

**PILLSBURY LAKE VILLAGE DISTRICT,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021**

PILLSBURY LAKE VILLAGE DISTRICT, NEW HAMPSHIRE

ANNUAL FINANCIAL REPORT

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PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Commissioners
Pillsbury Lake Village District
Webster, New Hampshire

Report on the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and major governmental and proprietary funds of the Pillsbury Lake Village District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Adverse
Water Enterprise Fund	Adverse
General Fund	Unmodified

Adverse Opinion on Governmental Activities & Business-type Activities

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Business-type Activities and Proprietary Fund" paragraph, the accompanying financial statements do not present fairly the financial position of the business-type activities and proprietary fund of the Pillsbury Lake Village District, as of December 31, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and governmental fund financial statements for Pillsbury Lake Village District as of December 31, 2021, and the respective changes in financial position, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Pillsbury Lake Village District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Pillsbury Lake Village District
Independent Auditor's Report*

Basis for Adverse Opinion on Business-type Activities and Proprietary Fund

As discussed in Note 1-B to the financial statements, management has not recorded all of the capital assets and related accumulated depreciation in the business-type activities and proprietary fund, and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets, be capitalized and depreciated, which would increase the assets, net position, and expenses of the business-type activities and proprietary funds. The amount by which this departure would affect the assets, net position, and expenses of the business-type activities and proprietary fund is not reasonably determinable.

Responsibilities of Management for the Financial Statements

The Pillsbury Lake Village District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pillsbury Lake Village District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pillsbury Lake Village District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pillsbury Lake Village District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pillsbury Lake Village District's basic financial statements. The individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

***Pillsbury Lake Village District
Independent Auditor's Report***

The individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

December 21, 2022
Concord, New Hampshire

*Plodzik & Sanderson
Professional Association*

BASIC FINANCIAL STATEMENTS

EXHIBIT A
PILLSBURY LAKE VILLAGE DISTRICT
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 65.945	\$ 113.955	\$ 179.900
Investments	595	-	595
Account receivables	-	17.147	17.147
Intergovernmental receivable	-	103.365	103.365
Internal balances	66.006	(66,006)	-
Capital assets:			
Land and construction in progress	-	673.587	673,587
Other capital assets, net of depreciation	-	44.697	44.697
Total assets	<u>132.546</u>	<u>886.745</u>	<u>1,019,291</u>
LIABILITIES			
Accounts payable	-	82.723	82,723
Accrued interest payable	-	6.176	6,176
Intergovernmental payable	-	269.900	269,900
Long-term liabilities:			
Due within one year	-	42.058	42,058
Due in more than one year	-	257.672	257,672
Total liabilities	<u>-</u>	<u>664.847</u>	<u>664,847</u>
NET POSITION			
Net investment in capital assets	-	248,824	248,824
Unrestricted	<u>132.546</u>	<u>(26,926)</u>	<u>105,620</u>
Total net position	<u>\$ 132,546</u>	<u>\$ 221,898</u>	<u>\$ 354,444</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT B
PILLSBURY LAKE VILLAGE DISTRICT
Statement of Activities
For the Fiscal Year Ended December 31, 2021

	Expenses	Program Revenues		Net (Expense) Revenue and		Total
		Charges for Services	Capital Grants and Contributions	Change in Net Position		
				Governmental Activities	Business-type Activities	
Governmental activities:						
General government	\$ 34,930	\$ -	\$ -	\$ (34,930)	\$ -	\$ (34,930)
Culture and recreation	1,731	-	-	(1,731)	-	(1,731)
Total governmental activities	<u>\$ 36,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(36,661)</u>	<u>-</u>	<u>(36,661)</u>
Business-type activities:						
Water	<u>\$ 116,008</u>	<u>\$ 69,428</u>	<u>\$ 134,115</u>	<u>-</u>	<u>87,535</u>	<u>87,535</u>
General revenues:						
Taxes:						
Property				196,728	-	196,728
Unrestricted investment earnings				13	118	131
Total general revenues				<u>203,281</u>	<u>118</u>	<u>203,399</u>
Transfers				(106,052)	106,052	-
Total general revenues and transfers				<u>97,229</u>	<u>106,170</u>	<u>203,399</u>
Change in net position				60,568	193,705	254,273
Net position, beginning, as restated (see Note 11)				71,978	28,193	100,171
Net position, ending				<u>\$ 132,546</u>	<u>\$ 221,898</u>	<u>\$ 354,444</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-1
PILLSBURY LAKE VILLAGE DISTRICT
Governmental Fund
Balance Sheet
December 31, 2021

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 65,945
Investments	595
Interfund receivable	<u>66,006</u>
Total assets	<u>\$ 132,546</u>
FUND BALANCE	
Unassigned	<u>\$ 132,546</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-2
PILLSBURY LAKE VILLAGE DISTRICT
Governmental Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2021

	General
REVENUES	
Taxes	\$ 196,728
Miscellaneous	6,553
Total revenues	203,281
EXPENDITURES	
Current:	
General government	27,293
Culture and recreation	1,731
Capital outlay	7,637
Total expenditures	36,661
Excess of revenues over expenditures	166,620
OTHER FINANCING USES	
Transfers out	(106,052)
Net change in fund balances	60,568
Fund balance, beginning	71,978
Fund balance, ending	\$ 132,546

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT D
PILLSBURY LAKE VILLAGE DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 196,257	\$ 196,728	\$ 471
Miscellaneous	-	6,553	6,553
Total revenues	<u>196,257</u>	<u>203,281</u>	<u>7,024</u>
EXPENDITURES			
Current:			
General government	32,900	27,293	5,607
Culture and recreation	500	1,731	(1,231)
Debt service:			
Interest	10	-	10
Capital outlay	6,000	7,637	(1,637)
Total expenditures	<u>39,410</u>	<u>36,661</u>	<u>2,749</u>
Excess of revenues over expenditures	<u>156,847</u>	<u>166,620</u>	<u>9,773</u>
OTHER FINANCING USES			
Transfers out	<u>(156,847)</u>	<u>(106,052)</u>	<u>50,795</u>
Net change in fund balances	<u>\$ -</u>	<u>60,568</u>	<u>\$ 60,568</u>
Unassigned fund balance, beginning		<u>71,978</u>	
Unassigned fund balance, ending		<u>\$ 132,546</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT E-1
PILLSBURY LAKE VILLAGE DISTRICT
Proprietary Funds
Statement of Net Position
December 31, 2021

	Business-type Activities
	Water
ASSETS	
Cash and cash equivalents	\$ 113,955
Accounts receivable	17,147
Intergovernmental receivable	103,365
Capital assets:	
Land and construction in progress	673,587
Other capital assets, net of depreciation	44,697
Total assets	<u>952,751</u>
LIABILITIES	
Current liabilities:	
Accounts payable	82,723
Retainage payable	6,318
Accrued interest payable	6,176
Intergovernmental payable	269,900
Internal balances	66,006
Long-term liabilities:	
Due within one year	42,058
Due in more than one year	257,672
Total liabilities	<u>730,853</u>
NET POSITION	
Net investment in capital assets	248,824
Unrestricted	<u>(26,926)</u>
Total net position	<u>\$ 221,898</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT E-2
PILLSBURY LAKE VILLAGE DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended December 31, 2021

	Business-type Activities
	Water
Operating revenues:	
User charges	\$ 69,428
Operating expenses:	
Operation and maintenance	102,720
Depreciation	2,380
Total operating expenses	105,100
Operating loss	(35,672)
Nonoperating revenue (expense):	
Intergovernmental revenues	134,115
Interest income	118
Interest expense	(10,908)
Total nonoperating revenue (expense)	123,325
Other financing sources:	
Transfers in	106,052
Change in net position	193,705
Net position, beginning, as restated (see Note 11)	28,193
Net position, ending	\$ 221,898

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT E-3
PILLSBURY LAKE VILLAGE DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2021

	Business-type Activities
	Water
Cash flows from operating activities:	
Receipts from customers and users	\$ 72,867
Payments to suppliers	(106,038)
Net cash provided by (used for) operating activities	(33,171)
Cash flows from capital and related financing activities:	
Town of Webster payment for bond support	10,000
Principal paid on bonds	(41,314)
State revolving loan drawdown	269,900
State revolving grant revenue	116,488
Acquisition and construction of fixed assets	(304,426)
Interest paid	(11,557)
Transfer in	76,552
Net cash provided by (used for) capital and related financing activities	115,643
Net increase in cash	82,472
Cash, beginning	31,483
Cash, ending	\$ 113,955
<i>Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities</i>	
Operating loss	\$ (35,672)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	2,380
Decrease in other receivables	3,439
Expenditure of trust funds	2,746
Decrease in internal balances	(6,064)
Total adjustments	2,501
Net cash used for operating activities	\$ (33,171)

The Notes to the Basic Financial Statements are an integral part of this statement.

PILLSBURY LAKE VILLAGE DISTRICT, NEW HAMPSHIRE

NOTES TO THE BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2021

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PILLSBURY LAKE VILLAGE DISTRICT, NEW HAMPSHIRE

NOTES TO THE BASIC FINANCIAL STATEMENTS

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Pillsbury Lake Village District, New Hampshire (the District), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the District's accounting policies are described below.

1-A Reporting Entity

The Pillsbury Lake Village District is a municipal corporation governed by an elected 3-member Board of Commissioners. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The District has no component units to include in its reporting entity.

1-B Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements – The District's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the District accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position, with the exception of certain capital assets and related accumulated depreciation, which have been omitted because they have not been inventoried at historical cost. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. As in the Statement of Net Position the District has not recorded depreciation expense plan in this statement for the unrecorded assets. The types of transactions reported as program revenues for the District are reported in two categories: 1) charges for services and 2) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

Governmental Fund Financial Statements – Include a balance sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for the major governmental fund. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The District has presented all major funds that met those qualifications.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Property taxes, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

PILLSBURY LAKE VILLAGE DISTRICT, NEW HAMPSHIRE

NOTES TO THE BASIC FINANCIAL STATEMENTS

*AS OF AND FOR THE FISCAL YEAR ENDED
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Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

General Fund – is the District’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes and State grants. The primary expenditures are for general government, culture and recreation, and capital outlay.

Proprietary Fund Financial Statements – Include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for the major proprietary fund.

Proprietary funds are reported using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The District reports the following major proprietary fund:

Water Fund – accounts for the activities related to the operation of the water treatment plant, wells, and water system. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the water expendable trust funds are consolidated in the water fund.

1-C Cash and Cash Equivalents

The District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits.

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-D Statement of Cash Flows

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

1-E Investments

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the District to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

PILLSBURY LAKE VILLAGE DISTRICT, NEW HAMPSHIRE

NOTES TO THE BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2021

Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the District. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

Fair Value Measurements of Investments – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the District categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

Level 1 – Inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the District has the ability to access at the measurement date. Directly held marketable equity securities would be examples of Level 1 investments.

Level 2 – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2. All of the District's holdings in New Hampshire Public Deposit Investment Pool (NHPDIP) would be examples of Level 2 investments.

Level 3 – Inputs are significant unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the District and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

In determining fair value, the District utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

Investments in Certain External Investment Pools – In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the District held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP) are categorized as Level 2. The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the District in accordance with the NHPDIP's Information Statement.

1-F Receivables

Receivables recorded in the financial statements represent amounts due to the District at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of billing for water charges and grants receivable.

1-G Capital Assets

Capital assets include property, plant, and equipment, infrastructure assets (e.g., a well and similar items), which are reported in the business-type activities column in the government-wide financial statements. The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. Capital assets of the proprietary fund are capitalized in the fund and the cost basis for proprietary fund capital assets is the same as that used for general capital assets.

PILLSBURY LAKE VILLAGE DISTRICT, NEW HAMPSHIRE

NOTES TO THE BASIC FINANCIAL STATEMENTS

*AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021*

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Capital Asset Classes:	
Buildings and building improvements	30
Machinery and equipment	30
Infrastructure	30

1-H Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business activities are reported in the government-wide financial statements as “internal balances.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

Interfund Transfers – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

1-I Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2021.

1-J Long-term Obligations

Long-term debt is reported as a liability in the business-type activities and proprietary fund Statements of Net Position.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the District utilizes the following classifications to categorize the financial transaction:

Direct Borrowings – financial transactions for a note or a loan where the District negotiates certain terms with a single lender and are not offered for public sale.

Direct Placements – financial transactions for the sale of bonds where the District engages with a single buyer or limited number of buyers without a public offering.

PILLSBURY LAKE VILLAGE DISTRICT, NEW HAMPSHIRE

NOTES TO THE BASIC FINANCIAL STATEMENTS

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021**

1-K Net Position/Fund Balances

Government-wide Statements – Equity is classified as net position and displayed in two components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds or loans that are attributable to the acquisition, construction, or improvement of those assets.

Unrestricted net position – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory); or (b) are legally or contractually required to be maintained intact.

Restricted – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (District Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Commissioners through the budgetary process.

Unassigned – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When multiple net position/fund balance classifications are available for use, it is the government's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

1-L Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivables, and the useful lives and impairment of tangible capital assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the District's operations. At its annual meeting, the District adopts a budget for the current year for the general fund and proprietary (water) fund. The budget was adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

PILLSBURY LAKE VILLAGE DISTRICT, NEW HAMPSHIRE

NOTES TO THE BASIC FINANCIAL STATEMENTS

*AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021*

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2021, none of the beginning general fund unassigned fund balance was applied for this purpose.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The District's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the District's agent in the District's name. The FDIC currently insures the first \$250,000 of the District's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the District's deposits was \$179,900 and the bank balances totaled \$176,301.

NOTE 4 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the District funds. The District holds investments that are measured at fair value on a recurring basis. Since investing is not a core part of the District's mission, the District determines that the disclosures related to these investments only need to be disaggregated by major type. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The District has the following recurring fair value measurements and maturities as of December 31, 2021:

Investments Type	Valuation Measurement Method	Amortized Cost
New Hampshire Public Deposit Investment Pool	Level 2	\$ 595

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The District has no formal policy on managing credit risk; however, state law limits investments as explained in Note 1-E.

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have custodial credit risk policies for investments.

NOTE 5 – RECEIVABLES

Receivables at December 31, 2021, consisted of accounts (billings for water) and intergovernmental amounts held by the Town of Webster Trustees of Trust Funds for the District and a grant. Receivables are recorded on the District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

PILLSBURY LAKE VILLAGE DISTRICT, NEW HAMPSHIRE

NOTES TO THE BASIC FINANCIAL STATEMENTS

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021**

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 is as follows:

	Balance, Balance, beginning	Additions	Balance, Balance, ending
Business-type activities:			
At cost:			
Not being depreciated:			
Land	\$248,245	\$ -	\$ 248,245
Construction in progress	31,875	393,467	425,342
Total capital assets not being depreciated	<u>280,120</u>	<u>393,467</u>	<u>673,587</u>
Being depreciated:			
Buildings and building improvements	24,429	-	24,429
Equipment	25,734	-	25,734
Infrastructure	22,571	-	22,571
Total capital assets being depreciated	<u>72,734</u>	<u>-</u>	<u>72,734</u>
Total all capital assets	<u>352,854</u>	<u>393,467</u>	<u>746,321</u>
Less accumulated depreciation:			
Buildings and building improvements	(20,616)	(770)	(21,386)
Equipment	(4,289)	(858)	(5,147)
Infrastructure	(752)	(752)	(1,504)
Total accumulated depreciation	<u>(25,657)</u>	<u>(2,380)</u>	<u>(28,037)</u>
Net book value, capital assets being depreciated	<u>47,077</u>	<u>(2,380)</u>	<u>44,697</u>
Net book value, all business-type activities capital assets	<u>\$327,197</u>	<u>\$391,087</u>	<u>\$ 718,284</u>

Depreciation expense of \$2,380 was entirely charged to the water function.

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General	Water	<u>\$ 66,006</u>

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2021 is as follows:

	Transfers In:
	Proprietary
	Fund
Transfers out:	
General fund	<u>\$ 106,052</u>

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

NOTE 8 – INTERGOVERNMENTAL PAYABLE

Amounts due to other governments of \$269,900 in the water fund at December 31, 2021 consist of a state revolving loan that is still in the draw down period. See Note 9 for further discussion.

PILLSBURY LAKE VILLAGE DISTRICT, NEW HAMPSHIRE

NOTES TO THE BASIC FINANCIAL STATEMENTS

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021**

NOTE 9 – LONG-TERM LIABILITIES

Changes in the District’s long-term liabilities consisted of the following for the year ended December 31, 2021:

	Balance January 1, 2021 (as restated)	Reductions	Balance December 31, 2021	Due Within One Year	Due In More Than One Year
Business-type activities:					
Bond payable					
Direct placement:	\$ 150,000	\$ (20,000)	\$ 130,000	\$ 20,000	\$ 110,000
Loan payable - direct borrowing:	191,044	(21,314)	169,730	22,058	147,672
Total bond/loan payable	<u>\$ 341,044</u>	<u>\$ (41,314)</u>	<u>\$ 299,730</u>	<u>\$ 42,058</u>	<u>\$ 257,672</u>

Long-term bond/note are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2021	Current Portion
Business-type activities:						
Bond payable						
Direct placement:						
Dam repairs	\$ 388,100	2007	2028	4.250%	\$ 130,000	\$ 20,000
Loan payable - direct borrowing:						
Water filtration project	\$ 398,065	2009	2028	1.490%	169,730	22,058
					<u>\$ 299,730</u>	<u>\$ 42,058</u>

The annual requirements to amortize all general obligation bond/note outstanding as of December 31, 2021, including interest payments, are as follows:

Fiscal Year Ending December 31,	Bond - Direct Placement			Loan- Direct Borrowing		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 20,000	\$ 5,119	\$ 25,119	\$ 22,058	\$ 2,526	\$ 24,584
2023	20,000	4,269	24,269	22,827	2,197	25,024
2024	20,000	3,419	23,419	23,623	1,858	25,481
2025	20,000	2,569	22,569	24,447	1,506	25,953
2026	20,000	1,719	21,719	25,300	1,142	26,442
2027-2028	30,000	1,305	31,305	51,475	1,142	52,617
Totals	<u>\$ 130,000</u>	<u>\$ 18,400</u>	<u>\$ 148,400</u>	<u>\$ 169,730</u>	<u>\$ 10,371</u>	<u>\$ 180,101</u>

Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of December 31, 2021 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 11, 2020	New Well, Pump House, and Infrastructure	<u>\$ 500,000</u> *

***State Revolving Loan Fund Program** - Drawdowns received under a State Revolving Loan Fund Program will be consolidated by promissory notes upon substantial completion of the related project. As of December 31, 2021, drawdowns received to date totaling \$269,900 are recorded on the Town's financial statements, exclusive of any anticipated forgiveness on the loans. The amount will remain an intergovernmental payable until the note is issued.

PILLSBURY LAKE VILLAGE DISTRICT, NEW HAMPSHIRE

NOTES TO THE BASIC FINANCIAL STATEMENTS

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021**

NOTE 10 – GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Net position reported on the governmental and business-type activities and fiduciary funds Statements of Net Position at December 31, 2021 include the following:

	Government-wide Financial Statements		
	Governmental Activities	Business-type Activities	Total
Net investment in capital assets:			
Net book value, all capital assets	\$ -	\$ 718,284	\$ 718,284
Less:			
General obligation bonds payable	-	(299,730)	(299,730)
Total net investment in capital assets	-	248,824	248,824
Unrestricted	132,546	(26,926)	105,620
Total net position	\$ 132,546	\$ 221,898	\$ 354,444

None of the net position is restricted by enabling legislation.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

Net position at January 1, 2021 was restated to give retroactive effect to the following prior period adjustment:

	Water
To restate long term liabilities for one year's bond payment	\$ (20,000)
Net position, as previously reported	48,193
Net position, as restated	\$ 28,193

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2021, the District was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2021 to December 31, 2021 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2021 the District paid \$3,729 and \$258 respectively, to Primex for property, liability and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 13 – COVID-19

As a result of the spread of COVID-19, Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

PILLSBURY LAKE VILLAGE DISTRICT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through December 21, 2022, the date the December 31, 2021 financial statements were available to be issued, and the following occurred that requires recognition or disclosure.

INDIVIDUAL FUND SCHEDULES

*SCHEDULE 1
PILLSBURY LAKE VILLAGE DISTRICT
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2021*

	<u>Estimated</u>	<u>Actual</u>	Variance Positive (Negative)
Taxes:			
Property	<u>\$ 196,257</u>	<u>\$ 196,728</u>	<u>\$ 471</u>
Miscellaneous:			
Interest on investments	-	13	13
Other	<u>-</u>	<u>6,540</u>	<u>6,540</u>
Total from miscellaneous	<u>-</u>	<u>6,553</u>	<u>6,553</u>
Total revenues	<u><u>\$ 196,257</u></u>	<u><u>\$ 203,281</u></u>	<u><u>\$ 7,024</u></u>

See Independent Auditor's Report.

*SCHEDULE 2
PILLSBURY LAKE VILLAGE DISTRICT
Major General Fund
Schedule of Appropriations and Expenditures (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2021*

	<u>Appropriations</u>	<u>Expenditures</u>	Variance Positive (Negative)
Current:			
General government:			
Executive	\$ 9,050	\$ 9,050	\$ -
Financial administration	8,000	10,000	(2,000)
Legal	50	-	50
General government buildings	7,800	2,068	5,732
Insurance, not otherwise allocated	4,500	3,042	1,458
Other	3,500	3,133	367
Total general government	<u>32,900</u>	<u>27,293</u>	<u>5,607</u>
Culture and recreation:			
Parks and recreation	<u>500</u>	<u>1,731</u>	<u>(1,231)</u>
Debt service:			
Interest on tax anticipation notes	<u>10</u>	<u>-</u>	<u>10</u>
Capital outlay	<u>6,000</u>	<u>7,637</u>	<u>(1,637)</u>
Other financing uses:			
Transfers out	<u>156,847</u>	<u>106,052</u>	<u>50,795</u>
Total appropriations and expenditures	<u>\$ 196,257</u>	<u>\$ 142,713</u>	<u>\$ 53,544</u>

SCHEDULE 3
PILLSBURY LAKE VILLAGE DISTRICT
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2021

Unassigned fund balance, beginning		\$ 71.978
Changes:		
2021 Budget summary:		
Revenue surplus (Schedule 1)	\$7.024	
Unexpended balance of appropriations (Schedule 2)	<u>53.544</u>	
2021 Budget surplus		<u>60.568</u>
Unassigned fund balance, ending		<u><u>\$ 132,546</u></u>

See Independent Auditor's Report.



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

INDEPENDENT AUDITOR'S COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To the Members of the Board of Commissioners
Pillsbury Lake Village District
Webster, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities, business-type activities and major governmental and proprietary funds of Pillsbury Lake Village District as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Pillsbury Lake Village District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pillsbury Lake Village District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pillsbury Lake Village District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Multiple QuickBooks Files

The general fund and water fund were split into two different QuickBooks accounts. To create the general fund the former Treasurer brought on the beginning balances in a new QuickBooks file. The original QuickBooks file was then changed to the water fund. The balances that were brought on in the general fund were not removed from the water fund. There were also revenues and expenditures that were posted into the wrong funds or deposited into the wrong bank accounts. We recommend that the general and water funds be combined into one QuickBooks account to accurately record activity.

Bank Reconciliations

During the audit, we noted that the Treasurer did not perform monthly bank reconciliations for all of 2021 which resulted in variances in the cash account in both the general and water funds of \$3,191 and \$409, respectively. In addition, there was no reconciliation of cash accounts in the general ledger as well. These differences identified could have been avoided if a proper system of checks and balances in incorporated into the districts monthly procedures. We recommend that all of the bank accounts be reconciled on a monthly basis to the general ledger and that all stale dated reconciling items be promptly investigated and adjusted with adequate explanations.

Donations

The District was not properly receiving donations. RSA 31:95-e, *Acceptance of Personal Property Donated to Towns and Village Districts* was not adopted and the District still received donations of property. These donations of property were also not accepted in a public meeting so there is no record of what the District received. Employees of the District also donated their stipend checks, with one instance where the employees stipend was endorsed over to the former Treasurer. The check was then deposited into a Fidelity bank account, a bank that the District does not have any accounts in. It is unknown what the money was

*Pillsbury Lake Village District
Independent Auditor's Communication of Significant Deficiencies*

actually spent on as there is no record of the donation being received, no public acceptance of the donation, and no record of any property being received. We strongly recommend that the District adopt RSA 31:95-e at an upcoming annual meeting and once adopted properly vote to accept and receive any donations. This would then be documented in the meeting minutes which would require follow-up, posting and tracking of the donation in the general ledger system.

Clubhouse Account

A clubhouse account was opened with a \$2,000 donation. The activity for the account was not recorded on the general ledger. The checks for the clubhouse account had the former Treasurer's name and personal address on them, not the districts. This can cause confusion when bills are paid on behalf of the Pillsbury Lake Village District when the checks do not have the correct name on them. We recommend that the account be closed into the operating account as soon as possible.

Former Treasurer Signing Checks

At the March 16th, 2022 annual meeting the former Treasurer was voted out of office. On March 18th, 2022, the former Treasurer issued and signed checks for the Pillsbury Lake Village District. The Treasurer no longer had the authority to act as the Treasurer, and was in violation of RSA 41:29, *Duties of Elected and Appointed Town Treasurers*. We strongly recommend that when there is turnover in the Treasurer position the former Treasurer be removed from all accounts as soon as possible. Under no circumstances should they be issuing checks after they have been relieved of their duties as Treasurer.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

Water Billing Approval

While documenting internal controls over water billings, it was noted that two members of the Board of Commissioners are involved in the monthly meter reading process and send the water usage reading spreadsheets to the Treasurer for bill processing; however, there is no formal evidence of the Board's approval of the billings. We recommend that all water billings be approved by a majority of the Board either by physical signature or per discussion documented in the Commissioner's meeting minutes.

Budget Entry

While reviewing the District budget entered into the QuickBooks accounting software, we noted that both revenue and expenditure/expense budgets did not agree to the approved tax rate papers. We recommend that the revenue and expenditure/expense budgets be accurately entered into QuickBooks on an annual basis.

Accounts Receivable

While testing the accounts receivable balance it was noted that a number of inactive accounts are included on the listing showing balances that are uncollectible. In QuickBooks, the inactive accounts continue to accrue finance charges, which are moved into an "Auditor Customer Account" and are showing as owed in the accounts receivable balance even though they are truly not owed amounts. It is noted that the District does keep track of the appropriate amounts owed to them and monthly review of those balances is performed at the Board of Commissioner's meetings. We recommend that the District work to clean up the QuickBooks file and remove all the inactive customers and the "Auditor Customer Account" with inappropriate balances. Management should determine a way to stop QuickBooks from accruing improper finance charges on closed accounts.

Late Bond Payment

The payment for a bond to the New Hampshire Municipal Bond Bank was made late. A \$150 late fee was assessed for the late payment. By making the payment late Pillsbury Lake Village District was in default on their loan. This late payment could result in New Hampshire Municipal Bond Bank calling the entire remaining balance of the bond due and payable in full. We strongly recommend that payments of debt are scheduled and paid on time to prevent the debt being called due by the financial institution.

***Pillsbury Lake Village District
Independent Auditor's Communication of Significant Deficiencies***

Board Approval on all Disbursements

Only disbursements over \$1,500 require Board approval per the Board's financial policies. Since the Treasurer has control over all booking functions of the District this causes a lack of segregation of duties, therefore the Board should be formally approving all disbursements made by the District. Without proper oversight, the Treasurer could circumvent the intentions of the Board of Commissioners. We recommend that all disbursements be approved by the majority of the Board of Commissioners in order to mitigate the risk of the segregation of duties.

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within Pillsbury Lake Village District, and is not intended to be and should not be used by anyone other than these specified parties.

December 21, 2022
Concord, New Hampshire

*Plodzik & Sanderson
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