

January 29, 2024

To the Board of Directors
Candlewood Tax District
Sherman, Connecticut

We have audited the financial statements of the governmental activities, and each major fund of the Candlewood Tax District (the “District”) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated August 2, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the 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 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 estimate affecting the District’s financial statements was:

Management’s estimate of the depreciation expense is based on the estimated useful lives and the methods selected. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

We encountered no significant 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. Management has recorded the adjustments that we have proposed in the audited financial statements. 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. A schedule of the adjustments is attached to this letter.

Disagreements with Management

For the purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which 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 January 26, 2024.

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 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 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.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis and the Budgetary Comparison Schedule, 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.

Restriction on Use

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

Very truly yours,

Nanavaty, Davenport, Studley & White, LLP

Client: CANDLEWOOD TAX DISTRICT
Report: Journal Entry

Account	Description	Debit	Credit	Net Income Effect
AJE-01				
TO APPLY PAYMENTS TO FY 22 ACCTS REC				
01-40003	CLENM repayment	1,447.00	0.00	
01-15000	Accounts Receivable	0.00	1,447.00	
01-40008	Mill Pond repayment	2,446.00	0.00	
01-15000	Accounts Receivable	0.00	2,446.00	
Total		3,893.00	3,893.00	(3,893.00)
AJE-02				
TO ACCRUE MILL POND RECEIVABLE FOR FY 23				
01-15000	Accounts Receivable	1,959.39	0.00	
01-40008	Mill Pond repayment	0.00	1,959.39	
Total		1,959.39	1,959.39	1,959.39
AJE-03				
TO ADJUST PROPERTY TAXES RECEIVABLE				
01-40000	2022 Property Taxes	1,708.00	0.00	
01-12000	Taxes Receivable, Net	0.00	1,357.00	
01-40001	2023 Property Taxes	0.00	494.00	
01-21001	Unearned Revenue	143.00	0.00	
Total		1,851.00	1,851.00	(1,214.00)
GRAND TOTAL		7,703.39	7,703.39	(3,147.61)