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To the Honorable Mayor and City Council  
City of Dover, New Hampshire  
Dover, New Hampshire

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dover, New Hampshire as of and for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, 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 May 16, 2014. 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 City of Dover, New Hampshire 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 ended June 30, 2014. We noted no transactions entered into by the City 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 financial statements were:

Management's estimate of the landfill liability is based on a study from the City engineer and review and approval from the Environmental Protection Agency. We evaluated the key factors and assumptions used to develop the landfill liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued compensated absences, which is based on prior services performed and the contracts with the employees. We evaluated the key factors and assumptions used to develop the accrued compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts for ambulance services is based on aging analysis of receivables, historical loss levels, and an analysis of the collectability of the individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

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## **Macpage LLC**

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Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements were:

We consider the disclosure of the landfill liability in Note 14 to be sensitive and significant to the financial statements for the user of the financial statements to understand the potential liability for post-closure care.

We also consider the disclosure of the post-retirement health care liability in Note 17 to be sensitive and significant to the financial statements for the user of the financial statements to understand the potential liability related to benefits provided to current retirees and future retirees.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no difficulties in dealing with management in performing and completing our audit.

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### ***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 auditors' 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 January 28, 2015

#### ***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 City's financial statements or a determination of the type of auditors' 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 City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the Management's Discussion and Analysis and the Schedule of Funding Progress, which are required supplementary information (RSI) that supplements the basic financial statements. 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 Combining Balance Sheet - Nonmajor Governmental Funds ; Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds; Detail Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund; Detail Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund; Combining Schedule of Revenues and Expenditures - Budget and Actual - Annually Budgeted Nonmajor Governmental Funds; Combining Statement of Revenues, Expenses – Budget and Actual – Enterprise Funds; Combining Statement of Net Position – Internal Service Funds; Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Services Funds; Combining Statement of Cash Flows – Internal Service Funds; Schedule of Revenues and Expenses – Budget and actual – Internal Service Funds; Combining Statement of Assets and Liabilities – Agency Funds; Combining Statement of Changes in Assets and Liabilities – Agency Funds; Combining Statement of Fiduciary Net Position – Private Purpose Funds; Combining Statement of Changes in Fiduciary Net Position – Private Purpose Funds, 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.

We were not engaged to report on the introductory section and statistical tables, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this information and we do not express an opinion or provide any assurance on it.

### **Restriction on Use**

This information is intended solely for the use of the Honorable Mayor and City Council and management of the City of Dover, New Hampshire and is not intended to be, and should not be, used by anyone other than these specified parties.

*MacPage LLC*

South Portland, Maine  
January 28, 2015

City of Dover, New Hampshire  
June 30, 2014

A Listing of Passed Differences Over

Account Title and Description	Type see below**	Acct #	Asset	Liability	Revenue	Other Income	Expenditure	Net Change	Reg. of Year Fund Balance	End of Year Fund Balance
Uncomp Leave Payable - Current - WP 5200.03a	1	1000.1.000.000000.2352.000000.00.000.000.000.L10		(60,063)			7	7	60,056	60,063

To show effect of Uncomp leave payable - prior year and current year effect.

(60,063)	-	-	-	-	-	-	7	7	60,056	60,063
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Final Financial Statement (From Governmental Funds financial Statements)  
% effect on Financial Statement, if adjustment(s) were posted

(64,102,569)	99,961,683	(34,249,631)	\$ (22,266,226)	(56,515,857)
0.11%	0.00%	0.00%	-0.27%	-0.11%

\*\* = all overstatements and understatements should have considered the following

- 1.) Known misstatement(s)
- 2.) Likely effect of misstatement(s)
- 3.) Misstatements projected from a substantive audit sampling procedure
- 4.) Significant unexplained differences from an analytical procedure
- 5.) Differences between a client's estimate and MPSF acceptable range for the estimate