund		206,716.00	
01-3040	DEFERRED FUNCTION REVENUE		1,000.00	
01-1200	Accounts Receivable			394,880.00
01-1310.01	AR 2001 Campton Taxes			102,037.00
01-1311	Reserve for noncurrent Campton			40,000.00
01-1320.03	AR - 2003 THORNTON TAXES			110,913.00
01-1700	Due From/ To WEA			460.00
01-2001	Accounts Payable			28,132.00
01-2025.6	PAVING			10,000.00
01-2060.9	NOTE PAYABLE - MVSB			185,407.00
01-3030	DEFERED 2002 TAX REVENUE			1,000.00
01-3503	Miscellaneous income			5,273.00
01-3900	Retained Earnings			261,046.00
01-9999	For Accountant Review			22,938.00
Total			<u>1,162,086.00</u>	<u>1,162,086.00</u>
Adjusting Journal Entries JE # 4				
Adjust Thornton tax receivable balance to actual per 300.1400.				
01-1320.00	AR Thornton Taxes		32,250.00	
01-1106.7	Current YR Thornton Taxes			32,250.00
Total			<u>32,250.00</u>	<u>32,250.00</u>
Adjusting Journal Entries JE # 5				
Consolidate accounts and adjust Campton receivable to actual per 300.1410.				
01-1310.01	AR 2001 Campton Taxes		817,687.00	
01-1310.05	AR Campton Taxes		580,277.00	
01-1310.05	AR Campton Taxes		110,585.00	
01-1105.7	Current YR Campton Taxes			110,585.00
01-1310	AR 2000 Campton Taxes			1,397,964.00
Total			<u>1,508,549.00</u>	<u>1,508,549.00</u>
Adjusting Journal Entries JE # 6				
Reverse prior year payable balances and adjust for expenditure posted directly to AP per 300.2110.				
01-2001	Accounts Payable		29,256.00	
01-4520.19	Building Heat		1,124.00	
01-1700.2	Due From WEVD			7,411.00
01-2001	Accounts Payable			1,124.00
01-3410	Accounting/Taxes/Audit			21,845.00
Total			<u>30,380.00</u>	<u>30,380.00</u>
Adjusting Journal Entries JE # 7				
Reclassify bonus wages posted to balance sheet incorrectly.				
01-2101	Payroll Liabilities		7,750.00	
01-1650	EMPLOYEE ADVANCE			7,750.00
Total			<u>7,750.00</u>	<u>7,750.00</u>
Adjusting Journal Entries JE # 9				
Write off invalid balance in review with the Assistant General Manager.				
01-3503	Miscellaneous income		4,225.00	
01-1200	Accounts Receivable			4,225.00
Total			<u>4,225.00</u>	<u>4,225.00</u>
Adjusting Journal Entries JE # 10				
Record additional AP identified during subsequent period testing.				
01-4520.1	Building Equipment Repairs		7,171.00	
01-2001	Accounts Payable			7,171.00
Total			<u>7,171.00</u>	<u>7,171.00</u>
Adjusting Journal Entries JE # 12				
Immaterial interfund classification adjustment.				
01-1800.2	Due From Rec Fund		134.00	
01-1700.4	Owed To Water Dept			134.00
Total			<u>134.00</u>	<u>134.00</u>
Adjusting Journal Entries JE # 21				

To record premium holiday benefit as revenue

01-4196.3	Workers Comp Ins
01-4196.7	Insurance
01-1315	Miscellaneous Income

11,653.00
1,046.00

12,699.00

Total

12,699.00

12,699.00

Adjusting Journal Entries JE # 22

400.4400

To record committed fund balance (place holder until actual number is known).

01-3900	Retained Earnings
01-2530-001	Committed Fund Balance

110,331.00

110,331.00

Total

110,331.00

110,331.00

Adjusting Journal Entries JE # 23

NA

To record increase in transfer to water fund to zero out deficit. Per Inquiry of the General Manager and Assistant General Manager.

01-4914W	Contribution to Water Dept.
01-1700.4	Owed To Water Dept

8,261.00

8,261.00

Total

8,261.00

8,261.00

Adjusting Journal Entries JE # 24

400.4100

To record encumbrance for audit fees.

01-3000	Unreserved Fund Balance
01-2440-001	Assigned Fund Balance

7,877.00

7,877.00

Total

7,877.00

7,877.00

Total Adjusting Journal Entries

2,891,713.00

2,891,713.00

Total All Journal Entries

2,891,713.00

2,891,713.00

Client: **3184 - Waterville Estates Village District**
 Engagement: **2019 - Waterville Estates Village District 19**
 Period Ending: **12/31/2019**
 Trial Balance: **001.0000 - Government Fund Trial Balance**
 Workpaper: **501.0001 - Water Fund Adjustments**
 Fund Level: **Fund**
 Index: **04**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 2				
Trivial difference in opening fund balance per 501.0020.				
04-3200.0	Retained Earnings	501.0020	101.00	
04-3403	Misc. Income			101.00
Total			101.00	101.00
Adjusting Journal Entries JE # 23				
To record increase in transfer to water fund to zero out deficit. Per inquiry of the General Manager and Assistant General Manager.				
04-1700.2	Due To District OP Account	NA	8,261.00	
04-3401.1	Contribution from General Fund			8,261.00
Total			8,261.00	8,261.00
Total Adjusting Journal Entries			8,362.00	8,362.00
Total All Journal Entries			8,362.00	8,362.00

Client: **3184 - Waterville Estates Village District**
 Engagement: **2019 - Waterville Estates Village District 19**
 Period Ending: **12/31/2019**
 Trial Balance: **001,0000 - Government Fund Trial Balance**
 Workpaper: **700,0001 - Recreation Fund Adjustments**
 Fund Level: **Fund**
 Index: **02**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 3				
Opening fund balance adjustment per 700,4500.				
02-1700.1	Due to WEVD		16,582.00	
02-32000	Retained Earnings		24,755.00	
02-1003.1	Food			303.00
02-1003.2	Liquor			4,811.00
02-1003.3	Beer			4,978.00
02-1003.4	Wine			818.00
02-1003.5	Non Alcohol Beverages			218.00
02-1003.6	Non Food Items			347.00
02-1003.7	Vending Machine Soda			460.00
02-1003.8	Bar Supplies			485.00
02-2102	Accounts Payable			24,449.00
02-3040	Deferred Function Revenue			1,500.00
02-9001.8	Misc. Income			114.00
02-9001.9	Misc. Income			2,854.00
Total			41,337.00	41,337.00
Adjusting Journal Entries JE # 5				
Reclassify management fee recorded as rental income (consistent with prior years).				
02-9000.1	Facility Rental		100,000.00	
02-9000.6	WEVD 1 Time Funding			100,000.00
Total			100,000.00	100,000.00
Adjusting Journal Entries JE # 11				
While performing testing of cash balance, identified an account coded to cash, but represented a miscellaneous correction entry posted by the client. This entry properly reverses this through activity, rather than the balance sheet.				
02-9101.12	Misc. Expenses		4,206.00	
02-1006	Open Balance			4,206.00
Total			4,206.00	4,206.00
Total Adjusting Journal Entries			145,543.00	145,543.00
Total All Journal Entries			145,543.00	145,543.00