



James A. Sojka, CPA\*

Sheryl A. Pratt, CPA\*\*\*

Michael J. Campo, CPA, MACCY

Donna M. LaClair, CPA\*\*

Ashley J. Miller, CPA, MSA

Tyler A. Paine, CPA\*\*\*

Kyle G. Gingras, CPA

Ryan T. Gibbons, CPA, CFE

Derek M. Barton, CPA

Scott T. Eagen, CPA, CFE

Sylvia Y. Petro, MSA

\* Also licensed in Maine

\*\* Also licensed in Massachusetts

\*\*\* Also licensed in Vermont

July 19, 2019

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, major fund, and aggregate remaining fund information of the Town of Lyndeborough for the year ended December 31, 2018. 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 October 5, 2018. 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. As described in Note 1-M to the financial statements, the Town of Lyndeborough changed accounting policies to change the way the Town calculates and reports the costs associated with postemployment benefits other than pensions by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 75, *Accounting, and Financial Reporting for Postemployment Benefits Other than Pensions* in fiscal year 2018. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 2-C, Accounting Change/Restatement.

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 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.

**PLODZIK & SANDERSON, P.A.**  
*Certified Public Accountants*

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 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 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 fund is 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 July 9, 2019.

*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 the 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

**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. 83, *Certain Asset Retirement Obligations***, issued in November 2016, will be effective for the Town beginning with its fiscal year ending December 31, 2019. It addresses accounting and financial reporting for certain asset retirement obligations and establishes criteria for determining timing and pattern of recognition of a liability and corresponding deferred outflow of resources.



**GASB Statement No. 84, *Fiduciary Activities***, issued in January 2017, will be effective for the Town beginning with its fiscal year ending December 31, 2019. This Statement will improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

**GASB Statement No. 87, *Leases***, issued in June 2017, will be effective for the Town 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. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements***, issued April 2018, will be effective for the Town with its fiscal year ending December 31, 2019. This Statement will improve the information that is disclosed in notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

**GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period***, issued June 2018, will be effective for the Town 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. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and 61***, issued August 2018, will be effective for the Town with its fiscal year ending December 31, 2019. This Statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

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

- 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
- 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, 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 Lyndeborough and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*Plodzirk & Sanderson*

PLODZIRK & SANDERSON  
Professional Association

*Enclosures*

