

March 9, 2022

The Board of Trustees
Village 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 Board of Trustees (the Board) or a designated Board officer or committee. This communication is provided in connection with our audit of financial statements of the Village of Woodstock, Vermont (the Village) as of and for the year ended June 30, 2021.

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 Village’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 June 24, 2021. 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 June 24, 2021. Preliminary audit procedures were done in June 2021 and the audit was conducted from September 2021 through February 2022; our exit conference with management and the Trustees was held on March 8, 2022; drafts of the financial statements and reports were provided to management in January 2022.

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 Village. The Village did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.

- **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 Village's fiscal year 2021 financial statements are depreciation expense, allocations of accrued compensated absences and accrued payroll estimates and allocations between the Village and Town of Woodstock, and the State of Vermont's estimate of the Village and Town 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 9 adjustments to the general ledger provided for audit. Management also provided 3 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 fiscal year 2021 financial statements. The significant effects of these adjustments were to (1) adjust capital asset and depreciation balances, (2) record activity in the Permanent Fund, (3) adjust net pension liability and other effects of the accounting for VMERS, (4) adjust accrued payroll and accrued compensated absence activity, and (5) adjust amounts receivable and payable between the Village and Town of Woodstock.

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 Village's daily accounting needs as well as certain year-end adjustments.

Significant Issues Discussed with Management

We have discussed the Village's year end close process and the need for more accounting staff and/or outside accounting professional help to go through the Village's general ledger and update accounts for year end. Audit procedures noted certain accounts that had not been updated for the year ended June 30, 2021. This resulted in audit adjustments being required to update the general ledger for the year ended June 30, 2021. This issue has been discussed in a material weakness over internal control that is mentioned later in this letter.

Significant Difficulties Encountered in Performing the Audit

Significant time was required to reconcile the Village's Permanent Fund which had not been recorded in the Village's general ledger for the year. Lastly, significant time was required to reconcile asset and depreciation activity for the year ended June 30, 2021.

Material Weakness

We identified a material weakness (finding 2021-001) in the Village's system of internal control over financial reporting during our audit of the financial statements relating to incomplete year end balances and supporting schedules.

Certain Written Communications between Management and Our Firm

Management provided written representations in connection with the audit in a letter to our firm dated March 9, 2022. A copy of the letter is available upon your request.

This report is intended solely for the information and use of the Board of Trustees 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 Village.

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

*Mudgett, Jennett &
Krogh-Wisner, P.C.*