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December 8, 2022

To the Members of the Board of Selectmen
Town of Nottingham
193 Stage Road
Nottingham, NH 02390

Dear Members of the Board:

We have audited the financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Nottingham for the year ended December 31, 2021 and have issued our report thereon dated December 6, 2022. Professional standards require that we communicate to you the following information related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 14, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Town of Nottingham solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material weaknesses, and material noncompliance, and other matters noted during our audit in a separate letter to you dated.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you in our engagement letter dated December 14, 2021.

Compliance With All Ethics Requirements Regarding Independence

The engagement team, others in our Firm, as appropriate and our Firm, have complied with all relevant ethical requirements regarding independence.

PLODZIK & SANDERSON, P.A.
Certified Public Accountants

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We follow the AICPA Ethics Standard Rule 201 and in conjunction with the Firm's Quality Control Document, we annually review with all engagement staff potential conflicts and obtain an independence certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

Significant Risks Identified

We have identified the following significant risks:

- Management override of controls;
- Improper revenue recognition; and
- Impact of the COVID-19 pandemic.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Town of Nottingham is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

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 uncollectible ambulance receivables is based on knowledge of past collection rates. We evaluated the key factors and assumptions used to develop the uncollectible ambulance receivables in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued landfill postclosure care costs is based on estimates provided by the Town's engineer. We evaluated the key factors and assumptions used, by the Town's engineer, to develop the accrued landfill postclosure care costs 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 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.

Financial Statement Disclosures

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

Significant Unusual Transactions

There are no significant or unusual transactions identified during our audit.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the 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. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

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 fund, cable fee fund, conservation fund, ambulance fund, theatre fund, and recreation fund 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 December 6, 2022.

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 Nottingham'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.

Key Audit Matters

We have determined that there are no key audit matters to communicate.



Other Audit Matters, Findings, or Issues

In the normal course of our professional association with the Town of Nottingham, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the Town, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Town of Nottingham's auditors.

Town Policies (repeat comment)

During review of Town policies, procedures, and significant contracts, it was noted that the Town does not have several policies pertinent to operations including but not limited to an investment policy, purchasing policy, and fund balance policy. We recommend that the Board review these policies from Town's similar in size and adopt such policies. In addition, we recommend that the current capital asset policy be reviewed and revised, specifically we noted the threshold for identifying capital assets is \$500. Common asset thresholds range from \$5,000 - \$10,000 for similar organized Town governments in New Hampshire.

Credit Cards (repeat comment)

During our review of credit card controls we noted that there is no formal policy adopted governing the use of credit cards. We also noted that the signature on the back of the credit card is of the prior bookkeeper. A credit card policy should be in place that details the process for using the credit card and what the credit card should be used for. We recommend that a credit card policy be adopted and that the credit card company be contacted to issue a new card and ensure that there are no authorized users who are no longer employees.

Invoice Coding (repeat comment)

During our review of disbursements, we noted that invoices were not being coded with general ledger accounts. Invoices should be reviewed with the department heads to ensure that goods or services have been received and that the expenditure is charged to the correct budget line item. We recommend that department heads communicate with the bookkeeper to ensure that proper accounts are charged and that the account charged be written on the invoice.

Ambulance Write-offs (repeat comment)

During our review of internal controls and procedures performed over ambulance billing, we noted that there were significant write-offs during the year. The Town's practice is to send invoices three times and if no payments are received, they are written off by the billing company. This is done with verbal approval from the Fire Chief. A formal approval procedure and written policy regarding ambulance write-offs should be enacted. We recommend that the Town establish a formal policy and that a write-off approval sheet be completed each month by the Fire Chief to document which individuals were written off and further that these accounts that are written off be subject to the review of the Board of Selectmen.

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 Town with its fiscal year ending December 31, 2022. 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. 92, *Omnibus 2020*, issued in January 2020, will be effective for the Town with its fiscal year ended December 31, 2022. 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.



GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued in March 2020, will be effective for the Town with its fiscal year ended December 31, 2023. The objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued in May 2020, will be effective for the Town with its fiscal year ended December 31, 2023. The objectives of this Statement are to provide guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users.

GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84 and Supersession of GASB Statement No. 32*, issued in June 2020, will be effective for the Town with its fiscal year ended December 31, 2022. The objectives of this Statement are to increase consistency and comparability related to reporting of fiduciary component units, mitigate costs associated with the reporting of certain defined contribution pension plans, and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans.

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

- Management's Discussion and Analysis,
- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits,
- Schedule of Changes in the Town'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 combining and individual fund schedules, and the Schedule of Expenditures of Federal Awards, 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 Selectmen and management of the Town of Nottingham and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,



PLODZIK & SANDERSON
Professional Association

Attachments:

General Fund Journal Entries
Cable Fee Journal Entries
Conservation Journal Entries

Ambulance Journal Entries
Theatre Journal Entries
Recreation Journal Entries



Client: 2074 - Town of Nottingham
Engagement: 2021 - Town of Nottingham
Period Ending: 12/31/2021
Trial Balance: 001.0000 - Government Fund Trial Balance
Workpaper: 910.0031 - General Fund Journal Entry Report
Fund Level: Fund
Index: 01

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		400.0030		
To reconcile beginning fund balance per #400.0030				
01-2530.01-000	FB Undesignated Fund Balance		74,461.00	
01-3509.10-000	MISC REVENUE		1,083.00	
01-2025.03-000	P/R MEDICARE			1.00
01-2080.01-000	Due to Special Revenue Fund			63,000.00
01-4155.10-662	EMPLYR PD RETIREMENT			9,340.00
01-4155.10-663	FD RETIREMENT			3,203.00
Total			75,544.00	75,544.00
Adjusting Journal Entries JE # 3				
Adjusting Journal Entries JE # 3		300.1310		
To adjust Cable Franchise Fees to Actual				
01-1160.08-000	A/R Other Charges Receivable		23.00	
01-3210.20-000	CABLE FRANCHISE FEES			23.00
Total			23.00	23.00
Adjusting Journal Entries JE # 4				
Adjusting Journal Entries JE # 4		300.1810		
To record change in tax deeded property for sale of town properties per #300.1810				
01-3501.11-000	SALE OF REAL ESTATE		567,980.00	
01-1670.01-000	DEED Tax Deeds For Resale			567,980.00
Total			567,980.00	567,980.00
Adjusting Journal Entries JE # 5				
Adjusting Journal Entries JE # 5		300.1810		
To record restatement for tax deeded properties shown on tax collector listing that were sold or repurchased in prior years per #300.1810				
01-2530.01-000	FB Undesignated Fund Balance		79,175.00	
01-1670.01-000	DEED Tax Deeds For Resale			79,175.00
Total			79,175.00	79,175.00
Adjusting Journal Entries JE # 6				
Adjusting Journal Entries JE # 6		400.4400		
To reclassify fund balance to nonspendable for tax deeded property and prepaid items per #400.4400				
01-2490.02-000	RESV Reserved For Inventories		657,823.00	
01-2530.01-000	FB Undesignated Fund Balance			657,823.00

Total		657,823.00	657,823.00
Adjusting Journal Entries JE # 7	400.4300		
To reclassify fund balance to committed for non-lapsing appropriations per #400.4300			
01-2530.01-000 FB Undesignated Fund Balance		167,038.00	
01-2490.01-000 RESV Appropriations Forward			167,038.00
Total		167,038.00	167,038.00
Adjusting Journal Entries JE # 8	400.4400		
To reclassify fund balance to assigned for encumbrances per #400.4400			
01-2530.01-000 FB Undesignated Fund Balance		206,000.00	
01-2440.01-000 RE Reserve For Encumbrance			206,000.00
Total		206,000.00	206,000.00
Adjusting Journal Entries JE # 10	300.8100		
To consolidate interfunds/pooled cash per #300.8100			
01-1020.01-000 CASH PAYROLL		39,687.00	
01-2080.01-000 Due to Special Revenue Fund			39,687.00
Total		39,687.00	39,687.00
Adjusting Journal Entries JE # 14	300.3110		
To adjust deferred tax revenue to actual per #300.3110			
01-2220.01-000 DEFR Deferred Tax Revenue		14,556.00	
01-3110.01-000 CURRENT 1ST ISSUE			14,556.00
Total		14,556.00	14,556.00
Adjusting Journal Entries JE # 15	300.1310		
To adjust tax receivable to actual per listing of names:			
01-1080.01-000 TAX Property Tax A/R Current		28,960.00	
01-1110.01-000 LIEN Tax Liens Receivable			6,176.00
01-3110.01-000 CURRENT 1ST ISSUE			22,784.00
Total		28,960.00	28,960.00
Adjusting Journal Entries JE # 17	300.3120		
To defer ARPA funds not spent in 2021 per #300.3120			
01-3353.36-000 CARES Funding		221,450.00	
01-2220.02-000 DEFR Other Deferred Revenue			221,450.00
Total		221,450.00	221,450.00
Adjusting Journal Entries JE # 18	505.0000		
To record LUCT revenue in the conservation fund per #505.0000			
01-3120.01-000 CURRENT USE CHANGE PENALTY		167,100.00	
01-2080.01-000 Due to Special Revenue Fund			167,100.00

Total			<u><u>167,100.00</u></u>	<u><u>167,100.00</u></u>
Adjusting Journal Entries JE # 24	300.8100			
To reclassify interfund payable to escrow fund 10				
01-2080.01-000 Due to Special Revenue Fund		78,183.00		
01-2080.07-000 DT Due To Trust & Agency Funds			78,183.00	
Total		<u><u>78,183.00</u></u>	<u><u>78,183.00</u></u>	
Adjusting Journal Entries JE # 25	300.8100			
Miscellaneous adjustment to reconcile pooled cash				
01-2080.01-000 Due to Special Revenue Fund		5,458.00		
01-3509.10-000 MISC REVENUE			5,458.00	
Total		<u><u>5,458.00</u></u>	<u><u>5,458.00</u></u>	
Adjusting Journal Entries JE # 29	300.1110			
To reverse duplicate tax deposit per client				
01-3110.01-000 CURRENT 1ST ISSUE		12,907.00		
01-1001.01-000 Cash - GF - TDBank			12,907.00	
Total		<u><u>12,907.00</u></u>	<u><u>12,907.00</u></u>	
Total Adjusting Journal Entries		<u><u>2,321,884.00</u></u>	<u><u>2,321,884.00</u></u>	
Total All Journal Entries		<u><u>2,321,884.00</u></u>	<u><u>2,321,884.00</u></u>	

Client: **2074 - Town of Nottingham**
Engagement: **2021 - Town of Nottingham**
Period Ending: **12/31/2021**
Trial Balance: **001.0000 - Government Fund Trial Balance**
Workpaper: **910.0032 - Cable Franchise Fee Journal Entry Report**
Fund Level: **Fund**
Index: **09**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 9		501.0020		
To restore beginning fund balance per #501.0020				
09-1310.02-000	Due From General Fund		14,807.00	
09-2080.01-000	Due to General Fund		10,493.00	
09-2530.01-000	Unassigned Fund Balance			25,300.00
Total			25,300.00	25,300.00
Total Adjusting Journal Entries			25,300.00	25,300.00
Total All Journal Entries			25,300.00	25,300.00

Client: 2074 - Town of Nottingham
 Engagement: 2021 - Town of Nottingham
 Period Ending: 12/31/2021
 Trial Balance: 001.0000 - Government Fund Trial Balance
 Workpaper: 910.0033 - Conservation Commission Journal Entry Report
 Fund Level: Fund
 Index: 04

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 13		505.0020		
To reconcile beginning fund balance per #505.0020				
04-1310.02-000	DUE FROM GENERAL FUND		36,400.00	
04-2080.01-000	DUE TO GENERAL FUND		2,300.00	
04-2530.01-000	Unassigned Fund Balance			37,700.00
Total			<u>37,700.00</u>	<u>37,700.00</u>
Adjusting Journal Entries JE # 18		505.0000		
To record LUCT revenue in the conservation fund per #505.0000				
04-1310.02-000	DUE FROM GENERAL FUND		187,100.00	
04-3501.10-000	Current Use Tax Collected			187,100.00
Total			<u>187,100.00</u>	<u>187,100.00</u>
Total Adjusting Journal Entries			<u>204,800.00</u>	<u>204,800.00</u>
Total All Journal Entries			<u>204,800.00</u>	<u>204,800.00</u>

Client: 2074 - Town of Nottingham
Engagement: 2021 - Town of Nottingham
Period Ending: 12/31/2021
Trial Balance: 001.0000 - Government Fund Trial Balance
Workpaper: 010.0034 - Ambulance Fund Journal Entry Summary
Fund Level: Fund
Index: 07

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 2				
To adjust Ambulance Receivable to Actual				
07-1150.01-000	Accounts Receivable		34,284.00	
07-3401.52-000	AMBULANCE CHARGES			34,284.00
Total			<u>34,284.00</u>	<u>34,284.00</u>
Adjusting Journal Entries JE # 10				
To consolidate interfunds/pooled cash per #300.8100				
07-2080.01-000	DUE TO GENERAL FUND		64,676.00	
07-1310.01-000	Due from Special Revenue Fund			64,676.00
Total			<u>64,676.00</u>	<u>64,676.00</u>
Adjusting Journal Entries JE # 19				
To reconcile beginning fund balance for the Ambulance Fund				
07-3401.52-000	AMBULANCE CHARGES		32,280.00	
07-2530.01-000	Unassigned Fund Balance			32,280.00
Total			<u>32,280.00</u>	<u>32,280.00</u>
Total Adjusting Journal Entries			<u>131,240.00</u>	<u>131,240.00</u>
Total All Journal Entries			<u>131,240.00</u>	<u>131,240.00</u>

Client: 2074 - Town of Nottingham
Engagement: 2021 - Town of Nottingham
Period Ending: 12/31/2021
Trial Balance: 001.0000 - Government Fund Trial Balance
Workpaper: 910.0035 - Theatre Project Journal Entry Report
Fund Level: Fund
Index: 08

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 11				
To transfer expenditures from theatre fund to recreation revolving per #300,8100				
08-2080.01-000	DUE TO GENERAL FUND		15,351.00	
08-1310.02-000	DUE FROM GENERAL FUND			13,758.00
08-4529.10-045	P - EXPENDITURES			1,593.00
Total			<u>15,351.00</u>	<u>15,351.00</u>
Total Adjusting Journal Entries			<u>15,351.00</u>	<u>15,351.00</u>
Total All Journal Entries			<u>15,351.00</u>	<u>15,351.00</u>

Client: 2074 - Town of Nottingham
Engagement: 2021 - Town of Nottingham
Period Ending: 12/31/2021
Trial Balance: 001.0000 - Government Fund Trial Balance
Workpaper: 910.0036 - Recreation Revolving Journal Entry Report
Fund Level: Fund
Index: 03

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 10				
To consolidate interfunds/pooled cash per #300.8100				
03-2080.01-000	Due to General Fund		126,514.00	
03-1310.02-000	Due from General Fund			126,514.00
Total			<u>126,514.00</u>	<u>126,514.00</u>
Adjusting Journal Entries JE # 11				
To transfer expenditures from theatre fund to recreation revolving per #300.8100				
03-4529.10-033	Youth Programs		1,593.00	
03-1310.02-000	Due from General Fund			1,593.00
Total			<u>1,593.00</u>	<u>1,593.00</u>
Adjusting Journal Entries JE # 12				
To reconcile beginning fund balance per #509.0020				
03-2530.01-000	Unassigned Fund Balance		72,066.00	
03-1310.02-000	Due from General Fund			72,066.00
Total			<u>72,066.00</u>	<u>72,066.00</u>
Total Adjusting Journal Entries			<u>200,173.00</u>	<u>200,173.00</u>
Total All Journal Entries			<u>200,173.00</u>	<u>200,173.00</u>