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August 6, 2018

To the Members of the Board of Selectmen
Town of Lyndeborough
9 Citizens Hall Road
Lyndeborough, NH 03082

Dear Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Town of Lyndeborough for the year ended December 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing, 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 7, 2015. 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 Lyndeborough are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Town of Lyndeborough 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 Lyndeborough's financial statements were:

Management's estimate of the allowance for uncollectible taxes is based on historical data and information known concerning assessment appeals. We evaluated the key factors and assumptions used to develop the allowance for uncollectible 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 of resources, and deferred inflows of resources are based on assumptions of future events, such as employment, mortality, and estimates of the value of reported amounts. We evaluated the key factors and assumptions used to develop the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions in determining that it is 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 and completing our audit.

PLODZIK & SANDERSON
Professional Association / Accountants & Auditors

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. Adjustments proposed and approved by management were primarily of a routine nature which management expects the independent auditors to make as part of their year-end procedures. The adjustments for the all funds can be seen on the attached printout of year-end journal entries.

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 July 31, 2018.

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

Other Matters

- In review of procedures over cash disbursements, one purchase order was identified that was completed after the invoice for the goods or services had already been received. It is recommended that Town policies and procedures are followed, and purchase orders are completed prior to the purchase of goods or performance of services.
- While testing disbursements from the Library Fund, we identified a check that was made payable to "cash". When replenishing petty cash, it is recommended that the check is made payable to a specific individual or to the library itself.

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. 75, Accounting, and Financial Reporting for Postemployment Benefits Other than Pensions, issued in June 2015, will be effective for the Town beginning with its fiscal year ending December 31, 2018. This Statement improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB). This statement replaces the requirements of Statements No. 45 and No. 57.

GASB Statement No. 81, Irrevocable Split-Interest Agreements, issued in March 2016, will be effective for the Town with its fiscal year ending December 31, 2017. This Statement aims to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.



GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued in November 2016, will be effective for the Town with its fiscal year ended December 31, 2019. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

GASB Statement No. 84, *Fiduciary Activities*, issued in January 2017, will be effective for the Town with its fiscal year ended December 31, 2019. This Statement establishes criteria for identifying fiduciary activities of all state and local governments.

GASB Statement No. 85, *Omnibus 2017*, issued in March 2017, will be effective for the Town with its fiscal year ended December 31, 2018. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. These include a variety of topics such as issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, issued in May 2017, will be effective for the Town with its fiscal year ended December 31, 2018. This Statement's goal is to improve consistency in reporting of certain in-substance defeasance of debt.

GASB Statement No. 87, *Leases*, issued in June 2017, will be effective for the Town for fiscal year ended December 31, 2020. This Statement aims to improve the financial reporting of leases by governments.

We applied certain limited procedures to the Schedule of Town's Proportionate Share of Net Pension Liability and the Schedule of Town Contributions, which are required supplementary information (RSI) that supplements 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 and 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 Board of Selectmen and management of the Town of Lyndeborough and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,



PLODZIK & SANDERSON
Professional Association

Enclosures



Prepared by _____

Town of Lyndeborough Adjusting Journal Entries

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Reviewed by _____

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpage
01.01	Adjusting	12/31/17					
		01-1010-01-006	Disbursement - Mountain Rd Bond		270,928.63		
		01-2530-01-001	2530-01 Unreserved Fund Balance	270,928.63			
						0.00	
			Post PY entry not recorded by the client per A #10.0				
01.02	Adjusting	12/31/17					
		01-4195-01-006	4195 Cemeteries:4195-01-660 CE	3,000.00			
		01-4312-01-004	4312 Streets & Highways:4312-01	75,000.00			
		01-4290-01-002	4290 Emergency Management:429	5,000.00			
		01-2440-01-049	2440-15-009 Cem Gravestone Rep		83,000.00		
						(83,000.00)	
			To adjust beginning fund balance per A #10				A #10
01.03	Adjusting	12/31/17					
		01-4915-01-025	4900 WARRANT ARTICLES:490		271,341.71		
		01-3500-01-004	3500 Misc. Revenue:3502-01-000	413.08			
		01-1010-01-006	Disbursement - Mountain Rd Bond	270,928.63			
						270,928.63	
			Remove capital project activity for separate reporting				
01.04	Adjusting	12/31/17					
		01-2000-01-041	2220-01 Deferred Revenue	70,296.33			
		01-2000-01-028	2080-01 Overpayments Tax Collec		70,296.33		
						0.00	
			Reclassify deferral relating to property taxes for separate analysis				
01.05	Adjusting	12/31/17					
		01-2500-01-100	Committed for Encumbrances		110,100.00		
		01-2440-01-030	2440-01 Reserved for Encumbranc	80,217.25			
		01-2530-01-001	2530-01 Unreserved Fund Balance	29,882.75			
						0.00	
			To bring encumbrance balance to actual				A #10.1

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Town of Lyndeborough Adjusting Journal Entries

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Reviewed by _____

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpage
01.06	Adjusting	12/31/17					
		01-2000-01-028	2080-01 Overpayments Tax Collec	39,903.68			
		01-1110-01-004	1080-01 Property Tax Receivable		39,903.68		
		01-1110-01-006	1080-04 Timber Tax Receivable	5,244.75			
		01-3100-01-003	3100 Revenue from Taxes:3185-0		5,244.75		
		01-3100-01-002	3100 Revenue from Taxes:3120-0	7,000.00			
		01-1110-01-005	1080-03 LUCT Receivable		7,000.00		
						(1,755.25)	
		Adjustments per A #3.1(5)					
01.07	Adjusting	12/31/17					
		01-3100-01-001	3100 Revenue from Taxes:3110-0	2,893,670.00			
		01-2000-01-027	2075-00 Due to Schools		2,893,670.00		
						(2,893,670.00)	
		Adjustment to school tax liability per A #6.2					
01.08	Adjusting	12/31/17					
		01-4915-01-034	4930 Payment to Other Governme		213,825.00		
		01-3100-01-001	3100 Revenue from Taxes:3110-0	213,825.00			
						0.00	
		Net county tax payment against property taxes					
01.09	Adjusting	12/31/17					
		01-1100-01-001	Accounts Receivable		3,403.94		
		01-1100-01-012	1100-01-0012 Accounts Receivabl		3,403.94		
		01-1100-01-013	1100-01-001 Accounts Receivable	6,807.88			
						0.00	
		To remove AR balances					AF #3.4
01.10	Adjusting	12/31/17					
		01-1100-01-003	1150-01 Police Detail Receivabl	6,207.50			
		01-2000-01-031	2080-04 PD Details Payable		2,888.00		
		01-2000-01-037	2080-12 Due to Special Revenue-		3,319.50		
						0.00	
		To remove police detail activity from General Fund for seperate reporting					
01.11	Adjusting	12/31/17					
		01-2530-01-001	2530-01 Unreserved Fund Balance	7,545.00			
		01-2000-01-037	2080-12 Due to Special Revenue-		7,545.00		

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Town of Lyndeborough Adjusting Journal Entries

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Reviewed by _____

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Worksheet
			Restatement relating to police detail fund, see BS #11.1			0.00	
01.12	Adjusting	12/31/17					
		01-2000-01-002	1310-300 Due to/From CRF FD R	46,000.00			
		01-1300-01-002	1310-10 Due/to From CRF		46,000.00		
		01-2000-01-044	Due to Cemetery Fund	100.00			
		01-4195-01-006	4195 Cemeteries:4195-01-660 CE		100.00		
			Net balances together for incorrect reversal			100.00	
01.13	Adjusting	12/31/17					
		01-1300-01-003	1310-110 D/F Cap Proj. Old Temp	3,689.27			
		01-3900-01-004	Transfers from CP		3,689.27		
			Record capital project close out			3,689.27	
01.14	Adjusting	12/31/17					
		01-2440-01-050	Highway Projects		80,000.00		
		01-2440-01-051	Cem Gravestone Rep		2,000.00		
		01-2440-01-052	Cemetery Expansion		1,500.00		
		01-2440-01-053	Mountain Rd Eng.		20,900.00		
		01-2440-01-054	City Hall Tree Remov		3,150.00		
		01-2440-01-055	Cmtery Tree Removal		3,000.00		
		01-2440-01-056	Hwy Dept Engin/Pave		75,000.00		
		01-2440-01-057	Emerg Oper Gar Impr		5,000.00		
		01-2440-01-042	2440-15-001 Police Cruiser		31,940.00		
		01-2440-01-049	2440-15-009 Cem Gravestone Rep	222,490.00			
			To remove encumbrance accounts and reclassify to unassigned FB			0.00	
01.15	Adjusting Recur	12/31/17					
		01-3200-01-012	Pistol Permit Revenue	200.00			
		01-2000-01-040	2080-21 Pistol Permits		200.00		
			Reclassify unspent pistol permit revenue			(200.00)	
01.16	Adjusting	12/31/17					
		01-1110-01-008	1080-06 Allow for Uncollectible		4,000.00		
		01-3100-01-007	3100 Revenue from Taxes:3110-07	4,000.00			
			Adjustment to allowance per A #3.1(2)			(4,000.00)	

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Town of Lyndeborough Adjusting Journal Entries

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Reviewed by _____

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Worksheet
01.17	Adjusting	12/31/17					
		01-2530-01-002	Opening Bal Equity		430.00		
		01-3500-01-011	3500 Misc. Revenue:3508-02-000	430.00			
			To bring beginning fund balance to actual			(430.00)	
01.18	Adjusting	12/31/17					
		01-3900-01-004	Transfers from CP		1.00		
		01-3500-01-011	3500 Misc. Revenue:3508-02-000	1.00			
			To adjust transfer			0.00	
02.01	Adjusting	12/31/17					
		02-1010-01-001	Cash	110.00			
		02-4195-01-001	Cemeteries	8,516.46			
		02-1310-00-000	Due From General Fund		100.00		
		02-3500-01-001	Miscellaneous Revenue		1,900.00		
		02-3900-01-001	Transfer from GF		6,626.46		
			To record 2017 activity			10.00	
02.02	Adjusting	12/31/17					
		02-4195-01-001	Cemeteries		508.17		
		02-3900-01-001	Transfer from GF	508.17			
			Adjust transfer to actual for immaterial difference			0.00	
04.01	Adjusting	12/31/17					
		04-1010-01-001	Cash	4,031.52			
		04-4550-01-001	Library	17,755.41			
		04-3500-01-001	Miscellaneous Revenue		3,261.93		
		04-3900-01-001	Transfer from GF		18,525.00		
			To record year's activity per B3 #1.1.			4,031.52	
06.01	Adjusting	12/31/17					
		06-3400-01-001	Detail Services		6,207.50		
		06-4210-01-001	Public Safety	2,888.00			
		06-1010-01-001	Pooled Cash	3,319.50			

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Town of Lyndeborough Adjusting Journal Entries

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Reviewed by _____

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpage
			To record activity recorded through General Fund interfund			3,319.50	
06.02	Adjusting	12/31/17					
		06-3400-01-001	Detail Services	1,977.50			
		06-1100-06-000	Police Detail Receivable		1,977.50		
						(1,977.50)	
			To reverse PY AR collected in 2017				
06.03	Adjusting	12/31/17					
		06-1100-06-000	Police Detail Receivable	188.00			
		06-3400-01-001	Detail Services		188.00		
						188.00	
			To record year end receivable				
06.04	Adjusting	12/31/17					
		06-1010-01-001	Pooled Cash	7,545.00			
		06-2530-01-001	Committed Fund Balance		7,545.00		
						0.00	
			To restate PY FB for overstated expenditures (not PD Detail should have been GF)				
10.01	Adjusting	12/31/17					
		10-4900-01-001	Capital Outlay	271,341.71			
		10-3500-01-001	Misc. Revenue		413.08		
		10-1010-01-001	Cash		270,928.63		
						(270,928.63)	
			To record CY activity previously recorded in the general fund				
10.02	Adjusting	12/31/17					
		10-4910-01-001	Transfer to General Fund	3,689.27			
		10-1310-16-001	Due From General Fund		3,689.27		
						(3,689.27)	
			Record project close out				
12.01	Adjusting	12/31/17					
		12-2000-00-003	Capital Leases - Current		22,734.00		
		12-2000-00-004	Capital Leases - Noncurrent	22,734.00			
		12-2000-00-004	Capital Leases - Noncurrent	22,117.00			
		12-4310-00-001	Highways and Streets		22,117.00		

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**Town of Lyndeborough
Adjusting Journal Entries**

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Worksheet
			To record change in capital leases			22,117.00	
12.02	Adjusting	12/31/17					
		12-2000-00-005	Bonds Payable-Current		145,000.00		
		12-2000-00-006	Bonds Payable-Noncurrent	145,000.00			
		12-4900-00-002	Premium on Bond		139,500.00		
		12-2000-00-006	Bonds Payable-Noncurrent	139,500.00			
		12-2000-00-007	Bond Premium-Current		22,875.00		
		12-2000-00-008	Bond Premium-Noncurrent	22,875.00			
		12-2000-00-008	Bond Premium-Noncurrent	22,785.00			
		12-4310-00-001	Highways and Streets		22,785.00		
			To record change in bond payable and bond premium			162,285.00	
12.03	Adjusting	12/31/17					
		12-2000-00-009	Accrued Interest Payable	4,526.00			
		12-4310-00-001	Highways and Streets		4,526.00		
			To record change in accrued interest payable			4,526.00	
12.04	Adjusting	12/31/17					
		12-2000-00-002	Compensated Absences - Noncurr	3,868.00			
		12-4100-00-001	General Government		2,947.00		
		12-4200-00-001	Public Safety		1,172.00		
		12-4310-00-001	Highways and Streets	251.00			
			To record change in comp abs			3,868.00	
12.05	Adjusting	12/31/17					
		12-7771-00-002	Deferred outflow	3,376.00			
		12-7771-00-000	Net pension liability		21,472.00		
		12-7771-00-001	Deferred inflow	20,672.00			
		12-4200-00-001	Public Safety		2,576.00		
			To record change in deferred inflow, outflow and NPL			2,576.00	
		TOTAL		4,992,355.29	4,992,355.29	(2,782,011.73)	