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January 22, 2024

To the Members of the School Board and Superintendent
Rivendell Interstate School District
PO Box 271
10 School Drive
Orford, NH 03777-0271

Dear Members of the School Board and Superintendent:

We have audited the financial statements of the Rivendell Interstate School District as of and for the year ended June 30, 2023, and have issued our report thereon dated January 19, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 19, 2023, our responsibility, as described by professional standards, is to form and express an opinion(s) 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 Rivendell Interstate School District 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 June 19, 2023.

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 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 through our risk assessment procedures. These risks are identified universally in New Hampshire governmental entity audits performed by our firm. As a result of these risks the engagement team developed an audit approach that specifically addresses these significant risks:

- Management override of controls; and
- Improper revenue recognition.

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 Rivendell Interstate School District is included in Note 1 to the financial statements. As described in Note 2-C to the financial statements, the Rivendell Interstate School District changed accounting principles to change the way the School District reports subscription based services by adopting Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, in the fiscal year 2023. 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 estimates affecting the financial statements are as follows:

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 basic financial statements taken as a whole and in relation to the governmental activities opinion unit.

Management's estimate of the net pension liability, deferred outflows and inflows of resources related to pensions are based on assumptions of future events, such as employment, mortality and estimates of value of reported amounts. We evaluated the key factors and assumptions used to develop the net pension liability, deferred outflows and inflows of resources related to pensions in determining that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the governmental activities opinion unit.

Management's estimate of the other postemployment benefit liability, deferred outflows and inflows of resources are based on future events, such as employment, mortality, and healthcare cost trends, as well as estimates of the value of reported amounts. We evaluated the key factors and assumptions used to develop the other postemployment benefits liability; deferred outflows and inflows of resources related to the other postemployment benefits in determining that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the governmental activities opinion unit.

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.



Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. A list of these adjustments for the general, food service, and grants funds are attached to this letter. Management has corrected all identified misstatements.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Rivendell Interstate School District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances That Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No such circumstances have arisen.

Representations Requested From Management

We have requested certain written representations from management, which are included in the representation letter dated January 19, 2024.

Management's Consultations With Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Key Audit Matters

We have determined that there are no key audit matters to communicate.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Rivendell Interstate School District, 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 entity, 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 Rivendell Interstate School District's auditors.

School District Policies (repeat comment)

Through inquiry of management, we identified several adopted policies that have not been reviewed or reaffirmed in over five years. We recommend that the School District formally review and reaffirm all financial related policies every three to five years.

Student Activity Funds (repeat comment)

Student activity funds are typically generated through student fundraising efforts for student clubs and organizations. As the name implies, student activity funds account for money that is used to support extracurricular student activities. Student activity funds consist of resources received and held by the School District in an administrative capacity. The nature of the funds, however, makes them especially vulnerable to misuse, fraud, or error. Therefore, it is imperative that strong internal controls exist to ensure that funds are safely maintained, and deposits are made intact and timely. No disbursements should be made without proper documentation and authorization, and a regular accounting of these transactions within each activity is prepared and reviewed.



We noted during our review of student activity funds some of the more common internal controls issues, which have been discussed with management are as follows:

- Untimely deposit of funds.
- Disbursement request forms lacking approval.
- Disbursements lacking sufficient supporting documentation.

These issues could result in student funds being misappropriated as well as cash receipts being at an increased risk of loss or theft. Therefore, we recommend that adequate documentation be retained for all receipts and disbursements, and that disbursements are properly approved prior to the release of payment. Deposits should be made, at a minimum, on a weekly basis.

Expenditures (repeat comment)

During our testing of expenditures for goods and services, we identified three instances in which purchase orders were completed after the invoice was received.

We recommend that the School District comply with, and not deviate from, their internal controls for expenditures for goods and services, ensuring purchase orders are properly completed for all required instances prior to the initiation of a purchase.

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. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*, issued in June 2022, will be effective for the School District with its fiscal year ended June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, *Compensated Absences*, issued in June 2022, will be effective for the School District with its fiscal year ended June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

Restriction of Use

This report is intended solely for the information and use of the members of the School Board, Superintendent, and management of the Rivendell Interstate 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
Concord, New Hampshire

Attachment:

Governance Letter Adjustments

