

December 26, 2019

The Selectboard
Town of Woodstock, Vermont

In connection with audit engagements, we are required by auditing standards generally accepted in the United States of America to communicate certain matters with those charged with governance. The term “those charged with governance” means the persons with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity, for example, the Selectboard (the Board) or a designated Board officer or committee. This communication is provided in connection with our audit of financial statements of the Town of Woodstock, Vermont (the Town) as of and for the year ended June 30, 2019.

These standards require us to communicate with you any matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. They also set the expectation that our communication will be two way, and that the Board or their designee will communicate with us matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures.

This letter summarizes those matters which we are required by professional standards to communicate to you in your oversight responsibility for the Town’s financial reporting process.

Auditor’s Responsibility under Professional Standards

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States were described in our arrangement letter dated March 19, 2019. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

An Overview of the Planned Scope and Timing of the Audit

The scope of the audit was also described in our arrangement letter dated March 19, 2019. The audit was conducted in September, October, and November of 2019; our exit conference with management and the Selectboard was held on December 17, 2019; drafts of the financial statements and reports were provided to management in November 2019.

Accounting Policies and Practices

- **Preferability of Accounting Policies and Practices**

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

- **Adoption of, or Change in, Accounting Policies**

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Town. The Town has implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The adoption of GASB Statement No. 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The impact on these financial statements is that the Town's disclosures related to debt provide users with information to understand the effects of debt on future resource flows, and separate information regarding direct borrowings (loan agreement with a lender) and direct placements of debt (a debt security issued directly to an investor) from other debt.

- **Significant or Unusual Transactions**

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

- **Management's Judgments and Accounting Estimates**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. The significant accounting estimates reflected in the Town's 2019 financial statements are depreciation expense, police service expenditures which are based on budgeted costs as allocated between the Town and Village of Woodstock, and the State of Vermont's estimate of the Town and Village of Woodstock's pension expense, pension deferrals, and net pension liability for the Vermont Municipal Employees' Retirement System (VMERS).

Audit Adjustments

During the audit we proposed 36 adjustments to the general ledger provided for audit. Management also provided 11 adjustments to this general ledger that were identified by management during the audit.

Management accepted the proposed adjustments and those changes are reflected in the 2019 financial statements. The significant effects of these adjustments were to (1) adjust capital asset, depreciation, and long-term debt amounts, (2) adjust net pension liability and other effects of the accounting for VMERS, (3) adjust ambulance receivable and write-off amounts, (4) adjust capital reserve amounts, (5) adjust the Town's property accounts, (6) adjust transfers, interfund receivables and payables and beginning fund balances, (7) record activity in the Permanent Fund, (8) adjust amounts receivable and payable between the Town and Village of Woodstock, and (9) record a deferred inflow relating to a National Park Service grant at June 30, 2019. Copies of the adjustments are available upon your request.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are aware that management has utilized the services of an outside accountant to assist with the Town's daily accounting needs as well as certain year-end adjustments.

Significant Issues Discussed with Management

We did not have correspondence with management regarding significant issues arising from the audit. We have discussed accounting matters relating to the Town's accounting estimates and audit adjustments.

Significant Difficulties Encountered in Performing the Audit

Significant time was required to reconcile ambulance related activity as well as reconcile the activity reported in the Town's Permanent Fund.

Material Weakness

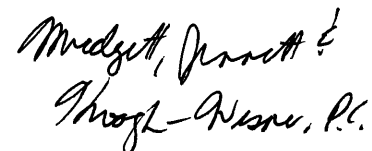
We identified a material weakness (finding 2019-001) in the Town's system of internal control over financial reporting during our audit of the financial statements relating to the Town's capital assets.

Certain Written Communications between Management and Our Firm

Management provided written representations in connection with the audit in a letter to our firm dated December 26, 2019. A copy of the letter is available upon your request.

This report is intended solely for the information and use of the Selectboard and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this letter. We appreciate the opportunity to be of service to the Town.

Very truly yours,
Mudgett, Jennett & Krogh-Wisner, P.C.

Handwritten signature in black ink, appearing to read "Mudgett, Jennett & Krogh-Wisner, P.C."