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May 16, 2022

To the Members of the School Board
Raymond School District
43 Harriman Hill Road
Raymond, NH 03077

Dear Members of the School Board:

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Raymond School District for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 April 23, 2021. 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 Raymond School District 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 Raymond School District 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 governmental activities financial statements were:

Management's estimates of the capital asset useful lives are 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 they are reasonable in relation to the financial statements taken as a whole.

Management's estimates of the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense 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, and pension expense in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimates of the other postemployment benefit (OPEB) liabilities, deferred outflows and inflows of resources related to OPEB, and OPEB expense are based on the assumptions of future events, such as employment, mortality, and the healthcare cost

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trend, as well as estimates of the value of reported amounts. We evaluated key factors and assumptions used to develop the OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense 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

Although we ultimately received full cooperation of management and believe that we were given direct and unrestricted access to the Raymond School District's officials and senior management, we experienced significant delays by management in the performance of the audit pertaining to certain key areas of the audit process. These delays, such as a lack of responsiveness to audit inquiries and a general unavailability of management, significantly added to the time and related cost 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. Adjustments proposed and approved were primarily of a routine nature and 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 May 12, 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 Raymond School District'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 Raymond School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Deputy Treasurer (repeat comment)

It was identified that the School District does not have a Deputy Treasurer. It is considered a best practice to have a Deputy Treasurer to perform the tasks and duties of the Treasurer in the event the Treasurer is unavailable or unable. We recommend the School District appoint a Deputy Treasurer in accordance with RSA 197:24-a, *Deputy Treasurer*.

Review and Reaffirmation of Policies (repeat comment)

During our review of the School District's key policies, we noted that many of these policies have not been updated in a number of years, some as far back as 2002. As a best practice, it is recommended these policies be reviewed and reaffirmed every three to five years. This ensures policies remain current with both the School District's practices as well as changing financial and accounting standards. Additionally, this practice ensures that new board members become familiar with the School District's policies.



Stale Dated Checks

We noted the bank reconciliation for the School District's operating account contains a number of stale dated checks (older than six months). Stale dated checks may not be honored by a bank when presented for deposit by the vendor. We recommend the School District follow up with vendors of stale dated checks, when possible, to determine if the issued check should be cancelled and reissued. If not possible, the School District should follow the State's procedures for unclaimed property.

Timeliness of Food Service Deposits

While performing a walkthrough of internal controls over the food service program, the receipt selected was deposited at the bank fourteen days after it was collected. Deposits that are not made in a timely manner are at a higher risk for loss or theft. We recommend that food service deposits be made on a daily basis, however if not possible, deposits should be made within a week of being received, and should be kept in a secure location until the deposit can be made.

Timeliness of Transfers to Trust Funds

At its March 10, 2020 annual district meeting, the voters approved Warrant Articles No. 4 and 7, which authorized transfers of \$75,000 and \$55,997, respectively, to be made to the capital reserve funds. As of June 30, 2021, these transfers had not occurred. In accordance with RSA 35:12, *Appropriation* capital reserve appropriations should be paid to the trustees of trust funds no later than June 15 of the year appropriated. We recommend the School District make all budgeted transfers to the trust funds during the year they are appropriated, as required by State statute.

Student Activity Fund – Lamprey River Elementary School (LRES)

The Elementary School did not prepare an annual summary of activity for the student activity fund. Monthly summaries were prepared and provided, which were then combined to create an annual summary; however, an annual summary should also be provided. Given the School District's implementation of GASB Statement No. 84, *Fiduciary Activities* this additional report should also be provided to assist with the annual reporting. We recommend the Elementary School prepare an annual summary for the student activity account at year-end.

Student Activity Fund – Raymond High School (RHS)

During review of the high school's student activity fund, it was noted the activity account is holding and disbursing scholarships funds. All scholarships should be held in the custody of the Town of Raymond's Trustees of Trust Funds, in accordance with RSA 31:31, *Trust Funds for Districts*, which should be distributed directly to the recipient. Student activity funds should not be used to hold or as a pass-through for student scholarships.

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 School District with its fiscal year ending June 30, 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. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, issued June 2018, will be effective for the School District with its fiscal year ending June 30, 2022. 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. 91, *Conduit Debt Obligations*, issued May 2019, will be effective for the School District with its fiscal year ending June 30, 2023. This Statement will provide a single method of reporting conduit debt obligations and eliminate differences in practice.



GASB Statement No. 92, *Omnibus 2020*, issued in January 2020, will be effective for the School District with its fiscal year ended June 30, 2023. 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. 93, *Replacement of Interbank Offered Rates*, issued in March 2020, will be effective for the School District with its fiscal year ended June 30, 2022. The objectives of this Statement are to address accounting and financial reporting implications that result from the replacement of an IBOR.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued in March 2020, will be effective for the School District with its fiscal year ended June 30, 2023. The objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued in May 2020, will be effective for the School District with its fiscal year ended June 30, 2023. This Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition.

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 a Supersession of GASB Statement No. 32*, issued in January 2020, will be effective for the School District with its fiscal year ended June 30, 2022. The objectives of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans and other employee benefit plans, while mitigating the costs associated with reporting those plans.

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

- Management’s Discussion and Analysis,
- Schedule of the School District’s Proportionate Share of Net Pension Liability,
- Schedule of School District Contributions – Pensions,
- Schedule of the School District’s Proportionate Share of Net Other Postemployment Benefits Liability,
- Schedule of School District Contributions – Other Postemployment Benefits,
- Schedule of Changes in the School District’s Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund schedules, and Schedule of Expenditures of Federal Awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.



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Restriction on Use

This information is intended solely for the information and use of the members of the School Board and management of the Raymond School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,



PLODZIK & SANDERSON
Professional Association

Attachment:

General Fund Journal Entries

