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August 1, 2022

To the Members of the Board of Commissioners  
West Ossipee Fire Precinct  
PO Box 643  
West Ossipee, NH 03890

Dear Members of the Board of Commissioners:

We have audited the financial statements of the governmental activities and major fund of the West Ossipee Fire Precinct for the year ended December 31, 2021 and have issued our report thereon dated July 26, 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 November 22, 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 West Ossipee Fire Precinct 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.

### ***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 November 22, 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.

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.

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

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### ***Significant Risks Identified***

We have identified the following significant risks:

- Management override of controls;
- Impact of the COVID-19 pandemic; and
- Use of QuickBooks as general ledger.

### ***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 West Ossipee Fire Precinct 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 estimate affecting the financial statements is:

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.

### ***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 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 26, 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 West Ossipee Fire Precinct'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 West Ossipee Fire Precinct, 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 West Ossipee Fire Precinct's auditors.

**Capital Asset Policy (repeat comment)**

Upon review of the Precinct's policies, it was noted that the Precinct does not have a formalized capital asset policy over the addition, maintenance, and disposal of capital assets. We recommend that a formal capital asset policy be established, and implemented, then going forward be reviewed periodically.

**Precinct Assessment (repeat comment)**

While testing the assessment from the Town, it was noted that the Precinct revenue was approximately \$13,973 less than the New Hampshire Department of Revenue Administration (NH DRA) approved tax rate papers for 2021. The Precinct was unaware that funds were owed to them for 2022. We noted that the budget for the assessment was not entered into QuickBooks accurately and the prior year receivable was not reversed, which lead to the Precinct being unaware of the funds owed. We recommend that the estimated revenue per NH DRA tax rate papers be entered into the general ledger and that the Board of Commissioners review budget to actual revenue reports at least quarterly.

**Lack of Purchase Order (repeat comment)**

According to Precinct policy, purchase orders are required for expenditures over \$100. One purchase reviewed over \$100 did not have a completed and approved purchase order. We recommend that the purchasing policy be followed or that the policy be amended to reflect the actual practices of the Precinct.

**Disbursement Supporting Documentation**

While testing disbursements, we noted that a payment to a local store was only paid based on the monthly statement received and no individual detailed receipts to support the statement were received. All disbursements should be paid based on detailed receipts or invoices and should not be paid solely on the monthly statement as the statements do not detail what was purchased.



#### **I-9 and W-4 Forms**

During a payroll walkthrough it was noted that the selected employee does not have a Form I-9 (verification of employment eligibility) and Form W-4 on file with the Precinct. Federal regulations require that all individuals hired in the United States after November 6, 1986 have a completed and verified Form I-9 on file. Employee personnel files should be complete, and documents should be stored where they are accessible. We recommend that the Precinct make sure all current employees hired after the noted date have a completed Form I-9 and retain the form and applicable supporting documentation in the Precinct's records. We also recommend that the personnel files be complete, properly organized, and stored in a secured location.

#### **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 Precinct 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 Precinct 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 Precinct 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 Precinct 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 Precinct 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 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.



*West Ossipee Fire Precinct*

*August 1, 2022*

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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 individual fund schedules and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,

*Plodzik & Sanderson*

PLODZIK & SANDERSON

Professional Association

*Attachment:*

*Gov Letter Adjustments Attachment*



Client: **3158 - West Ossipee Fire Precinct**  
 Engagement: **2021 - West Ossipee Fire Precinct**  
 Period Ending: **12/31/2021**  
 Trial Balance: **001.0000 - Trial Balance**  
 Workpaper: **910.0031 - Gov Letter Adjustments Attachment**  
 Fund Level: **Fund**  
 Index: **01**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
		<b>400.0020</b>		
To bring beginning fund balance to actual				
01-3110-010	Precinct Assessment		41,464.00	
01-3503-010	7140 - Income		1,694.00	
01-2530-010	Fund Balance - Beginning			43,158.00
<b>Total</b>			<b>43,158.00</b>	<b>43,158.00</b>
<b>Adjusting Journal Entries JE # 2</b>				
		<b>400.5100</b>		
To record receivable owed from Town of Ossipee at year end				
01-1150-050	Intergovernmental Receivable		13,973.00	
01-3110-010	Precinct Assessment			13,973.00
<b>Total</b>			<b>13,973.00</b>	<b>13,973.00</b>
<b>Adjusting Journal Entries JE # 3</b>				
		<b>400.2110</b>		
To record payable recorded by the client after trial balances were provided. AUDIT ONLY				
01-2020-010	Accounts Payable		450.00	
01-4220-073	4220-Fire:4220-07-Main-Other Equip-4220-07.2 Small Equip			450.00
<b>Total</b>			<b>450.00</b>	<b>450.00</b>
<b>Adjusting Journal Entries JE # 4</b>				
		<b>400.4400</b>		
To reclassify defibrillator expense to encumbrance balance. To record additional encumbrance for Bergeron Technical				
01-2020-010	Accounts Payable		34,764.00	
01-2530-010	Fund Balance - Beginning		34,764.00	
01-2530-010	Fund Balance - Beginning		12,000.00	
01-2490-010	Encumbered Funds			34,764.00
01-2490-010	Encumbered Funds			12,000.00
01-4220-090	4220-Fire:4220-09-EMS Supplies			34,764.00
<b>Total</b>			<b>81,528.00</b>	<b>81,528.00</b>
<b>Total Adjusting Journal Entries</b>			<b>139,109.00</b>	<b>139,109.00</b>
<b>Total All Journal Entries</b>			<b>139,109.00</b>	<b>139,109.00</b>